

**A CORPORATE SOCIAL RESPONSIBILITY (CSR) ANALYSIS OF THE
TRANSFORMATION OF THE MOBILE TELEPHONE INDUSTRY OF SOUTH AFRICA**

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BY

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Declaration

I, Godfrey Nyamande, hereby declare that this dissertation is my own original work, that all reference sources have been reported and acknowledged, and that this dissertation has not previously, in its entirety or partly, been submitted to any University for the purposes of assessment.

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Abstract

Corporate Social Responsibility (CSR) requires companies to fulfil certain responsibilities in society that are outside of the core operational activities of the company. The socio-economic dynamics of the region or country that the company operates from, as well as the pressures those stakeholders tend to apply, have a bearing on the direction that the CSR development takes. Mirvis and Googins (2006) described the CSR developmental path followed by international companies. Before that Carroll (1991) had suggested a developmental pyramid that suggested that philanthropy represented the highest level of CSR development. This pyramid was later revised by Visser (2005) in order to suit the African environment.

In South Africa CSR development is mainly driven by legislation through the BEE Act of 2003. This has resulted in the birth of industry charters that guide the development of CSR in different industries. To fulfil the requirements of the charter and score vital B-BBEE points, companies have to engage with both internal and external stakeholders, holistically. One such industry is the telecommunications industry, which formed the basis for this research, with special emphasis on the mobile telecommunications industry. The research set out to explore how the industry charter and company practices compared with the existing literature on CSR. The aim of this research was therefore to analyse the existing CSR practices in the mobile telecommunication industry in South Africa, where the B-BBEE Act plays a pivotal role in influencing practice.

Using publically available documents, this research conducted an analysis of the B-BBEE components in the telecommunications charter as the catalyst to development of CSR in the South African mobile telecommunications industry, with the three dominant companies, - MTN, Vodacom and Cell C – being utilised as case studies.

Key research findings were that transformation is still low in terms of equitable gender and racial representation at the top management level. The industry charter attempts to address these and other social challenges and economic problems. However, it does not address ecological issues that may emanate from the industry operations.

Therefore, a CSR assessment framework that addresses all stakeholders for sustainable economic development is proposed.

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CHAPTER 1: INTRODUCTION

1.1. Background

The mobile telephone industry has shown the capacity to drive the developmental goals of nations the world over (Kumar, 2014). In South Africa there are many social and economic areas in which the industry could be utilized to drive national growth.

There has been an increase in mobile telephone usage since the dawn of democracy in 1994 because of the associated convenience of the technologies (Effective Measure, 2014). Pioneering companies in this industry that have benefitted immensely from this demand are MTN, Vodacom and Cell C among others (Effective Measure, 2014). These companies have grown in leaps and bounds despite numerous challenges that are associated with the national economy. Mobile telephone infrastructure has expanded greatly in urban and remote areas of the country due to competition for market share. However, there is room for expansion, especially in remote areas of the country. So, MTCs have the potential to increase their financial returns through market expansion. When these companies grow they increase their contribution to the Gross Domestic Product (GDP) of the South African economy. This in turn increases their potential to contribute to Corporate Social Responsibility (CSR). "CSR refers to the responsibilities of business to follow policies which fulfil societal objectives and values" (Aagaard, Valente & Rasmussen, 2008:2).

Although the government has had a measure of success in transforming the economy it is important that the private sector comes on board to help with the cause because of the enormity of the socio economic challenges in South Africa (Visser, 2005). These socio economic problems are the reason why economic sector participation agendas have been initiated to give direction to these efforts. One of the sectors is the telecommunications industry to which the mobile telephone industry belongs. The government encouraged the stakeholders in each sector to come up with sustainable transformation goals and targets in the form of charters. Therefore, the telecommunications industry charter was developed and stands as a guiding principle on how companies could achieve CSR given the history of the country.

Research in sustainable development dictates that CSR should be achieved with the interests of all stakeholders at heart (Mirvis & Googins, 2009). Stakeholder groups are mainly composed of the government, the employees, trade unions, investors, communities, suppliers, customers and political groups (Lantos, 2002). These groups form the internal and external environments which determine how a company approaches CSR issues.

This research analyses the BBBEE components in the telecommunications charter as a catalyst to development of CSR in the South African mobile telecommunications industry. To accomplish this the three dominant companies, - MTN, Vodacom and Cell C - are utilized as case studies. Research theories pertaining to CSR will be combined with BBBEE elements in the charter to come up with a framework that could be used to assess the paths of CSR.

1.1.1 Economic environment

Countries have different social, economic and regulatory environments. Often, these environments determine how companies operate (Marsden & Andriof, 1998). In South Africa this environment is shaped by a unique historical background which presents challenges and opportunities to investors. When it comes to transformation and sustainable development, companies that operate in South Africa need to respond to the challenges of inequalities that were brought about by apartheid (Arya, Bassi & Phiyega, 2008). These past events coupled with the current political environment have an influence on the business environment of the day. This, in turn, has a bearing on the socio economic environment in the country (Netshitenzhe, 2015).

South Africa is considered as a country that has high economic gap between the rich and poor people (Turok, 2016). It is a nation that has many people who live in abject poverty and yet it also has people who are very rich. With a history of racial divisions and marginalization of the majority of the people of the country much still needs to be done to uplift the well-being of the majority of the people. Both the private sector and the government have a duty to implement measures that could improve the lives of many people in South Africa. Some of these people find it difficult to break into the

mainstream economy even after attaining the requisite qualifications. Those that do may still find that they will soon hit a ceiling that is imposed in their careers due to, for instance, their race, gender, religion or disability.

In order to mitigate against this problem, the government came up with an idea of Broad Based Black Economic Empowerment (BBBEE) (Arya, Bassi & Phiyega, 2008). This is a programme that aims to impose quota systems that favour the employment and promotion of the previously marginalized groups of the society in organisations, and especially black people (Hamann, Reddy & Kapfudzaruwa, 2010). BBBEE has a rating that indicates the progress of transformation at a company (Department of Trade and Industry, 2016). Based on this, other companies and the government will be discouraged to trade with those that are not compliant (Department of Trade and Industry, 2016). As a result, there could be financial consequences for non-compliance. The government, through the Department of Trade and Industry (DTI), encouraged various industries to come up with charters that guide companies on how BBBEE may be implemented (Hamann, Reddy & Kapfudzaruwa, 2010). These charters were mostly agreed upon by various stakeholders in a given industry.

The mobile telephone industry, in which the three companies being researched belong to is guided by the telecommunications industry charter. It is important that these companies, as they grow in size and influence in the economy of the country, should reflect the demographic composition of the country (Department of Trade and Industry, 2016). This could be the gender or racial composition of the employees. This research seeks to establish the differences in the stages of CSR development of the mentioned companies. Given the stages of CSR development suggested by scholars such as Mirvis & Googins (2006) and Carroll (1991) the researcher seeks to establish the CSR development path that South African Mobile Telephone Companies (MTCs) have followed thus far.

The idea of BBBEE brought about the issue of company compliance. Could it be that CSR is practiced only for reporting purposes and compliance in South Africa? If not, this research will establish a framework that could help industries in South Africa to assess their CSR development and improve where they lag behind.

1.2. Research problem

How does the telecommunications industry charter as guided by BBBEE compare with existing literature on CSR and what is the extent of compliance with the charter? The research will establish the path of CSR being followed by MTN, Vodacom and Cell C as compared to the literature on the subject. It is also important to research how the socio economic environment in South Africa has a bearing on the developmental trajectory of CSR in order to attain sustainable development in the country.

1.3. Research aim and objectives

The aim of this research is to analyse the existing CSR practices in the mobile telecommunication industry in South Africa where the BBBEE Act plays a pivotal role to the practice. According to Mirvis and Googins (2006), businesses move through different stages of corporate citizenship in their growth. This research aims to trace and analyse current practices of the mobile telecommunication industry in South Africa in its journey towards responsible corporate citizenship. This will be done by comparing the prescription of the industry charter and what the major companies have achieved. Three big companies are expected to give an overall picture of the transformation levels and gaps that still exist in the mobile industry. The focal point of the study will be the development of a framework that will be utilized to analyse the progress of CSR in this relatively young industry. The framework will adapt the Mirvis & Googins (2006) model by combining it with the Carroll (1991) and BBBEE charter elements. Special attention will be given to transformation initiatives by the companies and how they have exercised their strategic roles through policy formulation and initiation of strategic projects. In line with this and the BBBEE in South Africa the objectives of this research are summarized as follows:

- To describe the development and implementation of BBBEE initiatives aimed at improving CSR by the three MTCs.
- To describe BBBEE initiated transformation in the mobile industry at management level.

- To analyse the level of representation in the industry of the previously marginalized and minority groups in South Africa.
- To identify and describe examples of contributions made to the socio-economic development of South Africa by the mobile telephone industry.
- To analyse how the industry manages and engages with stakeholders in the quest to improve corporate citizenship.

1.4. Research methodology

This is a case study research on CSR development in the mobile telephone sector in South Africa. Three major companies, in terms of customer base, will be studied qualitatively through analysis of documents and archival data in the public domain. The analysis will be done deductively using CSR and telecommunications charter frameworks to analyse the current practices of the companies as representatives of the mobile industry.

1.5. The research setting

The research is done in South Africa, a country that has the most advanced economy in the continent of Africa (Fourie & McNamara, 2008). It is a country that has a history of discrimination and segregation mainly along racial lines during the apartheid era. Although, much has happened to redress this anomaly since the attainment of democracy in 1994 there still exists inequalities in the economy (Netshitenzhe, 2015; Turok, 2016). Such inequalities occur in an economy where there are a few people who are rich either from historical advantages or individuals who acquired wealth through various government initiated people empowerment processes (Alexander, 2006; Netshitenzhe, 2015).

1.5.1. Mobile telephone industry in South Africa

This research studies the development of CSR in the South African mobile telephone sector as guided by the telecommunications industry charter. The charter recognizes the importance of telecommunications as a driver of economic growth in the country. In

2014 this sector contributed 2.7% to the GDP of the country with a growth rate of about 5% per annum (Statistics South Africa, 2017). As the population of South Africa continues to grow (Statistics South Africa, 2017), so does the need for companies to contribute to CSR issues. However, South Africa has one of the most expensive mobile telephone products amongst developing countries (Calandro, Gilwald & Stork, 2012) which stifle economic and social growth. The products such as data need to be accessible and affordable to all people, in order to help uplift the potential of economic improvement for the poor in the country (Calandro, Gilwald & Stork, 2012).

The three dominant MTCs in terms of market share in South Africa are MTN, Vodacom and Cell C (Mentz, Strydom & Kloppers, 2012). They, therefore have a major influence on the events that happen in this industry, including the determination of the pricing structure of the mobile telephone industry products.

1.5.2. MTN

According to the MTN (2016), the South African based company has operations in 24 countries in Africa, Europe and Asia. It was formally called M-Cell and it was founded in 1994. In 2016 it moved to a BBBEE level 2 rating from level 3 the previous year. However, in 2017 it dropped to level 4 (MTN, 2017).

1.5.3. Vodacom

This company was formed in 1994 as a partnership between the British telecommunications company Vodafone and South African telecommunications company, Telkom on a 50:50 share ownership. In 2008 Vodafone increased its stake to 65 percent. Vodacom attained a BBBEE level 2 rating in 2015 (Vodacom, 2016). Vodacom, (2017) indicates a recent drop to level 4 BBBEE rating for the company.

1.5.4. Cell C

This is a company that is owned by Blue Label Telecoms that was formed by two brothers, Mark and Bret Levy. It was formed in 2001 and it also has operations in

Mexico and India (Blue Label Telecoms, 2016). The company does not indicate their BBBEE ratings in their reports, however.

1.6. Dissertation outline

This dissertation is divided into six chapters as follows: an introduction, literature review, research methodology, research findings, discussion and finally the conclusion.

The first chapter has presented the development and growth of the mobile telephone industry in South Africa since the advent of democracy in 1994. The three dominant companies in this industry are introduced with a view to illustrating how they have developed CSR in relation to the BBBEE industry charter. Transformation of the composition of the top management teams of these companies in terms of gender, disability and race is discussed as a prerogative to correcting the imbalances that existed in the country before democracy was achieved. The strategic importance of the mobile telephone industry in South Africa and the dominance of the companies are presented as justification for this research.

The review of literature on CSR in Chapter 2 examines how stewardship theory could be utilized to enhance compliance with the mobile telecommunications industry charter. A study of the CSR theories postulated by Mirvis and Googins (2006) and Carroll (1991) in relation to the development of transformation and compliance in this industry is done in this chapter. The research aims to compare the developmental paths suggested by these theories in relation to CSR practices by these companies as guided by the charter.

The methodology section in Chapter 3 describes how qualitative research methods were used to study the top three mobile companies in South Africa. These are MTN, Vodacom and Cell C. The research was done through the study of documents in the public domain related to the chosen companies.

Chapter 4 presents findings of the research. The results compare levels of transformation of these companies in relation to the telecommunications transformation charter in which the mobile telephone industry falls. Using a framework developed from

the existing theories on CSR the results also show how the industry has transformed in a given trajectory of sustainable development. It will be established if the industry has followed a common CSR growth path and how this compares to existing literature.

Chapter five will then discuss the findings obtained in chapter four in relation to the literature.

In Chapter 6 the research will be concluded. The highlights of the research findings will be given and recommendations made for management practice. Finally, research limitations will be explored and recommendations made for further research.

CHAPTER 02: LITERATURE REVIEW

2.1 Introduction

South Africa has a unique history of oppression and inequality caused by apartheid. This history has a bearing on the current socio-economic and political environment which is characterized by social unrest and crime in the country (Turok, 2016). Given this scenario, Harris, Stookey & Twomey (2010), advocate for an enlarged role of business in society given their influence in an economy. Therefore, the responsibility to solve these socio economic challenges should not only be left to stockholders, or shareholders of the company, but also to other stakeholders (Agle *et al.*, 2008).

2.2 Business ethics

The concept of CSR is closely tied to business ethics. According to De George (1987) ethics is an interdisciplinary field that encompasses CSR and philosophical reasoning. Therefore, systematic linkages can be developed between the two at an organisational level. As such, it is difficult to talk about CSR without committing to achieving a certain level of ethical business conduct both at an individual and company level. It can be argued that ethical business conduct starts at an individual level. It therefore requires the workers to pull in one direction if an organisation is to succeed. Once the company's leadership has established the CSR goals and the enshrined ethical values it has to initiate a process of imparting knowledge to the rest of the organisation. Employees as stakeholders of the company represent it in various spheres of life be it private or as workers. Marsden & Andriof (1998:329) argue that "corporate citizenship is defined by ethical values, which have an effect on the behaviour of managers and their stakeholders who put pressure on them". The leadership therefore plays a big role in influencing the development and adoption of ethical practises. According to De George (1987) there are five kinds of activities that dominate the field of business ethics that need to be considered:

- Studying how immorality develops in business.
- Understanding how business is run operationally.

- Clarifying some initially held ethical beliefs in business.
- Studying and possibly correcting theories pertaining to ethics.
- Investigate and solve deep rooted challenges such as the obligations of multinational companies to the under-developed nations in which they operate.

The first three activities are important for this study because they are practical business areas that apply to the companies under study.

Most situations that business people face today do not strictly involve legal matters but judgments that concern ethical conduct (Tsalikis & Fritzesche, 1989). It is normally easy for people to make decisions on issues that are as clear as black and white, but when it comes to grey issues, that is when people are found wanting (Tsalikis & Fritzesche, 1989).

2.3 Sustainability

"Sustainability is the capability of an organisation to run its business without hindering future generations from meeting their needs", (Brundtland, 1987:59).

It is imperative that influential companies such as technology driven companies, which are the focus of this research, should lead in the quest to achieve sustainable business practices. According to the University of Cambridge (2010) the context of today's environmental and social challenges defines particular requirements for individuals who can inspire and support action towards a better world. This concept applies to organisations as well. It entails the development of clear cut policies that define the company's role in mitigating the effects of its operations on different stakeholders. Pearse and Greyling (2012) suggest that sustainability requires that organisations engage constructively with a wide range of internal and external stakeholders. By doing this, it is hoped that the interests of the majority stakeholders are covered. That includes the natural environment and the coming generations of people.

Thinking beyond personal interests is a challenge that the world faces today. In Africa, these interests could be issues that threaten the livelihood of people. Without recourse people might end up prioritizing activities that threaten those of society as a whole.

Therefore, corporations in Africa could help to alleviate the pressures of poverty through philanthropy (Visser, 2005).

According to Buchanan *et al.* (2005) sustainability is dependent on a number of factors at different stages of study. The research indicates that the attainment and maintenance of sustainability is highly dependent on these factors and they are highlighted in Table 1 below:

Table 1: Factors affecting sustainability

| Category | Outline definition |
|----------------|-------------------------------------------------------------|
| Substantial | Perceived centrality, scale, fit with organisation |
| Individual | Commitment, competencies, emotions, expectations |
| Managerial | Style, approach, preferences, behaviours |
| Financial | Contribution, balance of costs and benefits |
| Leadership | Setting vision, values, purpose, goals, challenges |
| Organisational | Policies, mechanisms, procedures, systems, structures |
| Cultural | Shared beliefs, perceptions, norms, values, priorities |
| Political | Stakeholder and coalition power and influence |
| Processual | Implementation methods, project management structures |
| Contextual | External conditions, stability, threats, wider social norms |
| Temporal | Timing, pacing, flow of events |

Source: Buchanan *et al.* (2005)

With many factors affecting sustainability, there are challenges and opportunities that come with the imperative. To surmount the challenges and grab the opportunities that are associated with achieving sustainability companies have to do the following (Lacy, Arnot & Lowitt, 2009):

- Review their understanding of strategy.
- Use new operating models.
- Increase awareness about sustainability among workers.

This suggests how important the human element is to the growth of the subject. It could be the policy makers, business leaders or employees and individuals who have to change their approach to sustainability for it to be a success. This is mainly because sustainability is changing the business operating environment and maintaining the model moving forward (Lacy, Arnot & Lowitt, 2009).

