BINDURA UNIVERSITY OF SCIENCE EDUCATION

THE NEXUS BETWEEN CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE REPUTATION IN ZIMBABWE
A CASE STUDY OF DELTA CORPORATION LIMITED

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A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTERS IN BUSINESS LEADERSHIP OF BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF COMMERCE

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FEBRUARY 2015
RELEASE FORM

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Title of Dissertation: The nexus of corporate social responsibility and corporate reputation in Zimbabwe: A case of Delta Corporation Limited

Program for which dissertation was presented: Masters in Business Leadership Degree

Year degree granted: 2015

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DEDICATION

This dissertation is dedicated to my last born son Gabriel Tanatswa Rusike who has shown so much enthusiasm in both my academic and professional work. I certainly hope that as much as he desires to be as I am in the future, only the sky will be the limit for him. I am proud of you and keep up the good character. And to my wife Agnes and first born Tawanda thank you for the understanding and providing me with the much needed support and encouragement, you are angels in my life and a source of inspiration.
ABSTRACT

There has been significant debate on firms’ involvement in addressing social issues in the environment they operate in. Divergent views have been put forward with others suggesting that firms are obligated to serve the community and provide for identified stakeholder needs while others believe CSR goes against the sole mandate of businesses which is to make profit. The firm under this study is running CSR programs in the education sector with academic institutions and individuals, sports, arts & culture and health and wellness.

This paper examines how CSR can influence or contribute to corporate reputation. There was also a need to create a business case for CSR based on the assertion that it contributes to positive corporate reputation. The findings would be of the essence in guiding the firm under study on how to proceed with the current CSR programs.

A quantitative study was conducted with a sample representing Delta Corporation Limited customers, strategic suppliers, Delta Corporation CSR program beneficiaries as well as a qualitative study with Delta management representatives. The respondents were asked to respond to questionnaires comprising of both semi-structured, open-ended questions to gather the views of these stakeholder groups on CSR and its contribution of positive corporate reputation.

The study set off a discussion on the contribution of CSR to positive corporate reputation. Findings suggest that there is value in implementing CSR initiatives and that the actions influence perceived positive corporate reputation. Stakeholders ranked CSR as the second most important attribute in developing corporate reputation.

The findings provide the perceptions of Delta Corporation stakeholders on CSR and corporate reputation. CSR is an important aspect of positive corporate reputation but cannot contribute in isolation. However the link between CSR and reputation is contingent on the stakeholder awareness of the company’s actions. The company should put in a place strategic communications plan if it to benefit from its investment in CSR as communication is key to the success of CSR programs.

Keywords: Corporate Social Responsibility (CSR), Positive Corporate reputation,
ACKNOWLEDGEMENTS

To God be the glory for it is through Him that I managed to go through my studies. I am truly blessed and favoured to be an achiever especially at this point.

I would like to extend my gratitude to Mr. C. Masango for the assistance throughout my research. His patience was amazing and the knowledge I gained cannot be valued. I also extend my gratitude to Doreen Tsitsi Tirivanhu who has been an inspiration and always encouraged me when I was under pressure to be thorough in approach. She set aside time from her busy schedules to assist me on how to approach this research.

My heartfelt gratitude goes to my family which had to endure the process of going through my studies with me. It is without a doubt that without the support they offered I would have not managed to achieve what I have to date.

To all my friends especially those I met at the commencement of this program, it is my hope that the bond we share will continue to exist even beyond our studies.

Lastly, I would like to thank Delta Corporation Limited for the opportunity to carry out my research with a very high level of support each time it was required. I am thankful to Tsungie Manyeza the Corporate Affairs Manager for Delta Corporation and her team for accommodating me throughout the research. I wish them continued business success.
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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter provides a brief overview of the concept of Corporate Social Responsibility (CSR) and how it impacts on corporate reputation in the beverage industry in Zimbabwe with a focus on Delta Corporation (Private) Limited, a Zimbabwean based company with vast interests in manufacturing of beverages and distribution. A macro environmental analysis has been done in order to gain an appreciation of the operating environment of the organisation. The objectives of the study as well as the relevant research questions have been outlined to ensure that there is a clear understanding of the direction the research will take.

1.1 Background

Corporate Social Responsibility (CSR) phenomenon has developed into a prominent aspect of business which is attracting a high level of interest the world over. Corporate Social Responsibility is viewed as a comprehensive set of policies, practices and programmes that are integrated throughout business operations, and decision making processes that are supported and rewarded by top management Coyle, (2003) However little is known about the effectiveness of CSR on corporate reputation and its potential use as a determinate of business performance. A deeper understanding of the effectiveness of CSR concept on these two elements will determine the wider application of this concept by businesses.

The concept of CSR is also growing among local businesses in Zimbabwe and is evolving as a major component of business strategy. It has since emerged as a prominent aspect in some sectors such as the beverage industry in Zimbabwe. CSR programs have been seen in the form of clean up campaigns, educational support, helping the needy, support for sport, talent shows among many other CSR programmes. This study looked at the evolution of CSR in the beverage sector and its
impact on corporate reputation and overall business performance. The research is based on a case study of Delta Beverages.

The beverage manufacturing sector in Zimbabwe is mainly dominated by one major player Delta Corporation Limited grossing over six hundred and twenty million United States dollars from all its Strategic Business Units. (Financial Report 2014 www.delta.co.zw) Its major competitors are imported beverages from outside the Zimbabwean borders. Its Strategic Business Units include the beverages business, Lager beer business, Sparkling beverages business, Sorghum beer business, alternative beverages business, transport and distribution operations, Mega Pak Zimbabwe limited, Schweppes Zimbabwe Limited and African Distillers Limited. Because of the diversified integrated business units of Delta Corporation, the company has managed to displace competitors from the market with only a small segment of competition from imported brands which do not command a significant share.

1.2 Delta Corporation Limited Overview

Delta Corporation Limited is principally an integrated beverage manufacturing and distribution company with a diverse portfolio of local and international brands in lager beer, traditional beer, soft drinks and other non-alcoholic beverages. It has investments in associate companies whose activities are in cordials and juice drinks and wines and spirits.

The Company is listed on the Zimbabwe Stock Exchange and was first listed in 1946 as Rhodesia Breweries Limited. Its origins, however, date back to 1898 when the country’s first brewery was established in Cameroon Street, (Salisbury) Harare, from where the brewing industry developed into a major industrial and commercial operation. Its mission is to grow the value of the business in real terms on a sustainable basis through owning and nurturing local and international brands that are the first choice of the consumer. Delta Corporation believes that it will achieve this through offering customers outstanding service and paying rigorous attention to the health of the business at all times. By so doing it seeks to enhance the value it creates for all our stakeholders. Figure 1.1. shows an overview of the structure of Delta Corporation limited
1.2.1 Delta’s Business Activities

The organisation has basically nine lines of activity that cut across all its SBUs including the lager beer business which is comprised of brewing and distribution. The traditional beer business is another line which has about fourteen breweries across the country. The sparking beverages including bottles mixers of tonic, soda water and energy drinks also constitute another business unit for Delta Corporation. Besides the above lines the company also produces some traditional non-alcoholic beverages couples with the transport and distribution unit that completes the supply chain of the business. More so, to consolidate its position Delta Corporation has further interests in
a company that manufactures injection and blow moulded plastic products, African Distillers limited which specialises in wines and spirit products. Furthermore it also has another SBU, Schweppes Zimbabwe Limited a company which produces still beverages and bottled water as well.

1.2.2 Delta’s Current CSR Programmes

Delta’s corporate social responsibility programmes are categorised into four categories and these include Education, Arts & Culture, Sport/Paralympics, Wellness and Safety, Healthy & Environment (www.delta.co.zw).

1.2.2.1 Education

Delta Corporation has two main education programmes. These are the Education Bursary Programme and Schools Assistance Programme. The Education Bursary Programme benefits at least fifty students in advanced Level and University per year. The programme has recorded success stories with many students attaining international scholarships for further study and certifications with various professional bodies. Under the Schools Assistance Programme, the company supports rural communities in the construction of a standard classroom block. This project has seen over 20 classroom blocks constructed around the ten provinces of Zimbabwe in the past five years. (www.delta.co.zw)

1.2.2.2 Sports

Delta believes in promoting communities through sports sponsorship. The company is involved in four sporting disciplines nationally through its brands including school’s soccer tournaments. Castle Lager Premier Soccer League sponsorship was renewed for another three years from 2014. Another of its brands, Golden Pilsner has continued to support Golf through Golden Pilsner Zimbabwe Open golf tournament whilst Coca Cola supports the Zimbabwe Youth games annually. Delta thrives to ensure that its brands continue to resonate with the aspirations of its customers through engagement.

