



**Exploring Corporate Marketing Optimisation Strategies for the KwaZulu-Natal  
Manufacturing Sector: A Corporate Social Responsibility Perspective**

By

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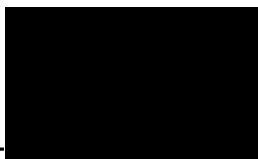
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19<sup>th</sup> April 2018

**DATE**

**APRIL 2018**

## DECLARATION

This thesis is submitted in fulfilment of the requirements for the  
Degree of Doctor of Philosophy: Marketing

I confirm that:

- This thesis is my own work;
- The contribution of my supervisor to the research was consistent with the normal supervisory policy;
- This work has not been previously accepted and is not concurrently submitted for any degree.

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## **ABSTRACT**

The expectation-performance gap created by the incongruity between the historical and institutional frameworks which underpin an organisational approach to Corporate Social Responsibility (CSR) poses a challenge to the optimisation of corporate marketing. In South Africa, such a gap could be created by the misalignment between the evolving nature, obligatory undertone and the entrenchment of the Ubuntu framework on the notion of CSR. This necessitated an enquiry into the effects of the aforementioned factors on the antecedents and components of CSR-related corporate identity and CSR-related consumer behavioural outcomes such as CSR expectations, consumer values, purchase behaviour and corporate reputation.

Using an exploratory sequential mixed methods design, this study explored how the interplay between espoused CSR corporate identity and consumer behavioural outcomes can leverage the optimisation of corporate marketing strategies for three food manufacturing companies headquartered in the KwaZulu-Natal province of South Africa and listed on the Johannesburg Stock Exchange (JSE) Socially Responsible Investment (SRI) index, now known as the Financial Times Stock Exchange (FTSE)/JSE Responsible Investment index. Based on a multiple case study design, thematic and content analyses were conducted on the qualitative data obtained from six sustainability and Corporate Social Investment (CSI) managers, the Chief Executive Officer of companies' industry association and annual reports. Quantitative data were generated from a survey of 411 consumers across five major shopping centres/malls in Durban, which were analysed using the Partial Least Square (PLS) Structural Equation Modelling (SEM).

The overall findings revealed that the approach to CSR in South Africa, which is deeply rooted in the country's history of social exclusion, has amplified consumers' reliance on a socially coerced notion of social responsibility and organisational legitimacy. The ability to benchmark against aspirational CSR-related corporate identities, which emanate from ideal and desired identities, and earn consumer trust is pivotal for leveraging institutional legitimacy and redressing the negative effects of ill-conceived indigenous CSR-related corporate identity on the optimisation of corporate marketing. The study offers a model which guides academics, practitioners and policymakers on the cyclical trajectory of institutional legitimacy and optimal corporate marketing.

## **DEDICATION**

I dedicate this work to the Glory of the most High God.

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# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Background to the Study**

Corporate Social Responsibility (CSR) has been conceptualised in different ways but in this study, it is conceived as a balanced (Carroll 2016: 2), morally conscious and stakeholder focused (Kleyn, Abratt, Chipp and Goldman 2012: 73) approach to the four components of the CSR pyramid; economic, legal, ethical and philanthropic responsibilities (Carroll 1991: 39). CSR emerged as a pragmatic approach designed to conscientiously appease political pressures arising from the social exclusion of the apartheid regime in South Africa (Ndhlovu 2011: 73). This phenomenon resulted in the impulsive undertone and weak organisational approach to the concept (Ramlall 2012: 270), which has potential implications for organisational legitimacy (Suchman 1995: 571), and the optimisation of Balmer's (2013: 4) corporate marketing philosophy.

The foregoing approach plays an overarching role in the antecedents and components of CSR corporate identity, which is reflected in corporate history, culture and strategy (Balmer and Greyser 2002: 72) and reputation (Schwaiger 2004: 46). While the approach to the antecedents and components of CSR corporate identity is predominantly conceptual in literature (Otubanjo and Melewar 2007: 414), market based outcomes such as brand equity, financial performance and third party socially responsible indices have historically been employed in the appraisal of corporate reputation (van Riel and Fombrun 2007: 38). However, the interplay between the antecedents and components of a CSR-based corporate identity and stakeholder contingent organisational legitimacy could have theoretical and practical implications for the optimisation of corporate marketing strategies.

Private sector involvement in tackling economic, social and environmental issues also known as CSR has gained widespread popularity in recent years, although the concept was introduced into business and academic parlance in the 1950s (Nazari, Parvizi and Emami 2012: 554). CSR has attracted more attention in South Africa compared to other African countries due to higher expectations of socially responsible behaviour, as a result of the need to redress the ills of apartheid (Skinner and Mersham 2008: 239). CSR in South Africa extends beyond tackling generic sustainability issues.



Companies are required to show their allegiance to the tenets of affirmative action by actively contributing to Socio-Economic Development (SED) (Ndhlovu 2011: 73) toward addressing the threefold problem of poverty, unemployment and inequality.

Ramlall (2012: 272) notes that the CSR initiatives of listed companies operating in South Africa are predominantly appraised based on the Johannesburg Stock Exchange Socially Responsible Investment (JSE SRI) index, now known as the Financial Times Stock Exchange (FTSE)/JSE Responsible Investment index, using the Economic, Social and Governance (ESG) measures. The index is based on the provisions of regulations such as the King Committee code, the Broad-based Black Economic Empowerment (B-BBEE) Act No. 53 of 2003 as amended by the B-BBEE Amendment Act No. 46 of 2013 and the ethical investment indices developed by the Financial Times Stock Exchange (FTSE) Group and the FTSE4Good index of the London Stock Exchange (Milovanovic 2010). Nevertheless, integrated reporting in South Africa has been described as a symbolic attempt to acquire organisational legitimacy based on a content analysis of 246 integrated reports of large South African companies, over a three year period (Haji and Anifowose 2016: 190). Also, the findings of a nation-wide survey which investigated the perceptions of the South African public on CSR corporate behaviour indicate that companies in the banking and finance as well as the telecommunications and media sectors were rated as more socially responsible by 50% and 42% respectively (GlobeScan 2011).

The question of organisational legitimacy in South Africa and the lack of a CSR reputation for companies in the manufacturing sector, especially in the food industry, which equally has significant representation as its highly rated counterparts in the SRI index, necessitate an assessment of company-specific factors influencing this phenomenon. Such assessment is particularly essential to the corporate marketing strategies of food manufacturing companies operating in KwaZulu-Natal (KZN) considering the severe impact of drought (Corke and Whittles 2015) on productivity, profitability and the corporate sustainability of food manufacturing companies operating in the province (Republic of South Africa 2015).

Motshegwa (2016) observes that the ability to obtain the license to operate in South Africa lies not only in periodically investing in social and community development initiatives, but in imbibing a corporate culture which takes a holistic and culturally

sensitive approach toward contributing to SED. A KPMG study also observes that the importance of adopting a strategic approach to CSR is increasingly becoming evident to companies. CSR is positioned to drive new sources of strategic competitive advantage such as reduced production costs and the identification of new business opportunities. As such, CSR should be approached as a strategic thrust, rather than an obligatory task, for driving the corporate sustainability trajectory (KPMG 2011:2).

The implementation of an organisation-wide philosophy such as the corporate marketing philosophy has the potential to harness the success of corporate sustainability trajectory (Balmer 2013: 4). Nevertheless, the operationalisation of this proposition is faced with contextualised (Podnar and Golob 2007: 326) and institutional factors (Ali, Lynch, Melewar and Jin 2015: 1105) which militate against its implementation. Besides, the notion of approaching corporate rhetoric and actual corporate behaviour as mutually exclusive strategies (Bernstein 2009: 603) could have deleterious effects on the optimisation of corporate marketing. More so, the underlying African socio-cultural framework which prioritises the exhibition of the human face in corporate behaviour (Skinner and Mersham 2008: 239) makes organisational legitimacy and the adoption of a market orientation crucial for optimal corporate marketing. This proposition coincides with the school of thought of the cognitive belief system, which contends that legitimacy is acquired through the alignment between corporate behaviour and cultural models (Lounsbury and Glynn 2001: 545).

This study proposes that the overarching influence of the South African notion of collectivism; the Ubuntu framework, on behavioural outcomes (Broodryk 2006: 6), plays a role in the operationalisation of optimal corporate marketing strategies. It is equally proposed that such an operationalisation lies in nurturing a CSR-based corporate identity (Balmer, Fukukawa and Gray 2007b: 7) and corroborating its outcomes with prevailing CSR related consumer behaviour such as CSR expectations (Aupperle, Carroll and Hatfield 1985), purchase behaviour (Maignan 2001) and consumer values (Green and Peloza 2011) *vis-à-vis* corporate reputational outcomes (Schwaiger 2004). These propositions are in line with the seminal contributions on organisational identity, an archetype of corporate identity, on the account that core organisational attributes are those which are central, distinctive and enduring (Albert and Whetten 1985).

In addition, studies conducted by Hildebrand, Sen and Bhattacharya (2011), Saeidi, Sofian, Saeidi, Saeidi and Saaeidi (2015) and Komodromos and Melanthiou (2014) found that CSR plays a pivotal role in enhancing consumer loyalty, organisational performance and corporate reputation respectively. The reinforcement of a morally conscious corporate identity (Balmer and Greyser 2002: 75) is crucial for aligning multiple corporate identities (Hildebrand, Sen and Bhattacharya 2011: 1353) and consequently leveraging organisational legitimacy, given increasing stakeholder expectations of CSR as well the unsustainability of conscientious extraction of legitimacy (Tilling 2004: 4). This study addresses the foregoing discourse by assessing the implications a CSR-based corporate identity for optimal corporate marketing and determining the implications of CSR related consumer behavioural outcomes and corporate reputation for optimal corporate marketing, from a consumer psychology perspective.

## **1.2 Research Problem**

The proliferation of the triple dilemma of poverty, unemployment and inequality in South Africa (Henry 2014) demands that the business community adopt a morally conscious approach to CSR (Kleyn *et al.* 2012: 61). Whilst there is a growing body of research on CSR in the strategic marketing and management fields, the majority of prevailing contributions stems from the West. In addition, there is scant literature on the empirical testing of CSR claims (Hildebrand, Sen and Bhattacharya 2011: 1357). The applicability of such contributions to emerging economies such as South Africa is unknown, given the diversity in institutional frameworks and the scarcity of empirical evidence. Despite widespread popularity in the global CSR terrain (Bernstein 2010), little is known about prevailing implications of CSR corporate identity to corporate marketing outcomes, especially in developing countries (Komodromos and Melanthiou 2014: 478).

In addition, an increasing trend in consumers' expectations of socially responsible corporate behaviour has been reported in literature both nationally (GlobeScan 2011) and globally (Nielsen Global Survey 2014). The proliferation of consumers' expectations of CSR necessitates more empirical research (He and Lai 2014:251). Besides, the emphasis of the African cultural model on exhibiting the human face and fulfilling communal obligations (Skinner and Mersham 2008: 240)

makes a market orientation to the strategic positioning of CSR in South Africa crucial. While a major theme in the CSR literature is emphasis on positioning CSR as a “strategic lever” for corporate marketing through the creation of shared value, there is scarcity of research on the ethical positioning of CSR and corporate marketing, social impact indicators, stakeholder advocacy and long term perspectives of CSR (Hildebrand, Sen and Bhattacharya 2011: 207). The foregoing phenomenon has led to the proliferation of a conformance-based approach to CSR amidst increasing socio-economic challenges, especially in South Africa, which necessitated an enquiry into the optimisation of corporate marketing strategies to enhance corporate sustainability and sustainable development.

The South African CSR domain attracts more complexities, being an emerging market which is uniquely characterised by a myopic approach to CSR, due to the historical background of international sanctions and political unrest in the apartheid era. This phenomenon compelled the business community to conform to institutional policies through spontaneous philanthropic initiatives popularly known as Corporate Social Investment (CSI) (Ndhlovu 2011: 74). These underlying factors are detrimental to the optimisation of corporate marketing, given the proliferation of global expectations on CSR practices (GC 2014:16). As such, it is pertinent to determine the extent to which CSR involvements can be harnessed as a strategic corporate marketing lever (Idowu and Louche 2011: 23). Besides, “if ethical corporate identity is to be accepted on a general basis as something more than a marketing gimmick, and with it becoming an increasingly attractive facet of mainstream corporate activity, there is undoubtedly a need to better understand the nature and managerial implications of ethical corporate identity” (Balmer, Fukukawa and Gray 2007b: 3). This study therefore aims to investigate the implications of CSR corporate identity, CSR-related consumer behaviour and corporate reputational outcomes for the optimisation of corporate marketing. This study is based on selected companies operating in the food manufacturing sector, listed on the JSE SRI index, for which head offices are situated in KZN.

### **1.3 Research Questions**

The research questions of this study are:

- What are the implications of the antecedents and components of CSR corporate identity for the optimisation of corporate marketing?
- How does the relationship between CSR related consumer behavioural outcomes influence the optimisation of corporate marketing?

### **1.4 Research Aim and Objectives**

The overall aim of this study is to assess how CSR can be used to optimise the corporate marketing strategies of selected companies operating in the food manufacturing sector. The objectives of the study are to:

- Assess the implications of the antecedents and components of CSR corporate identity for corporate marketing.
- Investigate whether CSR expectations have more mediating or moderating effects on consumer values and CSR purchase behaviour.
- Investigate the influence of the importance that consumers attribute to each of the dimensions of CSR expectations on corporate reputation outcomes.
- To determine the moderating effects of consumer values on CSR expectations and corporate reputation.
- Identify the control effects of demographic variables on CSR expectations and corporate reputation.
- Investigate the predictive outcomes of CSR expectations on the corporate reputation of participating companies.
- Propose a model for optimising corporate marketing in the manufacturing sector.

## **1.5 Research Methodology**

This study is orientated within the constructivist and post-positivist research paradigms. This study adopts an exploratory sequential mixed-methods approach based on the case study and survey method research designs. The qualitative aspect of this study is based on a case study of three companies in the KZN province, which is targeted at evaluating the CSR-based corporate identity of participating companies. Data will be collected using personal in-depth interviews with two sustainability managers per company, the Chief Executive Officer (CEO) of the industry association and a content analysis of annual reports. The quantitative aspect of this study is based on a survey of 420 consumers drawn from five of the main shopping centres/malls in Durban, the metropolitan area of the KZN province. The aim of the survey is to investigate the implications of CSR-related consumer behaviour (CSR expectations, consumer values and purchase behaviour *vis-à-vis* corporate reputation of participating companies) for the optimisation of corporate marketing. The sampling techniques employed for the qualitative and quantitative aspects of this study are non-probability purposive and convenience sampling techniques respectively. Thematic analysis will be conducted on the qualitative data while the quantitative data for this study will be analysed using path analysis and other structural equation modelling techniques.

## **1.6 Significance of the Study**

There is increasing pressure on the private sector to significantly cushion government effort targeted at SED, especially in an emerging economy such as South Africa. There is therefore potential for socially responsible companies to harness the strategic benefits of such involvements. This study explores the influence of the nature of CSR corporate identity based on selected companies in the manufacturing sector and its associated outcomes on CSR consumer behaviour. This study aims to use the combination of these factors to propose a model for the optimisation of corporate marketing. Identification with the prevailing sustainability index is instrumental for corporate marketing, if it yields organisational legitimacy in the form of CSR-based corporate reputation.

The lack of a CSR-based corporate reputation of companies in the manufacturing sector compared to its counterparts in other sectors, equally represented in the JSE SRI index, demands an investigation into the implications of the antecedents and components of CSR corporate identity. The outcomes will provide guidelines on ensuring congruency between CSR corporate rhetoric and corporate behaviour and the adaption of CSR initiatives to the prevailing expectations and behavioural outcomes of organisational key stakeholder such as consumers.

The results of this study will be instrumental in unveiling prevailing CSR issues and long-term perspectives on optimising corporate marketing in the manufacturing sector. While this study is based on selected companies, the outcome of this study could open new lines of research for the CSR corporate marketing theory and practice across all sectors in South Africa, other parts of Africa and globally.

## **1.7 Rationale for the Study**

Global and national expectations of sustainable business practices are gaining momentum. Consistency and alignment of CSR to business models will be key indicators of economic performance in the future (Carroll 2015). The longevity of organisations for which business models approach CSR passively is questionable in the wake of growing global economic instability, unprecedented sustainability issues and increasing stakeholder expectations of socially responsible behaviour (Hildebrand, Sen and Bhattacharya 2011). Increasing global and national challenges demand that companies approach CSR strategically (Hendrikse and Hefer-Hendrikse 2012: 5).

One of the ways of approaching CSR strategically is by ensuring alignment between CSR corporate rhetoric and behaviour (Cornelissen, Haslam and Balmer 2007). The ability to attain such alignment lies in leveraging the implications of the antecedents and components of CSR corporate identity (Otubanjo 2012b: 75) for optimal corporate strategies (Maier and Andersen 2017: 30). The ability to optimise corporate marketing through CSR in South Africa is faced with certain institutional challenges such as the lack of consensus on CSR legislations and policies, weak organisational legitimacy and environmental challenges such as conflicting stakeholder expectations and perceptions of CSR (Skinner and Mersham 2008: 239).

South Africa continues to battle with economic challenges such as high unemployment, high poverty levels and high inequality (Babarinde 2009: 355). The manufacturing sector has the potential to play a significant role in addressing these challenges (Corke and Whittles 2015) by adopting a strategic approach to CSR, which seeks to attain equilibrium between profitability and the economic empowerment of one of the key stakeholders of the business *viz.* consumers (He and Lai 2014: 250). The embryonic nature of the South African CSR territory, despite the attention the concept has received in the global landscape since its inception in the 1950s (Visser, McIntosh and Middleton 2006: 50), calls for an in-depth understanding of the implications of the antecedents and components of CSR corporate identity and the investigation of the associated outcomes on CSR consumer behavioural outcomes.

While enquiry into CSR dates back to the 1980s in Africa (Visser, Matten, Pohl and Tolhurst 2009), CSR in South Africa has historically been analogous to CSI, due to the need to redress the ills of the apartheid legacy (Skinner and Mersham 2008). Whereas CSI is concerned with philanthropic initiatives which constitute companies' widespread support projects in local communities (Njenga and Smit 2007: 5), a shortfall of such initiatives is that it tends to be short-lived (Porter and Kramer 2011: 4) and hence limited (Bernstein 2010: 30). A more sustainable approach is a long-term strategy which integrates economic, social and environmental responsibilities into business models, effectively communicates CSR efforts and adopts a stakeholder-centred paradigm (Hildebrand, Sen and Bhattacharya 2011: 14). In addition, an enquiry into the potential to optimise the corporate marketing strategies of selected JSE SRI listed companies in the KZN food manufacturing sector is necessitated by the lack of a CSR reputation for companies in the manufacturing sector, compared to sectors such as banking and finance as well as telecommunications (GlobeScan 2011), despite the latter's significant representation in the general and best performing constituencies of the JSE SRI index (JSE 2014:2). This study aims to provide a platform for addressing prevailing issues related to the foregoing phenomena.

## **1.8 Scope of the Study**

The scope of this study is limited to three JSE listed food manufacturing companies headquartered in KZN and shoppers across five of the main shopping centres/malls in Durban namely, La Lucia, the Pavilion, Overport City, Windermere and Musgrave.



## **1.9 Overview of the Study**

This study comprises seven chapters. Chapter one offers the background to the study and outlines the underlying concepts and theories which underpin the study. The chapter gives an overview of how the antecedents of CSR in South Africa and in particular in the manufacturing sector necessitated the need to optimise corporate marketing and its implications for sustainable development. The chapter portrays the pragmatic nature of this study by demonstrating how the study harnesses the interplay between CSR, the two extremes of the corporate marketing continuum — corporate identity and corporate reputation and consumer behavioural outcomes to present a research agenda for the optimisation of corporate marketing.

Chapter two outlines the theoretical framework of this study as well as a critical evaluation of the interconnectedness between the corporate marketing constructs and CSR with emphasis on the instrumental role that CSR corporate identity and corporate reputation play in the optimisation of corporate marketing. The evolution and trajectory of CSR are discussed as well as the contextual orientation of CSR in South Africa and stakeholder expectations of CSR globally and nationally. The chapter also presents an overview of the stakeholder theory and drivers of CSR in South Africa.

Chapter three critically evaluates a literature review on the relationship between the identity perspectives of organisational behaviour and organisational legitimacy. The chapter also includes a critical review of the management of CSR corporate identity and its implications for corporate reputation, organisational legitimacy and optimal corporate marketing.

Chapter four highlights the research methodology of the study. The chapter outlines the research design, research approach and research methods employed in this study. The chapter also contains an overview of the research paradigm of this study and the data analysis techniques employed in the study.

Chapter five focuses on the findings of the preliminary and main data analyses of the qualitative and quantitative approaches of this study.

Chapter six culminates in the discussion of findings of this study in line with existing literature.

The last chapter of this study provides an overview of the study by drawing conclusions and providing actionable recommendations for further studies based on the outcomes of the study.

### **1.10 Conclusion**

This chapter has established the foundation of this study by presenting the background to the study, research problem, aim and objectives, research questions, overview of the research methodology, significance of the study, rationale for the study and an overview of the study. The chapter also highlighted the stance of this study in optimising the corporate marketing strategies of participating companies. The chapter presents the purpose of this study, which is, the assessment of the implications of the antecedents and components of CSR corporate identity and the associated outcomes on CSR-related consumer behaviour for corporate marketing. The next chapter will offer a review of the multidisciplinary background of corporate marketing, the relevant discourse in the corporate identity and CSR literature, the main drivers of CSR in South Africa and stakeholders' perspectives of CSR.

## **CHAPTER 2**

### **CORPORATE MARKETING AND CORPORATE SOCIAL RESPONSIBILITY: THEORY AND PRACTICE**

#### **2.1 Introduction**

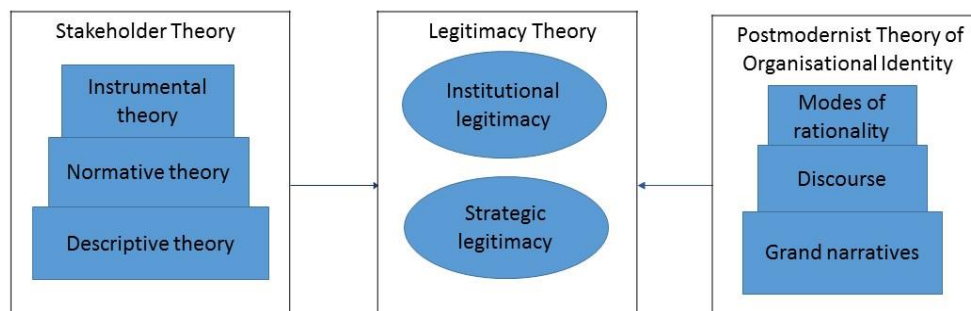
The preceding chapter presented an overview of the background to this study and expounds on how the aim of the study will be achieved. This study centres on exploring how CSR can be used to optimise corporate marketing. This chapter begins with an overview of the theoretical framework of this study which is underpinned by the postmodernist theory of organisational identity, organisational legitimacy theory and stakeholder theory and the relationship between these theories, CSR and optimal corporate marketing. The chapter critically reviews the corporate level constructs of corporate marketing, with particular emphasis on corporate identity communication and corporate reputation.

An overview of the corporate marketing philosophy as an epiphany of corporate social responsibility is also presented. The chapter explores prevailing discourses in the strategic positioning of CSR as a corporate marketing lever through the corporate level constructs, namely, corporate identity, corporate branding, corporate communication, corporate image and corporate reputation. The chapter traces the multidisciplinary contributions of the fields embedded in the corporate level constructs and highlights the role of an institutionalised CSR philosophy, stakeholder contingency and market orientation in the ability to optimise corporate marketing.

The chapter also highlights the role of stakeholder scepticism on CSR claims, stakeholder increasing autonomy in corporate communication, non-institutionalised CSR initiatives and unplanned CSR communication as predominant factors influencing the optimisation of corporate marketing. The chapter ends with the conceptualisation of CSR, the prevailing South African CSR themes and an overview of the interconnectedness between CSR and corporate marketing.

## 2.2 Theoretical Framework

Corporate marketing is uniquely different from traditional marketing orientations in terms of its strategic identification with CSR concerns and its focus on promoting sustainable mutual benefits for key stakeholders (Balmer 2013: 8). The theoretical framing of this study foregrounds three theories of organisational and stakeholder relations. The stakeholder marketing literature is predominantly underpinned by an overt cause and effect analysis of CSR and Corporate Social Performance (CSP) (Park, Lee and Kim 2014), which this study deviates from by advocating for more agreements between interdisciplinary schools of thoughts to arrive at a holistic understanding of organisational legitimacy from a consumer psychology perspective. Building on the earlier works of Bhattacharya and Sen (2003: 76) and Bhattacharya, Korschun and Sen (2009b: 257) on consumer-company identification (C-C identification), this study integrates the postmodernist organisational identity theory, stakeholder theory and legitimacy theory as shown in Figure 2.1.



**Figure 2.1: Theoretical Framework for Optimal Corporate Marketing**

Adapted from: Freeman (1984); Donaldson and Preston (1995); Suchman (1995); Lyotard (1984); Foucault (1982); (Clegg 1990)

This study seeks to develop a dialogical and convergent legitimization approach to optimal corporate marketing which proposes that the entrenchment of CSR into institutional, cultural and social organisational relations has an indirect link with CSR expectations, being an antecedent of trust (Park, Lee and Kim 2014: 295) and corporate reputation. A direct link is proposed between CSR expectations and corporate reputation from a consumer psychology perspective.

Organisational constituent members, also known as stakeholders, comprise customers, employees, suppliers, governments and possess diverse critical resources which organisations depend on to maximise shareholder value, following the resource dependency stakeholder theory (Salancik and Pfeffer 1978). Applying the notion of CSP which is underpinned by the principles, processes and outcomes of social responsiveness (Carroll 1979), this study advocates for a responsiveness to marketing intelligence, a prototype of the market orientation which is premised on predicting customer's future needs, a critical resource that organisations particularly require to maximise shareholder value.

### **2.2.1 The Stakeholder Theory**

The stakeholder management theory has been proposed as a foundational theory for understanding and optimising the relationship between the firm and the society (Jones and Wick 1999). Stakeholders as defined by Freeman (1984: 46) are constituent groups of people (stakeholders) who can influence or can be influenced by organisational activities. Freeman's conceptualisation of the stakeholder theory is based on the premise that organisations need to take into account the interests of its stakeholders as it discharges core business duties. Clarkson (1995) distinguishes between primary and secondary stakeholders while Donaldson and Preston (1995) take the discussion further by identifying three taxonomies of the stakeholder theory namely, descriptive, normative and instrumental, which can be subsumed as the three As of the stakeholder theory *viz.* Actual, Aspirational and Anticipated, respectively. Donaldson and Preston (1995: 65) emphasise the overarching role of the normative dimension of the theory on the operationalisation of the stakeholder theory.

The normative theory has been criticised for its prescriptive undertone (Jawahar and McLaughlin 2001: 397). Besides, diversity in national and institutional frameworks have been advanced as factors which contend with the application of standardised

normative stakeholder orientation. However, organisational legitimacy is closely linked to contextualised normative foundations, since the former is socially constructed and embedded in contextual cues (Suchman 1995). Ethical universalism is therefore not paramount for leveraging normative practicality. Balmer, Illia and del Valle Brena's (2013: 30) notion of creating a mutually beneficial relationships between organisations and stakeholders requires a more focused lens given the diversity in stakeholder groups, power, authority and urgency of claims.

The theoretical foundation of this study is based on a stakeholder contingent approach, which prioritises critical stakeholder interests and contractual stakeholder trust, which Pfeffer and Salancik (2003) coined as the resource dependence theory and (Jones and Wick 1999) conceptualised as the contract theory, being offshoots of the descriptive and instrumental stakeholder theories respectively (Egels 2004: 5). The conceptual frame of the contract theory is grounded on the resource dependence premise. The resource-dependence theory portrays the organisation as being dependent on the critical resources in its environment, to leverage corporate sustainability. Critical resources in the context of this study comprise consumers' expectations of CSR as they relate to corporate reputation. A typology of contractual relationships formed on the basis of mutual trust (where trust is posed as the outcome of CSR expectations) with stakeholders, in the context of this study, refers to the contractual relationship between an organisation and its customers, which is satisfied by the exchange of competitive advantage (legitimacy) for trust, being a product of CSR expectations.

Consumers possess critical resources such as CSR expectations which firms require to foster contractual relationships. Based on the premise of strategic marketing (Balmer 2013), contractual relationships with consumers should be instrumental for gaining legitimacy (Hildebrand, Sen and Bhattacharya 2011). It is clear from the commentary above that the stakeholder taxonomies cannot be approached in isolation, which necessitates the adoption of a convergent stakeholder orientation. The convergent stakeholder theory advanced by Jones and Wick (1999) integrates the normative and instrumental stakeholder theories. The theory advocates for a normatively sound and practically viable stakeholder management approach to CSP,

with each form having a validated normative core which is backed by instrumental arguments to demonstrate its practicability.

The applicability of the convergent stakeholder theory is based on the empirical and ethical validation of the instrumental outcomes of the normative stance of the stakeholder theory. The theory is not based on means-end instrumental theory but on ethically bound instrumentation, which is critical for gaining unfeigned legitimacy. The convergent stakeholder theory as proposed by Jones and Wick (1999) is founded on a normatively and instrumentally rooted approach to stakeholder management, which by implication has a descriptive connotation since the stakeholder theory taxonomies are not mutually exclusive (Donaldson and Preston 1995). Based on this background, this study adopts a typology of the convergent stakeholder theory which subtly, but profoundly acknowledges the underlying connotation of the descriptive stakeholder taxonomy.

### **2.2.2 Legitimacy Theory**

Legitimation is the process through which an organisation justifies its right to existence to a peer or superordinate network (Maurer 1971: 361). Suchman (1995: 573) conceives legitimacy as “a generalised perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. The notion of legitimacy is centred on respect, fairness and trustworthiness. Trust qualifies organisational practices as legitimate (Gladwell 2015). Organisational legitimacy is premised on the compatibility between the organisation and its cultural environment. In other words, organisational legitimacy refers to the extent to which the collection of conventional cultural narratives justify organisational existence (Scott and Meyer 1983: 201).

Legitimacy is acquired objectively, yet created subjectively. Legitimacy influences peoples' perceptions and reactions toward the organisation. Weber's renowned theory of organisational legitimacy stresses that organisations acquire legitimacy by conforming with rational prescriptions and legal frameworks (Weber 1968). Conversely, Parson's contribution to the organisational legitimacy literature exemplifies that organisational goals must be consistent with societal values to earn legitimacy (Parsons 1964). The prescriptive undertone of Weber's framework, which suggests a stringent and obligatory stance toward organisational legitimacy, makes it

inappropriate for leveraging optimal corporate marketing, since this study advocates for the entrenchment of CSR into corporate identity. Conversely, Parson's ideology of legitimacy leans on organisational compliance with societal values, albeit societal values are contextualised and shared among communal groups (Hofstede and Minkov 2010: 51).

Taking a cue from Parson's stance of organisational legitimacy, the consistency of organisation values with societal values in the context of this study then constitutes taking cognizance of the predictive power of CSR expectations on reputational outcomes. "Legitimacy is therefore not a commodity to be possessed or exchanged but a condition reflecting cultural alignments and normative support" (Scott 1995: 45), contextual conformity and coherent implementation of reputational strategies (Czinkota, Kaufmann and Basile 2014). In a similar vein, a morally conscious interplay between the approaches to legitimacy proposed by Suchman (1995: 578), namely, strategic legitimacy and institutional legitimacy, discreetly operationalises Parson's notion of legitimacy. Such an interplay is particularly relevant to this study, as explicated in Figure 2.1.

The strategic approach to legitimacy, which Tilling (2004: 4) refers to as the "organisational level" of legitimacy, is based on the notion that organisations competitively extract legitimacy by conscientiously acting in ways which conform to prevailing social norms, industry charters and reporting requirements (Smit 2010), in the pursuit of corporate sustainability. The strategic approach to legitimacy has a managerial undertone and it is within the control of the organisation (Suchman 1995: 578), as such, it is the process through which organisations strategically seek legitimacy (Oliver 1996: 163). Proponents of strategic legitimacy such as Dowling and Pfeffer (1975); Ashforth and Gibbs (1990), conceive legitimacy as an operational resource to the organisation. However, in the words of Suchman (1995: 576), the outcomes of strategic legitimisation are usually symbolic. It therefore means that such outcomes are short-lived and hence not sustainable.

The institutional approach to legitimacy, also referred to as the macro theory of legitimacy (Tilling 2004: 4), is based on a morally conscious paradigm whereby the acquisition of legitimacy is a default. The proponents of the institutional approach to legitimacy DiMaggio and Powell (1983), Meyer and Rowan (1991) and Meyer and



Scott (1992) conceive legitimacy as a notion which organisations cannot control, given that the concept is grounded on prevailing cultural frameworks. The outcomes of the institutional approach to legitimacy are usually substantial and hence sustainable. In other words, institutional legitimacy is the outcome of the use of halo-removed reputational surveys to the measure of CSP (Brown and Perry 1994: 1347), on the account that such approach reveals firm's intrinsic morality (Jones and Wick 1999: 219).

Suchman (1995: 578) proposes the hybridisation between the two approaches to legitimacy, given that organisations face both strategic and institutional pressures. Although the author emphasises the need to ensure authenticity of the hybrid, increasing pluralisation and globalisation could lead to a digression toward strategic legitimacy. It is therefore advised that organisational identity be built on institutional legitimacy given the authenticity of its tenets. In addition, the sustainability of legitimisation outcomes should determine its instrumental capabilities. Legitimacy should therefore not be used as a deliberate strategic tool given that the instrumentality of legitimacy is consequential.

A distinction between the three typologies of legitimacy viz. pragmatic legitimacy, cognitive legitimacy and moral legitimacy (Suchman 1995: 571), is equally noteworthy. Suchman conceives pragmatic legitimacy as a notion based on narrow self-interest and the evaluation of social actors. Cognitive legitimacy is grounded on the notion that social actors subconsciously affirm the organisation based on implicit cultural frameworks which are underpinned by taken-for-granted cultural prescriptions and unspoken orienting assumptions (ibid). Organisations therefore have little or no influence on the strategic manipulation of cognitive legitimacy (Oliver 1996: 165). Moral legitimacy is grounded on socially and ethically prescribed modes of behaviour which emanate from morally acceptable parameters through which organisations are conscientiously judged (Tilling 2004: 5).

The pragmatic, moral and cognitive typologies of legitimacy conceptually resonate with the three pillars of institutions identified by Scott (2001: 52) namely, the regulative, normative and cultural-cognitive pillars. This synthesis provides evidence that organisational behaviour is underpinned by the quest for legitimacy. The positivist approach to legitimacy; compliance with regulatory processes (Flohr, Rieth,

Schwindenhammer and Wolf 2007) and the integrity approach to legitimacy; conformity with societal norms and the internalisation of cultural frameworks and shared meanings (Bowie 2009: 37), therefore stand at opposite ends of the continuum of organisational behaviour, in the context of this study. This continuum can be optimised through an ongoing communication approach; which encourages active engagement in public deliberations (Palazzo and Scherer 2006: 71).

The foregoing analogy shows that the three typologies of legitimacy co-exist, on the account that organisations aspire to attain the different types of legitimacy at different times. Since organisations cannot satisfy all constituency members, a communicative approach which is responsive to changing societal expectations on legitimacy is particularly essential to maintaining legitimacy because the dynamic nature of the concept (Deegan 2002: 319). A further justification for a communicative approach to legitimacy is proposed from a political connotation of corporate citizenship as presented by (Matten, Crane and Chapple 2003: 109), on the grounds that the standpoint of the political connotation qualifies the organisation to engage in public deliberations, also taking into cognizance that the concept of communication and citizenship are dynamic.

Earlier conceptualisations of corporate citizenship are categorised as the limited and equivalent views of corporate citizenship (Crane and Matten 2008: 25). The limited view is criticised for rationalising corporate citizenship to social investing (Waddock 2001) given that it has a strategic focus which tends toward corporate philanthropy (Carroll 1991), the equivalent view, as championed by (Carroll 1999) and (Maignan 2001) coined from Carroll is criticised for its performance-based connotation of CSR. The authors propose an extended view of corporate citizenship building on the works of Logsdon and Wood (2002: 155) by illuminating the already political role organisations play in the society, being political actors which engage in decision making on ethically contested issues such fair trade, global warming, social and political struggles of recognition as well as redistribution of claims (Crane and Matten 2008: 44).

Corporate citizenship is therefore premised on the key role corporations play in societal governance. Paraphrasing Crane and Matten (2008: 45), corporations are active players in a dynamic landscape of citizenship institutions, as they play a role in

determining the configurations of corporate citizenship, which extends beyond the legal status (Isin and Turner 2002: 2). It follows then that corporate responsibilities in the field of citizenship are inherently contestable, hence the need for a communicative approach to legitimacy, which incorporates the dynamism in the configurations of societal governance. In addition, a focused strategy to the identification of specific stakeholder issues (Kleyn *et al.* 2012: 61) is equally instrumental for sustaining a communicative approach to legitimacy.

### **2.2.3 Postmodernist Theory of Organisational Identity**

Organisational relations with stakeholders present a paradox. Organisations are criticised for garnering legitimacy from corporate citizenship engagements as the clamour for normative conformity to institutional structures and stakeholder democracy gains momentum (Bernstein 2010: 30). While the conceptualisation of the term organisations differs across fields (Wrench and Punyanunt-Carter 2012: 70), this study is embedded within the organisational communication paradigm. Organisations, in the words of Kreps (1986: 5), are “social collectives in which people develop ritualised patterns of interaction in an attempt to coordinate their activities and efforts in the ongoing accomplishment of personal and group goals”. According to the new institutional theory of organisations, organisations by nature are predisposed to homogenising to gain social acceptance (hereafter referred to as legitimacy), which DiMaggio and Powell (1991: 41) refer to as institutional isomorphism.

Postmodernism is a direct response to modern knowledge and science-based modes of existence. The contributions of major proponents of the postmodernist tradition to organisational identity communication such as Lyotard (1979), Foucault (1982) and Clegg (1990) serve as platforms for revealing important patterns which might otherwise be overlooked. Lyotard’s (1984) later contribution is popularly known for propagating the barriers to the production of knowledge in post-industrial societies and postmodern cultures, which is premised on the notion of the decline of grand narratives of the past, leading to the collapse of foundational structures upon which smaller postmodern narratives are built. The application of this notion to organisational identity in relation to the mechanisms which control the antecedents and components of corporate identity reveals the fundamental role of idiosyncratic institutional framing as

well as social and cultural structures on organisational behaviour and practices, which questions the legitimacy of compliance-based corporate narratives and rhetoric.

Foucault (1982) takes a radical and more metaphoric approach to postmodernism by arguing that organisations are ‘texts’, ‘narratives’ and ‘discourses’. The author maintains that reflexivity and the disentanglement of the self is pivotal for understanding organisational relations through the postmodernist lens. Clegg (1990) proposes a philosophical perspective to postmodernism which builds on earlier conceptualisations by subsuming that the whole essence of postmodernism is “to make the tacit evident”. Building on the works of Lyotard (1984), Clegg (1990) further postulates that the grand narratives of the past which were enacted by modernised technologies fall short of symbols of emancipation and enlightenment in modern societies. Mapping the territories of the postmodernist theory in the context of this study, it is evident that organisational grand narratives, discourse and modes of rationalities are pointers to the expression of a CSR corporate identity.

While organisations are homogenised social actors (DiMaggio and Powell 1991), Balmer and Greyser (2002: 72) affirm that organisations constantly strive to create boundaries and develop a sense of identity in an effort to become identifiable. The authors further establish that the process of identification leads to the creation of multiple identities which organisations strive to manage in order to build and portray a coherent identity, especially in relation to discharging holistic corporate citizenship duties (Crane and Matten 2008: 25). While organisational identities are inadvertently multifaceted, as advocated by the postmodernist theory of organisational behaviour (Wrench and Punyanunt-Carter 2012: 158), CSR plays a crucial role in aligning multiple identities (Hildebrand, Sen and Bhattacharya 2011: 1353).

The foregoing commentaries have revealed how the management of multiple organisational identities is pivotal for gaining institutional legitimacy, as well as how the interplay between the postmodernist theory of organisational identity, organisational legitimacy theory and stakeholder theory can be used to acquire institutional legitimacy, which consequentially proposes a research agenda for the optimisation of corporate marketing through CSR.

### **2.3 Corporate Marketing: An Epiphany of Corporate Social Responsibility**

It seems undisputable that new trends in creating strategic competitive advantage will be driven by organisations' approach to collaborating with salient stakeholder groups, as current thinking in strategic marketing is underpinned by a holistic approach to Corporate Social Responsibility (CSR) (Pride and Ferrell 2014: 77). While it is important to recognise the interests of salient stakeholder groups (Ferrell, Gonzalez-Padron, Hult and Maignan 2010: 93), the market orientation based CSR has traditionally advocated for the interests of customer stakeholders (Brik, Rettab and Mellahi 2011: 307). CSR is characterised by an organisation's alignment with the principles and processes of social responsiveness to stakeholder relationships and obligations. While a holistic approach to CSR is the domain of corporate marketing (Balmer and Powell 2011: 1340), the flexibility of business models toward CSR is critical for appraising and optimising corporate marketing (Piercy and Lane 2009: 336).

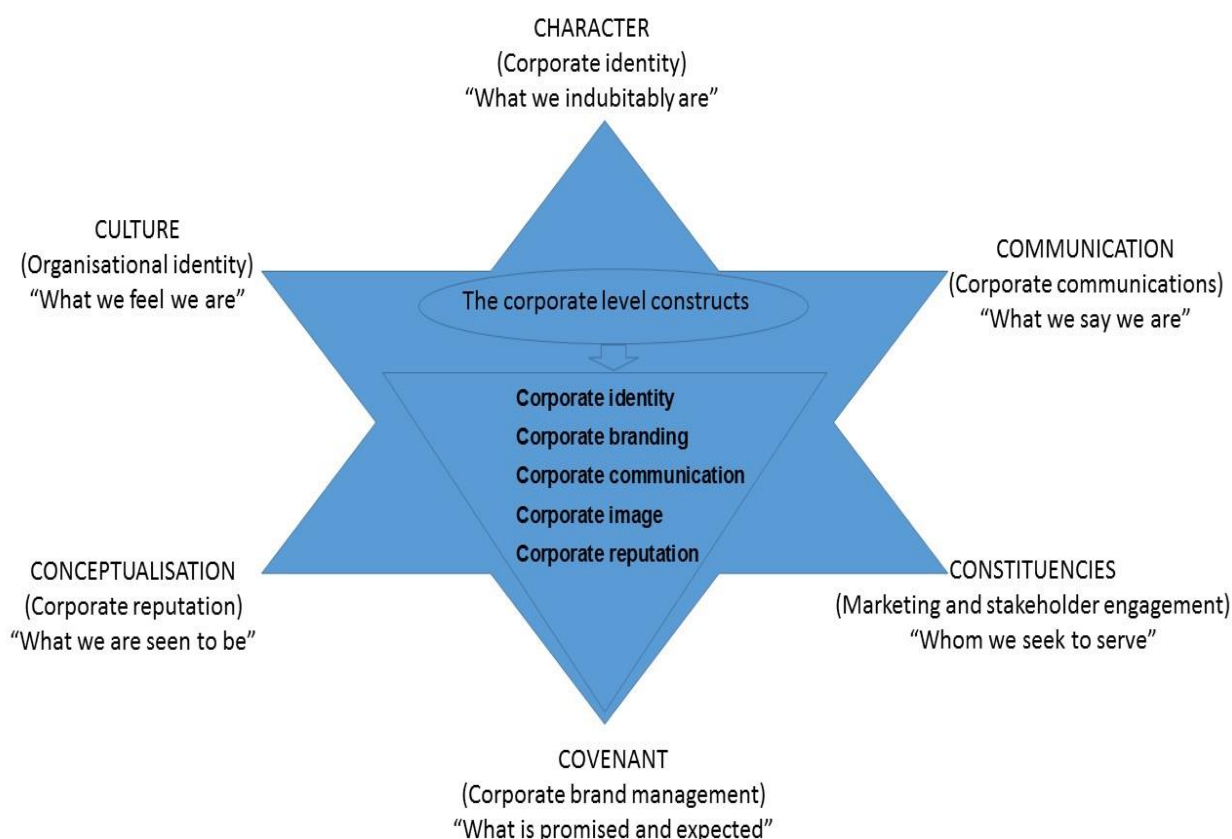
The corporate marketing paradigm was introduced in the seminal work of Professor J.M.T. Balmer in the late 1990s (Balmer 2006: 3). Balmer (2013: 21) maintains that corporate marketing is the bedrock of the longevity of organisations, as it is a modernised stakeholder and corporate brand driven strategy that incorporates multidisciplinary paradigms and its associated constructs. The author further contends that corporate level constructs such as corporate identity, corporate branding, corporate communications, corporate image and corporate reputation, activate the operationalisation of the mission and goals of the organisation, by establishing and maintaining mutually benefiting relationships with its stakeholders. Corporate marketing therefore provides a platform for employees to have a strong identification with the organisation, which makes the concept centred on corporate identity and explicated through corporate personality. Corporate marketing builds on traditional marketing paradigms by fostering an organisation-wide marketing philosophy which is attentive to societal and corporate responsibilities.

The performance of corporate marketing is explicated by the congruence between the corporate level constructs (Balmer 2008b: 199). However, many organisations are failing to integrate the corporate level constructs due to insufficient attention paid to the role of CSR in leveraging corporate marketing. While corporate identity has an overlapping relationship with all other corporate level constructs (Vella and Melewar

2008: 8), the extent to which CSR is incorporated into corporate identity will determine the ability of organisations to optimise corporate marketing (Otubanjo 2012b).

Enquiry into individual corporate level behaviour dates back to the 1950s, the concept of corporate marketing first appeared in the work of Balmer in 1998, which was motivated by the lack of a contemporary and holistic approach to corporate behaviour (Balmer and Greyser 2006: 730). Balmer's seminal work on the corporate marketing philosophy was influenced by a perceived need for a radical evolution of a contemporary marketing philosophy which builds on earlier marketing orientations and provides an extra lens through which the interconnectedness between the organisation and its stakeholders can be comprehended. The concept integrates the facets of corporate level marketing domain to form a value-based stance for the corporation, which differs from traditional marketing orientation particularly in terms of its identification and dependence on CSR-based heritage brands (Burghausen and Balmer 2014: 2311).

The corporate marketing philosophy was initially formulated as an extension of the traditional marketing 4Ps to 10Ps of corporate marketing namely, Philosophy, Personality, People, Product, Price, Place, Promotion, Performance, Perception and Positioning. An additional P, Promise, was later added to leverage the corporate brand identity of the organisation (Illia and Balmer 2012: 425). Arising from the 10Ps of corporate marketing is an acronym HE<sup>2</sup>ADS<sup>2</sup>, which signifies what the organisation Has, and Expresses in the Environment in which it operates, while taking cognisance of stakeholders Affinities, what it Does and how it is Seen. The concept was later simplified to encompass six elements called the 6Cs of the corporate marketing mix *viz.* Character, Culture, Constituencies, Communications, Conceptualization, and Covenant (Balmer 2008b: 199), as indicated in Figure 2.1. The paradigm was further extended to include Context and Custodianship (Balmer 2013: 22). Nevertheless, the corporate marketing mix as illustrated in the six-point star in Figure 2.1, drive the corporate level constructs (Balmer 2009). In other words, the corporate marketing mix gives expression to the corporate level constructs, which justifies the emphasis of this study on the latter. These approaches have been synchronised and adapted into Balmer's six-point star illustration of the corporate marketing mix.



**Figure 2.2: The Corporate Marketing Philosophy**

Adapted from: Illia and Balmer (2012)

Underpinning Balmer's corporate marketing mix and the corporate level constructs is an overhauling corporate philosophy that seeks to advance strategic sustainable relationships with key stakeholders (Balmer 2006: 6), which revolves around creating shared value for the organisation and the society (Porter and Kramer 2011) by fostering the long-term sustainability of the organisation (Bhattacharya, Sen and Korschun 2011: 5). Balmer's corporate marketing philosophy advocates that institutional complications can be overcome by ensuring alignment with all corporate level constructs, by contending that corporate level concerns should be at the forefront of strategic considerations (Balmer, Stuart and Greyser 2009: 7). Such philosophy is initiated by CEOs and senior managers of the organisation and requires participation from internal stakeholders such as the employees of the organisation. Overall, the philosophy is centred on establishing and maintaining trust (Hildebrand, Sen and Bhattacharya 2011) and acquiring positive corporate reputations (Cornelissen 2014), value creation for the shareholders of the business, enhancing corporate brand and

organisational saliency, for the purpose of ensuring the sustainability of the business (Balmer 2013: 9).

The interconnectedness between CSR and corporate marketing is apparent, given the typology of the corporate marketing philosophy. More so, drawing from the following definitions of marketing: advanced by Wiedmann (2007: 9), Armstrong and Kotler (2013: 19) and American Marketing Association (2013) respectively:

Marketing is a comprehensive, normative, strategic, and operative concept of corporate leadership which is consequently anchored within the whole corporate culture and focusing on the systematic and bottleneck-oriented creation and implementation of the exchange processes with all relevant stakeholders, and along the whole company to build and maintain corporate value along with continuously creating a progress in fulfilling the stakeholders needs in line with overall quality of life and a desirable societal development (Wiedmann 2007: 9).

Marketing is a social and managerial process by which individuals and organisations obtain what they need and want through creating and exchanging value with others. In a narrower business context, marketing involves building profitable, value-laden exchange relationships with customers (Armstrong and Kotler 2013: 19).

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (American Marketing Association 2013).

The ideology of corporate marketing demonstrates the overlapping influence of corporate identity on the other corporate level constructs. In other words, corporate brands, corporate communications, corporate image and corporate reputation emanate from corporate identity (Balmer 2006: 4). The understanding of the facets of corporate identity is therefore central to the strategic positioning of CSR-based corporate identity communication and consequently, the optimisation of corporate marketing (Bhattacharya, Sen and Korschun 2011: 12). This background justifies the emphasis this study places on the corporate identity construct. Prevailing discourse related to corporate identity *inter alia* the other corporate level constructs will be discussed in the subsequent sections.



### **2.3.1 Corporate Identity**

Corporate identity is the impressions, image and the personality of an organisation (West 2014: 20). It serves as a channel through which organisational goals and objectives are manifested implicitly, in the form of corporate philosophy, structure, ownership, history, culture and explicitly, through symbolism (ibid). In other words, corporate identity is what the organisation projects to its stakeholders through symbolism, behaviour and corporate communications, which are also referred to as the elements of the corporate identity mix (Bartholmé and Melewar 2009: 155). Corporate identity scholarship has grown significantly over the years, as it has witnessed many transitions since its onset in the 1960s. While the corporate identity scholarship has intellectual roots in the works of theorist such as Henrion and Parkin (1967); Selame and Selame (1975); Olins (1978), the concept started gaining momentum in the 1980s due to changes in institutional factors and the proliferation of sustainability awareness in the USA and Britain (Balmer 2008b: 40). The concept was later marshalled in Europe, which made it gain widespread popularity in academic and business parlance in the 1990s. Based on the British Standards Institute's definition of corporate identity, the concept revolves around how an organisation projects its mantra to its stakeholders (Balmer 2008a: 429).

Strategic competitive advantage can be derived from the management of stakeholders' perceptions of an organisation (Green and Peloza 2011). Corporate identity is an enduring and reliable platform through which an organisation differentiates itself from the competition (Iyamabo, Owolawi, Otubanjo and Balogun 2013). While corporate identity is interconnected with the other corporate level constructs, it plays a significant role in the formation of corporate reputation. As a result, the extent to which an organisation manifests its strategic intent to internal and external stakeholders, through visual and non-visual cues, determines the evaluation of its reputation (Vella and Melewar 2008: 7). The authors further argue that while the saliency and surrogacy of visual cues to corporate identity has generated notable controversy in literature, corporate identity is multifaceted, given its interdisciplinary nature. It is therefore critical to manage all efforts geared towards the projection of corporate identity and approach the management of corporate identity as a differentiation strategy, particularly with regard to stakeholders' fiducial expectations

of the organisation (Otubanjo 2012b). A critical evaluation of discourses relevant to the corporate identity scholarship is further explicated.

A significant contribution, which culminated into three corporate identity paradigms namely, the graphic design, integrated communications and interdisciplinary paradigms was made by van Riel and Balmer in the 1990s to the corporate identity literature. These paradigms have gained popularity since inception. The graphic design paradigm leans on the projection of corporate identity through organisational nomenclature, logos, company house style and visual identification (van Riel and Balmer 1997). The integrated communications paradigm focuses on ensuring consistency in the communication of corporate identity, while the interdisciplinary paradigm is an amalgam of the first two paradigms with emphasis on corporate identity projection through symbolism, behaviour and communications (Otubanjo and Melewar 2007: 421).

Proponents of the interdisciplinary paradigm argue that sustainable competitive advantage can be acquired by gearing efforts toward generating favourable reputation across diverse stakeholder groups through a holistic corporate identity management approach, characterised by stakeholder identification and affinity with an organisation (Vella and Melewar 2008: 8), for example, companies such as General Electric (GE) and Unilever are perceived as 'good employers' and tend to attract salient skills in the labour market as a result. The interdisciplinary paradigm approaches corporate identity from a strategy alignment viewpoint, which supports the notion that a dynamic congruence should exist between product brand and corporate brand identities. This view also holds that corporate identity management is centred on the ability to ensure that accolades accruing from the different facets of an organisation projects on corporate reputation. For example, Coca Cola's 'New Coke' product launch in 1985 was unsuccessful as a result of consumers' cognitive attribution to the corporate brand 'Coca Cola' and its product brand 'Coke' identities (Balmer 2009: 4).

Other notable corporate identity schools of thought such as Cornelissen and Harris's three metaphorical perspectives to corporate identity, corporate identity as an expression of corporate personality, corporate identity as organisational reality and corporate identity as all the expressions of a company (Cornelissen and Harris 2001), have been advanced in literature. Moingeon and Ramanantsoa's French school of

thought integrates the perspectives of French identity researchers by emphasising the complex nature of corporate identity, which according to the seminal work of (Larçon and Reitter 1979: 43), is a “set of interdependent characteristics of the organisation that gives it specificity, stability and coherence” (Moingeon and Ramanantsoa 1997: 385). Otubanjo (2012a: 3) employed the semiotic interpretive school of thought based on Saussure’s structuralist philosophy to highlight the implications of this philosophy to the enduring nature of corporate identity. While signs reveal meanings, the ability to foster a mutual relationship between the signifier (the organisation) and the signified (offering) is crucial for unpacking and leveraging the notion of corporate identity (ibid). Similarly, Balmer (2007: 442) proposes the corporate identity quindrivium, which the author highlights as the “identity of a corporation, identification from a corporation, stakeholders’ identification to a corporation and with a corporate culture and envisioned identities and identifications”, equally stands out as salient traits of the corporation. The extent to which an organisation and its stakeholders are integrated in the identity of the organisation influences perceptions and attitudes toward the organisation (ibid).