2.4 Corporate Social Responsibility (CSR)

"CSR is corporate behaviour that aims to influence stakeholders to behave in a way that surpasses the economic interests of the company" (Turker, 2009:417). Companies that exhibit good corporate citizenship are shown to perform well in various spheres of activities including financially (Hoivik, 2011). This is caused by the goodwill that comes from satisfied stakeholders such as the customers, the community and the government. As a result, a lot of companies have been encouraged to adopt the CSR concept. So, there are companies that pioneered CSR with an intention to contribute to society out of their own volition. But there are also those that have adopted it in anticipation of positive results associated with the good will. Some companies only embark on the idea to stay on the right side of the law. Therefore, companies tend to be found at different stages of CSR which is normally shown by the knowledge, attitudes, structures and practices that exist (Mirvis and Googins, 2006).

The importance that is placed on each stage of CSR development depends on the industry and the country (or continental region) under consideration. For instance, European organisations are less likely to get involved in the socio economic activities of local communities than their United States of America (USA) counterparts (Mirvis and Googins, 2009). In contrast, Africa exhibits a need for the socio-economic aspect to be satisfied before philanthropy (Visser, 2005). Thereafter, according to Visser (2005), philanthropy gets more attention than legal in the early stages of CSR development.

Carroll (1991) presented a model where legal consideration takes precedence as compared to philanthropy. This is typical of CSR development in the developed economies. On the contrary Lantos (2002) suggests a model that consists of three CSR stages. These are ethical, followed by altruistic and then lastly strategic.

In this model Lantos (2002) describes something as ethical when it goes beyond satisfying a firm's economic and legal commitments. Accordingly, the altruistic stage is when a company looks beyond profitability in order to satisfy the needs of the various stakeholders (Lantos 2002). Lastly, the strategic stage is when the organisation embarks on doing community projects that help them to achieve strategic business goals (Lantos 2002). The various models and their stages are shown in Table 2.

Table 2: Stages of CSR models

| Model | Carroll | Visser | Lantos |
|----------------|----------------|---------------|---------------|
| Stage 1 | Economic | Economic | Ethical |
| Stage 2 | Legal | Philanthropy | Altruistic |
| Stage 3 | Ethical | Ethical | Strategic |
| Stage 4 | Philanthropy | Legal | |

This last stage in Lantos' model is supported by Hoivik (2011) who suggested that the goal of a company should be to develop corporate responsibility for strategy and not a strategy for corporate responsibility.

2.4.1 Methods of measuring CSR

Given the importance of CSR there should be a way to measure it so as to determine the level of success that a company has achieved in implementing it. This could be in relative terms when compared to other companies or assessing a company on its own. According to Turker (2009) there are several ways of measuring CSR.

Firstly, reputation indices or databases could be used. An example is the Fortune Reputation Index that is used to measure socially responsible behaviours from a managerial point of view. Another example is the Kinder, Lydenberg and Domini (KLD) database (Mattingly & Berman, 2006) which rates companies listed on the United States stock exchange based on factors such as community and employee relations, ecology, product, gender balance and how minorities are treated. The main problem with this approach is the limited area of assessment.

Secondly, there are single and multiple issue indicators such as pollution control performance and corporate crime. A major limitation of the single issue indicator approach is that it is one-dimensional in approach. Even the multiple approach, which analyses more than one indicator, has limited potential to broadly show the CSR form (Turker, 2009).

Finally, content of corporate publications could be analysed. This is because many companies give attention to CSR reporting as a way of communicating to society about their activities pertaining to environment, the community, employees and consumer issues (Turker, 2009). This procedure does not show any rating bias against companies because of standardised social characteristics (Ruf, Muralidhar & Paul, 1998) However, the information may be a misrepresentation of facts, done deliberately to create a positive company image (McGuire, Sundgren & Schneewis, 1988).

Another method is to use a scale that measures CSR at the individual level, mainly targeting the managers. The main disadvantage is that it is not suitable for measuring the whole organisation at large. One typical scale that is used is to measure "managers according to Carroll's four dimensional model" (Turker, 2009:415).

There are also scales that measure CSR at the organisational level. A popular scale that is based on the idea of corporate citizenship was developed by Maignan and Ferrell (2000) (Turker, 2009:415). "This study defined corporate citizenship as the extent to which businesses meet the economic, legal, ethical and voluntary responsibilities imposed by stakeholders" (Maignan and Ferrell, 2000:283-297).

In consideration of the BBBEE assessments, scales that measure CSR at an organisational level are more suitable than the other scales because they are comprehensive. The rest of the methods could be used for partial or segmental assessments of the organisation. In this case segmental assessments could be used to assess various stages of CSR development in an organisation.

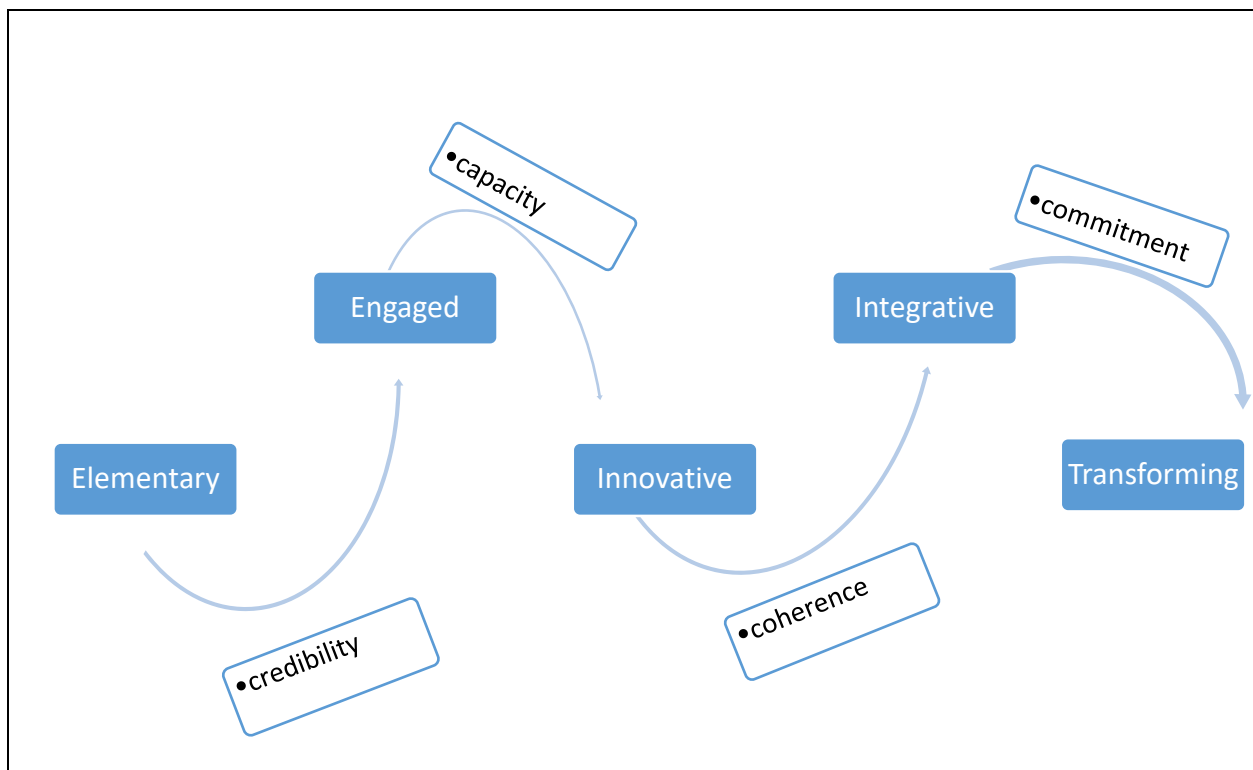
2.5 Stages of responsible corporate social citizenship

Three models of CSR development will be presented in this section. The first model that is considered in this study is Mirvis and Googins (2006). This will be followed by the Carroll (1991) model and lastly the Visser (2005) model. The last model is based on the Carroll model but with a focus on CSR development in Africa (Visser 2005).

2.5.1 The Mirvis and Googins approach

Mirvis and Googins (2006) proposed five stages in the growth of CSR for organisations. These were given as elementary, engaged, innovative, integrative and transforming. Each of these stages is characterized by a force or need that forces it to move to the next stage of development. These forces are credibility, capacity, coherence and commitment. Figure 1 shows this natural progression:

Figure 1: Five stages of CSR development



Source: Mirvis & Googins (2006)

2.5.1.1 Elementary

This is when activity related to corporate citizenship is done in episodes and company programmes are undeveloped (Mirvis & Googins, 2006). Functional managers are given the task of making sure that the company obeys the laws and preserving the reputation of the company. When a company is challenged by society at this stage it tends to look for credibility and this prompts the movement to the next stage which is that of an engaged citizen.

2.5.1.2 Engaged

At this point in time executives embrace a new viewpoint on the company's role in society (Mirvis & Googins, 2006). During this stage organisations are reactive to emerging social and environmental matters (Mirvis & Googins, 2006). The challenge comes with waning enthusiasm and failure to keep up with demands and so this requires a firm to build capacity to be able to respond to these challenges.

2.5.1.3 Innovative

Top leaders adopt a stewardship role by accepting an all-encompassing notion of citizenship which is conspicuous with elevated standards of innovation and learning (Mirvis & Googins, 2006). Companies may begin to observe their socio-environmental performance and compile public reports on their results (Mirvis & Googins, 2006). What prompts action are the opinions of pressure groups that bring what is happening in the company to the fore.

2.5.1.4 Integrative

The various calls for good citizenry will need coherence and coordination to be integrated into one policy that represents a single position of the firm. With many companies going global this is highly required if policies are to be effective. The challenge here for companies is to move from coordination to collaboration in driving

citizenship (Mirvis & Googins, 2006). What moves firms from this stage is the need to create new models of sustainable commerce (Mirvis & Googins, 2006).

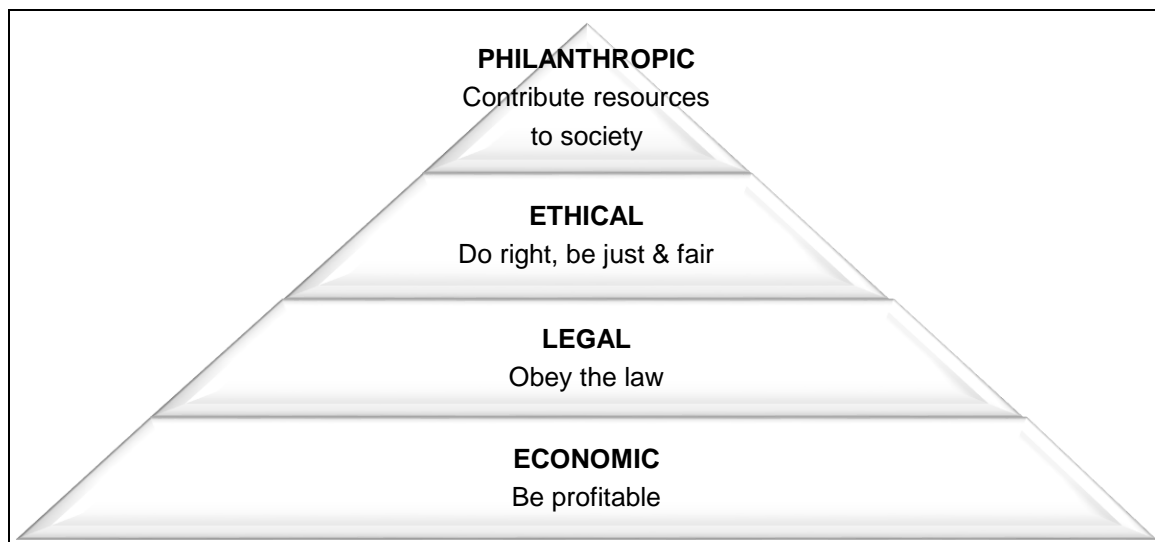
2.5.1.5 Transforming

The company at this stage is led by an inspirational and visionary leader who eventually becomes a global spokesman for this cause (Mirvis & Googins, 2006). The firms often partner with other businesses to advance social and environmental causes (Mirvis & Googins, 2006).

2.5.2 The Carroll approach

According to Carroll (1991) the economic, legal, ethical and philanthropic responsibilities make up what is known as total CSR. And they can be shown as a pyramid as shown in Figure 2.

Figure 2: The pyramid of CSR



Source: Carroll (1991)

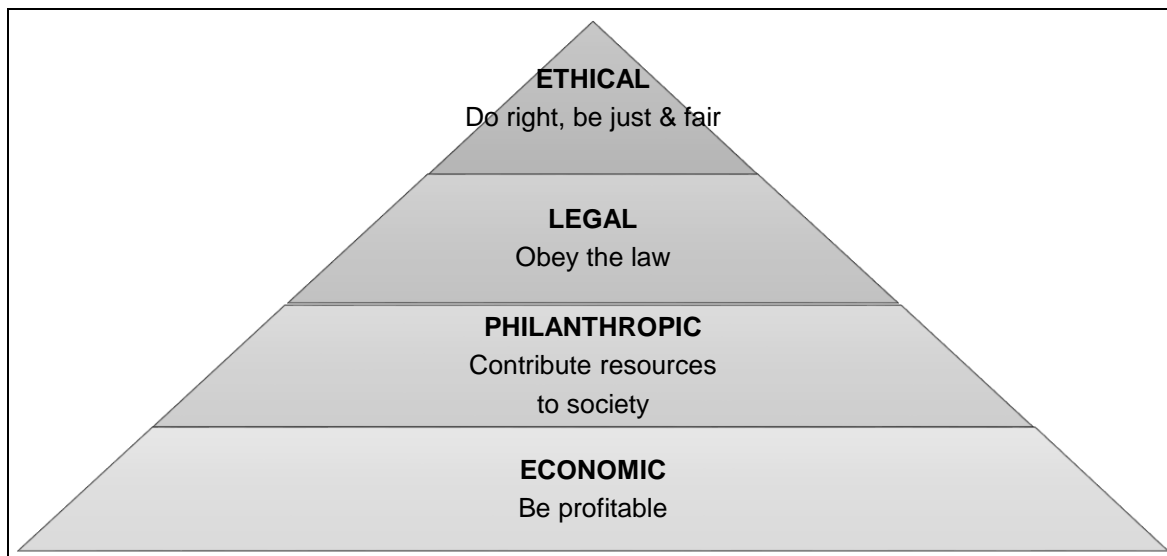
The figure shows the natural progression of organisational responsibilities as envisaged by Carroll (1991). The economic need is seen as the basis for the existence of the company. That is to produce goods and services profitably. Without this, the other

responsibilities fall away. So the firm is expected to operate within the confines of the laws of the country it operates from. However, it was proven that it not enough to be lawful citizens without the element of being just and fair to stakeholders (Carroll, 1991). As society continues to demand more from corporates than just meeting the legal demands (Mirvis & Googins, 2006), ethics and philanthropy have taken center stage in recent years (Carroll, 1991). Philanthropy is discretionary engagement in programmes that promote human and societal welfare.

2.5.3 The Visser approach

Visser (2005) analysed Carroll's position and came up with a pyramid that, instead, proposes that philanthropy occupies the second rung from the bottom as shown in Figure 3 below. This is a pyramid that was suggested for the African countries in light of the philanthropic role that multinational companies play (Visser, 2005).

Figure 3: The pyramid of CSR



Source: Visser (2005)

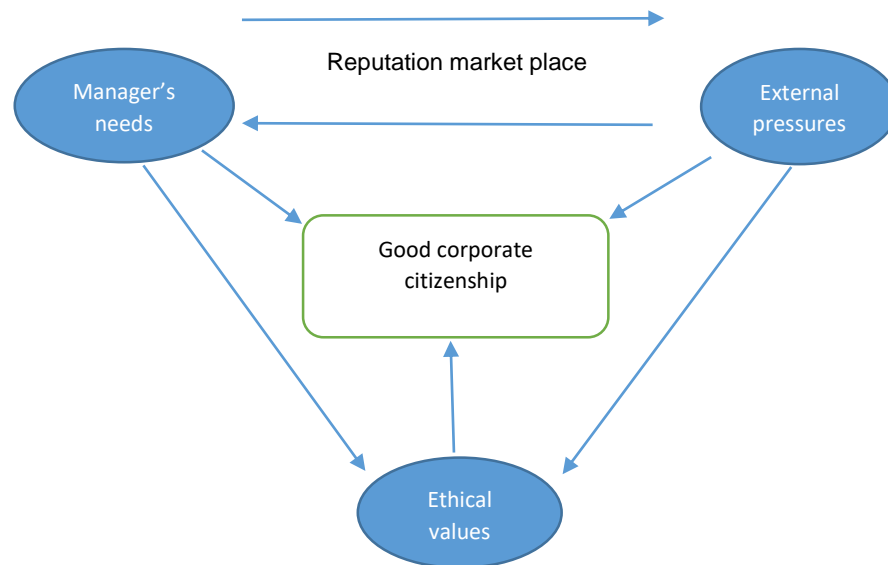
2.6 Factors influencing citizenship

A company is considered a citizen of the country where it operates (Marsden & Andriof, 1998). It has to abide by the laws of the land just like everyone else. There is bound to be despondency if, for any reason, the other citizens feel that one of its own receives preferential treatment from authorities. In most cases companies are found wanting on issues of CSR and ethics. That is why ethics forms an important component of citizenship performance in an organisation (Marsden & Andriof, 1998). Therefore, there are a number of factors that affect good citizenship, the most notable ones being the external reputation of the company and how primary stakeholders conduct themselves (Marsden & Andriof, 1998). Accordingly, Marsden & Andriof (1998) propose that good corporate citizenship performance comes from a combination of the following forces:

- The need for managers to understand their external environment and be able to work with it.
- Societal demands for improved social and environmental performance by companies.
- The need to achieve high ethical standards for the business.

These forces are represented diagrammatically in Figure 4 where the managers' needs and external influences tend to exert pressure on ethical values. When good ethical conduct prevails it results in good corporate citizenship. In certain instances, the managers' needs and external influences exert direct pressure on good corporate citizenship. These are factors that do not relate directly to ethics but still have a bearing on good corporate citizenship.

Figure 4: The Rationale Triangle



Source: Marsden & Andriof (1998).

