

CHAPTER SEVEN

CONCLUSION AND RECOMMENDATIONS

7.1 CONCLUSION

7.1.1 Summary of Results

The general aim of this research has been the development of a usable and practical measuring instrument for CSR, which can (especially) be applied during the evaluation process of any organisations' overall CSR performance. In order to achieve the general aim, certain specific objectives were identified for this study: a) to contextualise the CSR concept from literature vis-à-vis CSR-related concepts; b) to define and systematically analyse the concept CSR; c) to explore some of the most important CSR codes/guidelines available and to provide a detailed background and discussion on the *Bench Marks* CSR tool; d) to describe the concept *Corporate Personality* and to formulate the explanations and descriptions for the different 'CSR personalities' that will be measured by the developed instrument; e) to develop a Corporate Personality measuring instrument based on the *Bench Marks* CSR tool; f) to test and determine the validity and reliability of the measuring instrument; and g) to determine if the instrument will be efficient as a measuring tool in order to guide and support the evaluation process of companies' CSR performances.

These objectives have all been successfully achieved through means of different sequential investigations, which included:

1) A literature review that contextualised CSR by defining and exploring certain related concepts, such as *Corporate Governance (CG)*, *Socially Responsible Investing (SRI)*, *Stakeholder Engagement (SE)*, and *Sustainable Development (SD)*. It has been found that these concepts serve either as drivers or as expressions of CSR. They are also often interdependent on one another as all have important roles to play in shaping the relationship between business and society. As such, the clarification of these concepts have contributed to a better understanding of the directions that society will compel business to head into, in order to become genuine corporate citizens. The explorations of the theoretical dimensions of SD have specifically been valuable for the development of the different Corporate Personality profiles that can be measured by the CSR-instrument.

The literature study has been specifically valuable in terms of the investigation and analysis of the concept CSR, which revealed:

- how the concept has developed over the last few decades in terms of awareness and practice, as well as the influence it has exerted on corporate policies and behaviour across the globe and specifically on the African continent
- an identification and explanation of four distinct CSR-domains, namely *economic*, *legal*, *ethical*, and *philanthropic*, which have formed the basis (together with SD dimensions) of the construction of the 12 different Corporate Personality profiles

Additionally, the review of literature assisted in exploring some of the most important CSR codes/guidelines available for guiding and measuring CSR behaviour. It has been found that the *Bench Marks* was well suited (because of its comprehensive nature and free availability) for further development into this type of assessment tool, when compared to other CSR frameworks currently available. One of the most significant findings of this research (see 4.12) is that most prominent CSR standards/codes do not include items which can be seen as indicators of the *economic dimension of CSR*. Because this is the most important dimension of CSR, the inclusion of such items is critical to any really complete/comprehensive CSR standard/code and obviously also for any measurement of CSR. Subsequently, certain items were proposed for inclusion (see 6.6) into the final version of the measuring instrument developed in this study.

Finally, the literature review presented an extensive explanation of the concept *Corporate Citizenship* by placing it within the context of Corporate Personality. In this regard, Corporate Citizenship has been found to represent the 'ideal personality' which companies can have that will lead them to optimal CSR behaviour.

2) An empirical study which meant the physical development of the measuring instrument; by following a pre-determined strategy for item development and selection, as well as the statistical analysis of items in order to guide the finalisation and refinement of the instrument development process. The empirical research has resulted in a selection of the 95 'best' items (in terms of statistical reliability and validity) out of a potential 340 items, to be incorporated in the final version of the instrument. On a primary level, these items cover all

the original themes of the *Bench Marks* document, as well as - on a secondary level - the theoretical dimensions of CSR and SD.

In this regard, this study has made some unique contributions to the research field of CSR and specifically CSR-measurement.

7.1.2 Study Contributions and Possible Implications

The use of not only the prominent themes and indicators for CSR performance, but also the underlying indicators of contributions to the respective dimensions of CSR and SD, have made this a unique measuring instrument which can be utilised by all types of companies and stakeholders alike. The different combinations of performance towards these dimensions have fruitfully been incorporated into the measure as a potential method of profiling companies' 'Corporate Personalities'. The possible implications of this is that it will help to streamline the evaluation process of any company's CSR performance; and also make it possible for the identification of companies' relations with society in terms of their Corporate Citizenship status. A company that has been assessed using this instrument will be able to better articulate its CSR/CC situation by specifying to itself and its stakeholders the 'weaknesses' and 'strengths' of its personality – which in turn will lead to a better understanding of corporate behaviour. Once a company's CSR behavioural inclinations have been identified, it (the personality profile) can serve as the platform from which certain strategic recommendations for 'corporate psychological therapy' or corporate behaviour modification can be developed. It is, therefore, also a way by which a company can become more self-aware of its positive and negative characteristics, in order to adapt and improve - and to behave more in line with the needs and aspirations of society.