Another outstanding contribution to the corporate identity scholarship is Balmer’s (1995) seven schools of thought namely, the strategic school; the articulation of corporate mission and philosophy, the strategic visual school; the visual communication of strategic change, and the visual behavioural school; the visual communication of organisational culture. Balmer’s seven schools of thought also comprise the behavioural school; nurturing a distinct organisational culture, the corporate communications school; the formal communication of organisational mission and philosophy through policies, the strategic communication school; the visual communication of organisational mission and philosophy and the design as fashion school; the ability to keep visual elements fashionable.

Fundamental to the conceptualisation of the corporate identity construct is the realisation of the multiplicity of its facets, stakeholder interaction and identification with these facets. Advances made in the conceptualisation of the corporate identity concept are largely owed to the contributions of academics and scholars in the International Corporate Identity Group (ICIG), which led to the formulation of the Strathclyde Statement. The statement elucidates that corporate identity management is the

approach through which an organisation's mission, philosophy and ethos are conceived, developed and communicated to its stakeholders. It has a strategic orientation which is dependent on the values, cultures and behaviour of the organisation. The management of corporate identity takes a cue from many disciplines, such as strategic management, marketing, corporate communications, organisational behaviour, public relations and design. It takes a holistic approach to stakeholder engagement and is largely affected by changes in the external environment, due to its dynamic nature. An appropriately managed organisational identity can yield loyalty from diverse stakeholder groups. It therefore plays a crucial role in organisational performance (Balmer 2008a: 899).

The ability to link interdisciplinary fields and traditions to the operationalisation of the corporate identity construct is crucial in comprehending the concept. Aycan, Kanungo and Mendonca (2014) note that anthropologists such as Michel Foucault, Paul Ricoeur and Kenneth Burke including psychologists such as Henri Tajfel and John Turner, Sigmund Freud and Jacques Lacan have also contributed significantly to the corporate identity scholarship. These authors further maintain that while a number of theoretical perspectives such as the Foucauldian theory, Social Identity Theory (SIT), the psychoanalytic, symbolic interactionism, the narrative and the micro-interactionist approaches have been advanced to analyse organisational identities, the Foucauldian theory is instrumental in revealing prominent corporate identity discourses, given the theory's reliance on socio-historic dominant discourses to interpret human behaviour. Notable ground works of postmodernism scholars such as those of Jean-François Lyotard and Steward Clegg are also instrumental in deepening our understanding of organisational identity communication (Wrench and Punyanunt-Carter 2012: 158).

Nevertheless, the underlying foundations of identity scholarship revolve around the functionalist, interpretivist and post-modern paradigms. The functionalist paradigm is favoured mostly by marketing scholars who opine that corporate identity can be understood and managed quantitatively. While organisational behaviourists tend toward the interpretivist paradigm and approach the concept qualitatively, neither the functionalist nor the interpretivist paradigm has proven sufficient to ground the saliency of the concept. Current thinking in the corporate identity scholarship favours the

combination of both paradigms; the post-modern paradigm (Vella and Melewar 2008: 6).

Scholars such as Birkigt and Stadler (1986); Balmer and Soenen (1999); Melewar and Saunders (2000); Balmer (2002) have advanced frameworks targeted at understanding the corporate identity mix. The corporate identity mix is the channel through which the identity of an organisation is communicated to its stakeholders. These scholars contend that the mix consists of dimensions such as symbolism, communication and behaviour; mind, soul and voice; strategy, structure communication and culture (Otubanjo 2013). In addition, Iyamabo *et al.* (2013: 30) propose the dimensions of communication and visual identity, behaviour, corporate culture, and market conditions.

Models such as Balmer's (1995) corporate identity model, Markwick and Fill's (1997) corporate identity strategic-management model, Stuart's (1999) corporate identity management process and Bick, Jacobson and Abratt's (2003) model have been proposed to enhance the operationalisation of corporate identity. These models have many points of convergence such as their reference to corporate strategy as the antecedent of corporate identity, the inclusion of corporate image/reputation and organisational performance as the end result of corporate identity and, most importantly, the acknowledgement of the influence of environmental factors and stakeholder engagement on the operationalisation of corporate identity.

While the concept of corporate identity has generated notable controversies (Simões and Dibb 2008: 76), the following dimensions of the corporate identity mix stand out: Balmer and Soenen's (1999) theory of the mind, soul, and voice, Balmer's (2002) theory of structure, strategy, structure, communication and culture and Birkigt and Stadler's (1986) theory of symbolism, communications and behaviour. Nevertheless, the controversies over the conceptualisation of corporate identity centre on the visual and non-visual components of the concept. While there is an overlap between the corporate identity schools of thought, the non-visual contention of the concept, which exemplifies implicit organisational traits such as structure, strategy and culture, is reflected in visual components such as symbolism, communications and behaviour (Cornelissen 2014).

The unprecedented attention CSR has received in recent years makes it crucial for organisations to foster positive stakeholder perceptions of corporate identity through active and genuine involvements in CSR activities. While it has been proven that CSR activities enhance corporate reputation and customer satisfaction (Piercy and Lane 2009: 336), there is a lack of consensus on the generalisability of this proposition to all product/service categories (KPMG 2013: 59). Scholars such as Powell (2011); Otubanjo (2012b) have integrated CSR and corporate identity in literature. Particularly, the interplay between the ethical component of CSR has attracted notable contributions in the corporate identity literature. Although the ethical standards of organisations enhance their CSR strategies, CSR extends beyond ethics and includes the economic, legal and philanthropic obligations that organisations have toward society (Carroll and Buchholtz 2012: 34). More so, ethical standards are influenced by the moral conscience of an organisation as they are not necessarily codified into law (Aycan, Kanungo and Mendonca 2014: 340), which calls for a holistic view of CSR-based corporate identity approach. In summary, the corporate identity scholarship can be appraised as a continuum which constitutes 2Cs; Conception and Conveyance.

The conception stage is operationalised through non-visual cues such as implicit organisational traits comprising corporate philosophy, structure, ownership, history, culture and market constituencies (Balmer 2009: 19). Visual cues such as trademarks, slogans and logos (Bartholmé and Melewar 2009: 15) are tools which enhance the conveyance of corporate identity. Corporate identity is therefore considered the highest valued asset of an organisation and a strategic resource for earning trust, gaining support across all stakeholder groups and building sustainable competitive advantage. While other corporate level concepts play a crucial role in reinforcing corporate strategy, stakeholder perceptions of the organisation are influenced by corporate identity projections (Iyamabo *et al.* 2013: 30).

### **2.3.2 Corporate Branding**

Corporate branding has been approached from different disciplines, however, the concept has received the highest patronage from marketing and advertising. The concept emerged in the 1970s and has since been conceived as the consequence of the interaction between corporate identity, corporate communications, corporate image and corporate reputation. The alignment of corporate discourse with operations

and behaviour as well as the cultural sensitivity of the projection of corporate visual identity is critical for corporate branding. The latter is particularly important for multinational corporations and companies with a global presence. Corporate branding has also been identified as critical for employment image, brand extension and financial performance (Schwaiger and Sarstedt 2011).

Corporate branding is therefore the strategic manifestation of corporate identity, which is fostered by establishing emotional connections with stakeholders. The operationalisation of corporate branding, however, is underpinned by the ability to unveil its misconception with product branding. Efforts geared toward building and managing corporate brands should converge in order to ascertain the sustainability of corporate brands (Simmons 2009: 684). While the value of a brand is embedded in the sense of belonging attached to corporate branding, the management of enduring corporate brands is facilitated by employees and relationship marketing (Hatch and Schultz 2008: 20).

The evolution of branding can be traced to the Industrial Revolution era between the late 18<sup>th</sup> and early 19<sup>th</sup> centuries, as a result of surplus production which necessitated the expansion of distribution channels beyond local markets. Hatch and Schultz (2008: 8) maintain that the potential for corporate branding stem from organisations for which all products are branded under the company name. For example, BMW, McDonald's and Coca-Cola are corporate brands as opposed to Procter and Gamble, Unilever and Nestle which have a diversified range of product brands. Abratt and Kleyn (2012: 1050) contend that all organisations have corporate brands, although global economic crises leading to mergers and acquisitions militate against the alignment of corporate branding strategies of companies with diversified product brands, hence corporate branding is more feasible for organisations with monolithic family brands as opposed to those with diverse product brands.

According to the American Marketing Association, brands are regarded as names, terms, signs, symbols, or designs that distinguish the goods or services of an organisation from the competition (Kotler and Keller 2014: 241). Corporate branding has an emotional undertone and is underpinned by its two core components namely, corporate expression and stakeholder perceptions of organisational identity. Corporate expressions are influenced by the conceptualisation and communication of

visual identity, brand promise and brand personality. In addition, stakeholders evaluate organisational performance based on corporate brands (Abratt and Kleyn 2012: 1050).

The field of CSR-based corporate branding is gaining popularity given the increasing need for top executives to integrate strategic efforts such as customer engagement, brand recognition and acceptance to boost organisational performance (Balmer 2012: 6). The changing face of stakeholders' expectations of socially responsible behaviour of business organisations makes the integration of CSR into corporate branding efforts crucial (Simmons 2009: 685). The ability to establish strong brands to build trust among stakeholders with the possibility of harnessing potential benefits of heritage brands is critical for corporate marketing. More so, the success of corporate marketing lies in ensuring consistency in brand communication and acknowledging the role of the structural characteristics in brand communities on the perceptions of socially responsible brand behaviour (Schwaiger and Sarstedt 2011: 181).

However, socially responsible corporate brands are as good as their socially irresponsible counterparts without effective communication strategies. This notion is supported by Bhattacharya, Sen and Korschun (2011: 206) who note that while a small proportion of CSR recipients may be aware of prevailing social and environmental issues threatening societies, a significant proportion are uninformed. The authors further reiterate that incoherent CSR communication militates value-driven business strategies. Nevertheless, there is a lack of consensus over consumers' preference for and acceptance of CSR communication. The extant literature indicates that socio-economic and institutional factors such as economic prosperity (Morsing, Schultz and Nielsen 2008), consumers' cultural attributes (Dowling 2008), identification with organisations (Bhattacharya and Sen 2003), company-specific attributes and antecedents as well as cynicism of CSR motives and scepticism of CSR claims (Pomering and Johnson 2009b) moderate consumers' preference for and acceptance of CSR communication.

### **2.3.3 Corporate Communication**

The pioneering work in the corporate communication scholarship dates back to the 1950s, which set the pace for significant contributions by authors such as Bernstein (1984) Jackson (1987), Goodman (1994) and van Riel (1995), Gray and Balmer (1998), and Cornelissen (2011). The field of corporate communication has witnessed



significant transitions since its inception. The proliferation of social media, digital communication and increasing sensitivity of corporate misbehaviour have shifted the focus of message-driven corporate communication to integrated communications which is based on identity and reputation management (Balmer 2013: 23). More so, the changing structure of corporate communication is influenced by the increasing pressure to adopt a stakeholder-driven policy, the rise in stakeholder autonomy and the intervention of uncontrollable intermediaries of corporate communication (van Bekkum, Cornelissen and van Ruler 2008: 81).

The strategic thrust of corporate communication to the optimisation of all the corporate marketing constructs is incontestable, given its nature. Corporate communication particularly plays a crucial role in bridging the gap between corporate identity and corporate image. Factors such as non-company driven communication, multiplicity of unsolicited corporate communication channels and tools, psychological underpinnings of stakeholders' evaluation of company's actions and company-consumer identification, moderate the performance of corporate communication efforts. The psychological underpinnings of stakeholders' evaluations transcend the perceptions of corporate identity. Convergence in touch points between organisations and consumers influences the image that consumers hold about a company, which is also reflected in the organisations' reputation (Karaosmanoglu and Melewar 2006: 203).

The corporate communication function plays a central role in the accomplishment of the primary concern of the corporate marketing philosophy; CSR/stakeholder relations, which explains its roots in public relations and integrated marketing communication (Illia and Balmer 2012: 419). The typology of the corporate communication construct advanced by (van Riel and Fombrun 2007) revolves around management communications, marketing communications, and organisational communications. This typology resonates with the corporate communication elements developed by Gray and Balmer (1998), namely, primary, secondary and tertiary communications as well as Cornelissen's (2000) interpersonal, intermediary and intrapersonal elements of corporate communication.

The points of convergence of these corporate communication typologies are not only evidenced by their hierarchical classifications but also in the dissemination and alignment of multidirectional stakeholder messages (Balmer 2013: 22). The

acknowledgment of the autonomy of diverse stakeholder groups such as media, unions and NGOs in the communication process, saliency of trust and the congruence of corporate rhetoric and behaviour is crucial for effective CSR corporate communication (van Bekkum, Cornelissen and van Ruler 2008: 81). Nevertheless, factors such as stakeholder scepticism of CSR practices, green washing accusations, incongruence in internal and external communication, especially with regard to CSR reporting and stakeholder engagement have been identified as influencing the receptiveness of CSR communication (Aguinis and Glavas 2012: 932).

CSR communication, especially CSR-based corporate image advertising, has attracted notable controversies (Pomering and Johnson 2009a), in spite of the instrumental role that CSR communication plays in leveraging stakeholders' expectations of socially responsible behaviour of companies (Porter and Kramer 2011). Earlier contributions to CSR communication research such as Dawkins (2005) and Mohr and Webb (2005) questioned the effectiveness of incorporating social topics such as CSR into marketing communications and reiterate that such attempts provoke scepticism. An institutionalised CSR approach as opposed to a promotional CSR approach is therefore advocated (Pirsch, Gupta and Grau 2007: 125). While the authors argue that an institutionalised CSR approach decreases scepticism and enhances customer loyalty and attitude towards the company, a linear relationship has been reported to exist between stakeholders' knowledge of CSR and attitude towards CSR communication. Pomering and Johnson (2009b: 106) offer two approaches to addressing the challenges around CSR communication. The authors contend that the ability to address "social topic information and social impact claim" is pivotal in harnessing the reputational benefits of CSR communication.

Addressing the gap between these approaches stems not only from informing stakeholders about social problems but also offering additional information about technical terms used in CSR communication and providing practical examples of CSR achievements as claimed. This approach also extends to encouraging optimism in solving social problems by focusing on the solution rather than the problem, which tags the sick baby/well baby approach in his pioneering contributions to social marketing. However, the sick baby/well baby approach could be modified to account for more recent trends in stakeholders' expectations of CSR claims, which Berens and

van Rekom (2008) labelled the “factualness” of CSR ad information. The approach could be used to justify CSR’s social impact claim by providing testimonials of CSR achievements, which showcases the past and present states of companies’ CSR interventions.

Corporate communication professionals are therefore tasked with the responsibility of building trustworthiness in the wake of increasing stakeholder cynicism of CSR motives and scepticism of CSR claims, while ensuring the strategic positioning of CSR as a corporate marketing lever (Bhattacharya, Sen and Korschun 2011: 14). However, the ability to earn stakeholder trust and harness the corporate marketing benefits of CSR practices lies in prioritising internal CSR communication and engagement, which Morsing, Schultz and Nielsen (2008: 97) call an inside-out approach to the management of CSR communication, given that employees are CSR ambassadors. Other researchers such as Goutzamani (2007), Powell, Elving, Dodd and Sloan (2009) and Korschun, Bhattacharya and Swain (2014) also support this notion.

#### **2.3.4 Corporate Image**

There have been notable controversies over the distinction between corporate image and corporate reputation. Gotsi and Wilson (2001) make a distinction between the analogous and differentiated schools of thought by arguing that the two concepts are homogeneous and somewhat heterogeneous respectively. However, the short-term undertone of corporate image and the long-term undertone of corporate reputation serve as a notable point of divergence between the two concepts. The seminal contributions made by authors such as Boulding (1956) and Martineau (1958) in the corporate image scholarship serve as a foundation for subsequent studies conducted by Abratt (1989), Grunig (1993), Gray and Balmer (1998), Gotsi and Wilson (2001) and Balmer (2009).

Corporate image is particularly famous for its psychometric nature, interconnectedness with corporate identity projection and influence on corporate reputation (Argenti and Druckenmiller 2004). Corporate image is a result of both planned and unplanned corporate identity communication, as it constitutes stakeholders’ belief about an organisation based on interaction and experience (Nelson and Kanso 2008). The nature of corporate image makes it important for corporate marketing practitioners to take cognisance of the conventional perceptual

process. This proposition is particularly critical for CSR-based corporate image. Although all stakeholder groups are equally important, consumers' perceptions of CSR-based corporate identity projection and corporate image play an instrumental role in attitudes toward the company and product-related decisions (Irmak, Sen and Bhattacharya 2015).

Nevertheless, the nature of consumers' perceptions of CSR-based corporate image is ironical. This view is supported by Pomeroy and Johnson (2009a: 106) who contend that companies which report legitimate CSR initiatives are sometimes perceived similar as their illegitimate counterparts. Nevertheless, emerging competitive challenges such as globalisation and changing demographics Birla (2013) also play a role in CSR-based corporate image. Chao, Polonsky and Jevons (2009: 329) maintain that the proliferation of global trends attracts social issues, organisational and communication complexities to the prevailing challenges of CSR communication. More so, increasing consumer autonomy poses unique challenges for acquiring positive CSR-based corporate image. Schmeltz's (2012: 29) study confirms this notion from a generation Y's viewpoint by arguing that consumers' individualistic tendencies have implications for CSR communication. The author contends that CSR communication is more effective when CSR claims are perceived as relevant and factual, although the former is viewed through self-centred lens.

The ability of organisations to imbibe an organisation-wide philosophy which incorporates CSR into all business engagements (Balmer 2013: 4) is pivotal for gaining positive image from stakeholders (Pirsch, Gupta and Grau 2007: 125). Such philosophy reduces the tendency for organisations to acquire negative publicity arising from uncontrollable channels of communication. This philosophy is exemplified by ensuring that all organisational engagements are compliant with the tenets of CSR (Bhattacharya, Sen and Korschun 2011: 17). This includes employees' conduct in public and the management of corporate affairs in the public domain, especially in social media (Saat and Selamat 2014). This phenomenon also extends to the richness and the flexibility of organisations' CSR heritage (Burghausen and Balmer 2014: 2320). The institutionalisation of CSR therefore acts as a strategic thrust for building positive corporate image.

The foregoing has revealed that the ability of organisations to cope with the challenges surrounding CSR communication and hence, corporate image, lies in imbuing an institutionalised, rather than promotional CSR approach. Moreover, there is a lack of consensus on whether CSR initiatives should be communicated, given its increased vulnerability to scepticism (Pomering and Johnson 2009a: 420). Nevertheless, CSR communication is indispensable for corporate marketing (Mohr and Webb 2005: 121). The onus is on management to establish long lasting relationships with its key stakeholders by triggering potential social, emotional and economic values to acquire positive CSR-based corporate image and its associated reputational benefits (Dowling 2008: 178) in a morally conscious manner (Kleyn *et al.* 2012: 65), for the optimisation of corporate marketing.

### **2.3.5 Corporate Reputation**

Corporate reputation is the cognitive association consumers make about organisations, which enhances the predictability of stakeholder commitments and behaviour toward the organisation (van Riel and Fombrun 2007: 14). The saliency of corporate reputation to the longevity of organisations is incontestable. While the corporate reputation scholarship has attracted significant attention across various fields, the contributions of Fombrun and Shanley (1990), Fombrun and Rindova (2000) and Fombrun and van Riel (1997) have been pivotal in marshalling further contributions to the measurement of the construct (Balmer 2009: 14). However, an increasing interest in corporate reputation management, given its saliency in leveraging competitive advantage coupled with globalising markets, has attracted unprecedented research in corporate reputation measurement approaches (Lee and Roh 2012: 649). This is evidenced by the well-substantiated scales developed to measure the construct (Sarstedt, Wilczynski and Melewar 2013: 329), such as Schwaiger's dimensions of corporate reputation (Schwaiger 2004), the reputation quotient (RQ) (Fombrun, Gardberg and Sever 2000), customer-based corporate reputation (CBR) (Walsh, Beatty and Shiu 2009), and Helm's formative measure for corporate reputation (Helm, Eggert and Garnefeld 2010).

There is a need for organisations to account for the influence of country of origin, industry related factors and drivers of stakeholders' interests and expectations on reputation management, which is also synonymous with recognising the legitimacy of

key stakeholder groups and aligning decisions around prevailing stakeholder issues (Ali *et al.* 2015: 1105). Gotsi and Wilson (2001: 24) provide a holistic view of corporate reputation by contending that the concept comprises two major dimensions of CSP; an evaluation of organisations' economic performance and socially responsible behaviour. The authors further maintain that corporate reputation is stakeholders' perceptual manifestation of past performance and future projections of an organisation. Corporate reputation therefore sustains corporate desired positioning ambitions. As such, corporate reputation is enduring, dynamic (Dowling 2008: 178) and based on stakeholders' evaluation of past and present experiences as well as future prospects of the organisation (Abratt and Kleyn 2012: 1048).

This notion of corporate reputation makes the planning of experiential marketing crucial for reputation management, as stakeholders' evaluation of an organisation's reputation goes through some psychological processes underpinned by cues acquired from personal experiences, reference groups and the media (van Riel and Fombrun 2007: 64). However, the corporate reputation literature has recorded notable controversies over the relationship between corporate reputation and organisational performance. For example, Inglis, Morley and Sammut (2006: 934) found no significant relationship between the concepts, which is inconsistent with Eberl and Schwaiger's (2005: 838) study which identified a significant relationship between corporate reputation and organisational performance. Corporate reputation management is largely influenced by an organisation's CSR involvements (Komodromos and Melanthiou 2014: 420), which has also been reported to be instrumental in gaining competitive advantage (Melo and Garrido-Morgado 2012: 11).

CSR communication strategies should not, however, be targeted at gaining reputational benefits (Pomeroy and Johnson 2009a: 420), given growing stakeholders' scepticism toward CSR claims (Obermiller, Spangenberg and MacLachlan 2005: 7) and the implications of the congruence between CSR corporate rhetoric and actual corporate behaviour for legitimacy (Bernstein 2009: 603). Authors such as Pirsch, Gupta and Grau (2007: 125) stress the role of CSR communication in gaining favourable reputational benefits. It has also been reported that the ability to collaborate with stakeholders, as opposed to managing stakeholders, is crucial for maximising CSR communication. In other words, transition from a monologue

approach to a dialogue approach to CSR communication has strategic implications (Cornelissen 2014: 40). Since corporate identity drives reputation management, the ability to adopt a stakeholder collaboration approach lies in leveraging the components of corporate identity such as corporate culture, strategy and communication as well as brand experience (Abratt and Kleyn 2012: 1048). Stakeholder evaluation of an organisation's socially responsible behaviour therefore has strategic impacts on corporate marketing.

## **2.4 The Evolution and Conceptualisation of Corporate Social Responsibility**

There have been notable controversies over the conceptualisation and application of CSR (Okoye 2009: 613), although the latter is highly contingent on societal antecedents and socio-political frameworks (Dartey-Baah and Amponsah-Tawiah 2011: 126). This notion is evident in the obligatory versus relational undertone of the prevailing conceptualisations of CSR. The CSR discourse was initiated in the early 1930s by Berle and Means (1932). The seminal contribution to the conceptualisation of CSR can be traced back to the works of Abrams (1951); Management's Responsibilities in a Complex World and Bowen (1953); Social Responsibilities of the Businessman. Bowen (1953: 6) conceptualises CSR as an organisation's obligations to demonstrate their allegiance to the society by pursuing activities that conform to societal values and expectations of business. While Bowen's seminal contribution is eras apart, later conceptualisations by authors such as McGuire (1963); Davis (1973) and Brown and Dacin (1997) were inspired by Bowen's initial ideology of CSR.

The CSR concept was formalised in the 1960s and gained widespread popularity in the 1970s when civil and human rights as well as environmental issues were gaining ground (Nazari, Parvizi and Emami 2012: 554). One of the major tenets of CSR was established at the 1972 UN conference on 'Human Environment' where the development of nation-specific approaches to social and environmental issues was advocated. This justifies why CSR practices reflect the tenets of national and local business cultures and describe the relationship between the business community and the society in which it operates. The CSR concept has evolved to incorporate civil and human rights, employee health and safety, social and environmental consciousness and zero tolerance to corrupt business practices and stakeholder engagement (Buckstein 2013:1).

CSR in its antecedent stage emerged as spontaneous responses to social and environmental matters detrimental to the business community. The second era of CSR is characterised by more obligations to ethical conducts, improved commitments to goals, global reporting and accountability to stakeholders. The third and present era of CSR integrates sustainable development practices into business policies and fosters sustainable businesses that benefit the business, people and the environment. A UN Global Impact and Accenture survey found that globally 93% of CEOs were of the opinion that sustainability issues will be critical to the success of business in the future. The figures were higher for Asia Pacific and Africa which stood at 98% and 97% respectively (Forstater, Zadek, Guang, Yu, Hong and George 2010: 14). Underpinning CSR practices from a corporate marketing perspective are the challenges of strategic positioning of the concept due to widespread shareholder-centred organisational culture as opposed to a multi-stakeholder management culture, which minimises the long term sustainability of CSR and the potential to create shared-value across the triple bottom line; people, planet and profit (Savitz and Weber 2014: 195).

CSR is a controversial concept which has attracted many definitions (Freeman *et al.* 2010:235). The controversy surrounding the conceptualisation of CSR emanated from two main schools of thought on CSR namely, the traditional and the emerging schools of thought (Adeyeye 2012: 10). The traditional school of thought, as propounded by Milton Friedman, maintains that the only form of responsibility a company has towards the society is to maximise profit and prioritise the interest of its shareholders (Friedman 2007: 173). However, proponents of the emerging school of thought, Edward Freeman and William Evan among others, opine that the responsibility of a company goes beyond profit maximisation and safeguarding shareholders' interest. This school of thought argues that the concept extends to protecting the interests of its shareholders and stakeholders and promoting social and ecological sustainability, considering the impact of business operations on the environment (Mukusha 2012: 22).

The emerging school of thought has gained widespread popularity over the past decade due to globalisation and its effect on the move toward standardising business ethics. The concept of CSR has therefore been elaborated to account for changing priorities in societies. Holistically, CSR is concerned with the entire relationship



between global corporations, government and the general public. Precisely, CSR centres on the relationship between an organisation and its stakeholders (Crowther and Aras 2008: 10) and comprises four fundamental components such as economic, legal, ethical and philanthropic responsibilities (Carroll and Buchholtz 2012: 34). There are a number of generally acceptable principles associated with CSR in today's modern business landscape, one of which highlights that CSR initiatives reflect innate organisational ethical conducts. CSR advocates that organisations adopt an organisational culture that treats the environment with dignity and adheres to strict corporate governance practices. Such culture is evidenced by initiatives that promote respect for civil and human rights, safety of lives and property, careful selection of supply chain, anti-corrupt practices and community development. The sustainability of a CSR strategy depends on this culture (Vural, Akinci and Coşkun 2011: 61).

Based on the definition of CSR offered by the King Committee on Corporate Governance (2009), CSR is the responsibility that an organisation has toward the society, as a result of its impacts on and activities in the society. This responsibility requires the organisation to be transparent and exhibit ethical behaviour in accordance with the law and international standards by contributing to sustainable development and taking cognisance of the legitimate interests and stakeholder expectations. CSR conceptions which have an obligatory undertone limit the capacity of CSR to leverage institutional legitimacy. This notion is supported by Balmer (2013: 11) who argues that CSR corporate strategy should foster an ongoing and mutual positive stakeholder relationships. The UN Global Compact (2014) offers a non-obligatory conceptualisation of CSR which views CSR as a business approach that seeks to create value to its stakeholders, through a relational approach which extends beyond legal compliance. Dartey-Baah and Amponsah-Tawiah (2011: 126) offer another relational conceptualisation of CSR. The authors maintain that CSR refers to organisational relationships with the society which is cultivated through the process which companies maintain a balance between economic, environmental and social responsibilities.

The adoption of non-obligatory applications of CSR is pivotal for optimal corporate marketing trajectory. While strategic CSR has gained widespread popularity both in theory and practice, the construct is predominantly approached as a predictive

variable, considering the scarcity of empirical research efforts devoted to CSR at both the organisational and individual levels (Aguinis and Glavas 2012: 932). This application may not necessarily apply across societies given the diversity in institutional frameworks and the differential effects of this phenomenon on behavioural outcomes. The societal application of the concept has enhanced its application in the strategic marketing and management fields (Balmer 2013: 2). Substantial efforts have been devoted to investigating the capacity of CSR to be used as a strategic tool, with particular emphasis on the influence of demographic factors on customer stakeholders' awareness and perceptions of socially responsible corporate behaviour (He and Lai 2014: 249), which has attracted attention mostly from the West (Dobers and Halme 2009: 237). Caution is, however, advised in the use of CSR as a defensive strategy aimed at conscientiously harnessing the CSR engagements for reputational gains (Tilling 2004: 5). More so, CSR communication is more effective when CSR claims are perceived as relevant and factual (Schmeltz 2012: 29).

The application of western CSR consumption models to African societies is unrealistic given the misfits between cultural and economic frameworks. Besides, the western classifications of CSR may not be applicable in the African context (Dartey-Baah and Amponsah-Tawiah 2011: 126). The historical framework of the South African CSR terrain and the multidimensionality of CSR have unique implications for consumer behaviour (Visser, McIntosh and Middleton 2006). The combination of the increasing awareness and favourable behavioural intentions of CSR in South Africa (van Heerden 2014: 146) and the overarching role of Ubuntu values have unique implications for CSR expectations (Petzer and De Meyer 2013: 384). More so, the South African CSR domain attracts more complexities, being an emerging market which is uniquely characterised by a myopic approach to CSR, due to the historical background of international sanctions and political unrest in the apartheid era, which obliged the business community to upgrade their business profile through spontaneous philanthropic initiatives known as Corporate Social Investment (CSI). This phenomenon has contributed to the limited understanding and application of CSR in South Africa (Ndhlovu 2011: 74).

While CSR is gaining popularity in emerging economies (KPMG 2013), the historical background of the South CSR terrain has created a misfit between indigenous and

contemporary understanding of CSR, which has unique implications for consumer behaviour (Petzer and De Meyer 2013: 382). The influence of Ubuntu values on the conceptualisation and expectations of CSR in South Africa, plays a role in this misfit (Dartey-Baah and Amponsah-Tawiah 2011: 126). This has interrupted the relationship between consumer behaviour and CSR expectations (van Heerden 2014: 148). While it is crucial to balance diverse stakeholder needs and demands (Carroll and Shabana 2010: 85), the ability to meet the needs and demands of all stakeholders does not guarantee the success of a marketing strategy (Maignan 2001: 58).

Socially responsible marketing can be enhanced by seeking the well-being of customers, as long as it is not to the detriment of other stakeholders (Maignan, Ferrell and Ferrell 2005: 957). Consumers' readiness to support CSR behaviour is influenced by expectations of CSR (Podnar and Golob 2007: 335), which also influences the importance accrued to and affinity to socially responsible companies (Sen, Du and Bhattacharya 2016: 4), based on past corporate behaviour (Cornelissen 2014: 70). This phenomenon exemplifies the tenets of the market orientation, with a focus on the strategic incorporation of CSR into corporate strategy.

#### **2.4.1 CSR Expectations**

The four part CSR components *viz.* economic, legal, ethical and philanthropic responsibilities first appeared in the work of Carroll (1979), which the author later delineated as a pyramid (Carroll 1991). CSR as a pyramid demonstrates that the economic dimension serves as the foundation upon which the legal, ethical and philanthropic dimensions are built. The CSR pyramid relates to profitability, adherence to the law and ethical codes and discretionary responsibilities respectively (Carroll 1991). The findings of the first empirical inquiry conducted by Aupperle, Carroll and Hatfield (1985), based on CEOs of 241 Forbes listed companies, resonate with Carroll's CSR pyramid. A subsequent study which investigated 591 US multinational chemical companies headquartered in England, France, Germany, Japan, Sweden, Switzerland and the USA partly support the pyramid, with the exception of German and Swedish managers who ranked the dimensions as follows: legal, economic, ethical and philanthropic responsibilities (Pinkston and Carroll 1994).

CSR-based marketing literature reiterates the ability of CSR to leverage competitive positioning and corporate sustainability (Balmer 2013). While previous research has

focused on consumers' collective support for/expectations of socially responsible behaviour of companies, the multidimensionality of CSR hampers the ability to reach a consensus on consumer behaviour towards CSR. Prevailing conceptualisations of CSR acknowledge the distinction between the economic and non-economic dimensions of CSR, although the economic dimension is considered the *raison d'être* of the business community, which therefore counters the need for an appraisal (Turker 2008: 413).

The lack of accountability to society at large warrants an operational definition of CSR, as business cannot be responsible to society in general. Carroll's operational definition offers a more strategic and standardised categorisations for measuring stakeholder expectations of CSR. Besides, businesses need parameters within which to measure CSR, given the interconnectedness between CSR and stakeholder engagement (Carroll 1991: 43). Later conceptualisations of CSR have also demonstrated the contextual undertone of the concept, its root in socially constructed standards and the implications of these for business practitioners and stakeholder engagement (Dahlsrud 2008: 6). Marketing management scholars such as Maignan (2001) and Podnar and Golob (2007) to Carroll's CSR pyramid have operationalised the model to account for consumers' expectations and appraisal of corporate behaviour along the four dimensions based on US, French and German consumers as well as Slovene consumers respectively. CSR expectations have since been replicated in countries such as Malaysia (Rahim, Jalaludin and Tajuddin 2011) and Korea (Han 2015), albeit prevailing claims of Carroll's CSR pyramid in Africa, following Visser (2006) and Dartey-Baah and Amponsah-Tawiah (2011) are predominantly conceptual, with the exception of Lindgreen, Swaen and Johnston (2009) and Fadun (2014) from a stakeholder and organisational perspectives, respectively. Consumers were reported to rank economic, legal and ethical responsibilities higher than philanthropic responsibilities in the Nigerian context (Fadun 2014: 13).

Furthermore, Lindgreen, Swaen and Johnston (2009: 303) found that organisations in Botswana and Malawi did not deviate from Carroll's (1991) CSR pyramid, in a study based on a sample of 84 companies across both countries. While the aforementioned conceptual findings propose that Carroll's CSR pyramid in Africa be reordered as economic, philanthropic, legal and ethical responsibilities (Visser 2006: 29), which

Dartey-Baah and Amponsah-Tawiah (2011: 126) reckon as being driven by underlying African cultural values of sharing and communal harmony also known as Ubuntu in South Africa, it is anticipated that the empirical findings of this study would shed light on the applicability and validity of these claims in the context of this study.

#### **2.4.1.1 Philanthropic CSR**

Philanthropic CSR, as conceived by Carroll (1991: 39) is largely discretionary in nature and given the least priority as it is placed on the last level of the CSR pyramid (Matten and Crane 2005: 166). Philanthropic responsibilities comprise organisational initiatives which promote the advancement of society. These activities include corporate charitable support/giving and cause related marketing initiatives (Morris, Bartkus, Glassman and Rhie 2013: 293). The concept of corporate philanthropy has been revolutionised as it means different things to different people on the account that culture (Maignan 2001: 58) and other country specific factors such as the antecedents of the political and economic structures (Rahim, Jalaludin and Tajuddin 2011: 199) determine the perceptions and expectations of philanthropic corporate behaviour. The unique historical background and cultural diversity in South Africa play a role in the intensity and perceptions of philanthropic corporate behaviour. The majority of consumers associate with socially responsible companies and exhibit positive attitudes toward them (Mohr, Webb and Harris 2001: 50). Companies therefore enhance their reputation and image and are favourably perceived by customers and other stakeholder groups when they engage in morally conscious philanthropic initiatives.

Although philanthropic CSR is normatively desirable, consumers have historically ranked the dimension low. This notion is supported by Maignan (2001: 52) and Podnar and Golob (2007: 326) who report that philanthropic CSR was ranked the third most important dimension. Contrary to the foregoing findings, Rahim, Jalaludin and Tajuddin (2011: 199) found that philanthropic CSR was ranked the second most important dimension. Similarly, corporate philanthropy, as opposed to customer-centric and community volunteering initiatives, was perceived to significantly influence attitudinal and behavioural outcomes toward brand image, in the context of the banking sector (Hinson and Ndhlovu 2011: 1). These findings reveal the influence of contextualised cues in consumers' reactions to CSR.

The notion of mission investing, also known as impact investing, and further categorised as Program Related Investing (PRI) and Mission Related Investing (MRI) has been advocated as a sustainable strategy for leveraging corporate philanthropy. PRIs are primarily for charitable purposes and MRIs seek to earn both social and financial returns. Although these concepts are conceived in the context of non-profit and philanthropic sectors (Center for High Impact Philanthropy 2016), an understanding of the responsiveness of the concepts and their corresponding impacts on the acquisition of legitimacy (The Rockefeller Foundation 2017), could enhance our understanding of stakeholder expectations of philanthropic CSR.

The implications of demographic factors such as gender, age and educational level for consumer behavioural outcomes toward corporate philanthropy have also been reported in literature. More so, consumers are particularly influenced by the motives associated with companies' CSR initiatives (Morris *et al.* 2013: 290). Pérez and Rodríguez del Bosque (2017) report that consumers' reactions to philanthropic CSR are positively related to gender and age. The study reveals that men over the age of forty five are more supportive of CSR and have more positive perceptions of CSR than women and vice versa for people younger adults below the age of forty five. This notion is also supported by Youn and Kim (2008: 123) who found significant correlations between consumers' behavioural attitudes toward charitable support and age. The authors reiterate that women have a preference for conditional philanthropic CSR while men have a preference for unconditional philanthropic CSR. In addition, people who are fifty years and above particularly have more preference for unconditional giving. Consumers' educational level and income have also been reported to influence awareness and knowledge of corporate philanthropic CSR. De Pelsmacker and Janssens (2007: 361) as well as Podnar and Golob (2007: 326) offer a divergent view by arguing that younger consumers display a higher level social consciousness and CSR expectations respectively.

CSR in South Africa, often referred to as CSI, typically leans on philanthropic CSR (Ndhlovu 2011: 72) such as charitable giving to support school and health projects in vulnerable communities in the quest to redress the social and economic ills of the apartheid era (Ramlall 2012: 270), as is the case with most African countries (Visser, McIntosh and Middleton 2006: 30).

#### **2.4.1.2 Ethical CSR**

Ethical CSR embodies societal standards, norms and expectations which extend beyond codified law (Carroll 1991: 39). Ethical responsibilities can be likened to what DiMaggio and Powell (1991: 62) refer to as the “taken for granted societal frameworks” which stipulate what society conceives as fair, just and appropriate corporate behaviour. The ethical dimension of CSR exemplifies the social embeddedness of CSR as it largely relies on socially constructed standards which define appropriate corporate behaviour (Dartey-Baah and Amponsah-Tawiah 2011: 130). Ethical CSR has predominantly received less priority, which could be due in part to the subjectivity of the concept. For example, the ethical and philanthropic dimensions were merged to form one dimension; ethical-philanthropic CSR due to the non-performance of the two dimensions in a study conducted among Slovene consumers (Podnar and Golob 2007: 330). The authors justify the merger of the dimensions given that both dimensions relate to societal obligations which extend beyond legal requirements following ((Bloom and Gundlach 2001). Rahim, Jalaludin and Tajuddin (2011: 119) found that the preference of Malaysian consumers for ethical CSR is consistent with the CSR pyramid proposed by Carroll (1991), on the account that the dimension was ranked the third most important.

Conversely, Maignan (2001) found that ethical CSR was ranked the second most important dimension among French and United States (U.S.) consumers, with the exception of German consumers who ranked both legal and ethical dimensions as the most important. From an African corporate governance perspective, Visser (2006) proposes that the ethical dimension may be the least important. Since ethical CSR is largely prescriptive and socially constructed (Carroll 1991: 39), it follows that the historical socio-political framework in South Africa could play a fundamental and patterned role in consumers’ expectations of ethical CSR.

#### **2.4.1.3 Legal CSR**

Societal expectations, norms and values all serve as a framework which informs the federal, state and local government laws and regulations that set the rules under which business must operate. Legal responsibilities predominantly relate to societal expectations of business in meeting its economic duties within legal requirements (Carroll 1999: 268). Consumers have been reported to have a high preference for legal

CSR. This notion is supported by Podnar and Golob (2007: 326) who found that Slovene consumers ranked the legal CSR higher than the other CSR dimensions. German and French consumers in another study also perceived the legal dimension of CSR as the most important (Maignan 2001: 21). The tenets of predominant CSR reporting standards and industry chapters in South Africa such as the JSE SRI index, King reports and the B-BBEE Act No. 53 of 2003, as amended by the B-BBEE Amendment Act No. 46 of 2013, will be discussed in the next section.

#### **2.4.1.4 Economic CSR**

The economic dimension of CSR exemplifies the *raison d'être* of business and hence corporate sustainability, which explicates its highest priority in the CSR pyramid as conceived by (Carroll 1991: 39). The economic dimension is premised on the ability of the business to maximise shareholder value and enhance profitability in order to produce high quality products (Maignan and Ferrell 2004: 3). The fulfilment of economic CSR is not only paramount for corporate sustainability, it also influences the fulfilment of the other CSR dimensions. There is no consensus on consumers' preference for economic CSR. Maignan (2001: 70) established that consumers consider economic CSR as the least important dimension of CSR, with the exception of U.S. consumers. This notion is supported by Podnar and Golob (2007: 326) who claim that the economic dimension is perceived as the least important amongst Slovene customers.

A similar finding was also reported in Malaysia where consumers gave the highest priority to the economic dimension (Rahim, Jalaludin and Tajuddin 2011: 119). Although Visser (2006: 29) proposes the economic dimension to be the most important dimension, this proposal is not backed up by empirical evidence. In addition, the study was conceptualised predominantly from a corporate governance perspective. Following Turker (2008: 411) who conceives the economic dimension as mandatory and hence not an aspirational dimension of CSR for external stakeholders, consumers in South Africa may have less expectations of economic CSR being a Newly Industrialised Country (NIC) (The Balance 2017), which painstakingly seeks economic advancements.



#### **2.4.2 Drivers of CSR in South Africa**

The embryonic nature of the South African CSR territory, despite the attention the concept has received in the global landscape since its inception in the 1950s, calls for an understanding of the corporate marketing profile of CSR. This understanding is pivotal for providing a platform for the different ontological and epistemological issues to be addressed. While enquiry into CSR dates back to the 1980s in South Africa, the South African CSR territory has historically been analogous to CSI. CSI basically focuses on accomplishing economic success through responsible corporate governance in the immediate business environment through philanthropic initiatives which constitute an organisation's widespread support projects in local communities (Njenga and Smit 2007: 5).

Drawing on the definition of the King Committee on Corporate Governance (2009), CSI "is one manifestation of Corporate Social Responsibility. In the narrow sense it refers to donations and other kinds of financial assistance (made for an altruistic purpose), and in the broader sense, includes other kinds of contributions beyond just financial assistance. Whilst Responsible Investment is an important aspect of Corporate Responsibility, it should be an integral component of a broader economic, social and environmental (sustainability) strategy"

A shortfall of CSI is that a handful of these initiatives is short-lived and hence not sustainable, due to the lack of management commitment and a myopic understanding of the strategic value of the concept. A more sustainable corporate citizenship approach is a long-term strategy which integrates social responsibility and ecological sustainability into business policies, sensitises the public to the need for and benefits of CSR, effectively communicates CSR efforts and adopts a stakeholder-centred paradigm (Hildebrand, Sen and Bhattacharya 2011). The adoption of a stakeholder-centred approach is particularly crucial for the manufacturing sector, compared to sectors such as mining, telecommunications and finance, due in part to the weak representation of the former in both the general and best performing constituencies of the JSE SRI index (JSE 2014: 2). More so, the sector's lack of a CSR reputation (GlobeScan 2011), further justifies the need to prioritise stakeholder relations.

Nevertheless, CSR has recorded significant developments in recent years, owing to increasing shareholder franchise, globalisation, political initiatives, poor corporate

governance, changing world politics, the internet and public recognition of climate change in global markets (Hoskin 2012: 71). The challenges of CSR in South Africa are similar to global challenges, however, the intensity and scope differ. CSR in South Africa extends beyond core social and environmental obligations. The South African CSR terrain advocates involvements in the tenets of affirmative action and skills development to redress the ills of the apartheid legacy of social exclusion. After the democratic elections in 1994 and the years following 2002, leading to the enactment of the B-BBEE Act of 2003, companies have been increasingly pressurised to be more involved in promoting social and community development (Ndhlovu 2011: 73). While the 'new' Companies Act 71 of 2008 has been passed into law, the Act makes no mandatory provisions for the social responsibility of companies (Ramlall 2012: 272).

Nevertheless, CSR practices in South Africa have historically been largely informed by global trends. The South African business community generally avoids the notion of CSR, despite its widespread popularity. Rather, concepts which are loosely tied to moral and ethical conducts such as CSI and corporate citizenship are favoured. The business policies and practices of a good corporate citizen are required to be comprehensive enough to ensure ethical and legal requirements of its operations and decisions, its relationship with the society, communities and environment. CSI is largely described by the business community as projects executed outside of the business environment, which are primarily aimed at social and community development and not necessarily for marketing purposes (Fig 2005: 600).

Njenga and Smit (2007: 31) maintain that "CSI has grown in importance because we are increasingly realising that the benefits of business are not only for the sake of business, but should also be for the good of the society. For companies however, this observation is far from being self-evident; hence the growing pressure on them to account for their impact based on context in which their business activities are conducted." South Africa is spearheading a politicised region-specific typology of CSR due to the historical deconstruction of the apartheid legacy (Babarinde 2009: 355).

The main theme in the South African CSR territory is compliance with the B-BBEE Act No. 53 of 2003, as amended by the B-BBEE Amendment Act No. 46 of 2013. Conscientious conformity to the B-BBEE Act as well as other industry chatters has been criticised as unsustainable due to its "tick-box" undertone which is rather

superficial (Smit 2010), and places instant wealth in the hands of opportunist entrepreneurs (*Sunrise* 2017). According to the B-BBEE Act, 'Black' is a generic term used to refer to Africans, Coloureds and Indians (Republic of South Africa 2013). The B-BBEE Act is an improved version of its prototype: the Black Economic Empowerment (BEE). The Employment Equity Act 55 of 1998, the National Empowerment Fund Act 105 of 1998, the Preferential Procurement Policy Framework Act 5 of 2000, and the Skills Development Act 97 of 1998 (as amended in 2003) are other examples of South African laws on CSR (Ramlall 2012: 270).

The main tenets of the B-BBEE Act are to foster employment equity, enterprise development, human resource development and preferential procurement for Black shareholders, employees and Black-owned entities across industries, supply chains and communities (Milovanovic 2010: 1). However, the success of the B-BBEE Act has been minimal in terms of its lack of criminal liability for non-compliance and the economic and political incentives attached to compliance in companies' practice and sustainability reporting (Ngwenya 2007). Table 2.2 contains the core elements of the B-BBEE revised generic scorecard. The B-BBEE generic scorecard seeks to redress the ills of the apartheid era by redistributing wealth amongst previously disadvantaged people (Black people), with emphasis on Black women, Black people with disabilities, Black youth, Black people living in rural areas and Black unemployed people (Ramlall 2012: 274).

**Table 2.1: The Revised B-BBEE Generic Scorecard**

Code	Element	Weighting
100	Ownership – Measures effective ownership of entities by black people.	25
200	Management control - Measures effective control of enterprises by black people.	15
300	Skills development – Measures the extent to which employers implement capacity building initiatives designed.	20
400	Enterprise and supplier development - Measures the extent to which entities buy goods and services from empowering suppliers with strong B-BBEE recognition levels.	40
500	SED and sector specific contributions - Measures the extent to which entities carry out initiatives that contribute towards SED or sector-specific initiatives that promote access to the economy for black people.	5
	Total	100 points

Adapted from: Republic of South Africa (2013: 11)

The following regulations are based on the provisions of the gazette of the Republic of South Africa (2013):

- The ownership element of the scorecard is based on the evaluation of indicators such as voting rights, economic interests and realisation points of black people. Management control entails certain measurement category and criteria.
- The requirement for skills development dimension of the B-BBEE scorecard constitutes all trainings and workshops targeted at enhancing the capacity of black (African, Coloured and Indian) employees. These capacity building interventions exclude routine in-house trainings programs and expenditure on conditional scholarships and grants. Compliant companies earn respective codes which is reflected in their B-BBEE recognition level.

- The management control element is assessed on the basis of board participation, other executive management, senior management, middle management, junior management portfolios held by black people and the percentage of employees with disability.
- The enterprise and supplier development element is evaluated on the basis of preferential procurement, enterprise and supplier development initiatives implemented by a company and the accruing bonus points earned as a result.

The SED element is the CSI section of the scorecard. It contains a non-exhaustive list of interventions associated with grants and related contributions made to enhance human resource capacity. Companies earn points which range from 0 to 100 points. These points are used to determine the B-BBEE status and recognition level of between 0 to 135%. A company which earns fewer than 40 points on the scorecard has a B-BBEE status of a Non-compliant Contributor, while a point greater or equal to 100 accrues to a Level One Contributor. Levels Two to Eight lie between the continuum (Republic of South Africa 2013).

The implementation of the B-BBEE Act has taken a new turn since the inclusion of CSI. There is a new wave of social investing in South Africa. According to Matthews and Young (2011), companies have started going beyond the B-BBEE scorecard requirement for SED from 1% to 1.4% of net profit after tax. Sustainability reporting in South Africa is predominantly governed by the King Code of Governance Principles for South Africa, also known as the King report. The latest report on the code is referred to as “King IV Code”, which has been effective from 01 November 2016. King IV Code introduces the change from the previous corporate governance approach of “apply or explain” to “apply and explain”. The code offers more implementation guidelines for publicly owned entities, non-profit organisations and small and medium enterprises. The code also provides clarity on the fairness of remuneration policies and broader disclosure requirements, improved group governance framework, social ethics committee, organisational ethics, stakeholder relationship management and responsible investing (King Committee on Corporate Governance 2016: 7).

Its prototype, “King III Code” was underpinned by the principles of the triple bottom line *viz.* “people, planet and profit” with which it earmarked certain standards of

corporate governance. In addition to the provisions for organisations to report on ethics, social change as well as socially and environmentally responsible investment. It also addresses more holistic components of the corporation such as leadership, sustainability and corporate citizenship, which are all required to be documented in the annual integrated report compared to King II. The annual integrated report is aimed at providing a compressed account of the impact of the organisation in the economic, environmental and social spheres to its stakeholders (King Committee on Corporate Governance 2009: 4).

In addition to the King report, the SRI index is another sustainability reporting standard developed for companies operating in South Africa. The SRI index was developed by the JSE based on the provisions of King II, the Black Economic Empowerment (BEE) and the FTSE4Good index of the London Stock Exchange. Apart from the South African Social Investment Exchange (SASIX), which was also developed to appraise the social impact of corporate behaviour, the Department of Trade and Industry (DTI) also developed a “Code of Good Practice” which used a balanced generic scorecard and some industry-specific charters to measure organisations’ contributions to B-BBEE. The mining and finance sectors are the major players in these socially responsible indices (Ndhlovu 2011: 85).

Some other local associations were developed to address environmental and industrial pollution, social development and accountability of organisations such as the National Environmental Management Act (NEMA), Centre for Development and Enterprise, Environmental Management Co-operative Agreements (EMCAs), Trialogue (an organisation which manages a CSI handbook), sector-specific codes such as the Forestry Stewardship Council and the Responsible Care Programme. Although some of these associations were short-lived, the South African business community’s involvement in some internationally accredited sustainability reporting organisations like the UN Global Compact, World Summit on Sustainable Development (WSSD), Business in Environment Index (BiE), KPMG Corporate Responsibility reporting are also noteworthy (Fig 2005: 601).

Moreover, CSR discourse in the global terrain is not void of challenges. The legitimacy of organisations has been at the forefront of strive to raise the bar by even jeopardising productivity to upscale CSR activities (Porter and Kramer 2011). The socially responsible behaviour of organisations in the South African business community is particularly in question due to the historical factors underpinning the emergence of the concept as earlier outlined (Babarinde 2009: 356). The deleterious effect of the latter on corporate marketing cannot be quantified and the reverse is true for the long-term sustainability of CSR (Hildebrand, Sen and Bhattacharya 2011: 3).

The majority of the foregoing challenges emanate from shareholder-driven corporate governance and management paradigms (Nazari, Parvizi and Emami 2012: 560), myopic CSR culture and lack of a dynamic congruence between CSR involvement and corporate strategy (Komodromos and Melanthiou 2014: 478), which hamper the strategic positioning of CSR as a corporate marketing lever. An emerging body of research (Bhattacharya, Sen and Korschun 2011: 206) has proposed potential CSR factors that could mitigate against the sustainability of CSR, given its associated challenges. The authors maintain that while a small proportion of CSR recipients may be aware of prevailing social and environmental issues threatening societies, a significant proportion are uninformed.

Underpinning CSR value-driven business strategies and corporate marketing is Carroll's four CSR pyramid; economic, legal, ethical and philanthropic responsibilities and Balmer's corporate level constructs of corporate identity, corporate branding, corporate communication and corporate image and reputation (Podnar and Balmer 2013: 24). There is a lack of consensus in the marketing literature on the strategic positioning of CSR (Green and Peloza 2011: 48), due to the multiplicity of approaches adopted in grounding the concept (Maignan and Ferrell 2004: 3). Regardless of the absence of grounded marketing theories in approaching CSR, increasing awareness of the strategic value of a stakeholder-driven approach to CSR (Carroll and Shabana 2010), growing global and national social and environmental challenges continue to mount pressure on the business community to prove its allegiance to society, which instigate the search for sustainable value driven CSR practices (Hendrikse and Hefer-Hendrikse 2012: 5).

The need for developing sustainable value-driven CSR practices is particularly urgent in the face of rising production costs, supply chain bottlenecks and looming uncertainties and battles in the global manufacturing landscape (KPMG 2015: 2), dwindling performance of economic indicators in the local manufacturing sector, particularly the regional contribution of the KwaZulu-Natal manufacturing sector to GDP at constant prices which reduced from 4.7% in 2004 to 0.9 in 2013 (StatsSA 2014a: 59), the impact of power cuts on production activities and economic growth (SACCI 2015: 1), as well as the effects of drought on productivity of companies in the province (Republic of South Africa 2015).