2.7 BBEE and CSR

Many countries have instituted laws that enforce CSR regulations and notable countries are Germany and France (Arya & Bassi, 2011). In South Africa BBEE Act of 2003 was put in place to force organisations to comply with law that expects them to embark on CSR initiatives. Self-regulatory institutions such as the Johannesburg Stock Exchange (JSE) and industry initiatives in the form of charters are helping in supplementing political reform in the South African economy (Arya & Bassi, 2011). During the apartheid era black people were not allowed to be part of the formal economy (Arya & Bassi, 2011). So BBEE initiatives are meant to encourage the participation of the previously disadvantaged people in the economy as part of CSR development. According to Arya and Bassi (2011) the objectives of BBEE are as follows:

- To increase the number of black business executives as well as owners of business in the South African economy.
- To reduce income inequalities that existed based on gender and race.

Other aspects of CSR such as the environment and ethical issues are not covered in the BBBEE initiatives as result of the dire need by the government to address socio-economic challenges (Arya & Bassi, 2011). CSR is therefore a part of social policy's role of supporting social and human development (Noyoo, 2016). CSR should be differentiated from philanthropy. According to Noyoo (2016) philanthropy can be seen as charity that helps in poverty reduction and can also help enhance the image of a company, while CSR goes beyond that. CSR can be viewed from a strategic point where it is used to realise human and social development outcomes in society (Noyoo, 2016).

2.8 Stakeholders

A stakeholder is defined as an individual, a company or a resource that is directly or indirectly affected by the operations of an organisation (Mitchell, Agle and Wood, 1997). The South African ICT charter (2004) identifies stakeholders as the company employees, shareholders, suppliers, customers, labour, the community and the government. These individuals and organisations exert certain influences on the operations of an organisation. Depending on a number of factors such as the nature of business, critical inputs, the political situation in a country and the strength of labour movements, the stakeholders will have varied levels of influence on the business functions (Hoivik, 2011).

Carroll (1991) categorizes stakeholders as either high power or low power. High power stakeholders tend to have favourable attention from management as compared to low power stakeholders (Carroll, 1991). Agle *et al.* (2008) classifies stakeholders as primary and secondary. These distinctions are derived from the interests of both the stakeholders and the organisation. Primary stakeholders provide resources that are utilised in the production processes that create value for companies (Bridoux and Stoelhorst, 2013). For instance, managers are primary stakeholders who are required to make decisions that ultimately mould the kind of relationships that will exist between stakeholders (Bridoux and Stoelhorst, 2013). Secondary stakeholders, on the other

hand, are "those who might be influenced by the firms' operations but are not directly engaged in transactions with the firm in question and are thus not seen as essential for its survival" (Madsen & Ulhoi, 2001:77-88). Recent research indicates that secondary stakeholders play a constructive abating link between product diversification and financial performance of a firm (Su & Tsang, 2015). When compared, secondary stakeholders tend to be viewed with more urgency by the executives of a company than primary stakeholders (Thomas, Schermerhorn & Dienhart, 2004). Primary stakeholders are the people and organisations that have a direct bearing on the day to day operations of an organisation such as employees, managers, owners, suppliers and consumers (Thomas, Schermerhorn & Dienhart, 2004). Examples of secondary stakeholders are the civil society organisations (NGOs), governments and communities (Thomas, Schermerhorn & Dienhart, 2004).

According to research, there is interdependency of both how a company is impacted by its capabilities and the expectations of stakeholders (Hoivik, 2011). When stakeholders only care about themselves and do not value fairness they are considered to be self-regarding but if they reward fair and punish unfair treatment of others they are termed reciprocal.

Therefore, stakeholders have a bearing on the profitability of an organisation and as such the company needs to constantly engage with them. Greenwood (2007:315) defines "stakeholder engagement as exercises that are done by companies to involve stakeholders in their activities in order to build good relations between the two. This engagement can be used by the company to its advantage to improve on control, cooperation, accountability, and corporate governance (Greenwood, 2007). According Clifton and Amran (2010) a company that is managed on the basis of sustainability may use its engagement with the stakeholders to exert its influence pertaining to issues of human welfare and ecological wellbeing. Often, this influence is targeted at the high power stakeholders rather than the low power stakeholders (Lantos, 2010). High power stakeholders have high bargaining power that is determined by four factors that are viewed from a resource based approach (Coff, 1999):

- They must be able to act cooperatively.

- They must have access to important data.
- They must be difficult to replace.
- They must incur limited costs if they decide to move to another company.

The high power stakeholders tend to possess all of the above factors while low power stakeholders may possess a few of them and in some instances none at all. This paints a picture of a power play when it comes to interactions with stakeholders.

2.9 Roles of stakeholders in CSR initiatives

Every stakeholder has a particular role to play in the success of an organisation, the preservation of the environment and the general interests of each stakeholder (Greenwood, 2007). Some stakeholders may have overlapping roles such as one person holding a function of being an employee, a consumer, a union member and a member of the community in which the organisation operates. So, they will represent different stakeholder interests at any given time. In all instances the most influential stakeholders are the top management team because they have to deal with and harness ideas from all other stakeholders for the benefit of the organisation (Bridoux & Stoelhorst, 2013). This section analyses the roles of some the major stakeholders of an organisation.

2.9.1 The government

According to research, governments are increasingly becoming concerned with fostering national competitiveness and attracting foreign investment (Marsden & Andriof, 1998). It is their duty to create conducive environments for businesses to flourish. Favourable business policies, stable political systems and a clear resolve to deal with corruption tend to encourage foreign investment. After these multinationals have established themselves in a country the challenge that arises is policing them to make sure that they abide by local regulations. Without proper monitoring some of these companies resort to exploitation of resources without regard to following sustainable methods. Accordingly, states may end up promoting CSR by means of traditional

instruments of rules, threats and subsidies (Runhaar & Lafferty, 2009). This has limited effect when it comes to established conglomerates even when it pertains to global issues such as reduction of carbon emissions. Research shows that government power over these companies diminishes as business globalises (Marsden & Andriof, 1998).

In developing countries such as South Africa where poverty is high people expect the governments to improve their economic and social being despite the limited availability of resources (Netshitenzhe, 2015; Turok, 2016). Instead, Marsden and Andriof (1998) argue that the standard and quality of people's lives depends more and more on the big companies than the government.

2.9.2 Non-Governmental Organisations (NGOs)

In situations where governments have been too weak to hold the big companies to account for their actions and abide by expected sustainable business practices NGOs have been able to fill the void. Marsden and Andriof (1998) attribute the rise and importance of NGOs to a response to the absence of formal government control. CSR promoting initiatives on a voluntary basis targeted at multinational companies have been implemented by international NGO integrators such as the United Nations (UN) and the International Labour Organisation (ILO) (Runhaar & Lafferty, 2009). Through peer evaluation and in certain instances through pressure and lobbying, such as what Greenpeace does, there have been marked successes in compliance. The interdependence of the global economy makes it possible for such initiatives by Greenpeace to be successful. Companies are increasingly finding it difficult to have double standards linked to environmental and social issues (Marsden & Andriof, 1998), where high standards of CSR are meant for the developed countries and low ones are reserved for the poor developing nations. Therefore, NGOs play a pivotal role in ensuring that issues of CSR, ethics and sustainable business practices are acceptable to most stakeholders if not all.

2.9.3 Organisational leadership

Global challenges are calling for a new generation of leaders that are prepared to respond to sustainability in bold and inspiring ways, which ultimately serve their business interests as much as those of society (University of Cambridge, 2010). That is, organisational leadership has the potential to influence company strategies that ultimately affect the implementation of sustainability policies. If leadership is taken as non-hierarchical (Goffee & Jones, 2009) then it means that everyone in a company has the potential to become a leader who can champion the cause for sustainability. Armed with the correct environment where workers feel empowered, they will have a positive mindset that will influence the outcome of any company initiative.

The University of Cambridge (2010:2) defines sustainability leadership as leadership that responds "urgently and effectively to the world's most pressing social, environmental and ethical challenges". Since these challenges differ from continent to continent it means that they have to respond accordingly without having to come up with a blue print that is meant to fit different situations. Courtice (2011) identifies seven key characteristics that are important for this kind of leadership:

- Systemic, interdisciplinary thinking.
- Emotional intelligence.
- Inclination to good values.
- A powerful vision.
- An all-encompassing approach that breeds trust.
- A disposition to innovate.
- A viewpoint that looks at the future.

According to the University of Cambridge (2010) these traits require internal and external actions to be implemented by leaders of an organisation. This creates a

conducive environment for sustainable development. The actions are highlighted in Table 3 below.

Table 3: Internal & External Actions of a Sustainable Organisation

| Internal Actions | External Actions |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategic direction: Management has to analyse how to position the company for the benefit of all stakeholders | Cross-sector partnerships: Engage other players in the industry to motivate for common causes to be implemented such as coming up with a charter. |
| Informed decisions: Long and short term decisions that affect the company's relationships with other stakeholders need to be made after careful analysis of the operating environment. | Sustainable products and services: Sustainable efforts should be embedded in the organisation's culture through appropriate products and services that are offered to the outside world. |
| People management: Strategic goals will need to be communicated to workers and the set programmes managed in a manner that aligns the visions of the company and actions of every employee. | Sustainable awareness: it is necessary for management to take the lead in educating other stakeholders about sustainability given that they usually have company resources at their disposal. |
| Learning and innovation: Employees should be equipped with necessary knowledge for them to be active participants in building stakeholder relations and be allowed innovate according to local needs. | Context transformation: It will be necessary for management to set the agenda and context in which sustainability will be approached. |
| Management incentives: one way to get active participation is for management to introduce incentives for employees who embrace the stakeholder agenda and suggest new ideas. | Stakeholder transparency: The activities that are championed by the organisation and other stakeholders it is associated with should be done transparently. |
| Performance accountability: measures should be introduced to assess performance by employees and how the programme champions are faring. | |

Source: University of Cambridge (2010)

Research by Antunes and Franco (2016) discovered that responsible leadership espouses four dimensions. These are an aggregate of virtues; stakeholder involvement; model of leader's roles and principles and ethical values (Antunes & Franco, 2016).

When these principles are harnessed the practical implications are an integrative and holistic approach that seeks to solve humanity's pressing issues such as poverty, diseases and global warming. Maak and Pless (2009) advocate for responsible leadership that has a cosmopolitan mindset that seeks to grow human values internationally. This means that profit making should not be the sole mandate of a business leader but also the quest to improve the quality of life of stakeholders. Communities around the world now expect an awareness and commitment to their needs from corporations (Maak & Pless, 2009). It therefore takes collaborative working, critical thinking, evaluation of multiple perspectives and resilience for leaders to manage a complex and ambiguous twenty-first century environment (Waller, Millar & Culpin, 2017).

2.9.4 Employees

Employees are a very important non-shareholding stakeholder in a company (Greenwood, 2008). They are the people who make things happen in terms of policy implementation and accordingly, they have the capacity to make a programme succeed or fail (Delmas, 2001). This implies that even CSR initiatives require buy in from employees if the programme is to succeed. An example would be the implementation of the Employment Equity Act in order to improve the representation of the previously disadvantaged groups of the population. Van der Laan, Van Ees and Van Witteloostuijn (2007) argue that disregarding the wishes of primary stakeholders contributes negatively to performance measures of an organisation. Delmas (2001) supports this proposition, adding that employees and shareholders should align their interests in the search for company competitive advantage. According to Greenwood (2008) treating employees as stakeholders actually serves the interests of the organisation rather than the interests of the employees. In this case, CSR initiatives serve to advance the interests of the organisation through improved social image, operational efficiencies and financial performance (Delmas, 2001). These are the ingredients that justify the existence of the business in the first place. Due to this influence, employees are considered to hold power relative to other stakeholders of the company (Greenwood, 2001). They use their knowledge and skills to advance the interests of the company.

2.9.5 Labour unions

In South Africa unionised labour plays an important role in preserving the interests of workers. Unfair labour practices rarely go unnoticed because the labour unions are very active. They therefore participate in the creation of various industrial charters including the telecommunications charter. This kind of influence tends to keep multinational companies which dominate international capital flow in check. Marsden & Andriof, (1998) consider their power and influence, emanating from their rich resources, on people's livelihoods to be at par with many medium-sized countries.

2.9.6 Shareholders/Employers

According to Visser (2005) big business are the main culprits when it comes to political corruption, degradation of the environmental, worker exploitation and social disruption. So, if the interests of the weak stakeholders were to be equally valued with those of the high power stakeholders (Carroll, 1991) concerted effort should be given to retaining company leadership that is guided by strong ethical principles. Research shows that managers need to understand all stakeholders to strategically manage them (Frooman, 1999). Greenwood (2007) suggests an accountability perspective to shareholder engagement. This is when organisational accountability and responsibility is exonerated through involvement of all stakeholders in decision making and governance (Greenwood, 2007).

2.9.7 Customers

A company generally exists because it produces a product or offers a service that it hopes to sell to customers. Without a solid customer base, the company may struggle to survive (Vander Laan, Van Ees & Van Witteloostuijn, 2007). If there are many competitors in the market, there will be high competition to please the existing few customers. How customers choose to be associated with a particular brand may well depend on the image of the company in the public. For instance, a company that has a reputation of exploiting workers and child labour may find it difficult to survive in a

market that values respect for such attributes. CSR initiatives should identify and espouse such customer values because their relationship depends on implicit contracting that developed on repeated interactions (Vander Laan, Van Ees & Van Witteloostuijn, 2007). Research shows that customer engagement marketing could be used strategically to develop customers into pseudo marketers for an organisation (Harmeling *et al.*, 2017). Where a company is engaged in goodwill CSR projects customers could be engaged to become ambassadors of the company and to lure additional customers for the company.

2.9.8 Community

The community represents the people and the environment in which the company operates. This is where the company extracts raw materials and gets its source of labour and knowhow. During this process of utilizing community resources, the community has a duty to remind organisations of the ecological disturbances they could be causing through their operations (Delmas, 2001). This could be done by forming pressure groups that represent the interests of the community.

CSR initiatives have a direct influence on the community because they are mainly implemented for the said communities. Therefore, it is the communities that help to make a success these CSR initiatives (Salafsky *et al.*, 2001). Research shows that stakeholders need non cash incentives to take action in projects (Salafsky *et al.*, 2001).

2.10 Proposed CSR framework

In light of the telecommunications charter objectives and the CSR theories a framework to guide the CSR performance of companies and industries in South Africa is proposed. Of importance is the Carroll (1991) theory that proposed a four stage CSR developmental pyramid for organisations in general. The Carroll (1991) pyramid was adapted because it proposed that the legal stage comes after the economic stage. The Visser (2005) pyramid for Africa largely placed importance on philanthropy after a company has achieved its economic obligations. In South Africa BBBEE, and therefore

CSR practice, is guided by legislation. This makes the Carroll (1991) CSR pyramid more relevant to this study than the Visser (2005) pyramid.

The main charter elements that are used to assess compliance with the BBBEE Act of 2003 in South Africa will be used in conjunction with Carroll (1991) developmental stages to construct a guiding CSR framework. Some elements proposed by Mirvis and Googins (2006) were also be utilised to come up with a comprehensive table. The following concepts were adopted:

- The formation of a profitable business that contributes to society in various ways.
- The practice of sustainable production.
- The need for a leadership that has a vision to transform CSR and business practices.
- The business should be able to form alliances with other organisations on its journey to good CSR practices.
- Enhance transparency through full disclosure of company practices to stakeholders.

The charter elements considered were ownership, management control, skills development, entrepreneur & supplier development and lastly socio-economic & sector development (DTI, 2016). These elements were key components of this framework. By comparing each BBBEE element against successive CSR development stages for companies in South Africa, it is possible to analyse their performance and CSR activities accordingly. Table 4 shows the proposed framework.

Table 4: Proposed CSR assessment framework

| | Economic | Legal | Ethical | Philanthropic |
|-------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Socio-economic & Sector Development | Profitable firm. Sustainable business practices. | Efficient tax contribution. Foster equity & address SA economic aspirations | Affordable & innovative products. Stakeholder engagement Contribute to bridging the economic divide in SA | Socially & environmentally responsive. Improve community's quality of life. |
| Ownership | A vision for equitable representation. | Comply with and exceed set regulations. | Fair & equitable share ownership. Addresses historical imbalances. | Stakeholder empowerment through company share ownership. |
| Management Control | Defining & efficient management. | Pro-active corporate citizen Apply full disclosure principles | Transparency driven by a code of ethics. | Active mentorship of previously disadvantaged. |
| Skills Development | Business agenda to train people, to improve work efficiency. | Comply with minimum requirements set in BBBEE Act. | Deliberately target the previously disadvantaged people. | Create a fund to develop skills. |
| Enterprise & Supplier Development | Multi-organisation alliances. Create fair opportunities. | Assured beneficial partnerships as defined in the charter. | Deliberate empowerment schemes that benefit SMEs to distribute wealth. | Set up training incubators for SMEs to improve quality of their work. |

2.10.1 How stakeholders shaped this framework

The proposed assessment framework was drawn up to address a wide range of CSR issues that affect various stakeholders of a company. It addresses the issues that affect the major stakeholders that were identified in this study. These stakeholder interests are many and diverse. However, the framework deals with major issues that affect the South African society as identified in the telecommunications charter (DTI, 2016). Some of the major stakeholders are highlighted against practices that would benefit them according to the framework in Table 5:

Table 5: How the framework satisfies stakeholders

| STAKEHOLDER | SATISFYING PRACTICE |
|---------------------------------------|------------------------------------------------------------------------|
| Shareholders | Running a profitable business |
| Government | Tax contribution to the economy Full company information disclosure |
| Environment | Sustainable business practices |
| Customers | Durable and reliable products |
| Community | Skills development Address historical imbalances |
| Suppliers | Form beneficial organisational alliances especially with SMEs |
| Employees | Skills development Share ownership |
| Organisational leadership | Share ownership |
| Labour unions | Bridging the economic divide between the poor and the rich |
| Non-governmental organisations | Being socially responsive to the environment the company operates |

2.11 Summary

Chapter 2 presented literature on CSR and related concepts. The major highlight is the fact that corporations do not exist in society to make profits only. They have an obligation to meet the expectations of their stakeholders (Maak & Pless, 2009). These stakeholders normally hold corporations to account if they do not meet expectations. Just like a normal citizen, companies are also citizens who have obligations to the society and the environment they operate in (Marsden & Andriof, 1998). The literature (Mirvis & Googins, 2006) proves that CSR should not be seen as a costly activity but something that has the potential to improve the image of an organisation to other stakeholders. There are immense benefits such as improved operations and increased profits to be gained as a result of this.