1.2.2.3 Arts and Culture

Jikinya Dance Festival, Intwasa Festival of the Arts, Harare International Festival of the Arts (HIFA), and the Chibuku Road to Fame are some of the arts and cultural
programmes that Delta Corporation supports in its corporate social responsibility programmes annually. Notable brands used by Delta Corporation to promote some of the festivals include Lion Lager brand for HIFA, Coca Cola for Manica and Jikinya festivals and Chibuku for Intwasa and the Chibuku Road to Fame

1.2.2.4 Health & Wellness
Delta initiated the first Wellness Day at the Southerton Plant in October 2010. (www.delta.co.zw) The approach was an upgrading of the HIV and AIDS program which had been running for almost a decade. Wellness is a choice to assume responsibility for your health. It begins with a conscious decision to shape the quality of your lifestyle. The focus of the wellness programme is to ensure availability of a healthy workforce which is key to family health and a productive worker! Monitoring and Evaluation (M&E) are key to the successful implementation of any program. During the implementation of the HIV and AIDS program over years, through M&E it emerged that most of the lost production time due to illness was not directly related to HIV and AIDS complications but to other ailments or chronic conditions. It was only prudent to focus on total wellness rather than on HIV and AIDS which ranked about 5% of the world death rate compared to High Blood Pressure complications which is highest on the list.

1.3 Macro Environmental Analysis
Companies operate within a defined context which can be analysed using the PESTEL framework. A company’s external environment is uncontrollable and exerts some pressure which requires firms to be agile.

1.3.1 Political/Legal Environment
Political / Legal environment is concerned with laws put in place and the influence politics has on policy formulation. This encompasses legislation, political parties and other pressure groups, government ownership in industry as well as competition law and employment and safety law Lynch (2006). Alignment of the new constitution and the country’s laws still pose a challenge.
Indigenization and Economic Empowerment Act (IEEA) which seeks to have majority shareholding in all foreign owned businesses. This has in a way vitiated the operating
environment and investors are still not comfortable pouring in resources without clarity on the business ownership policies of Zimbabwe. This is working to the advantage of Delta Corporation as no major competitors seem to be posing much challenge to its existence. However the environment retards offshore investor option which is critical in the poorly capitalized financial markets. Political stability boosts investor confidence and creates a conducive business environment and allows for confident planning and strategic focus. Because of these factors, there is need for organizations to activity involve in CSR programs as they need to be seen by the responsible authorities to be empowering societies and communities through giving back. The laws enacted in Zimbabwe indirectly expect all profit making entities to give back to society and some of these include the share ownership trusts that even one of Delta’s subsidiary Schweppes Zimbabwe Limited has put into place for the benefit of its workers and the community at large.

1.3.2 Economic Environment

The economic environment consists of factors that affect consumer purchasing power and spending patterns Armstrong & Kotler (2009). For almost a decade, the Zimbabwean economy has been running on a multicurrency set up which bring both advantages and disadvantages. Delta Corporation’s products are all priced in Unites States dollars or South African Rand and for this reason; multicurrency trading in Zimbabwe has assisted the firm to stabilize in its operations. The scenario however implies loss of a monetary policy control which means economic health is up to the vicissitudes of the referent economies.

With inflation stabilising, the costs of production and the price at which finished goods can be provided to customers are generally maintained. Zimbabwe’s economic growth remains stagnant, though sustained by agriculture and mining, with moderate contributions from tourism and manufacturing.

There are challenges that the country still needs to contend with in order to build necessary infrastructure that will drive business. This calls for funding that currently is not available. The size of Zimbabwe’s external debt at over US$8.8 billion has become a serious developmental constraint for the economy, 2014 mid-term fiscal policy (www.zimtreasury.gov.zw). The impact of the current scenario means the
country is now in debt distress and cannot leverage new financial support from both bilateral and multilateral sources. Such an economic environment calls for corporates to come on board to assist the government in providing for social needs of society. The deteriorating social infrastructure calls for corporate intervention hence the contribution of CSR is most needed in such circumstance.

1.3.3 Social Environment

The sociocultural environment consists but is not limited to factors such as demographics, lifestyle, social mobility, educational levels, attitudes as well as levels of consumerism. A major point to note is the brain drain that was experienced in the period 2000 to date. For most organisations, people are a vital resource and in some, people are not just important but are the key factor for successful performance Lynch, (2006). Delta Corporation is one such entity where success can only be realized by delivering quality service. Due to the nature of the products offering, the role played by the work force at Delta Corporation is so pivotal but like any other organization, the Zimbabwean case of brain drain can possibly point to economic and political events over the last decade as the primary cause of emigration and high future potential. Zimbabwe also having been declared a Christian country has further implications on the alcohol consumption levels hence lager beers consumption having dropped by 18% below prior year due to softening aggregate demand. (www.delta.co.zw) It is therefore essential for Delta Corporation to be in the forefront of executing corporate social investment programs to compliments the lop holes being created by social factors. In the face of many children failing to go to school, due several reasons bedeviling society, there is need for such an intervention hence the need for CSR. Also to note is that because Zimbabwe is deemed a Christian country, some of the product lines that Delta Corporation produces are in contrary to these religious beliefs hence the need to compliment societal needs for them to survive in such a society.

1.3.4 Technological Environment

Technology brings about innovation, cost leadership, growth, differentiation as well as fostering strong relationships with strategic partners O’Brien & Marakas, (2008). Trends are towards convergence, where it is possible to provide a range of services
over a single network, such as voice, video and data. It is seen as related to connectivity, media, delivery channels, and access devices, among others. These developments have led to increased mobility, speed, and the realization of “broadband” (International Chamber of Commerce, 2008). Technology is expected to drive business especially on a global scale. The area in which technology will have the greatest impact in the next ten years is in direct marketing and mass customization, where a product-service provider can customize the experience for each individual customer Reid & Bojanic , (2006)

Technological enhancements have been adopted slowly in the African market and this limits business operation when trading on the global market particularly for the manufacturing sector. However, where new technological advances are adopted, it brings in efficiency and effectiveness hence reduce operating costs. One of Delta’s SBUs African Distillers Limited recently acquired state of the art manufacturing equipment and ultimately reduced its selling prices to the ultimate customer. If costs are ultimately reduced that will mean that the organization is left with sufficient resources even to extend to community developmental projects.

1.3.5 Ecological Environment

The ecological environment is about the sustainability of the environment in order for future generations to benefit. The go green initiative world-wide is meant to see organisations and individuals focus on ensuring that all they do is friendly to the environment and makes it possible for future generations to enjoy a safe environment. Sustainable development and pressure groups are putting pressure on organisations to focus on the ecological environment and how the working environment can be made safer for employees. Delta Corporation has always been regarded as one of the biggest polluters of the environment due the nature of the containers it uses for its products; It is against this background that this calls for greater CSR participation in ensuring that the environment is always taken care of. Society would natural expect an organisation like Delta to play a pivotal role in initiating environmental aspects hence provide assurance to the community that it is equally concerned on such aspects.
1.4 Research problem

The concept of CSR has been talked about quite extensively and in some cases fragmented efforts are being made by firms without understanding the benefits accrued. Decades of debate on CSR have resulted in a substantial body of literature offering a number of philosophies. Despite real and relevant differences among their theoretical assumptions, there is consensus that business corporations have an obligation to work for social betterment. Delta Corporation continues to invest in various CSR programs at an annual budget of $4 million in 2014 (www.delta.co.zw) both internally and externally over the years with an aim to integrate with the community in which it exists and gain relevance to all its stakeholders. This is despite that CSR has not been a part of organizational policy for some other corporates. It is therefore critical to interrogate this multi-million dollar investment to assess its contribution to the corporate reputation. This research will seek to establish whether CSR investment can impact on the corporate reputation for Delta Corporation in view of its diverse stakeholders.

1.5 Objectives of the Research

This research was guided by the following set of objectives:

1.5.1 The main objective was to assess the contribution of CSR to corporate reputation,

1.5.2 To explore the perceptions of different stakeholders towards CSR,

1.5.3 To determine the association between CSR and corporate reputation and

1.5.4. To establish the determinants of corporate reputation for Delta Corporation

1.6 Research Questions

1.6.1. What is the perceived contribution of CSR to corporate reputation?

1.6.2. What are the perceptions of external stakeholders towards CSR?

1.6.3. What are the determinants of corporate reputation for Delta Corporation Limited?

1.6.4. What is the strategic importance of CSR to a business?
1.6.5. What is the link between CSR and the value derived from positive corporate reputation?

1.6.6. What is the benefit of CSR from external stakeholders’ perspective?

1.7 Significance of the Study

The results of the study shall assist not only Delta Corporation but even other practicing and non-practicing organizations from the Zimbabwean perspective on CSR in view of its merits and demerits. It shall further contribute to the body of knowledge on the link between CSR and corporate reputation. Firms must be concerned about the investments they make and the value gained. It is on this basis that the research has been initiated allowing Delta Corporation to seriously consider CSR as an aspect that has a contribution to its corporate reputation.

There has been an emphasis on CSR being an important aspect in business as evidenced in current financial reporting standards as well as the increasing demand by stakeholders for greater firm contribution to social issues and participation in community needs outside business. This research unpacked the issues surrounding CSR and corporate reputation providing valuable insights even to myself as a practicing marketing professional confronted by the need to make informed strategic decisions hence gain significant and greater insight into the aspect of CSR.

1.8 Research Proposition

This research suggests that investment in CSR contributes to positive corporate reputation.