This study proposes that the ability of companies to optimise sustainable value-driven strategic advantage from CSR practices across sectors, and particularly in the manufacturing sector which is the focus of this study, lies in addressing agency and legitimacy issues militating against stakeholder collaboration (Hildebrand, Sen and Bhattacharya 2011: 3). It is equally important to imbibe a balanced corporate social orientation (CSO) (Kusyk 2008: 205) which aligns corporate strategy with corporate marketing through the lens of CSR. Drawing on Carroll's four CSR dimensions (Carroll and Buchholtz 2012), it is apparent that the longevity of organisations for which brand mantra is underpinned by CSR involvements and strategic stakeholder engagement is incontestable. This study further contends that the decentralisation of the corporate marketing philosophy in the organisation can advance the sustainability of CSR while acknowledging the complexities of the South African CSR territory.

#### **2.4.3 The Continuum of Corporate Marketing and CSR in South Africa**

Sustainable competitive advantage can be acquired through an institutionalised CSR based corporate identity, which consequently translates into a CSR-based corporate reputation (Komodromos and Melanthiou 2014: 475). While corporate reputation has attracted widespread attention in marketing theory and practice (Walsh, Beatty and Shiu 2009: 924), country-level, industry-specific and stakeholder factors play a moderating role in harnessing its benefits (Ali *et al.* 2015: 11). Building on the societal application of CSR-based corporate marketing philosophy which balances the needs of different stakeholder groups and acknowledges different societal issues is crucial in leveraging corporate sustainability. Drawing on the views of Balmer and Greyser



(2006: 725), the ability to initiate a stakeholder-institutional model is crucial in leveraging corporate marketing.

South African companies are increasingly realising the importance of integrating CSR initiatives and corporate marketing strategies. The culturally and politically diverse nature of the South African CSR and corporate marketing landscape enhances the global applicability of its strategies. Initiatives rolled out by Anglo American and De Beers have been pivotal in enhancing brand loyalty amongst South African consumers, although the promotion of CSR/CSI initiatives for branding recognition and reputational purposes is still gaining momentum in South Africa. The ability of brands to flourish in South Africa therefore lies in supporting societal welfare and embracing transparent corporate policies for dealing with social issues (Irwin 2003). The author further contends that internal as opposed to external CSR communication is prioritised in South Africa. While the importance of internal CSR communication is supported by the resource-based view for competitive advantage, in line with the notion of people management systems (Wright, Dunford and Snell 2001), it is equally essential for companies to pay attention to external CSR communication (Maignan and Ferrell 2004). This is particularly crucial in South Africa given its antecedents and complexities, as earlier alluded.

The complexities prevalent in the South African CSR territory provide opportunities for building sustainable competitive advantage (Ndhlovu 2011), such as the optimisation of corporate marketing (Hildebrand, Sen and Bhattacharya 2011). Emphasis on the societal application of corporate marketing (Balmer 2013) can foster the renaissance of CSR in South Africa. This approach can be bolstered by prioritising longstanding agency and legitimacy issues which could redress the factors militating against the institutionalisation of CSR (Pirsch, Gupta and Grau 2007: 125) and leverage stakeholders' expectations of CSR (Pomering and Johnson 2009b: 106). It is equally important to redress the complexities of CSR communication by investigating CSR related consumer behaviour such as CSR values (Green and Peloza 2011), expectations of CSR (Aupperle, Carroll and Hatfield 1985), CSR purchase behaviour (Maignan 2001) and the resulting influence of these on corporate reputation (Dowling 2008: 178).

The ability of organisations to build CSR brands is contingent on building a CSR-based identity profile (Abratt and Kleyn 2012: 1049), which is transmitted to external stakeholders through corporate communication and appraised by corporate image and reputation. Corporate communication therefore plays a major role in the appraisal of corporate reputation. The onus is on organisational senior executives to demonstrate to internal stakeholders the role of CSR-based corporate identity communication on the ability to optimise corporate marketing by prioritising the management of an institutionalised CSR approach (Podnar and Balmer 2013: 24).

## 2.5 Conclusion

The multidisciplinary nature of the corporate marketing philosophy *vis-à-vis* the saliency of corporate identity provides diversified platforms for unveiling the potential for the South African business community to optimise corporate marketing. Consequently, the societal application of the corporate marketing philosophy makes the renaissance of the South African CSR domain attainable. The vulnerability of CSR-based corporate marketing strategies to stakeholder scrutiny further reveals the need for urgent interventions in leveraging institutionalised CSR involvements. The evolving nature of CSR in South Africa and the rather conceptual than empirical typology of the corporate marketing philosophy demonstrate that stakeholder agency and legitimacy issues can be overcome.

Emerging themes reveal the interconnectedness between prevailing CSR issues and the long-term perspectives of optimising corporate marketing in the manufacturing sector. Since CSR is a corporate level concept, the ability to incorporate CSR into the operationalisation of the conventional corporate level constructs is pivotal in providing a platform for addressing prevailing agency and legitimacy issues relating to the empowerment of vulnerable key stakeholders of the organisation. This approach is germane to redressing factors influencing the construction of key stakeholders' expectations of CSR, the management of CSR-based corporate identity communication and corporate reputation for the enhancement of corporate marketing strategies and hence corporate sustainability.

Changes to organisational strategy and structure usually require managers to address organisational identity-based questions of who are we, what do we stand for, what is our main purpose, and what does it entail to be part of this organisation? While internal views may not necessarily coincide with external views in practice, the ability of companies to be authentic in communicating their identity will influence their credibility and reputation. More so, the priority given to CSR-based corporate identity determines the extent to which it can optimise corporate marketing.

The optimisation of corporate marketing is the bedrock of the sustainability of CSR, which relies on a market-oriented corporate strategy that seeks to outperform national and global CSR regulations. Increasing stakeholder scepticism toward CSR claims, stakeholder increasing autonomy in corporate communication, non-institutionalised

CSR initiatives and unplanned CSR communication have emerged as predominant factors influencing the optimisation of corporate marketing. The ability of organisations to incorporate prevailing national and global CSR priorities in the construction and communication of its corporate identity and acknowledge the role of CSR-related consumer behaviour such as CSR values, purchase behaviour and expectations, in legitimising optimal corporate marketing is pivotal for corporate sustainability. The conceptual framework of this study will be presented in the next chapter.

## **CHAPTER 3**

# **CORPORATE SOCIAL RESPONSIBILITY, CORPORATE IDENTITY AND CONSUMERS' BEHAVIOURAL OUTCOMES: A PRAGMATIC TOOL FOR THE OPTIMISATION OF CORPORATE MARKETING**

### **3.1 Introduction**

The previous chapter outlined the theoretical framework and literature review of the corporate marketing constructs *vis-à-vis* prevailing drivers of CSR in South Africa. This chapter offers a literature review of the relationship between the identity perspectives of the organisation and institutional legitimacy. An overview of the components of a CSR corporate identity profile and assessment criteria for the management of a CSR corporate identity for the optimisation of corporate marketing are also presented. A critical review of the instrumental role of CSR-related consumer behavioural outcomes, especially from a consumer psychology perspective, such as consumer values, purchase behaviour, CSR expectations and corporate reputation is also critically evaluated.

A critical review of extant literature on the relationship between the awareness and perceived authenticity of CSR, CSR expectations and purchase intentions is discussed alongside contextualised trends in consumers' responses to CSR in South Africa. The chapter also includes a critical analysis of the synthesised relationship between CSR expectations and corporate reputation, based on global best practices and from a South African viewpoint. The interconnectedness between the management of multiple CSR corporate identities, CSR related consumer behavioural outcomes and optimal corporate marketing is thereafter outlined. The chapter ends with an overview of this study's ideology of optimal corporate marketing.

### **3.2 Organisational Identity and Corporate Identity: Implications for Corporate Social Responsibility**

The marketing literature on organisational identity and corporate identity is predominantly associated with customer identification and reactions to the former. The approach taken in this study is partly a response to the call for an interdisciplinary cross-fertilisation enquiry into organisational identity (Cornelissen, Haslam and Balmer 2007), and the scarcity of empirical findings which validate the use of CSR as

a strategic marketing lever (Hildebrand, Sen and Bhattacharya 2011: 1353). Organisational identity is central to all behavioural outcomes and sets the tone for the manifestations of corporate identity cues (Cornelissen, Haslam and Balmer 2007: 5). Organisational identity requires active involvement of all internal stakeholders such as shareholders and employees in order to foster its relevance externally. Nevertheless, the social contract between the organisation, its employees and the community needs to be harnessed to foster a CSR-based corporate identity, on the account that people tend to emulate aspirational organisational identity traits which are congruent with their values. The onus is therefore on companies to reinforce those traits which stakeholders aspire to emulate (Wrench and Punyanunt-Carter 2012: 341).

Internal factors such as corporate heritage (Maier and Andersen 2017: 36), history, structure and antecedents (Balmer and Greyser 2002: 72), political ideologies (Jiang, Zalan and Herman 2013), ethical corporate behaviour as well as environmental factors such as industry-specific and government regulations (Melo and Garrido-Morgado 2012: 11) and CSR related corporate identity framework (Balmer, Fukukawa and Gray 2007b: 7) could militate the ability of organisations to harness social contracts and espouse morally conscious CSR corporate identity. Since the essence of corporate identity management is to enhance corporate reputation (Abratt and Kleyn 2012: 1048), it follows that the entrenchment of CSR into corporate identities is pivotal for leveraging corporate sustainability (Otubanjo 2012b: 74).

The move from a visual identity based approach to corporate identity (Selame and Selame 1975) to a multidisciplinary approach (Olins 1978) presents a research agenda for the renaissance of the corporate identity and organisational legitimacy trajectory (Czinkota, Kaufmann and Basile 2014: 91). Balmer's Affinity Audit (BAA) (van Riel and Balmer 1997) is instrumental for the latter operationalisations of corporate identity management models such as the CSR identity framework (Otubanjo 2012b) and AC<sup>2</sup>ID test (Balmer and Greyser 2002). This study adopts the AC<sup>2</sup>ID test, given its multidimensionality, which, as a consequence, provides a platform for operationalising the postmodernist orientation of organisational behaviour and legitimacy.

### **3.2.1 Corporate Identity and Corporate Social Responsibility: Antecedents and Components**

Bravo, Matute and Pina (2012: 129) affirm that companies use CSR to construct communicated identities to earn legitimacy, which Weaver, Trevino and Cochran (1999: 539) refer to as “decoupling”. The authors further argue that organisations conscientiously gear efforts towards enhancing corporate image and reputation through conscientious articulation of organisational identities. This phenomenon resonates with the postmodernists’ argument which postulates that organisational identities are multifaceted. The quest to create coherent identities amidst conflicting institutional policies and forces inadvertently induces homogenisation (DiMaggio and Powell 1991: 45). It has been established that CSR in South Africa was initiated to appease international business sanctions arising from corporate misconduct in the apartheid era (Ndhlovu 2011: 72), which a few morally conscious organisations are redressing (Kleyn *et al.* 2012: 61).

While the findings of a South African study conducted by Henry (2014), counter Bravo, Matute and Pina’s (2012: 129) argument on the account that organisations are motivated to engage in CSR for altruistic reasons, Henry’s (2014) findings were derived explicitly through a direct questioning technique which lacked a psychoanalytical undertone, as advocated by Foucault (1982). Nevertheless, organisational approach to CSR has been reported to be moderated by corporate missions and values (Aguinis and Glavas 2012: 932). There is therefore evidence which suggests that a company’s ability to institutionalise a morally conscious/decoupling approach to CSR depends on its organisational missions and values.

It is clear from the foregoing that management’s vision and core values play an important role in organisational approach to CSR, which resonates with Balmer and Greyser’s (2002) proposition on the determinants of corporate identity namely, history, culture, strategy. Approaches to CSR vary across countries and industries (Aguinis and Glavas 2012: 932), and the alignment of CSR into corporate mission and values (Marcus and Anderson 2006: 19). There is evidence that the attributes of CSR corporate identity as conceived by internal stakeholders are pointers to the antecedents and components of corporate identity. For example, Carmeli, Gilat and

Waldman (2007: 972) found that organisational identity mediate the relationship between CSR and its outcomes, which reveals the pivotal role of organisational culture on the manifestations of CSR corporate identity. Mudrack (2007: 33) reports that values are the antecedents of management commitment to CSR, which could be subdivided into values which relate to supervisor commitment to ethics (Muller and Kolk 2010), organisational pride (Jones 2010) and the sensitivity of managers to equity (Mudrack 2007). Nevertheless, some organisational values have an opportunistic CSR undertone. This notion is supported by Sharma (2000: 681) who highlight that CSR engagement can be driven by management perceptions of CSR as an opportunity. Taking a more holistic view, Surroca, Tribó and Waddock (2010) found that intangible resources such as human capital and innovation, reputation, and culture-driven CSR engagement and performance, especially for companies operating in growth sectors.

Other antecedents of CSR corporate identity synthesised from existing literature include the extent to which individual values of organisational members are congruent with organisational values (Bansal 2003: 510), and the congruence between individual values and prioritised CSR issues (Mudrack 2007: 33). Employees' psychological needs (Aguilera, Rupp, Williams and Ganapathi 2007: 836), such as the extent to which employees are driven by motives other than self-interest (Rupp, Williams and Aguilera 2011: 69), have also been reported to drive CSR engagement. Similarly, Rupp, Wright, Aryee and Luo (2011: 385) posit that the approach to decision making which foster employee autonomy, competence and relatedness may also drive CSR engagement. Reagan, Tekleab, Levi and Lichtman (2015) add that a higher level of Leader-Member Exchange (LMX) positively influence valence of donating. In other words, a higher quality of relationships between managers and subordinates positively influenced cognitive and motivational attachments to CSR.

Instances of where corporate identity components, which as a consequence relate to communicated, conceived ideal and desired identities, have reinforced CSR engagement have also been reported in literature. A higher degree of public contact, management emphasis on CSR values (De Luque, Washburn, Waldman and House 2008: 628) and firm size (Godfrey, Merrill and Hansen 2009: 425) were reported to harness CSR engagement. Strategic alliances, organisational approach to CSR and



CSR communication approach have been reported to drive CSR engagement and outcomes. For example, Theuvsen, Heyder and Niederhut-Bollmann (2010: 61) found that strategic group membership and the ability to move between groups, significantly influence CSR performance. The entrenchment of the four levels of social responsibilities *viz.* social obligation, social responsibility, social impact and social responsiveness, identified by McDonald (2015), have also been reported to reinforce CSR engagement.

Blanding (2014) argues that the prevalence of strong Future Time Reference (FTR) in CSR communication is an indication of socially irresponsible behaviour. The greater the separation placed between present and future events, the lesser a company's affinity to social responsibility. Conversely, companies which focus and act less on the future have altruistic motives for engaging in CSR. The author further maintains that the exhibition of strong FTR in CSR communication could hamper the ability to espouse ethical behaviour. Moral silence, moral deafness and moral blindness, which relate to failure to talk about wrong practices, failure to recognise the moral implications of actions and failure to act on prevailing moral issues, have also been identified to impede ethical behaviour (Blundel, Ippolito and Donnarumma 2013: 39).

Complexities in business environments and conflicting institutional forces have been identified as major external factors influencing the adoption of CSR practices, in the context of multinational enterprises (Marano and Kostova 2016: 30). The authors further argue that the heterogeneity of institutional forces and exposure to CSR best practices positively influence the adoption of CSR practices. While it is clear from the foregoing narratives that corporate missions and values, organisational and CSR communication approach are instrumental for driving CSR engagement, it is particularly important to contextualise our understanding of the drivers of CSR engagements (Dartey-Baah and Amponsah-Tawiah 2011: 126) and the institutional factors influencing CSR corporate identity outcomes (Otubanjo 2012b: 74), which as a consequence, reveals the way forward for leveraging institutional legitimacy (Suchman 1995: 571). It is anticipated that the findings of this study will be instrumental in taking this research agenda forward.

### **3.2.2 Organisational Legitimacy and Corporate Identity**

Marketing is a philosophy, an attitude, a perspective, or a management orientation that stresses customer satisfaction. Marketing is an organisation function and a set of processes used to implement this philosophy (Lamb, Hair and McDaniels 2010: 3), which makes it crucial for top management executives to understand that strategy, risk, performance and sustainability are inseparable (King Committee on Corporate Governance 2009). South Africa continues to battle with economic challenges such as high unemployment, high poverty levels and high inequality (Henry 2014). CSR in South Africa is faced with certain institutional challenges such as the lack of consensus on CSR legislations and policies, weak organisational legitimacy and environmental challenges such as conflicting stakeholder expectations and perceptions of CSR (Visser, McIntosh and Middleton 2006: 30).

CSR entails organisational commitment toward the improvement of community well-being through discretionary business practices and contributions of corporate resources (Kotler and Lee 2008: 5), especially in the South African context (Ndhlovu 2011: 72). The ability to gain stakeholder legitimacy depends on stakeholder perceptions of the contributions that organisations are making to their lives (Lewis, Hamel and Richardson 2001: 5). This phenomenon reveals the unsustainability of espousing only positive attributes using glossy marketing campaigns or fancy promotions to garner false impressions by misleading people. The concept of a national or regional market is transforming into two divergent phenomena; the global product and mass customisation. Social connectedness and responsiveness to stakeholder expectations play an important role in enhancing effective outcomes in global markets. Social connectedness and responsiveness have been attributed to tangible global linkages between countries and companies, while social acceptance is attributed to intangible global changes which influence consumer behaviour and outcomes (Ferrell *et al.* 2010: 93).

The results of a survey conducted by the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ 2010: 24), which included 85 companies selected from six sub-Saharan countries in which 14 South African companies participated, reveal the similarity in the philanthropic undertone of the conceptualisation and approach to CSR in sub-Saharan Africa. The management of CSR identity in an environment where

unprecedented attention is accorded to corporate philanthropy could signal potential patterned identity misalignments. Emphasis placed on and reward accorded to companies which incorporate the tenets of the “affirmative action” with specific reference to the B-BBEE Act No. 49 of 2013 and reporting requirements, as discussed in the previous chapter, could lead to a new strain of strategic legitimacy in South Africa. This is evidenced by organisations’ conscientious efforts at activating pragmatic legitimacy which translates to “do good and do well” as opposed to morally conscious global best practices slogan which Bhattacharya and Sen (2004: 9) tagged “doing better at doing good”. This notion is supported by Smit (2010) who contends that CSR in South Africa is still on its way to the CSR trajectory championed by the King Committee reporting standards. Alongside global CSR best practices such as Oxfam and Unilever (The Economist 2008), some notable national best practices of morally conscious organisations such as Unilever (Bernstein 2010) and SAB Miller (Kleyn *et al.* 2012) have also been reported in literature.

Identity research in the context of consumer-company relations is predominantly underpinned by the tenets of the social identity theory (SIT) (Tajfel and Turner 1979) and self-categorisation theory (SCT) (Turner and Oakes 1989). Social identity is conceptualised as people’s sense of who they are based on identification with aspirational group members whose activities provide members with a sense of pride and esteem. While group identification is enhanced by the intensity of commitment to the group, expectations of socially acceptable norms and values serve as a guide for behaviour (Quester, Plewa, Palmer and Mazodier 2013: 996). Responsiveness to social connectedness are ways through which favourable social identities are attained (Tajfel and Turner 1979). Since legitimacy is a socially constructed concept (Harvey and Schaefer 2001: 243), it follows that practitioners who seek to enhance reputation need to incorporate stakeholder expectations of socially responsible behaviour into CSR corporate identity communication (Kleyn *et al.* 2012: 1059).

Organisations cannot satisfy the needs of all stakeholder groups (Maignan 2001: 57), hence the need to prioritise stakeholder interest by adopting the stakeholder contingency approach. The actual weight allocated to a particular stakeholder is contingency based and is often a function of contextual environmental factors such as national, industry, market segments and strategic descriptors (Ferrell *et al.* 2010: 94).

The overarching role of Ubuntu values in South Africa (Dartey-Baah and Amponsah-Tawiah 2011: 126) coupled with increasing market turbulence in the global landscape (Qu 2009: 570) demands that organisations prioritise customers as a key external stakeholder of the business (He and Lai 2014: 249).

Taking a cue from Parson's stance on organisational legitimacy, any organisation's compliance with societal values in this context then constitutes prevailing CSR consumer behavioural outcomes which could influence organisational legitimacy. This justifies the inclusion of CSR expectations (Aupperle, Carroll and Hatfield 1985), CSR related purchase behaviour (Maignan 2001), CSR related consumer values (Green and Peloza 2011) and corporate reputation (Schwaiger 2004). Legitimacy is therefore not a commodity to be possessed or exchanged but a condition reflecting cultural alignments and normative support (Scott 1995: 45), contextual conformity and coherent implementation of reputational strategies (Czinkota, Kaufmann and Basile 2014: 91).

### **3.3 Balmer and Soenen's ACID Test Framework**

Balmer and Soenen (1999: 69) posed the ACID Test framework as a benchmarking tool against which corporate identity management practices can be checked, on the account that corporate identity extends beyond visual identity to include the soul, voice and mind of the organisation. The authors further argue that the framework reveals the multiplicity of the facets of the organisation and provides a platform for initiating possible identity change program and leveraging organisational long-term viability and sustainability. While the framework does not explicitly include CSR, it is a font through which organisational legitimacy can be derived.

The ACID test model is a synthesis of the dimensions of corporate identity, which is a valuable tool for practitioners to detect and prevent potential deleterious corporate identity misalignments in practice, with the aim of ensuring a dynamic congruence between the identity types (Balmer and Greyser 2002). The ACID test model developed by Balmer and Soenen (1999) highlights five vital identity types which ought to be aligned to ensure corporate sustainability and hence optimal corporate marketing. These five identity types comprise the actual identity (what we really are), communicated identity (what we say we are), conceived identity (what we are seen to be), ideal identity (what we ought to be), and desired (what we wish to be) identity.

The ACID test framework is a useful tool for assessing corporate identity *vis-à-vis* CSR management (Kleyn *et al.* 2012), as the core of the framework relates to organisational legitimacy (Suchman 1995).

The framework has been used in different scenarios to reveal eminent identity misalignments relating to employee relations and customer relationship management. Powell *et al.* (2009: 440) found misalignments between lower level employees' perceptions of ethical actual and ideal identities as opposed to management's ideal identity in the context of a major financial institution in the United Kingdom. The authors conclude that corporate identity management goes beyond a monolithic phenomenon, but rather one which is dialogical in nature. These findings reveal the effect of management's incoherent horizontal communication and moral consciousness. The findings also show that matching corporate documentation to reality is key for organisation sustainability, which consequently attests that the attainment of optimal corporate marketing requires the ability to practice corporate rhetoric narratives.

The essence of corporate identity communication is not about organisations regurgitating what is written in the annual reports, which in most cases is targeted at conforming to regulations, but rather explaining the process involved in initiating and implementing what has been documented. Besides, emphasis should be placed on ideal identity which is the optimum positioning (Balmer, Stuart and Greyser 2009: 6). This notion is supported by Tenbrunsel, Wade-Benzoni, Messick and Bazerman (2000: 854) who found that a conscientious approach to conforming to standards and certification could erode the humanness in CSR, which could result in CSR being a symbolic and cosmetic tool which serve to minimally comply with requirements. Similarly, Kleyn *et al.* (2012: 61) contend that the reinforcement of a culture of ethics by top management, the conformity of corporate behaviour to mission, codes of ethics and functional standards play a crucial role in creating a strong ethical identity.

Organisational restructuring caused by mergers and acquisitions have also been reported to influence the misalignments in identity types. This notion is supported by Balmer, Powell and Greyser (2011: 8) who report that the BP-Amoco merger in 1998 resulted in a debacle which revealed the misalignment between BP's post-merger environmentally friendly brand positioning; communicated identity and actual identity. The author maintains that BP's post-merger brand promise was at best aspirational in

that its rhetoric fell short of reality. The BP case is reflective of the institutional challenges faced by most companies nowadays given the economic turbulence which makes companies more vulnerable to restructuring. Companies should therefore conduct pre-merger analysis to identify potential CSR identity compatibilities which can be used to create new and realistic CSR identities.

Bravo, Matute and Pina (2012: 129) argue that organisations tend to create distinctive identities through CSR activities and to establish ethical and social values within their corporate statements and cultures. While this approach is influential for building competitive advantage, efforts should be geared toward building distinctive but congruent identities. This notion is evidenced by the findings reported in the branding strategy implemented in the Bradford city, United Kingdom (Verbos, Gerard, Forshey, Harding and Miller 2007: 17). The findings of the study revealed the inconsistencies in the perceptions of the Bradford brand across various communities in the city which reveal a mismatch between actual and communicated identities.

The lack of alignment between Coca-Cola corporate brand and product brand identities, which served as a major source of competitive advantage to the company, had a deleterious effect on the company in 1985. The change from the traditional taste to the New Coke led to a decline in sales which resulted in the reintroduction of the traditional Coke, renamed Coke Classic (Oliver 1986). The executives failed to realise customers' attachment of the traditional taste and the associations between the product and the corporate brand which marketing research failed to reveal before the launch (Balmer 2009: 549). This scenario reveals that organisations sometimes fail to see what customers see. Perceptions of corporate identity vary across stakeholders which further justifies the need to ensure a dynamic congruence between all corporate identity traits.

Balmer (2009: 551) further argues that a lack of alignment between key corporate level concerns such as corporate identity and corporate image and reputation can be caused by institutional difficulties. The case of Cadbury contributing its profit between 1902 and 1908 to charitable causes upon the confirmation of the company using African slave labour, provides evidence that companies sometimes use corporate philanthropy to redress corporate ills or misconduct. This notion is also supported by Aguinis and Glavas (2012: 932) who assert that institutional pressures, mainly from

stakeholders, induce firms' engagements in CSR, in a conceptual study which reviewed 102 books and book chapters and 588 journal articles. An investigation into ethical corporate identity based on a case study of one of the best practices in the South African manufacturing sector, South African Breweries Ltd (SAB), reveals that the company pragmatically reinforces ethical values amongst its employees which makes it a good example of a company with a strong ethical identity through its ethos of social connectedness and responsiveness (Kleyn *et al.* 2012: 61).

### **3.3.1 Corporate Identity Management**

Corporate marketing has been conceptualised as a philosophical organisation-wide paradigm which is underpinned by identity-based perspectives. The concept is also viewed as a philosophy which unifies the elements of multidisciplinary corporate-level constructs such as corporate identity, corporate branding, corporate communications, corporate image and reputation, with corporate identity and reputation at both extremes (Balmer and Powell 2011: 1332). The ability of management to incorporate a CSR culture into the corporate identity mix namely, soul, mind and voice of an organisation (Powell 2011: 1366), coupled with the dynamic integration of the interests of contingent stakeholders such as consumers (Kohli and Jaworski 1990), is central to the operationalisation of optimal corporate marketing strategies.

Fundamental to the management of corporate identity programs is Balmer's AC<sup>2</sup>ID test framework (Balmer, Fukukawa and Gray 2007a: 2). While the framework comprises actual, communicated, conceived, ideal and desired identities (Balmer 2007: 769), the complexities eminent in the formation of corporate identity (Cornelissen 2014) as well as the influence of institutional and environmental factors in which companies operate could influence the formation of a CSR-based corporate identity (Balmer and Greyser 2002). Balmer's AC<sup>2</sup>ID test framework addressed the gaps eminent in previously advanced corporate identity frameworks such as the corporate identity mix by Birkigt and Stadler (1986) and the new corporate identity mix by Balmer and Soenen (1997) based on the inability to account for the multifaceted and evolving nature of corporate identity. While the framework raises a fundamental issue which draws attention to the interconnectedness between the ideal identity of the organisation, capabilities, social, economic, political and technological environment of the organisation, the framework fails to acknowledge the overarching

role of CSR, as opposed to a focus on merely the ethical dimension of CSR in a subsequent contribution relating to the management of corporate identity programs (Balmer, Fukukawa and Gray 2007a: 9).

More so, given the assumption that the framework aims at corporate sustainability and positive corporate reputation, it fails to acknowledge the role of consumers, a crucial external stakeholder group, in the outcomes of corporate identity appraisal. Increasing societal expectations of socially responsible corporate behaviour (Porter and Kramer 2011: 4), coupled with the need to incorporate CSR in organisational DNA (Otubanjo 2012b: 76), call for an extension of the framework to account for the management of a CSR-based corporate identity profile as explicated in Table 3.1.

**Table 3.1: Components of CSR Corporate Identity**

CSR Actual Identity – The current, structural, organisational and philosophical CSR attributes of a company. Values, management style, history and corporate behaviour.
CSR Communicated Identity – CSR image and reputation influenced by company's CSR communication strategy. Organisational communication and non-controllable communication such as employees' behaviour and media relations.
CSR Conceived Identity – CSR corporate image and reputation held by relevant stakeholders whose perceptions are most important.
CSR Ideal Identity – Vision held by founders, senior executives and major shareholders regarding CSR. It entails optimum corporate positioning, optimum core values and corporate philosophy, behaviour and responsiveness to environmental trends with regard to CSR, in a given timeframe.
CSR Desired Identity – Management bigger picture of CSR and implementation strategy for the ideal identity

Adapted from: Balmer and Greyser (2002); Balmer, Fukukawa and Gray (2007b); Otubanjo (2012b)

While acknowledging the importance of attaining dynamic congruence between the identity types advanced by the Balmer's AC<sup>2</sup>ID test framework, the inability to acquire organisational legitimacy (Nazari, Parvizi and Emami 2012: 560), hampers the strategic positioning of CSR as a corporate marketing lever. An emerging body of research, Hildebrand, Sen and Bhattacharya (2011) has proposed potential CSR factors which could mitigate against the ability of companies to maximise the corporate



marketing potential of CSR, given its associated challenges. This body of research contends that while a small proportion of CSR recipients may be aware of prevailing social and environmental issues threatening societies, a significant proportion are uninformed due to a lack of congruency between corporate rhetoric and behaviour. Myopic CSR culture and incoherent corporate communication hamper value-driven corporate marketing strategies. Another unexplored potential of CSR is its overarching role in the optimisation of corporate marketing (Balmer, Stuart and Greyser 2009: 6). The lack of a dynamic congruence between CSR involvements and corporate marketing (Komodromos and Melanthiou 2014: 478), as well as poor corporate governance structure (Nainawat and Meena 2013: 1088), can undermine the ability of companies to harness value-driven CSR strategies (Idowu and Louche 2011: 31).

The dynamic interplay between the stakeholder theory (Harrison and Freeman 1999) and organisational legitimacy theory (Parsons 1964) is instrumental for the implementation of optimal corporate marketing strategies. Corporate rhetoric matches corporate behaviour when CSR is incorporated into business models. However, institutional and environmental factors which stem from corporate identity traits such as company history, structure and strategy (Balmer and Greyser 2002: 77) could hamper the incorporation of CSR in business models. Given this typology, it is apparent that the ability of companies' to implement value-driven CSR initiatives depends on organisational behaviour towards CSR. Since the main goal of corporate marketing is value creation (Hildebrand, Sen and Bhattacharya 2011: 1357), the extent to which contextualised value-driven CSR initiatives are integrated into corporate marketing strategies is pivotal for its optimisation.

While the core foundations of business have historically been built around the 'spirit of capitalism', which is centered on value creation for shareholders, the increase in the depletion of economic, social and environmental values resulting from business operations is gradually increasing awareness of responsible or irresponsible business practices (Kibert, Monroe, Peterson, Plate and Thiele 2012: 123), which has also made marketing claims vulnerable to criticisms of green washing (2009: 441). The extent to which organisations identify with responsible business practices which extends beyond mere compliance with sustainability legislations and reporting standards (Ionescu-Somers and Steger 2008) reveals the morally conscious nature of

its CSR corporate identity (Kleyn *et al.* 2012: 70) as opposed to use of CSR as a defensive strategy (Bruhn 2013: 3). The authors further report that higher stakeholder satisfaction and financial performance have been identified amongst organisations with a strong morally conscious CSR corporate identity.

### **3.3.2 Corporate Identity Framework for Institutionalising CSR**

The entrenchment of a morally conscious CSR corporate identity is demonstrated by organisational ethical attitudes and beliefs which are reflected in corporate communication strategy (Berrone, Surroca and Tribó 2007: 36). The formation and management of a morally conscious CSR corporate identity requires a higher degree of stakeholder relational competencies (Otubanjo 2012b: 87) and the alignment of actual, conceived, communicated, desired and ideal identities (Balmer and Greyser 2002: 72) into organisational CSR corporate strategy as shown in Table 3.1.

The conceptualisation of the components of CSR corporate identity discussed in Table 3.1 is based on the synthesis of Balmer and Greyser's (2002) work on the AC<sup>2</sup>ID test framework", Balmer, Fukukawa and Gray's (2007b) later contributions on ethical identity and Otubanjo's (2012b) work on the CSR corporate identity, in relation with "what the firm does" and "what the firm does for stakeholders" which relate to the entrenchment of CSR in overall corporate strategy, although the author calls for more research which establishes a link between "what the firm is" and "where the firm is going". The synthesis provides evidence that CSR actual identity entails all what the organisation stands for in relation to CSR, which includes internal values, historical framework, management style and organisational behaviour toward CSR. CSR communicated identity entails CSR communication strategy and portfolio, which particularly relies on internal communication, employees' behaviour (Bhattacharya, Korschun and Sen 2009a: 257) and media relations (Fatma and Rahman 2014: 591).

Balmer, Fukukawa and Gray (2007b: 7) maintain that a morally conscious corporate identity is formed relationally through dialogue and reflexivity, which justifies the notion of a CSR conceived, ideal and desired identities. In addition, since image and reputation are a function of corporate communication (Fombrun 2001: 23), CSR conceived identity as a consequence is the perceptions of CSR image and reputation held by relevant stakeholders. Ideal identity is the optimum strategy envisioned by top management executives while desired identity is the future-oriented identity conceived

by senior management (Balmer 2008a). This analogy reveals that desired identity operationalises ideal identity, which presents a research agenda for addressing Otubanjo's (2012b) call as earlier alluded. It follows that CSR ideal identity relates to top management's perception of legitimacy while CSR desired identity relates to how organisations aim at gaining legitimacy.

Only a few organisations have grasped the implications of engaging in a real dialogue with stakeholders, in a way that informs strategic decisions, as opposed to a "monologic" dialogue. The challenge is to engage in a much more open discussion with stakeholders, with the genuine intention of sharing ideas and achieving collaborative goals (Crane and Livesey 2003: 48). Balmer and Soenen's (1997: 85) earlier work on the RED ACID test process showcases that RED is an acronym for "reveal the identities, examine the interfaces and diagnose the situation". The examination of the interfaces stage entails a gap analysis between identity types such as the actual and communicated, actual and conceived as well as the ideal and desired identities. Building on Balmer and Soenen's (1997: 85) framework, this study incorporates the notion of a CSR identity as advocated by Otubanjo (2012b: 80) to arrive at an assessment criteria as explicated in Table 3.2.

**Table 3.2: CSR Corporate Identity Assessment Criteria**

CSR Actual Identity and CSR Communicated Identity
CSR Actual Identity and CSR Conceived Identity
CSR Ideal Identity and CSR Desired Identity

Adapted from: Balmer and Greyser (2002)

In a subsequent gap analysis conducted on the British Airways' recovery from its earlier corporate turmoil in the late 1970s, identity alignment failures in the late 1990s to its recovery in early 2000s, Balmer, Stuart and Greyser (2009: 15) found instances of corporate identity misalignments between the company's actual and communicated, actual and conceived, ideal and desired identities in the late 1990s. Recounting on BA's history, the authors found that the company was affected by institutional changes in its formative years which eventually led to its merger between British Overseas Airways Corporation (BOAC) and British European Airways (BEA) in 1974 to form British Airways. The airline also moved from being state owned to a privately owned

company in the early 1980s, which inspired a radical strategy by the then CEO, Colin Marshall. In an attempt to account for its global customer base, the airline embarked on an audacious global positioning by painting its airline fleet with designs representing 50 national symbols. The authors report on how the airline transitioned to another era of corporate recovery in the early 2000s, by realigning its identity types through the reaffirmation of its British heritage in its corporate strategy, after realising the cost of its repositioning which alienated forty percent of its British brand community. The British Airways case provides evidence that institutional forces such as corporate restructuring leading to radical repositioning strategies play a pivotal role in the management of multiple corporate identities.

### **3.4 Stakeholder Theory: An Overview**

Stakeholder theory is a managerial business model which focuses on the relationship between organisations and the people linked to its business operations. The theory is concerned about the managerial processes involved in how businesses incorporate the needs and expectations of people who have a stake in the business (Freeman, Harrison, Wicks, Parmar and De Colle 2010a). This group of people has been conventionally defined by Freeman (1984) as “any group or individual who can affect or is affected by the achievement of organisational objectives”. Dunham, Freeman and Liedtka (2006: 25) offer a concise definition of stakeholders by highlighting that stakeholder groups consist of groups such as customers, suppliers, employees, financiers, and communities that are vital to the existence of the organisation.

The stakeholder concept, as reported in the seminal contribution of Freeman, Harrison, Wicks, Purnell and De Colle (2010b), was said to have first appeared in the Stanford Research Institute’s internal memorandum in 1963, which was advanced to contest the undue attention placed on the shareholders of the business. On the contrary, Preston and Sapienza (1991) report that the concept first appeared during the Great Depression between 1929s and 1939, which necessitated the need for General Electric Company to identify four main stakeholder groups *viz.* shareholders, employees, customers and the general public.

As earlier alluded, Donaldson and Preston (1995) identified three taxonomies of the stakeholder theory namely, normative, instrumental and descriptive. The authors highlight the overlapping, yet distinct relationship between these three dimensions and

emphasise the fundamental role of the normative dimension of the theory. In contrast, Harrison and Freeman (1999) as well as Jones and Wick (1999) contend that the theory cannot be divided into dimensions as there are no distinct categories between the approaches to the theory, hence the need for a convergent stakeholder theory. On the contrary, the diverse applications and manifestations of the theory have justified the existence of a distinct relationship between the dimensions identified by Donaldson and Preston (1995). Windell (2009) argues that propositions relating to CSR and stakeholder management should go beyond the normative contention of stakeholder theory. The author further contends that undue attention has been accorded to the conceptualisation of CSR without corresponding effort to describe the concept. More so, the complexities associated with societal relations also gave rise to the need for organisations to identify specific groups to prioritise (Maignan and Ferrell 2004). The authors further argue that complexities such as conflicting institutional and stakeholder norms, values and expectations as well as incongruence between organisational and stakeholder norms have influenced the need for organisations to prioritise legitimate stakeholder issues on the account that the interplay between legitimacy and power leads to stakeholder authority (Santana 2012).

### **3.4.1 Types of Stakeholder Groups**

The seminal categorisations of stakeholder groups into primary and secondary groups can be traced to the work of Clarkson (1995). The author further asserts that stakeholders comprise primary and secondary groups which exert influence on the organisation based on the criticality of their claim to organisational sustainability, on the account that the latter depends on the continuous support of its primary stakeholders as opposed to secondary stakeholders. Supporting Clarkson's (1995) argument, Gibson (2000) concurs that stakeholder groups comprise primary and secondary stakeholders and opines that the support of primary stakeholders is vital for the existence of the business while the organisation has no special duty toward secondary stakeholders.

Conversely, Freeman *et al.* (2010a) postulate that the support of both primary and secondary stakeholders are equally necessary for organisational sustainability. Nevertheless, the urgency and legitimacy of stakeholder claims determine the level of stakeholder influence on organisational sustainability (Santana 2012). Stakeholders

have further been grouped as internal and external as well as normative and derivative as shown in Table 3.3. Primary stakeholders comprise customers, employees, suppliers, financiers and communities while secondary stakeholders constitute government, competitors, consumer advocate groups, special interest groups and media. Employees, functional departments, other relevant internal parties and shareholders are categorised as internal stakeholders while external stakeholders comprise competitors, advertising agencies and regulators. Similarly, customers, employees, suppliers, financiers, local communities, natural environment are conceived as normative given the urgency of their claims while competitors and activist groups are categorised as derivative given the dependency of their claims on environmental factors (Carroll and Buchholtz 2012).

**Table 3.3: A Typology of Stakeholder Groups**

<b>Primary and Secondary stakeholders</b>	Primary stakeholders Customers, employees, suppliers, financiers and communities	Secondary stakeholders Government, competitors, consumer advocate groups, special interest groups and media
<b>Internal and External stakeholders</b>	Internal stakeholders Employees, functional departments, other relevant internal parties and shareholders	External stakeholders Consumers, competitors, advertising agencies and regulators
<b>Normative and Derivative stakeholders</b>	Normative stakeholders Customers, employees, suppliers, financiers, local communities, natural environment	Derivative stakeholders Competitors and activist groups

Adapted from: Carroll and Buchholtz (2012)

Stakeholder groups have been traditionally categorised in marketing as internal and external stakeholders. Internal stakeholders constitute employees, functional departments and other relevant internal parties while external stakeholders comprise consumers, competitors and media agencies (Miller and Lewis 1991). The ability to manage and prioritise the relationship between stakeholder groups lies in assessing stakeholder attributes such as power, legitimacy and urgency. This notion advocates that companies distinguish between the primary and secondary stakeholders of the

business and accord relevant attention to the groups based on their stake in the organisation (Freeman *et al.* 2010b: 14).

### **3.4.2 Stakeholder Attributes, Corporate Social Responsibility and Corporate Marketing**

Stakeholder theory is underpinned by the three stakeholder attributes of power, legitimacy and urgency. The ability to understand the relationship between these attributes is critical for identifying stakeholder interests and saliency (Carroll and Buchholtz 2012: 63), and also for understanding the interconnectedness between CSR, profitability (Freeman *et al.* 2010a) and corporate marketing strategies (Maignan and Ferrell 2004). A stakeholder culture plays a central role in the corporate marketing philosophy. Such culture encompasses the beliefs, values and practices that organisations employ in addressing stakeholder issues (Balmer 2013).

Effective stakeholder management demands senior managers' active involvement and commitment across all levels of the organisation. Such an approach maximises stakeholder engagement practices, which enhances CSR strategic decision-making and provides a platform for supporting the CSR vision of the organisation. Stakeholder engagement, fairness, thinking and the cultivation of a stakeholder culture is central to the sustainability of CSR (Idowu and Leal Filho 2009: 91). CSR is maximised when corporate rhetoric and stakeholder dialogue match corporate behaviour (Bernstein 2009) and is underpinned by leveraging stakeholder collaboration as a strategic thrust to enhance corporate sustainability, cost reduction, sustained customer and employee loyalty and favourable corporate reputation (Sarstedt, Wilczynski and Melewar 2013).

Organisational behaviour towards customers and employees exerts the most influence on the overall performance of the organisation. It is vital for the focal organisation to identify and understand the interests of its most salient stakeholders, given that stakeholder power, legitimacy and urgency of issues are the three crucial elements of evaluating stakeholder influence (Leap and Loughry 2004). Santana (2012) takes the discussion further by contending that both stakeholder power and urgency, without legitimacy, are insufficient in deriving stakeholder saliency. The author contends that stakeholder legitimacy constitutes how the focal organisation manages stakeholder's legitimacy as an entity, the stakeholder's claim and behaviour,

which could result in a mismatch between the organisation's and stakeholder's perceptions stakeholder legitimacy.

Harvey and Schaefer (2001) contend that legitimacy is a social construct. The authors liken legitimacy to 'perception', on the account that both constructs are socially constructed and affirm that perception is to consumer behaviour theory what legitimacy is to stakeholder theory. Weick, Sutcliffe and Obstfeld (2005) take the discussion further by arguing that legitimacy is underpinned by a sense making and sense giving approach to individual and collective interpretations. Santana (2012) argues that factors such as societal norms, behaviour, organisational principles, values, structure and strategies influence perceptions of stakeholder legitimacy. Stakeholder legitimacy plays a central role in stakeholder theory and has been advocated as a key element in the determination of stakeholder influence (Phillips 2003). While stakeholder influence differs across stakeholder groups, the amount of stake a stakeholder group possesses determines the urgency of stakeholder influence (Freeman *et al.* 2010b). The authors further explain that the factors responsible for the urgency of stakeholder influence are situation-specific. Nevertheless, emerging thoughts support the adoption of a stakeholder collaboration approach over stakeholder management (Cornelissen 2014).

### **3.4.3 Stakeholder Contingency: Implications for CSR Consumer Behaviour**

The stakeholder contingency approach as advocated by Ferrell, Pardon, Hult and Maignan (2010) is based on the premise that organisations must prioritise the stakeholder with the most power, urgency and legitimacy (Santana 2012). Stakeholder groups have been categorised as either primary or secondary, internal or external and normative or derivative (Carroll and Buchholtz 2012). Freeman *et al.* (2010a) maintain that any individual or group who can influence or is influenced by the actions, decisions, policies, practices, or goals of an organisation is considered a stakeholder. The authors further contend that the ability to balance stakeholder interest is paramount given the scope of the concept. For example, normative stakeholders should be prioritised over derivative stakeholders. However, the ability to balance stakeholder interest has been criticised on the account of the complexities the theory attracts (Ali *et al.* 2015: 1105). More importantly, the realisation of the importance of prioritising legitimate stakeholder groups (Abratt and Kleyn 2012: 1048) is crucial for



successful stakeholder collaboration and hence the optimisation of corporate marketing.

This notion is also supported by Maignan and Ferrell (2004: 3) who propose that issues such as conflicting stakeholder norms and lack of normative convergence amongst stakeholder communities deem it fit for organisations to prioritise stakeholder issues and groups. According to the restricted stakeholder theory, firms should prioritise the needs of its primary stakeholders, as opposed to the unrestricted stakeholder theory which advocates that firms should seek to meet the needs of all its stakeholders (Post, Preston and Sauter-Sachs 2002: 40). Taking a cue from the tagline an eNCA broadcast (*Watch* 2016), “legitimacy cannot be claimed unless it is found in the will of the people”. Scholars such as He and Lai (2014: 249) reiterate that consumers are the most important key stakeholder of the organisation. While increasing global market turbulence demands that organisations be market orientated (Qu 2009: 570), the adoption of a market orientation is inevitable for the operationalisation of corporate marketing.

### **3.5 Market Orientation**

The marketing concept is predominantly known for its focus on creating, communicating and delivering superior customer value through the identification of prevailing customer needs (Pride and Ferrell 2014: 39). Customers are broadly defined as end users, suppliers and other external parties which influence needs and preferences (Kotler and Keller 2014: 122). While the marketing concept is a business philosophy which puts the customer at the forefront of strategic decisions (Nicholson 2000), the concept is operationalised through the market orientation (Kohli and Jaworski 1990). The marketing orientation entails customer focus, coordinated marketing intelligence and profitability. The marketing orientation also operates in tandem with CSR to create sustainable competitive advantage (Crittenden, Crittenden, Ferrell, Ferrell and Pinney 2011).

The seminal contribution of Kohli and Jaworski (1990) is central to the conceptualisation of the market orientation. The seminal conceptualisation of the market orientation is underpinned by the findings generated from sixty two interviews with managers across various functions in the manufacturing industry, based on the outcomes of the use of market intelligence in practice. The authors further argue that

marketing intelligence plays an overarching role in the operationalisation of the market orientation. While marketing intelligence entails customer's expressed needs and preferences, the concept extends to the investigation of the environmental factors influencing customer needs and preferences such as government regulations, technological advancements, competitors, reference groups and customers' future needs (Maignan and Ferrell 2004: 11).

CSR plays a pivotal role in the performance of a market orientation. This view is supported by Kiessling, Isaksson and Yasar (2016: 269) who found positive CSR mediation effects between market orientation and firm performance. On the contrary, Brik, Rettab and Mellahi (2011: 307) argue that CSR moderates the relationship between market orientation and business performance. While these views demonstrate a lack of consensus, it is evident that the importance of integrating CSR into corporate strategy cannot be overemphasised. Besides, increasing consumers' expectations of CSR has implications for consumer behavioural outcomes (Podnar and Golob 2007: 326).

Emerging insights in consumer psychology research are shedding light on the influence of affective emotions such as guilt and pride (Kim and Johnson 2013: 79), empathy and gratitude (Xie, Bagozzi and Grønhaug 2015: 333) on consumers' CSR purchase intentions and responses to CSR in general. Consumer values are also increasingly becoming predictors of purchase intentions (Arias 2010). The author further contends that consumers are becoming interested in the compatibility of supply chain with environmental issues and environmentally friendly production practices. The same is also true for South African consumers on the account that consumers are rewarding socially responsible companies with their loyalty, regardless of having to pay a premium (Kaelo Worldwide Media 2006: 10). Findings based on a Chinese sample reveal that CSR related consumer behaviour is an important factor influencing purchase decision-making. While the study further shows that purchase behavioural decisions to CSR behaviour is based on conditions and varies across target markets, consumers' responses to CSR are driven by personal interests and consumer value (Ma and Jiang 2010: 1648).

### **3.5.1 Consumer Values, Purchase Behaviour and CSR Expectations**

CSR is gaining unprecedented popularity in emerging economies such as South Africa (KPMG 2013). Nonetheless, the historical background of the South African CSR terrain has created a misfit between indigenous and contemporary understanding of CSR, which has unique implications for consumer behaviour (Petzer and De Meyer 2013: 382). The overarching role of Ubuntu values on the conceptualisation and expectations of indigenous CSR play a role in this misfit (Dartey-Baah and Amponsah-Tawiah 2011). This phenomenon has clouded the relationship between consumer behaviour and CSR expectations (van Heerden 2014). Contrary to empirical research studies conducted by scholars such as Sen and Bhattacharya (2001), Huber, Meyer, Vogel and Vollmann (2011), Saeidi *et al.* (2015) and Alrubaiee, Aladwan, Joma, Idris and Khater (2017) which utilised CSR as a predictor of marketing outcomes, this study takes a different approach by investigating the mediating and/or moderating effects of CSR expectations on the relationship between consumer values and purchase behaviour.

Stakeholder evaluation of CSR is predominantly based on personal interests, values, morals and individual priorities (Rowley and Moldoveanu 2003: 206). An understanding of the influence of dominant CSR consumer values on consumer behaviour could therefore override the complexities in consumers' responses to CSR (Green and Peloza 2011: 49). The authors propose three sources of CSR-related consumer values *viz.* emotional, social and functional values, which resonate with Sheth, Newman and Gross's (1991) seminal contribution on customer value. The emotional value is described as the "warm glow" consumers derive from loyalty to socially responsible companies (Yoon, Gürhan-Canli and Schwarz 2006: 377). Social value is derived when consumers' sense of belonging and is enhanced through loyalty and affiliation with socially responsible companies (Goldstein 2008: 16). The products of socially responsible companies which have a performance-related reputation are said to evoke functional value in consumers. Philanthropic activities have been reported to evoke emotional value. Consumers' quest for a sense of belonging arising from social value and espoused CSR related product features activate functional value (Green and Peloza 2011: 49).

Consumer values evolve from product performance and overall consumer experience (Kotler and Keller 2014: 414). Conceptual patterns which suggest the link between consumer values, CSR and purchase behaviour have been identified in literature (Graf and Maas 2008: 3). For example, Sheth, Newman and Gross (1991) identified consumption attributes such as functional, social, emotional, epistemic and conditional values. Similarly, Lai (1995) proposed cultural, personal, consumption and consumption schemata values as elements of consumer values. The author further reiterates that consumers derive functional, social, affective, epistemic, aesthetic, hedonic, situational and holistic benefits from products. A recent study which focused on CSR-based consumer values identified emotional, social and functional consumer value. These values suggest how to prioritise predominant values that consumers derive from CSR to the prevailing value driver in market offerings and strategy (Green and Peloza 2011: 48). In addition, the result of a study conducted to test the mediating effect of customer value on CSR identified a positive direct effect of CSR on customer value (Alrubaiee *et al.* 2017: 104).

Furthermore, diversity in consumer values has been reported to influence the construction of CSR expectations (Podnar and Golob 2007: 336). Ellen, Webb and Mohr (2006: 148) argue that consumers have a negative response to egotistic and a positive response to altruistic CSR efforts. CSR was also found to mediate consumers' perceptions of the congruence between personal and company values. Consumers' identification with CSR is a key determinant of their sensitivity to CSR efforts. The congruence between consumers' preferred CSR dimension is an indication of consumers' association with CSR efforts. Consumers' preference for CSR initiatives can therefore be attributed to CSR expectations (Sen and Bhattacharya 2001: 240).

Values such as openness to change versus conservation (Basil and Weber 2006: 61) and self-transcendence versus self-enhancement (Schwartz 1994: 19) form part of the antecedents of CSR expectations (Han 2015: 298). The authors further report that self-enhancement values relate to self-actualisation. These values are evoked by the attainment of social status and prestige while self-transcendence values gravitate toward protection and enhancement of the welfare of communal members. These values resonate with emotional, social and functional CSR consumer values, which are based on deriving warm glow, sense of belonging and performance related values

respectively, as a result of loyalty to socially responsible companies (Green and Peloza 2011). There is therefore evidence which suggests that consumers who hold higher consumer values have higher expectations of CSR, and as a consequence, favourable CSR related purchase intentions, following Han (2015: 298) who reports that higher self-transcendence values positively influence CSR expectations and behavioural outcomes.

A study conducted to assess consumers' CSR expectations of Korean and European multinationals operating in Korea showed that expectations of economic, ethical, and philanthropic CSR are significantly higher for Korean companies, compared to their European counterparts (Han 2015:293). In addition, the author maintains that self-transcendence values and country image also influence consumers' CSR expectations of foreign multinationals, where the former positively influenced higher CSR expectations from European companies and the latter showed a negative relationship, which implies that consumers who hold higher self-transcendence values have higher CSR expectations of foreign multinationals. These findings justify that personal values (Basil and Weber 2006: 62) and country-specific factors such as cultural diversity (Maignan 2001: 57) influence CSR expectations and behavioural outcomes. Similarly, Podnar and Golob (2007: 326) also found that consumers who hold high self-transcendent values and practice high involvement have higher expectations of the ethical-philanthropic dimension of CSR.

In a cross-cultural comparison of consumers' support for CSR, consisting of French, German and U.S. consumers, Maignan (2001) developed and conducted an analysis of covariance on items which measures what can be summarised as consumers' preference for and willingness to pay a premium for the products of socially responsible companies, avoidance of companies with a bad reputation and loyalty to companies with good reputation. An analysis of covariance was also conducted on consumers' evaluation of Carroll's (1991) CSR dimensions. The findings of the study reveal the influence of cultural frameworks on consumers' support for and evaluation of CSR.