There is a global trend that accepts CSR as a standard for operational activities of companies. However, the growth paths followed differs from region to region. In general, South Africa gives high importance to economic and legal activities before they look at ethical and philanthropic responsibilities when it comes to CSR (DTI, 2016). The BEE Act of 2003 highlights this kind of regulation. Accordingly, a framework that mainly combined Carroll's (1991) pyramid stages of CSR development and the BBBEE elements in the telecommunications charter (DTI, 2016) has been proposed.

CHAPTER 03: RESEARCH METHODOLOGY

3.1 Introduction

This chapter gives details of the research methodology that was utilized in the dissertation. "Research methodology is about attitude to and the understanding of research, the strategy or approach that is chosen to answer research questions" (Greener & Martelli, 2015:11). To address this, the research design presents the aims and objectives of the research as well as the research paradigm and the research method utilized. The data collection techniques are then presented together with the method that was used to analyse the data. Issues of quality of work in qualitative research are then addressed in the next section. Finally, there will be an analysis of the ethical implications of conducting this research process. The chapter will then conclude with a summary of the topics discussed.

3.2 Research design

This research was designed to analyse the development of CSR in the South African mobile telecommunications industry as represented by MTN, Vodacom and Cell C.

3.2.1 Aims and objectives

The aim of this research was to analyse existing CSR practices of the mobile telecommunication industry under the influence of the BBBEE Act in South Africa. This was done with a view to develop a framework that could be utilized to assess the progress of CSR in this industry. The objectives were to:

- To describe the development and implementation of BBBEE initiatives aimed at improving CSR by the three MTCs.
- To describe BBBEE initiated transformation in the mobile industry at management level.
- To analyse the level of representation in the industry of the previously marginalized and minority groups in South Africa.

- To identify and describe examples of contributions made to the socio-economic development of South Africa by the mobile telephone industry.
- To analyse how the industry manages and engages with stakeholders in the quest to improve corporate citizenship.

3.2.2 Research Paradigm

In general, "a paradigm is as a system of thinking" (Neuman, 2011:94). In research terms "it refers to established research traditions in a particular discipline" (Neuman, 2011:94). According to Babbie (2011:436-455) a paradigm "could be seen as a model or framework for observation and understanding". Since this research was based on social sciences or the study of human behaviour and interactions in organisations the research paradigm adopted was post-positivism. Creswell (2007:53-80) argues that post-positivism shows much "openness to different methodological approaches, and often includes qualitative, as well as quantitative methods". This study leaned heavily on the qualitative side and so it adopted the interpretive research approach. This is a view strongly held by post-positivists "that in reality, it is not possible to gain understanding of a phenomenon merely through measurement" (Gratton and Jones; 2004:4-8).

This research consulted various sources of information to gather data in the hope of reducing error. According to post-positivism there is need for multiple sources and observations in order to reduce error (Trochim, 2006). This suggests the use of triangulation across multiple sources to reduce errors.

3.2.3 Research method: Case study

This is a qualitative research method that adopts a multiple case study research design, in investigating three MTCs in South Africa, and to trace the development of CSR in this industry sector. According to De Vos, Delpont, Fouche and Strydom (2011:433) "a qualitative study is concerned with non-statistical methods and small samples, often purposively selected". Qualitative research can also be utilized to give a detailed understanding of experiences, viewpoints and histories of people and organisations in the context of their situations (Spencer, Ritchie, Lewis, and Dillon, 2003). Research

shows that qualitative research can be utilized to explore the "contexts in which policies operate and explore organisational aspects of delivery" (Spencer *et al.*, 2003:3). As such this dissertation explores the developmental path of CSR policies and the successful implementation thereof at the mentioned MTCs. Yin (1984) defines a case study as one which explores a present day real life occurrence, especially when the boundaries between occurrence and context are not clearly evident. The case study relies on primary, secondary and tertiary documents and direct observation. Primary sources refer to data that is personally collected by a researcher from organisations, often in the form of literature, unpublished research and private correspondence (Greener & Martelli, 2015:26). Accordingly, primary data is least accessible when compared to the other two (Greener & Martelli, 2015:26). "Secondary sources consist of data that is obtained from someone else as the original source" (De Vos *et al.*, 2011:378). A primary source is therefore more reliable than a secondary source (De Vos *et al.*, 2011:378). Lastly, "tertiary sources are collections of, or gateways to, secondary sources" (Greener & Martelli, 2015:29). Tertiary sources are used "to track down secondary literature which is relevant to the field under study" (Greener & Martelli, 2015:29).

Yin (1984) identifies the lack of rigour caused by equivocal evidence and researcher bias in case study research as a major weakness. To avoid this pitfall, the researcher thoroughly screened the sources of information and assessed their impact on quality. The sources of the data were also made available for validation by the readers.

3.3 Data collection techniques

The researcher utilized document analysis to collect CSR information for the three MTCs. In cases where recent data was not available archival data was used. The documents consisted of annual reports, sustainability reports, and industry journals found on the internet. To verify the information gathered from one source data was compared with gathered information from other sources to ensure objectivity (Runhaar & Lafferty, 2009). Triangulation was important in this research because this research

relied heavily on secondary sources of data. Greener & Martelli (2015) describe secondary data sources as sources mainly in the public domain.

The time frame of the study was restricted to the period from when South Africa attained democracy in 1994. Greener & Martelli (2015:27) emphasize the need to do cross sectional research in which various perspectives on particular events that happened in a defined time frame are sought. The sources utilized in this research were a diverse cross-section of documents from various sources. However, data collection in the form of interviews was not feasible thereby limiting the scope of the study.

Both convenience and purposive sampling technics were utilized in order to gather as much information as possible on the subject. "Convenience sampling is defined as a type of nonrandom sampling where members of the target population that meet certain practical criteria to participate, (for instance easy accessibility, geographical proximity and availability at a given time), are included for the purpose of the study" (Etikan, Musa & Alkassim, 2016:1-2). On the other hand, "purposive sampling, which is also a non-random technique, is the deliberate choice of a participant due to the qualities the participant possesses" (Etikan, Musa & Alkassim, 2016:2-3).

In this case study three dominant companies in the South African mobile telephone industry were selected to represent the industry. These are namely Vodacom, MTN and Cell C. Various documents were collected in order to gather relevant information. The documents included company integrated reports, environmental reports, industry reports, research documents and national releases from Statistics South Africa. These documents were collected from the internet, mostly from websites of these three companies.

3.4 Data analysis

"The purpose of business research is to take data and convert it into meaningful information and knowledge for use by organisations in order to improve the quality of decision making" (Greener & Martelli, 2015:71). Proper analysis of research data helps to convert raw data into meaningful information and knowledge.

In conducting this research, a deductive analysis of telecommunications CSR and charter frameworks was conducted with a view to producing CSR knowledge in the MTCs in South Africa. Existing theories on CSR practices are mainly based on research done in Europe and America. As such the research seeks to add to knowledge on CSR in light of these proposed theories. Through deductive means, the research extracted specific propositions from general accounts of reality that existed (De Vos *et al.*, 2011) on the ground in the South African MTCs and constructed a proposition. Research shows that "the deductive approach begins by looking at theory, produces hypotheses from that theory, which relate to the focus of research, and then proceeds to test that theory" (Greener & Martelli, 2015:19).

3.5 Quality and quality issues

"Quality is difficult to check when using secondary data because the data will reflect the purposes and preconceptions of the original researchers" (Greener & Martelli, 2015:96). When working with such data one has to "ensure the credibility and professionalism of the source institution, rather than the data" (Greener & Martelli, 2015:97). Accordingly, there is interest in issues of rigour, manifestation of good principles of practice, the importance of robust qualitative research evidence and utility of research (Spencer *et al.*, 2003). The researcher took great effort to utilize a diversity of perspectives from different sources in the mobile industry and used the triangulation method to improve the accuracy of the research results.

3.6 Ethical considerations

"Ethics relate to moral choices affecting decisions, standards and behaviour" (Spencer *et al.*, 2003:15). Their research (Spencer *et al.*, 2003:15) postulates that there should be evidence that attention was given to ethical issues when the research was conducted. That is, there should be "evidence of thoughtfulness/sensitivity about research contexts and participants" (Spencer *et al.*, 2003:15).

In this case study documents in the public domain were utilized thereby making it easy for readers to validate the information presented in this dissertation. Since the case

study involved assessing the progress of BBBEE implementation it was important to avoid dwelling on individual company weaknesses or strengths. Rather, the study gives an overall mobile industry assessment.

3.7 Chapter summary

This chapter explained what the research aimed to achieve in the CSR field pertaining to the MTC industry. The research paradigm and methodology were then explained. Following a qualitative approach, various sources were triangulated to increase the chances of obtaining the truth. The chapter also explained the data collection techniques used and the methods utilised to analyse the data. The last two sections of the chapter dealt with issues of quality and ethics arising in the research and how they were managed.

CHAPTER 04: FINDINGS

4.1 Introduction

The aim of this research was to analyse existing CSR practices in the mobile telecommunication industry in light of the existence of BBBEE Act in South Africa. This was done with a view to develop a framework that could be utilized to assess the progress of CSR in this industry. The following objectives were developed in order to achieve the aims of the study:

- To describe the development and implementation of BBBEE initiatives aimed at improving CSR by the three MTCs.
- To describe BBBEE initiated transformation in the mobile industry at management level.
- To analyse the level of representation in the industry of the previously marginalized and minority groups in South Africa.
- To identify and describe examples of contributions made to the socio-economic development of South Africa by the mobile telephone industry.
- To analyse how the industry manages and engages with stakeholders in the quest to improve corporate citizenship.

Industry developments in relation to CSR since the advent of mobile telecommunications in South Africa were traced and the major turning points highlighted. These developments were exemplified by three major companies in the industry, that is, MTN; Cell C and Vodacom.

This chapter is composed of the following sections: Section one will give a historical background of the mobile telecommunications industry since the attainment of democracy in South Africa. It will highlight key events that shaped the development of the industry such as the formation of companies that still dominate this industry.

Section two highlights the early CSR initiatives in the mobile telecommunications and how this has grown since 1994 up to 2018 when the study was done. This section will

trace the events that led to the promulgation of the charter and establish whether, without it, the course of the CSR development in the industry would have been the same. That is, if it were not of the charter would the companies in this industry have initiated the adoption of CSR as a core value of their operations?

Section three then analyses the industry charter prescriptions in relation to what Mirvis and Googins (2006) suggest is the expected pathway to attaining CSR in organisations. In the literature Visser (2005) suggests an African CSR development pathway and this will be analysed to check whether the theory applies to the mobile telephone industry in South Africa.

4.2 The regulatory environment

In South Africa the state encourages stakeholders of various industries to agree on how they want to implement the BBBEE principles (Hamann, Reddy & Kapfudzaruwa, 2010). In each sector government, labour and business agree to the terms of what is known as the BBBEE "charter which lays targets for achievement of changes in spheres such as ownership, employment, tender and procurement processes and promotion and training opportunities, as well as local economic development" (Department of Trade and Industry, 2016). The facets that are mentioned point to some form of CSR where organisations are encouraged to invest in the communities that they live in (Peterlin, Pearse & Dimovski, 2015). In a research paper, Fig (2005:601) defines Corporate Social Investment (CSI) as investment that targets "projects that are external to the business or outward looking projects that are undertaken for the purpose of uplifting communities". These projects must have a focus on social, developmental or community (Peterlin, Pearse & Dimovski, 2015) related projects which are not paraded as a marketing tool for the company.

In South Africa such projects play a significant role in bridging the gap between the haves and the have nots who are in the majority (Netshitenzhe, 2015). It is difficult for organisations to operate in an environment where the majority of the citizens are poor and cannot afford to implement remedial actions. However, how much a company is prepared to spend on such initiatives is subject for discussion, as it is difficult to

establish how much is an adequate contribution towards CSR. Fig (2005) contends that it is difficult to assess how much a company is contributing to CSR because there are no standardized ways to measure this since some exercises may be deemed promotional.

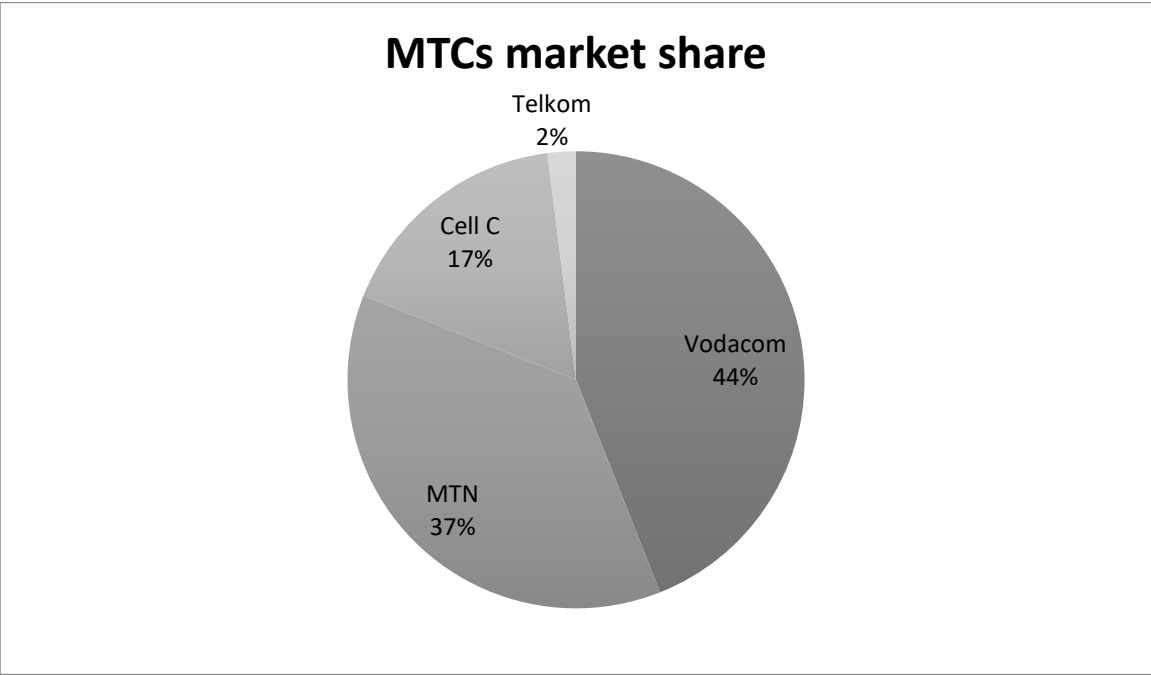
While CSR trends in South Africa are influenced by global trends (Fig,2005) the BBBEE Charter gives guidance on what would constitute a significant contribution to the cause in the country. CSR contribution is supposed to be a voluntary effort (Mirvis & Googins, 2006) but in South Africa the charter prescribes BBBEE scoring (Department of Trade and Industry, 2016) that, in a way, punishes organisations for non-compliance. For instance, organisations that perform poorly on the BBBEE rating would find it difficult to obtain tenders in government departments as prescribed by the Preferential Procurement Policy Framework Act 5 of 2000 (Department of Trade and Industry, 2016). In turn, companies that trade with non-complying ones will suffer the same consequences. The idea behind this is to encourage the development of an all-inclusive economy. Since employment increases by 15 percentage points in an area upon receiving mobile network coverage (Williams, Solomon & Pepper, 2012), MTCs have the potential to contribute to the growth of an economy. Research shows that mobile services are now widely used as providers of communication services in the developing world due to poor fixed telephone infrastructure (Williams, Solomon & Pepper, 2012). The government recognizes the potential of economic growth through ICTs and so the Department of Trade and Industry (2016) is mandated with pushing for equitable development in this industry.

4.3 Key events in the mobile telecommunications industry in South Africa

Historically telecommunications industry was monopolized by the South African Post and Telecommunications, a government owned company (Horwitz, 2001). It mainly provided fixed telephone services. The South African Post and Telecommunications was succeeded by Telkom, which provided telecommunications services, and the South African Post Office, providing a postal service, in 1991 (Love 2005:14). Telkom was privatized in 1996 (Infodev, 2006) and the telecommunications market liberalized

gradually. The aim was to introduce competition (Infodev, 2006). Mobile telecommunications companies such as MTN and Vodacom had come into existence in the year of attaining democracy in the country in 1994. In the year 2000 the Independent Communications Authority of South Africa (ICASA) was established by the ICASA Act of 2000 to regulate the telecommunications and broadcasting services industry in the interests of the public (ICASA, 2018). Cell C was formed in 2001 as a third MTC while Eita was formed in 2008. 8ita gave way to Telkom mobile in 2010. Figure 5 below shows the market share of the four mobile telephone companies in South Africa.