1.9 Limitations of the Research

Availability of accurate information from Delta Corporation was one of the major limitations vis-à-vis the willingness to divulge sensitive business information. Lack of knowledge of the areas under research by the respondents also hindered accuracy of the information gathered as some might not confess ignorance of the meaning of the areas under study. Limited resources and time to sample a significantly large number of the stakeholders considering that Delta’s stakeholders span all corners of the country was also a limitation of the research.
1.10 Delimitations of the Research

Since the research is mainly focusing on Delta Corporation, without considering other corporates in the same sector that are also involved in corporate social responsibility, the study is delimited to that effect. This study is focused on CSR as a determinant of corporate reputation for Delta Corporation. The main focus was on the current CSR initiatives being implemented in Zimbabwe and stakeholder views of the subject matter.

1.11 Ethical Considerations

This research is guided by ethical norms in all aspects and considerations. A clearance permission from Delta to undertake the research has been granted. The researcher also considered all information to be private and confidential. Correct and attention to detailed information was used to determine the outcome of the research and furthermore during the process. The researcher respected the rights of the respondents even in the case of refusal to divulge any details.

1.12 Chapter Summary

This chapter gives an overview of the structure of the beverages industry in Zimbabwe taking into cognizance corporate social responsibility programmes that are being implemented particularly by Delta Corporation Limited. The chapter further provided an overview of the macro environment in which the company operates as this will give a reflection of operating factors that it is immersed in. Once CSR is understood, it is also the objective of this research to determine its effectiveness on corporate reputation despite Delta Corporation having other brands that run brand specific corporate social responsibility programmes like the Chibuku road to Fame. However, for purposes of this study, I focused mainly on the corporate initiatives rather than specific brand initiatives. The next chapter further looks at the objectives of the study and the research questions that need to be answered by this research.
CHAPTER II

LITERATURE REVIEW

2.0 Introduction

This chapter reviewed literature which allowed a deeper understanding of the theory surrounding the two main aspects of this research which are CSR and Corporate Reputation. Both corporate reputation and CSR were defined to give the context of the study. There was a multifaceted analysis of the current debate on how CSR influences corporate reputation along with other views that may be contrary. The whole discussion resulted in being able to put forward the business case for CSR involvement with an aim to influence positive corporate reputation.

2.1 Corporate Social Responsibility Defined

The concept of CSR has been talked about quite extensively and in some cases fragmented efforts are being made by firms without understanding the benefits accrued. Decades of debate on CSR have resulted in a substantial body of literature offering a number of philosophies that despite real and relevant differences among their theoretical assumptions express consensus about the fundamental idea that business corporations have an obligation to work for social betterment Geva (2008). Various definitions can be looked at to pick out similarities or variances that will allow the consolidation of multiple views by authors on the subject matter.

Corporate social responsibility (CSR) is also known by a number of other names: corporate responsibility, corporate accountability, corporate ethics, corporate citizenship, sustainability, stewardship, triple bottom line and responsible business, to name just a few Industry Canada (2012). For purposes of this study, The researcher analyzed the influence of CSR on corporate reputation from multiple viewpoints. CSR is viewed as a comprehensive set of policies, practices and programmes that are
integrated throughout business operations, and decision making processes that are supported and rewarded by top management Coyle (2003). The definition suggests that CSR is of a strategic nature by virtue of top management support as well as the deliberate effort to entrench CSR in policies and practices. The author expresses that there is companywide integration of CSR which means the concept permeates through the organisation.

The World Business Council for Sustainable Development as cited in Moir (2001) had developed a multifaceted definition of CSR and is seen as a continuing commitment by business to behave ethically and contribute to economic developments while improving the quality of life of the workforce and their families as well as the local community and society at large. On assessment of this definition, it is strongly associated with the stakeholder theory which seeks to balance out multiple interests and goes further to propose that the improvement of quality of life is central to CSR. It begins with the workforce and its families and cascades to the broader communities’ right to society as a whole or the nation.

The concept of CSR is the notion that business has a responsibility to contribute to social and environmental goals on a voluntary basis Gjølberg (2010). The notion suggests that a business shall not be coerced into implementing CSR initiatives but will primary act at its discretion on matters of concern. Firms are expected to look within the communities they interact with and elect what matters can be made part of the firm’s CSR plan.

A slightly different dimension can be looked at which states that CSR is a form of corporate self-regulation that builds sustainability and public interest into business decision making and activities McKee (2012). McKee’s definition brings out the aspect of consideration of public concern into the operations of the business which further supports that stakeholder interests are taken into account and appropriate action taken. There is an unparalleled expectation by various stakeholders to see firms address environmental, social, and economic sustainability issues.

Other authors put forward their views on CSR and of particular interest is the view that company managers must display a social conscience in operating the business and specifically taking into account how management decisions and company actions affect the well-being of employees, local communities, the environment, and society
at large Thompson, Strickland, & Gamble (2010). The authors bring out the fact that there is need for leadership drive by way of managers focusing on critical issues as day to day operations are performed. It is about a firm going beyond the normal business requirements and taking an active role in balancing stakeholder interests. This argument is emphasizes and proposes CSR as having a wider remit to include the organisation’s responsibility beyond the minimum to its employees and those outside the organisation Lynch (2006). There is a high level of consistency in the definitions especially on the aspect of extending efforts beyond the norm as well as the multiple stakeholders being involved and these encompassing both internal as well as external stakeholders.

The European Commission as cited in Sison (2009) defines CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. As is prevalent in the other definitions stated, there is a clear understanding of the fact that there are multiple interests to be managed and this is expected to be done without force.

On review of the definitions states, it is noted that Coyle’s (2003) definition lacks the key aspects expected to clearly give the intention of CSR and who it targets. The definition makes CSR more of a compliance issue by mentioning only the fact that the firm has policies and programs that top management need to support and reward. When the definitions of European Commission (2003), Lynch (2006), Thompson et al (2010) and World Business Council for Sustainable Development are compared, there is a significant similarity in focus. For instance, there is evidence of stakeholders being a major part to CSR and an element of firms going beyond the norm which can be viewed as the voluntary nature of CSR. The aim of CSR can be seen permeating through the definitions which in board terms, can be viewed as working towards the global improvement of communities and subsequently nations.

After having gone through literature in terms of the definition of CSR, a more consolidated definition can be suggested. I therefore suggest defining CSR as the deliberate and strategic investment into communities with a high level of stakeholder engagement aimed at improving the lives and the environment of the immediate and broader communities in a sustainable way while the mandate of the firm continues to...
be pursued. The definition takes into account the five dimensions of CSR which are the environment, social, economic, stakeholder and voluntariness.

2.2 Corporate Reputation Defined

Reputation is not easy to define because it depends on various stakeholders’ views, intentions and expectations of enterprise performance Vitezić (2011). Positive corporate reputation can be a source of advantage for a firm and at the same time create a high level of expectation from stakeholders. Firms should be interested in their reputation as this has a bearing on stakeholder perceptions and subsequently business performance. There are various definitions of corporate reputation and what influences it, some of which are part of this research.

Barnett, Jermier and Lafferty as cited in Vidaver-Cohen (2007) have defined reputation as perceptual phenomenon emerging from observers’ collective judgments about an organization based on assessment of the organization’s performance over time in areas observers deem important. Key aspects in this definition are the issue of perceptions as well as the collective position taken by observers or stakeholder of the business. These perceptions are based on observation by stakeholders as they focus on the stance taken by a firm on matters of significance within the community it exists.

Vidaver-Cohen (2007) suggests that a good reputation is considered by academics and business professionals alike to be one of the most valuable intangible assets an organisation can possess reducing stakeholder uncertainty about future organisational performance, strengthening competitive advantage, contributing to public confidence and creating value by maximising an organisation’s ability to receive a premium for product or services.

With this view it is important for firms to look closely at the determinants of corporate reputation and for purposes of this study, CSR will be the determinant isolated. Figure 2.1 gives a visual expression on the determinants or make up of reputation. These determinants culminate into the overall favourability of a firm or make up the reputation of a firm.
While looking at corporate reputation, there is need to visualise the interconnectedness of stakeholder, company actions and the perception thereof Lewis (2005). Often it is the manner in which these interactions are managed that determines the views stakeholders have.

Gotsi & Wilson (2001) state that corporate reputation is a stakeholder's overall evaluation of a company over time. This evaluation is based on the stakeholder's direct experiences with the company, any other form of communication and symbolism that provides information about the firm's actions and/or a comparison with the actions of other leading rivals.

In this definition, key aspects that can be picked out include that reputation is built over time as a result of observations and experiences of stakeholders. Additionally, there is the aspect of having to communicate firm behaviour and deliberately inform stakeholders about matters of concern. This creates room for a favourable perception and thus positive corporate reputation. Figure 2.2 shows the multi-layers of interactions that exist among stakeholders, the environment and how these determine the corporate reputation. A similar position is given by Lewis where he puts overall favourability at the center while encircled by the determinants of corporate reputation.
However, there is no mention of the fact that there are interactions which assist in so far as creating perceptions and thus feeding into reputation developed over time.