While a positive relationship was identified between consumers' awareness of CSR, attitudes and behavioural intentions toward CSR (Öberseder, Schlegelmilch and Murphy 2013: 184), such an outcome can be enhanced by adopting CSR initiatives

related to corporate philanthropy and customer relationship management (Lii and Lee 2012: 71). The latter is particularly crucial for preventing green washing and consumer scepticism. Research into consumer behaviour related to CSR has been approached differently over the years. Cultural diversity, country-specific and industry-specific factors have contributed to the lack of consensus on consumers' response to CSR expectations since the inception of strategic CSR research, moderating effects on consumer behaviour toward CSR (Plewa, Conduit, Quester and Johnson 2015).

CSR has been reported to have mediating effects on consumer behavioural outcomes. This notion is supported by Ma and Jiang (2010: 1648) and Tian, Wang and Yang (2011: 197) who affirm that CSR mediates consumers' perceptions and responses to CSR. Similarly, Neale, Filo and Funk (2007) found that CSR mediates the relationship between purchase intentions and identification with products. Alhouti, Johnson and Holloway (2016) also argue that perceived authenticity of CSR mediates consumer behavioural outcomes. On the contrary, Folse, Niedrich and Grau (2010) found that CSR partially mediates consumers' perceptions and participation intentions. Also, loyalty to green products was reported to partially mediate green brand affinity and behaviour (Kang and Hur 2012: 306). The mediation effects of CSR were also identified in the organisational context following Jiang, Zalan and Herman (2013) who assert that CSR mediates political ideology and CSR strategy. Kiessling, Isaksson and Yasar (2016: 269) also found that CSR mediates the relationship between consumer orientation, marketing orientation and firm performance.

Sen and Bhattacharya (2001: 238) maintain that consumers' CSR expectations have a more complex influence on consumers' purchase behaviour than on corporate reputation. The authors further contend that CSR initiatives can have either a direct or indirect influence on consumers' purchase behaviour. The study also shows that congruence between a company's choice of CSR initiatives in specific CSR dimensions and consumers CSR-based values has a direct effect on consumers' attraction to the companies' products. The authors conclude that positive effects of CSR initiatives attributed to corporate reputation are moderated by consumers' CSR purchase behaviour. Taking the discussion further, Maignan (2001: 63) argues that CSR purchase behaviour is influenced by age, gender and education. Preference for CSR communication either conditional or unconditional, has also been identified in

literature (Morris *et al.* 2013: 290). Support for CSR has also been reported to have positive moderating effects on consumer responses (Ma and Jiang 2010). The strengths of the outcomes of such moderating effects vary based on the importance attached to each CSR dimension (Maignan 2001: 65), and country-specific factors (Podnar and Golob 2007: 330).

A Ghanaian study which focused on CSR-related consumer behaviour in the banking sector, reports that corporate philanthropy has the highest effects on consumers' attitudes and behavioural intentions, followed by community volunteering and customer-focused initiatives. The findings of the study further show a significant relationship between CSR initiatives and consumer behaviour toward the banking sector (Hinson, Renner and van Zyl 2016: 14). A South African study reports that companies' CSR initiatives influence consumer behaviour such as purchasing intentions and brand loyalty (Kaelo Worldwide Media 2006: 10). The report further reveals that a significant proportion of consumers are willing to pay a premium to support socially responsible companies and advocates that socially irresponsible corporate behaviour be paraded in the media. Similarly, the moderating effects of CSR were also found to influence consumers' affinity with, perceptions of and loyalty to companies in South Africa (van Heerden and De Beer 2016: 145).

In line with the findings of the aforementioned studies, Moon (2010: 60) maintains that the interplay between consumer psychology and behaviour has changed the role played by cultural and personal values, which is influencing the notion of consumer rationality and perceptions of marketing cues. South African consumers have been reported to display high communitarian tendencies (Petzer and De Meyer 2013: 387), while the global market is reported to be infiltrated with a high spirit of radical individualism (Yarrow 2014: 86), which increases the drive to adopt breakaway differentiation and positioning strategies to escape the competitive herd. Increasing CSR awareness amongst South African consumers is partly attributed to increasing access to CSR related matters on the social media (van Heerden and De Beer 2016: 161). Besides, there is a common understanding amongst South African consumers that companies are obliged to comply with socially responsible charters. This notion is supported by Dartey-Baah and Amponsah-Tawiah (2011: 126) who maintain that CSR in Africa is conceived as those activities which promote communal infrastructural

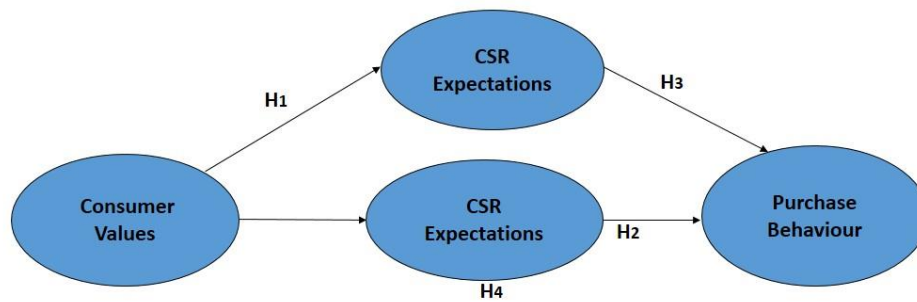
facilities and economic development. Ndhlovu (2011: 72) also affirms that CSR is synonymous to CSI in South Africa.

The entrenchment of the tenets of Ubuntu framework in South Africa has influenced consumers' expectations of organisational obligations to the society. Organisations are viewed as humans and are expected to make contributions as such. CSR initiatives are therefore required to be positioned within the Ubuntu framework (Senooane 2014: 167). Hence, adherence to implicit institutional structures which govern behaviour in a collectivistic country such as South Africa could play a huge role in the manifestation of multiple responses to stimuli (Ijabadeniyi, Govender and Veerasamy 2016: 37). The interplay between these scenarios poses two questions to the South African corporate strategist: What role will company's espoused consumer values play in the battle for corporate sustainability? What role will the fulfilment of consumers' expectations of CSR play in the customization of global and local strategies?

The foregoing commentaries as well as the interplay between Ubuntu values and the trajectory of CSR in South Africa (Dartey-Baah and Amponsah-Tawiah 2011: 127) provide evidence which suggests that CSR expectations will have both mediating and moderating effects on consumer values and purchase behaviour. Similarly, Bhattacharya and Sen (2004: 9) confirm that the influence of CSR on consumer behavioural outcomes is situation-specific. Our understanding of the influence of diverse contextual cues on consumer behavioural outcomes could be instrumental in establishing consumers' prevailing preferences for specific CSR activities, considering the multidimensionality of the construct (Peloza and Shang 2011: 117).

Based on this background, this study builds on the works of Green and Peloza (2011), Carroll (1991) and Maignan (2001) by presenting a research agenda which synthesizes the relationship between consumer values, CSR expectations and purchase behaviour. As such, it is advanced that consumer values will have positive effects on CSR expectations, as indicated by H1 in Figure 3.1. It is also hypothesised that CSR expectations will have positive effects on purchase behaviour, in relation to H2 in Figure 3.1. Finally, it is also proposed that CSR expectations will have both positive mediating and moderating effects on consumer values and purchase behaviour based on H3 and H4 respectively, as shown in Figure 3.1.





**Figure 3.1: Conceptual Framework for Consumer Values, CSR Expectations and Purchase Behaviour**

Adapted from: Aupperle, Carroll and Hatfield (1985); Maignan (2001); Green and Peloza (2011)

### 3.5.2 CSR Expectations and Corporate Reputation

As alluded earlier, past research targeted at strategic CSR in the marketing management field has focused on how CSR predicts marketing outcomes. The mismatch between increasing CSR expectations and negative perceptions of CSR initiatives across both developed and developing markets (de Man 2007) call for an examination of the role that CSR expectations play in predicting consumer behavioural outcomes. This view is further supported by Pasolini (2015) who argues that CSR expectations of 91% of consumers around the globe are increasing. The author also highlights that while 52% of global consumers perceive companies as socially irresponsible until proven otherwise, 57% are willing to sacrifice quality and 71% are willing to pay a premium to support socially responsible businesses. While country level variables (Podnar and Golob 2007: 326), industry specific factors (Melo and Garrido-Morgado 2012: 12), personal and situational factors (Golob, Lah and Jančič 2008: 83) have been identified as determinants of CSR expectations, Pérez and Rodríguez del Bosque (2014: 177) identified homogeneous CSR expectations across different product offerings in the context of the banking sector. On the contrary,

consumers' responses to CSR were reported to vary across different product categories especially with regard to luxury products (Janssen, Vanhamme, Lindgreen and Lefebvre 2014: 45).

Consumers who support companies' CSR initiatives have a positive reaction toward positive CSR communication (Sen and Bhattacharya 2001: 238). Past financial performance and ethics statements were found to positively influence consumers' CSR expectations and evaluations (Stanaland, Lwin and Murphy 2011: 47), which is consistent with earlier findings which proposed a link between the constructs (Waddock and Graves 1997: 303). Knowledge and awareness of CSR have also been reported to influence CSR expectations and purchase intentions (Rahim, Jalaludin and Tajuddin 2011: 119).

Consumers' evaluation of corporate reputation is largely influenced by psychological factors. This notion can be traced back to the seminal contributions of Forsyth (1980: 175) on ethical ideology. The author maintains that consumers with a high relativism disposition to CSR are easily convinced and tend to evaluate CSR images based on personal feelings as opposed to standardised principles. The reverse is true for consumers with low relativism disposition to CSR as their evaluations of CSR images are based on premeditated standardised criteria. As such, the interplay between CSR images and consumer company identification for consumers with low relativism tends to be stronger (Chang, Chien and Tseng 2013). Ethical ideology is a set of values, attitudes, and beliefs that help people judge ethical issues. It is the frame of reference or guidance concerning ethical issues. Consumers with high idealism tend to consider positive CSR images to be good for the society (Forsyth 1980: 180). Recent findings also show that collectivists and innovative customers process information differently to individualists and conservative customers, although consumers' collectivistic dispositions were not found to significantly influence perceptions of CSR (Pérez and Rodríguez del Bosque 2014: 180).

The study of corporate reputation is underpinned by three schools of thought; the evaluative, impressional and relational schools (Chun 2005: 93). The author further contends that the evaluative school is premised on the assessment of corporate reputation from a financial value or financial performance in the short-term, while the impressional and relational schools approach corporate reputation based on affective

associations made with the organisation from the perspectives of a single stakeholder and multiple stakeholder groups respectively. The approach to corporate reputation in the marketing management from a CSR point of view has predominantly been premised on consumers' conscientious evaluation of the alignment of organisations' CSR activities to society's interests and activation of trust through CSR (Park et al 2014), which resonates with the focus of the impressional school (Chun 2005: 91). Studies which stem from the three schools of thought are also prevalent in the marketing literature. For example, corporate reputation has been assessed based on financial performance parameters (Stanaland, Lwin and Murphy 2011), consumer brand image, equity (Saeidi *et al.* 2015) and loyalty (He and Lai 2014), third party market indices (van Riel and Fombrun 2007) and multiple stakeholder perspectives (Helm 2007). The mediating roles of the congruence between consumers' characteristics and those of the corporation also known as the consumer-company identification (C-C identification) (Bhattacharya and Sen 2003) have equally been used to determine the influences of CSR activities on consumers' behavioural outcomes.

This study takes an impressional approach to corporate reputation, building on the works of (Bhattacharya and Sen 2003) on C-C identification and consumer psychology (Bhattacharya, Korschun and Sen 2009b) to investigate the predictive power of CSR expectations on corporate reputation. Corporate reputation has historically been operationalised as a one-dimensional construct approached as either an affective construct (Fombrun and Rindova 2000: 78) or a cognitive construct (Gray and Balmer 1998: 698). Building on the works of Hall (1992: 198) which conceive corporate reputation as consisting the knowledge and emotions people conceive of a company, Schwaiger (2004: 49) proposes corporate reputation as a two-dimensional attitudinal construct comprising both the affective (sympathy) and cognitive (competence) dimensions, which are further subdivided into quality, performance, responsibility and attractiveness. The findings of the study show that performance has a negative impact on sympathy and a positive impact on competence while the reverse is true for responsibility. In addition, both quality and attractiveness positively relate to sympathy and competence but a stronger positive relationship was found between quality and competence, and between attractiveness and sympathy. This study is premised on the quality, performance and responsibility dimensions considering the

higher level of familiarity and identification consumers require to assess the attractiveness dimension.

Consumer's evaluation of the attractiveness of a company's products (Sen and Bhattacharya 2001: 238), financial performance (Saeidi *et al.* 2015) and social responsibility (Becker-Olsen, Cudmore and Hill 2006: 50) may be influenced by the congruence between relevant company CSR activities and consumers' CSR related beliefs, which is also reported to be a self-definitional source (Sen and Bhattacharya 2001: 225). Many companies have been criticised for a lack of altruistic motive towards CSR initiatives (Pasolini 2015) on the account that approaches to CSR communication are perceived as targeted at conscientiously activating strategic legitimacy (Suchman 1995: 571). Although this phenomenon has aggravated consumers' sceptic dispositions, the extent to which CSR is entrenched in corporate strategy could override the consequences of consumers' scepticism (Tilling 2004: 4). The alignment of corporate rhetoric and behaviour is particularly important given the effect of the confirmation of consumers' already negative expectations (Santos and Boote 2003: 142).

### **3.5.3 CSR Expectations: Implications for Corporate Reputation**

Narratives in the previous chapter on CSR expectations reveal that there is a lack of consensus on the effect of CSR on consumer behavioural outcomes, including studies conducted in the African context (Visser 2006), (Lindgreen, Swaen and Johnston 2009) and (Fadun 2014). This scenario suggests that consumers' expectations of CSR are largely situational and contextual. This argument is supported by Smith, Read and López-Rodríguez (2010: 3) who propose that the influence of CSR on consumers is highly contingent. According to Amaeshi, Adi, Ogbechie and Amao (2006: 20), CSR is a localised and socially embedded concept. This notion reveals why CSR practices reflect socio-economic structures. Bagire, Tusiime, Nalweyiso and Kakooza (2011: 102) confirm this notion in the Ugandan context by arguing that the influence of contextual environmental factors on CSR is puzzling. It then follows that the use of situational and contextual lenses to the study of the effects of CSR on consumer behavioural outcomes can further enhance our understanding of the latter.

Smith, Read and López-Rodríguez (2010: 3) further argue that there is still a lot we do not know about the effects of CSR on consumer decision making, which calls for

more enquiries into the measurement of corporate reputation using a consumer psychology approach, a prototype of the C-C identification (Sen and Bhattacharya 2001: 225). In this study, the aforementioned research agenda is conceived as the reverse psychological conception of the C-C identification, hereafter referred to as consumer-company endorsement (C-C endorsement). The notion of C-C endorsement advanced in this study is premised on how the congruence between CSR expectations and company values predict corporate endorsements.

In the absence of substantive claims on the C-C endorsement research agenda, using a contextual lens, this study takes a different approach to the evaluation of institutional legitimacy by measuring corporate reputation using a consumer psychology approach, which, as a consequence, leverages optimal corporate marketing. Conversely, the effects of the antecedents of the historical and socio-political framework in South Africa are taken into consideration to leverage the contextual lens, on the account that there is a lack of consensus on empirical findings on consumers' response to CSR (He and Lai 2014: 249) and a lack of empirical findings on the proposed research agenda on C-C endorsement, both from the organisational and stakeholder perspectives. The approach taken in this study contributes to the body of knowledge both in the CSR and marketing management fields by proposing a research agenda which is anticipated to enhance cross-fertilisations across these fields.

Using expertise trust, integrity trust and social benevolence trust as mediators of the relation between CSR initiatives and corporate reputation, Park, Lee and Kim (2014: 295) found that the fulfilment of economic and legal CSR has a direct positive influence on companies' reputation for social responsibility, based on consumers' assessment of companies' CSR initiatives *vis-à-vis* corporate reputation. The authors further report that economic performances were directly linked to consumers' expertise trust, while legal and ethical CSR activities affected integrity trust, and philanthropic CSR activities influenced social benevolence trust. Although Park, Lee and Kim's (2014: 295) study was based on consumers' actual assessment of companies' CSR initiatives, as opposed to expectations of CSR, the findings of the study provide evidence that there is a direct link between the four dimensions of CSR and corporate reputation. In particular, the findings reveal the link between economic CSR and quality dimension of corporate reputation, legal and ethical CSR and the responsibility dimension of

corporate reputation as well as philanthropic CSR and the responsibility dimension of corporate reputation.

### **3.5.3.1 Philanthropic CSR and Corporate Reputation**

Corporate philanthropic or discretionary initiatives have been reported to influence corporate reputation (Morris *et al.* 2013: 285), particularly those initiatives which stakeholders perceive as being motivated by altruistic interests (Yoon, Gürhan-Canli and Schwarz 2006: 377). The marketing literature has documented instances of where philanthropic initiatives have positively influenced consumers' behavioural outcomes. High collectivistic tendencies and low economic developments in Africa induce higher expectations of philanthropic initiatives. This notion is also supported by Dartey-Baah and Amponsah-Tawiah (2011: 128) who maintain that CSR in Africa is conceived as those activities which promote communal infrastructural facilities and economic development, which is also the case in South Africa where CSR is synonymous to CSI (Ndhlovu 2011: 72). Eweje (2007: 218) also confirms that Nigerian community members have higher expectations of philanthropic initiatives compared to their London counterparts. Bustamante (2011: 7) points out that cultural, economic and institutional differences play a pivotal role in the construction of stakeholder expectations of philanthropic CSR, which justifies the need for companies to adopt localised CSR strategies. There is therefore evidence that the notion of CSR in Africa and the ability of companies to adopt initiatives which are congruent with stakeholder expectations (Sen and Bhattacharya 2001: 225) could have patterned influence on consumers' behavioural outcomes toward corporate reputation in Africa. It is therefore proposed that philanthropic CSR will have positive predictive outcomes on the quality, performance and responsibility dimensions of corporate reputation, which relate to H5, H6 and H7 in Figure 3.2.

### **3.5.3.2 Ethical CSR and Corporate Reputation**

Increasing stakeholder expectations of non-economic CSR initiatives such as social and environmental initiatives (Pomering and Dolnicar 2009: 106), which particularly lean on social justice and coherence in the African context, given the high community consciousness and devotion to power distance relationships (Dartey-Baah and Amponsah-Tawiah 2011: 126), justify that consumers' expectations of ethical CSR, which has a social connotation, could significantly have more predictive power on the

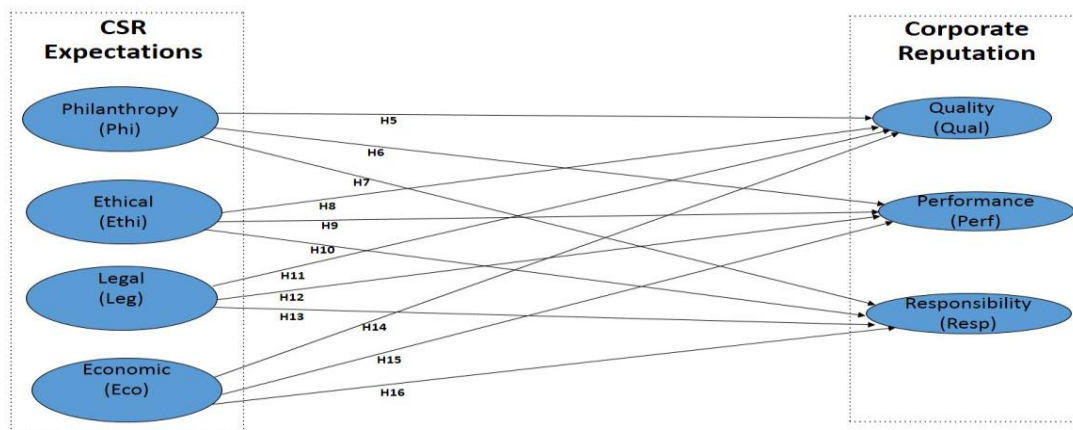
quality, performance and responsibility dimensions of corporate reputation. The fulfilment of consumers' expectations of CSR is particularly instrumental for acquiring institutional legitimacy on the account that ethics are based on taken-for-granted cultural prescriptions and unspoken orienting assumptions which organisations have little or no influence on over (Oliver 1996: 165). Based on the foregoing commentary, it is hypothesised that ethical CSR will have positive predictive outcomes on the quality, performance and responsibility dimensions of corporate reputation, as indicated by H8, H9 and H10 in Figure 3.2.

### **3.5.3.3 Legal CSR and Corporate Reputation**

The embeddedness of westernised culture to business practices in Africa coupled with the sole reliance on the law to redress the ills of colonialism (Oginni and Omojowo 2015: 72) has given legality a new connotation and unprecedented attention in Africa (Dartey-Baah and Amponsah-Tawiah 2011: 128). In addition, the higher priority given to legal CSR across prevailing empirical studies justifies increasing stakeholder affinity for businesses operating within the legal framework of the society (Du, Bhattacharya and Sen 2010: 8). CSR initiatives with the exception of legal CSR are perceived as capitalistic (Smith, Read and López-Rodríguez 2010: 3). This argument supports the proposition that dimensions other than legal CSR *viz.* economic, ethical and philanthropic CSR, could significantly predict the quality and performance dimensions of corporate reputation, while legal CSR could significantly predict the responsibility dimension of corporate reputation. When a country's image is low, consumers have higher CSR expectations on the account that such activities would offset the low CSR image (Han 2015: 303), which could further be interpreted to mean that stakeholder expectations of CSR will be higher in developing countries where CSR image is perceived to be low. Based on this background, H11, H12 and H13 are advanced as shown in Figure 3.2. It is therefore hypothesised that legal CSR will have predictive outcomes on the quality, performance and responsibility dimensions of corporate reputation. In line with the aforementioned notion of legality in Africa, it is further advanced that legal CSR will particularly have more predictive outcome on the responsibility dimension of corporate reputation.

### 3.5.3.4 Economic CSR and Corporate Reputation

Paraphrasing Crane and Matten (2007: 7), high unemployment rates and low foreign direct investment in developing countries increase the opportunity cost of economic development for companies operating in such countries. This notion is also supported by Visser (2006: 31) who reports that businesses often engage in the provision of social and community services such as infrastructure, hospitals, housing and schools, which are legitimately provided by the government developed countries. It follows that stakeholder expectations of economic CSR are influenced by self-interests. As such, the higher the economic prosperity of business, the higher stakeholder expectations of business to contribute to economic development. This phenomenon was also reported during the economic downturn in 2009 (Pomering and Johnson 2009b: 106). This scenario could also be premised on the proposed priority given to economic CSR in the African context (Visser 2006: 37). More recently, Carroll (2016: 2) contends that the fulfilment of the fiducial responsibilities of the business is incumbent on its economic performance and sustainability. There is therefore evidence that consumers' expectations of economic CSR will have positive predictive outcomes on the quality, performance and responsibility dimensions of corporate reputation in light of H14, H15 and H16 as shown in Figure 3.2.



**Figure 3.2: Conceptual Framework for CSR Expectations and Corporate Reputation**

Adapted from: Aupperle, Carroll and Hatfield (1985); Schwaiger (2004)



### 3.6 Optimal Corporate Marketing

The longevity of organisations which adopt a passive CSR business model is questionable given increasing stakeholder expectations of CSR (KPMG 2013). While increasingly socially oriented markets and global regulations such as Global Reporting Initiative (GRI), International Organisation for Standardisation (ISO) and the Global Compact (GC) are gradually converging organisational norms and values (White 2008: 3), innovative and dynamic entrenchment of prevailing CSR ideologies into business models will be key indicators of corporate sustainability in the future (Carroll 2015). Entrenched CSR corporate identity has to be sufficiently tangible in order to meet and exceed stakeholder expectations of CSR (Kleyn *et al.* 2012: 61). As noted by Goutzamani (2007), “what organisational insiders perceive as their core identity usually varies significantly with its external overall evaluation”, which creates a divide between internal and external perceptions of the organisation.

Marketing management literature has historically been associated with meeting and exceeding stakeholder expectations (Sweeney 1972: 3), and in particular, the consumer stakeholder (He and Lai 2014: 249), especially from a CSR viewpoint (Maignan, Ferrell and Ferrell 2005: 956). Since it has been established that CSR is a socially constructed concept (Dartey-Baah and Amponsah-Tawiah 2011: 126), it follows that consumers’ expectations of CSR are contingent on the social context. As socially constructed values, which relate to consumer values, purchase behaviour and CSR expectations as shown in Figure 3.1, could have implications for optimal corporate marketing.

Similarly, consumers’ expectations have historically been proposed as antecedents of trust (Barber 1983) on the account that trust is the result of fulfilled expectations. McKnight, Choudhury and Kacmar (2002: 334) reiterate that trust is a consequence of a strong belief that the trustee is reliable, honest and benevolent. Hosmer (1995: 399) offers a conceptualisation of trust which overlaps with the legitimacy of CSR claims. The author contends that trust is the trustee’s fulfilment of expectations which are grounded on ethically justifiable behaviour, morally conscious decisions and practices based on ethical principles of analysis between social actors who engage on the basis of an economic exchange.

From a consumer perspective, trust is defined as consumers' strong belief that an organisation will act in ways consistent with expectations, expertise, integrity and reputation (Park, Lee and Kim 2014: 395). The notion of reputation which maintains that reputation is an amorphous concept which an organisation cannot influence (Argenti and Druckenmiller 2004: 368) resonates with the ideology of cognitive legitimacy, which is pivotal for gaining institutional legitimacy (Suchman 1995: 575). It is therefore apparent that the predictive power of consumers' CSR expectations on corporate reputation can serve as a platform for assessing institutional legitimacy. In other words, an empirical validation of the propensity of consumers' CSR expectations to predict corporate reputation as shown in Figure 3.2 can open up new insights to enhance our understanding of the legitimate role of trust in the optimisation of corporate marketing.

### **3.7 Conclusion**

The commentaries presented in this chapter have established that there are different ideologies of CSR corporate identities and CSR related consumer behavioural outcomes. The ability to achieve a dynamic congruence between these multiple identities and understand the role of consumer psychology on CSR related consumer behavioural outcomes has unique implications for institutional legitimacy. The divide between these ideologies can only be bridged by earning stakeholder trust. In other words, morally conscious organisational behaviour toward CSR enhances stakeholder trust on the account that the latter inadvertently leverages institutional legitimacy and as a consequence, optimal corporate marketing.

CSR corporate identity is largely a reflection of the moral consciousness of senior management which is passed down through corporate values, vision and mission and reinforced by an inside-out approach to CSR communication. Emerging trends in literature reveal that prevailing CSR corporate identities are underpinned by what can be categorised as a tick-box or compliance-based approach and a morally conscious approach. Evidence from literature reveals that a CSR corporate identity underpinned by a tick-box approach to CSR is cosmetic. While such an approach may appease regulatory pressures to gain strategic legitimacy in the short-term, its sustainability is questionable given the inadaptability of business models to proliferating global and industry charters and stakeholder expectations. Corporate identities grounded on a morally conscious approach to CSR therefore gravitate toward institutional legitimacy. In particular, the nature of ideal CSR identity is pivotal for leveraging morally conscious CSR corporate identity. While the notion of an ideal situation is subjective and largely determined by organisational antecedents, institutional and cultural frameworks, contextualised ideologies and expectations of CSR could serve as a guide for linking strategy to outcome.

Extant literature has revealed that the diversity and instrumentality of CSR-related consumer behaviour is best understood from a consumer psychology perspective. Country-specific factors and cultural diversity are predominantly responsible for the lack of consensus on the mediating and moderating effects of CSR on consumer behavioural outcomes. These factors include preference for specific CSR domains, loyalty to socially responsible companies and purchase intentions. In spite of this,

emerging trends reveal that antecedents such as awareness of CSR and perceived authenticity, which are driven by consumer values, serve as factors predicting consumer behavioural outcomes. In addition, current thinking in stakeholder evaluation of corporate reputation gravitate toward a hybrid of affective, behavioural and cognitive connotation of stakeholder behaviour. It is noteworthy that stakeholder trust plays a crucial role in the instrumentality of the hybrid, which lays the foundation of the institutional legitimacy required for the optimisation of corporate marketing. The research methodology employed in this study is presented in the next chapter.

## **CHAPTER 4**

### **RESEARCH METHODOLOGY**

#### **4.1 Introduction**

The literature review chapters presented the theoretical framework and prevailing discourses on corporate marketing and corporate social responsibility, which provided a background for the combination of methodological paradigms needed to achieve the objectives of this study. This chapter presents the research methodology employed in this study alongside the nature of the research problem and research questions. The research methodology is presented in relation to the research design, research paradigm, research approach, methods, sampling strategy and instrument design. The data collection procedures, data analysis techniques, reliability and validity techniques employed in this study are also presented. The chapter demonstrates how the study explores the implications of the antecedents and components of CSR-based corporate identity and investigates specific CSR-related consumer behavioural outcomes based on selected food manufacturing companies in KZN.

#### **4.2 Research Design**

A research design is a framework which outlines the procedures for conducting and executing research activities, with the aim of obtaining relevant scientific findings required to address research problems (Malhotra 2010: 104). A research design is therefore the lifeline of any research project (Morgan 2014: 227). The research problem and the purpose of enquiry determine the nature of the research design adopted in a study. Marketing research is predominantly targeted at understanding, influencing consumer behaviour (Aaker, Kumar, Leone and Day 2013: 5) and mitigating unprecedented phenomena both in the internal and external environments of the business (Smith and Albaum 2012). Conventionally, research designs are categorised into exploratory, descriptive and causal (Tustin, Ligthelm, Martins and Van Wyk 2005: 82). The choice of a research design is dependent on the depth of information required and how much information is already available to the researcher. An exploratory research design is usually used when there is scant prior knowledge on the research problem, which therefore necessitates an in-depth understanding (Burns and Bush 2014: 144). One of the main aims of exploratory research is to identify the core variables of a study, for the purpose of further analysis. Exploratory research

can also be described as a situation analysis conducted prior to descriptive and causal research (Malhotra 2010: 104). Exploratory research was used to gain insight into the antecedents and components of the CSR corporate identity profile of participating companies.

While one of the goals of exploratory research is identifying the main variables of a study, descriptive research aims at determining the relationship between variables, for instance, through hypotheses testing. Descriptive research is conducted to acquire parameters through which the researcher can describe and generalise the outcome of a study to a larger population, based on the attributes of the sample population. Descriptive research which is conducted at a particular point in time is referred to as a cross-sectional study while descriptive research which measures the same population over a period of time is known as a longitudinal study. For instance, a national-wide survey of consumers' opinion of a new product is a cross-sectional study while a measure of brand switching behaviour over a period of time is a longitudinal study (Burns and Bush 2014: 103).

Research which extends beyond determining the relationship between variables, to include cause-and-effect relationship testing, is known as causal research. Causal research aims to establish that one variable, say X, causes the other, say Y. The ability to determine causal relationships is influenced by many extraneous variables beyond the control of the researcher. While causal research uses experiments to control these variables, there is sometimes no substantial evidence to prove causality. Descriptive research designs overcome this challenge by identifying and measuring selected extraneous variables and control their influence on the variable in question (Churchill, Brown and Suter 2010: 117). This study is oriented within the exploratory, descriptive and causal research designs as it commences with an examination of the implications of the antecedents and components of CSR-based corporate identity. Structural equation models of CSR-related consumer behaviour are thereafter used to validate the conceptual model proposed for the optimisation of corporate marketing in the KZN food manufacturing sector.

### 4.3 Research Paradigm

All successful research efforts require relevant research questions and a proper plan of how to answer them. Paradigms are adopted based on the convention of how research questions have been addressed in the field of interest. The concept of paradigms was popularised by the early and controversial work of Kuhn (1962). Kuhn's version of paradigm was specifically based on the evolving nature of paradigms (Kuhn 2012), which was later developed into another version by Lincoln and Guba (1985) using philosophical concepts such as ontology (the nature of reality), epistemology (the nature of knowledge) and methodology (the study of the methods required to produce knowledge) to describe the underlying assumptions of paradigms such as realism or constructivism (Morgan 2014: 37). Realism is based on the assumption that an external world exists beyond human experiences, which research seeks to understand. Constructivism, which is a deeper version of interpretivism, is based on the assumption that the only world that exists is the world where perceptions are based on individual experiences and beliefs (Lincoln, Lynham and Guba 2013). The inability of either paradigm to enhance the understanding of complex phenomena has encouraged the use of a mixture of paradigms in social inquiry (Creswell 2015).

The a-paradigmatic, dialectic and pragmatic stances are the predominant philosophical paradigms popularly used for mixing methods in social inquiry (Greene, Kreider and Mayer 2005). The pragmatic stance is gaining popularity in social research due to its adaptability to the mutual relevance of mixing of methods and its focus on action as the basis for knowledge. While pragmatists accept the realist and constructivist assumptions (Greene 2007: 84), they are less concerned about the nature of the world but about the usefulness of knowledge and actions, and making decisions based on the experiences of the outcomes of those actions (Morgan 2014: 44). As such, pragmatists rely on the nature of the research problem and questions in determining the relevant research approach (Johnson and Onwuegbuzie 2004). This study is pragmatic in nature as it focuses on using a combination of methods to understand the factors influencing the construction of the CSR-based corporate identity of selected companies in the KZN food manufacturing sector, with the aim of proposing a model to optimise corporate marketing based on CSR-related consumer behaviour in general and corporate reputation of participating companies.

#### **4.4 Research Approach: The Mixed Methods Design**

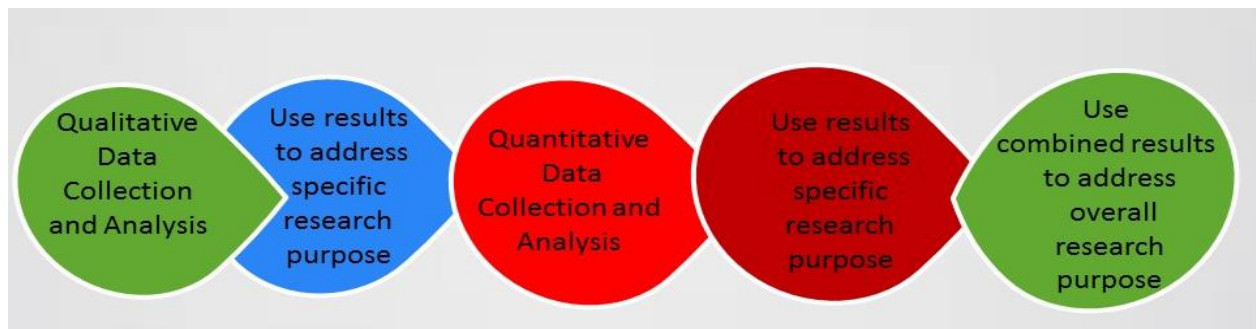
The complexity of research problems determines the research approach. Research approach could either be qualitative, quantitative or a combination of both approaches; the mixed methods design (Niglas 2004: 147). The mixed methods design has intellectual roots in the seminal work of Campbell and Fiske (1959). A mixed methods study aims to advance the understanding of complex social phenomena by purposely incorporating multiple perspectives to social inquiry (Greene 2007: 17). The use of integrated methodological paradigms enhances the overall research design and makes up for potential weaknesses of either paradigm (Creswell and Clark 2011: 50). This study employed the mixed methods approach, in light of the foregoing background.

The mixed methods field has attracted a number of designs ranging from the basic to more advanced designs. The basic designs include the convergent, explanatory sequential and exploratory sequential designs, while the advanced designs comprise intervention, social justice and multistage evaluation designs. Mixed methods research is underpinned by the aforementioned basic designs, while the advanced designs build on either of the basic designs. The main purpose of the convergent design is to enhance the validity of claims with both qualitative and quantitative findings. The explanatory sequential design aims to clarify quantitative findings with qualitative results. The exploratory sequential design seeks to develop an intervention design based on the preliminary qualitative findings which are then used to conduct a quantitative study on a larger sample. The main purpose of the exploratory sequential design is to draw contextualised inferences from findings by enhancing the effectiveness of one method with the other (Creswell 2015: 45).

Conversely, Morgan (2014: 11) argues that the three basic purposes for using the mixed methods approach is to converge, add or sequence findings. These are categorised as the convergent findings, additional coverage and sequential contributions designs. The convergent design is most appropriate for studies requiring further justification for the validity of findings by proving that using methods with differing strengths leads to similarity of outcomes, based on homogeneous samples. While the main aim of sequential contributions design is to use the strength of one method to enhance the potency of the other, the additional coverage design is used



to harness the strength of either methods for the relevant aspect of the study. In other words, methods are chosen on the basis of their ability to accomplish specific tasks and contribute to respective research questions in additional coverage contributions as shown in Figure 4.1. This study adopts the additional coverage design by corroborating both qualitative and quantitative findings to demonstrate the optimisation of corporate marketing.



**Figure 4.1: Additional Coverage Mixed Methods Design**

Adapted from: Morgan (2014: 11)

The researcher commenced with the collection of qualitative data, which enhanced the development of the research instruments and interventions for the quantitative data collection as shown in Figure 4.1. The quantitative phase of this study is divided into two: the pre-testing of the instrument on a smaller sample and the final data collection on the larger sample. A preliminary exploratory factor analysis was helpful in identifying the fit of the factors included in this study, as outlined on pages 124 -127. These factors were tested on a smaller sample which influenced the confirmatory factor analysis conducted on the larger sample. This procedure was employed for the purpose of identifying the latent variables of this study, based on structural equation modelling techniques.

#### **4.4.1 Qualitative Approach**

Qualitative research seeks to understand the meaning of social phenomena as it focuses on the links among a large number of elements across a small sample. Qualitative research is embedded within the interpretivist and constructionist paradigms as it is based on socially constructed accounts (Tuli 2010: 105). Qualitative research relies heavily on theoretical assumptions and the development of evidence,

given the rigorous nature of its data collection and analysis (Lincoln 2002). The author further explains that qualitative inquiry is based on how individuals and groups make meaning from their lived experiences and makes a clear distinction between data and evidence. While acknowledging the partiality, incompleteness and non-generalisability of socially constructed experiences, the author argues that the amount of rigor and the underlying assumptions involved in developing evidence determine the validity of such evidence. This qualitative phase of this study is embedded within the interpretivist paradigm as indicated in Table 4.1.

**Table 4.1: The Qualitative and Quantitative Approach of the Study**

Characteristics	Qualitative approach	Quantitative approach
Paradigms/assumptions	Interpretivism	Positivism
Methodology	Inductive and intuitive	Deductive
Methods	In-depth interviews and document analysis	Surveys
Analysis	Thematic analysis	Statistical analysis

Adapted from: O'Leary (2014: 121)

While the quantitative approach focuses on the production of evidence based on the objectivity of reality, the qualitative approach aims to gain an in-depth understanding of human behaviour by engaging in reflexive dialogues. The qualitative approach accomplishes this by searching for multiple realities as opposed to attaining an objective reality (Denzin and Lincoln 2010: 271). One of the early proponents of the qualitative approach, Geertz (1973) maintains that proponents of the quantitative approach often omit the main purpose of qualitative research. The author contends that the qualitative approach is more concerned about interpreting deeper meanings in discourses embodied in a set individual accounts, behaviours and actions. Bryman (2012: 28) takes the discussion further by explaining that the qualitative approach focuses on understanding human behaviour while the quantitative approach is based on the explanation of human behaviour. It is against this background that this study employs both the qualitative and quantitative approaches, in order to make room for the weaknesses of either approach as explicated in Table 4.1.

#### **4.4.2 Qualitative Research Methodology**

Qualitative research has predominantly favoured inductive and intuitive methods which focus on complex phenomena that take place naturally. Qualitative research methodologies are flexible enough to integrate the complexities in naturally occurring phenomena and therefore aim to portray the multidimensionality of such phenomena. These methodologies include case study, ethnography, phenomenology and grounded theory (Leedy and Ormrod 2010: 135). The case study methodology is employed in this study.

#### **4.4.3 The Case Study Methodology**

The case study methodology is based on the social constructivist viewpoint of social inquiry, as it prioritises a contextualised in-depth understanding of phenomena over the generalisability of findings to a larger population. While a case study is not generalisable, the representativeness of scenarios in a case may warrant its generalisability to its readers (Stark and Torrance 2005: 33). Research into identity studies has largely leaned on qualitative methods in revealing the elements of identity (van Riel and Fombrun 2007: 64), with particular emphasis on case studies (Balmer, Stuart and Greyser 2009), which can also be corroborated with quantitative research methods (Leedy and Ormrod 2010). Therefore, this study employed the case study methodology to gain insights into the implications of the antecedents and components of CSR-based corporate identity for corporate marketing, drawing on interviews of sustainability and CSI managers, key informants of industry association and content analysis of annual reports.

Yin (2014: 19) observes that the ability to conduct an evaluation is underpinned by the existence of a case, given that case studies provide answers to the how and why questions. The author further explains that a case study is most appropriate for clarifying complex phenomena for which outcomes are unpredictable. The exploratory nature of the qualitative aspect of this study makes the case study method appropriate. The author further argues that not all case studies require a very broad description of the case or detailed evidence of observations which characterise most qualitative research methods. Stake (2009: 21) explains that the case study methodology has intellectual roots in anthropology and sociology, but has gained popularity in other social research fields. The author clarifies further that case studies are more

concerned about how projects work and not necessarily whether they work. Case studies are often used to understand organisational and managerial processes and investigate industry or organisational structure. The case study methodology is applicable when the aim of the study is to understand, extend experience and enhance the conviction of known phenomena. However, the contextualised limitation of the case study methodology is unfounded considering the universality of concepts addressed (Levy 2008: 10), although context designs and parameters enhance the understanding of the case (Johansson 2003: 8).

Case studies can take the form of a single-case design or a multiple-case design. A single-case design is based on the description of one case while a multiple-case design involves the study of two or more cases. A multiple-case design is preferred over a single-case design given its potential for replicability as well as its associated analytical and comparative benefits (Yin 2014: 64). A multiple-case design was employed in this study. Gary (2016: 114) explicated the parameters of a case study methodology using the contributions of authors such as Stake (1995) and Yin (2014). The author maintains that the predetermination of the subject, purpose, approach and process is pivotal in case study enquiries. The subject could constitute a local knowledge case, the purpose; exploratory, approach; interpretative and process; could be a single or multiple design constituting a snapshot of the major accounts in the case study. The aforementioned parameters as adopted in this study as well as the parameters of other case study designs are explicated in Table 4.2.

**Table 4.2: Overview of Case Study Designs**

Subject	Purpose	Approach	Process	
Special or outlier case	Intrinsic	Theory building	Single	Retrospective
Local knowledge case	Exploratory	Interpretative	Multiple	Snapshot

Adapted from: Gary (2016: 114)

#### **4.4.4 Quantitative Approach**

Quantitative research is objective as it involves the use of analytical tools which are independent of human feelings and opinions. Quantitative research is concerned with

the study and explanation of observable phenomena and aims to reveal universal relationships with the use of mathematical methods to analyse data (Welman, Kruger and Mitchell 2005). Quantitative research is based on a linear sequence of steps and places emphasis on measurement, causality, generalisability of findings and replication (Bryman 2012: 181).

As shown in Table 4.1, qualitative and quantitative are not mutually exclusive when mixing methods. The paradigmatic conflict between qualitative and quantitative researchers is therefore unnecessary as both methods are equally relevant to pragmatists. Pragmatists use the quantitative approach when the explanation of the strength of relationships between variables and the generalisability of findings are germane to research questions. Quantitative studies are usually accompanied by qualitative studies when in-depth understanding of specific variables is required (Greene, Kreider and Mayer 2005), hence the paradigm of the study.

#### **4.4.5 Quantitative Research Methodology**

Quantitative research methodologies are based on methods and procedures which entail the use of statistical tools in the description and interpretation of numerical data (Lewin 2005: 215). The most commonly used methodologies in quantitative research include survey research, correlational research, developmental designs and observation studies (Leedy and Ormrod 2010: 182). The survey research methodology was employed in this study.

#### **4.4.6 Survey Research Methodology**

Survey research was originally designed for census taking in the late eighteenth century, but was later popularised by marketing scholars such as Elmo Roper and George Gallup in the mid-1930s given its ability to accurately predict the 1936 US presidential election (Converse 2011). Survey research is one of the most predominant research methodologies used in marketing research as its results are instrumental for describing prevailing situations, phenomena and target market attributes. Survey research is more quantitative in nature as it plays a pivotal role in answering the five questions of who, what, when, where and why, which all enhance the optimisation of marketing strategies (Clow and James 2014: 163).

The survey methodology makes it possible to cover larger samples and generalise findings to a larger population. It also enhances confidentiality and anonymity, makes room for comparative analysis and produces standardised, measurable and empirical datasets (O'Leary 2014: 204). Survey research can be cross-sectional or longitudinal. Cross-sectional studies give a snapshot of the problem under study as they are conducted at a particular point in time. Longitudinal studies record the evolving trends of a phenomenon as they are conducted periodically. A longitudinal study is usually more expensive than a cross-sectional study given the large number of resources it requires. A cross-sectional study is relatively more economical and strategic than a longitudinal study and commonly used in marketing research (Clow and James 2014: 163). The survey methodology employed in this study is cross-sectional in nature.

#### **4.5 Sampling Strategy**

The sampling strategy refers to the approach taken in answering the research questions of a study *vis-à-vis* the research design, which involves defining the target population and sample population, identifying the sample frame and sampling technique and deciding on the sample size (Clow and James 2014: 225). The components of the sampling strategy employed in this study are discussed in the subsequent sections.

##### **4.5.1 Target Population**

The target population of a study includes the collection of all groups of individuals, stakeholders and units under investigation (Burns and Bush 2014: 238). Statistically, the term population is used to refer to a homogeneous group of people or units. The inability to clearly define the target population for a study can undermine the applicability of findings to the sample population (Malhotra and Birks 2007: 407). A description of the target population for the qualitative and quantitative aspects of this study is presented further.

The pragmatic nature of this study necessitated the consolidation of an appraisal of CSR corporate identity and its associated outcomes on consumer behaviour. Scholars such as Balmer, Fukukawa and Gray (2007a), Balmer, Stuart and Greyser (2009), Powell (2011) and (Otubanjo 2012b) have addressed CSR/ethical corporate identity majorly from an internal organisational approach. While the focus of these evaluations

has been on organisations with monolithic corporate brands, organisations with non-monolithic corporate brands are equally recognised by the JSE SRI index as contributing toward SED and sustainability in South Africa.

The pragmatic need for investigating the outcomes of a CSR-based corporate identity, as it relates to consumer behaviour is crucial in an emerging economy such as South Africa. The target population for the qualitative aspect of this study constitutes manufacturing companies listed in the JSE SRI index, given the sector's lack of a CSR reputation (GlobeScan 2011). The crucial role consumers play in the evaluation of corporate reputation, being a key external stakeholder group of the business (He and Lai 2014), justifies this study's focus on investigating CSR related consumer behaviour.

The sample population of a study refers to a representative fraction of the target population (Sekaran and Bougie 2013: 241). The sample population for the qualitative aspect of this study constitutes selected food manufacturing companies in KZN, considering the concentration of KZN headquartered food manufacturing companies listed in the JSE SRI index. The significant contribution of the sector to economic activity in KZN, being the third largest contributor to GDP (StatsSA 2014b) and the vulnerability of the sector to the severe KZN drought (Corke and Whittles 2015) further justifies the sample population for this study.

Based on foregoing background, this study investigates the outcomes of the CSR-based corporate identity of participating companies based on a sample of consumers who shop at the main shopping malls/centres in the eThekweni metropolitan area, given the buoyant economic structure and consumer profiles of the metro (Lehohla 2011). This study explores how the implications of the antecedents and components of CSR corporate identity and CSR consumer behavioural outcomes can be leveraged. The model developed for the optimisation of corporate marketing for participating companies in the KZN food manufacturing sector will be validated, based on a sample of mall shoppers across main shopping malls/centres in Durban.

#### **4.5.2 Sampling Frame**

The sampling frame is a list of all sample units in the target population (Burns and Bush 2014: 240). In other words, the sampling frame is the list that gives the

researcher access to the population elements (Churchill, Brown and Suter 2010: 31), for instance a telephone directory such as yellow pages listings, city directory and the JSE SRI index are examples of a sample frame. The 2015 JSE SRI index was the sampling frame for the qualitative study. There was no sampling frame for the quantitative study since there are no listings for consumers who shop at shopping malls given the randomness of the shopping experience.

#### **4.5.3 Sampling Technique**

The high magnitude of the target population of a quantitative study usually necessitates the need to select a sample from the larger population. The two techniques which researchers use to select a sample from the target population are: the probability and non-probability sampling techniques. Sample selection takes a random process in a probability sampling as all population elements have an equal chance of being selected. Some element of human intervention influences sample selection in non-probability sampling given that the chance of being included in the sample is unknown (Churchill, Brown and Suter 2010: 333).

The need to determine the exact population size is crucial when using probability sampling, as opposed to non-probability sampling. However, the volatility of population size overrides the potency of probability sampling. The volatility of population size has no implications for non-probability sampling as population elements have an unknown chance of being selected (Burns and Bush 2014: 242). Non-probability sampling is considered pragmatic in marketing research as it is deemed appropriate in most instances. Non-probability sampling methods include convenience, purposive/judgmental, quota and snowball sampling. These methods vary in the degree to which the researcher's opinion influences sample selection. Convenience sampling entails obtaining the most readily available population elements into a study. Purposive/judgmental sampling is a technique in which the researcher purposefully selects sample units based on their judgment of the ability of sample units to address the research problem (Leedy and Ormrod 2010: 213). The sample for the qualitative study was drawn using non-probability purposive sampling. The rationale for choosing the participating companies was to ensure that companies actively involved in CSR which have gained CSR recognition based on national best practices indices are included in the study. The companies' estimated number of employees and presence



in Africa as at 2015 are indicated in Table 4.3, with their corresponding pseudo names; Brand Empire, Brand Castle and Brand Estate respectively. The information regarding the companies' strategic intent related to CSR and CSR portfolio is excluded from the profile due to confidentiality agreement.

**Table 4.3: Company Profile**

<b>Company Profile</b>	<b>Brand Empire</b>	<b>Brand Castle</b>	<b>Brand Estate</b>
Estimated number of employees	34, 000	20, 000	30, 000
Presence in Africa	Botswana, Mozambique, Namibia, South Africa, Swaziland and Zimbabwe	Botswana, South Africa, Uganda and Zambia	Malawi, Mozambique, Swaziland, South Africa, Tanzania and Zambia

Source: Companies' 2015 Annual Reports

The availability of sample units in convenience sampling reduces costs and enhances response and completion rates (Babin and Zikmund 2013: 312). The ability of the researcher to recruit relevant sampling units in purposive sampling enhances the credibility of responses obtained (Churchill, Brown and Suter 2010: 336). Since survey research generally requires larger samples (Ornstein 2013: 1) and participants of case studies are chosen for their unique attributes and relevance to the case (Guest, Namey and Mitchell 2012: 14), convenience and purposive sampling techniques are the most applicable to the quantitative and qualitative aspects of this study. Convenience sampling was employed in selecting respondents across five major shopping malls/centres in the greater Durban area. Food manufacturing companies listed on the JSE SRI index were purposively selected based on the impact of the KZN drought on the productivity of food manufacturing companies (Republic of South Africa 2015) and the lack of a CSR reputation for manufacturing companies (GlobeScan 2011).

#### **4.5.4 Sample Size**

Sample size refers to the total number of samples that will be included in a study (Burns and Bush 2014: 266). Sample size determination is influenced by the heterogeneity and homogeneity of population units and the anticipated level of precision with which conclusions will be drawn about the total population (Leedy and

Ormrod 2010: 214). The sample size determination and sample selection for the qualitative and quantitative studies are discussed further.

The sample size for the qualitative part of this study was three food manufacturing companies listed on the 2014 JSE SRI index headquartered in KZN. A total of seven in-depth interviews were conducted with two sustainability managers per company and one key informant (CEO) of the companies' industry association. While a sample size of 384 is recommended where total population exceed 1million (Sekaran and Bougie 2013: 268), a sample size of 400 is regarded as the norm in most research studies in social inquiry where total population exceeds 5000 (Leedy and Ormrod 2010: 214). It is equally important for the sample size of related studies to influence sample size determination (Struwig and Stead 2010: 120). The projected sample size for this study was 420. The projected sample size exceeds the recommended in order to compensate for incomplete questionnaires. The sample size for this study was divided by five to arrive at an equal value for each participating shopping centre/mall. While a total number of 84 questionnaires were administered per shopping mall/centre, the achieved sample size was 411. A snap-shot of the sampling strategy employed in this study is presented in Table 4.4.

**Table 4.4: Sampling Strategy**

Parameters	Qualitative approach	Quantitative approach
Sampling technique	A non-probability purposive sample of three companies was drawn from the JSE SRI index.	A non-probability convenience sampling technique was employed in this study.
Sample population	Food manufacturing companies listed on the JSE SRI index for which head offices are situated in KwaZulu-Natal.	Consumers in the Durban area.
Sample size	Three companies for which head offices are situated in KwaZulu-Natal.	420 respondents were drawn from five main shopping centres/malls in the Durban area. The total sample size of 420 was divided into five to obtain a quota sample of 84 per shopping centre/mall.
Data collection method	Personal in-depth interviews were conducted with two sustainability managers per company and one key informant in the industry association.	420 questionnaires were administered to respondents across five main shopping centres/malls in the Durban area.

## 4.6 Instrument Design

The measuring instruments for this study focus on the two extremes of the corporate marketing continuum; corporate identity and corporate reputation. The quantitative aspect of this study collected data on CSR-related consumer behaviour namely, CSR expectations, consumer values, purchase behaviour and corporate reputation of participating companies. The qualitative data for this study constitute outcomes of CSR-based corporate identity. A description of the instrument design for the qualitative and quantitative studies is presented further.

An interview guide is an instrument used by qualitative researchers to ensure that interviews are conducted in accordance with the objectives of the study (Flick 2009: 167). The interview guide employed for collecting the quantitative data for this study

was based on questions adapted from Balmer's AC<sup>2</sup>ID test of corporate identity management framework, which comprised an evaluation of the CSR-based actual, communicated, conceived, desired and ideal identity profiles of participating companies.