Figure 5: MTCs market share



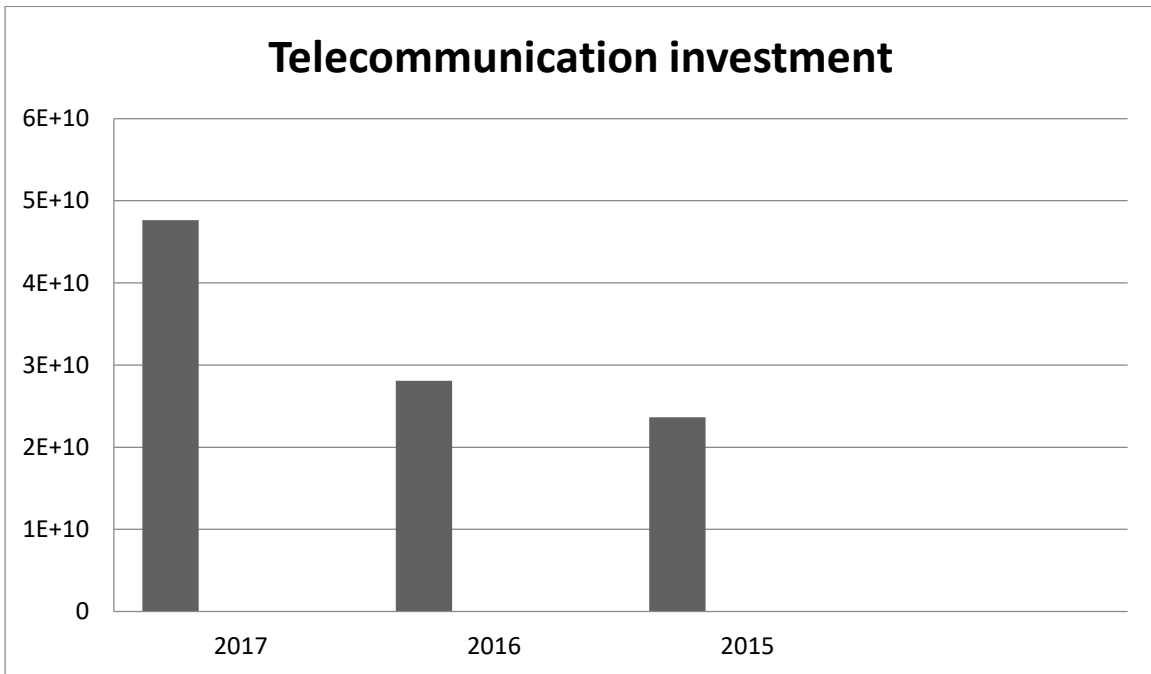
Source: Gillwald, Moyo & Stork (2013).

The mobile telecommunications companies brought an alternative mode of communication to the existing fixed telecommunications which were failing to cover most areas of the country. The remote areas of the country continued to suffer from lack of telecommunication infrastructure which in turn limited access to information in those areas (Gilwald & Esselaar, 2004). Demand for mobile telephone products resulted in the

phenomenal growth of the MTCs and the resultant significant contribution to the national GDP. According to Knott-Craig (2011) looking for employment in South Africa was greatly improved as a result of improved telecommunications.

Figure 6 shows the continuous growth that occurred from the year 2015 to 2017.

Figure 6: Telecommunication investment



Source: StatsSA (2018)

In November 2016 the ICT sector code was revised and the qualification criteria for BBBEE rating changed (Government Gazette, 2016). The previous BBBEE rating codes are shown in Table 6 below:

Table 6: 2012 ICT sector codes

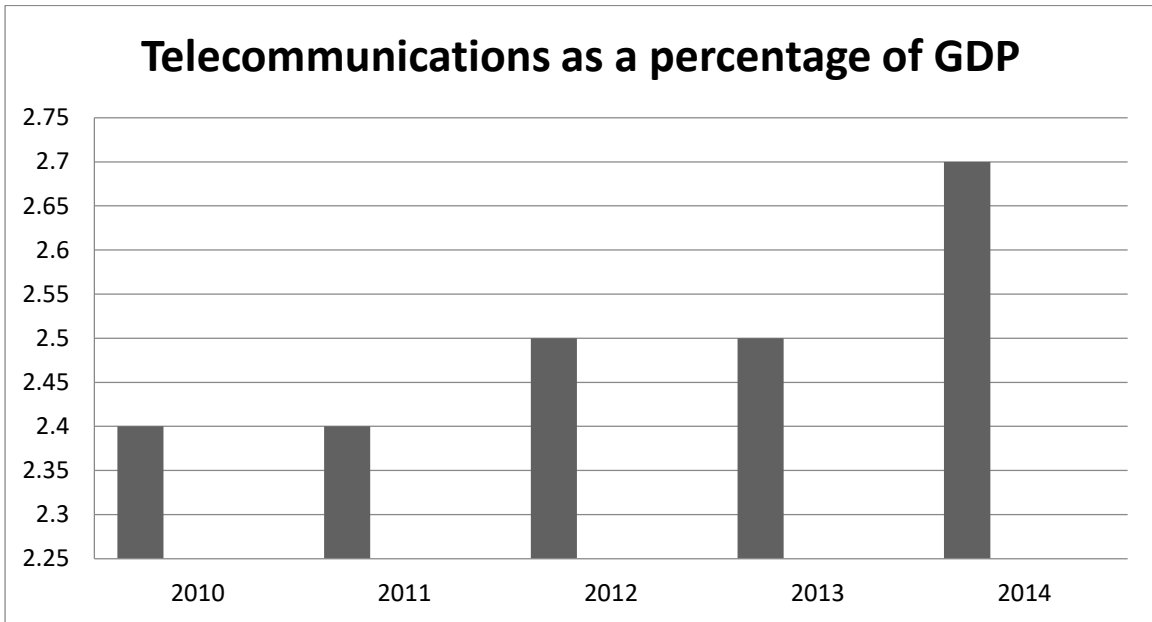
| BBBEE STATUS | QUALIFICATION |
|--------------|------------------------------------------|
| Level 1 | ≥100 points on the ICT scorecard |
| Level 2 | >85 but <100 points on the ICT scorecard |
| Level 3 | >75 but < 85 points on the ICT scorecard |
| Level 4 | >65 but < 75 points on the ICT scorecard |
| Level 5 | >55 but < 65 points on the ICT scorecard |
| Level 6 | >45 but < 55 points on the ICT scorecard |
| Level 7 | >40 but < 45 points on the ICT scorecard |
| Level 8 | >30 but < 40 points on the ICT scorecard |
| Level 9 | >0 but < 30 points on the ICT scorecard |

Source: Vodacom (2017).

The influence of the telecommunications industry on the GDP of South Africa has been growing over the years, mainly driven by the mobile telecommunication sector. This was after a period of stagnation in the telecommunication industry before the arrival of the mobile companies and the subsequent competition among the leading brands in the market (Knott-Craig, 2011). Figure 7 traces the growth of telecommunications contribution to the GDP for five years from 2010 to 2014.

Over the years, consumers have tended to shift from voice calls to data driven platforms such as WhatsApp, Facebook, Twitter and emails for communication. These platforms were mostly accessed through mobile devices which could be accessed even in remote areas and on the go. Important activities such as banking were brought close to people through applications that could be loaded on mobile devices. This meant that people were no longer required to travel long distances to access simple banking transactions. In turn, the cost of travel was reduced. Voice calls could also be made affordably through Voice Over Internet Protocol (VOIP). In essence mobile telecommunications reduced distances and the costs of communicating among people.

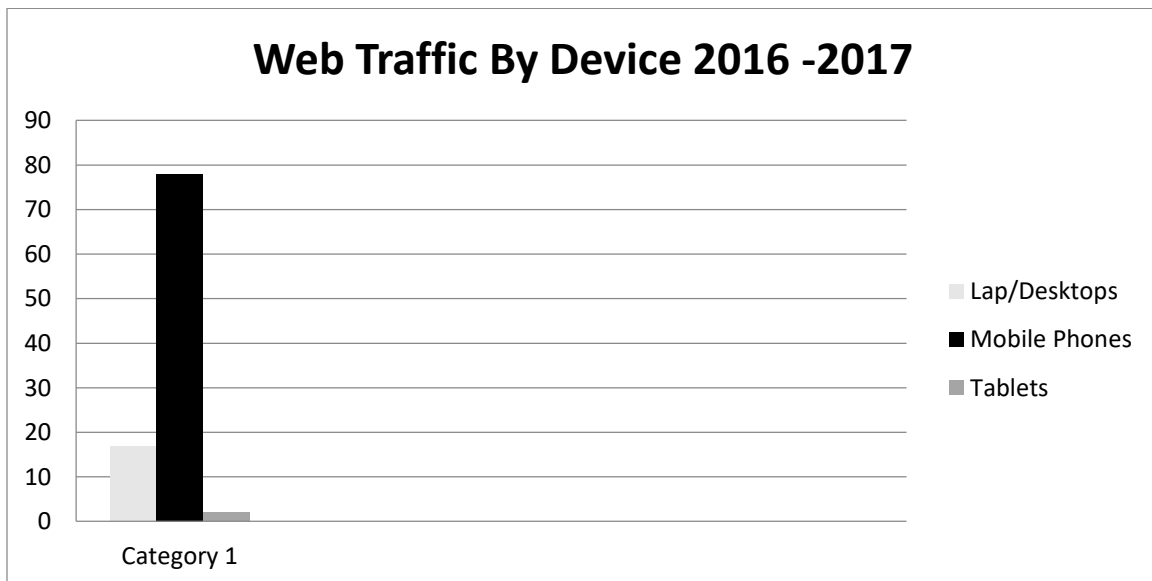
Figure 7: Telecommunications as a percentage of GDP



Source: StatsSA (2018)

Figure 8 shows how mobile phones have been at the centre of web traffic in South Africa for the period 2016 to 2017 in South Africa.

Figure 8: Web traffic by device in South Africa



Source: Digital Statistics in SA (2017)

4.4 The telecommunications charter

The telecommunications charter went through many transformative processes from the first draft in a quest to align it with the modern requirements of the South African society. What was meant to be the final Charter draft was met with resistance from Multi-National Companies (MNCs) who claimed that the 25% BBBEE requirement would result in reduced investment in SA (Gilwald & Esselaar, 2004). Although the draft ICT Charter that followed increased the BBBEE equity to 30% it provided for MNCs to avoid selling their equity by making sure that they were granted a non-compliance certificate (Gilwald & Esselaar, 2004). A non-compliance certificate could be granted if there were legal, technological or policy barriers that were incompatible with the normal sale of equity (Gilwald & Esselaar, 2004)

4.4.1. Charter objectives

According to the charter, its main objectives in the telecommunications industry are summarized as follows (Department of Trade and Industry, 2016):

- Meaningful participation of blacks in ICTs
- To change the racial and gender composition of ownership, management and control structures.
- Increase participation of black women, communities, disabled persons, workers, cooperatives and the youth in ICT.
- Contribute towards the reduction of unemployment and poverty alleviation
- Bridge the digital divide, that is, facilitate access to ICTs by the majority of people in South Africa.
- Support skills development and training in the sector.
- Provide an enabling environment for transparency, fairness and consistency when measuring and adjudicating on matters of BBBEE in ICT.

The above objectives point to a thorough charter that is targeted at improving the socio-economic environment related to the telecommunications industry. In support of the thoroughness of the charter Runhaar and Lafferty (2009) suggested that it was the

charter could help by giving direction to companies that did not have well spelt out CSR strategies. In order for the charter to have relevance it is linked to the BBBEE rating that corporates have to be subjected to for compliance purposes.

There are codes that are associated with every parameter that is assessed. Table 7 shows the main elements that are considered and the maximum scoring/weighting allocated to each. The latest charter was amended in 2016 and so the ICT Sector Code is prefixed AICT.

In terms of the ICT Charter (DTI, 2016) the various elements are meant to address specific gaps in the industry. The ownership element measures the effective control of enterprises by black people while management control is meant to measure the effective control of enterprises by black people (DTI, 2016). The skills development element measures the extent to which employees carry out initiatives designed to develop the competencies of black employees (DTI, 2016).

According to the charter (DTI, 2016:13) the enterprise and supplier development element "measures the extent to which enterprises carry out initiatives intended to assist and accelerate the development and sustainability of other enterprises that are at least 51% black owned". This is monitored in three sub-elements of preferential procurement, supplier development and enterprise development.

The charter (DTI, 2016:14) specifies that "the Socio-Economic Development (SED) and sector specific contributions element measures the extent to which enterprises carry out general and ICT sector specific initiatives that contribute towards SED and that promote access to the economy for black people".

Table 7: The B-BBEE Scorecard

| ELEMENT | WEIGHTING POINTS | CODE REFERENCE |
|-----------------------------------------------|------------------|----------------|
| Ownership | 25 | AICT100 |
| Management Control | 23 | AICT200 |
| Skills Development | 20 | AICT300 |
| Enterprise and Supplier Development | | AICT400 |
| Preferential Procurement | 25 | |
| Supplier Development | 10 | |
| Enterprise Development | 15 | |
| Socio-Economic Development initiatives | 12 | AICT500 |

Source: Department of Trade & Industry (2016)

Depending on the amount of scoring that a company accumulates it is then categorized into levels, with level 1 being the highest and level 9 (non-compliance) being the lowest. Table 8 contains percentage ratings that organisations may be categorized into.

The revision of the BBEE requirements in 2016 resulted in Vodacom (Integrated Report, 2017) and MTN (Integrated Report, 2017) dropping from level 2 to level 4 contributors. Cell C does not mention their BBEE level rating but made it one of the focus areas that the company will work to improve (Blue Label Telecoms Integrated Report, 2017).

Table 8: The B-BBEE Status

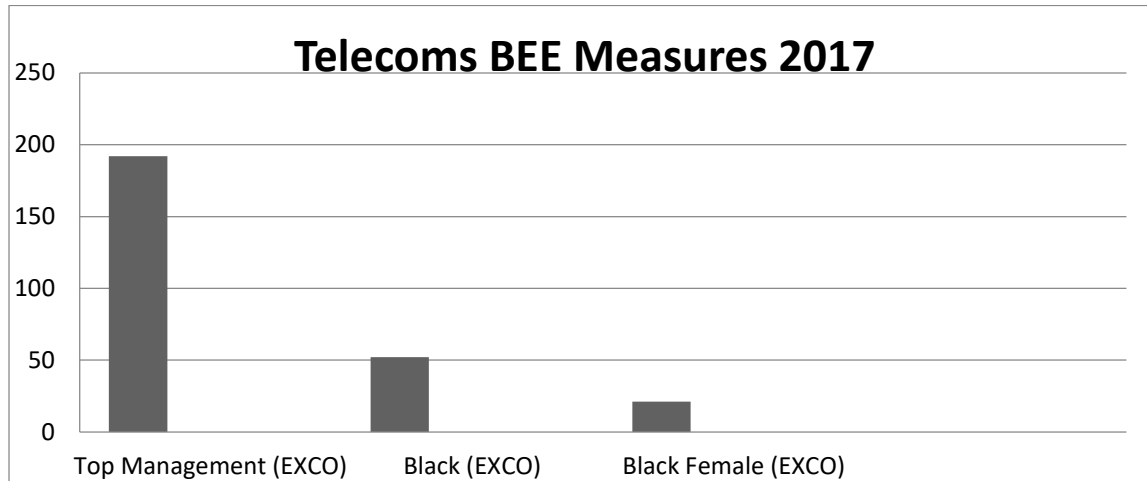
| B-BBEE STATUS | QUALIFICATION | B-BBEE LEVEL |
|----------------------------|-------------------------------------------|---------------------|
| Level 1 Contributor | ≥120 points on the ICT scorecard | 135% |
| Level 2 Contributor | ≥115 but <120 points on the ICT scorecard | 125% |
| Level 3 Contributor | ≥110 but <115 on the ICT scorecard | 110% |
| Level 4 Contributor | ≥100 but <110 on the ICT scorecard | 100% |
| Level 5 Contributor | ≥95 but <100 on the ICT scorecard | 80% |
| Level 6 Contributor | ≥90 but <95 on the ICT scorecard | 60% |
| Level 7 Contributor | ≥75 but <90 on the ICT scorecard | 50% |
| Level 8 Contributor | ≥55 but <75 on the ICT scorecard | 10% |
| Non-Compliant | <55 on the ICT scorecard | 0% |

Source: Department of Trade & Industry (2016)

4.5 Brief company backgrounds

Figure 9 shows the total number of Executive Committee (EXCO) members in the telecommunications industry in South Africa. The number of black people and also females that hold these positions are shown.

Figure 9: Telecoms BBBEE Measures 2017



Source: StatsSA (2018)

4.5.1 MTN

Mobile Telephone Network (MTN) is a company that was formed in 1994 as one of the first mobile telephone companies in South Africa. It has since spread operations into many countries in Africa such as Mauritius, Zambia, Ghana and Nigeria. They also have operations in countries such as Syria, Yemen and Iran. The company, therefore, has a global orientation in its expansion policy as indicated by its presence and listing on global stock exchanges. Because of this, it feels the pressures of the global call to contribute to CSR. It is exposed to global CSR standards that can be easily adapted to the South African socio-economic environment. This helped the company to take CSR issues seriously by incorporating environmental and social agendas into their core activities (Fig, 2005). As such, stakeholder relations, sustainability and CSI functions are managed by regulatory and corporate services departments (MTN, 2017). This sustainability report (2017) further claims that matters are given attention according to the degree and nature of impact on business operations, economic performance and stakeholder interests. The company subscribes to the Convention on Elimination of Discrimination against women and the Women's Empowerment Principles of the United Nations Global Compact (MTN, 2017). These conventions are aimed at empowering women in society and the work place. Low salary level MTN workers are empowered

through the Employee Share Ownership Plan (ESOP) which started in 2010. According to the Sustainability Report (MTN, 2017) the board approved a second allocation of shares to designated employees in 2016. This scheme is managed under a trust (MTN, 2017). The first allocation of awards was made to qualifying employees on 1 December 2017 (MTN, 2017).

MTN unveiled a new supplier code of conduct in 2017 (MTN, 2017). The code set out the minimum standards that suppliers and subcontractors must adhere to when conducting business with the company. It also articulated MTN's expectation that they conducted environmentally sustainable business activities. This included the following practices (MTN, 2017):

- reviewing the state of their workplace environments,
- ensuring environmental authorisations, permits and reports would be submitted to MTN upon request.
- reducing resource consumption.
- preventing pollution and minimising waste outputs, and ensuring responsible management of hazardous materials.

According to the MTN sustainability report (MTN, 2017) employee well-being programmes and ongoing awareness and support activities are implemented by all MTN operations. The company believes that this ensures an improved quality of life for staff, increased awareness about physical, financial and health wellness (MTN, 2017). The company ensures employees are well equipped and supported to deal with personal or work-related stresses (MTN, 2017).

Table 9 shows the performance of the MTN Group in various sector codes over a five-year period from 2013 to 2017. Due to the amendments that were made to the charter in accordance with the BBBEE Act No. 46 of 2013 in 2016 the code values of the 2017 MTN results differ from the previous four years. However, they are comparable if they are expressed as a percentage of the total possible score as indicated. The preferential procurement rating for 2017 was not available since the organisation was still revamping the standard in line with the amendments that were made to the charter.