Figure 2.2 Defining corporate reputation M. Gotsi and A. M. Wilson, (2001)

Another definition that can be reviewed is one by Fombrun as cited in Helm (2007) which states that reputation is a collective construct that describes the aggregate perceptions of multiple stakeholders about a company’s performance. This definition is strong on the aspect of reputation being a result of multiple perceptions. Similar to Gotsi M Wilson A.M, stakeholders play a pivotal role in shaping corporate reputation as their attitudes and opinions are what they communicate. Barnett, Jermier & Lafferty extend the definition to include the fact that reputation is built over time. In this light the perceptions and opinions held are a function of observations by stakeholders over a period of time.

Corporate reputation can be understood as the collective representation of actions and outcomes of the past and present of the organisation, that describe its capability to obtain valuable outcomes for different stakeholders Castro, Lopez & Saez (2006). This view accommodates the fact that a firm must show the potential to meet various expectation and stakeholder deduce this ability through the firm’s reputation.
When coming up with a definition of corporate reputation based on the definitions reviewed, there should be three main issues taken into account. These are stakeholder perceptions and opinions given direct and indirect experiences, time factor and the role played by the firm in modelling the reputation desired.

2.3 Trends in Corporate Social Responsibility

It is important to understand the background of CSR and in order to see the progression of the concept to date. CSR has its origins in corporate philanthropy and the word is from the Greek with the words phil, which means “love,” and anthropos, which means “mankind”. With this in mind, the word philanthropy can then be translated to mean the love of mankind. There are various forms of philanthropy and these include assisting with money, spending time on relevant matters, offering services, or products in a manner that allows an improvement on the social and economic wellbeing of beneficiaries. Some names that have been associated with philanthropy include Bill and Melinda Gates as well as Jet Li an artist and director Johnson, Scholes & Whittington (2008). They have released funds for assistance in so far as the improvement of health is concerned. These people among others have made personal efforts to make the difference and contribute to the needs of their immediate community and beyond.

In not more than three decades ago, consumer groups and rights organizations began to invoke the notion of CSR in order to convey their normative expectations from corporations; often in respect to the latter’s commercial operations in under regulated countries Shamir (2011). At this point consumers played an active role in pushing commercial entities into recognising society needs. With progression into more recent years there is a noticeable trend in CSR becoming part of government focus and a dominant aspect of the political landscape. The literature debates on CSR bring to surface dimensions firms need to take into account when making consideration on whether to implement programs or not.

CSR has evolved over the years and is increasingly seen as an imperative for sustainable business and there is a growing literature on the effects of CSR on corporate reputation Truscott, Bartlett & Tywoniak (2009). The debate has been on whether CSR creates value and whether the investment in various programs has a
significant impact on the overall corporate reputation. Hoffman as cited in Truscott, Bartlett & Tywoniak (2009) says while the beginnings of modern CSR can be traced back to the 1920s, the concept has gained increasing attention over the past two decades. This in itself suggests that CSR is still an emergent phenomenon which this research seeks to unpack and give its contribution on positive corporate reputation.

CSR is increasingly being promoted as a new and an innovative instrument for national and global governance; that is, a concept highly relevant to governments, not just companies Gjølberg (2010). Governments’ world over have found CSR to be the much needed way to gather resources of business to supplement welfare of state services. There is a shift on listed company reporting with emphasis on reporting regarding CSR and this is particularly evident in the USA, Europe, Asia, Australia and finding its way to Africa. The King 2002 Report on Corporate Governance (King II) advocated a move from single to triple bottom line reporting – also known as ‘sustainability reporting’ Smit, Cronje, Brevis, & Vrba (2011).

With this development in reporting, it is no longer ‘optional’ for a firm operating and with a need for stakeholder support to fail to invest in the community it operates. Sustainability reporting has become a widely accepted practice and South Africa is an emerging market leader in the field (particularly due to King II and the emergence of initiatives such as the JSE’s Socially Responsible Investment (SRI) index which was the first of its kind in the emerging market) Smit, Cronje, Brevis, & Vrba (2011).

There has been an enhancement of the issues given as guidelines in King II bringing about King III which supports that sustainability reporting should be integrated with financial reporting and not treated like a separate issue. The main focus of sustainability reporting hinges on two areas which are whether the company has impacted negatively or positively on the economic life of the community it operates for the year under review.

Many companies of all sizes, in both developed and developing countries, have long engaged in CSR activities rooted in the values of the company OECD (2009). Firms are aware of the need to engage in CSR but what may then differ is the extent to which a firm involves itself in solving social issues as these are generally not part of the primary mandate of the firm.
2.4 Relevance of CSR

There is need to assess the relevance of CSR in today’s operating environment. Vaaland and Heide as cited in Vaaland & Morten (2007) share their view which states that extensive experience from day-to-day CSR enforcement is likely to make the company more resistant to attacks from sudden, unforeseen and negative incidents, which may threaten the company reputation. The turbulence of this environment makes it important to manage stakeholders in a way that ensures the organisation’s future success.

Firms are now being tasked with ensuring that there is extensive stakeholder engagement to preserve their territories and continued existence within their operating environment. Globalization has further opened up markets to competitor products and services has made many corporates vulnerable as multinationals with the financial capacity to engage in CSR are overtaking local companies in enhancing reputation and favourability.

2.5 Strategies of Enhancing CSR influence on Corporate Reputation

Corporate reputation is used to judge firms and whether individuals or other corporate clients would like to associate with them. Firms need to come up with deliberate strategies to enhance their reputation.

Regular communication with stakeholders on CSR activities is a strategy that can be implemented to enhance CSR influence on reputation. Eisenegger as cited in Thiessen & Ingenhoff (2010) states that in today’s media society, mediated communication is the dominant mechanism in constituting reputation, in fact, without public opinion, reputation cannot be constituted or fades significantly. Managing media partner relationships and ensuring the firm is in touch provides leverage for fostering good reputation. The cultivation of stakeholder relationships is therefore considered the basis for building a strong and consistent reputation Romenti (2010)

Another view that support enhanced corporate communication as a strategy for enhanced CSR influence on corporate reputation is that given by Van Riel and Fombrun as cited in Romenti (2010) which highlights that scholars suggest that corporate communication plays a crucial role in the process of reputation development by listening to publics expectations, addressing them with planned flows of
communication content and cultivating relationships with the most salient stakeholders.

Stakeholder engagement on pertinent matter is also a strategy that can be implemented to enhance reputation through CSR. Fombrun, Gardberg and Sever as cited in Romenti (2010) suggest engaging stakeholders in the reputation process allows organizations to develop their ability to deliver value to their stakeholders more efficiently and, consequently, to enhance their ability to satisfy the needs of multiple categories of stakeholders. The authors further extend their argument by proposing that corporate reputation reflects the level of credibility, reliability and trustworthiness that an organisation has with its stakeholders.

For CSR to be most effective, it is important that the process be a voluntary matter and should come out of a firm and stakeholder interactions that bring to surface the issues of importance. To achieve greater results from CSR, there should be a conducive environment that facilitates efficiency and creativity that foster “best practices” competition among corporations Shamir (2011). A common understanding of stakeholder interests may be built and as such a strong alignment established in order to realise value from various initiatives.

In order for the implementation of CSR to influence corporate reputation, it must be kept elective. Mandatory CSR will create a race to the lowest common denominator, will stifle business enthusiasm for CSR, and will foster a corporate culture of “ticking the box” and “creative compliance” Shamir (2011). When firms are forced into a corner, they tend to find ways to ensure that they comply and as such may give an impression that they have been involved in CSR. It is also important to note that mandatory and uniform regulation cannot capture the complexity of different settings and will destroy corporate on-site informed flexibility. A socially responsible organisation does what is right because it feels it has an ethical responsibility to do so Robbins, & Coulter (2012) and shall not be coerced into any action.

Another important aspect to consider when looking at how to effectively implement CSR is that of engaging employees across the firm to participate. This suggests that CSR activities should not be managed by or restricted to a specific area of the company but instead should be integrated into the entire fabric of the company, aligning all areas of the organisation Hildebrand, Sen & Bhattacharya (2011).
To achieve the objectives of CSR, it has to remain a complementary practice, relative to the primary role of governments in ensuring social and environmental well-being Shamir (2011). The business fraternity in some circles looks at CSR as unnecessary and there is a clear expectation that relevant authorities to which taxes and levies are paid should worry about social as well as environmental issues.

Firms that are serious in their commitment to CSR and ethics tend to signal this stance through communications and regular disclosure to stakeholders Stanaland, Lwin & Murphy (2011). Media plays a pivotal role in signaling a firm’s intent and shapes perceptions which subsequently build reputation. Successful implementation of CSR and value from it can be enhanced by having a deliberate communication and media plan which allows stakeholders to associate with the firm at multiple levels. To further support the argument on how media enhances CSR and allows a firm to derive value can be taken from a research done by three authors. The authors state that the impact of CSR on corporate reputation, in the eyes of different but mostly external stakeholders, is shaped by how its activities are reported in the national media and other communication mediums Rettab, Brik & Mellahi (2009).