A questionnaire is the research instrument used by survey researchers to pose questions to the respondents of a study. Questionnaires aid the translation of research objectives into standardised questions and enhance the categorisation of responses (Burns and Bush 2014: 214). The questionnaire for this study comprised close-ended questions such as dichotomous, multiple choice and scaled response and a few open-ended questions. The qualitative findings for this study informed the choice of some of the items used to obtain responses on consumers' preference for CSR initiatives, awareness of socially responsible companies in South Africa, corporate reputation of participating companies and preference for CSR communication. The research instrument for this study used the quality, performance and responsibility dimensions developed by Schwaiger (2004). Consumers' evaluation of and support for CSR (CSR expectations and purchase behaviour) were measured based on the scales developed by Aupperle, Carroll and Hatfield (1985) and Maignan (2001) respectively. The instrument also obtained responses on CSR activities based on the items developed by Pelozo and Shang (2011) and consumers' CSR value based on the initial development by Green and Pelozo (2011) and the later operationalisation by van der Smissen (2012).

#### **4.7 Measurement and Scaling**

Marketing research occasionally utilises the outcomes of exploratory research for the measurement of the characteristics of research participants/respondents and phenomena such as demographics, attitudes toward stimuli, ownership of products etc. Measurement is the procedure for ascribing numbers or labels to individuals, objects or actions (Churchill, Brown and Suter 2010: 582). Scaling is the process of establishing a range of measurement for objects based on the characteristics of such objects (Aaker *et al.* 2013). The nominal, ordinal, interval and ratio scales are the predominant measurement scales used in quantitative research (Churchill, Brown and Suter 2010: 245). These scales vary in the richness of what needs to be measured, the attributes of variables and the degree of allowable statistical comparisons required

(ibid). An overview of the measurement and scaling procedure employed for the quantitative aspect of this study is provided in Table 4.5.

**Table 4.5: Levels of Measurement and Scaling - Instrument Development**

Scale	Purpose	Questionnaire variable and value labels	Descriptive statistics	Inferential statistics
Nominal scale	Used for identifying and classifying objects.	Gender, racial classification, education level and geographical location, Preference for CSR initiatives.	Frequencies and mode	Chi-square (test of association and test of goodness)
Ordinal scale	Used for identifying and arranging properties in an orderly manner.	Age-group, income.	Frequencies, mode, median and range	Rank order correlation or Friedman ANOVA
Interval scale	Used to determine the degree of preference between objects. E.g. The Likert scale.	CSR expectations, consumer values, purchase behaviour and corporate reputation.	Mean, median, variance and standard deviation	ANOVA, regression analysis and factor analysis
Ratio scale	Used to determine the actual quantities of objects.	Awareness of socially responsible companies.	Geometric mean or harmonic mean	Coefficient of variation

Adapted from: Babin and Zikmund (2013)

A description of the constructs employed in the quantitative study *viz.* consumer values (Green and Peloza 2011), purchase behaviour (Maignan 2001), CSR expectations (Aupperle, Carroll and Hatfield 1985) and corporate reputation (Schwaiger 2004) is presented in Table 4.6. Consumer values were measured with three items and purchase behaviour with four items. Each sub-construct was measured with four items while three items were used to measure each of the corporate reputation sub construct.

**Table 4.6: Operational Description of Constructs**

<b>Constructs</b>	<b>Proponents/Authors</b>	<b>Items</b>
Consumer Values	Green and Peloza (2011)	Emotional, social and functional values
Purchase Behaviour	Maignan (2001)	Willingness to pay a premium to support socially responsible companies, pre-purchase consideration of socially responsible reputation, avoidance of socially irresponsible companies, preference for socially responsible companies
CSR Expectations	Aupperle, Carroll and Hatfield (1985)	Economic, legal, ethical and philanthropic responsibilities
Corporate Reputation	Schwaiger (2004)	Quality of products, financial performance and social responsibility

#### **4.8 Data Collection and Recruitment Procedure**

Data are the material with which researchers work. Data could be numeric (quantitative data) or textual (qualitative data) (Blanche, Durrheim and Painter 2006: 51). Data can be obtained from both primary and secondary sources. Primary data are acquired first-hand by the researcher while secondary data are gathered from an existing source. Primary sources of data include interview and focus group data, data obtained from questionnaires and observations (Sekaran and Bougie 2013: 113). A description of the data collection procedure employed for the qualitative and quantitative studies is further outlined.

Personal in-depth interviews were used to collect data for the qualitative aspect of this study, using a semi-structured questionnaire. Personal in-depth interviews are interviews which seek to gain in-depth understanding of participants' cognitive actions and behaviour by probing deeply into thoughts based on one-on-one interviewing techniques. Personal in-depth interviews are conducted with the aid of an interviewer guide which is usually based on the research questions and associated theory informing the study. Probing questions are usually posed during the interview when necessary to delve deeper into participants' thoughts (Clow and James 2014: 108). Personal in-depth interviews are most appropriate for case studies (Babin and Zikmund 2013: 102).

The participants were notified of the background and aim of the study during the informed consent process. While the interview questions followed a logical flow, probing questions were also posed. Field notes, experiences and reflections were documented during the interviews in a reflexive journal. Efforts were geared towards capturing unbiased accounts by not interrupting participants during the interview sessions and recording the interview sessions in an electronic device.

Intercept surveys are commonly used in marketing research. Intercept surveys entail approaching respondents randomly at locations such as shopping malls, stadium and recreational sites. The presence of the researcher during data collection makes it possible to provide clarity to respondents when needed, which consequently reduces non-response errors. Intercept surveys have higher response and completion rates compared to other forms of data collection such as telephone, mail and internet surveys (Clow and James 2014: 175).

Intercept surveys were used in the quantitative aspect of this study with the use of self-administrated questionnaires. Surveys were conducted at Musgrave centre, Windermere centre, the Atrium, the Pavilion and La Lucia mall. Respondents were approached without coercion. Rapport and trust were established by observing standardised ethical code of conducts. While respondents were recruited from five of the main shopping centres/malls in the Durban metropolitan area, where it is believed that shoppers are proficient in English regardless of their racial identification, multilingual fieldworkers were employed and trained to assist in the collection of data.

The fieldworkers assisted respondents in the event where additional language related assistance was required. Efforts were geared toward ensuring the clarity of the informed consent process and the content of the questionnaire. Questionnaires were administered during normal working hours, at designated locations provided by the mall management of the mall/centre. Screening tests were conducted in an ethical manner, to determine the eligibility of respondents for the survey. The eligibility criteria for the survey was based on prior knowledge of CSR and participating companies. The informed consent form was explained and administered before participants were introduced into the survey. The cover letter, questionnaire and consent letters were all self-administered.

## **4.9 Data Analysis**

Data analysis is the process which requires the researcher to determine the consistency in patterns and summarise the significant details observed in the investigation. The choice of relevant analytical techniques is determined by the nature of the research problem, research design and datasets. These analytical techniques vary based on the intensity of the research problem (Babin and Zikmund 2013: 59), the ontological and epistemological positions of study (Mathews and Ross 2010: 142).

Data analysis in qualitative research usually takes the form of thematic analysis, discourse analysis and content analysis. Thematic analysis is the process of segmenting and categorising data for the purpose of identifying relevant patterns for data interpretation. Thematic analysis requires the researcher to be meticulous with the raw data in order to enhance data description, obtain individualised meanings from the data, identify and explain relationships between the various aspects of the data (Mathews and Ross 2010: 373). The constant comparative method is described as the process of continuously going through data by comparing its elements to enhance data interpretation (Gary 2016: 204). The constant comparative method has been advocated as effective in identifying themes in a case study.

The method entails a careful examination of data, conversion of temporary constructs into second-order constructs (sub-themes), second-order constructs into themes and theme mapping (ibid). A balanced approach to the constant comparative method is recommended as it is advisable not to read too deeply into raw data to develop themes in order to minimise bias, given that the theoretical position of a study should influence themes emerging from the data (Braun and Clarke 2006: 6). The authors further argue that thematic analysis could take the form of a realist, constructivist or a contextualist method. The realist method reports the realities of participants, the constructivist examines the influence of societal discourses on the experiences of participants while the contextualist method is a combination of both methods. The introduction of computer-assisted qualitative data analysis packages such as NVivo has enhanced data analysis in qualitative research (Bryman 2012: 590). Using NVivo version 11, the constant comparative approach and the contextualist orientation of thematic analysis were used to analyse the qualitative data of this study.



A renowned philosopher and pragmatism scholar, Dewey (1920/2004) posited that reflective thinking demands that researchers be cautious about claims without evidence. Reflexivity entails the awareness of and sensitivity to how the researcher influences the outcomes of participants' accounts of the phenomenon under study (Pink 2001). In a similar vein, Plummer (2001) adds that reflexivity by default implicates the researcher in the description of participants' social accounts. The researcher ensured the reflexivity of the findings of the qualitative study by documenting field encounters, relevant scenarios and company artefacts in the work environment, reflections and participants' non-verbal communication cues in a reflexive journal. The reflexive journal was used to develop the memos and story board used for the preliminary data analysis.

Inferential statistical analyses such as factor analysis, regression analysis and Structural Equation Modelling (SEM) path analysis are popularly used in quantitative research. Other descriptive statistical analyses such as measures of central tendency and dispersion can also be performed on quantitative data (Leedy and Ormrod 2010: 282). Thematic and content analyses were used to analyse the qualitative data of this study while the quantitative data for this study was analysed using the Partial Least Square (PLS) SEM path analysis.

SEM uses path analysis and confirmatory analysis to identify potential causal relationships between latent variables (Leedy and Ormrod 2010: 282). SEM also enhances the identification of mediating and moderating variables in structural relationships (Creswell 2015: 41). Descriptive statistical analyses such as measures of central tendency are used to identify an average value which describes a distribution of values, while measures of dispersion are used to determine the amount of variability in a distribution of values. Measures of central tendency include the arithmetic mean, median and mode while the range and standard deviation are examples of measures of dispersion (Bryman 2012: 339). Descriptive and inferential statistical analyses were performed on the quantitative data of this study.

#### **4.10 Validity**

Validity testing in quantitative research examines the extent to which a survey instrument measures what it intended to measure. In other words, validity testing refers to the authenticity of a survey instrument. Validity tests include content validity,

construct validity and face validity. These tests all address the degree of the validity of survey instruments (Sekaran and Bougie 2013: 225).

The content validity of the survey instrument used for the quantitative aspect of this study was assessed by synchronising the objectives of this study with the respective constructs identified. Conversely, construct validity was ensured by using standardised and validated measuring instruments and constructs. The construct validity of the survey instrument was also assessed based on the congruence between the measuring scales, objectives of this study and extant literature. In addition, an exploratory factor analysis of the pre-test was conducted to further address the validity of measures. This was conducted by analysing the factor loadings of items, using the extraction method: principle component analysis and the rotation method: Varimax with Kaiser Normalisation. The face validity of this study was assessed by a statistician and an expert in the field of CSR-based corporate marketing.

#### **4.11 Reliability**

Reliability is the extent to which a measure is void of error and consistent with outcomes. Reliability can be appraised using methods such as equivalent forms, test-retest and internal consistency reliability tests (Clow and James 2014). The approaches employed in addressing the reliability of measures in this study are discussed further.

The internal consistency test of reliability was used for the quantitative aspect of this study, using the Cronbach's alpha test. The Cronbach's alpha test is the most popularly used method for evaluating the internal consistency of measures. The test is based on pre-testing the items of an instrument by analysing the reliability coefficients of items, which ranges between 0 and 1, for the possible groups of items in a scale. The closer the coefficient is to 1, the higher the reliability of measures and vice versa (Babin and Zikmund 2013: 249). Prior to the main study, an analysis of the Cronbach's alpha coefficients was conducted on the pilot study data, to determine the reliability of the survey instrument.

## 4.12 Pilot Study

A pilot study is instrumental for refining research instruments and increasing the reliability and viability of data. A pilot study entails administering the research instrument of a study to a smaller sample prior the data collection for the main study (Creswell 2013:165). A pilot study was conducted to ensure the clarity of the survey instrument of this study. The pilot study was also instrumental in reducing potential bias and readjusting data collection schedule prior to the data collection of the main study. Similarly, the interviewer guide for the qualitative study was pre-tested to identify possible misinterpretations of the questions and to determine the suitability of the participants to address the research problem. A sample of 40 respondents in the Durban area participated in the pilot study of the quantitative study. The results of the pilot study are illustrated as follows:

**Table 4.7: Reliability Statistics for Purchase Behaviour**

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.799	.807	5

### Item-Total Statistics

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
2.1	16.42	9.635	.563	.657	.766
2.2	16.78	10.179	.512	.465	.781
2.3	16.78	9.307	.550	.365	.773
2.4	16.50	9.436	.642	.645	.740
2.5	16.13	10.317	.679	.530	.741

Cronbach's alpha (CA) for purchase behaviour yielded the value of 0.799. This indicates a high level of internal consistency for the Likert scale with this specific sample. Table 4.7 shows Cronbach's alpha for purchase behaviour. The values show that Q2.4 (0.740) or Q2.5 (0.741) would reduce CA the most, hence these items are integral to the purchase behaviour scale. The scale variance is greater for Q2.5 if the

item were deleted ( $10.317 > 9.436$ ), so it contributes more to the scale than Q2.4. This decision is correlated by the higher Corrected Item-Total Correlation (CITC) value of Q2.5 which is lower than Q2.4 ( $0.679 > 0.642$ ). Q2.4 was deleted as a result.

**Table 4.8: Reliability Statistics for Consumer Values**

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.781	.781	3

**Item-Total Statistics**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
3.1	6.37	3.728	.593	.369	.732
3.2	6.22	3.717	.585	.357	.739
3.3	6.20	2.933	.690	.476	.623

Table 4.8 shows that Cronbach's alpha for consumer values scale was 0.781, which indicates a high level of internal consistency for the Likert scale, based on the sample of this study.

**Table 4.9: Reliability Statistics for CSR Expectations**

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.845	.876	16

**Item-Total Statistics**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
4.1	57.75	65.885	.475	.515	.836
4.2	57.55	68.869	.529	.702	.834
4.3	57.50	66.359	.655	.689	.827
4.4	57.53	66.256	.727	.810	.825
4.5	57.60	66.503	.678	.770	.826
4.6	57.68	65.404	.645	.857	.826
4.7	57.58	64.148	.642	.822	.825
4.8	57.28	65.999	.724	.794	.824
4.9	57.28	65.999	.755	.904	.823
4.10	57.45	65.741	.554	.529	.831
4.11	57.53	65.794	.705	.803	.825
4.12	57.65	67.515	.514	.535	.833
4.13	59.38	76.548	-.066	.663	.870
4.14	58.93	76.635	-.075	.548	.874
4.15	57.68	68.174	.641	.546	.830
4.16	59.55	73.433	.106	.451	.857

Table 4.9 shows that Cronbach's alpha for the CSR expectations scale was 0.845, which also indicates a high level of internal consistency for the Likert scale, based on the sample of this study.

**Table 4.10: Reliability Statistics for Corporate Reputation**

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.924	.926	12

**Item-Total Statistics**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
5.1.1	42.55	50.510	.727	.727	.916
5.1.2	42.75	50.705	.722	.625	.916
5.1.3	43.00	51.026	.708	.693	.916
5.1.4	42.65	50.438	.691	.692	.917
5.1.5	42.85	50.336	.679	.658	.917
5.1.6	42.75	51.269	.701	.769	.917
5.1.7	42.78	50.487	.699	.724	.917
5.1.8	42.70	51.395	.659	.662	.918
5.1.9	42.90	51.374	.712	.787	.916
5.1.10	43.10	49.374	.657	.773	.919
5.1.11	42.83	51.225	.639	.619	.919
5.1.12	43.13	50.522	.606	.632	.921

Cronbach's alpha for the corporate reputation scale yielded the value of 0.924 which indicates a high level of internal consistency for the Likert scale with this specific sample, as shown in Table 4.10.

#### **4.13 Trustworthiness and Authenticity**

Researchers oriented within the constructivist paradigm replace quantitative techniques such as internal and external validity with trustworthiness and authenticity. These approaches are used to appraise the validity of qualitative data, through the use of integrated and multiple perspectives in data analysis (Lincoln, Lynham and Guba 2013: 191). The seminal contribution of Lincoln and Guba (1985) on trustworthiness and authenticity has gained popularity in qualitative research. The authors advocate that sub-constructs such as credibility, transferability, dependability and confirmability address trustworthiness and authenticity in qualitative research, while credibility and transferability address internal and external validity respectively, dependability addresses reliability and confirmability addresses objectivity (Shenton 2004: 63).

Lincoln and Guba (1985) propose that the ability of a study to justify the credibility and transferability of its findings is crucial for attaining trustworthiness. The authors further maintain that the use of previously validated instruments, prior familiarity with participants and random screening of potential participants are essential for gaining trustworthiness. In addition, data triangulation plays a crucial role in ensuring trustworthiness in qualitative research (Creswell 2013: 145). Data triangulation entails the verification of responses provided by participants with alternative sources of data such as official and recommended supplementary documents of participating organisations as well as data obtained through participant and field observation (ibid).

The aforementioned measures were employed to ensure the trustworthiness of the findings of this study. The interview questions were developed from Balmer's AC<sup>2</sup>ID test framework of corporate identity management. Telephonic and emailing techniques were used to perform screening tests on potential participants' prior data collection. Data triangulation was ensured by cross-referencing the information provided during interviews with an independent key informant: the CEO of the industry association of participating companies. In addition to the above, a content analysis of 2015 annual reports was conducted to triangulate the qualitative data of the main study.

#### **4.14 Anonymity and Confidentiality**

Research participants/respondents are more comfortable to participate in studies which ensure anonymity and confidentiality. The perceived credibility of a research study depends on the ability of the researcher to establish rapport with and gain the trust of respondents (Sekaran and Bougie 2013: 321). Participants' identities and contact details were not taken during the data collection process in order to ensure anonymity and confidentiality. The questionnaire was designed in such a manner that responses are not linkable to respondents. The report on the findings of participating companies was written up anonymously.

#### **4.15 Ethical Considerations**

The gatekeepers for the qualitative and quantitative aspects of this study *viz.* respective key informants of participating companies, CEO of industry association and centre management of participating shopping centres/malls, granted written consent prior data collection. The participants/respondents of this study were recruited without coercion, based on a standardised ethical code of conduct as stipulated by the Ethics Committee of the Durban University of Technology. Underlying cultural cues of subjects were acknowledged during the recruitment process. Particularly, the informed consent process was given utmost priority.



#### **4.16 Conclusion**

This chapter has presented the research methodology employed in this study. The chapter highlighted the research design, research paradigm, research approach and the sampling strategy employed in this study. An overview of the instrument design, measuring scale, data collection procedure and data analysis used in this study was also provided. The chapter ends with a description of the measures taken to ensure the validity and reliability of data, anonymity and confidentiality as well as ethical considerations. This study is based on a multiple case study of three food manufacturing companies headquartered in KZN and survey of 411 consumers in the Durban area. The analysis of data will be presented in the next chapter.

## CHAPTER 5

### PRESENTATION OF FINDINGS

#### 5.1 Introduction

The foregoing chapter highlighted the research methodology employed in this study. This chapter offers the findings for both the qualitative and quantitative aspects of this study. The three manufacturing companies which participated in this study are referred to as Brand Empire, Brand Castle and Brand Estate for the purpose of confidentiality. The preliminary qualitative findings are critically analysed in the memos and storyboards. The codes assigned to each component of the adapted AC<sup>2</sup>ID CSR Corporate Identity (CI) framework and their respective emerging themes are thereafter outlined. The thematic framework, proposed conceptual framework, triangulation results and summary of the qualitative findings are also critically reviewed. Thereafter, the findings of the descriptive statistics and path analysis of the structural relationships developed to operationalise CSR related consumer behaviour are presented.

#### 5.2 Qualitative Case Study Findings for Objective One

The qualitative case study findings are grouped into three; interviews with three sustainability and three CSI managers, triangulated findings of the 2015 annual reports of participating companies and a key informant interview with the CEO of industry association. The qualitative case study findings address the first objective of this study. An overview of the participants' demographics is illustrated in Table 5.1.

**Table 5.1: Overview of Participants' Demographics**

Demographics	Brand Empire		Brand Castle		Brand Estate	
Position	Sustainability Manager (SM1)	CSI Manager (CM1)	Sustainability Manager (SM2)	CSI Manager (CM2)	Sustainability Manager (SM3)	CSI Manager (CM3)
Duration of service	15 years	4 years	6 years	13 years	8 years	17 years
Gender	Male	Female	Male	Male	Male	Male
Race	African	African	White	White	African	White

### **5.3 Interviews with Sustainability and Corporate Social Investment Managers**

The qualitative case study findings are based on the assessment of the implications of the antecedents and components of CSR corporate identity for the optimisation of corporate marketing. The deductive-inductive approach was used to categorise emerging themes, based on the five corporate identity types of the AC<sup>2</sup>ID test framework, as discussed in the previous chapter. It is evident from the analysis of the interview data that the CSR corporate identity profile of participating companies is influenced by contextualised concepts which were identified throughout the data analysis process. The presentation of the qualitative findings commences with the preliminary analysis as captured in the respective memos and storyboards developed for the participating companies. The initial codes generated in the open coding analysis will also be presented, with a summary of the subtheme count per participant for all components of CI profile. The predominance and frequency of the subthemes across all participants of this study were taken into account in the closed coding analysis, which resulted in the emerging themes for all three cases studies. The overarching concepts identified throughout the data analysis were used to develop a conceptual framework for all three companies.

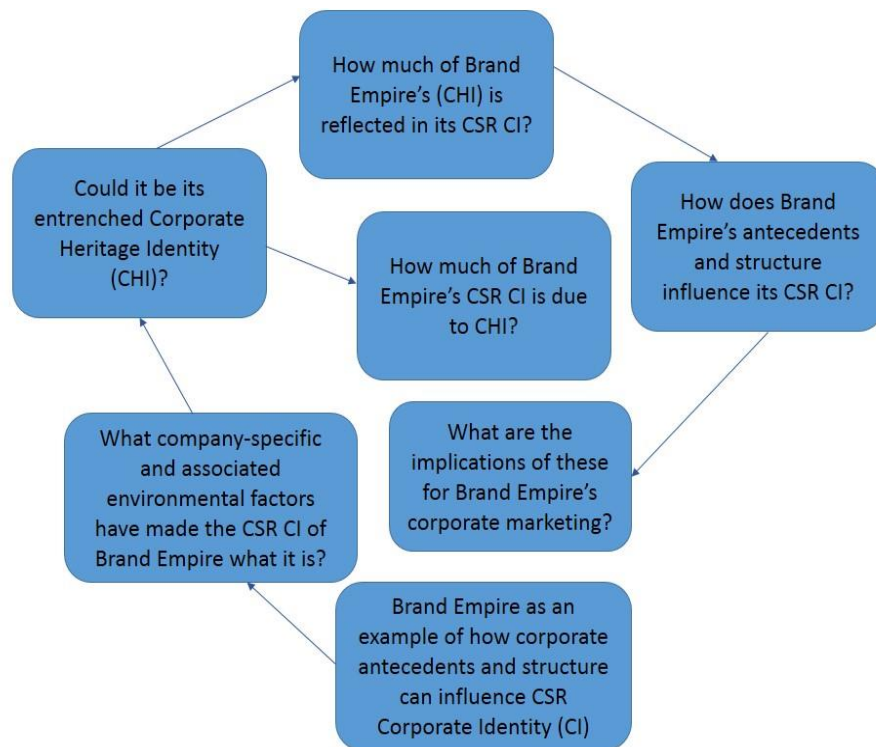
#### **5.3.1 Memo and Storyboard**

In keeping with the proposition of reflexivity as alluded in the previous chapter, the findings of the preliminary data analysis of field notes, reflections and experiences during and after the data collection are highlighted in the memos and storyboards.

##### **5.3.1.1 Memo and Storyboard for Brand Empire**

The preliminary findings of the analytical frame of Brand Empire's case reveal that the company's CSR corporate identity is largely influenced by the ethos and values derived from its Corporate Heritage Identity (CHI) as shown in Figure 5.1. The intensity of the company's CHI plays an overarching role in employees' firm belief in and identification with the success of its sustainability strategy. There is a common perception amongst the participants that the company is the industry leader although the company is faced with certain political and institutional challenges which limit its ability to justify its performance. The company has a unique CSR corporate

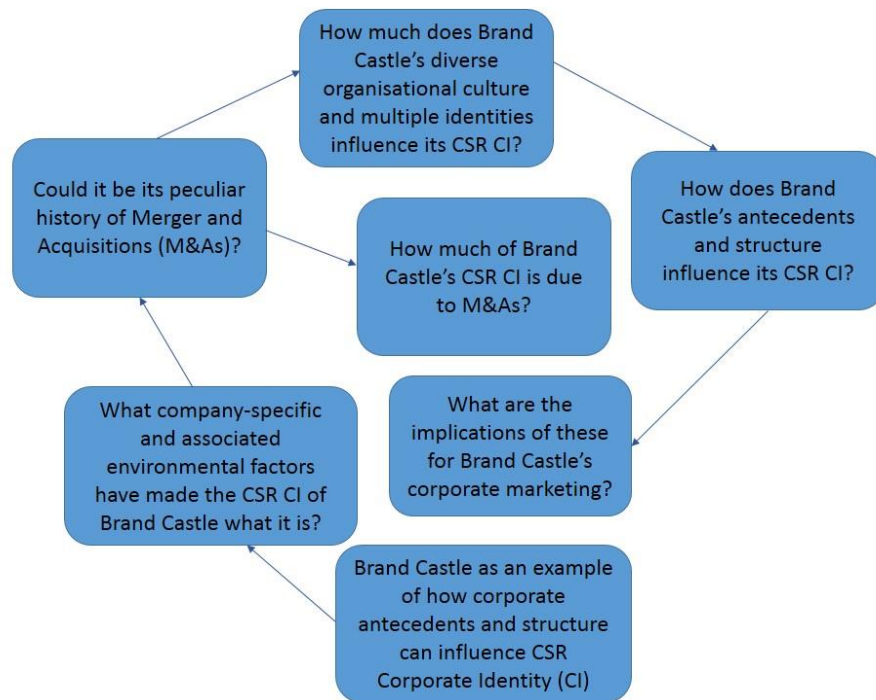
communication strategy which enhances its ability to reach relevant stakeholders both in the rural and urban communities.



**Figure 5.1: Storyboard for Brand Empire**

### 5.3.1.2 Memo and Storyboard for Brand Castle

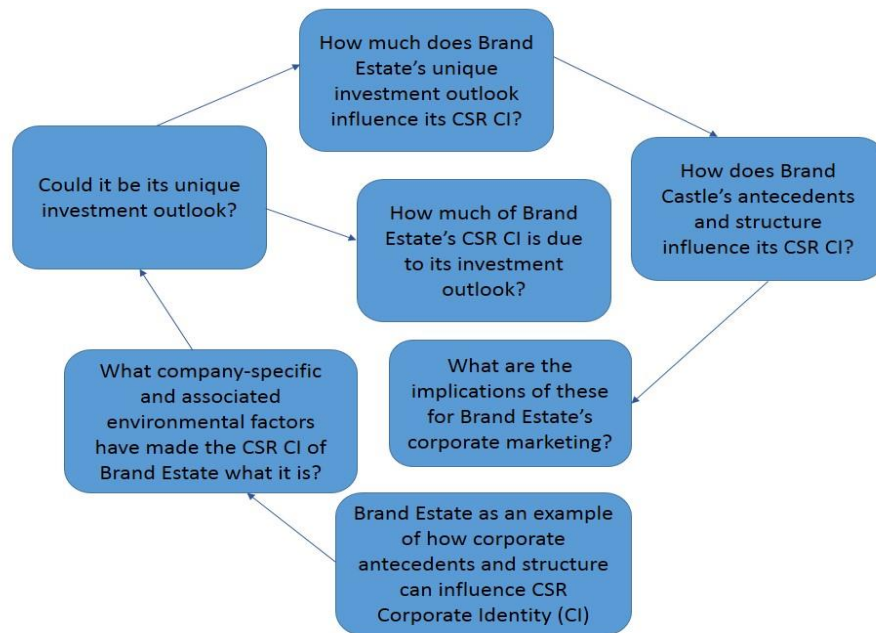
The preliminary findings for the Brand Castle's case reveal that while the company is eager to be a sustainable company, the company's history of mergers and acquisitions (M&As) militate against its ambitions as shown in Figure 5.2. The findings further show that the company gears efforts toward achieving the sustainability agenda, which is evident by the potential plans and projects in the company's CSR portfolio. The company's CSR strategy is spread thinly as its diversified and volatile CSR initiatives are not versatile enough to maximise its CSR presence and communication.



**Figure 5.2: Storyboard for Brand Castle**

### 5.3.1.3 Memo and Storyboard for Brand Estate

The findings of the preliminary findings of the analytical frame for Brand Estate's CSR corporate identity reveal that the company has a high investment outlook as shown in Figure 5.3. The company considers every sustainability move from an investment viewpoint. It is also evident that the company considers its CSR involvement as an obligatory tool for compliance with government and sustainability regulations. The company seems to focus on metric-based strategies to enhance its CSR reputation on the JSE SRI index.



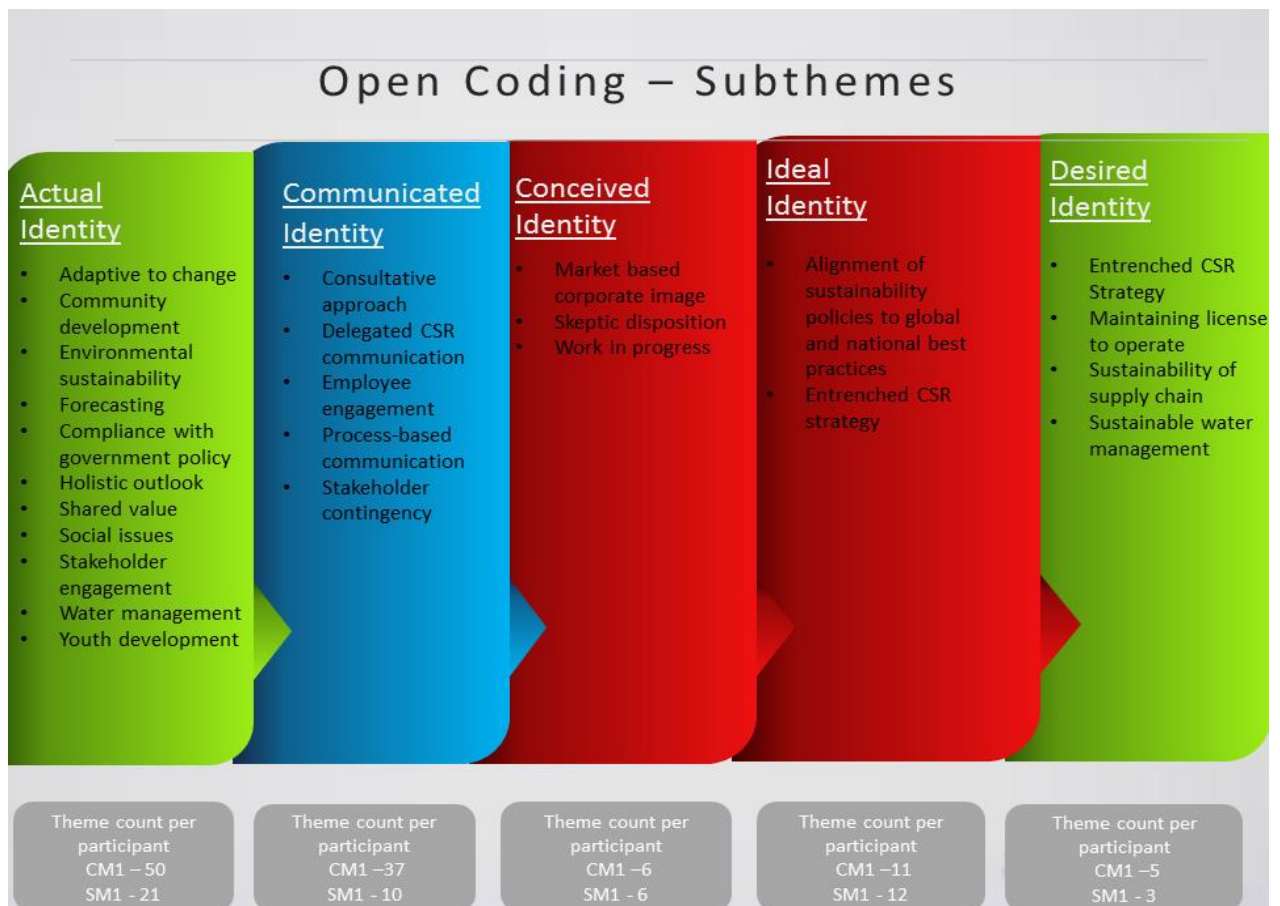
**Figure 5.3: Storyboard for Brand Estate**

### 5.3.2 Coding

Nvivo version 11 was used to code the six interview data from the three participating companies (Brand Empire, Brand Castle and Brand Estate). Two managers constituting one sustainability manager (SM) and one corporate social investment manager (CM) were interviewed per company. The findings reveal that the codes identified per participant were influenced by their job specification, although a common ground was identified to arrive at the final codes. The findings of the data coding are presented in the following sub-section.

#### 5.3.2.1 Open Coding for Brand Empire

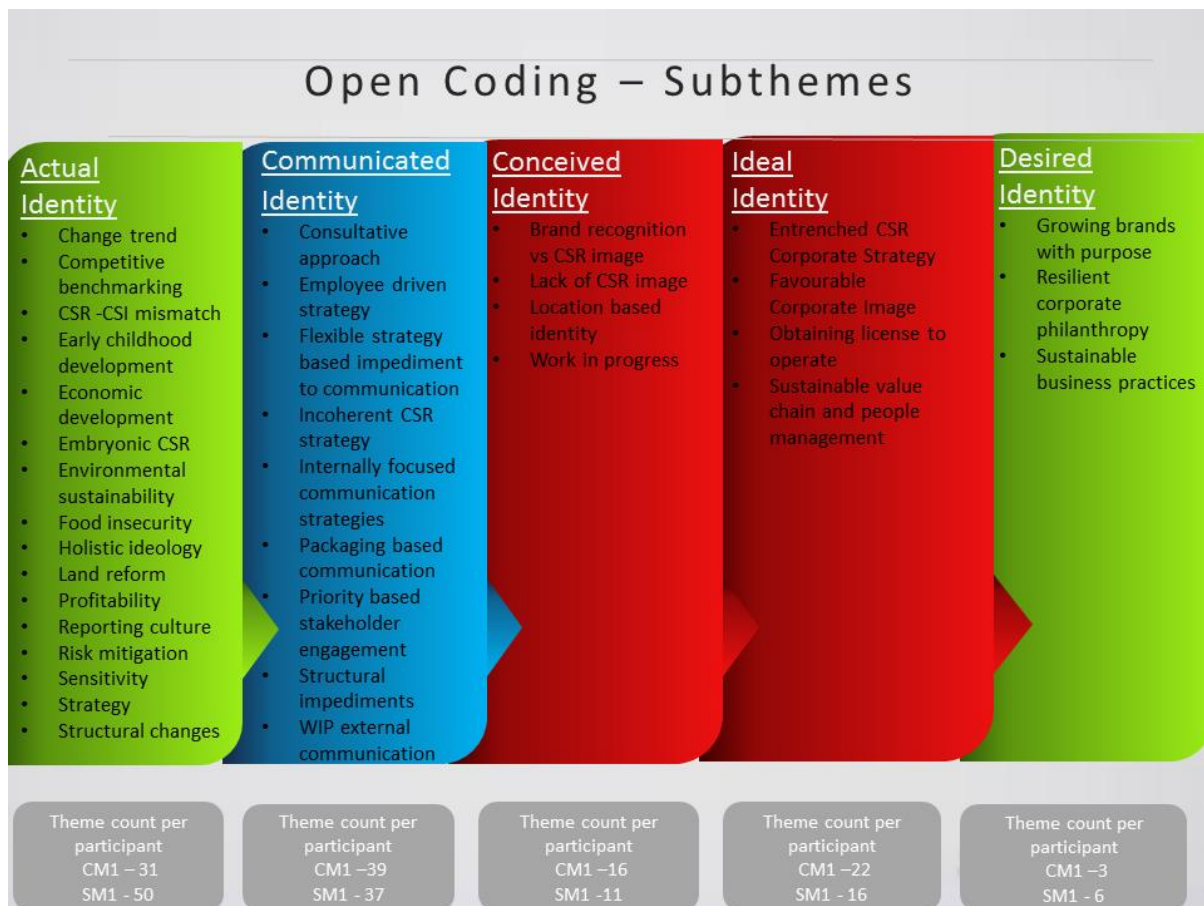
The preliminary open coding process for Brand Empire yielded the following codes as shown in Figure 5.4. It can be deduced that the subtheme count for CM1 was relatively higher compared to SM1, for all components of CI profile with the exception of conceived and ideal identities.



**Figure 5.4: Subthemes for Brand Empire**

### 5.3.2.2 Open Coding for Brand Castle

The codes generated in the open coding for Brand Castle reveal the multiplicity of the components of the company's CI profile, with the overarching concept across the open codes being structural changes. The subtheme count for CM1 was more compared to SM1 for all components of CI profile with the exception of actual and desired identities.

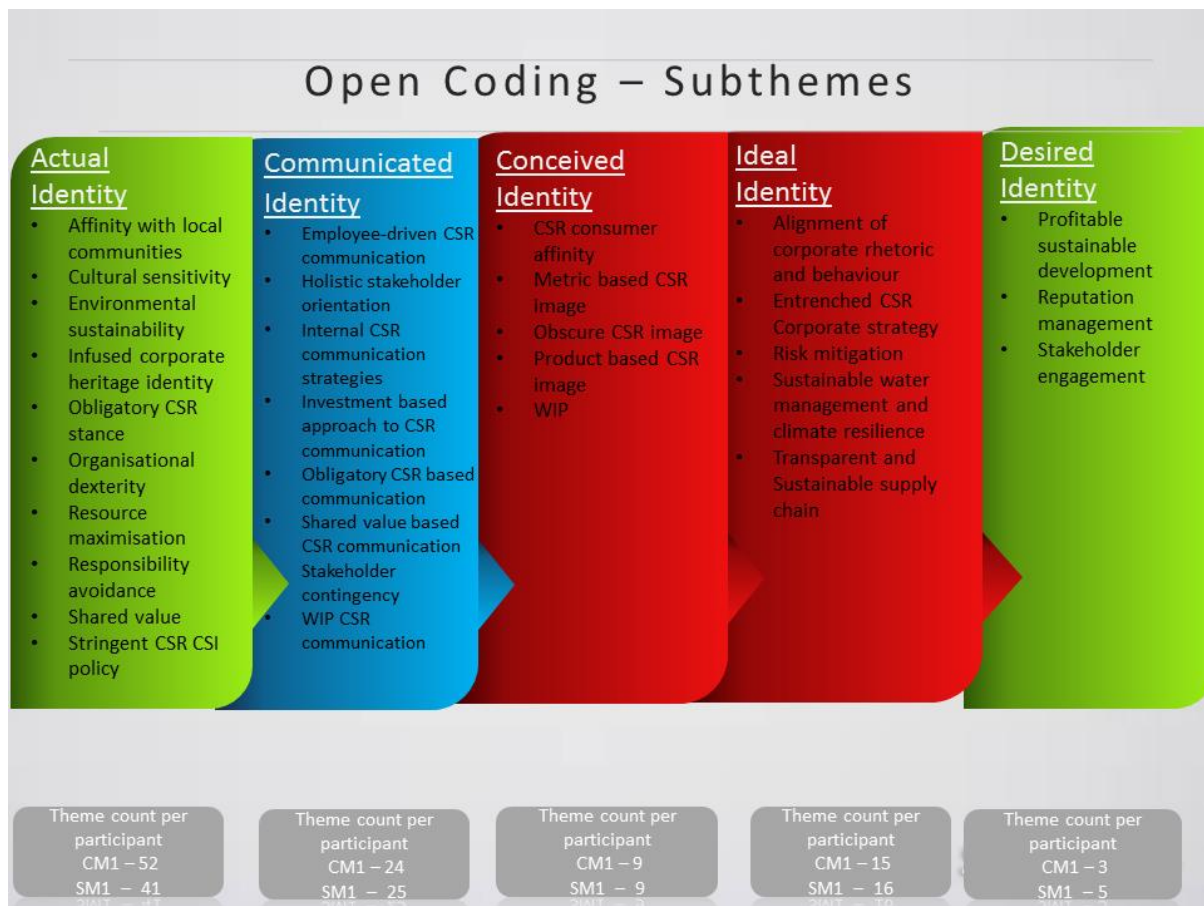


**Figure 5.5: Subthemes for Brand Castle**

### 5.3.2.3 Open Coding for Brand Estate

The open coding analysis for Brand Estate also demonstrates that there were more components across all CI profiles, with the overarching concept across the open codes being resource maximisation. There was no substantial difference between the subtheme count for both CM1 and SM1, with the exception of actual identity where the highest subtheme count was recorded for CM1.





**Figure 5.6: Subthemes for Brand Estate**

### 5.3.3 Themes

The findings of the thematic analysis as they evolve into the respective categories of the CSR CI profile are presented. The themes were generated through a constant comparison of interview data, initial codes and concepts. It is evident from the findings that the antecedents of CSR corporate identity profile constitute emerging themes for actual identity while the components comprise emerging themes for the other CSR corporate identity types viz. communicated, conceived, ideal and desired identities. A detailed account of participants' responses is outlined alongside supporting quotes from the interview data.

**Table 5.2: Closed Coding**

<b>Brand Empire</b>	<b>Actual Identity</b>	<b>Communicated Identity</b>	<b>Conceived Identity</b>	<b>Ideal Identity</b>	<b>Desired Identity</b>
<b>Dominant Concepts</b>	Compliance and lifelong learning	Procedural strategy	Corporate image	License to operate	Global best practices
<b>Themes</b>	Compliance and lifelong learning based CSR organisational philosophy	Process and resource based CSR communication approach	Market based corporate image	Sustainability of the license to operate and managerial entrenchment of CSR strategy	Conformity to global sustainability best practices
<b>Brand Castle</b>	<b>Actual Identity</b>	<b>Communicated Identity</b>	<b>Conceived Identity</b>	<b>Ideal Identity</b>	<b>Desired Identity</b>
<b>Dominant Concepts</b>	Mergers and acquisitions	Internal focus	Evolving CSR strategy	License to operate	Corporate sustainability
<b>Themes</b>	CSR corporate strategy induced by structural changes	Internally focused CSR communication approach	Evolving CSR image and reputation	Sustainability of value chain and license to operate	Sustainability of business practices and brand recognition
<b>Brand Estate</b>	<b>Actual Identity</b>	<b>Communicated Identity</b>	<b>Conceived Identity</b>	<b>Ideal Identity</b>	<b>Desired Identity</b>
<b>Dominant Concepts</b>	Capitalistic CSR	Investment orientation	Reputation myopia	Good corporate governance	Business case for CSR
<b>Themes</b>	Infused corporate heritage identity of business-oriented CSR	Investment oriented CSR communication approach	Corporate image and reputation myopia	Entrenched CSR corporate strategy	Profitable sustainable development

### **5.3.3.1 Thematic Framework for Brand Empire**

- **Actual Identity - Compliance and lifelong learning-based CSR organisational philosophy**

Brand Empire's CSR organisational culture is largely underpinned by a compliance and lifelong learning-based corporate ethos. These views are supported by CM1 who affirmed that "If a unit is lacking in an area, the champion for Safety, Health and Environment (SHE) will raise their concern for the future..." and SM1 who stated that "I see this organisation as a progressive organisation, one that is continuously learning." Furthermore, both participants reiterated the adaptability of the company's corporate ethos to change and how these ethos are passed down from top to bottom. This is evident in the views of SM1 based on the following quote: "...it therefore becomes important to adapt to such change to avoid losses. This company is one that is continuously improving, learning, adapting and dynamic to change but focused on its key priorities." This is also confirmed by CM1 who stated that "...and that has been embraced by everyone in the organisation both in South Africa and otherwise."

- **Communicated Identity - Process and resource based CSR communication approach**

The resource-based strategy which prioritises employee relations is a substantial part of Brand Empire's CSR communicated identity strategy as evident in the views of CM1 which affirmed that "there is constant communication as a start in terms of broader strategic issues that every employee needs to be aware of within the organisation" and SM1 who reported that "As far as the employees are concerned, they are our first point of contact". The resource based strategy is reinforced by routine engagement with stakeholders as reported by CM1 who stated that "...we also try to ensure that we have stakeholder meetings in the communities or constituencies concerned." This view is further supported by SM1 who reiterated that "We select a sample randomly from our stakeholder groups every year for this survey, like 40 people – these stakeholders include the media, government, civil societies, NGOs, communities and employees."

- **Conceived Identity - Market based corporate image**

It can be inferred that Brand Empire's conceived identity is influenced by stakeholder scepticism and lack of trust despite its nuanced and acclaimed success of its CSR strategy. This view is supported by CM1 who confirmed that "... the private sector is still viewed with suspicion..." The company's CSR strategy seems to override stakeholder scepticism and lack of trust as argued by SM1 who maintained that "...if you consider market indicators ... we are perceived as a leader." A common disposition identified amongst both participants is a narcissistic tendency toward the company's accomplishments. This is evident in SM1's argument which affirmed that "The annual report also states the awards we have been winning. In the food sector, we are regarded as one of the top companies on sustainability ..." CM1 also supported this view by contending that "We are therefore seen as responsible based on these partnerships which reveal how open we are to engaging."

- **Ideal Identity – Sustainability of the license to operate and managerial entrenchment of CSR strategy**

The ability to manage the license to operate amid changing national and global CSR regulations is a substantial part of Brand Empire's CSR ideal identity. This is evident in CM1's view which points out that "Our major challenge revolves around the need to always align our interventions with the sporadic government policies, which changes in the directions of global patterns." Furthermore, this view is expressed in SM1's argument which alluded that "Another challenge is the rigidity and uncondusive South African regulatory environment to our appetite for production of renewable energy." The notion of the sustainability of the license to operate is buttressed in the views of SM1 which contend that "The ground work of what we are doing now will determine whether we will have a license to operate in the next 10 years." This view is also supported by CM1 who confirmed that "...for the company to be sustainable in the next five, ten, hundred years, it will need to be aligned with the legislative requirements in terms of sustainability."

- **Desired Identity - Conformity to global sustainability best practices**

Brand Empire's CSR desired identity revolves around the conformity of practices to global CSR standards as expressed in CM1's views which contend that "There is a form of integration in terms of how we have structured our policies around international, regional and national priorities...that's the main thrust." SM1 further reiterated this notion by affirming that "When you are submitting a discussion document, you are asked about its alignment to the millennium development goal, NEPAD policy and national government's key themes." SM1 further reiterated the global outlook of Brand Empire's CSR desired identity by contending that "Currently, the focus is not to be the best in South Africa but to ensure that our initiatives are at par with global standards." - SM1

### 5.3.3.2 Thematic Framework for Brand Castle

- **Actual Identity - CSR corporate strategy induced by structural changes**

Brand Castle's CSR corporate identity antecedents are predominantly composed of its history of structural changes in the form of mergers and acquisitions. This notion is expressed in CM2's comment as follows: "We just recently changed our corporate social investment strategy, having taking on the new businesses...we have had to walk away from certain programs that the subsidy businesses were involved in." The company's history of structural changes is further reflected in its CSR actual identity through sporadic changes to its CSR initiatives as further expressed by CM2 who stated that "We had to incorporate them into our strategy and what our strategy is and why it is important that we actually need to walk away from the programs." SM2's views further support this notion as captured in the following phrase "...with all the major structural changes made to the company..." and as further buttressed by the following comment: "You will see that in our next annual report where we will start talking more about sustainability as a key strategic thrust, going forward as a food business in South Africa."

- **Communicated Identity - Internally focused CSR communication approach**

Brand Castle's CSR communicated identity is uniquely predisposed to a conservative internally focused CSR communication strategy as opposed to a resource-based strategy which systematically harnesses employee relations for corporate

sustainability. This is evident in CM2's response as captured in the following quote: "...but our primary, our first important stakeholder is internal stakeholders. Even that has been handled poorly." CM2 further reiterated that "...and then in the external communication, we have done very little about that. So for instance a huge real process is about our packaging but we don't talk to our people, our consumers on our packaging but that's obviously something we need to look at." SM2's views further reinforce this notion in the following comments: "We have some initiatives that are employee-driven where our employees get involved and go out into our communities and actually implement the initiatives.", "I think there are obviously areas to a lesser extent those people who have knowledge of the business and that is due to us reshuffling and taking on new business where most communication are not set up yet."

- **Conceived Identity - Evolving CSR image and reputation**

It is apparent that Brand Castle's CSR conceived identity is still in its embryonic stage as expressed by CM2 who maintained that "I think it is largely what I was saying earlier in terms of it's an area where we have not done a lot of education and communication." As further reiterated by CM2, Brand Castle's CSR conceived identity is still evolving as captured in the following comment: "...so I think pretty poor in terms of our own employees and I think if our employees don't know about it, I doubt very much if externally anyone will know about it." This notion is further confirmed by SM2 who maintained that "We want to obviously get clearer in terms of putting our strategy out there so that people can see what we are about, and see whether we are interested in getting involved in any CSI strategy based on our published strategy." "If you talk about our customers, I think our customers don't know what we are doing at all. As per the communities, I would say it is almost at the same level as the customers."

- **Ideal Identity - Sustainability of value chain and license to operate**

Brand Castle's CSR ideal identity is centred on the sustainability of its value chain and license to operate, although its history of structural changes is captured in how participants expressed their views on the volatility of its CSR initiatives and implementation strategy. This notion is supported by CM2 who alluded that "So we have got a lot of programs that we run and these programs that I have spoken to you about are part of our new focus areas and is part of our new program which is around

ensuring sustainable programs, sustainability and around partnering with government and other NGOs...” Brand Castle’s CSR ideal identity is further revealed in SM2’s responses: “I see us getting a lot more involved in enabling measures in place...because for people to buy our product, they need to have an income.” “Sometimes we are getting that the social impacts or the license to operate in a community is just as important.”

- **Desired Identity - Sustainability of business practices and brand recognition**

The sustainability of business practices and brand recognition is a crucial component of Brand Castle’s CSR desired identity. The company aspires to standardise sustainable business practices across its operations and simultaneously build a positive CSR image, amid sporadic structural changes. This notion is captured in CM2’s comment as follows: “We spend a lot more on CSI than we actually have to in terms of what the percentage of net profit after tax... and yet the business turns and says to you: it does not matter, you need to continue to do the work that we are doing even though we are spending more than we should.”. The company’s CSR brand recognition strategy is expressed in SM2’s comments: “If we want to build brands with purpose, we have to conduct business responsibly.” “We understand that the social and political picture is changing. We also understand that we have to change with that in order to last for twenty, thirty, forty, fifty years. We are not in it for the short run.”

### **5.3.3.3 Thematic framework for Brand Estate**

- **Actual Identity - Infused corporate heritage identity of capitalistic CSR**

The central antecedent of Brand Estate’s CSR actual identity is resource maximization. CM3 maintained that “We understand fully that we are working with finite resources and that we need to prepare our company for future growth within that environment.” In other words, Brand Estate adopts a mission related investment approach which seeks to earn both social and financial returns, as opposed to a program related investment approach which is implemented primarily for charitable purposes. The company’s resource maximisation orientation is reflected in its CSR strategy. This notion is supported by SM3 who maintained that “We believe the stuff that we implement in the short term might be costly, but in the long term, there will be returns and benefits.” A strong sense of the business case for CSR is further

expressed in SM3's view as captured in the following comment: "...so our organisational culture is that we embrace sustainability and we believe that it offers us opportunities." The influence of the company's enduring corporate ethos of a business oriented CSR strategy is also noteworthy. This view is captured in CM3's response which alluded that "The group's point of view is a philosophical approach from the top which then is embedded into the countries in which we operate."

- **Communicated Identity - Investment oriented CSR communication approach**

The company's CSR communication strategy further emphasises the financial implications of CSR initiatives as expressed in CM3's views: "Also, we have internal programmes like our business understanding programme which helps people understand the value chain within our business and what makes money and what doesn't make money." The findings also show that the company actualises its CSR strategy through strategic stakeholder engagement. This notion is supported by CM3's comment: "...so we have got a very active stakeholder engagement programme which is able to inform us not only of the social investment opportunities but how our company works and what makes it tick." The company further employs selective CSR strategy to optimise its CSR investment as captured in SM3's responses: "Historically we actually have not been influenced by external stakeholders, but maybe there were fewer external stakeholders that influenced us." "...for external stakeholders, our board and the reporting expectations and requirements from external stakeholders have been increasing because we have NGOs, international NGOs who have things that they expect and then analysts because again investors are also increasingly interested in what companies do."

- **Conceived Identity - Corporate image and reputation myopia**

Participants' perception of the company's CSR conceived identity is based on increasing sales turnover and metric based indices. This notion is supported in SM3's argument which maintained that "So for us the very fact that they continue seeking to buy from us, it means that they view us positively." SM3 further argues that while increasing sales turnover is an indication of a favourable corporate image, social responsibility is not a prerequisite for loyalty to socially responsible companies



amongst low income earners. “I think that generally speaking, unless a product has a direct bearing on their situation, people at the lower socio-economic level tend not to bother about whether the people who make this product were responsible towards the environment or they treated their employees well, unfortunately I don’t have a research report that I can use to back me up on that.” (SM3) As such, it can be deduced from this argument that SM3 opines that favourable CSR corporate image and socially responsible companies are mutually exclusive. This phenomenon further reveals potential narcissistic tendencies. This argument is further buttressed by CM3’s views which maintained that “I don’t think there are many companies who can honestly say that they are super shiny clean all the time.” Further alluding to the aforementioned argument, CM3 maintained that “We believe that our premium in the market place is going to be through our ethical supply chain.” These arguments reveal Brand Estate’s conservative conceptualisation of its CSR conceived identity and perception of CSR corporate image and reputation.

- **Ideal Identity - Entrenched CSR corporate strategy**

Brand Estate aspires to imbibe an entrenched CSR corporate strategy across its operations, which yields business returns. The company’s quest for an entrenched CSR strategy is revealed in SM3’s comment as follows: “Our goal is that sustainability should be embedded into all aspects of how we do things as a business, how we conduct ourselves.” SM3 further alluded to this argument by adding that “We should be a business that continuously seeks to use less energy, fewer materials and not use materials that have negative impacts to the environment and conserve water ...” This notion is also supported by CM3 who maintained that “...in order to be able to do that, we have to continue our sustainable development process ...we don’t see ourselves as a microcosm operating independently of society.” The company’s underlying antecedent is further revealed in CM3’s account which stated that “The simple way to say it from a purely capitalist point of view is that we want to continue developing shareholder return.”