The CSI statistics presented in table 9 show an overall decrease in support for the MTN Foundations. These figures are not only for South Africa but global figures for the MTN group. The figure dropped from a high of R314 million to R172 million in 2017. This was a period when philanthropic efforts were much needed especially in countries where MTN has operations. Yemen, Syria and South Sudan continue to suffer from civil wars that have necessitated the need for humanitarian assistance from the world. This is despite the good financial performances in 2016 and 2017 which have resulted in the awarding of bonuses in most countries that MTN operates in either the first year or the latter.

One aspect that pointed to the South African operations in particular in Table 9 was the BEE rating. From 2013 to 2016 the rating standard was the same and it could be expressed as a percentage easily. However, the 2017 rating of 103, since it is out of a total of 130, converts to 79%. This is a drop from the 2016 high rating of 88%. This could be attributed to the introduction of a new standard in the ICT Charter. However, it could be argued that a company that is driven by CSI principles should not have to be driven by compliance alone but by initiatives that set the bar high enough to be affected by legislation.

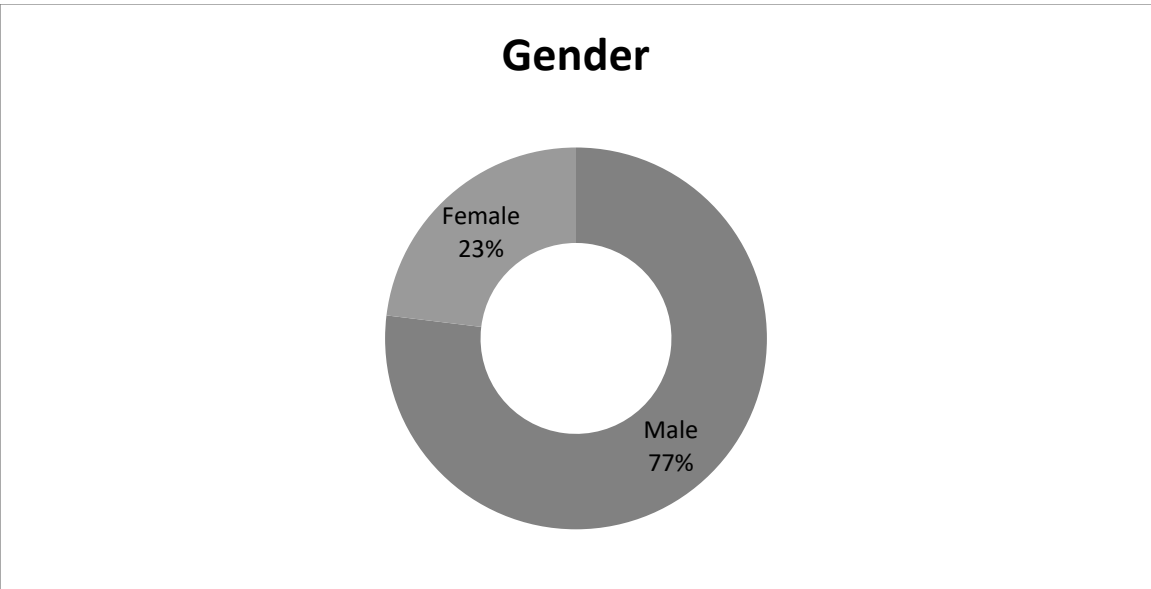
Table 9: Socio-economic development performance

| Indicator | 2017 | 2016 | 2015 | 2014 | 2013 |
|-----------------------------------|---------|--------|--------|--------|--------|
| CSI (MTN Foundations) | R172 M | R294 M | R335M | R283M | R314M |
| BEE (South Africa) | 103/130 | 88/100 | 77/100 | 86/100 | 76/100 |
| Ownership | 25/25 | 21/23 | 21/23 | 21/23 | 21/23 |
| Skills Development | 12/20 | 6/17 | 3/17 | 8/17 | 7/17 |
| Supplier Development | 40/50 | 11/11 | 8/11 | 9/11 | 10/11 |
| Socio-economic Development | 12/12 | 12/12 | 12/12 | 12/12 | 12/12 |
| Preferential Procurement | | 20/20 | 20/20 | 20/20 | 10/20 |

Source: MTN (2017)

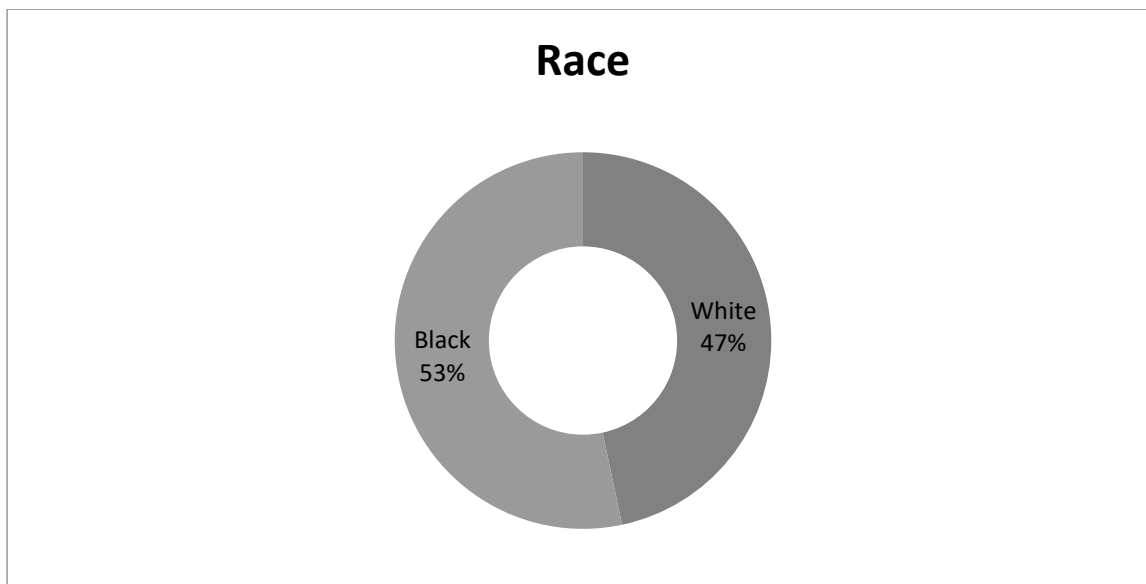
Gender and race representation in top decision making positions such as the management board is an aspect that tops the agenda of the ICT charter (Department of Trade and Industry, 2016). It gives an idea of how a company handles transformation issues. The MTN board is comprised of 3 women (as a matter of rule) and 12 men (MTN Sustainability Report, 2017). Figure 10 shows this graphically while Figure 11 shows the composition of the board according to race.

Figure 10: MTN board gender representation



Source: MTN (2017)

Figure 11: MTN board racial representation



Source: MTN (2017)

4.5.2 Vodacom

Vodacom got the mobile telephone operating license ahead of MTN in 1995 and started operating in urban areas the same year (Klonner & Nolen, 2010). The company was able to take advantage of being the first provider of mobile telephone services in a market that was poorly serviced by the fixed telephone lines service provider (Knott-Craig, 2011). In the years the demand for mobile products far exceeded expectation and so the Vodacom was able to capitalize on this to dominate the market (Klonner & Nolen, 2010). Telkom had a 50% share ownership in Vodacom; while the South African government owned 37.7% of Telkom (Gillwald, Moyo & Stork, 2013). In 2009 Telkom sold its Vodacom shares to Vodafone, a British owned company (Gillwald, Moyo & Stork, 2013).

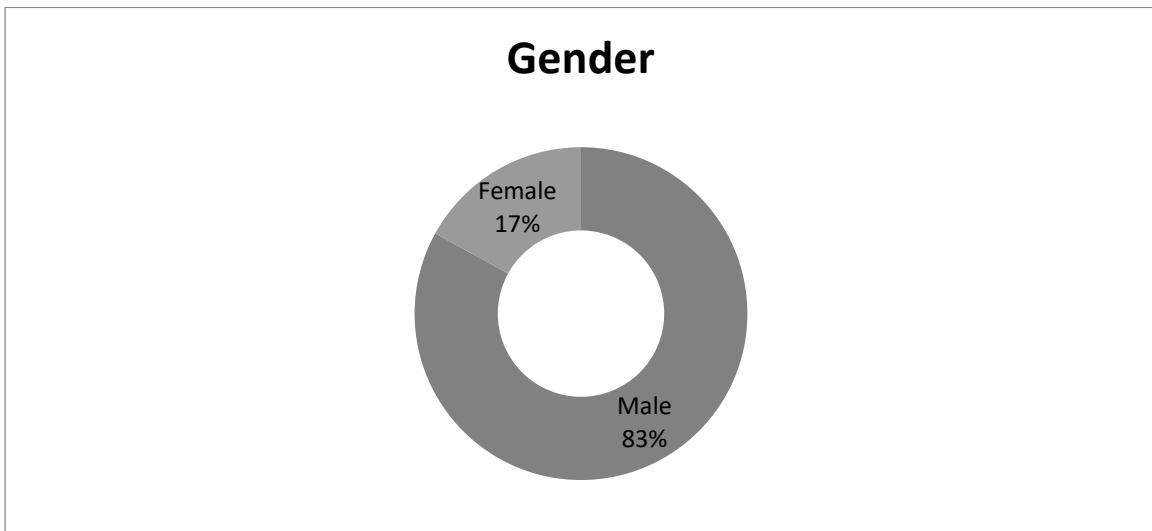
Over the years the company transformed in order to empower the previously disadvantaged workers and members of the society by launching a R7.5 billion BBBEE scheme in 2008 (Vodacom Sustainability Report, 2017). Employees participated as members of the Yebo Yethu Employee Participation Trust (ESOP), whilst the black

public participate through Yebo Yethu (YY) Limited (Vodacom Sustainability Report, 2017).

According to the Vodacom Sustainability Report (2017) there is a 51% representation of black people at senior management level while 58% is at executive level. Women form 47% of the workforce with 33% represented at senior management level. The management board composition is as follows: 83% male and 17% female as shown in Figure 12; while the racial composition is 58% black and 42% white as indicated in Figure 13 below (Vodacom integrated Report, 2017).

Table 10 shows a level 4 BBBEE rating for Vodacom in 2017 which is a drop from the 2016 rating of Level 2. The company was also affected, just like MTN, by the amendments that were made to the charter in 2016. So, the same could be said about Vodacom in terms of their CSR performance. They performed to the extent of meeting the obligations required by the law. The company did not take a proactive role in the implementation of policies that would raise their CSR profile.

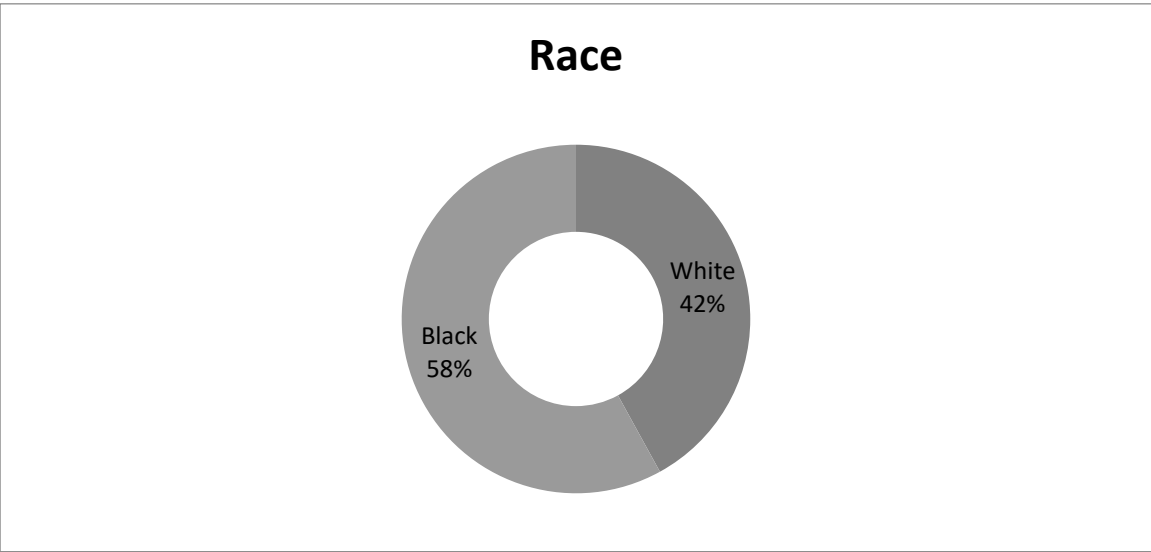
Figure 12: Vodacom board gender composition



Source: Vodacom (2017)

Therefore, when the charter standards were revised in order to achieve higher transformation results the company dropped its BBBEE rating. The results show poor performance in management control and ownership and good results for enterprise and supplier development and also in socio-economic development.

Figure 13: Vodacom board race representation



Source: Vodacom (2017)

Table 10: Vodacom Group BBBEE scoring

| Scoring Element | Target Points | Achieved Points |
|----------------------------------------------|---------------|-------------------------|
| Ownership | 25 | 16.17 |
| Management Control | 23 | 14.79 |
| Board Representation | 8 | 5.33 |
| Other Top Management | 5 | 4.33 |
| Employment Equity | 10 | 5.13 |
| Skills Development | 20 | 17.27 |
| Enterprise & Supplier Development | 50 | 41.68 |
| Procurement | 25 | 18.00 |
| Supplier Development | 10 | 8.68 |
| Enterprise Development | 15 | 15.00 |
| Socio-Economic Development | 12 | 12.00 |
| Total | 130 | 101.91 (Level 4) |

Source: Vodacom (2017).

4.5.3 Cell C

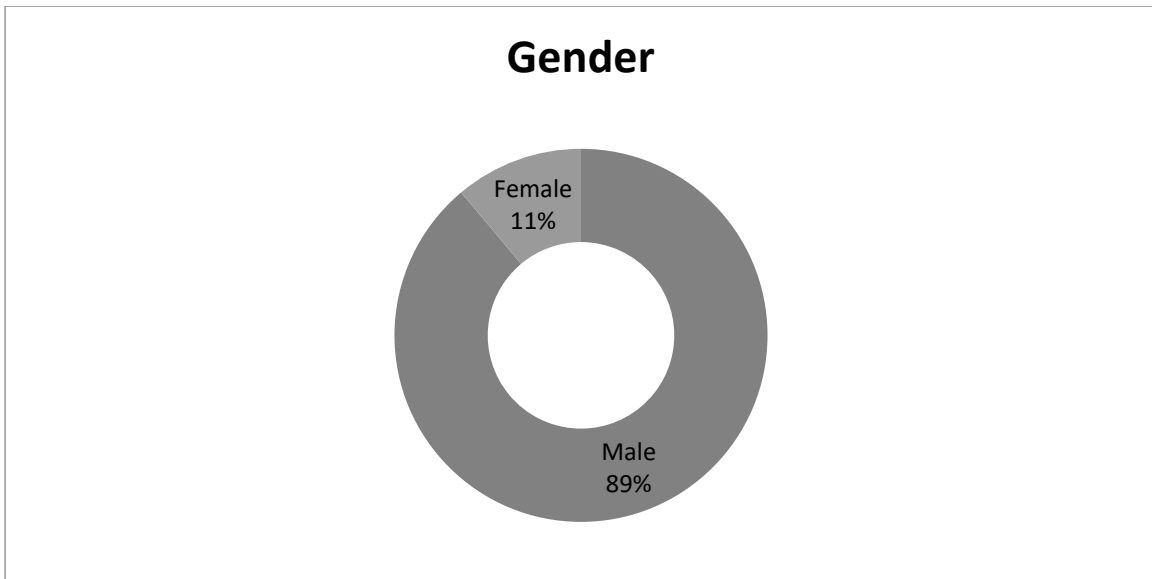
Cell C started operations in SA after 2001 (Klonner & Nolen, 2010). This was seven years after MTN and Vodacom had started operations. Therefore, the later companies had the advantage of head start with limited competition. They enjoyed rapid market penetration in market which had faced a deterioration in communication infrastructure. There were concerted efforts to install mobile equipment in strategic areas of the country by MTN and Vodacom due to high demand for their services. This was before Cell C started operating. Anti-competitive behaviour in the telecommunications industry (Gilwald & Esselaar, 2004) meant that the company was faced with a lot of new entrance challenges. The company, however, identified its market niche and grew into a recognizable top MTC that it is today in South Africa. After a recapitalization drive which resulted in Blue Label Telecoms acquiring 45% share ownership Cell C was left in a

stronger position to compete across many consumer fronts (Odendaal, 2017). The rest of the shares are owned by 3C Telecommunications (who were the sole owners at the launch of the company) at 30% while Net1 holds 15% and 10% is held by management and staff (Odendaal, 2017). Blue Label also has operations in India, Namibia, Nigeria, Mauritius and Mexico (Blue Label Telecommunications, 2017).

When the company came into existence it was on a mission to provide products and services required by the middle and lower groups internationally (Blue Label Telecommunications, 2017). Their focus was to diversify the range of products and services they offered (Blue Label Telecommunications, 2016). This Integrated Report (2016) identifies non-compliance with legislation in countries of operation as damaging to its reputation and that this could lead to fines. Therefore, the company intends to identify and comply with legislation that is affecting the group. This process will continue until total compliance at an operational level is achieved (Blue Label Telecommunications, 2016). According to this Integrated Report (2016) the Income Tax, JSE listings requirements, BEE Act, Employment Equity Act, industry charters and scorecards had to be adhered to. This gave the impression of a company trying to meet the bare minimum of the compliance requirements. To address some of these short comings Cell C committed to focusing on CSI issues by appointing a Group CSI Manager (Blue Label Integrated Report, 2017).