The same study gave two preconditions from which CSR will have an impact on reputation. These preconditions are the ability to communicate the strategy to key stakeholders and media interest in the topic as previously mentioned, but these are not always available to firms operating in emerging economies Rettab, Brik & Mellahi (2009). For this reason, CSR may not have the expected impact on reputation.

CSR brings various stakeholders together which can prove difficult as there are usually varying expectations. It takes away the rights of the owners of capital, that is the rights of shareholders as portions of revenue made are channeled to various CSR programs. Many advocates of CSR would argue that, by its very nature, CSR demands that shareholders interest are not made paramount but rather, that stakeholders interests, or ‘public interest’ must be brought to the fore Whitehouse (2006). Businesses can only implement successful CSR programs if all stakeholders understand that there is a collective approach to managing social ills. There is a give and take kind of arrangement which focuses primarily on stakeholder interests or public interest.
2.6 Challenges in Implementing CSR

Limited resources often inhibit firms and individuals from meeting their desired goals. First, since CSR implies developing and maintaining relationships with society, CSR should be managed as interplay between actors, activities and resources Vaaland & Morten (2007). This raises the level of complexity associated with managing the CSR implementation process.

A firm’s responsiveness to matters of social interest is judged by multiple stakeholders. When a crisis manifests itself, it exerts pressure on the firm and a certain level of skill is required to manage issues that come up unexpectedly. It is from this view that management of CSR requires capability to handle both the unexpected incident and long-term reductions of gaps between stakeholders’ expectations and company performance Vaaland & Morten (2007). Recovery is essential for continued trust amongst.

The lack of top management support can make the implementation of CSR a challenge. Senior managers have the lead responsibility for crafting and executing a company’s strategy and exercise strong oversight and see that the five tasks of strategic management are done in a manner that benefits business stakeholder Thompson, Strickland & Gamble (2010). Without the support of top management then there is no drive at strategic level to implement CSR to an extend that may see corporate reputation enhance or influenced positively.

An extension of the challenge regarding the lack of top management support is that CSR program implementers need to be clear on what needs to be achieved to ensure successful CSR implementation.

2.7 Costs of Implementing CSR

The implementation of any initiative has costs that are associated with it, In the case of implementing any CSR program. Certainly there are costs that are bound to be incurred should the company realize the benefits of it. Drews (2010) has identified four cost centers that can be used as indicators of CSR costs and these are donations, personnel costs, material costs and general other costs as indicated in figure 2.3 below.
Firms are generally set up to pursue a particular business focus and be able to make a profit with an aim to grow the business. It would not make business sense to engage in activities that do not benefit the firm in some way. Similarly investment in CSR is associated with benefits that are worth considering.

Shamir (2011) states that CSR policies improve the reputation of the corporation and attract consumers and investors, strengthen stakeholder relationships and have positive effects on employees, increase the share value of firms, and serve an important role in their overall risk management strategies (from reputational risks to direct social and environmental harms that may implicate corporations in costly legal battles or in direct commercial losses).

The essential test is not whether a cause is worthy but whether it presents an opportunity to shared value – that is meaningful benefit for society that is also valuable to the business Johnson, Scholes & Whittington (2008). The three authors go further to describe CSR as justified in terms of the triple bottom line that is, social and environmental benefits as well as increased profits. The all-encompassing triple bottom line caters for the communities, sustainability especially in view of environmental issues and lastly the interests of shareholders through increased profits. Having looked at the benefits of a positive corporate reputation in relation to the attraction and retention of key staff or employees in general, it is also true that engaging in CSR makes the firm more favourable. Recent survey evidence suggests that employees prefer to work for socially responsive organisations and are more likely to be loyal to them Branner & Millington (2005). As earlier mentioned, human resources retention allows for institutional knowledge to be preserved and give a firm competitive advantage.
Over time, CSR has been transformed from being associated mainly with displays of good ‘corporate citizenship’ to a scientifically validated form of corporate risk management and, more generally, into a perceived commercial asset Shamir (2011). Shamir seems to suggest that failing to engage in CSR poses adverse effects on a business. CSR as a risk management tool should be entrenched into the business strategy thus allowing firms to manage reputational risk for example.

Other risk management considerations include consumer, environmental, and human rights activist groups. These groups are quick to criticize businesses whose behaviour they consider to be out of time and they are adept at getting their message into the media and onto the internet Thompson, Strickland & Gamble (2010). Bad publicity damages reputation and stakeholders tend to avoid products and services offered by companies under scrutiny.

There is also a strong inclination in literature towards the fact that a strong visible social responsibility strategy gives a company an edge in differentiating itself from rivals and in appealing to those consumers who prefer to do business with companies that are solid corporate citizens. Makins as cited in Johnson, Scholes & Whittington (2008) states that CSR has become a basis of competitive advantage. To further substantiate the position given by Makins other authors suggest that a large and growing body of evidence demonstrates that consumers reward companies that engage CSR activities McDonald & Lai (2010). The only prerequisite is that the CSR initiatives should allow the consumers to identify with the firm.

A company’s CSR actions are likely to mean the most to stakeholders both internal and external, and are most likely to elicit in them a set of pro-company reactions, when such actions lead them to identify with the company Hildebrand, Sen & Bhattacharya (2011). Trudel and Cotte as cited in Hildebrand, Sen & Bhattacharya (2011) validate this position by stating that consumers are likely to buy more or pay a higher price for products from a socially responsible company. The important thing to take note is that consumer purchases often transcend the simple value associated with a product and reflect how they perceive the value of the company producing the product in their community, which includes the company’s CSR activities Russell & Russell (2010).
CSR benefits can also be looked at from a shareholder perspective and said to be in the best interest of shareholders. Engaging in CSR helps to avoid or pre-empt legal and regulatory actions that could be even more costly exerting an enormous burden on the firm Thompson, Strickland & Gamble (2010). Avoiding costly remedial actions proves to be a more economically viable in the long run. For shareholders this means a firm can declare larger profit giving the firm capacity to grow and offer value to the shareholder. Other shareholders have been seen to have greater expectation from the companies in which their investment is made Pearce & Robinson (2005). This therefore suggests that shareholders now look beyond economic return.

There has been research done to gain opinions of customers on a company and how they would react to negative information about it given various CSR initiatives. The results suggest that a dollar invested in CSR initiatives would buy greater insurance against negative information than a dollar invested in either service quality orientation or customer orientation Eisingerich & Bhardwaj (2011). The findings of the research support the notion that CSR has notable benefits.

From the important issues surrounding CSR, firms have three major considerations to make and these become the cornerstone on which any firms should plan its CSR. Firstly, CSR earns a firm the right to exist and the right to exist depends on its responsiveness to the external environment Pearce & Robinson (2005). Organisations do not operate in isolation and a legitimization process has to be completed. CSR creates the association between a firm and its stakeholders; it is from the acceptance by the same stakeholders that give a firm the right to exist. Proponents of CSR assert that business does not function in a vacuum, it exists to serve, depends upon its environment, cannot be separated from it, and therefore has a responsibility to ensure its wellbeing Pearce & Robinson (2005).

It is important for firms to maintain cordial relationships with stakeholders. In this light if possible to invest far less in CSR than would be the case if government is involved in predetermining the investment for example. This means that government threat of increased regulations in the event that business does not meet changing social standards becomes a driver for voluntary investment Pearce & Robinson (2005). It may be better for a firm to take a more proactive approach to CSR than having it as a prescribed position.
From the literature reviewed, CSR has been seen as one of the aspects that gives a firm visibility. Firms are concerned about whether they remain a going concern for the next foreseeable future and hence the need for initiatives that enhance firm long term viability. CSR provides a means of ensuring that there is sustainable development with the community. Firms can then embrace the implicit belief that long run profit maximisation is inexorably linked to CSR Pearce & Robinson (2005).

2.8 Argument against CSR

Questions have been raised on whether firms should engage in CSR and whether there is any benefit to be realised by the firm. There is an element of misuse of the CSR concept where philanthropy charitable giving appears to be a means by which firms may partially restore their good name following the commission of illegal acts Williams & Barret (2000). Given this argument, it would be more prudent for firms to ensure that they operate above board and conform to all regulatory requirements in order to avoid using CSR and a recovery strategy from controversial situations.

There is limited evidence that consumers go out their way to patronise socially responsible companies if it means paying a higher price or purchasing an inferior product Thompson, Strickland, & Gamble (2010). Without affirmation that CSR ensures that customers are supportive of the organisation and will pay a premium for products or services offered, the argument may then be why invest where value is not guaranteed.

Friedman as cited in Pearce and Robinson (2005) suggest that few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible. This means that firms are only obligated to the business and its shareholders with only one focus which is profit. The question that has been put forward is who are firms obligated to? This being a current debate issue, managers seem to have embraced CSR as a strategic decision and one not to be totally ignored. While the debate on the value of CSR proceeds, there is a strong inclination towards the position that the first social responsibility of any business must be to make enough profit to cover the costs of the future because if this is not achieved, no other social responsibility can be met David (2011).
Businesses run under resource constraints which makes it important to be watchful of the kind of investments made. Instead of investing in a good CSR record, the resources may be needed for sustaining and developing the abilities the company needs to compete in the market and to deliver the appropriate quality (Barens, Riel & Rekom, 2007). There must be a clear justification for any investment faced with this situation. Shareholders may have concerns on whether the time and money their company spends to carry out its CSR strategy outweighs the benefits and reduces the bottom line by an unjustified amount. Potentially shareholders stand to benefit more when higher profit is declared. CSR investment reduces the profit from which dividend can be declared and paid out.