- **Desired Identity - Profitable sustainable development**

The business case for CSR and the principle of shared value are Brand Estate’s conceptualisation of CSR desired identity. This notion is supported in CM3’s argument

as expressed in the following comments - “I think management has actually driven our change in perception and they had to because it has become a worldwide imperative.”, “Now we burn the gas with a purpose because we know sustainability helps us with our costs, obviously, because we don’t have to pay for electricity.” SM3 also reiterated that “...if you conserve energy it is good, it saves money, you use less energy emissions, it is good for the environment.” Adding a more pragmatic tone to the discourse, SM3 maintained that “...at the same time we do these things because we want to be viewed in a positive light.”

#### **5.3.4 CSR Corporate Identity Assessment for Brand Empire**

The assessment of Brand Empire’s CSR CI profile shows that the potential for the company to utilise its CSR CI to optimise corporate marketing is dependent on the flexibility of its CSR strategy to changing national and global CSR indicators. The results of the assessment show that there is more potential for a dynamic congruence between Brand Empire’s CSR corporate identity profiles. An overview of the results of the assessment is presented in Table 5.3.

**Table 5.3: CSR Corporate Identity Assessment for Brand Empire**

	<b>Actual Identity</b>	<b>Communicated Identity</b>
<b>Concepts</b>	Compliance and lifelong learning	Procedural strategy
<b>Assessment</b>	The relationship between the antecedents and components of Brand Empire's CSR actual and communicated identities has the potential to demonstrate possible alignment, if approached from an altruistic viewpoint. A dynamic balance and flexibility of Brand Empire's approach to its procedure based communicated identity is essential for identifying and overriding possible barriers to communication. This is also important to adapt its strategy to prevailing stakeholder priorities.	
<b>Implications for corporate marketing</b>	It is relatively easier for Brand Empire to standardise corporate marketing strategies and adapt CSR corporate identity across its operations, as long as current strategy is periodically revitalised.	
	<b>Actual Identity</b>	<b>Conceived Identity</b>
<b>Concepts</b>	Compliance and lifelong learning	Market based corporate image
<b>Assessment</b>	The antecedents and components of Brand Empire's CSR actual and conceived identities appear to be consistent, although conceived identity has the potential to extend beyond national market based parameters.	
<b>Implications for corporate marketing</b>	Excessive conformity to national market based corporate image and reputation metrics could hamper the ability to translate CSR initiatives into actual transformation for stakeholders. This phenomenon could also have consequences for adapting strategies to global standards.	
	<b>Ideal Identity</b>	<b>Desired Identity</b>
<b>Concepts</b>	License to operate	Global best practices
<b>Assessment</b>	There appears to be an overlap between Brand Empire's CSR ideal and desired identities.	
<b>Implications for corporate marketing</b>	This overlap can be harnessed to adapt corporate marketing strategies to global best practices and enhance corporate sustainability.	

### 5.3.5 CSR Corporate Identity Assessment for Brand Castle

The findings generated from the assessment of Brand Castle's CSR CI profile reveal that the company's volatile organisational structure is a major impediment to its ability to utilise CSR CI to optimise corporate marketing. As shown in Table 5.4, its history of structural changes is reflected in its CSR strategy. The repositioning of its CSR CI is crucial for optimising corporate marketing.

**Table 5.4: CSR Corporate Identity Assessment for Brand Castle**

	<b>Actual Identity</b>	<b>Communicated Identity</b>
<b>Concepts</b>	Structural changes	Internal focus
<b>Assessment</b>	The volatility of Brand Castle's organisational structure has influenced its focus on internal CSR communication, which has limited the implementation of its external CSR communication strategy.	
<b>Implications for corporate marketing</b>	This phenomenon has implications for stakeholders' awareness of and identification with the company's CSR activities. The volatility of its organisational structure could hamper the continuity of CSR initiatives and therefore the ability to measure CSR impacts. As a result, CSR initiatives may not necessarily translate to commensurate corporate branding, corporate image and reputation outcomes.	
	<b>Actual Identity</b>	<b>Conceived Identity</b>
<b>Concepts</b>	Structural changes	Work in progress
<b>Assessment</b>	The volatility of Brand Castle's organisational structure plays a crucial role in the slow progress of its CSR conceived identity strategy.	
<b>Implications for corporate marketing</b>	The company's CSR conceived identity could remain static for a long time given its unique history of structural changes. This phenomenon has implications for leveraging the corporate level constructs viz. corporate identity, communication, branding, image and reputation.	
	<b>Ideal Identity</b>	<b>Desired Identity</b>
<b>Concepts</b>	License to operate	Corporate sustainability
<b>Assessment</b>	The overlap between Brand Castle's CSR ideal and desired identities seem optimistic considering its antecedents, although the overlap has the potential to offset its challenges.	
<b>Implications for corporate marketing</b>	The congruence between Brand Castle's CSR desired and ideal identities is not enough to optimise corporate marketing. The entrenchment of a morally conscious CSR actual identity, which as a consequence transcends through the other CSI CI profile is crucial for the company to optimise corporate marketing.	

### 5.3.6 CSR Corporate Identity Assessment for Brand Estate

The findings generated from the assessment of Brand Estate's CSR CI profile reveal that the company needs to reorder its business-oriented CSR priorities. This is particularly crucial for utilising CSR CI for the optimisation of its corporate marketing strategies. An overview of the assessment is highlighted in Table 5.5.

**Table 5.5: CSR Corporate Identity Assessment for Brand Estate**

	<b>Actual Identity</b>	<b>Communicated Identity</b>
<b>Concepts</b>	Capitalistic CSR	Investment orientation
<b>Assessment</b>	The longevity of Brand Estate's organisational philosophy of the investment oriented CSR is not guaranteed amid increasing stakeholder expectations of CSR.	
<b>Implications for corporate marketing</b>	An investment oriented CSR approach will downplay corporate marketing trajectory. The sustainability of metric based corporate image and reputation is short-lived, hence the need to adapt program related investment approach to its CSR strategy.	
	<b>Actual Identity</b>	<b>Conceived Identity</b>
<b>Concepts</b>	Capitalistic CSR	Reputational myopia
<b>Assessment</b>	There is an overlap between Brand Estate's CSR actual and conceived identities. While this overlap is not far-fetched, the company's reputational myopia is consistent with its actual identity.	
<b>Implications for corporate marketing</b>	This phenomenon particularly has implications for its corporate sustainability given increasing stakeholder expectations of CSR. Brand Castle's attitude toward CSR corporate reputation also has implications for its CSR branding strategy. A transition from its obligatory CSR approach to a repositioned altruistic CSR strategy is pivotal for optimising its corporate marketing strategies.	
	<b>Ideal Identity</b>	<b>Desired Identity</b>
<b>Concepts</b>	Good corporate governance	Business case for CSR
<b>Assessment</b>	Brand Estate's CSR desired identity is inconsistent with its ideal identity. While good corporate governance is a prerequisite for the business case for CSR, there appears to be a misfit between Brand Estate's anticipated CSR performance and strategy.	
<b>Implications for corporate marketing</b>	This phenomenon will lead to a misalignment between corporate level constructs of corporate identity, communication, branding, image and reputation and therefore hamper the ability to optimise corporate marketing strategies	

### 5.3.7 Triangulation

A content analysis of the annual reports of participating companies was conducted to verify the credibility of the findings of the interview data. As shown in Table 5.6, it is evident from the findings generated for the name search that Brand Empire had the highest score (398), which is followed by Brand Estate and Brand Castle. This finding confirms the narcissistic tendencies exhibited by CM1 and SM1. In a similar vein, the same is also true for Brand Estate with the second highest score of 337. Brand Castle's lowest score of 230 reveals the influence of the volatility of the company's organisational structure on the limited reference to its corporate name, considering the diversity of its brand portfolio.

As shown in Table 5.6, Brand Estate scored a 28 count for the top 50 word search of the word "sustainability". The findings further show that the company scored a 49 count score, 91 count score and a 33 count score for the search of the words "sustainability", "shareholders" and "stakeholders" respectively. These findings are an indication of the company's quest for "...developing shareholder return" (CM3). The triangulation further reveals that Brand Empire and Brand Castle had a nil score for the top 50 word search for "sustainability", 51 and 41 point scores for "sustainability" word search, 57 and 43 count scores for "shareholders" and 49 and 17 count scores for "stakeholders" respectively. These findings further show that both companies have less of a shareholder orientation than Brand Estate.

Furthermore, Brand Castle's low score (17) for the 'stakeholder' word search demonstrates that the company has the lowest stakeholder orientation. This finding further reveals the influence of the volatility of the company's organisational structure to prioritising stakeholder concerns. It can be inferred that the highest score (49) generated for Brand Empire's "stakeholder" word search reveals the company's quest to conform to global practices. The overview of the triangulated findings shows that the latter reinforced the findings of the interview data analysis.

**Table 5.6: Triangulation Results for Content Analysis of Annual Report**

Search Criteria	Brand Empire	Brand Castle	Brand Estate
Company name	Count:398 Percentage: 0.91%	Count:230 Percentage: 0.81%	Count:337 Percentage:0.85%
Top 50 word search – Sustainability	Count: 0 Percentage: 0%	Count: 0 Percentage: 0%	Count:28 Percentage:0.20%
Text search – Sustainability	Count:51 Percentage: 0.09%	Count: 41 Percentage: 0.11%	Count:49 Percentage:0.09%
Text search – Shareholder/shareholders	Count:24/57 Percentage: 0.03%/0.08%	Count:14/43 Percentage: 0.03%/0.10%	Count:32/91 Percentage: 0.05%/0.14%
Text search – Stakeholder/stakeholders	Count:16/49 Percentage: 0.02%/0.07%	Count:6/17 Percentage: 0.01%/0.04%	Count:27/33 Percentage: 0.04%/0.05%

### 5.3.7.1 Interview with the CEO of Industry Association

The emerging themes generated from the interview with the CEO of industry association confirmed the active involvement of participating companies in CSR initiatives, drawing from the first theme of regulatory compliance. In other words, regulatory compliance constitutes the antecedents of the industry CSR initiatives. It can also be inferred that socio-economic development, land reform, partnerships and collective interest are at the forefront of the industry's CSR initiatives.

It is noteworthy that the industry grapples with environmental sustainability issues such as water shortages and droughts, which uniquely characterises the manufacturing sector. This finding explains the similarity in the ideal and desired identities across all companies. The last theme which relates to declining global competitiveness justifies the global outlook of Brand Empire's ideal identity. The later part of the theme which relates to lack of government support and economic crisis further justifies the nature of the ideal identities for Brand Castle and Brand Estate, namely, license to operate and good corporate governance.

**Table 5.7: Triangulation Results: Key Informant of Industry Association**

Themes from interview data	Supporting quotes from interview
Regulatory compliance	“...each committee has a function and a role and part of that is to ensure compliance.” “We report to the Department of Trade and Industry and they are responsible for the legislation. So effectively they are our regulator, if you can call it that.”
Social-economic development	“...they also get involved in helping people with food gardens.” “We have direct CSI spending, we like to maintain our footprint in the rural areas.”
Land reform	“It’s a very slow process but there’s a continual transfer of those farms to new farmers.” “...you know half of that land has essentially been transferred into what we call new freehold growers.”
Partnerships and collective interests	“...you know the industry as I say is a partnership.” “Collectively there’s an amount of R15-million that is paid to small scale farmers to help boost their revenues.”
Environmental sustainability issues	“...we are constrained in that regard, you know we have droughts.” “...we deal with water issues, you know things like carbon tax...”
Declining global competitiveness due to lack of government support and economic crisis	“...because of the economic conditions, I can’t see the industry finding any more money to do anything extra, centrally.” “...most countries around the world protect their industries by tariffs. They put up very high tariff barriers so imports can’t come in.”

## 5.4 Summary of the Qualitative Findings

The qualitative findings have revealed the crucial role played by CSR actual identity on the nature and performance of communicated, conceived, ideal and desired identities. It was observed that the attributes of actual identity are the antecedents of CSR corporate identity, while communicated and conceived identities form the core components of corporate identity, with ideal and desired identities being the aspirational components of CSR corporate identity. The findings have also shown that corporate heritage identity and organisational structure play a unique role in the entrenchment and operationalisation of CSR corporate identity. There is evidence which suggests that the optimisation of corporate marketing is dependent on the acquisition of the license to operate, sustainability of business practices and a dynamic conformity with national and global best practices.



## 5.5 Quantitative Findings

The quantitative findings of this study constitute findings emanating from the descriptive statistics, path analysis and other associated analysis of the structural relationships. The quantitative findings reveal the relationship between CSR-related consumer behaviour and its implications for the optimisation of corporate marketing. The quantitative case study findings for participating companies are also presented.

### 5.5.1 Response Rate

As shown in Table 5.8, a response rate of 98% was achieved for this study. The actual sample size of 411 is considered an acceptable representation of the projected sample size of 420.

**Table 5.8: Response Rate**

Shopping malls	Projected sample size	Actual sample size	Response rate
La Lucia	84	78	93%
The Pavilion	84	83	99%
Overport City	84	84	100%
Windermere	84	83	99%
Musgrave	84	83	99%
Total	420	411	98%

### 5.5.2 Respondents' Demographic Profile

The demographic variables of this study constitute gender, age group, income, education level and race. As shown in Table 5.9, 55% of respondents were males while 45% were females. Forty five percent of the sampled were aged between 18-24 years, with 28%, 12%, 9%, 3% and 2% being between the ages of 25–34, 35–44, 45–54, 55–64 and 65 years and above respectively. The net income of 57%, 19% and 8% of the respondents ranged between R1000–R5000, R5001–R10 000 and R10 001–R15 001, while the net income of 16% of the respondents ranged between R20 000–R55 000. Fifty four percent of respondents had a matric qualification while 34% and 24% had an undergraduate and postgraduate degree. Fifty nine percent of respondents were African, 26%, 8% and 7% were Indian, White and Coloured respectively.

**Table 5.9: Respondents' Demographic Profile**

<b>Demographics</b>	<b>n=411</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
Gender			
Male	224	54.5	54.5
Female	187	45.5	100
Age-group	186	45.3	45.3
18 - 24 years	115	28.0	73.2
25 - 34 years	50	12.2	85.4
35 - 44 years	37	9.0	94.4
45 - 54 years	13	3.2	97.6
55 - 64 years	10	2.4	100
65 years and older			
Income			
R1000 - R5000	236	57.4	57.4
R5001 - R10,000	78	19.0	76.4
R10,001 - R15,000	32	7.8	84.2
R15,001 - R20,000	22	5.4	89.5
R20,001 - R25,000	12	2.9	92.5
R25,001 - R30,000	11	2.7	95.1
R30,001 - R35,000	10	2.4	97.6
R35,001 - R40,000	3	0.7	98.3
R40,001 - R45,000	2	0.5	98.8
Over R45,000	5	1.2	100
Education			
Less than matric	26	6.3	6.3
Matric	224	54.5	60.8
National diploma	88	21.4	82.2
Bachelor's degree	49	11.9	94.2
Honours	14	3.4	97.6
Master's degree	9	2.2	99.8
PhD	1	0.2	100
Race			
African	243	59.1	59.1
White	32	7.8	66.9
Coloured	30	7.3	74.2
Indian	106	25.8	100

### **5.5.3 Measurement Model**

WarpPLS 5.0 software was used to evaluate the reliability and validity of the measurement model (Kock 2011). Confirmatory Factor Analysis (CFA) was used to determine the reliability and validity of the measuring instrument. Reliability was measured based on the estimate of composite reliability and internal consistency. Aibinu and Al-Lawati (2010) observes that reliability measures the extent to which factors on a multiple-item scale are reflective of their actual scores on the factors, in relation to the error. The consistency of individual responses to items within a scale was used to ascertain composite reliability (Lee and Shin 2010). Composite reliability is a more reflective approach used to determine the reliability measures of a factor in the measurement model, estimate the consistency of individual factors, as well as the stability and equivalence of the factor (Roca 2009).

Discriminant validity was demonstrated by assessing the correlations among the items, variances and co-variances amongst constructs (Igbaria, Parasuraman and Badawy 1994). Discriminant validity was further assessed by comparing the Average Variance Extracted (AVE) with its correlated squared root, which indicates the distinctness of a given factor from other factors (Suki 2011). Fornell and Larcker (1981) also note that the AVE of factors must be greater than the square root of the inter-factor correlations, in order to pass the test of discriminant validity. The variance ( $R^2$ ) of each dependent factor indicates the extent to which the model fits the data.

### **5.5.4 Consumer Values, CSR Expectations and Purchase Behaviour: Results for Objective Two**

The findings presented in this section address the second objective of this study, which relates to investigating whether CSR expectations have more moderating or mediating effects on purchase behaviour. As shown in Table 5.10, all items in brackets exhibited loadings higher than 0.5 in their respective factors (with the exception of the highlighted values), providing evidence of acceptable convergence validity. The non-performing loadings were not deleted because their deletion had no improvement on the outcome of the model. Secondly, as they stand to contribute to the content validity of this study, their deletion could have been misleading, as evidenced in Figure 5.9.

**Table 5.10: Item Loadings, Cross-loadings and Reliability Estimations**

Items	Mean	SD	ConsVal	CSRExp	PurBehav
ConsVal1	3.543	1.189	<b>(0.814)</b>	-0.074	-0.045
ConsVal2	3.730	1.067	<b>(0.834)</b>	0.013	-0.007
ConsVal3	3.891	1.052	<b>(0.784)</b>	0.063	0.055
PurBeh1	3903	1071	0.135	-0.021	<b>(0.699)</b>
PurBeh2	3788	1001	0.003	0.055	<b>(0.716)</b>
PurBeh3	3762	1260	-0.137	-0.138	<b>(0.637)</b>
PurBeh4	4122	1041	-0.011	0.080	<b>(0.788)</b>
Phi1	4.221	1072	-0.011	<b>(0.598)</b>	0.788
Phi2	4.207	0982	0.012	<b>(0.652)</b>	-0.076
Phi3	4.156	0900	0.107	<b>(0.673)</b>	0.004
Phi4	4.275	0.858	0.181	<b>(0.681)</b>	-0.120
Eth1	3.793	1099	0.028	<b>(0.681)</b>	0.020
Eth2	3.946	0948	0.087	<b>(0.303)</b>	0.007
Eth3	4.046	0.998	0.007	<b>(0.493)</b>	0.222
Eth4	4.178	0.835	-0.035	<b>(0.699)</b>	0.055
Leg1	4.290	0.856	-0.053	<b>(0.738)</b>	0.074
Leg2	4.263	0.942	-0.085	<b>(0.762)</b>	-0.056
Leg3	4.192	0.900	-0.027	<b>(0.748)</b>	-0.012
Leg4	4.202	0.924	-0.094	<b>(0.707)</b>	0.049
Eco1	2.363	1294	0.036	<b>(0.621)</b>	-0.018
Eco2	2.564	2564	0.225	<b>(-0.176)</b>	-0.126
Eco3	4.114	4114	0.230	<b>(-0.212)</b>	-0.079
Eco4	2.246	2246	0.155	<b>(0.478)</b>	-0.221
<b>Composite reliability</b>			<b>0.852</b>	<b>0.842</b>	<b>0.804</b>
<b>Cronbach's alpha</b>			<b>0.739</b>	<b>0.817</b>	<b>0.674</b>

ConsVal (Consumer Value), Phi (Philanthropic), Eth (Ethics), Leg (Legal), Eco (Economic), CSRExp (CSR Expectations), PurBehav (Purchase Behaviour), SD (Standard Deviation) and p-values <0.01

The AVE values and the correlations among factors, with the square root of the AVE on the diagonal, are shown in Table 5.11.

**Table 5.11: Correlation Measures and Square Root of AVE**

Factor	ConsVal	CSRExp	PurBehav
ConsVal	<b>(0.811)</b>		
CSRExp	0.292	<b>(0.585)</b>	
PurBehav	0.449	0.311	<b>(0.712)</b>

Discriminate validity was acceptable since the highlighted values yielded values higher than the inter-factor correlations. The measurement scales therefore have good validity and high reliability.

#### **5.5.4.1 Structural Model for Objective Two**

An assessment of the structural model was thereafter conducted to test the structural relationships and paths, by calculating the variance ( $R^2$ ) of each dependent factor to determine the fitness of the data to the model.  $R^2$  shows the amount of variance the research model explains in a dependent factor. The global goodness-of-fit (GoF) criterion for PLS path modelling is also used to evaluate the performance of the PLS model both in measurement and structural terms, with the aim of assessing the predictive power of the model, the average  $R^2$  and the geometric mean of average Communality Index (CI) (Tenenhaus, Vinzi, Chatelin and Lauro 2005).

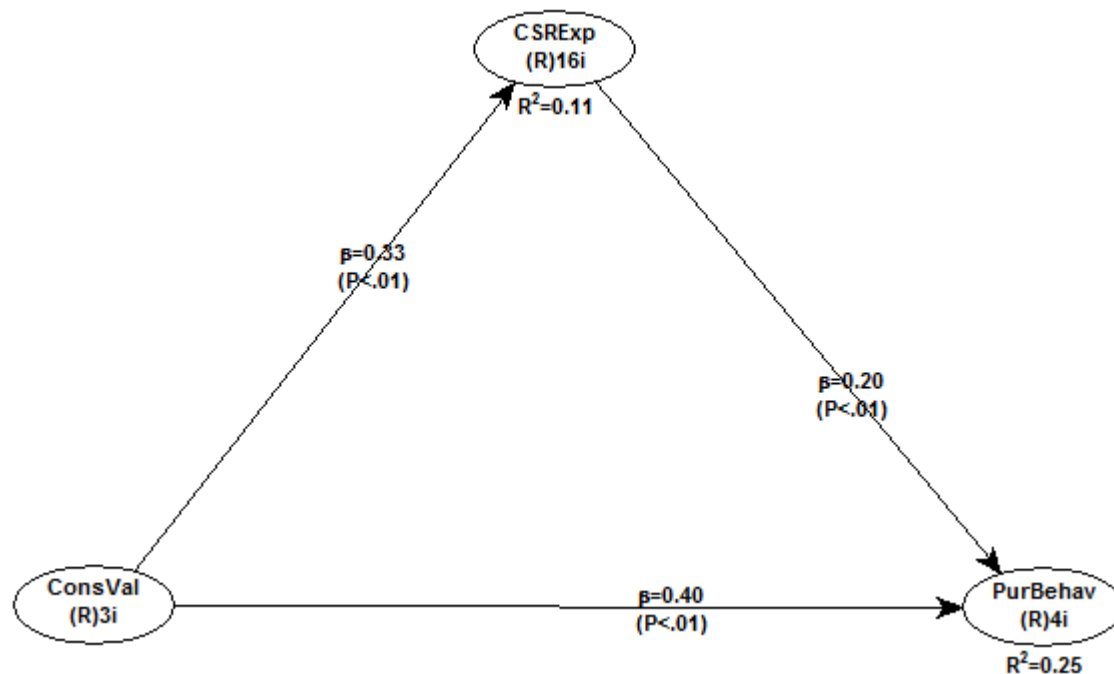
The variance ( $R^2$ ) of every dependent factor in a model shows the fitness of the model to the data.  $R^2$  also shows the amount of variance in a dependent factor, which is explained by the research model, as computed below (Cornell and Berger 1987):

$$R^2 = 1 - \frac{\sum (y_i - \bar{y})^2}{\sum (y_i - \bar{y})^2} \dots\dots\dots (1)$$

The global goodness-of-fit (GoF) criterion for PLS path modelling was used to demonstrate the model performance at both measurement and structural terms (Tenenhaus *et al.* 2005), based on the geometric mean of average Communality Index (CI) and average  $R^2$  (Henseler, Ringle and Sinkovics 2009), as shown below (Tenenhaus *et al.* 2005):

$$GoF = \sqrt{CI * R^2} \dots\dots\dots (2)$$

The aim of the assessment of the structural model is to validate the model fitness, which can be evaluated with the  $R^2$  and path coefficients (Hulland 1999). The results of the explanatory power of the model, the relative strengths of each of the paths and the overall model fitness are shown in Figure 5.8.



**Figure 5.7: Base Model with Mediating Effects**

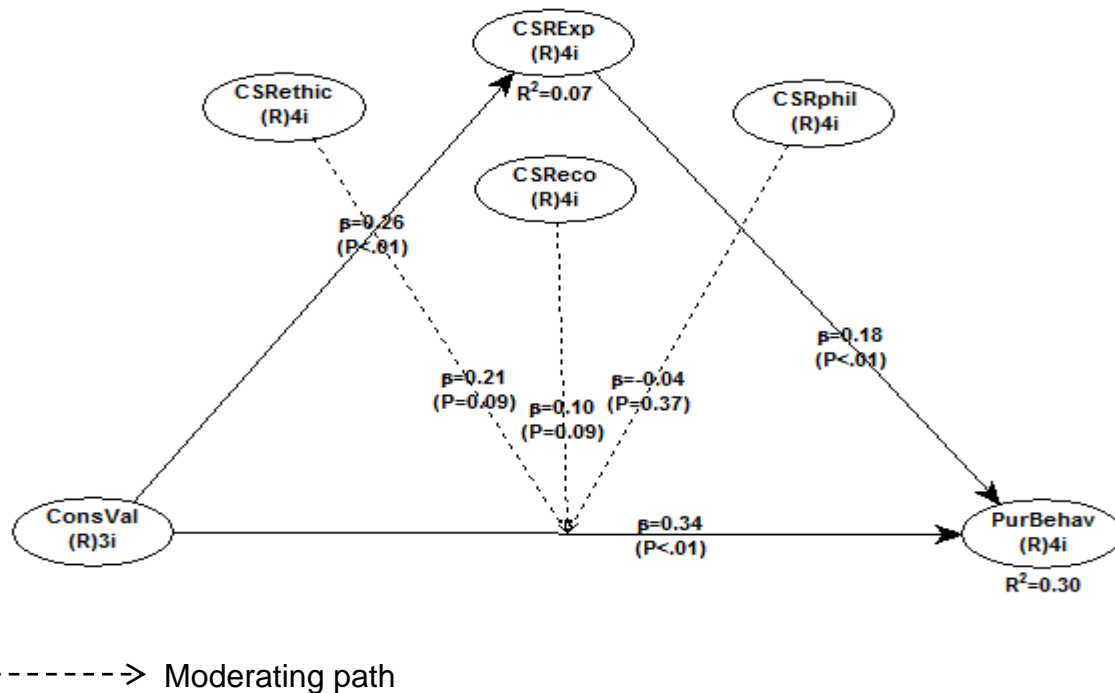
As shown in Figure 5.7, the three paths explaining the variance of purchase behaviour, i.e. consumer values to CSR expectations ( $\beta=0.33$ ,  $p=0.01$ ), CSR expectations to purchase behaviour ( $\beta=0.40$ ,  $p=0.01$ ) and CSR expectations to purchase behaviour ( $\beta=0.20$ ,  $p=0.01$ ), exhibited positive contribution towards purchase behaviour respectively. This implies that consumer values have direct positive relationship with purchase behaviour and CSR expectations. CSR expectations also have positive effects on purchase behaviour, which support H1 and H2.

#### 5.5.4.2 Mediating Effects

Conversely, when CSR expectations mediated between consumer values and purchase behaviour, the impact was reduced from ( $\beta=0.33$ ,  $p=0.01$ ) to ( $\beta=0.20$ ,  $p=0.01$ ) as shown in Figure 5.7. CSR expectations contributed negatively with the exception of legal CSR, which partially supports H3. Another analysis was conducted in order to ascertain whether CSR expectations better serve as mediating or moderating factors.

### 5.5.4.3 Moderating Effects

In order to show the effect size of moderating factors of CSR expectations, another analysis was conducted. As shown in Table 5.10, although philanthropic CSR yielded good loadings, it yielded negative moderating effects in the hypothesised relationship. Conversely, while economic CSR exhibited poor loadings, it moderated the relationship between consumer values and purchase behaviour, which supports H4.



**Figure 5.8: Results of the Base Model with Moderating Effects**

As shown in Figure 5.8, the moderating effects exhibited positive effects individually and positively affected the path between consumer values and purchase behaviour ( $\beta = 0.21$ ,  $p = 0.09$ ) by ethical CSR and ( $\beta = 0.10$ ,  $p = 0.09$ ) by economic CSR respectively, as philanthropic CSR contributed negatively ( $\beta = -0.04$ ,  $p = 0.37$ ).

This finding justifies ethical and economic CSR for moderation in comparison with the outcomes of the base model with mediating effects. The two moderating factors increased the overall variance explained by the exogenous investigating factors from  $R^2 = 25$  in the base model to  $R^2 = 30$  in the moderating model. It is thus worthwhile to emphasise that CSR expectations better serve as moderating factors.

**Table 5.12: Hypotheses Testing for Objective Two**

Effect	Cause	Estimate $\beta$	T- value	SE	P-value	Result
CSRExp	ConsVal	0.260	0.001	0.048	0.001***	H1 supported
PurBehav	ConsVal	0.342	0.001	0.047	0.001***	H2 supported
PurBehav	CSRExp	0.185	0.001	0.048	0.001***	H3 supported
PurBehav	CSRphil* ConsVal	-0.035	0.373	0.049	0.236 <sup>ns</sup>	H4a unsupported
PurBehav	CSReco* ConsVal	0.101	0.093	0.049	0.020**	H4b supported
PurBehav	CSRethi* ConsVal	0.215	0.090	0.048	0.001***	H4c supported

SE (Standard Error), ns (not significant), \*p<0.05, \*\*p<0.01, \*\*\*p<0.001 (two-tailed t-tests)

Table 5.12 shows the  $\beta$  and p-values for the hypothesised relationships. This study used a bootstrapping technique to determine the corresponding T-values. The hypotheses corresponded to a path on the nomological net. The  $\beta$  values and statistical significance of the T-values were used to assess the support for each of the hypothesis. The results as shown in Table 5.12 reveal that the instrument has acceptable convergent validity (Hair et al. 2010). Standard errors are also provided for the loadings for indicators associated with all latent variables.

#### 5.5.4.4 Effect Size for Objective Two

The effect size ( $f^2$ ) of respective independent factors on the dependent factors is evaluated on the basis of the  $R^2$  values for the independent factors, with the exclusion  $R^2(e)$  and inclusion  $R^2(i)$  of each factor, to test for its significance.  $f^2$  is calculated as follows (Helm, Eggert and Garnefeld 2010):

$$f^2 = \frac{R^2(i) - R^2(e)}{1 - R^2(i)} \dots\dots\dots (3)$$

Table 5.13 shows the quality of effect size of the model factors. Kock (2011) recommends that the effects of the path coefficients are small, medium or large when values yield 0.02, 0.15 or 0.35 respectively. The author further contends that values below 0.02 are too weak to be considered effective.



**Table 5.13: Results of Moderating Effect Size Quality**

	ConsVal	CSRExp	PurBehav		CSRphi* ConsVal	CSReco* ConsVal	CSRethic* ConsVal
ConsVal							
CSRExp	0.067						
PurBehav	0.158	0.047			0.007	0.028	0.070

The moderating effect size for philanthropic, economic and ethical CSR yielded 0.007, 0.028 and 0.070 respectively, as shown in Table 5.13. Based on the thresholds recommended by Kock (2011), the moderating effect size as indicated in Table 5.13 reveals that philanthropic CSR falls below the weak threshold, while economic CSR was found to show weaker moderating effects than ethical CSR, and legal CSR was found to be insignificant. It should be noted that ethical CSR showed the strongest moderating effects compared to the other dimensions. The results further show that legal CSR mediate consumer values and purchase behaviour largely, which yielded 0.067 as shown in Table 5.13.

#### **5.5.4.5 Model Fit Analysis for Objective Two**

Measures of discriminant convergent and validity show the strength of the measurement model (Hair, Ringle and Sarstedt 2011). While correlations between items, variances and co-variances among constructs are used to assess discriminant validity (Igbaria, Parasuraman and Badawy 1994), the reliability of questions, composite reliability and variance extracted by constructs are used to assess convergent validity (Fornell and Larcker 1981).

As shown in Table 5.14, the average path coefficient (APC) yielded 0.216, the average R-squared (ARS); 0.181, the average block inflation factor (AVIF); 1.201, the goodness of fits (GoF); 0.310, the average adjusted R-square (AARS); 0.177 and the R-square contribution ratio (RSCR); 1.000 were used to assess the overall model fit following (Kock 2011). APC and ARS yielded values significant at a five percent level, while AVIF yielded a value lower than five, which reveal the compatibility between the data and model (Rosenthal and Rosnow 1991).

**Table 5.14: Model Fit and Quality Indices for Objective Two**

Fit index	Model	Recommendation
Average path coefficient (APC)	0.216	Good if $p < 0.001$
Average R-squared (ARS)	0.181	Good if $p < 0.001$
Average block VIF (AVIF)	1.201	Acceptable if $\leq 5$ , Ideally $\leq 3.3$
Goodness of Fit (GoF)	0.310	Small $\geq 0.1$ , Medium $\geq 0.25$ , Large $\geq 0.36$
Average adjusted R-squared (AARS)	0.177	Good if $p < 0.001$
R-squared contribution ratio (RSCR)	1.000	Acceptable if $\geq 0.7$ , Ideally = 1

### 5.5.5 CSR Expectations and Corporate Reputation: Results for Objective Three

The findings presented in this section relate to objective three. As shown in the last two rows of Table 5.15, all values of composite reliability and Cronbach's alpha were above 0.7, to indicate that all factors have good reliability (Bagozzi and Yi 2012). The model validity demonstrates the consistency of the measuring instrument to its objectives. This was measured by the estimate of convergent validity and discriminant validity (Raykov 2011). Convergent validity was assessed using three tests namely, composite reliability of constructs, reliability of questions and variance extracted by constructs. Convergent validity assesses the extent to which items of a specific factor represent the same factor and is measured using a standardised factor loading, which should be above 0.5 (Fornell and Larcker 1981).

**Table 5.15: Normalised Combined Loadings, Cross-loadings and Reliability Estimations**

Items	Mean	SD	Phi	Eth	Leg	Eco	Qual	Perf	Resp
Phi1	4.221	1.072	<b>(0.727)</b>	-0.135	0.097	-0.113	0.010	0.102	-0.136
Phi2	402.7	0.982	<b>(0.700)</b>	0.076	-0.017	0.060	-0.049	0.055	0.028
Phi3	4.156	0.900	<b>(0.712)</b>	0.037	-0.088	0.024	0.045	-0.045	0.052
Phi4	4.275	0.858	<b>(0.723)</b>	0.000	0.033	0.011	-0.013	-0.082	0.028
Eth1	3.793	1.099	0.312	<b>(0.659)</b>	-0.529	0.229	0.085	-0.100	0.150
Eth2	3.946	0.948	-0.064	<b>(0.780)</b>	-0.182	0.082	-0.022	-0.236	0.235
Eth3	4.046	0.998	-0.027	<b>(0.706)</b>	0.192	-0.109	-0.032	0.092	-0.151
Eth4	4.178	0.835	-0.095	<b>(0.657)</b>	0.368	-0.136	0.005	0.262	-0.231
Leg1	4.290	0.856	0.101	0.093	<b>(0.702)</b>	-0.065	0.011	-0.059	0.038
Leg2	4.263	0.942	0.023	0.033	<b>(0.711)</b>	-0.020	0.033	-0.052	0.090
Leg3	4.192	0.900	0.028	-0.089	<b>(0.753)</b>	0.017	0.001	0.006	-0.012
Leg4	4.202	0.924	-0.137	-0.018	<b>(0.798)</b>	0.057	-0.042	0.092	-0.105
Eco1	2.363	1.294	-0.085	0.066	0.094	<b>(0.965)</b>	0.100	0.022	-0.112
Eco2	2.565	1.302	0.078	-0.071	0.012	<b>(0.961)</b>	-0.023	0.032	0.004
Eco3	4.114	0.886	0.220	0.042	0.742	<b>(-0.049)</b>	-0.255	0.574	-0.026
Eco4	2.246	1.322	0.017	0.002	-0.100	<b>(0.942)</b>	-0.093	-0.045	0.121
Qual1	4.173	0.827	0.035	-0.123	0.110	-0.035	<b>(0.711)</b>	0.152	-0.222
Qual2	4.005	0.878	-0.046	0.017	0.108	-0.035	<b>(0.724)</b>	-0.090	-0.130
Qual3	3.637	0.951	-0.023	0.121	-0.162	0.098	<b>(0.667)</b>	-0.181	0.387
Qual4	3.925	0.914	0.037	0.003	-0.101	-0.009	<b>(0.684)</b>	0.105	0.045
Perf1	3.971	0.852	-0.073	0.085	-0.039	0.084	0.340	<b>(0.645)</b>	0.139
Perf2	3.929	0.851	-0.036	-0.067	-0.027	-0.009	0.107	<b>(0.694)</b>	0.021
Perf3	4.015	0.796	0.044	0.036	-0.058	-0.054	-0.148	<b>(0.712)</b>	-0.077
Perf4	4.088	0.825	0.038	-0.036	0.116	0.007	-0.180	<b>(0.685)</b>	-0.034
Resp1	3.603	0.973	-0.056	-0.143	0.145	0.010	-0.281	0.229	<b>(0.752)</b>
Resp2	3.491	1.053	-0.040	0.130	-0.107	0.016	0.034	-0.127	<b>(0.750)</b>
Resp 3	3.664	0.950	-0.004	-0.018	0.060	0.045	0.100	-0.088	<b>(0.712)</b>
Resp 4	3.696	0.999	0.105	0.009	-0.088	-0.083	0.112	0.032	<b>(0.691)</b>
<b>Composite reliability</b>			<b>0.872</b>	<b>0.801</b>	<b>0.901</b>	<b>0.895</b>	<b>0.873</b>	<b>0.882</b>	<b>0.853</b>
<b>Cronbach's alpha</b>			<b>0.804</b>	<b>0.667</b>	<b>0.853</b>	<b>0.823</b>	<b>0.806</b>	<b>0.822</b>	<b>0.770</b>

SD (Standard Deviation), Phi (Philanthropic), Eth (Ethics), Leg (Legal), Eco (Economic), Qual (Quality of Products), Perf (Financial Performance), Resp (Social Responsibility)

As shown in Table 5.15, all items exhibited loadings (values in brackets) higher than 0.5 on their respective factors, providing evidence of acceptable convergence validity with the exception of Eco 3 (-0.049) which was eliminated in the assessment of the final model, as shown in Figure 5.10.

The AVE values and the correlations among factors, with the square root of the AVE in brackets on the diagonal exceed the inter-factor correlations, are indicated in Table 5.16. It can therefore be inferred that discriminate validity was acceptable and it can be concluded that the measurement scales of this study have sufficient validity and demonstrate high reliability.

**Table 5.16: Factor AVE and Correlation Measures**

	Phi	Eth	Leg	Eco	Qual	Perf	Resp
Phi	<b>(0.795)</b>						
Eth	0.583	<b>(0.714)</b>					
Leg	0.513	0.566	<b>(0.833)</b>				
Eco	-0.121	-0.144	-0.136	<b>(0.860)</b>			
Qual	0.311	0.303	0.291	0.112	<b>(0.795)</b>		
Perf	0.378	0.301	0.276	0.097	0.680	<b>(0.808)</b>	
Resp	0.304	0.319	0.253	0.067	0.543	0.588	<b>(0.770)</b>

Diagonal values are the square root of AVE for each factor

The results as indicated in Table 5.16 show that the research instrument of this study has acceptable convergent validity since an AVE which is higher or equal to 0.50 indicates adequate convergent validity (Hair, Ringle and Sarstedt 2011: 146).

#### 5.5.5.1 Structural Model for Objective Three

The structural model for objective three was assessed after confirming reliability and validity of measures. The hypothesised causal paths were estimated to test the structural relationships. The corresponding equations for the variance ( $R^2$ ) as shown in equation 4 (Cornell and Berger 1987), the global goodness-of-fit (GoF) based on the geometric mean of average Communality Index (CI) and average  $R^2$  (Henseler, Ringle and Sinkovics 2009) as shown in equation 5, are computed as follows:

$$R^2 = 1 - \frac{\sum (y_i - \bar{y})^2}{\sum (y_i - \bar{y})^2} \dots\dots\dots (4)$$

$$GoF = \sqrt{CI * R^2} \dots\dots\dots (5)$$

Each of the hypotheses (H5 to H16) corresponds to a path in the structural model for the dataset. The overall fit and explanatory power of the structural model were examined as well as the relative strengths of the individual causal path. The result of

the structural model assessment with the calculated  $R^2$  values and significance of individual paths are shown in Figure 5.9.

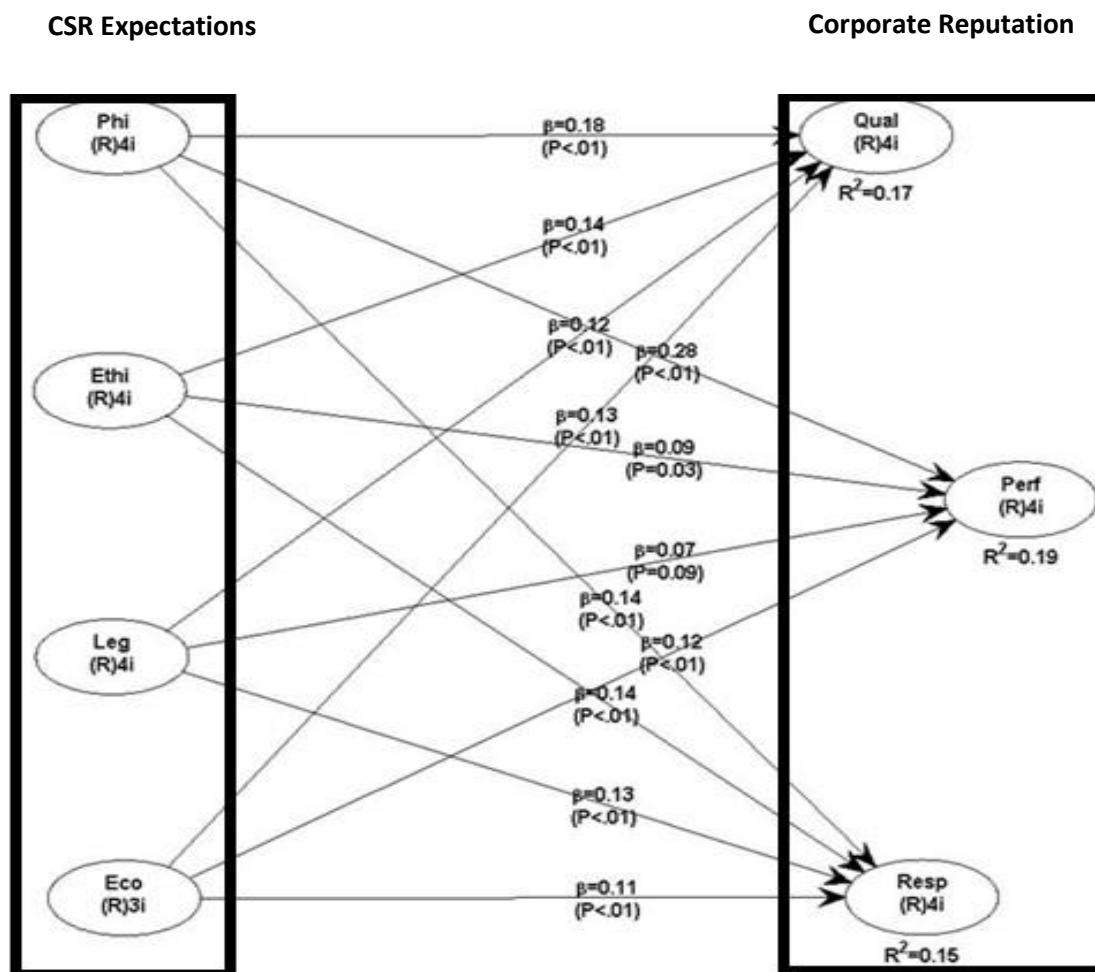


Figure 5.9: Results of Hypotheses for Objective Three

#### 5.5.5.2 Analysis of Hypotheses for Objective Three

WarpPLS 5.0 uses a bootstrapping technique to perform statistical testing (t-test) for each path to validate the hypotheses, which can be appraised by examining the positive or negative nature and statistical significance of the t-value for its corresponding path. As shown in Figure 5.9, philanthropic CSR has a positive influence on the quality dimension of corporate reputation ( $\beta=0.180$ ,  $p=0.001$ ) to support H5. Findings further show that philanthropic CSR has a positive influence on performance ( $\beta=0.284$ ,  $p=0.001$ ) and responsibility ( $\beta=0.144$ ,  $p=0.001$ ) dimensions of

corporate reputation, which support H6 and H7. These results reveal that philanthropic CSR has significant effects on corporate reputation.

Hypotheses 8, 9 and 10 were formulated in relation to the effect of ethical CSR on quality, performance and responsibility dimensions of corporate reputation. The results for the ethical CSR set show that ethical CSR has positive effects on all three dimensions of corporate reputation where ( $\beta=0.138$ ,  $p=0.002$ ) for H8, ( $\beta=0.094$ ,  $p=0.027$ ) for H9 and ( $\beta=0.138$ ,  $p=0.002$ ) for H10. This outcome also confirms the significant contribution of ethical CSR on corporate reputation.

Consumers' expectations of legal CSR proved to be a crucial factor on corporate reputation, although its effect on the performance dimension of corporate reputation was not supported. This study attributed H11, H12 and H13 to the effect of legal CSR on the quality, performance and responsibility dimensions of corporate reputation. The results indicate that ( $\beta=0.122$ ,  $p=0.006$ ) for H11, ( $\beta=0.066$ ,  $p=0.090$ ) for H12 and ( $\beta=0.131$ ,  $p=0.004$ ) for H13, which support H11 and H13 but not H12. This implies that consumers' expectations of legal CSR have no significant effect on the evaluation of the performance dimension of corporate reputation. The path coefficient between legal CSR and the responsibility dimension of corporate reputation is however noteworthy ( $\beta=0.131$ ), being the third most significant path in the entire nomological net, which show that consumers' expectations of legal CSR make more significant contribution to the responsibility dimension of corporate reputation than the performance dimension.

Economic CSR was hypothesised as H14, H15 and H16 to test its effect on the quality, performance and responsibility dimensions of corporate reputation. The results show that economic CSR has significant, positive effects on quality ( $\beta=0.133$ ,  $p=0.003$ ), performance ( $\beta=0.121$ ,  $p=0.007$ ) and responsibility ( $\beta=0.114$ ,  $p=0.010$ ) to support H14, H15 and H16. Overall, eleven out of the twelve hypotheses formulated for objective three were supported. An overview of the hypotheses testing results are presented in Table 5.17.

**Table 5.17: Hypotheses Results with T-values for Objective Three**

Effect	Cause	Estimate ( $\beta$ )	T-value	SE	P-value	Result
Quality	Philanthropy	0.180	0.002	0.048	0.001***	H5 supported
Performance	Philanthropy	0.284	0.001	0.047	0.001***	H6 supported
Responsibility	Philanthropy	0.144	0.005	0.048	0.002***	H7 supported
Quality	Ethics	0.138	0.030	0.048	0.002***	H8 supported
Performance	Ethics	0.094	0.089	0.049	0.027**	H9 supported
Responsibility	Ethics	0.138	0.011	0.048	0.002***	H10 supported
Quality	Legal	0.122	0.017	0.049	0.006**	H11 supported
Performance	Legal	0.066	0.147	0.049	0.090 <sup>ns</sup>	H12 unsupported
Responsibility	Legal	0.131	0.061	0.048	0.004***	H13 supported
Quality	Economic	0.133	0.010	0.048	0.003***	H14 supported
Performance	Economic	0.121	0.012	0.049	0.007**	H15 supported
Responsibility	Economic	0.114	0.046	0.049	0.010**	H16 supported

SE (standard error), ns (not significant), \*p<0.05, \*\*p<0.01, \*\*\*p<0.001 (two-tailed t-tests)

This study used the bootstrapping technique to obtain the corresponding t-values. All the hypotheses corresponded to a path on the nomological net (see Figure 5.9). Support for each hypothesis is assessed by examining the  $\beta$  values and statistical significance of the t-value of its corresponding path. The results as indicated in Table 5.17 reveal that the research instrument has acceptable convergent validity (Hair, Ringle and Sarstedt 2011). The values of the estimated standard errors are also provided for the loadings and indicators associated with all latent variables. Since this study intends to validate the research model for objective three on three case studies, the estimated standard error values can be used in multi-group analyses, with the same model, using different subsamples. This will enable the researcher to compare the measurement models to determine equivalence on the basis of loadings and weights, using a multi-group comparison technique (Kock 2011). This approach also ensures that potential between-group differences in the structural model coefficients are not due to the difference in the measurement model.

### 5.5.5.3 Effect Size for Objective Three

In line with objective three, the computation of the effect size ( $f^2$ ) for each of the independent factors on the dependent factors is shown as follows (Helm, Eggert and Garnefeld 2010):

$$f^2 = \frac{R^2(i) - R^2(e)}{1 - R^2(i)} \dots\dots\dots (6)$$

Table 5.18 shows the quality of effect size of the model factors. The analysis of the effect size enhances the researcher's ability to ascertain if the effects of the path coefficients are small 0.02, medium 0.15 or large 0.35 (Kock 2011).

**Table 5.18: Effect Size Quality for Objective Three**

	Phi	Eth	Leg	Eco	Qual	Perf	Resp
Phi							
Eth							
Eco							
Qual	0.061	0.047	0.036	0.028			
Perf	0.112	0.031	0.018	0.024			
Resp	0.045	0.045	0.036	0.022			

As shown in Table 5.18, all other variables, with the exception of the highlighted values, exhibited medium to large effects, which makes the research model very effective. The highlighted values relating to H6, H12, H15 and H16 reveal weak effects of philanthropic, legal and economic CSR on the performance dimension of corporate reputation. Weak effects are also shown between economic CSR to the responsibility dimension of corporate reputation.

### 5.5.5.4 Model Fit for Objective Three

The strength of the measurement model can be demonstrated through measures of convergent and discriminant validity (Hair, Ringle and Sarstedt 2011). Convergent validity is normally assessed using three tests: reliability of questions, composite reliability of constructs, and variance extracted by constructs (Fornell and Larcker 1981). Discriminant validity can be assessed by observing correlations among items,



as well as variances and covariances among constructs (Igbaria, Parasuraman and Badawy 1994).

The overall model fit was assessed using six measures of the average path coefficient (APC), the average R-squared (ARS), the average block inflation factor (AVIF), the goodness of fits (GoF), the average adjusted R-square (AARS) and the R-square contribution ratio (RSCR), to indicate the model fit as recommended by (Kock 2011). As shown in Table 5.19, the model has a good fit. The values of APC and ARS are significant at a five percent level, while AVIF is still lower than five. This concludes that a good fit exists between the model and data (Rosenthal and Rosnow 1991).

**Table 5.19: Model Fit and Quality Indices**

Fit index	Model	Model p-value	Recommendation
Average path coefficient (APC)	0.139	<0.001	Good if $p \leq 0.05$
Average R-squared (ARS)	0.169	<0.001	Good if $p \leq 0.05$
Average block VIF (AVIF)	1.740		Acceptable if $\leq 5$ , Ideally $\leq 3.3$
Goodness of Fit (GoF)	0.328		Small $\geq 0.1$ , Medium $\geq 0.25$ , Large $\geq 0.36$
Average adjusted R-squared (AARS)	0.161	<0.001	Good if $p \leq 0.05$
R-squared contribution ratio (RSCR)	1.000		Acceptable if $\geq 0.7$ , Ideally = 1

#### **5.5.5.5 Average Variance Inflation Factor and Average Full Collinearity Variance Inflation Factor**

It is recommended that both the Average Variance Inflation Factor (AVIF) and Average Full Collinearity Variance Inflation Factor (AFVIF) be equal to or lower than 3.3, especially in models which measured variables based on two or more indicators, as is the case of this study. Another acceptable criterion is that both indices be equal to or lower than 5, particularly in models where most variables are single-indicator variables (Kock 2011). The values of the AVIF and AFVIF as shown in Table 5.19 are an indication that the model has a good theoretical underpinning.

#### **5.5.5.6 Goodness of Fit for Objective Three**

Similar to the ARS, the Goodness of fit (GoF) index; also known as 'Tenenhaus GoF', measures the explanatory power of the model (Tenenhaus *et al.* 2005). The authors define the GoF as the square root of the product of the ARS and the average communality index. The communality index for a given latent variable is the sum of the squared loadings for that latent variable, each loading associated with an indicator divided by the number of indicators. These loadings are the un-rotated loadings shown in Table 5.15. The average communality index for a model accounts for all latent variables in its calculation. Based on these recommendations, the model's GoF value of 0.328 means that the explanatory power of the model is greater than 0.328, which lies between the medium and large threshold.

#### **5.5.5.7 R-squared Contribution Ratio**

The R-squared Contribution Ratio (RSCR) index measure the extent to which a model is free from negative R-squared contributions, in line with Simpson's paradox instances (Pearl 2009). When a predictor latent variable makes a negative contribution to the R-squared of a latent variable, the predictor reduces the percentage of variance explained. Kock (2011) maintains that the RSCR index is calculated by dividing the sum of positive R-squared contributions in a model by the sum of the absolute R-squared contributions in the variance extracted (AVE) for each latent variable *vis-à-vis* the corresponding communality index. The author further observes that the RSCR should be equal to 1, as a rule of thumb, which implies no negative R-squared contributions in a model. RSCR values should be equal to or greater than 0.9. A RSCR value of 0.9 implies that 90 percent of the paths in a model are not a result of negative R-squared contributions. Based on this recommendation, the RSCR value of 1.000 yielded by the model of this study, meets the standard rule.

#### **5.5.6 Consumer Values as a Moderating Variable: Results for Objective Four**

The findings presented in this section address objective four which relates to determining the moderating effects of consumer values on CSR expectations and corporate reputation. The neglect of moderating effects on structural relationships limits the potential of a study to contribute to the body of knowledge (Henseler and Fassott 2010). More so, Baron and Kenny (1986) observes that variation in moderating

effects impacts the strength and direction of the relationship between endogenous and exogenous variables.

The items for consumer values were moderated to investigate their effects on all four CSR dimensions *vis-à-vis* the responsibility dimension of corporate reputation. It is noteworthy that the economic and legal CSR paths proved to be the most significant, as opposed to the philanthropic and ethical CSR paths. The estimated standard error values show the degree of freedom that was allowed for these variables in relation to the dependent variable for a two-tailed test. An overview of the findings is presented in Table 5.20.