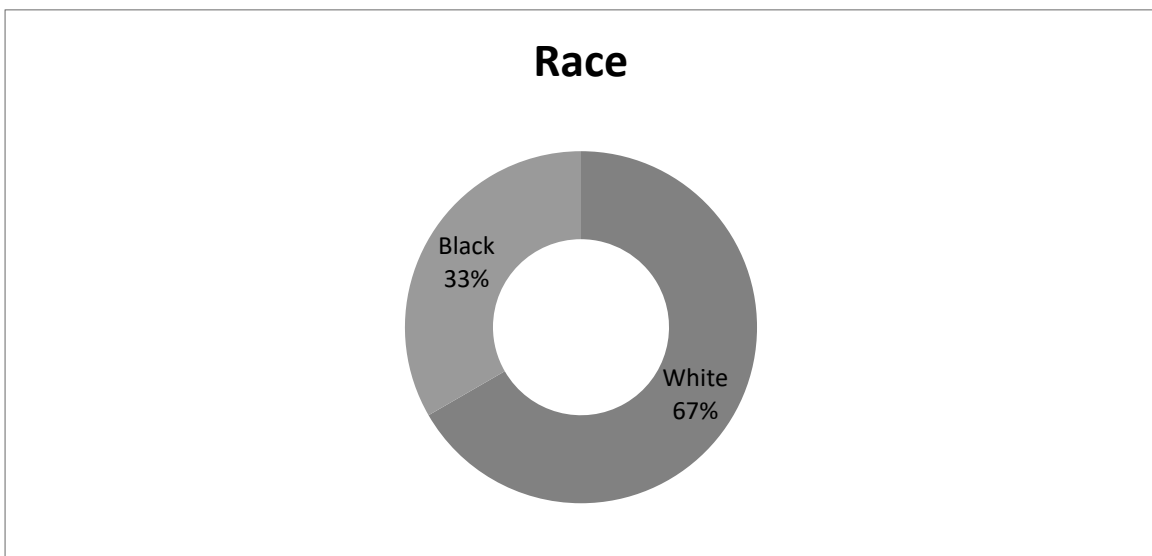
The Cell C board is composed of nine (89%) members where eight of them are men and one (11%) a woman as shown in Figure 14. In terms of race composition, the management board has six (67%) white people and three black people. This is represented by Figure 15 below. An analysis of the Blue Label Integrated Report (2017) indicated that out of a total of sixteen people only three (18.75%) are black while thirteen (81.25%) are white.

Figure 14: Cell C board gender representation



Source: Blue Label Integrated Report (2016)

Figure 15: Cell C board composition



Source: Blue Label Integrated Report (2016)

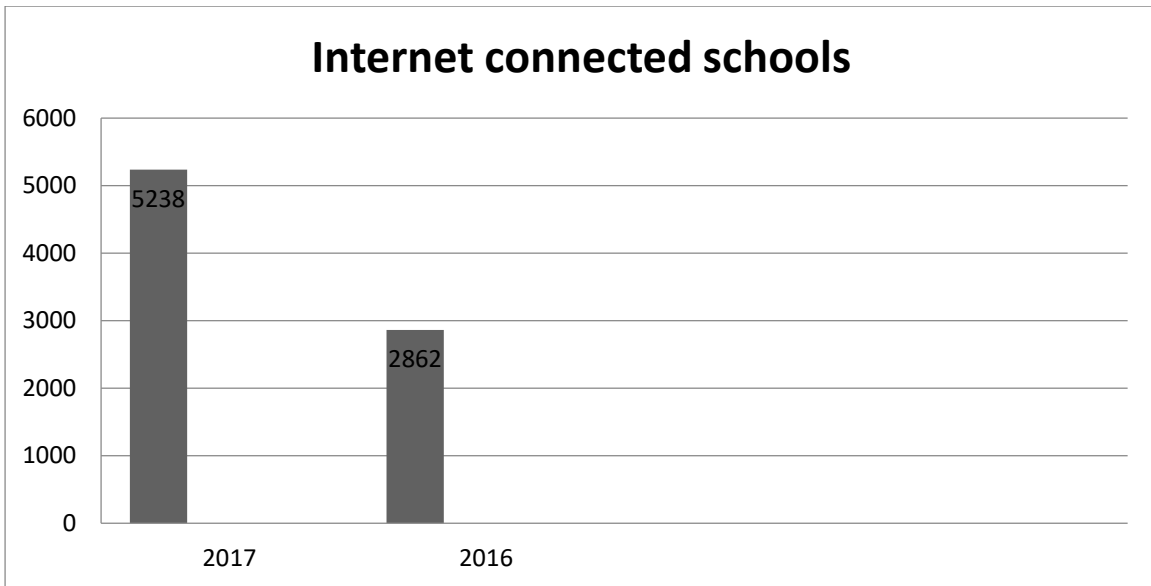
4.6 Possible areas of CSR initiatives in South Africa

CSR initiatives that are targeted at raising the industry's public profiles without regard for societal problems could find themselves isolated as stakeholders continue to find ways of making corporations accountable. It is therefore prudent for industry CSR initiatives to target societal challenges for the benefit of concerned stakeholders. In South Africa there are societal issues that stand out as problematic and require a stakeholder approach to solve them. Companies such as MTCs would do well to consider investing in these areas so that they operate in a functional and stable society. Otherwise it is difficult for organisations to operate in failing societies (Visser, 2005).

4.6.1 Education

Recent research shows that national policies need to be aligned with the nurturing of knowledge entrepreneurs, knowledge workers and knowledge consumers in order to realise the benefits of ICT (Gilwald & Esselaar, 2004). But, there are no short cuts to achieving this goal. Students have to be exposed to these ICT technologies at an early age. However, the reality of the South African situation is that the majority of the population cannot afford to access these technologies. Studies have concluded that consumers of telecommunications products in South Africa are excessively charged due to anti-competitive behaviour in the industry (Gilwald & Esselaar, 2004). Consequently, the expansion and widespread distribution of these services to the majority of the population is curtailed. Competition due to the arrival of Cell C and Telkom mobile forced the telecommunications rates to drop over the years. The reduced costs of acquiring telecommunications equipment as the technology matured also helped. Therefore, adoption of internet connectivity gained momentum. Figure 16 gives an idea of how rapid the adoption of internet services by schools was from 2016 to 2017.

Figure 16: Internet connected schools



Source: StatsSA (2008)

4.6.2 Health

There are high incidents of HIV/Aids infection in SA mainly exacerbated by high levels of poverty and migrant labour (Fig, 2005). Migrant workers are often separated from families for long periods of time and this increases chances of contracting diseases. MTCs would do well to help combat the prevalence of diseases in companies and take measures to curtail the impact of HIV/AIDS and other diseases by making sure that families are not forced to separate because of work. One way to achieve this would be to build houses that are suitable for families for the workers. Without this, absenteeism due to ill health could eventually affect company productivity.

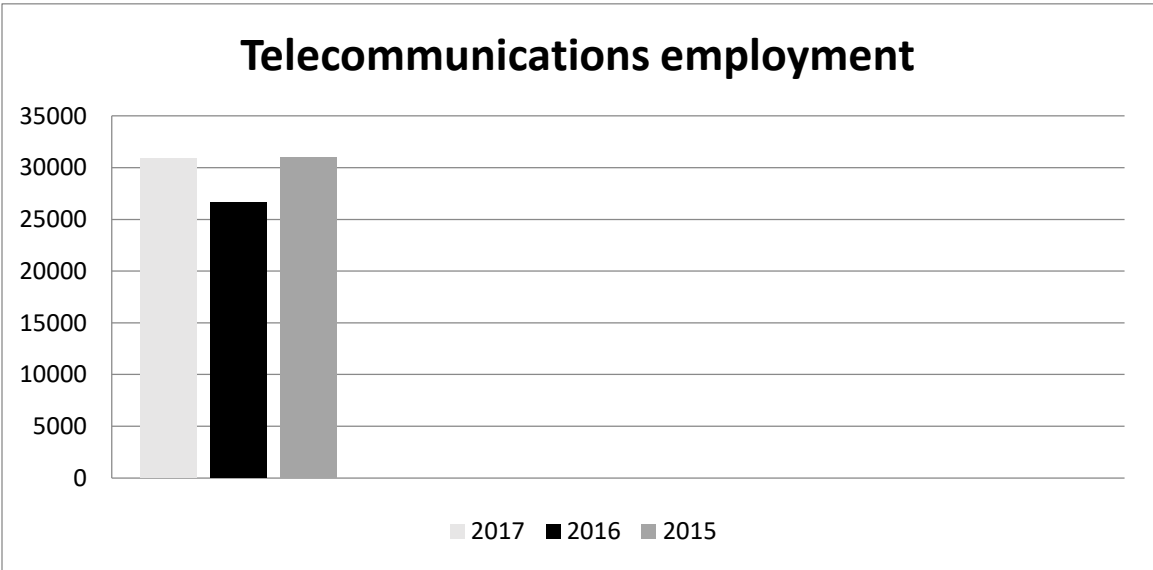
Research also shows that mobile phones could be used as real time data collection tools in the prevention, treatment and dissemination of information pertaining to diseases such as HIV/AIDS and tuberculosis (Bastawrous & Armstrong, 2013). In South Africa the high cost of internet connectivity affects the use of this technology adversely. Considering the 2017 integrated annual reports of the three MTCs Vodacom is the only company that mentions its use of technology in e-health projects around the country.

Vodacom, through the Siyakha platform Vodacom offers low spend customers the ability to utilize zero-rated content on specific health websites (Vodacom Integrated Report, 2017).

4.6.3 Job creation

Since mobile telecommunications contributes significantly to the GDP of a national economy it must have a positive effect on employment figures. Research shows that employment increases by 15 percentage points when a network coverage is established in an area (Klonner, Goethe & Nolen, 2010). This is because of a supply chain that is created when a mobile network is established in an area. In South Africa the introduction of mobile telecommunications pioneered by MTN and Vodacom in 1994 and the privatization of Telkom in 1998 resulted in improved remuneration in the telecommunications industry (Gilwald & Esselaar, 2004). This was a good boost for workers in an industry which had become stagnant for years. Figure 17 shows the employment figures in the telecommunications industry in general.

Figure 17: Telecommunications employment

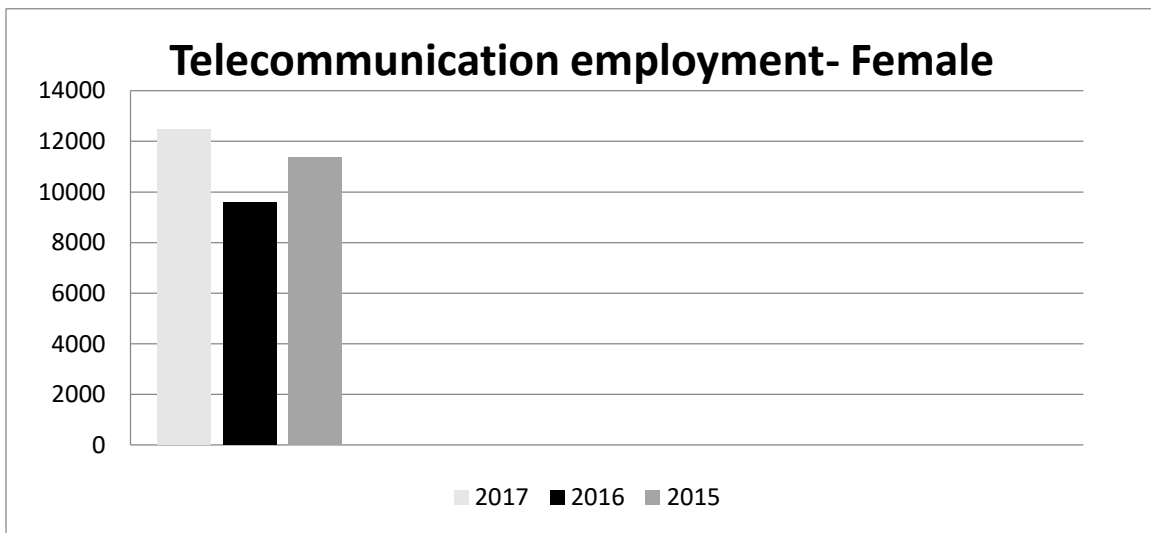


Source: StatsSA (2018)

High telecommunications charges in South Africa were hindering economic growth, wealth creation and employment creation (Gilwald & Esselaar, 2004). The high costs influenced inflation and therefore reduced economic activity.

A positive aspect to the mobile telecommunications presence was the convenience of using this technology to search and apply for jobs virtually. This revolutionised the job market in a positive way. Transport costs for job seekers were greatly reduced and brought convenience to female job seekers who might not have been able to move around in search of work. Research shows that cell phones were mostly utilised to look for jobs, check the weather and maps (South Africa Mobile, 2017). Figure 18 shows the statistics of female employment in the telecommunications industry in South Africa.

Figure 18: Telecommunication employment- Female



Source: StatsSA (2018)

4.6.4 Training

Training has a significant effect on business performance. Employee related CSR can help the companies in many ways such as higher productivity and increased employee morale (Becchetti, Giacomo and Pinnacchio, 2008).

However, promotion of skills development by companies has also rewarded them. Skills development programmes undertaken by the companies have helped in accumulation of BBBEE score card points. The link between skills development and firm performance can be easily accessed when CSR programmes are associated with financial measurement such as employee training, training of the youth and education (Jyoti & Karunesh 2014). Hence the firm must regard skills development as socio-economic development programme which can benefit the company.

The three MTCs make mention of training programmes that are targeted at general staff and top management up to board level in their 2017 integrated reports. Cell C offers external training to employees on the recommendation of the line managers. Vodacom and Cell C go the extra mile of providing training to Small and Medium Size Enterprises (SMEs) on how to manage businesses in the telecommunications industry. In the education sector teachers are taught how to use ICTs in schools effectively. Vodacom has trained over 100000 teachers on the use of ICT in the classroom through the mobile education programmes (mEducation). These efforts should help to propel the nation in a positive trajectory, since research indicates that South Africa's e-preparedness is not developing at the same pace as other countries with similar economic profiles such as Argentina, Mexico and Chile (Gilwald & Esselaar, 2004).

4.6.5 Social development

It is a given reality that the social development of a country in the twenty first century is tied to its technological advancements in the telecommunications sector (Gilwald & Esselaar, 2004). If a country has high data communications costs this impacts on the economy in general, and discourages corporates from investing in that country even for non-telecommunications activities (Gilwald & Esselaar, 2004). Social development in the country will only be enhanced if mobile telecommunication is not concentrated in urban areas but also remote areas that have struggled to attract investments for a number of years. So the challenge will be to expand the network to remote areas while maintaining profitability (Gilwald & Esselaar, 2004).

4.6.6 Climate and the Environment

Climate change is a reality that needs to be tackled by all stakeholders because it has the potential to cause risks to the food security of the country. Weather patterns have changed and the earth is generally experiencing extreme weather patterns that are unpredictable. This makes it difficult to plan in industries such as farming which rely heavily on weather patterns. In a developing economy such as that of South Africa the consequences of droughts and famines could be critical. There will be job losses in the industry and the loss of livestock. On a macro level the country would have to import food using scarce foreign currency resources. Telecommunications could help by disseminating information to the people to create awareness about best practices through zero rated tariffs.

When it comes to environmental pollution MTCs have not created enough awareness in the country about the potential problems that could emanate from poor disposal of batteries and disused cellphones. MTCs need to create support structures for the disposal of these gadgets because they contain toxic chemicals that may harm the biodiversity of the land.

4.6.7 Housing

South Africa is a country that has the highest economic discrepancies between the rich and poor in the world (Turok, 2016). Those who are rich are in the minority while the poor are the majority who cannot afford to own a home. Many poor people live in shacks located in informal settlements where crime is high. The MTCs tap some of their workforce from the informal settlements either for direct employment or through their distribution channels. So, instead of leaving the responsibility to provide housing to the government, MTCs and other corporates should continue to play a role in the alleviation of informal settlements. Improved accommodation could also help to reduce crime and make conducting business easier for MTCs because a significant number of their prepaid contract customers are middle to low income people (Blue Label Telecommunications, 2017).

Unfortunately, the MTCs did not mention programmes that could help to improve housing and sanitation for the poor people of South Africa in their 2017 integrated reports (MTN, 2017; Vodacom, 2017; Blue Label Telecommunications, 2017).

4.6.8 Safety/Security

SA is plagued by high crime and ineffective policing (Fig, 2005). This is a prevalent social problem that stifles economic growth in the country. Violent crime maims many productive people thereby depriving the nation of economically active people. Those who survive such crimes are sometimes left disabled or requiring serious medical attention, a situation that also drains the economy. This is a serious societal problem that the government has to solve with the help of the private sector. The mobile telecommunications industry has the capacity to utilize latest technologies and adapt them to local situations to combat crime.

Another area that the industry could help combat crime is that of cyber security. Information and data breaches are generally on the rise internationally and South Africa is no exception to this. It is telecommunication networks that transmit and receive data on their networks and so they have to stay ahead of criminals in this regard to avoid potential losses to the economy.

4.7 Industry specific initiatives

CSR initiatives identify with the triple bottom line in which the social, economic and environmental responsibilities are paramount for a sustainable present and future. Skae (2014) advocates for a 4E model where the economy, equity, ethics and environment are considered important for a sustainable state. They are considered the four pillars, which must be balanced for sustainability to thrive. Companies in the mobile industry have adopted environmental best practices as a requirement of other organisations such as the Johannesburg Stock Exchange (JSE). Given that the charter is silent on one of the most topical issues affecting people the world over it is important that listed companies in the industry subscribe to the JSE Responsible Investment Index Series (RIIS). The JSE RIIS promotes sustainable and transparent business practices (JSE,

2018). However, the lack of industry targeted environmental policies in the charter makes it difficult for companies to be accountable about the environment.

4.8 Challenges

Most CSR initiatives require financial capital to be implemented successfully. If for any reason a company is not performing well financially then it will be difficult to move to the next stage of CSR development as espoused by Mirvis and Googins (2006) and Carroll (1991). So, during the periods of economic or political downturn in a nation companies may suffer financially and as a result limit their spending to what could be termed core activities for survival. MTN Integrated Report (2017) shows that MTN reduced its 2017 charity spending to nearly half since 2015. This tallies with StatsSA (2017) figures which showed that investment in the mobile sector only started to recover in 2017.

A problem that could exacerbate the above challenge is the delay by government to allocate bandwidth to the mobile companies. This could help to increase investment in the sector and as a result contribute more to the national GDP and CSR projects than is the case now.