There are always varying interests where multiple stakeholders are involved. Stakeholders value different firm initiatives, that is, one stakeholder may hold a certain initiative with high regard yet the other attracts very little value to the same. For this reason, CSR needs to be calculated and must balance stakeholder interests as close as possible. Conflicting interests pose a challenge, Bhattachayna, Korschin and Sen as cited in McDonald and Lai (2010) propose that in order for CSR initiatives to provide returns to the company, they must first provide returns to particular stakeholders. In this light, the influence of CSR can be seen to be dependent upon investment in areas that are closely aligned to stakeholders concerns.

Having gone through the discussion on whether to go CSR or not, a summary by way of table 2.1 can be reviewed. The summary clusters aspects that are in support of adopting CSR and those in opposition to the same. An assessment of the two clusters allows a firm to do a cost and benefit analysis which can provide a justification only if benefits outweigh the cons.

The argument for CSR is largely based on the understanding that taking on board social concerns is the right thing to do and firms do not operate in a vacuum. CSR can be seen as a feed into benefits that would otherwise not be available if the firm decides not to involve itself. There is also the point of reputation management and avoiding regulatory issues or at least minimising these. A genuine concern for preventing the intensification of social ills will give the firm impetus to address challenges before they are far gone and cannot be easily corrected.
The argument against CSR is largely based on the traditional mandate of firms which has been to create value for the business. Friedman’s position on which states that by firms taking on social issues, this compromises on the mandate to make as much money for their stockholders as possible. There is also the issue of someone having to pay for the CSR activities and this may result in an increase in costs for the customer to accommodate all the CSR activities. Furthermore, the aspect of accountability in social investment is not clear and where this is the case, it becomes impossible to manage.
Table 2.1 Arguments for and against Corporate Social Responsibility

<table>
<thead>
<tr>
<th>For</th>
<th>Against</th>
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<tr>
<td><strong>Public expectations</strong>&lt;br&gt;Public opinion now supports business pursuing economic and social goals</td>
<td><strong>Violation of profit maximisation</strong>&lt;br&gt;Business is being socially responsible only when it pursues its economic interests</td>
</tr>
<tr>
<td><strong>Long-run profits</strong>&lt;br&gt;Socially responsible companies tend to have more secure long-run profits</td>
<td><strong>Dilution of purpose</strong>&lt;br&gt;Pursuing social goals dilutes business’ primary purpose – economic productivity</td>
</tr>
<tr>
<td><strong>Ethical Obligation</strong>&lt;br&gt;Business should be socially responsible because responsible actions are the right thing to do</td>
<td><strong>Costs</strong>&lt;br&gt;Many socially responsible actions do not cover their costs and someone must pay those costs</td>
</tr>
<tr>
<td><strong>Public Image</strong>&lt;br&gt;Businesses can create a favourable public image by pursuing social goals</td>
<td><strong>Too much power</strong>&lt;br&gt;Businesses have a lot of power already and if they pursue social goals they will have even more</td>
</tr>
<tr>
<td><strong>Better Environment</strong>&lt;br&gt;Business involvement can help solve difficult social problems</td>
<td><strong>Lack of skills</strong>&lt;br&gt;Business leaders lack the necessary skills to address social issues</td>
</tr>
<tr>
<td><strong>Discouragement of further government regulation</strong>&lt;br&gt;By becoming socially responsible, businesses can expect less government regulation</td>
<td><strong>Lack of accountability</strong>&lt;br&gt;There are no direct lines of accountability for social actions</td>
</tr>
<tr>
<td><strong>Balance of responsibility and power</strong>&lt;br&gt;Businesses have a lot of power and an equally large amount of responsibility is needed to balance against that power</td>
<td><strong>Stockholder interests</strong>&lt;br&gt;Social responsibility will improve a business; stock price in the long run.</td>
</tr>
<tr>
<td><strong>Possession of resources</strong>&lt;br&gt;Businesses have the resources to support public and charitable projects that need assistance.</td>
<td><strong>Superiority of prevention over cures</strong>&lt;br&gt;Business should address social problems before they become serious and costly to correct</td>
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After going through the arguments, it seems more sensible for managers to strongly consider the argument for CSR from which there are benefits which can enhance business performance emanating from solid relationships with stakeholders. An essential aspect may be insights into the prerequisites for successful CSR implementation to give a framework that slows CSR to yield results.

2.9 Managing Corporate Reputation

Corporate reputation being a perception driven aspect of business needs to be managed accordingly. The real value of a company often derives from its intangible assets. However, the value of its intangible assets cannot be made explicit in the normal market transactional sense Dhir & Vinen (2005) and for this reason, it may be difficult to justify certain actions in the interest of enhancing corporate reputation.

Reputation management is about monitoring, creating enough credits to overcome the crisis and handling the crisis in a communicatively adequate way Woerkum & Lieshout (2007). CSR initiatives are open to public scrutiny which means it is very important for a firm to track its programs and their outcomes. This should be done in the interest of ensuring the promises made to stakeholders are met each time. Tracking success and attainment of objectives of CSR allows the firm to monitor aspects such as where the various programs are making the greatest impact. Decisions can then be made regarding increase in investment or channeling of investment to areas of major concern to stakeholders.

2.10 Implication of Negative Corporate Reputation

Tarnished reputation can set an enterprise onto a cycle of decline through reduced sales, lower profits or even losses, difficulties in accessing credit or materials or labor, lower morale, and so on, as seen in the recent examples of ABB, Arthur Andersen, Enron, General Electric, Merrill Lynch, Tyco, WorldCom, and many others Dhir & Vinen (2005).

2.11 Measurement of Business Reputation

The measurement of business or corporate reputation is based on perceptions. The problem is that although corporate reputation is widely discussed and debated, an accepted theoretical basis for its assessment is lacking Dhir & Vinen (2005). Some
authors have put forward methods of measuring corporate reputation which are explained below.

There are two popular methods of measuring corporate reputation and this can be done through the league tables and the reputation quotients Dhir & Vinen (2005). League tables are generally based on surveys of large samples of respondents who rate a selection of corporations on various attributes deemed relevant to corporate success. Fombrun, Gardberg and Sever as cited in Dhir & Vinen (2005) propose a multi-stakeholder measure of corporate reputation, the “reputation quotient SM” (RQ) which is a method based on a standardized measurement instrument that tracks corporate reputation of corporations Dhir & Vinen (2005). Rating of firms is done by the general public consisting of two phases, the “nomination” phase and the “ratings” phase.

2.12 Benefits of Positive Corporate Reputation

Corporate reputation is a strategic success factor and thus deserves attention in a complex business environment Vitezić (2011). A positive corporate reputation is expected to give a firm an edge especially when decisions are being made to choose between competing companies offering similar products or services. Reputation as derived from the definitions reviewed can be seen as perceptive in nature and for this reason those that influence the perception must be managed. Firms must take account of the role played by corporate associations and CSR is increasingly being used as a key criterion in gauging corporate reputation Ellen, Webb & Morh (2006). These associations reflect the organisation’s status and activities with respect to its perceived societal obligations. There are benefits associated with having a positive corporate reputation and these are as follows:

2.12.1 Firm or internal benefits

Companies with good reputations for contributing time and money to the betterment of the society are better able to attract and retain employees compared to companies with tarnished reputation Thompson, Strickland & Gamble (2010). There is an observable decrease in staff turnover which subsequently preserves institutional knowledge while building a solid culture. The expectation is increased productivity together with a drive for innovation. The human resource can be viewed as one that is
not easy to replicate and there is intense competition for expertise especially with globalisation which permits labour migration. A firm’s reputation within its operating environment is a major element of its ability to satisfy its personnel needs Pearce & Robinson (2005). Various stakeholders, including employees and investors, associate with a company based on its image. For instance, in an innovation-based high-technology industry, employees with specialised skills are attracted to companies where they can interact with other experts, from whom they can learn to improve on their own competence, and with whom they can collaborate Dhir & Vinen (2005).

For most organisations, people are a vital resource and in some, people are not just important but are the key factor for successful performance Lynch (2006). Organisations should therefore strive to ensure that the human resource is preserved and a positive corporate reputation can assist. When individuals leave the organisations, often they take valuable knowledge and experience with them, which can have a negative impact on the organization Davidson, Lepeak, and Newman (2007). Given this view, when a negative impact is expected, the leadership of a firm must be concerned and address the situation. If a firm has a reputation for being socially responsible then this in itself should attract and retain key staff.

2.12.2 Enhanced External Relations

A firm with a positive corporate reputation gains favour with suppliers and customers as well as other stakeholders such as Government. With a positive corporate reputation, a firm may be able to charge a premium for its products or services. It is also important to note that investors take a keen interest in a firm’s reputation as part of their investment criteria. Investors tend to feel comfortable about partnering with firms that have a positive corporate reputation. Barney as cited in Jones & Bartlett, (2009) indicates that positive corporate reputation is likely to be a source of sustained competitive advantage, since the relationships between a corporation and its stakeholders are socially complex and therefore imperfectly imitable.