7.2 RECOMMENDATIONS

7.2.1 General Recommendations

Instruments by which organisations can be measured are vitally important in order to compare and contrast levels of performance over time, as well as between organisations

and industries (European Commission, 2003:22). It is therefore important for companies to utilise this instrument on a **continuous basis** (e.g. every six months or annually) in order to be able to determine if progress is being made regarding certain identified (from the initial measurement) problematic issues. For CSR initiatives to be successful their **value** must be understood by many different stakeholders (see 4.1). Additionally, although a gap between expectations and performance can cause stakeholders to overvalue a CSR initiative, undervalued initiatives are likely a greater concern (Davis & MacDonald, 2010:85). Companies should therefore not be discouraged if their own scores/measurements on certain items and scales differ highly from the scores obtained from stakeholders. Companies should rather see this discrepancy as an opportunity for real stakeholder engagement and collaborative problem solving.

7.2.2 Limitations and Potential Resolutions

Despite the successful accomplishment of the research objective, there are certain limitations to the outcome of this study as well as the final measuring instrument, which should be mentioned:

- Firstly, as a general limitation of the instrument, it must be pointed out that the factors for determining the *Corporate Personality* construct, has only been focussed on (or limited to) themes that explain CSR and SD. There are certainly also other possible contributors or relevant drivers of a company's 'personality', which have nothing to do with CSR or SD per se; which have (because of the current study's focus and reliance of the *Bench Marks* CSR instrument), not been mentioned or used in this study. These may be factors such as, *innovation, prestige, values, culture, power*, etc. However, to truly pinpoint all the actual factors which can sufficiently explain a company's personality might be even more difficult than identifying the factors influencing human personality and it would have been impossible in terms of the reach of this study alone. The most important reason why the concepts *CSR* and *Corporate Citizenship* have been chosen by this study to explain *Company Personality*, has to do with the fact that companies and individual humans have very different 'structural designs' in terms of factors influencing personality. For instance, for humans, the issues of *emotion* and *physiological impulse* play an important role in determining personality factors.

As such, the five broad traits (or 'Big Five of personality') which have been associated with influencing the domain of human personality (*Extroversions, Neuroticism, Agreeableness, Conscientiousness and Openness to Experience*) are all to a certain extent influenced by the experience and control of human emotion and/or physiological inclinations. However, it would have been highly unrealistic to assume that companies are also 'emotional beings'. For this reason, the current study chose to rather focus on the more **visible behavioural traits** (which can largely be explained by CSR and related themes) of a company as well as its **relation towards society** (which can largely be explained by the concept Corporate Citizenship), to explain a company's personality. In other words, this study did not seek to provide a comprehensive identification or explanation for all the potential components of Corporate Personality, but rather focused on the more concrete factors such as CSR-factors which do explain company behaviour to a very large extent.

- Secondly, there are also certain specific limitations which should be kept in mind when using/applying this CSR measure/code:
 - The use of only one particular CSR instrument on its own, will never be as effective as the application of a whole range of instruments (or 'test battery'), specifically with regard to the identification of CSR personality types. Due to the multiple possibilities of defining and describing CSR, different CSR-related instruments coming from differing sources (and for different reasons) will undoubtedly result in varying ways of measuring company CSR performance. In order to arrive at a more comprehensive and more accurate CSR & CP measurement, it would be advisable to make use of as many applicable CSR instruments (in conjunction with this instrument) as possible.
 - Linking on to the above limitation, the use of only measuring instruments (in terms of questionnaires or other assessment types) during the CSR evaluation of a company, will not be as efficient and reliable as using it in conjunction with other research methods, such as interviews, focus group discussions and other qualitative data collection techniques. Subsequently, as already indicated earlier in this study (*see 6.2.1*), the results that emanate from using this measure should not be used on its own when making important decisions or inferences about a

company's CSR personality or performance. It is therefore advised that this measuring instrument should always be used in combination with other research techniques, when the investigation of a company or industry's CSR performance is to be truly objective and effective.

- It will always be difficult for a set of pre-defined personality profiles, to be generalised in such a way that all of the descriptions can be applicable to every company who score a specific profile. It is therefore necessary for the administrator/researcher/private user of the instrument, to be mindful of certain issues in personality descriptions which do not necessarily apply to the specific company being evaluated. Users of the instrument should be able to use their own discretion, when it has been found that certain descriptions of a personality type is not really applicable to the company at hand, to simply discard those specific descriptions. In view of this, personality profiles should be customised to each specific industry context and in accordance with each specific company situation.
- In terms of scoring and analysis (particularly of the Corporate Personality profiles), it might be difficult for first time users to apply the correct calculations. It is therefore advised that training be given to researchers and field workers (e.g. by the *Bench Marks Centre for CSR at the NWU*) on all the steps and calculations involved.