The other challenge that was identified was the lack of policy guidelines relating to environmental issues in the charter. Companies rely on international environmental policies such as the CDP Initiative (Vodacom Sustainability Report, 2017) which analyses the environmental impact caused by companies listed on Johannesburg Stock Exchange (JSE).

CSR initiatives have been mostly driven by the government through BBBEE incentives. The companies do not seem to be innovative enough to produce transforming CSR blue prints in the industry. The amendments to the 2003 charter in 2016 by the government points to a carrot and stick approach to CSR initiatives. That is why the BBBEE ratings for the companies were negatively affected by these changes.

4.9 Paths followed by MTCs in South

The South African MTCs, under the guidance of the telecommunications charter, show a similar CSR growth path with MTN and Vodacom showing similarities in their approaches. Cell C falls behind these two companies in that the company's approach is heavily influenced by the need to comply with the law rather than the philanthropic need. One way or the other all the three companies do not show the highest level of transforming as envisaged by Mirvis and Googins (2006) in any of the parameters considered in the study. The culture of philanthropy as espoused by Visser (2005) for the multinational companies in Africa does not hold true for the MTCs in South Africa. For instance, what looks like a creative idea to train the teachers in ICTs or by Cell C to train the entrepreneurs are actually activities that earn the company credits on the BBBEE scorecard. So these are initiatives that benefit the companies in the end. Therefore, the pyramid proposed by Carroll (1991) where the company is driven by legal compliance before philanthropy is ideal for the South African MTCs.

CHAPTER 05: DISCUSSION

5.1 Introduction

The aim of this study was to research CSR practices in the South African mobile telephone industry as prescribed by the BBBEE influenced telecommunications charter. These practices were then compared with existing literature on the subject, in order to develop a general CSR assessment framework for South Africa.

Company CSR initiatives since the arrival of the MTCs, after the attainment of democracy in 1994, were identified and what influenced them. The literature identified the environment as having an influence on the development path that is followed by firms (Carroll, 1991). For the African countries Visser (2005) proposed a revised Carroll pyramid in which multinational companies follow philanthropy before they attain the legal goal. It has also been shown that the CSR policies have transformed over the years as new demands from stakeholders arose. This was shown by the amendments that were done to the telecommunications charter so as to make it relevant to the prevailing environment in the South Africa (DTI, 2016).

5.2 Results analysis

5.2.1 BBBEE development in the industry

The growth citizenship in companies is determined by existing laws and regulations (Mirvis & Googins, 2006). This is particularly true to the telecommunications industry which has a charter that guides and sets targets that are required for the industry. The amendment of the charter according to the BBBEE act of 2003 is a good example of how the law could be applied to give direction to CSR initiatives. This is important in an environment where companies are not keen on transforming CSR initiatives beyond the minimum set goals. The results, therefore indicate that law was a major driving force in the development of CSR in South Africa

The research also established that the charter was targeted at human socio-economic development. So, it did not directly address ecological concerns that arise from human economic activities in South Africa. The aims of the charter that were presented in the literature support this claim. Despite this, it was discovered that the MTCs were public companies that were listed on the JSE which stipulates that they report on environmental performance. This is shown in the integrated reports of the MTCs.

CSR initiatives in the literature place emphasis on the environment for sustainability to be attained (Mirvis & Googins, 2006). The developed CSR framework took note of this and placed emphasis on the issue of sustainable development in the economic stage. In the philanthropic stage of the framework organisations were encouraged to be responsive for environmental issues in their operations.

5.2.2 Composition of top management

The results show that the boards of the three MTCs were composed of people from diverse backgrounds, some of whom were foreigners with extensive international experience (MTN, 2017). This helped to bring international best practices in CSR to the country. They could then be combined with local ideas or be adapted to suit local situations so that they could work for South Africa.

All the three companies have operations outside South Africa as shown in the literature. This could help the companies to share their international CSR best practices in the industry. Also, these practices could be exported to other nations where CSR development still lags behind. It is proven that a company's practice of citizenship is influenced by its country of origin (Mirvis & Googins, 2006). As a company that is based in South Africa, a country that is strict on BBBEE regulations, MTN displayed this attribute in the composition of its top management. There is increased participation of women and black representation at board level. However, in terms of gender representation at top management the mobile industry performed poorly. The assessed companies had the following percentages of women representation: MTN - 23% (MTN,

2017), Vodacom - 17% (Vodacom, 2017) and Cell C - 11% (Blue Label Telecommunications, 2017).

The framework addresses the issues of equitable representation in the legal as well as the ethical stages. The legal stage of the framework fosters a vision for equitable representation in a company. This means that representation of various groups in an organisation should represent the demographics of the nation (DTI, 2016). In the ethical stage the framework suggests the bridging of the economic divide by addressing historical imbalances. At this stage, fair share ownership in terms of gender and race representation should be the target.

5.2.3 Product affordability

One negative aspect of mobile platforms in South Africa is that they are generally priced out of reach of the majority of ordinary citizens. Regional comparisons in Africa and other middle income countries show that mobile telecommunications in South Africa are very expensive. This tends to retard the growth rate that is expected of the national economy. When Cell C and most recently Telkom Mobile started operating there was increased competition in the mobile telecommunications market which helped to reduce prices and the rate of price increases in the industry.

Under the socio-economic and ethical stages of the framework the issue of affordable and innovative products is addressed. The mobile telecommunication industry generally does not perform well in this category because telecommunications in South Africa is comparatively expensive. The government, as a stakeholder in the allocation of bandwidth in the country, along with the industry should work together to reduce the prices of mobile telephone products.

5.2.4 Industry contribution to socio-economy of South Africa

The results also show that the telecommunications industry's contribution to the national GDP grew significantly over the years. However, this growth was retarded by the slow

pace of bandwidth allocation by the government. The positive growth in the industry has the potential to spread mobile connectivity throughout the country. This has the potential to drive economic development in under-developed regions of the country as described in the literature (Calandro, Gilwald & Stork, 2012).

When the MTCs started operations they brought about change in an industry that had become stagnant. The literature highlighted how the fixed line telecommunications was monopolised by Telkom and how the mobile telecommunications revolutionised the industry (Knott-Craig, 2011). The working conditions of the workers were greatly improved as was access to mobile communications for millions of citizens. In the literature it was also shown that the poor urban and rural populace could afford mobile products through the prepaid mobile packages (Blue Label Telecommunications, 2017).

The mobile industry in South Africa has performed well in contributing to the economic growth of the nation. A positive aspect of this is that there is potential for further growth if the industry continues to expand coverage to outlying areas of the country to increase revenue. Jobs will also be created (Gilwald & Esselaar, 2004).

This kind of contribution to the economy was captured in the proposed CSR assessment under the socio-economic and legal/ethical stages. It is described as contributing to the economic aspirations of the nation and bridging the economic divide in the country. Assessment could be considered on how much they contribute to the development of suppliers as they spread services to other areas of the country.

5.2.5 Stakeholder engagement

Research shows that there are many socio-economic and socio-political factors that have a bearing on the direction that a company may take and the deficiencies that may exist in the growth of citizenship (Mirvis & Googins, 2006). Granted, South Africa has problems that require unique solutions (Arya, Bassi & Phiyega, 2008). The government remains very influential on the industry as it sets CSR groundwork through legislation such as the BBBEE Act. The government is also responsible for the allocation of

bandwidth to MTCs. Without increased bandwidth the companies in the mobile industry would not be able to expand to remote areas. Improvement of existing coverage would also be difficult. Eventually this would affect other stakeholders such as SMEs who could benefit from increased business opportunities, customers who want good and affordable service. When the development of the industry is retarded it affects the economy negatively thereby limiting the potential to create employment in the country as a whole.

The industry was not successful in engaging with the government to create an improved regulatory environment for the country to realise increased economic benefits from the telecommunications industry (Pau, 2011). The termination charges that are charged by the government controlled Telkom on the mobile companies remained high. This situation subsequently affected other stakeholders such as the customers.

Stakeholder engagement was addressed in the proposed framework under the ethical and socio-economic stages. The mobile industry could improve engagement with stakeholders so as to unlock the potential growth of the industry. This is especially so for the regulators and the government.

5.3 Comparative influence of stakeholders

From the research results it was discovered that there were certain influences that stakeholders had on the companies in the mobile telecommunications industry. These influences highlighted the forces that organisations bear as citizens of South Africa. A holistic approach to managing these stakeholders is needed in order to harness all ideas that eventually determine company policy.

The proposed CSR framework suggested ways of assessing and improving a company's responsibilities when dealing with primary and secondary stakeholders. This was under the ethical, socio-economic, skills development and enterprise development

stages. The mobile industry has the following major influential stakeholders identified from constructing the framework.

5.3.1 Owners (Shareholders)

According to StatsSA (2018) investments in the telecommunications sector have been growing every year for the past three years. The growth was mainly driven by the mobile telephone industry. Shareholders continued to have confidence in the South African mobile telecommunications industry because they increased investments in it. The integrated reports indicated clearly how top management understood the mandate of growing the shareholders' investments in the companies. Special reports meant for the shareholders were meant to show how the companies would fulfill their interests. Satisfying the initial mandate of a company when it is formed was addressed in the proposed framework. That is, to run a profitable organisation that will be able to fulfill other responsibilities such as obeying the law, being ethical and being a good corporate citizen.

5.3.2 Employees

With increased investment levels in this industry there was 15.8% growth in the telecommunications industry (StatsSA, 2018). Employees, in the process of earning a living for their families, make sure that the vision and missions of these companies are realized. Accordingly, there cannot be a successful CSR initiative without employee participation (Hoivik, 2011). Due to the strategic roles that employees play the industry invested in the training and up-skilling of workers to empower them. Training was provided for all employees including members of the management board.

5.3.3 Financial partners

The most common mobile transaction is banking which is used by 42% of South Africans (South Africa Mobile, 2017). This makes the banking sector a strategic partner of the MTCs because the financial sector requires secure and reliable platforms to function efficiently. It goes without saying that where there is improved mobile

telecommunication connectivity access to banking facilities also improves. However, the expansion of mobile telecommunication needs financing and the MTCs could strategically form partnerships with financial institutions that in turn want to offer mobile money facilities. Vodacom has such a partnership with the Commercial Bank of Africa in Tanzania where they have 1.2 million people on the M-Pawa platform (Vodacom, 2017). The framework encouraged assured beneficial partnerships and multi-organisation alliances in the enterprise and supplier development stage.

5.3.4 Customers

High telecommunications charges in South Africa had a negative effect on the growth rate of the national economy, wealth creation as well as employment generation (Gilwald & Esselaar, 2004). Consumers started to lobby for affordable mobile products because South African companies charge higher tariffs than most countries in the region. The #datamustfall campaign by consumers managed to get the attention of law makers who conducted hearings through a Parliamentary Portfolio Committee (Vodacom, 2017). However, the industry's response to the #datamustfall campaign was not positive since there were no significant changes to the tariffs. The CSR assessment framework suggested that a company must have affordable and innovative products that cater for the poor majority of the country.

5.4 Sub-sectors empowerment

5.4.1 Suppliers

Research shows that mobile operators have a positive influence on the supply side of the mobile economy (Williams, Solomon & Pepper, 2012). According to StatsSA (2018), this is evidenced by the increase in procurement which grew by 10.9% from all suppliers and 18.0% from suppliers based on B-BBEE rating in 2017 from the previous year. The companies wrote extensively about how important the suppliers were to their operations and how they should espouse the same values as the MTCs in areas such as ethical conduct and safety issues. The Preferential Procurement Policy Framework Act 5 of

2000 prescribes that corporates should give business to black owned and female owned businesses to empower them. The proposed framework addressed this by suggesting deliberate empowerment schemes for SMEs and training incubators for them. This is at the enterprise and supplier development stage.

5.4.2 Regulators

The mobile telephone industry recognises the importance of cooperating and engaging with the regulators in order to achieve compliance (Blue Label Telecoms, 2017; MTN, 2017; Vodacom, 2017). MTN identified increased regulatory pressures as a risk that needed to be managed (MTN, 2017). It is apparent that regulators exert influence on the operations of MTCs. Therefore, the industry has to take a proactive approach to comply with regulations instead of seeing law as a hindrance to making huge profits. This was addressed in the framework's ownership stage where it encourages companies to comply with or even exceed set regulations. As such the framework encourages them to comply with BBBEE Act in the skills development stage. One way to keep parties in this sector accountable is through the South African ICT Sector Performance Review (SPR) which has a duty to monitor and assess policy in the telecommunications industry against policy outcomes and how they impact on the economy and society (Gillwald & Esselaar, 2004).

5.5 Chapter Summary

This chapter analysed the research results that were presented in Chapter 4 in relation to the proposed CSR assessment framework. Although the mobile telephone industry was the focal point of the research the developed framework was meant to assess CSR best practices for South African companies in general.

The proposed framework is a broad outline of the practises that were identified in the literature as constituting good corporate citizenship in light of the BBBEE Act in South Africa. It is meant to be a general guideline for organisations. As such the framework does not prescribe detailed targets for organisations as found in the telecommunications charter. In a broader sense companies that embark on a journey of corporate

citizenship are expected to go beyond the set targets. However, the results show a trend of just meeting the minimum requirements in the industry. A good example of this practice is when the telecommunications charter requirements were revised and made stringent. This resulted in all three companies falling in their BBBEE ratings.

CHAPTER 06: CONCLUSION

6.1 Introduction

The following chapter will summarize the major findings of this research and discuss the implications for CSR practice in the telecommunications industry in general. As a result, a framework that could be used to assess the CSR performance of organisations was developed. This research contribution, however, had limitations which are identified in this chapter. Lastly, recommendations for further study in CSR and sustainability particularly in the South African telecommunications industry will be presented.

6.2 Summary of the case study

The research was designed to compare literature on the study of CSR and the developmental path being followed in the mobile telecommunications industry as guided by the industry charter.

The objectives were to:

- To describe the development and implementation of BBBEE initiatives aimed at improving CSR by the three MTCs.
- To describe BBBEE initiated transformation in the mobile industry at management level.
- To analyse the level of representation in the industry of the previously marginalized and minority groups in South Africa.
- To identify and describe examples of contributions made to the socio-economic development of South Africa by the mobile telephone industry.
- To analyse how the industry manages and engages with stakeholders in the quest to improve corporate citizenship.

It was shown that organisations are also citizens that are expected to contribute to the social, economic and environmental well-being of the society in which they operate (Mirvis & Googins, 2006). The charter is a good document that has inputs from various stakeholders in the telecommunications industry. This is a sector that is growing and

continues to contribute significantly to the economic growth of the country. It is, therefore, important for companies in this sector to consider CSR issues as a compliance matter but as something that contributes to a sustainable future through harmony among stakeholders.

CSR practice in the South African mobile telecommunications industry is on a growth trajectory as companies begin to take responsibility of the roles they need to play in society. The government as one of the major stakeholders continues to play a key role in pushing for transformation through the BBBEE Act of 2003. Because of this, there are still areas of improvement in CSR practices for the companies in the mobile telecommunications industry. They need to be innovative in coming up with CSR practices that work for South Africa. Although the initial outlook is that of capital expenditure on CSR the good image and good will that is created by this process will eventually count to the benefit of the company financially.

6.3 Implications for management practices

Management practice should be shifting from a profit-only orientation and push for strategic long term gains for the company and all its stakeholders. Literature study revealed that the drive to make profits without due consideration for good corporate citizenship could lead to short term gains for an organisation (Mirvis & Googins, 2006). So managers should realize that CSR is not a once off practice, but an everyday way of operating an organisation. This practice has the potential to uplift the economy and improve the lives of ordinary citizens in South Africa.

The industry practice of training employees is a necessary empowerment tool that could spread knowledge about technological advancements as well as CSR practice. The three companies did not only train employees but other stakeholders such as the information technology teachers and SME entrepreneurs. The charter emphasises the need for skills development within the industry. It recognises the need to correct historical injustices in the education sector.

Managers will also need to open up their doors to all stakeholders so that if there are arising matters that threaten their relationship they could be solved amicably. CSR issues are dynamic because the needs of society are often changing. Therefore, companies need to adapt to the environment and respond accordingly. This is especially so for the big companies that are expected by stakeholders to play bigger roles in CSR initiatives than the small companies.

Management could also decide to form synergies with other MTCs in order to share ideas on how the industry could carry forward the CSR agenda among peers. Front running companies would then help to formulate norms that could result in a dynamic blue print for the industry. Top management would have to decide how to go about this, as it entails working with competitors.

6.4 Research limitations

CSR literature on the mobile telecommunications industry in South Africa is limited and so the research focused on issues that are related to CSR in the telecommunications industry in general, and to the charter principles specifically, in order to identify relevant issues. Quantitative research could be conducted to produce substantial statistical figures that are particular to the telecommunications sector without the dilution of the broader telecommunications industry data.

Secondly, although the research was conducted qualitatively, there were no interviews conducted within the companies. It relied solely on historical secondary information, thereby limiting the scope of the research.

Thus, it is recommended that there be more research that involves primary sources in order to extend the scope of the research. That is, interviews could help to shed light on how the industry intends to grow CSR in the future.

Thirdly, the charter does not address environmental concerns and so companies lack guidance on this subject. Instead, the charter seeks to mainly address the socio-economic problems of the country whereas literature on good citizenship encompasses

all areas of social, economic and environmental study. The proposed framework also addressed the environmental aspects of CSR as espoused in the literature.

Another limitation of the research was the fact that in some instances it was difficult to separate group information from unit information. In some cases, the research had to rely on generalized information which was not specific to the South African operations. However, the group information gave a good over view of how CSR was approached by the companies.

6.5 Conclusion

Despite these limitations this research contributes invaluable information that is vital for the development of CSR in the telecommunication industry in South Africa. The proposed framework could be used as a basis for future research and adaptation to other industries in the country and beyond. It brought into focus the practice of CSR in an industry that is relatively young but continues to contribute tremendously to the national economy.

The research also highlighted the importance of taking the ecological aspect of CSR into account in order to have a holistic approach to the subject. CSR practice in South Africa should definitely take environmental issues into consideration together with the socio-economic issues. Fixing socio-economic issues only in the hope of coming back to fix environmental ones later is a wrong approach that could have negative consequences for the country in the future.

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