In a highly competitive environment firms have to continuously seek ways in which to gain and maintain an edge over competition and a positive reputation can offer that advantage as suggested by Barney. It is argued that effective stakeholder management can create intangible, socially complex resources that may enhance firms’ ability to
outperform competitors in terms of long term value creation and highlight communities as a key member of the group of primary stakeholders Hillman & Keim (2001). An important factor in a competitive industry is a positive reputation which allows a firm to set itself apart from the rest. Strong or positive corporate reputations represent new barriers to entry Dwyer & Tanner (2002).

2.12.3 Support during contentious times

It is possible to find a firm in a controversial situation and at this point a positive corporate reputation can serve the purpose of ‘cushioning the firm through the storm’. Cases such as oil leaks, chemical spillage into sources of drinking water, pollution among other situations resemble the severity of non-conformance to stakeholder expectations posing a threat to corporate reputation.

Proponents of CSR argue that CSR costs are more than offset in the long run by an improved company image and increased community goodwill Pearce and Robinson (2005). Community goodwill or reputation becomes an intangible asset that can be utilised at a later point especially in times trouble. An example of this would be Johnson & Johnson and the Tylenol cyanide scare of 1982. Seven people died in the Chicago area after taking cyanide-laced, extra-strength Tylenol capsules, a pain reliever sold by Johnson & Johnson Brevis (2005). James Burke, who was the chairman and Chief Executive Officer of Johnson & Johnson did not only manage to preserve the reputation of his highly respected consumer company, but he saved not only the Tylenol brand but the firm’s reputation. It was at the point of trouble that Johnson & Johnson’s CSR and reputation helped to recover stakeholder confidence.

The importance of a positive corporate reputation cannot be understated and this was emphasized by Firestein (2006). As highlighted before, a positive corporative reputation carries with it a number of benefits as well as expectations.

Firestein (2006) state that reputation is the strongest determinant of any corporation’s sustainability. Stock price can always come back. Business strategies can always be changed. But when an organisation’s reputation is gravely injured, its recovery is difficult, long term, and uncertain. A risk to its reputation is a threat to the survival of the enterprise.
2.13 The Link between CSR and Corporate Reputation

There seems to be a substantial amount of literature suggesting that CSR does contribute to positive corporate reputation. Reputation being perceptual in nature means that it is possible to create or build a favourable position. CSR derives its foundation from stakeholder theory and thus multiple interactions expected. Various authors have put forward the arguments showing that there is a link between CSR and positive corporate reputation and have been reviewed.

Running CSR programs and being able to communicate to stakeholders about the intentions makes the whole process valuable to the firm. CSR is expected to signal to stakeholders a positive ideal of corporate behaviour, thereby increasing reputation (Galbreath, 2009). Reputation is based on interactions of stakeholders both historic and current, for this reason, CSR provides a platform for such interaction. These interactions may very well build a positive perception thus a positive corporate reputation.

To support the position that CSR has a bearing on corporate reputation, there is evidence that CSR has been included in excellence models impacting on company reputation and corporate image (Cornelius, Wallace & Tassabehji, 2007). Excellence models are a guide for firms that would like to operate within the confines of best practice such as the European Foundation for Quality Management (EFQM) Excellence model. This is exhibited in the Society results quadrant of the model which focuses on the achievements in relation to satisfying the needs and expectations of the community at large.

Further studies have also looked at CSR and its influence not only on corporate reputation but on other areas such as financial performance for example. Karake as cited in Cornelius, Wallace & Tassabehji (2007) states that empirical evidence has shown a positive relationship between CSR, company reputation index and return on equity, as well as business performance more generally.

Ellen, Webb and Mohr as cited in Hildebrand, Sen & Bhattacharya (2011) state that the link between CSR and reputation is contingent on the stakeholders awareness of the company’s actions, which our research suggests can often be fairly low, as well as a set of beliefs about why a company is doing what it is doing, and how well it is
doing so. The authors believe there is a link between CSR and reputation although it is
dependent on the awareness levels of the various initiatives being done by a firm.
Similar to Galbreath’s position on CSR being a signal for ideal corporate behaviour,
the signaling can only be made possible through relevant communication.

Given the general position that there is value in maintaining and building reputation, it
is in this light that reputation management strategies should be put into place to ensure
that the intangible asset is preserved. It seems that a firm’s reputation is affected by,
among others, the quality of management, company’s financial soundness and its
demonstration of social concerns Hooghiemstra (2000). Social concerns are then
captured in the CSR strategy and if implemented correctly will have a positive
influence or contribution on reputation.

Customers are considered a major stakeholder for any business. It is in a firm’s ability
for foster customer satisfaction that consumptions of products and or services are
enhanced. CSR may be considered one of the important reputation attributes,
especially from the aspect of customers Vitezić (2011). The author further asserts that
it can be concluded therefore that there is a positive correlation between socially
responsible business activities and reputation. Hooghiemstra (2000) suggests three
contributors to reputation and social involvement being one of them. The correlation
is implicit in the various views offered and is a call to firms to take social concerns
into the day to day operations of the business.

Research strongly supports the fact that particular cues, namely perceived financial
performance and perceived quality of ethics statements, influence perceived CSR
which in turn impacts perceptions of corporate reputation, consumer trust, and loyalty
Stanaland, Lwin, & Murphy (2011). The cues stated are testimony of the complexity
of corporate reputation. CSR can be isolated from the cues and magnified in terms of
impacting perceptions of reputation and subsequently evoking stakeholder trust as
well as loyalty. Trust and loyalty are drawn from a long period of interaction with a
firm and a feeling of association with a firm that carries a positive reputation.
2.14 Chapter Summary

The chapter is basically providing a framework of appreciating the two main areas of focus which are corporate reputation and CSR. It starts by reviewing various definitions of the two concepts from various proponents and establishing if there are common aspects from various viewpoints. It further went on to provide an appreciation of the concepts from others scholars as well. The need for corporates to consider including CSR in their strategic plans has also been critically observed weighing in with the reasons for not involving as espoused by other scholars. Corporate reputation has also been looked at in this chapter as we seek to establish whether CSR has an impact on it. Having made these observations from the various proponents, Literature has indicated that CSR has an impact on corporate reputation and now empirical evidence is required to substantiate the claim in concretize the position with a focus on Delta Corporation.
CHAPTER III

METHODOLOGY

3.0 Introduction

This chapter describes the methodology used in conducting the study. It encompasses the research philosophy, research design strategy as well as the detailed procedure of conducting the study. An overview of the sampling techniques, data collection methods and data analysis procedures was also outlined in the study.

3.1 Research Design

Research design is the model which controls a project and is primarily the model one proposes to use to analyze the data; but must include the plans for measuring the major variables and collecting the data, Baker, (1999). Similarly, research design is the basis for fulfilling research objectives and answering the research questions Blumberg, Cooper & Schindler, (2011). It is the logical sequence that connects the empirical data to a study’s initial research questions and ultimately, to its conclusion Yin, (2003). The research design adopted in this study is detailed in the following sections.

3.2 Research Philosophy

Philosophy helps clarify research design highlighting ways in which evidence can be gathered and interpreted Easterby-Smith, Thorpe & Lowe, (2006). Furthermore, a research philosophy or paradigm is a way of examining social phenomena from which particular understanding of these phenomena can be gained and explanations attempted (Saunders, Lewis & Thornhill, (2007). A research philosophy becomes the basis on which the researcher searches for answers to questions. There are two most distinguished research philosophies, positivism and interpretivism (also called
phenomenology) Blumberg, Cooper & Schindler, (2011). The two philosophies have been explained further to give an understanding of the underlying factors.

The positivism philosophy is the kind of research with results that are given numerical values and the researcher uses a mathematical and statistical treatment to help evaluate the results White, (2007). The key construct of positivism is that the social world exists externally, and that its properties should be measured through objective methods, rather than being inferred subjectively through sensation, reflection or intuition Easterby-Smith, Thorpe & Lowe, (2006). Positivism suggests that research is conducted to test whether observations of the world indeed fit the derived fundamental laws and to assess to what extent detected causalities can be generalised Blumberg, Cooper & Schindler, (2011).

Interpretivism or phenomenology is a somewhat loose term standing from several more specific ones all of which share the assumption that knowledge is the result of people’s attempts to make sense of what is going on around them, and that this is an active process far removed from the supposed neutrality asserted by positivists Jankowicz (2005).

Due to the nature of this research and the need to get greater insight into the contribution of CSR to corporate reputation, interpretivism or phenomenology was adopted. The selection is based on the need to increase general understanding of the situation and the ability to generate rich data from which ideas are induced. Interpretivists hold the view that the social world cannot be understood by applying research principles adopted from the natural sciences and proposes. social sciences require a different research philosophy Blumberg, Cooper & Schindler, (2011). This suggests that there are some forms of research which require the researcher to generate the level of depth in content required to explore ideas and understanding from various viewpoints. The research seeks for deeper understating of CSR in relation to corporate reputation and because reputation is a culmination of experiences of individuals over time therefore interpretivism was adopted.