**Table 5.20: Summary of the Results for Moderating Effects for Objective Four**

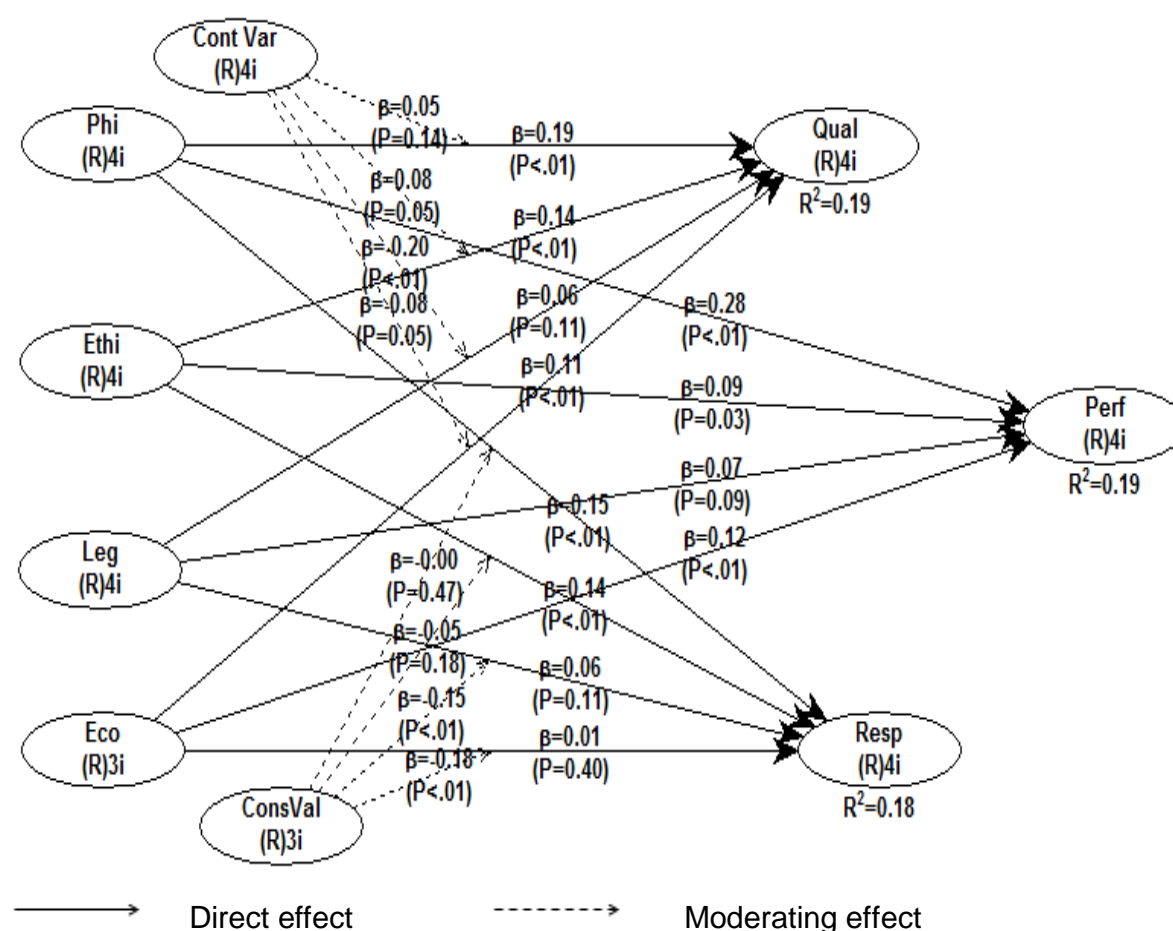
Effect	Cause	Estimate ( $\beta$ ) <sup>T</sup>	F-value	SE	P-value
Responsibility	Philanthropy	-0.004	-	0.049	0.469 <sup>ns</sup>
	Ethics	-0.045	-	0.049	0.179 <sup>ns</sup>
	Legal	-0.146	-	0.048	0.001 <sup>***</sup>
	Economic	-0.180	1.120	0.048	0.001 <sup>***</sup>

Note: SE (standard error), ns (not significant), \*p<0.05, \*\*p<0.01, \*\*\*p<0.001 (two-tailed t-tests)

The results of the moderating effects on the responsibility dimension of corporate reputation yielded 0.001, 0.007, 0.026 and 0.037 for philanthropic, ethical, legal and economic CSR respectively as shown in Table 5.22. This finding further reveals that the moderating variables showed the most significant effects on the paths between economic CSR and responsibility dimension of corporate reputation, followed by legal, ethical and philanthropic CSR. The individual contributions of the moderating effects size as shown in Appendix I reveal that emotional value (ConsVal1) positively moderated the path between ethical CSR (0.166) and the responsibility dimension of corporate reputation. In addition, social value (ConsVal2) positively moderated the path between ethical CSR (0.145) and the responsibility dimension of corporate reputation. Functional value (ConsVal3) also positively moderated the path between legal CSR (0.089) and the responsibility dimension of corporate reputation.

### 5.5.7 Demographic Factors as Control Variables: Results for Objective Five

The findings presented in this section address objective five which relates to identifying the control effects of demographic variables on the relationship between CSR expectations and corporate reputation. The control effects of gender, age group, education and income were investigated on the relationship between CSR expectations and corporate reputation. The quality dimension of corporate reputation was the only path which made the most significant contribution as shown in Figure 5.10.



**Figure 5.10: Hypotheses Results with Moderating and Control Effects**

An overview of the findings is presented in Table 5.21. The results show that the control effects were significant with the exception of philanthropic CSR. The beta values were estimated with the PLS bootstrapping techniques.

**Table 5.21: Summary of the Results for Control Effects for Objective Five**

Effect	Cause	Estimate ( $\beta$ ) <sup>T</sup>	F-value	SE	P-value
Quality	Philanthropy	0.054	6.874	0.049	0.137 <sup>ns</sup>
	Ethics	0.079	6.937	0.049	0.053 <sup>*</sup>
	Legal	-0.204	-	0.048	0.001 <sup>***</sup>
	Economic	-0.082	-	0.049	0.048 <sup>*</sup>

The results of the effects of control variables on the quality dimension of corporate reputation yielded 0.005, 0.008, 0.039 and 0.009 for philanthropic, ethical, legal and economic CSR respectively as shown in Table 5.22. This finding further reveals that the control variables showed the most significant effects on the paths between legal CSR and the quality dimension of corporate reputation. The individual contributions of the control effect size as shown in Appendix II reveal that respondents' gender showed positive control effects on the path between legal CSR (0.031) and the quality dimension of corporate reputation. The results further reveal that respondents' age group yielded positive control effects on the paths between economic CSR (0.01) and the quality dimension of corporate reputation. Respondents' income also showed positive control effects on the path between economic CSR (0.019) and the quality dimension of corporate reputation.

**Table 5.22: Moderating and Control Effects Size for Path Coefficients**

	Phi	Eth	Leg	Eco	Cont Var* Qual	Cont Var* Qual	Cont Var* Qual	Cont Var* Qual	Cons Val* Resp	Cons Val* Resp	Cons Val* Resp	Cons Val* Resp
Phi												
Eth												
Leg												
Eco												
Qual	0.063	0.049	0.018	0.024	0.005	0.008	0.039	0.009				
Perf	0.112	0.031	0.018	0.024								
Resp	0.046	0.047	0.017	0.002					0.001	0.007	0.026	0.037

ContVar\*Qual (Control variables tested on Quality) ConsVal\*Resp (Moderating effects of consumer values on Responsibility)

### 5.5.8 Interpretation of Moderating Effects

The interpretation of the moderated results as well as their overall explanatory powers, estimated path coefficients and associated p-value of the paths is presented in this section. Tests of significance were conducted for all the paths, using the bootstrap resampling procedure. As shown in Figures 5.10 and 5.11, there were significant increases in the explanatory powers of the individual paths in comparison with the base model.

As indicated in Table 5.23, the model in which consumer values are proposed to moderate the links between philanthropic, ethical, legal and economic CSR with the responsibility dimension of corporate reputation yielded a significantly higher explanatory power than the main effect model was recorded (from 15 to 18). The effect size of 3.00 yielded for the interaction effect demonstrates the significant implications of the moderating effects on the proposed research model. The effect size is calculated as follows (Helm, Eggert and Garnefeld 2010):

$$f^2 = \frac{R^2(i) - R^2(e)}{1 - R^2(i)} \dots\dots\dots (7)$$

**Table 5.23: Hierarchical Test**

	R <sup>2</sup>
Main effect model	0.15
Interaction effect model	0.18
f <sup>2</sup>	3.00

$$f^2 = [R^2(\text{interaction effect model}) - R^2(\text{main effect model})] / [1 - R^2(\text{interaction effect model})].$$

The test for the moderating effects on the predicting factors (philanthropic, ethical, legal and economic CSR), in relation to the responsibility dimension of corporate reputation was determined by calculating the R<sup>2</sup> values for the corporate reputation factor (responsibility) when the moderating factor (consumer values) was excluded and when it was included. The effect size was thereafter computed based on these two R<sup>2</sup> values, using equation 6. This finding was thereafter tested for statistical significance using equation 8 (Aibinu and Al-Lawati 2010).

$$F = (f^2)(N - M - 1) \dots\dots\dots (8)$$

A collinearity test was also conducted to determine potential multicollinearity problems among the latent variables. In line with the provisions of the Variance Inflation Factors

(VIFs), the latent variables of this study were calculated on the basis of the other (Kline 2005). The WarpPLS 5.0 software was used to generate the full collinearity test results (Kock and Lynn 2012), which displayed VIF values of the latent factors, to be less than the threshold of 5 (Hair, Ringle and Sarstedt 2011). The highest VIF value was 2.299 for performance, as shown in Table 5.24, which implies that collinearity is not a potential source of bias. As such, the measurement model passes tests of convergent validity, discriminant validity, reliability, and collinearity, which proves that the model meets acceptable data validation criteria (Schumacker and Lomax 2004).

**Table 5.24: Latent Variable Coefficient showing Collinearity Results**

	Phi	Eth	Leg	Eco	Qual	Perf	Resp	Cont Var	Cons Val	Cons Val* Eco	Cons Val* Leg	Cons Val* Eth	Cons Val* Phi	Cont Var* Eco	Cont Var* Leg	Cont Var* Eth
R <sup>2</sup>					0.189	0.186	0.182									
Adj. R <sup>2</sup>					0.173	0.178	0.166									
Comp reliab.	0.872	0.801	0.901	0.895	0.873	0.882	0.853	0.655	0.852	0.679	0.915	0.911	0.873	0.775	0.887	0.687
Cronbach`s alpha	0.804	0.667	0.853	0.823	0.806	0.822	0.770	0.404	0.739	0.651	0.896	0.893	0.842	0.752	0.861	0.705
AVE	0.631	0.510	0.694	0.739	0.632	0.652	0.593	0.405	0.657	0.192	0.547	0.462	0.369	0.328	0.397	0.226
Full Collin. VIF	1.798	1.906	1.724	1.127	2.183	2.299	1.722	1.044	1.230	2.004	1.072	1.829	2.249	1.092	1.897	1.804
Q <sup>2</sup>					0.201	0.188	0.173									

The collinearity test investigates potential duplication of items in the research model. Based on the recommended cut-off value of 5, the results shown in Table 5.24 for the VIF values demonstrate that the items used in this study are independent of each other and hence not duplicated.



### **5.5.9 Quantitative Case Study Results for Objective Six**

The quantitative case study findings for Brand Empire, Brand Castle and Brand Estate address objective six. The research instrument composed of the four dimensions of CSR and three dimensions of corporate reputation to investigate the predictive outcomes of CSR expectations on the corporate reputation of participating companies. The responses provided were based on consumers' familiarity and identification with the companies to evaluate consumers' preference across companies. The outcome of the survey shows that 53%, 20% and 27% of the respondents identified with Brand Empire, Brand Castle and Brand Estate respectively. The differences in the results across all three companies demonstrate the individuality of consumers' identification with the companies. An overview of respondents' demographic profile (gender, age group, income, education and race) is presented across companies.

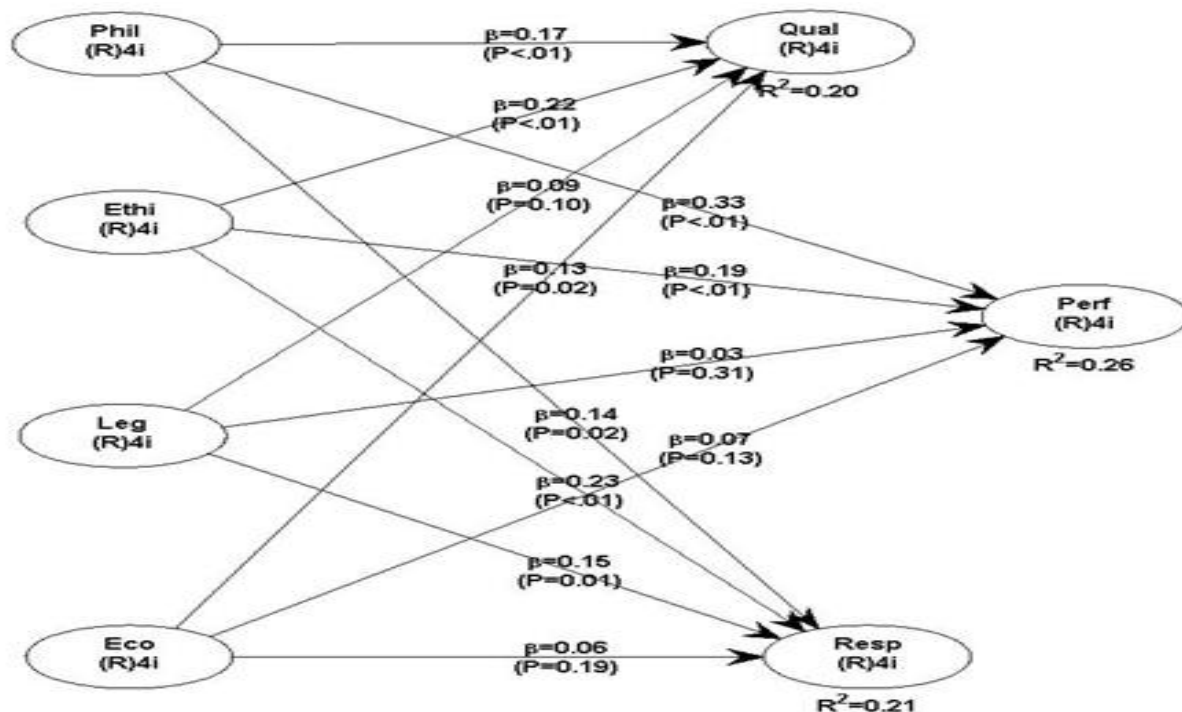
#### **5.5.9.1 Quantitative Case Study Results for Brand Empire**

As shown in Table 5.25, 57% of respondents were males while 43% were females. The major proportion of the sample (37%) were aged between 18–24 years, with 30%, 14%, 12%, 4% and 3% being between the ages of 25–34, 35–44, 45–54, 55–64 and 65 years and above respectively. The net income of 78% of the respondents ranged between R1000–R10, 000. Fifty six percent of respondents had a matric qualification while 19% and 11% had an undergraduate and postgraduate degree. Sixty percent of respondents were African, 7%, 6% and 27% were Indian, White and Coloured respectively.

**Table 5.25: Demographic Profile of Brand Empire's Respondents**

Gender	%	Age-group	%	Income	%	Education	%	Race	%
Male	57.0	18 - 24 years	37.0	R1000 - R5000	57.1	Less than matric	8.7	African	60.3
Female	43.0	25 - 34 years	30.1	R5001 - R10,000	20.5	Matric	56.2	White	6.8
	100	35 - 44 years	14.2	R10,001 - R15,000	6.8	National diploma	18.7	Coloured	6.4
		45 - 54 years	11.5	R15,001 - R20,000	6.4	Bachelor's degree	10.5	Indian	26.5
		55 - 64 years	4.1	R20,001 - R25,000	3.7	Honours	3.7		100.0
		65 years and older	3.2	R25,001 - R30,000	2.7	Master's degree	2.3		
			100	R30,001 - R35,000	1.8		100		
				R35,001 – R40,000	.5				
				Over R45,000	.5				
				100					
Sample size		n=291							

The results as shown in Figure 5.11 reveal that CSR expectations have a significant influence on the company's corporate reputation. The weakest link was found between legal CSR and the performance dimension of corporate reputation ( $\beta=0.03$ ,  $p=0.31$ ) which makes the link the least unsupported on the nomological net for Brand Empire. The strongest link was found between philanthropic CSR and the performance dimension of corporate reputation ( $\beta=0.33$ ) with a p-value of less than 0.01 which makes the link the most supported. The results also show that the paths between ethical CSR ( $\beta=0.22$ ;  $p<0.01$ ) to quality, ethical CSR ( $\beta=0.23$ ;  $p<0.01$ ) to responsibility, ethical CSR ( $\beta=0.19$ ;  $p<0.01$ ) to performance and philanthropic CSR ( $\beta=0.17$ ;  $p<0.01$ ) to quality yielded significant contributions to Brand Empire's model. It can be inferred that a total number of five paths yielded positive contributions while seven paths yielded negative contributions to the model. The result suggests that philanthropic, ethical and economic CSR expectations have the strongest influence and predictive relevance on Brand Empire's corporate reputation.



**Figure 5.11: Results for the Brand Empire Model**

The Cronbach's alpha values of the Brand Empire as shown in Table 5.26 reveal that the responses provided for the company are reliable and different from the responses for the other companies. The positive explanatory power of  $R^2$  for (quality = 0.204), (performance 0.262) and (responsibility = 0.207) reveal the strength of the variance explained for the model. Conversely, the positive  $Q^2$  values of (quality = 0.209), (performance = 0.268) and (responsibility = 0.211) further demonstrate the extent to which the exogenous constructs (philanthropic, ethical, legal and economic CSR) have predictive relevance on the endogenous constructs (quality, performance and responsibility dimensions of corporate reputation).

**Table 5.26: Latent Variable Coefficient for Brand Empire**

	Phi	Eth	Leg	Eco	Qual	Perf	Resp
R <sup>2</sup>					0.204	0.262	0.207
Adj. R <sup>2</sup>					0.190	0.248	0.193
Composite reliability	0.864	0.813	0.901	0.783	0.876	0.893	0.856
Cronbach's alpha	0.789	0.691	0.853	0.628	0.810	0.840	0.775
AVE	0.614	0.528	0.695	0.540	0.638	0.676	0.598
Full Collin. VIF	1.877	1.800	1.716	1.050	2.216	2.518	1.784
Q <sup>2</sup>					0.209	0.268	0.211

The model fit indices exceed all recommended criteria. This reveals that the Brand Empire model has a good fit, thus showing its distinctiveness from the rest of the models. As shown in Table 5.27, the average path coefficient (APC) yielded 0.151, the average R-squared (ARS); 0.225, the average block inflation factor (AVIF); 1.852, the goodness of fits (GoF); 0.371, the average adjusted R-square (AARS); 0.210 and the R-square contribution ratio (RSCR); 1.000 were used to assess the overall model fit following (Kock 2011). APC and ARS yielded values significant at a five percent level, while AVIF yielded a value lower than five, which reveals the compatibility between the data and model (Rosenthal and Rosnow 1991).

**Table 5.27: Model Fit and Quality Indices for Brand Empire**

Fit index	Model	Model's p-value	Recommendation
Average path coefficient (APC)	0.151	=0.006	Good if $p \leq 0.05$
Average R-squared (ARS)	0.225	=0.001	Good if $p \leq 0.05$
Average block VIF (AVIF)	1.852		Acceptable if $\leq 5$ , Ideally $\leq 3.3$
Goodness of Fit (GoF)	0.371		Small $\geq 0.1$ , Medium $\geq 0.25$ , Large $\geq 0.36$
Average adjusted R-squared (AARS)	0.210	=0.001	Good if $p \leq 0.05$
R-squared contribution ratio (RSCR)	1.000		Acceptable if = 0.7, Ideally = 1

### 5.5.9.2 Quantitative Case Study Results for Brand Castle

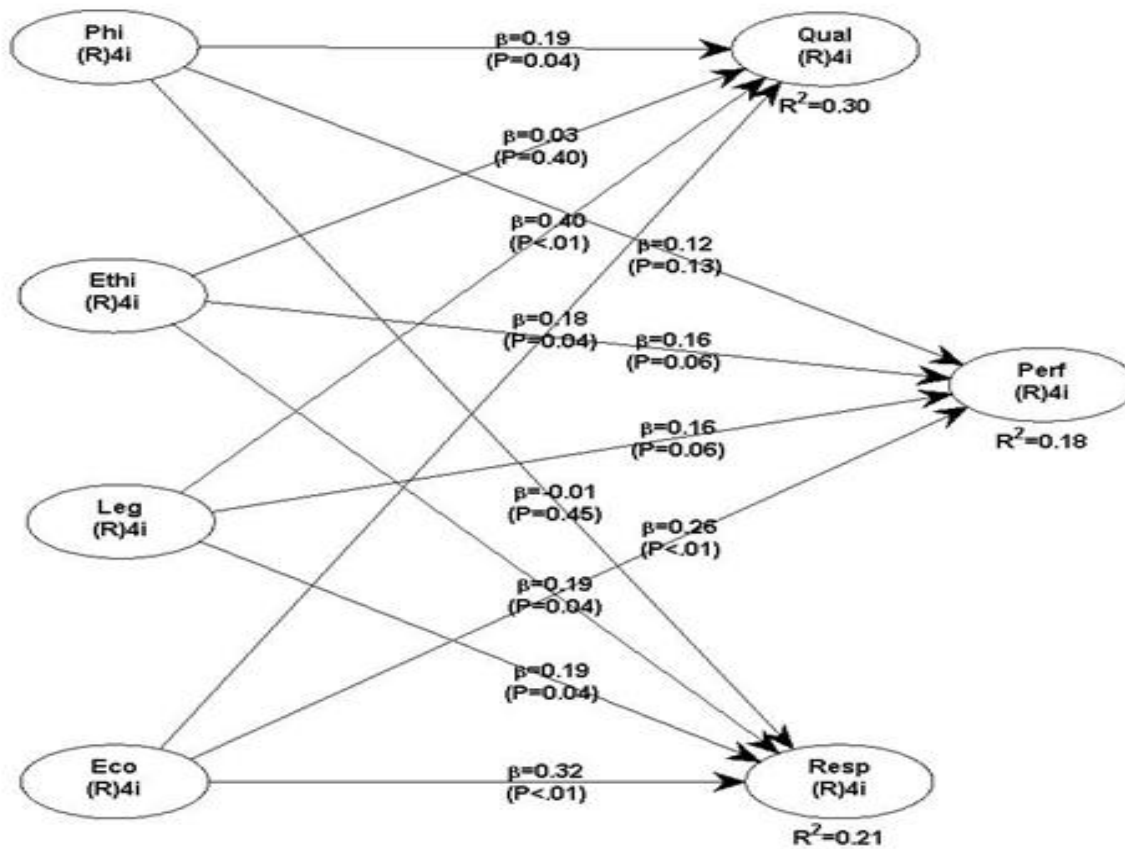
As shown in Table 5.28, 58% of respondents were males while 42% were females. The major proportion of the sample (47%) were aged between 18–24 years, with 28%, 15%, 5%, 4% and 1% being between the ages of 25–34, 35–44, 45–54, 55–64 and 65 years and above respectively. The net income of 78% of the respondents ranged between R1, 000–R10, 000. Fifty percent of respondents had a matric qualification while 30% and 17% had an undergraduate and postgraduate degree. Fifty nine percent of respondents were African, 12%, 7% and 21% were Indian, White and Coloured respectively.

**Table 5.28: Demographic Profile of Brand Castle's Respondents**

Gender	%	Age-group	%	Income	%	Education	%	Race	%
Male	58.0	18–24 years	46.9	R1000–R5000	49.4	Less than matric	1.2	African	59.3
Female	42.0 100	25–34 years	28.4	R5001–R10,000	19.8	Matric	49.4	White	12.3
			14.8		8.6	National diploma	25.9	Coloured	7.4
		35–44 years	4.9	R10,001–R15,000	7.4	Bachelor's	17.3	Indian	21.0
		45–54 years	3.7	R15,001–R20,000	2.5	degree	3.7		100
		55–64 years	1.2	R20,001–R25,000	3.7	Honours	1.2		
		65 years and older	100	R25,001–R30,000	3.7	Master's degree	1.2		
				R30,001–R35,000	2.5	PhD	100		
				R35,001–R40,000	2.4				
				Over R45,000	100				
<b>Sample size</b>		<b>n=81</b>							

The results as shown in Figure 5.12 reveal that CSR expectations have a significant influence on the company's corporate reputation. The weakest link ( $\beta=-0.01$ ,  $p=0.45$ ) was found between philanthropic CSR and the responsibility dimension of corporate reputation, which makes the link the least unsupported on the nomological net for Brand Castle. The strongest link was found between legal CSR and the quality dimension of corporate reputation ( $\beta=0.40$ ,  $p<0.01$ ) which makes the link the most supported. The results also show that the paths between economic CSR ( $\beta=0.26$ ;  $p<0.01$ ) to performance and economic CSR ( $\beta=0.32$ ;  $p<0.01$ ) to responsibility, yielded significant contributions to

Brand Castle's model. It can be inferred that a total number of three paths yielded positive contributions while nine paths yielded negative contributions to the model.



**Figure 5.12: Results for the Brand Castle Model**

The Cronbach's alpha values for Brand Castle as shown in Table 5.29 reveal that the responses provided for the company are reliable and different from the responses for the other companies. It is noteworthy that ethical CSR yielded the lowest composite reliability value (0.656), lowest Cronbach's alpha value (0.498) and lowest AVE (0.434) for Brand Castle. The positive explanatory power of  $R^2$  for (quality = 0.304), (performance = 0.180) and (responsibility = 0.206) reveal the strength of the variance explained for the model. Conversely, the positive  $Q^2$  values of (quality = 0.314), (performance = 0.200) and (responsibility = 0.213) further demonstrate the extent to which the exogenous constructs (philanthropic, ethical, legal and economic CSR) have predictive relevance on the endogenous constructs (quality, performance and responsibility dimensions of corporate

reputation). While the high positive explanatory power of  $R^2$  yielded for Brand Castle could have justified the superiority of the model to Brand Empire's model, the model has more unsupported links compared to the latter. Also, Brand Castle has the lowest sample size of 89 compared to the Brand Empire (291), which implies a lower dispersion amongst its respondents. This could have contributed to its higher explanatory power. However, the result proves that economic and legal CSR expectations have the strongest influence and predictive relevance on Brand Castle's corporate reputation.

**Table 5.29: Latent Variable Coefficient for Brand Castle**

	Phi	Eth	Leg	Eco	Qual	Perf	Resp
$R^2$					0.304	0.180	0.206
Adj. $R^2$					0.267	0.137	0.164
Comp reliab.	0.872	0.656	0.881	0.787	0.877	0.885	0.847
Cronbach's alpha	0.804	0.498	0.820	0.606	0.811	0.825	0.758
AVE	0.632	0.434	0.651	0.610	0.641	0.660	0.585
Full Collin. VIF	1.479	2.069	1.604	1.601	2.044	1.964	1.561
$Q^2$					0.314	0.200	0.213

The model fit indices meet all recommended criteria to show a good fit for the Brand Castle model, which is particularly distinct from the rest of the models. As shown in Table 5.30, the average path coefficient (APC) yielded 0.185, the average R-squared (ARS); 0.210, the average block inflation factor (AVIF); 1.313, the goodness of fits (GoF); 0.371, the average adjusted R-square (AARS); 0.161 and the R-square contribution ratio (RSCR); 1.000 were used to assess the overall model fit following (Kock 2011). APC and ARS yielded values significant at a five percent level, while AVIF yielded a value lower than five, which reveal the compatibility between the data and model (Rosenthal and Rosnow 1991).

**Table 5.30: Model Fit and Quality Indices for Brand Castle**

Fit index	Model	Model's p-value	Recommendation
Average path coefficient (APC)	0.185	=0.021	Good if $p \leq 0.05$
Average R-squared (ARS)	0.230	=0.007	Good if $p \leq 0.05$
Average block VIF (AVIF)	1.313		Acceptable if $\leq 5$ , Ideally $\leq 3.3$
Goodness of Fit (GoF)	0.372		Small $\geq 0.1$ , Medium $\geq 0.25$ , Large $\geq 0.36$
Average adjusted R-squared (AARS)	0.161	<0.001	Good if $p \leq 0.05$
R-squared contribution ratio (RSCR)	1.000		Acceptable if $\geq 0.7$ , Ideally = 1

### 5.5.9.3 Quantitative Case Study Results for Brand Estate

As shown in Table 5.31, 46% of respondents were males while 54% were females. The major proportion of the sampled (61%) were aged between 18–24 years, with 23%, 6%, 7%, 1% and 2% being between the ages of 25–34, 35–44, 45–54, 55–64 and 65 years and above respectively. The net income of 79% of the respondents ranged between R1, 000–R10, 000. Fifty six percent of respondents had a matric qualification while 19% and 11% had an undergraduate and postgraduate degree. Sixty percent of respondents were African, 7%, 6% and 27% were Indian, White and Coloured, respectively.

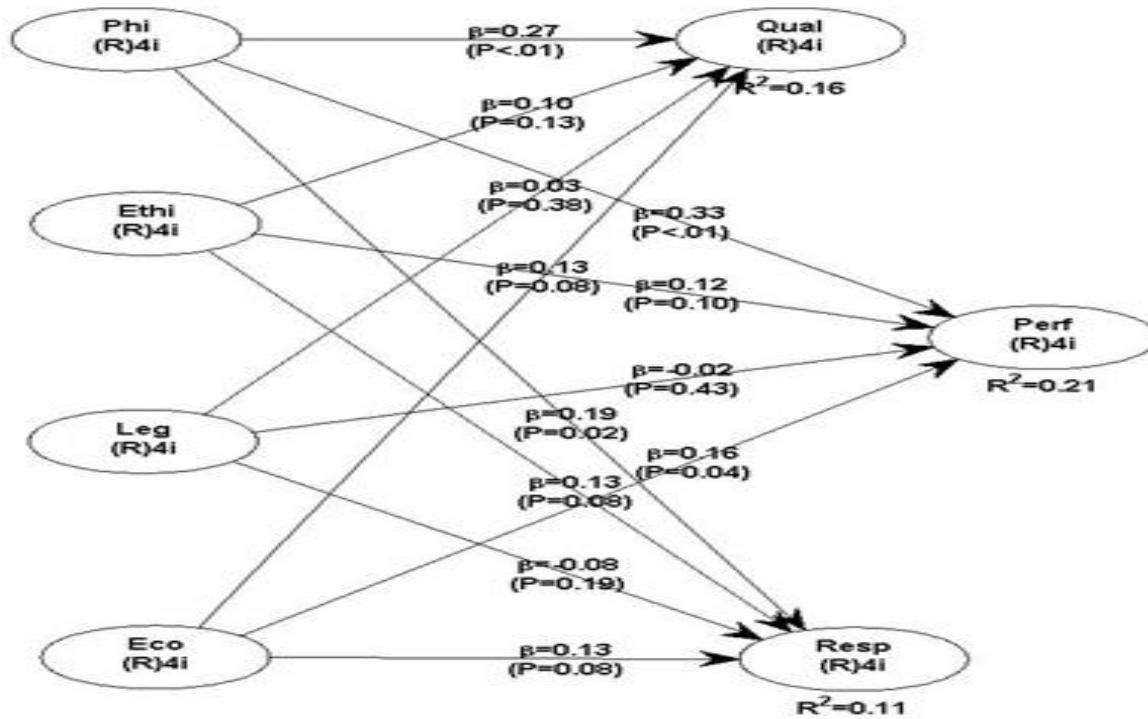
**Table 5.31: Demographic Profile of Brand Estate's Respondents**

Gender	%	Age-group	%	Income	%	Education	%	Race	%
Male	45.9	18–24 years	60.5	R1000–R5000	64.0	Less than matric	5.4	African	56.8
Female	54.1	25–34 years	23.0	R5001–R10,000	15.3	Matric	55.0	White	6.3
	100	35–44 years	6.3	R10,001–R15,000	9.0	National diploma	23.4	Coloured	9.0
		45–54 years	7.2	R15,001–R20,000	1.8	Bachelor's degree	10.8	Indian	27.9
		55–64 years	.9	R20,001–R25,000	1.8	Honours	2.7		100
		65 years and older	1.8	R25,001–R30,000	1.8	Master's degree	2.7		
			100	R30,001–R35,000	2.7		100		
				R40,001–R45,000	.9				
				Over R45,000	2.7				
					100				
<b>Sample size</b>		<b>n=111</b>							



The results as shown in Figure 5.13 reveal that CSR expectations have a significant influence on the company's corporate reputation. The weakest link ( $\beta=-0.08$ ,  $p=0.19$ ) is found between legal CSR and the responsibility dimension of corporate reputation, which makes the link the least unsupported on the nomological net for Brand Estate. The strongest link is found between philanthropic CSR and the performance dimension of corporate reputation ( $\beta=0.33$ ,  $p<0.01$ ) which makes the link the most supported. The results also show that the path between philanthropic CSR ( $\beta=0.27$ ;  $p<0.01$ ) to performance, yielded significant contributions to Brand Estate's model. It can be inferred that only two paths yielded positive contributions while ten paths yielded negative contributions to the model.

The Cronbach's alpha values for Brand Estate as shown in Table 5.32 also reveal the reliability of the responses provided and further demonstrate the distinctiveness of the company's findings from its counterparts. The positive explanatory power of  $R^2$  for (quality = 0.165), (performance = 0.211) and (responsibility = 0.106) reveal that CSR expectations also have a significant influence on Brand Estate's corporate reputation. The weakest link is found between legal CSR and the responsibility dimension of corporate reputation ( $\beta = -0.08$ ) at a significant level of ( $p= 0.19$ ). The finding further reveals that the link is the only unsupported link on the nomological net for Brand Estate.



**Figure 5.13: Results for the Brand Estate Model**

The Cronbach's alpha values for Brand Estate as shown in Table 5.32 reveal that the responses provided for the company are reliable and different from the responses for the other companies. The positive explanatory power of  $R^2$  for (quality = 0.165), (performance = 0.211) and (responsibility = 0.106) reveal the strength of the variance explained for the model. Conversely, the positive  $Q^2$  values of (quality = 0.151), (performance = 0.228) and (responsibility = 0.156) further demonstrate the extent to which the exogenous constructs (philanthropic, ethical, legal and economic CSR) have predictive relevance on the endogenous constructs (quality, performance and responsibility dimensions of corporate reputation). This result proves that only philanthropic CSR expectations have the strongest influence on Brand Estate's corporate reputation, which also have the strongest predictive relevance on the company's corporate reputation. The lowest explanatory power yielded for Brand Estate, compared to its counterparts, suggests that the model is the weakest model. This proposition is based on Brand Estate's relatively low sample size of (111) compared to Brand Castle's sample size of (89). In other words, all things being

equal, the company should have benefited from its lower mean dispersion to yield better results than Brand Empire, with the highest sample size of (291).

**Table 5.32: Latent Variable Coefficient for Brand Estate**

	Phi	Eth	Leg	Eco	Qual	Perf	Resp
R <sup>2</sup>					0.165	0.211	0.106
Adj. R <sup>2</sup>					0.133	0.181	0.072
Comp reliab.	0.893	0.825	0.916	0.788	0.866	0.850	0.855
Cronbach`s Alpha	0.839	0.715	0.878	0.634	0.794	0.764	0.772
AVE	0.677	0.545	0.732	0.554	0.619	0.586	0.599
Full Collin. VIF	1.648	2.031	1.749	1.071	1.769	2.111	1.653
Q <sup>2</sup>					0.151	0.228	0.156

The model fit indices for Brand Estate also surpass all recommended criteria, fitting well for the Brand Estate model, which distinguishes it from the rest of the models. As shown in Table 5.33, the average path coefficient (APC) yielded 0.142, the average R-squared (ARS); 0.160, the average block inflation factor (AVIF); 1.402, the goodness of fits (GoF); 0.314, the average adjusted R-square (AARS); 0.129 and the R-square contribution ratio (RSCR); 0.960 were used to assess the overall model fit following (Kock 2011). APC and ARS yielded values significant at a five percent level, while AVIF yielded a value lower than five, which reveal the compatibility between the data and model (Rosenthal and Rosnow 1991).

**Table 5.33: Model Fit and Quality Indices for Brand Estate**

Fit index	Model	Model`s p-value	Recommendation
Average path coefficient (APC)	0.142	=0.031	Good if $p \leq 0.05$
Average R-squared (ARS)	0.160	=0.020	Good if $p \leq 0.05$
Average block VIF (AVIF)	1.402		Acceptable if $\leq 5$ , Ideally $\leq 3.3$
Goodness of Fit (GoF)	0.314		Small $\geq 0.1$ , Medium $\geq 0.25$ , Large $\geq 0.36$
Average adjusted R-squared (AARS)	0.129	=0.041	Good if $P \leq 0.05$
R-squared contribution ratio (RSCR)	0.960		Acceptable if $\geq 0.7$ , Ideally = 1

## **5.6 Conclusion**

The qualitative and quantitative findings presented in this chapter reveal that consumer behavioural outcomes are a reflection of corporate strategy. The results further justify the multidimensionality and operationalisation of the CSR-based corporate identity construct. The qualitative findings prove that the antecedents of CSR CI are embedded in actual identities while the components of CSR CI can be found in the other CSR CI profile. The findings presented in this chapter also demonstrate the theoretical overlap between the individual and organisational levels of CSR.

The results of this study reveal that higher explanatory powers may not necessarily translate to actionable managerial decisions. In other words, the significant contributions of path coefficients of structural relationships have more significant implications for theory and practice. It can be inferred from the corroborated findings that the optimisation of corporate marketing from the organisational level is dependent on the acquisition of the license to operate and sustainability of business practices, which all lean on benchmarking business practices against national and global best practices. Conversely, optimal corporate marketing from the individual level can be achieved by leveraging consumers' expectations based on the appraisal of legitimate corporate behaviour. The discussion of findings will be presented in the next chapter.

## **CHAPTER 6**

### **DISCUSSION OF FINDINGS**

#### **6.1 Introduction**

The findings of this study were presented in the previous chapter. This chapter offers the discussion of findings by critically evaluating the convergence and divergence of the findings with existing literature. The chapter provides an overview of the implications of the antecedents and components of CSR corporate identity for the optimisation of corporate marketing and reveals how the relationship between CSR-related consumer behavioural outcomes influence the optimisation of corporate marketing. The aim of this chapter is therefore to critically evaluate the implications of the findings of this study for the optimisation of corporate marketing, which, as synthesised in the literature review chapters, is underpinned by institutional legitimacy.

#### **6.2 CSR Corporate Identity and Corporate Marketing**

The results of this study show that the implications of CSR corporate identity for the optimisation of corporate marketing is largely influenced by company-specific factors arising from the diversity in corporate history, structure, culture, vision, mission and ethos. There were pronounced trends which indicate that the acquisition of the license to operate, sustainability of business practices and a dynamic conformity with national and global best practices play a crucial role in the ability of companies to harness CSR corporate identity to leverage optimal corporate marketing. In addition, the entrenchment of CSR corporate identity was indicative of the strength of corporate heritage identity while weak organisational structure was typically associated with disintegrated CSR corporate identity. Unexpectedly, companies with a disintegrated CSR identity showed more potential for a morally conscious CSR identity. Similarly, a strong corporate heritage identity was not indicative of the entrenchment of a morally conscious CSR identity. In other words, a strong corporate heritage identity may reinforce compliance and capitalistic CSR-based approaches to CSR.

### **6.2.1 CSR Corporate Identity and Corporate Marketing for Brand Empire**

The results for Brand Empire show that compliance and lifelong learning are the antecedents of the company's CSR corporate identity, which constitute the company's CSR actual identity. In other words, Brand Empire's CSR engagements are driven by a compliance and lifelong learning-based corporate ethos. The compliance-based approach to CSR finding concurs with the findings of studies conducted by Smit (2010) and Kleyn *et al.* (2012), which identified instances of where organisations conscientiously comply with industry charters and regulations. A compliance-based approach to CSR has the tendency to gravitate towards what Weaver, Trevino and Cochran (1999: 539) refer to as decoupling, a phenomenon which exemplifies how companies deliberately foster coherent organisational identities and corporate rhetoric to build corporate image and reputation.

Surroca, Tribó and Waddock's (2010) study which found that CSR engagements are driven by intangible resources such as human capital and innovation is consistent with Brand Empire's antecedent of lifelong learning. While lifelong learning is a critical resource for the optimisation of corporate marketing, considering the pivotal role of marketing intelligence on the predictability of consumers' future needs (Ferrell *et al.* 2010: 93), a lifelong learning culture which is driven by a compliance-based approach to CSR may have deleterious effects on the optimisation of corporate marketing, on the account that such an approach is more legalistic than ethical and hence not sustainable. Somewhat surprisingly, this study has proven that a compliance-based approach to CSR can be reinforced by a strong corporate heritage identity. There is some evidence that the company may not be as actively involved in CSR, in the absence of industry charters and reporting standards. This finding particularly justifies the need for a balanced approach to CSR as advocated by Carroll (2016: 2) which, as a consequence, leverages institutional legitimacy and sustainable development.

Similarly, the core components of Brand Empire's CSR identity in relation to its CSR communicated and conceived identities are premised on a procedural strategy. This finding is consistent with the company's antecedent of a compliance and lifelong learning-

based approach to CSR and Suchman's (1995: 578) notion of strategic legitimacy based on its managerial undertone on the account that the concept is referred to as the process through which organisations strategically seek legitimacy (Oliver 1996: 163). While such an approach could yield reputational benefits in the short term, it is regarded as a promotional CSR approach which is rather cosmetic and short-lived. It is noteworthy that this study does not dismiss the notion of strategic planning, but advocates for the entrenchment of a morally conscious CSR approach which according to Pirsch, Gupta and Grau (2007: 125) decreases scepticism and enhances customer loyalty and attitude towards the company.

The result which reveals that the aspirational components of Brand Empire's CSR identity (ideal and desired identities) relate to the acquisition of the license to operate and conformity to global best practices further justifies the company's quest for strategic legitimacy. Nevertheless, these aspirational components have the potential to leverage optimal corporate marketing, on the grounds that the ability to acquire and sustain the license to operate which applies to global best practices is the result of institutional legitimacy. However, caution is advised when adapting global best practices to local strategies given that CSR is a socially constructed concept (Dartey-Baah and Amponsah-Tawiah 2011: 126). There is some evidence that the company's aspirations could induce the adoption of a hybridised strategic-institutional legitimacy approach. Interestingly, this finding reveals the potential of ideal and desired identities in redressing ill-conceived actual identities.

### **6.2.2 CSR Corporate Identity and Corporate Marketing for Brand Castle**

The Brand Castle case has shown that the potential for a morally conscious CSR identity can be eroded by volatile organisational structure resulting from mergers and acquisitions on the account that structural changes were the main antecedents identified in Brand Castle's CSR actual identity, in spite of the company's robust CSR portfolio. This result reveals the tendency for a CSR identity crisis and the possibility for a misconstrued identity for both internal and external stakeholders which is consistent with the identity misalignment identified in the BP-Amoco merger in 1998 (Balmer, Powell and Greyser

2011: 8). While mergers and acquisitions enhance product extensions, brand categories and customer base, they have the tendency to inhibit monolithic corporate brands and the positioning of a coherent corporate identity.

It is not conclusive that mergers and acquisitions have only negative impacts on CSR corporate identity. Successful implementations of mergers and acquisitions and the morally conscious CSR culture of acquiring companies could be a source of competitive advantage, given its possibility of yielding intangible resources such as human capital and innovation (Surroca, Tribó and Waddock 2010: 33), which could be instrumental for leveraging potential CSR corporate identity and reputational crises. In addition, the mergers and acquisitions have the potential to form strong strategic alliances, which is consistent with Theuvsen, Heyder and Niederhut-Bollmann's (2010: 61) study which found that strategic group memberships enhance the ability to move between groups, which consequently influences CSR performance.

Brand Castle's antecedent of structural changes further justifies the internally focused nature of the core component of its communicated and conceived identities. This finding demonstrates that the company's history of mergers and acquisitions has induced a cyclical CSR communication strategy, which not only weakens the accountability of its CSR engagements but also undermines its ability to adopt an institutionalised CSR approach. The internal focus of the company's CSR communicated and conceived identities could be detrimental to harnessing its aspirations of acquiring the license to operate and corporate sustainability. This proposition is consistent with the views expressed by Motshegwa (2016) on the grounds that the ability to acquire the license to operate in South Africa, and hence corporate sustainability, is dependent on a culturally sensitive and spontaneous organisational culture. Similarly, Palazzo and Scherer (2006: 71) advocate for an active communicative engagement in public deliberation to acquire institutional legitimacy.

### **6.2.3 CSR Corporate Identity and Corporate Marketing for Brand Estate**

This study has shown that Brand Estate's CSR actual identity is predominantly premised on a capitalistic CSR approach, which gravitates toward the investment undertone of CSR



in South Africa, which Ndhlovu (2011: 72) contends as the result of spontaneous of corporate philanthropy to appease political sanctions in the apartheid regime. While the antecedent of Brand Estate's CSR actual identity is not surprising, the sustainability of a capitalistic-orientated CSR approach may not be able to preserve customer trust and illuminate potential risks to organisational legitimacy in the future, given increasing stakeholder awareness and expectations of CSR. In addition, Brand Estate's CSR actual identity could erode the potential for a collaborative stakeholder engagement as advocated by Cornelissen (2014). The rigidity of a capitalistic approach inhibits the ability to create a platform to adapt CSR engagements to changing stakeholder expectations and claims, understand and anticipate trends, enhance stakeholder advocacy and loyalty and deliver more agile solutions to sustainable development.

Similarly, the core components of Brand Estate's communicated and conceived identities are focused around an investment approach to CSR and reputation myopia, which reveals that the company has a narrowly conceived notion of the influence of stakeholders' cognitive insights on reputation. The interplay between the core components of Brand Estate's CSR identity offers more insights into Suchman's (1995: 578) notion of strategic legitimacy not only because it provides an unapologetic stance of a capitalistic CSR approach but also because it reveals the potential of an extreme strategic legitimisation approach to institutionalising an elusive CSR identity. Blanding (2014) identified a tendency for socially irresponsible behaviour amongst organisations which have strong Future Time Reference (FTR) in CSR communication and vice versa. This finding concurs with the investment outlook of Brand Estate's CSR communicated and conceived identities on the account that the latter is future oriented which provides evidence that the company may not be as socially responsible as portrayed on the JSE SRI index. Unexpectedly, this finding has shown that being a top performer in CSR and reputational market based indices may not necessarily be an indication of actual social responsibility. The finding also confirms that legitimacy can be based on pragmatic, cognitive or moral orientations, as advocated by Suchman (1995: 571).

Ironically, the company aspires for good corporate governance but not surprisingly, a business case for CSR, as derived from its CSR ideal and desired identities. Brand Estate's notion of ideal identity is consistent with the views expressed by Nainawat and Meena (2013: 1088) which point out the detrimental impact of poor corporate governance structure on corporate sustainability. There is a misfit between the aspirational components of the company's CSR identity on the account that its notion of a business case for CSR is not consistent with earlier works on corporate social performance which is premised on responsiveness to societal needs (Carroll 1979). The business case for CSR and an entrenched morally conscious CSR are not mutually exclusive. In other words, the business case for CSR is a means to an end and not an end in itself. The end in the context of this study constitutes optimal corporate marketing, which as a consequence leads to institutional legitimacy and sustainable development.

### **6.3 Consumer Values, CSR Expectations and Purchase Behaviour**

The discussion of findings generated for objective two, which relates to investigating whether CSR expectations have more mediating or moderating effects on consumer values and purchase behaviour, will be presented in this section. Consumer values were found to have positive effects on purchase behaviour, although CSR expectations strengthened the relationship between the constructs. The finding relating to the linear relationship between the constructs resonates with prevailing thoughts on the influence of consumer values on behavioural outcomes. This notion is supported by Rowley and Moldoveanu (2003: 206) who argue that stakeholders' response to CSR is influenced by personal interests, values, morals and individual priorities. In addition, consumers who hold higher self-transcendence values were reported to exhibit higher CSR expectations and behavioural outcomes (Han 2015: 298), which confirms the positive effects of consumer values on purchase behaviour.

It was found that CSR expectations (with the exception of legal CSR) showed no mediating effects in the relationship between consumer values and purchase behaviour. In other words, the fulfilment of consumers' expectations of legal CSR explains the positive relationship between consumer values and purchase behaviour, in the context of

the sample population. Similarly, De Pelsmacker and Janssens (2007); (Folse, Niedrich and Grau 2010; Kang and Hur 2012) report that CSR showed partial mediation effects on consumer behavioural outcomes. In addition, consumers have been reported to show a high preference for legal CSR following Maignan (2001) and Podnar and Golob (2007). The exceptional positive mediating effect of legal CSR in the hypothesised relationship of this study could be attributed to consumers' reliance on the law to redress corporate misconduct. In line with the foregoing, legality is reported to have gained unprecedented attention in Africa (Dartey-Baah and Amponsah-Tawiah 2011: 126), following the quest to redress the ills of colonialism and the influence of westernised culture (Oginni and Omojowo 2015: 72).

The positive moderating role played by CSR expectations in the relationship between consumer values and purchase behaviour resonate with the findings reported by Maignan (2001), Ma and Jiang (2010) and Plewa *et al.* (2015) which showed that CSR moderates consumer behavioural outcomes. In addition, ethical CSR showed more moderating effects on the relationship between consumer values and purchase behaviour, which is followed by economic CSR, with the exception of philanthropic CSR which yielded negative contributions. In line with Maignan's (2001), Podnar and Golob's (2007) arguments, individual contributions of moderating effects vary based on the importance attached to each CSR dimension and country-specific factors. The foregoing argument provides evidence for the variability in the outcomes of the moderating effects. Nevertheless, the dominance of the moderating effects of ethical and economic CSR indicates that the relationship between consumer values and purchase behaviour is stronger when expectations of ethical and economic CSR are met.

Unexpectedly, philanthropic CSR yielded negative contributions as opposed to the Afrocentric popular belief (Dartey-Baah and Amponsah-Tawiah 2011: 126) which opines that CSR is underpinned by corporate philanthropy in an emerging economy such as South Africa (Ndhlovu 2011: 72). In addition, the predominance of the moderating effects of ethical and economic CSR is paradoxical as the latter leans on profitability while the former relates to company's conformity with uncoded societal norms and values on appropriate corporate behaviour. There is some evidence which justifies that consumer

values have more influence on purchase behaviour when companies make profits in an ethical manner. As such, effortless demonstration of responsiveness to societal needs could leverage consumers' expectations of CSR for the optimisation of corporate marketing.

The emerging nature of the South African economy (Ndhlovu 2011), coupled with its historical structure of social exclusion (Babarinde 2009), could have a combined effect on the isolation of legal CSR as the only mediator of the relationship between consumer values and purchase behaviour and hence, a significant predictor of the relationship between the constructs. The moderating effects of ethical and economic CSR on consumer values and purchase behaviour resonate with prevailing consumers behavioural outcomes reported in extant literature following Maignan (2001), Ma and Jiang (2010) and Plewa *et al.* (2015) and even in the South African context (van Heerden and De Beer 2016). It is anticipated that the resultant CSR trajectory of the post-apartheid regime (Ramlall 2012) will further enhance the entrenchment of CSR awareness into consumer behaviour in the future. The South African CSR trajectory is long overdue, considering the robustness of global CSR portfolio (KPMG 2013) and the proliferation of CSR behavioural outcomes globally (Neale, Filo and Funk 2007), (Folse, Niedrich and Grau 2010), (Alhouti, Johnson and Holloway 2016) and (Alrubaiee *et al.* 2017).

#### **6.4 CSR Expectations and Corporate Reputation**

The findings derived from the CSR expectations and corporate reputation model will be critically analysed in this section. It is noteworthy that all CSR expectations dimensions yielded contributions to corporate reputation. The most significant contributions are hereafter discussed. Philanthropic CSR had the most significant contribution to the performance dimension of corporate reputation, which reveals that the fulfilment of consumers' philanthropic expectations enhances evaluations of companies' financial performance. It follows that consumers perceive corporate philanthropy as an indication of financial stability, which also provides evidence of consumers' confidence in such companies. This finding is inconsistent with Park, Lee and Kim's (2014: 295) study on Korean consumers which found that philanthropic CSR influenced social benevolence

trust, as opposed to expertise and integrity trust which gravitate toward the performance dimension of corporate reputation.

Following Dartey-Baah and Amponsah-Tawiah (2011: 128), CSR in Africa is synonymous to engagements in community development initiatives such as charitable giving to support school and health projects in vulnerable communities, in the quest to redress the social and economic ills of colonialism (Ramlall 2012: 270). Similarly, Eweje (2007: 218) also found the tendency for higher expectations of philanthropic initiatives in the context of Nigerian consumers, which is also the case in South Africa (Ndhlovu 2011: 72). In addition, Bustamante (2011: 7) established that the construction of stakeholder expectations of CSR are underpinned by cultural, economic and institutional differences, which in the South African case justifies the significant contributions of philanthropic CSR on the performance dimension of corporate reputation.

Ethical CSR showed the most significant contributions to the quality and responsibility dimensions of corporate reputation respectively. This finding reveals that a company's reputation for quality of products is underpinned by the fulfilment of consumers' ethical expectations. Similarly, the higher significant contribution of ethical CSR to responsibility, as opposed to the performance dimension of reputation could imply consumers' preference for social responsibility over financial performance. This finding could also imply the synonymous connotation of ethicality and social responsibility. Following Oliver (1996: 165), the notion of ethics is based on taken-for-granted cultural prescriptions and unspoken orienting assumptions which organisations have little or no influence over. There is therefore evidence that the predictive outcomes of ethical CSR on corporate reputation could demonstrate a higher tendency for institutional legitimacy. It is also noteworthy for companies to realise that consumers view social responsibility from an ethical standpoint and not necessarily as conscientious efforts targeted at building reputation.

Unexpectedly, ethical CSR showed more significant contributions in this study as opposed to the findings of prevailing studies conducted by Rahim, Jalaludin and Tajuddin (2011: 119) which maintain that Malaysian consumers ranked the dimension as the third

most important and Podnar and Golob (2007: 330) which merged the ethical and philanthropic dimensions due to non-performance of the two dimensions in a study conducted among Slovene customers. The finding derived for ethical CSR in this study further justifies Dartey-Baah and Amponsah-Tawiah's (2011: 128) notion that CSR and particularly ethical CSR, in the context of this study, is a socially constructed concept.

The effect of legal CSR was found to significantly contribute to the responsibility and quality dimensions of corporate reputation, while no contribution was made to the performance dimension of corporate reputation. It is noteworthy that the contribution of legal CSR to the responsibility dimension of corporate reputation is the third most significant contribution, after the paths between ethical CSR to the quality and responsibility dimensions corporate reputation. This finding reveals the pragmatic role of legal CSR in leveraging institutional legitimacy, on the account that the finding is consistent with earlier findings which report that conformity to prescribed legal frameworks is instrumental for assessing social responsibility.

Paraphrasing Smith, Read and López-Rodríguez (2010: 3), CSR initiatives which extend beyond legal CSR are perceived as capitalistic. While the authors' proposition is based on the behavioural outcomes of French consumers, this finding justifies that the ills of colonialism have induced an acculturated connotation of legality in Africa (Oginni and Omojowo 2015: 72), which has led to the renaissance of an Afrocentric reliance on the law to redress corporate misconduct (Dartey-Baah and Amponsah-Tawiah 2011: 128). There is evidence which suggests that consumers may have learned to associate conformity to legal frameworks with social responsibility. Nevertheless, it is noteworthy that the predominance of the relationship between ethical CSR and the responsibility dimension of corporate reputation over that of legal CSR and the responsibility dimension of corporate reputation reveals the intrinsic role that ethics plays in driving the institutional legitimacy trajectory.

The final finding for the economic CSR set for the base model developed for CSR expectations and corporate reputation reveals that the latter significantly contributes to the quality dimension of corporate reputation. While the hypotheses formulated for the

performance and responsibility dimensions of reputations were equally supported, the contributions are not significant. As opposed to popular belief that higher economic performances induce higher tendencies for social responsibility (Visser 2006: 31; Crane and Matten 2007: 7; Pomeroy and Johnson 2009b: 106; Carroll 2016: 2), the fulfilment of consumers' expectations of economic CSR in the context of this study is associated with a reputation for delivering better quality of products. This finding is consistent with Park, Lee and Kim's (2014: 295) study which found a direct link between economic performances and expertise trust. Following Visser (2006: 31), companies in developed countries are expected to engage in economic development initiatives which fall within government's responsibilities. The insignificance of the contributions that economic CSR has on the performance and responsibility dimensions of corporate reputation could be attributed to increasing industrialisation, globalisation and competitive strategies which may have increased the propensity for consumers to associate profitability with only product enhancement, given that profitability, economic performance and social responsibility are not mutually exclusive.

## **6.5 CSR Expectations, Consumer Values and Corporate Reputation**

The implications of the moderating effects of consumer values on the relationship between CSR expectations and corporate reputation will be discussed in this section. The individual contributions of the moderating effects show that the strength of the relationship between ethical CSR and the responsibility dimension of corporate reputation is contingent on emotional and social values respectively. The result also indicates that a functional value strengthens the relationship between legal CSR and the responsibility dimension of corporate reputation. Overall, the moderating results demonstrate that consumer values strengthen the relationship between CSR expectations and corporate reputation, and in particular, the relationship between economic CSR and the responsibility dimension of corporate reputation. This finding is consistent with the claim that economic CSR and the responsibility dimension of corporate reputation have the highest priority in Africa (Visser 2006: 29).

The high significance of the moderating effect of consumer values on the relationship between economic CSR and the responsibility dimension of corporate reputation is consistent with the common belief that higher economic performances increase expectations of social responsibility especially in developing countries (Crane and Matten 2007: 7), and countries with low CSR images (Han 2015: 303). This finding has revealed that the strength of the relationship between consumers' expectations of economic CSR and consumers' evaluation of the responsibility dimension of corporation reputation is contingent on consumer values.

In addition, the increase in the explanatory power of the model generated for the moderating effects further justifies the significant role consumer values play in the relationship between CSR expectations and corporate reputation. While this finding is consistent with the notion that values influence stakeholder evaluation of CSR (Rowley and Moldoveanu 2003: 206), diversity in consumer values has been reported to influence the construction of CSR expectations (Podnar and Golob 2007: 336), which justifies that consumers' identification with CSR is a key determinant of their sensitivity to CSR efforts (Sen and Bhattacharya 2001: 240).

## **6.6 CSR Expectations, Demographic Variables and Corporate Reputation**

This section will highlight the implications of the control effects of the demographic variables on the relationship between CSR expectations and corporate reputation. The result shows that the demographic variables *viz.* gender, age group, education and income, had the most significant effect on the relationship between legal CSR and the quality dimension of corporate reputation. The individual contributions of the control effect size as shown in Appendix II, reveal that respondents' gender influenced the legal CSR and the quality dimension of corporate reputation set. These findings are not unfounded following the high priority placed on legal CSR in Africa (Dartey-Baah and Amponsah-Tawiah 2011: 128). The results further show that respondents' age group and income influenced the economic CSR and the quality dimension of corporate reputation set while respondents' education influenced the ethical CSR and the quality dimension of corporate reputation set. The effect of respondents' age group and income on the economic CSR



and the quality dimension of corporate reputation suggest that there could be a tendency for consumers to expect companies to devote financial resources to the enhancement of product quality, following the traditional school of thought on CSR which maintains that profit maximisation is the only responsibility a company has toward the society (Friedman 2007: 173), and the preference of individualistic consumers for economic CSR (Maignan 2001: 57). This finding further suggests that improved economic performance enhances consumers' evaluation of product quality. The lack of significant control effects on the philanthropic CSR and the quality dimension of reputation set provides evidence that the relationship between the constructs is not affected by demographic variables in the context of this study.

## **6.7 CSR Expectations and Corporate Reputation for Participating Companies**

This section will present the implications of the predictive outcomes of the CSR expectations and a corporate reputation model for each of the participating companies, in relation to the C-C endorsement for each of the companies. The results are based on the quantitative case study findings which were generated to provide an additional coverage to the qualitative case study. The C-C endorsements for the participating companies demonstrate the interconnectedness between corporate identity and corporate reputation and enhances one's understanding of the intrinsic role of halo-removed measures in assessing organisational legitimacy.

### **6.7.1 Brand Empire**

The results for the Brand Empire model reveal that philanthropic CSR had the most significant predictive outcome on the performance dimension of the company's reputation. This finding further establishes that the fulfilment of consumers' philanthropic expectations is associated with consumers' evaluation of financial performance. This finding is inconsistent with the study which found that philanthropic CSR is associated with social benevolence (Park, Lee and Kim 2014: 295). It can therefore be inferred that consumers' perceptions of corporate philanthropy are associated with financial stability, which is not unfounded following the proposition that economic prosperity is a catalyst for social responsibility (Carroll 2016: 2).

Conversely, the result also shows that legal CSR had the weakest predictive outcome on the performance dimension of corporate reputation. The predominance of the company's reputation for financial performance is also revealed in the highest explanatory power yielded for the dimension. The high priority given to legal CSR in a developing country such as South Africa (Dartey-Baah and Amponsah-Tawiah 2011: 128), suggests that the weak predictive outcome of legal CSR on the performance dimension of Brand Empire's reputation could be an indication of consumers' sceptical disposition toward the company's financial performance.

The aforementioned proposition is in line with Brand Empire's compliance-based approach to CSR as alluded in section 6.2.1, given growing stakeholders' scepticism toward CSR claims (Obermiller, Spangenberg and MacLachlan 2005: 7). The C-C endorsement for the Brand Empire case reveals the predominance of the company's compliance-based approach to CSR. In addition, the outcomes generated for Brand Empire provide evidence which suggests that its lower reputation for social responsibility and higher reputation for financial performance could be the result of the company's compliance based approach to CSR. Pirsch, Gupta and Grau (2007: 125) stress the pertinent role of the adoption of a stakeholder collaboration approach, as opposed to stakeholder management approach, in the maximisation of CSR communication. Nevertheless, CSR communication strategies should not be targeted at gaining reputational benefits (Pomering and Johnson 2009b: 106).

### **6.7.2 Brand Castle**

The results for the Brand Castle model show that legal CSR had the most significant predictive outcome on the quality dimension of the company's reputation, which implies that the fulfilment of consumers' expectations of legal CSR enhances the evaluation of the quality of the company's products. This finding is consistent with prevailing notion on the instrumental role legal CSR plays in the assessment of social responsibility (Smith, Read and López-Rodríguez 2010: 3). This finding reveals that the fulfilment of consumers' expectations of legal CSR can transcend consumers' assessment of social responsibility. In addition, philanthropic CSR had the weakest predictive outcome on the responsibility

dimension of the company's reputation. This finding provides evidence that the fulfilment of consumers' expectations of philanthropic CSR is not associated with the evaluation of the company's social responsibility. While this finding is inconsistent with Park, Lee and Kim's (2014: 295) study which found a direct link between philanthropic CSR and social benevolence trust, it could be attributed to the volatility and internal focus of the company's CSR portfolio.

It is noteworthy that the explanatory power for the quality dimension of the company's reputation yielded the highest result, which is followed by the responsibility and performance dimensions of corporate reputation. The highest explanatory power of the quality dimension could be attributed to the company's diverse range of products, arising from its history of mergers and acquisitions. While Brand Castle's C-C endorsement reveals the influence of its organisational structure on its outcomes, the Brand Castle model equally shows that the company has the potential to harness its core competencies (Surroca, Tribó and Waddock 2010: 33) to gain a sustainable competitive advantage and optimise its corporate marketing strategies.

### **6.7.3 Brand Estate**

Brand Estate's model demonstrates that philanthropic CSR had the most significant predictive outcome on the performance dimension of the company's reputation, which is further justified by the highest explanatory power for the performance dimension of the company's reputation, followed by the quality and responsibility dimensions. This result provides another piece of evidence that the fulfilment of consumers' expectations of philanthropic CSR is associated with the strength of a company's financial performance. Conversely, legal CSR showed the weakest predictive outcome on the company's reputation for social responsibility. As earlier established, the fulfilment of ethical and legal CSR is a strong predictor of social responsibility. The negative outcome of legal CSR on Brand Estate's social responsibility has a deleterious effect on the ability of the company to acquire institutional legitimacy and hence optimise corporate marketing.

Brand Estate's C-C endorsement yielded poor results although the company is a top performer on the JSE SRI index, which is a note of caution to policy makers to discourage the use of CSR as a defensive strategy (Bruhn 2013: 3). This finding is consistent with the tagline: legitimacy is found in the will of the people (*Watch* 2016). Following Brown and Perry (1994: 1347), halo-removed reputational surveys are a genuine indicator of legitimacy. The result which showed that Brand Estate's model is the least performing model could be attributed to the investment outlook of the company's CSR identity. This result confirms Suchman's (1995: 576) caution on conscientious efforts toward acquiring strategic legitimacy as such an approach increases the tendency for stakeholder scepticism toward CSR claims (Obermiller, Spangenberg and MacLachlan 2005: 7) on the account that CSR communication is more effective when claims are perceived as relevant and factual (Schmeltz 2012: 29). The onus is on Brand Estate to earn stakeholder trust in order to optimise corporate marketing.

The lack of a significant contribution for the philanthropic CSR and the responsibility dimension of reputation set across all three companies is puzzling, in the light of the popular belief that companies operating in Africa are required to be actively involved in philanthropic roles which enhance social and community development (Visser 2006: 31). The finding suggests that there could be a transition away from the historical notion of corporate citizenship, which has been portrayed to be premised on corporate philanthropy, especially in the African context (Ndhlovu 2011: 75), following the criticism of the narrow conceptualisation of the concept (Crane and Matten 2008: 25). The finding could also be attributed to the findings of studies conducted by Maignan (2001: 52) and Podnar and Golob (2007: 326) which showed that consumers ranked philanthropic CSR as the third most important dimension.

## 6.8 Conclusion

This study has shown that the antecedents of CSR corporate identity are embedded in actual identity while communicated and conceived identities relate to core components of CSR corporate identity, whereas ideal and desired identities relate to aspirational components of CSR corporate identity. The interconnectedness between these identity types has implications for corporate marketing, as shown in the portfolio of the participating companies.

Consumers' CSR expectations interrupt the linear relationship between consumer values and purchase behaviour by acting more as a moderator than a mediator variable. It has been established that an increase in consumer values which is positively related to CSR expectations has significant predictive outcomes on purchase behaviour. While CSR expectations strengthen the relationship between consumer values and purchase behaviour as a moderator, they partially mediate the relationship between the constructs. In line with the above, the interplay between the moderating and mediating effects of CSR expectations on consumer values and corporate reputation reveals the predominance of contextual cues in the South African market and the intrinsic role of localised strategies on the optimisation of corporate marketing.

The significant role played by the ethical and legal dimensions of CSR in the models of this study demonstrates that consumers' ideology of social responsibility gravitates toward ethicality and legality. In addition, consumers' consistent attribution of economic CSR to the quality dimension of corporate reputation as well as the non-performance of philanthropic CSR presents a research agenda which could enhance the readers' understanding of the CSR trajectory. As such, the trajectory of consumers' expectations of CSR in South Africa could be underpinned by the notion of ethical-legal CSR amidst the predominance of companies' 'tick-box approach' to CSR. The interplay between these scenarios presents a catch-22 situation for the optimisation of corporate marketing. The next chapter presents the conclusions and implications of the study for theory, policy and practice as well as recommendations for future studies.

## **CHAPTER 7**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **7.1 Introduction**

The critical evaluation and discussion of findings were presented in the previous chapter. The conclusions of this study and recommendations for future research will be presented in this chapter. The chapter also highlights the contributions of this study to the body of knowledge. This study set out to investigate the implications of CSR corporate identity and CSR consumer behavioural outcomes for the optimisation of the corporate marketing strategies, based on three JSE SRI index listed food manufacturing companies in headquartered in KZN and 411 consumers across five main shopping centres/malls in Durban.

#### **7.2 Overview of the Study**

An overview of the main outcomes of study will be provided in this section, in relation to how the outcomes of each chapter address the research questions and objectives of this study. This section highlights the contextual background, theoretical framework, extant literature, methodology and empirical findings of this study.

##### **7.2.1 Overview of Contextual Background**

Chapter one contextualised the study by highlighting how the historical framework of CSR and the question of legitimacy in South Africa necessitated an assessment of the implications of the antecedents and components of CSR corporate identity for the optimisation of corporate marketing. The chapter also provided a background for the need to investigate the implications of consumer behavioural outcomes such as CSR-based consumer values, purchase behaviour, expectations and corporate reputation, given the anticipated influence of the Ubuntu cultural framework, increasing awareness and expectations of CSR on behavioural outcomes. In addition, the contextual background of this study was further established based on the mismatch between the performance and the absence of a CSR reputation for food manufacturing companies in South Africa as well as the environmental challenges faced by food manufacturing companies in KZN.

The chapter also highlighted how the proliferation of a conformance-based approach to CSR amidst increasing socio-economic challenges in South Africa necessitated an enquiry into the optimisation of corporate marketing strategies to enhance corporate sustainability and sustainable development.

### **7.2.2 Overview of Theoretical Framework**

The theoretical framework employed in this study was presented in chapter two, which was foregrounded on the interconnectedness between the stakeholder theory, legitimacy theory and post-modernist theory of organisational identity. The theoretical framework adapted the convergent stakeholder theory in relation to gaining trust from mutual relationships with stakeholders who possess the critical resources which firms need to ensure corporate sustainability. The framework favours the notion of legitimacy which seeks to earn legitimacy through the institutionalisation of a morally conscious CSR corporate identity. The framework draws on the post-modernist theory of organisational identity on the account that organisational isomorphism inadvertently induces multiple organisational identities, which organisations strive to manage to create a coherent identity, especially in relation to societal organisational relations.

### **7.2.3 Overview of Literature Review**

Chapter two established how the multidisciplinary contributions of the corporate marketing philosophy enhance our understanding of the potential for the South African business community to optimise corporate marketing. The chapter also demonstrated how the interplay between the individual domains of the corporate marketing philosophy namely, corporate identity, corporate branding, corporate communications, corporate image and reputation, provide a platform for practitioners to maximise positive touch points with stakeholders. The role of the continuum of the corporate marketing philosophy; corporate identity and corporate reputation in leveraging optimal corporate marketing was also highlighted, with particular reference to corporate identity. In addition, the implications of stakeholders' sceptic dispositions toward CSR communication for the legitimacy of institutionalised CSR claims were also highlighted. In addition, the chapter

established how the main drivers of CSR in South Africa may have influenced its notion, trajectory and the relationship between legitimacy and optimal corporate marketing.

#### **7.2.4 Overview of Conceptual Framework**

Prevailing ideologies of CSR corporate identities and CSR related consumer behavioural outcomes were presented in chapter three. The chapter presented the conceptual framework of this study which establishes that the ability to achieve a dynamic congruence between multiple corporate identities and understand the role of consumer psychology on CSR-related consumer behavioural outcomes has unique implications for institutional legitimacy and hence optimal corporate marketing. The chapter emphasises the instrumental role played by a morally conscious organisational behaviour toward CSR in gaining stakeholder trust, institutional legitimacy and optimal corporate marketing. The chapter also points out the role of corporate heritage identity in reinforcing a morally conscious or cosmetic CSR corporate identity.

A conceptual framework for understating the role of CSR expectations in the relationship between consumer values and purchase behaviour was developed. Building on the ideology that values drive consumer behavioural outcomes (Graf and Maas 2008: 3), this study makes a contribution to the body of knowledge by synthesising the constructs of consumer values (Green and Peloza 2011: 48), purchase behaviour (Maignan 2001: 57) and CSR expectations (Aupperle, Carroll and Hatfield 1985), in the absence of any substantive claim. In addition, this study builds on the C-C identification (Sen and Bhattacharya 2001: 225) to develop a model for consumer-company endorsement, C-C endorsement, based on the extrapolation of CSR expectations and corporate reputation, using a consumer psychology approach.

#### **7.2.5 Overview of Methodology**

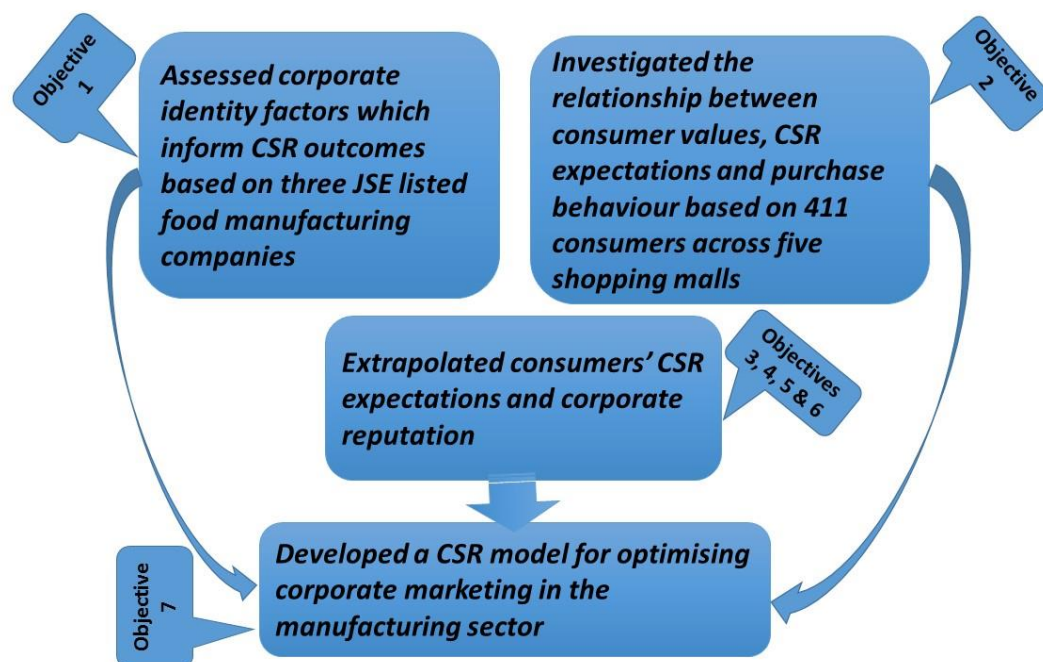
The need for a pragmatic combination of qualitative and quantitative research approaches to achieve the research objectives of this study was presented in chapter four. The chapter established the pragmatic nature of this study by demonstrating how an additional coverage design is instrumental for the optimisation of corporate marketing. The chapter



showed that an exploratory study of the antecedents and components of CSR corporate identity is pivotal for institutionalising CSR. The chapter further established that such a study can be corroborated with an additional enquiry of consumer behavioural outcomes such as consumer values, purchase behaviour, CSR expectations and corporate reputation, to leverage optimal corporate marketing. The findings of this study are based on a multiple case study of three food manufacturing companies headquartered in KZN and structural equation models of survey responses of 411 consumers across five main shopping centres/malls in Durban.

### 7.2.6 Overview of Empirical Findings

The empirical findings of the qualitative and quantitative studies will be discussed in line with the respective objectives, as shown in Figure 7.1. The results of this study revealed that higher explanatory powers are not always indicative of actionable managerial decisions, on the account that significant contributions of path coefficients of structural relationships have more significant implications for theory and practice.

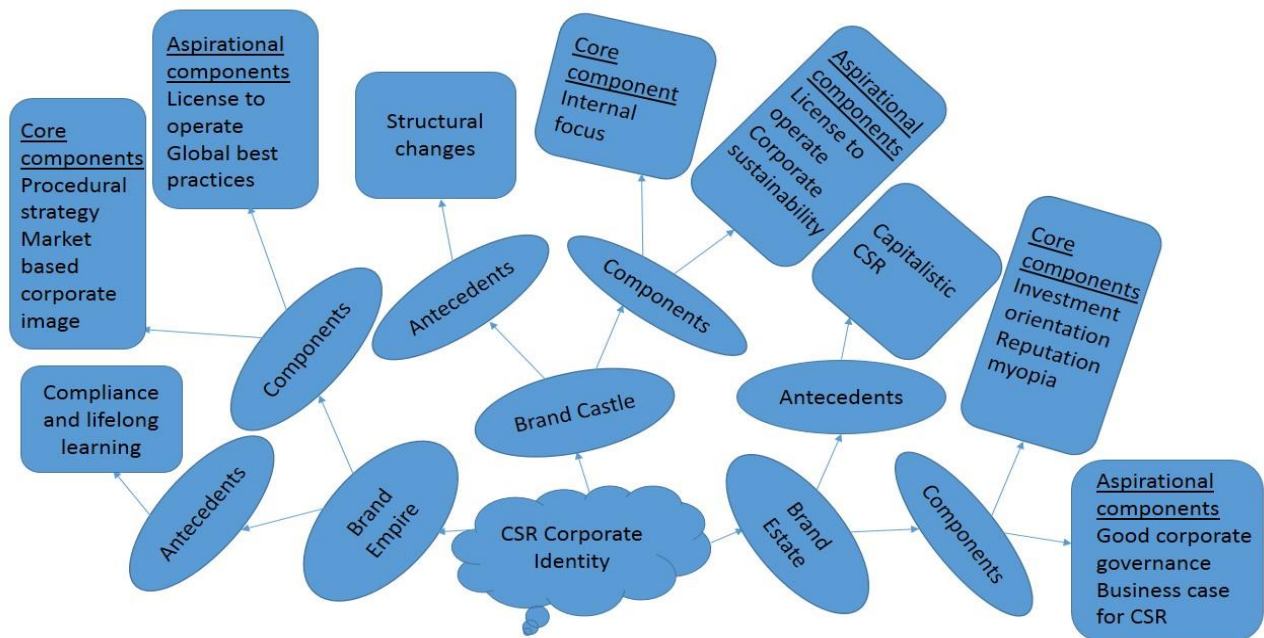


**Figure 7.1: Overview of Study Objectives**

#### **7.2.6.1 Overview of Empirical Findings for Objective One**

The first objective of this study was inspired by the paucity of research which enhances our understanding of prevailing CSR corporate identity to corporate marketing outcomes, coupled with the obligatory undertone of the notion of CSR in South Africa and the dwindling reputation of companies operating in the manufacturing sector. In addition, the nature of CSR in South Africa could override the moral consciousness of CSR corporate identity and pose a challenge to corporate sustainability. The overall findings generated for the first objective of this study revealed that the implications of the antecedents and components of CSR corporate identity for optimal corporate marketing are largely determined by organisational adeptness to localised ideologies of nurturing and exhibiting a morally conscious CSR corporate identity profile.

The findings generated from the multiple case study of participating companies reveal that the attributes of actual identity are the antecedents of CSR corporate identity. It was further observed that the attributes of communicated, conceived, ideal and desired identities constitute the components of CSR corporate identity profile. The core components of CSR corporate identity can be further divided into two, namely, core components and aspirational components. The multidimensionality of the resulting conceptual framework as shown in Figure 7.2 offers a novel and operational assessment criterion for companies across sectors, which makes a contribution to the body of knowledge.



**Figure 7.2: Conceptual Framework for CSR Corporate Identity**

The ability to dynamically benchmark against best practices while customising local strategies is also key for the optimisation of corporate marketing. The antecedents of a CSR corporate identity influence a company's approach to organisational legitimacy, the makeup of the core components of its CSR corporate identity and its ability to leverage the aspirational components of its CSR corporate identity.

Findings also revealed that a compliance-based approach to CSR gravitates toward strategic legitimacy, which in isolation cannot leverage institutional legitimacy. It was also established that a focus on aspirational CSR corporate identities which emanate from ideal and desired identities could redress the negative effects of ill-conceived indigenous CSR corporate identity on the optimisation of corporate marketing. Nevertheless, an incoherent CSR corporate identity resulting from volatile structural changes may not necessarily translate to a lack of potential for gaining institutional legitimacy, as long as there is room to nurture a morally conscious CSR identity. Since the ideologies of institutional legitimacy and optimal corporate marketing are aimed at corporate sustainability, the optimisation of corporate marketing strategies is possible for visionary

companies which take an *a priori* approach to institutional legitimacy. Such an approach inadvertently translates to stakeholder well-being and sustainable development.

#### **7.2.6.2 Overview of Empirical Findings for Objective Two**

The evolving nature of CSR in South Africa as well as the entrenchment of the Ubuntu framework were identified as major factors determining the trajectory of CSR, which necessitated an enquiry into their effects on consumer behavioural outcomes such as consumer values and purchase behaviour. The resulting findings established that the legality of CSR underpins the relationship between consumer values and purchase behaviour while the ethical and economic notions of CSR enhance the relationship between the constructs. In other words, CSR related consumer values have effects on purchase behaviour but through the lens of the legality of CSR. The bedrock of the mechanism between consumer values and purchase behaviour, which is legal CSR, aligns with the prevailing notion of CSR in South Africa.

Organisational legitimacy has its roots in consumer behavioural outcomes. Favourable consumer behavioural outcomes are linked to organisations' adherence to prevailing legal frameworks. While this scenario may not necessarily apply to all shopping experiences, given the variability in product involvement, it resides in consumers' subconscious mind. Conversely, the ethicality of business practices and improved financial performance foster the legal undertone of the relationship between consumer values and purchase behaviour, by mitigating against potential societal cues which could diminish the effects of the legality of CSR on behavioural outcomes.

#### **7.2.6.3 Overview of Empirical Findings for Objective Three**

The purpose of objective three was to investigate the influence of the importance that consumers attribute to each of the dimensions of CSR expectations on corporate reputation outcomes, in relation to the C-C endorsement research agenda, which this study contributes to the body of knowledge. The findings generated for this objective revealed that the use of halo-removed reputational measures is pivotal for investigating unbiased evaluations of corporate reputation. It was established that corporate reputation for financial performance is influenced by expectations of corporate philanthropy, while

reputation for quality of products and social responsibility is influenced by expectations of corporate ethics. Corporate philanthropic gestures send signals of corporate sustainability to consumers. Consistency of business practices to ethical standards is an indication of the ability to deliver quality products and allegiance to social responsibility.

#### **7.2.6.4 Overview of Empirical Findings for Objective Four**

Objective four was borne out of the quest to investigate the effects of CSR related values on consumers' expectations of CSR and evaluation of corporate reputation, following the centrality of values on behavioural outcomes (Graf and Maas 2008: 3), as well as the entrenchment of the Ubuntu cultural framework in South Africa (Petzer and De Meyer 2013: 384). It was established that emotional and social values foster the link between ethical CSR and a company's reputation for social responsibility. The extent to which the products of socially responsible companies arouse consumers' feelings and sense of belongingness enhance the effects of ethicality on the evaluation of a company's reputation for social responsibility. The link between legal CSR and a company's reputation for social responsibility is enhanced by consumers' functional value. The functionality of the products of socially responsible companies plays a role in how legality cushions perceptions of social responsibility.

#### **7.2.6.5 Overview of Empirical Findings for Objective Five**

The fifth objective set out to investigate the control effect of demographic variables such as gender, age group, education and income levels. The findings of the objective suggest that holding demographic variables constant, consumers' expectations of legal CSR significantly predict a company's reputation for product quality. An understanding of the relationship between the constructs is further enhanced as a result. The higher the perceived legality of a company, the higher the tendency for a higher reputation for product quality. Companies should take advantage of this scenario by bridging the legitimacy and product quality expectation gap and ensuring that strategies targeted at product quality meet consumers' desired outcomes. Individually, holding gender constant, legal CSR predicts a company's reputation for product quality, while holding age group and income constant, economic CSR predicts a company's reputation for

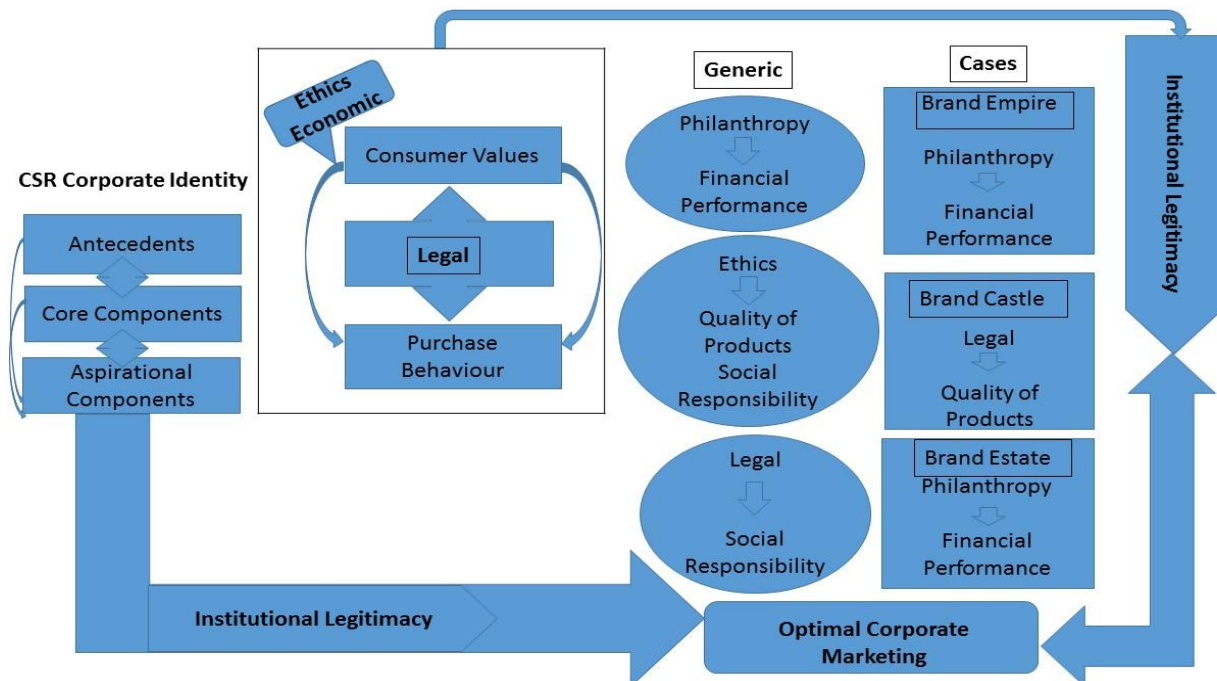
product quality. When education level is held constant, ethical CSR predicts a company's reputation for product quality. The overall findings of this objective provide insights which further validate the influence of legality, ethicality and economic performances on a companies' reputation for product quality. Market segmentation strategies based on demographic profiles are therefore not relevant to CSR, as such strategies encourage the quest for strategic legitimacy. The onus is on management to institutionalise a morally conscious CSR approach which demonstrates authenticity across all market segments.

#### **7.2.6.6 Overview of Empirical Findings for Objective Six**

The aim of the sixth objective of this study was to investigate the predictive outcomes of CSR expectations on corporate reputation; C-C endorsement for each of the participating companies. It was found that corporate philanthropy has more predictive outcomes on the reputation for social responsibility for two of the participating companies (Brand Empire and Brand Estate), whilst the reputation for quality of products was significantly predicted by the legality of CSR for the third company (Brand Castle). Although the circumstances of these companies are different, the trajectory of companies' reputation for social responsibility in South Africa could be guided by corporate philanthropy. There is a tendency for the fulfilment of prevailing legal frameworks to favourably influence a company's reputation for providing high quality of products, especially for companies with a history of structural changes.

#### **7.2.6.7 Overview of Empirical Findings for Objective Seven**

The last objective of this study was to propose a model for optimising corporate marketing in the manufacturing sector. Insights from the overall findings generated for this study were used to develop a model as shown in Figure 7.2.



**Figure 7.3: Proposed Model for the Optimisation of Corporate Marketing Strategies**

Antecedents of CSR corporate identity drive strategic outcomes. The core components of CSR corporate identity manifest antecedents while aspirational components serve as regulatory tools for benchmarking against best practices. The quest to conform to best practices and sustain competitive advantage creates multiple corporate identities which result in a divide between indigenous and aspirational corporate identities. The versatility of the antecedents of CSR corporate identity to best practices determines the extent to which companies can redress potential legitimacy ills resulting from the former. As shown in Figure 7.2, the results of this study suggest that potential identity misalignment emanating from the antecedents and core components of CSR corporate identity could be redressed by using the aspirational components of CSR corporate identity as an evaluation toolkit.

The dynamic interplay between morally conscious antecedents of CSR corporate identity and external pressures inadvertently make CSR corporate identity gravitate towards aspirational identities, which enhances the ability to gain institutional legitimacy and hence optimal corporate marketing. The foregoing analogy reveals that institutional

legitimacy and optimal corporate marketing are cyclical in nature, on the account that societal frameworks which drive behavioural patterns are porous. The porosity of societal frameworks to global best practices will continually result in changes in stakeholder expectations of socially responsible behaviour, leading to changes in the ideologies of institutional legitimacy. However, the extent to which CSR efforts translate to stakeholder well-being and positive social impacts will play an instrumental role in sustaining institutional legitimacy and hence optimal corporate marketing.

- **Consumer Values, CSR Expectations and Purchase Behaviour: Implications for Optimal Corporate Marketing**

The implications of the relationship between consumer values, CSR expectations and purchase behaviour for optimal corporate marketing lean on the resource dependency notion of the stakeholder theory, given that consumers possess the critical resources that firms require for profitability. The significant role of legal CSR in the relationship between consumer values and purchase behaviour establishes that organisational legitimacy is pivotal for enhancing profitability and sustaining competitive advantage. This study proposes that the consistency of business practices to prevailing legal frameworks is pivotal for activating the network between consumer values and purchase behaviour, for the optimisation of corporate marketing. It is equally important for companies to ensure and demonstrate that their economic prosperity is driven by ethical business practices so as to reinforce the network between consumer values and purchase behaviour.

- **CSR Expectations and Corporate Reputation: Implications for Optimal Corporate Marketing**

Stereotypic CSR engagements which are aimed at building corporate reputation are a fallacy. The overall results of this study suggest that consumer trust is pivotal for enhancing institutional legitimacy on the account that prevailing strategic legitimacy is socially coerced. CSR should therefore be a show of goodwill in order to leverage optimal corporate marketing. The results of this study suggest that by engaging in philanthropic CSR, consumers' perceptions of companies' financial viability could be enhanced. The ethicality of business practices could also result in favourable perceptions of product quality and social responsibility as shown in Figure 7.2. The adaptability of business



practices to prevailing legal frameworks will further enhance consumers' perceptions of companies' reputation for social responsibility.

Ethics are uncoded and based on prevailing institutional and cultural frameworks, whereas legal frameworks are prescriptive. The predominance of the ethical and legal notions of CSR in this study showcases that companies should engage in CSR based on moral conscience as the ethical-legal divide cannot be leveraged with a stereotypical CSR approach. While the prevailing tick-box approach to CSR in South Africa could appease political and institutional pressures in the short term, such an approach does not demonstrate good corporate citizenship and governance. A tick-box approach to CSR has social consequences and undermines authenticity. In addition, while such an approach could portray adherence to legal frameworks, it may fall short of acceptable ethical practices on the account that ethics are evolving and are socially constructed. It therefore takes a morally conscious corporate citizen to interpret implicit socially shared values.

### **7.3 Implications of the Study**

The findings of this study have implications for policymakers, practitioners as well as academics and researchers. The implications of the study for policy, practice and theory are hereafter discussed.

#### **7.3.1 Implications for Policy**

The results of this study will be relevant for policymakers who develop sustainability reporting and industry charters as well as corporate governance indicators for appraising socially responsible behaviour, for integrated reporting and third party socially responsible rating agencies. This study provides insights into how to develop charters and appraisal methodologies which encourage integrated thinking and the institutionalisation of CSR into business models. This study provides feedback from consumers which reveals that mere conformance to legal frameworks could lead to the illusion of legitimacy as such approach is socially coerced due to a lack of trust. For example, this study has shown that consumers require companies to fulfil expectations of legal CSR to encourage favourable purchase behaviour and earn a reputation for social responsibility.

The findings of this study will also assist policymakers in realising that the use of stringent measures which compel companies to adhere to prescribed legal frameworks to score high on rating standards reinforces a culture of compliance and not necessarily morality. A compliance-based approach is driven by a survival mind set, which is short term in nature. In addition, such measures inadvertently erode the humanitarian notion of CSR. The finding based on the relationship between ethicality and a companies' reputation for high product quality and social responsibility can provide valuable insights into how consumers rely on socially constructed parameters as opposed to institutionalised parameters to weigh ethical business practices.

### **7.3.2 Implications for Practice**

The findings of this study will be useful to CEOs and strategic managers who develop strategic intents for stakeholder engagement and collaboration as the findings provide valuable insights into how the entrenchment of CSR into strategic intents is instrumental for the optimisation of corporate marketing. These results will also be beneficial to corporate communications and marketing practitioners who develop stakeholder advocacy insights for corporate sustainability from a consumer stakeholder perspective. The ability to maximise positive CSR communication and gear efforts at translating CSR efforts into actual well-being will be key for gaining consumer trust and institutional legitimacy. CSR efforts should be made visible without trying to build reputation, as efforts should be geared at earning reputation.

Conscientious adherence to industry and reporting standards at the expense of positive social impacts will limit the trajectory of legitimacy. Persistent corporate misconduct has resulted in consumers' reliance on the law to enforce social responsibility. Consumers' animosity is at a very high level of intensity. Companies should lead the transition from legality to social consciousness by demonstrating that they are morally conscious corporate citizens which strive to ensure stakeholder well-being and sustainable development. Companies should therefore engage in CSR to deliver and preserve value and not merely cutting edge to gain legitimacy, as value on its own is not a competitive

advantage, but the execution of value. It is therefore important for companies to understand what stakeholders see as value.

### **7.3.3 Implications for Theory**

The results of this study make a contribution to the body of knowledge as academics and researchers are encouraged to reinforce morally conscious organisational legitimacy, by taking cognisance of the consequences of a stereotypic notion of organisational legitimacy. The legalistic undertone of consumers' behavioural outcomes supports Weber's (1968) view that legitimacy is based on conformity to prescribed legal framework. Nevertheless, Weber's notion of legitimacy leans on the commodification of legitimacy. CSR should be a show of goodwill and not be based on acting to fulfil socially coerced and standardised process of demonstrating social responsibility.

Conversely, Parson's (1964) notion of legitimacy emphasises the consistency of organisational values with societal values. Since values are evolving and are shared amongst communal members (Hofstede and Minkov 2010: 51), the hybrid of consumers' scepticism toward CSR claims and reliance on the legality of CSR constitutes a contribution to the organisational theory literature, on the account that socially coerced legitimacy is driven by a lack of trust. The foregoing discourse opens up new insights which deepen scholarly understanding of the inconclusive relationship between legality and legitimacy. The results of this study provide insights which suggest that organisational legitimacy which stems from the institutionalisation of CSR is instrumental for optimal corporate marketing and corporate sustainability. As such, institutional legitimacy can be attained by ensuring that corporate practices are credible enough to earn stakeholder trust, enhance stakeholder well-being and sustainable development.

### **7.4 Recommendations**

The research findings of this study provide actionable recommendations which are useful for the theory and practice of CSR, corporate identity, corporate reputation and corporate marketing in the manufacturing sector. The recommendations of this study could also be beneficial to companies in other sectors. The findings of this study showed that CSR corporate identity is largely determined by corporate heritage identity and top executives.

However, CSR corporate identity can be further reinforced if employees are involved in nurturing CSR corporate identity as this can enhance their sense of belonging, which will consequently make them take responsibility for advancing the CSR trajectory of the company.

The results also revealed that the aspirational components of CSR corporate identity are too far apart from the antecedents and core components of CSR practices. Efforts should be geared towards bridging this divide by regularly assessing CSR corporate practices based on aspirational components. As earlier alluded, it was also found that the predominant notion of CSR amongst the participating companies leans on building a favourable corporate reputation. It is advised that companies adopt a morally conscious approach to CSR in order to earn trust and institutional legitimacy.

This study has shown that benchmarking against the aspirational components of CSR corporate identity could be instrumental for enhancing the alignment between multiple identities. Accordingly, it is recommended that management prioritise and adapt CSR into the overall corporate identity portfolio of the company in order to proactively tackle potential misalignments which may ensue. Companies should be transparent about the choices they make. Strategies should show the operationalisations of outcomes, as outcomes are what set companies apart for competitive advantage.

It was found that companies going through structural changes are not able to sustain CSR portfolios. Companies need to prioritise the compatibility and management of CSR portfolios in the negotiations process of merger and acquisitions, in order to maintain consistency and accountability of CSR efforts. It is equally important to identify the balance for short, medium and long term CSR targets. Companies should adopt the use of multiple CSR communication approaches in order to reach a wider audience. Apart from increasing social media presence, road shows and community newspapers should also be used to communicate CSR efforts.

It is equally important to adopt measures which maintain mutually beneficial and long term relationships with consumers to gain consumer trust and redress consumers' use of socially coerced measures of legitimacy. Companies should demonstrate good corporate

citizenship and governance values by spontaneously engaging in social dialogues and initiatives which address the threefold problem of poverty, unemployment and inequality, in order to bridge the gap between strategies and outcomes.

The findings further show that consumers demand that companies conduct business in an ethical manner and also prove that this is economically viable in order to encourage loyalty. While the ethicality of business practices predominantly rests on moral conscience, the ability to rebuild companies as communities, especially within local communities, will enhance companies' understanding of the notion of ethicality. CSR practices should reflect an integrated thinking process and not be based on acting to fulfil a standardised process to demonstrate social responsibility.

With regard to scoring high on rating standards, companies should realise that high rating standards do not necessarily translate to institutional legitimacy, especially in the wake of growing scrutiny of rating agencies. Reporting should not be a year-end tradition or procedure, it should be an enjoyable process which embraces the principles of sustainability to the company's advantage. The onus is on management to bridge the gap between third party rating agencies, consumers and other relevant stakeholder groups, by nurturing morally conscious corporate citizenship and governance values.

## **7.5 Limitations of the Study**

The qualitative aspect of this study has introduced the potential for CSR to create multiple identities and the potential for such identities to predict corporate reputation outcomes in the manufacturing sector, using a sample of three JSE SRI index listed food manufacturing companies, headquartered in KZN. The findings of the qualitative study component of this study may therefore not be generalisable to food manufacturing companies headquartered in other provinces and across other sectors in South Africa. One of the research *lacunae* which this study addressed relates to extrapolating CSR expectations to predict reputational outcomes using a sample of 411 consumer stakeholders. As such, the findings of the quantitative study may not be generalisable to other stakeholder groups, which gives room for potential opportunities for replicating this

research agenda across different stakeholder groups such as employees, suppliers and policymakers.

## **7.6 Directions for Future Studies**

The findings of the CSR corporate identity assessments were based on responses from six sustainability managers across three JSE SRI index listed food manufacturing companies headquartered in KZN. This study has established that all organisational members express CSR corporate identities. All internal stakeholders therefore play an instrumental role in reinforcing CSR corporate identity. It is recommended that future research include a random sample of employees across various departments in the assessment of CSR corporate identities in order to identify potential convergence or divergence in CSR corporate identity profiles. The limited sample population of the qualitative component of this study opens up research opportunities for testing this proposition using bigger samples, amongst other food manufacturing companies headquartered in other provinces and across different sectors.

This study makes a contribution to the body of knowledge by investigating the mediating or moderating effects of CSR expectations on the relationship between consumer values and purchase behaviour. Further research is needed to unravel the hybrid of the mediating or moderating effects of CSR expectations on other consumer behavioural outcomes such as attitudes toward and loyalty to companies. This research agenda could also be extended to other stakeholder groups. Since this study established that consumer values significantly increased the explanatory power of the base model for CSR expectations and corporate reputation, it is recommended that other value-based indicators such as individualistic or collectivistic cultural dimensions be used to moderate the relationship between CSR expectations and corporate reputational outcomes. Other CSR and corporate reputation dimensions could also be used to investigate potential convergence or divergence to the findings of this study.

This study found that the notion of institutional legitimacy and optimal corporate marketing are cyclical in nature. Monitoring and evaluation analysis of the trajectory of institutional legitimacy and optimal corporate marketing should therefore be conducted periodically to

ascertain prevailing trends on the latter. This study also established that a morally conscious CSR corporate identity can enhance stakeholder trust, stakeholder wellbeing and sustainable development. The ability of companies to achieve this mandate will go a long way in redressing the ills of the historical social exclusion experienced during apartheid in South Africa. It is therefore recommended that social impact assessments of CSR efforts be conducted to track its impact on stakeholder trust, stakeholder wellbeing and sustainable development.

## **7.7 Conclusion**

This study has revealed that the dynamic interplay between the antecedents and components of CSR corporate identity can be instrumental for the optimisation of corporate marketing. The predominance of the legalistic notion of CSR across the enquiries of this study makes it evident that consumers may have lost trust in companies. The superficial interpretation of consumers' reliance on legality to ensure social responsibility gravitates towards the commodification of legitimacy. The onus is on companies to ensure and demonstrate authenticity to earn consumers' trust.

The social consequences of the commodification of legitimacy is a socially coerced notion of legitimacy. Values are to culture what ethics are to social responsibility. Since cultures help people give meaning to things around them, through the lens of values, the socially responsible behaviour of companies therefore helps people give meaning to corporate practices through the lens of ethics. Globalisation is increasingly leading to the proliferation of indigenous ethical practices. As such, the onus is on companies to be abreast of the hybrid between indigenous and prevailing societal beliefs on ethical practices. Companies have a lot of CSR nurturing to do, especially with the looming maturity of CSR trajectory. Gaining consumer trust might not be a 'walk in the park', given the intensity of consumers' animosity to companies, however, the influence of consumer trust on the optimisation of corporate marketing will pay off in the long term.

The approach to CSR in South Africa is deeply rooted in the country's history of social exclusion, which may have amplified consumers' reliance on a socially coerced demonstration of social responsibility. The renaissance of CSR is not far-fetched. This study has established that halo-removed reputational measures can reveal the prevalence and intensity of socially coerced organisational legitimacy. While the role of institutions in ensuring social responsibility cannot be overemphasised, institutional frameworks should not be a catalyst for legalising a compliance-based approach to CSR.



Institutions should pragmatically drive the move from conformance to performance. Institutional frameworks should be underpinned by localised notions of CSR and encourage stakeholder dialogue, community engagement and corporate reflexivity while keeping social tensions at bay and encouraging global competitiveness.

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## APPENDICES

### Appendix I: Individual Contributions of Moderating Effects

PATH COEFFICIENT	PHI	ETHI	LEG	ECO	QUAL	PERF	RES	ConTV al	ConsVal1	ConsVal2	ConsVal3	ConsVal*Phi	ConsVal*Ethi	ConsVal1*Eco	ConsVal1*Leg	ConsVal1*Ethi	ConsVal*Ph	ConsVal*Eco	ConsVal*Leg	ConsVal2*Ph	ConsVal2*Ethi	ConsVal2*Leg	ConsVal2*Eco	ConsVal3*Ph	ConsVal3*Ethi	ConsVal3*Leg	ConsVal3*Eco
PHI																											
ETHI																											
LEG																											
ECO																											
QUAL	0.186	0.144	0.061	0.114								0.054	0.079					-0.082	-0.204								
PERF	0.284	0.094	0.066	0.121																							
RES	0.151	0.136	0.028	0.058										-0.162	-0.158	0.166	-0.189			0.021	0.145	0.132	-0.053	-0.163	-0.048	0.089	-0.025
ConTV al																											
ConsVal1																											
ConsVal2																											
ConsVal3																											
ConsVal*Phi																											
ConsVal*Ethi																											
ConsVal1*Eco																											
ConsVal1*Leg																											
ConsVal1*Ethi																											
ConsVal*Ph																											
ConsVal*Eco																											
ConsVal*Leg																											
ConsVal2*Ph																											
ConsVal2*Ethi																											
ConsVal2*Leg																											
ConsVal2*Eco																											
ConsVal3*Ph																											
ConsVal3*Ethi																											
ConsVal3*Leg																											
ConsVal3*Eco																											

## Appendix II: Individual Contributions of Control Effects

[illegible]

### Appendix III: Interviewer Guide for Sustainability and Corporate Social Investment (CSI) Managers

	Interview Questions
1	How long have you been working in this department?
2	Please explain your role in this department
3	How would you describe your organisational culture with regards to sustainability/CSI?
4	What are your sustainability/CSI priorities?
5	How do you communicate your sustainability/CSI initiatives to internal (employees) and external stakeholders (customers and community members)?
6	How do you work with internal and external stakeholders in developing and implementing your sustainability/CSI initiatives?
7	How would you describe the perceptions of your internal (employees) and external (customers and community members) stakeholders with regards to your sustainability/CSI initiatives?
8	What challenges are you currently facing with regards to your sustainability/CSI initiatives?
9	Please describe senior management's opinion on what sustainability/CSI ought to be.
10	How would you describe senior management's long term goals for sustainability/CSI, in the next ten years?



#### **Appendix IV: Questionnaire Cover Letter**

Dear Respondent,

You are kindly invited to participate in this survey by completing the attached questionnaire. The survey forms part of my doctoral study which is titled: Exploring Corporate Marketing Optimisation Strategies for the KwaZulu-Natal Manufacturing Sector: A Corporate Social Responsibility Perspective.

Your assistance and co-operation in completing the attached questionnaire would be greatly appreciated. The survey will take between 5–10 minutes of your time.

Please be advised that participation in this survey is voluntary and be assured that all responses provided in this survey will be treated as strictly confidential. By completing the attached questionnaire, you will indicate that you understand the information provided above and that you have given your consent to participate in this study.

Researcher

---

Signature

Respondent

---

Signature

Yours sincerely,

Abosede Ijabadeniyi

Doctoral Candidate

Department of Marketing and Retail Management,

## Appendix V: Questionnaire

Please answer the following questions by ticking (✓) the appropriate block(s).

### 1. DEMOGRAPHICS

1.1 Please indicate your gender

Male	
Female	

1.2 Please indicate your race

African	
White	
Coloured	
Indian	

1.3 Please indicate your age group

18 - 24 years	
25 - 34 years	
35 - 44 years	
44 - 54 years	
55 - 64 years	
65 years and older	

1.4 Please indicate your highest education level

Less than matric (Please specify completed grade)	
Matric	
National diploma	
Bachelor's degree	
Honours degree	
Master's degree	
PhD	

1.5 Please specify your monthly income after tax:

R1,000 – R5,000	R25,001 – R30,000
R5,001 – R10,000	R30,001 – R35,000
R10,001 – R15,000	R35,001 – R40,000
R15,001 – R20,000	R40,001 – R45,000
R20,001 – R25,000	Over R45,001

## 2. CORPORATE SOCIAL RESPONSIBILITY (CSR) PURCHASE BEHAVIOUR

Please indicate your opinion on each following statements:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
2.1 I would pay more to buy products from a company which conducts business responsibly					
2.2 I consider the ethical reputation of businesses when I shop					
2.3 I avoid buying products from companies that have engaged in immoral actions					
2.4 If the price and quality of two products are the same, I would buy from the firm that has a reputation for conducting business responsibly					

## 3. CSR CONSUMER VALUES

Please indicate your opinion on each of the following statements:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
3.1 Loyalty to companies which conduct business responsibly would make me feel fashionable					
3.2 Loyalty to companies which conduct business responsibly would make me a role model to others					
3.3 Loyalty to companies which conduct business responsibly would give me value for money					

## 4. CSR EXPECTATIONS

Please indicate your opinion on each of the following statements: - <b>I believe businesses should:</b>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
4.1 Actively seek to reduce unemployment					
4.2 Offer job opportunities for vulnerable groups					
4.3 Have a clear policy for solving urgent social and societal problems					
4.4 Play a crucial role in projects aimed at improving quality of life					
4.5 Consider only profitable ethical standards					
4.6 Conduct ethical business even if it reduces profit					
4.7 Consider people, society and nature before profit					

4.8 Have a clear policy for ethical business conduct					
4.9 Always conduct business in line with the law					
4.10 Obey the law and regulations at all costs					
4.11 Always submit to the latest legal regulations as soon as possible					
4.12 Only do what is permitted by law					
4.13 Take profit as the company's only concern					
4.14 Take profitability as the only measure of effectiveness					
4.15 Always improve economic performance					
4.16 Work only for the interests of the business owners					

## 5. CORPORATE REPUTATION

Which **one** of the following three company's responsible business conduct are you familiar with the most?

<b>Company A</b>	<b>Company B</b>	<b>Company C</b>

**Company names omitted from this copy to ensure anonymity**

5.1

Please indicate your opinion on each of the following statements based on your choice in question 5 above:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
5.1.1 The products offered by the company are of high quality					
5.1.2 The products offered by the company give good value for money					
5.1.3 The company tends to be an innovator					
5.1.4 I regard the company as trustworthy					
5.1.5 The company is very well managed					
5.1.6 The company has a clear vision					
5.1.7 The company is economically stable					
5.1.8 The company has growth potential					
5.1.9 The company gives to charitable causes					
5.1.10 I have the feeling that the company is not only concerned about profit					
5.1.11 The company is concerned about the preservation of the environment					
5.1.12 The company is honest in giving information to the public					

**THANK YOU FOR YOUR VALUED TIME!**