There are three basic principles of interpretivism stated and these are that the social world is constructed and is given meaning subjectively by people, the researcher is part of what is observed and lastly the research is driven by interests Blumberg,
Cooper & Schindler, (2011). It is on the basis of these principles that the researcher found the interpretivism philosophy appropriate for the study.

3.3 Research Strategy

Research design can be defined as the general plan of how you will go about answering the research questions Saunders, Lewis & Thornhill, (2007). The same authors listed the various research strategies which could have been selected for the research and these included experiment, survey, case study, action research, grounded theory, ethnography as well as archival research. This study adopted the case study research approach as the most appropriate.

Blumberg, Cooper & Schindler, (2011) defines a case study as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used. A similar definition suggest that a case study is a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence Robson, (2002).

The single case study approach was adopted in this study. The study focused on Delta Corporation’s CSR programmes and their contribution to its corporate reputation. A single case study is a research tool which uses a case study, one particular form or event to investigate a phenomenon Blumberg, Cooper & Schindler, (2011) and invariably has its advantages and disadvantages.

Some of the main advantages of using a case study include its ability to be used by a single researcher reducing the requirement for a large research team and giving the researcher greater control of timelines White, (2007). The case study research process is usually free of the hustle of coordinating researchers who can potentially slow down the process. In addition, case studies are relatively cheaper and not dependent on expensive technology White, (2007). Cost can be an inhibiting factor when it comes to the successful completion of research projects and because this was a self-funded research, the case study strategy made it possible and manageable to conduct the research. The other reason why a case study is appropriate is the fact that data and information is specific to the aspect under scrutiny. The research is on the contribution
of CSR to corporate reputation and this is specifically in the context of Delta Corporation. Organisations are known to be different even if they are in the same industry and for this reason there is need to ensure the issues investigated or researched are relevant. The data and information generated will ensure that there is no overreliance on already published work.

Finally, case studies are purposively selected and hence provide more in depth data to address the research questions. For instance, the case study used in this research was purposively selected because of the CSR initiatives already running in the company which provide specific data and information for purposes of greater understanding of the subject matter in the Delta Corporation context. The selection of the case study method was based on the need to have a deeper understanding of the area under study with a particular focus on the firm for which the researcher interfaces with. Some authors such as Morris and Wood as cited in Saunders, Lewis & Thornhill, (2007) suggest that the case study will be of particular interest to a researcher if one wished to gain a rich understanding of the context of the research and processes being enacted. Their position reinforced the choice of the case study method.

However, as much as there are advantages to adopting the case study strategy, there are some disadvantages that must be highlighted. Notably, this strategy poses the challenge of singling out unique attributes to the organisation involved and what applies to similar organisations. This means there can be an aspect of over generalisation. Generalisation is the making of more widely applicable propositions based upon the process of deduction from specific cases Saunders, Lewis & Thornhill, (2007). It does not always follow that findings from one case would apply to the next firm because of the uniqueness each firm has compared to the next. Measures have been taken in the design and analysis of the data collection tools to ensure that the results can be used to make valid conclusions which are applicable at a wide scale.

3.4 Population and Sampling Techniques

3.4.1 Population

The full set of cases from which a sample is taken is called the population Saunders, Lewis & Thornhill, (2007). It may not be possible to research using the whole population due to various limitations such as cost and time but a representation of the
population may be drawn. The population in this particular study comprises Delta Corporation’s stakeholders, and these were identified as 15 top management and five thousand plus employees, suppliers, customers and programs beneficiaries of about 5 schools, 19 university students in the education and 4 sporting disciplines soccer, golf and rugby and cricket as well 2 programs in the arts & culture sections.

### 3.4.2 Sampling Techniques

A sample is a group of cases, respondents or records comprising of part of the target population, carefully selected to represent that population Blumberg, Cooper & Schindler, (2011). There are two broad categories of sampling techniques namely probability or representative sampling and non-probability or judgmental sampling. Under the probability sampling techniques, there is simple random, systematic, stratified random and cluster sampling Saunders, Lewis & Thornhill, (2007) all of which allow inferences to be made from the sample about the population. On the other hand non-probability techniques comprise of quota, purposive, snowball, self-selection and convenience sampling Saunders, Lewis & Thornhill, (2007).

Purposive sampling was used in the study which involved choosing people whose views are relevant to an issue because the researcher is able to make a judgment, and/or collaborators persuade the researcher, that their views are particularly worth obtaining and typify important varieties of viewpoint Jankowicz, (2005). In further support of the appropriateness of purposive sampling for this research, there are views that purpose sampling is ideal for case studies. The use of non-probability sampling, especially purposive sampling, is ideal with case study and action research White, (2007). Against this background, the selected research population was stratified into top management, employees, suppliers, customers and program beneficiaries.

### 3.4.3 Sample size

Five (5) management representatives were purposively selected based on their roles and knowledge of CSR in Delta Corporation. Individual Key Informant Interviews were conducted with the sampled management representation to get insights into their CSR program, the objectives, the performance of the program and perceived impacts on corporate reputation. There were a total of 84 questionnaire copies administered on a face to face basis with randomly picked 32 customers, 5 suppliers, 11 employees and
on the 4 different CSR programs Delta Corporation is involved in, 10 questionnaires were administered from the Sport, 11 from Education (2 schools and 9 university students) and 10 from the Arts & Culture. To date Delta has assisted 5 schools and the researcher managed to randomly administer questionnaires to 3 of the 5 schools. Of the total 19 university students under the Delta Corporation bursary programme, 15 were contacted and questionnaires were sent via email as they are located in various cities of the country. Of these 15 contacted, 9 responded and returned back the completed questionnaire.

3.5 Sources of Data

Data collected and used for its original purpose is known as primary data which later becomes secondary data when it is used for a purpose other than that for which it was collected Jewell, (2000). In this study both secondary and primary data were used. Interviews and questionnaires used by the researcher to collect data for the study.

3.6 Data Collection Methods

Secondary data were used to collect background data on Delta Corporation and the company’s CSR Programs. The documents reviewed include the company annual reports for the period 2000 to 2014. Primary data was collected through a combination of qualitative and quantitative methods. Qualitative method used included Key Information Interviews. The quantitative research method included the use of a pre-coded structured questionnaire which was administered on 79 individuals.

3.6.1 Key Informant Interviews

An interview guide (see appendix i) was administered on five key informant interviewees from the top management from corporate affairs and marketing departments. Interviews are used in most types of qualitative research and are typically the technique of choice in phenomenological research, depending as it does on first-person descriptions of experience Fossey, Harvey, McDermott & Davidson, (2002). When conducted properly interviews are a source of rich material that gives insight into issues under study. The advantage with conducting interviews especially the face to face type of interviews is that the researcher is able to seek clarity on matters discussed this generating the rich content. Similarly the interviewee can clear
up misunderstanding on certain questions if need be. The flexibility that comes with interviews can also be seen in the ability of the researcher to rephrase questions as well as change the order in case the interviewee has preempted certain issue for example. While all the highlighted benefits of interviews are true, they pose challenges such as length of time required to conduct, bias is inherent and sometimes interviewees are not always honest in their responses.

3.6.2 Questionnaires

A pre-coded questionnaire (see appendix ii) was developed and administered to key stakeholders of Delta Corporations’ CSR programmes. The questionnaire was used to collect background data of the beneficiaries, customers, suppliers and employees as well as variables like their perception of CSR. A questionnaire is the general term including all data collection techniques in which each person is asked to respond to the same set of questions in a predetermined order Saunders, Lewis & Thornhill, (2007). The authors further suggest that the data collection method is appropriate for both descriptive and explanatory research. This study was descriptive in nature and sought to bring to surface attitudes and opinions. It is a fairly cheap way of gathering data although there is a tendency of receiving a low response rate. These challenges were addressed by face to face administration of the questionnaires.

The researcher used the different data collection methods in order to enhance the quality of the data collected. The combination of the two techniques makes it possible to manage the cost of the research by being able to reach geographically spread respondents through the questionnaire while getting detail from others especially within Delta Corporation about CSR and how they see having an influence on the reputation of the firm.

3.7 Research Procedure

The research process or procedure is the various decision stages involved in a research project, and the relationship between those stages Blumberg, Cooper & Schindler, (2011). Researchers are expected to detail the research process or procedure in order to increase accountability of the research giving readers the ability to assess the outcome.
3.7.1 Research Authority

The researcher sought for approval to conduct the study from the Corporate Affairs Manager at Delta Corporation (see appendix iii). The research was authorised on the understanding that all the information gathered will be used solely for academic purposes and to assist the firm to review its CSR program.

3.7.2 Preliminary interviews

Preliminary interviews were conducted with Corporate Affairs Manager who is the administrator of these programs to get an understanding of the current CSR programs and their objectives. This was done to get a background from which the researcher used to develop a plan for the research. The preliminary interviews provided a platform from which the research instruments were designed. Furthermore in-house literature and publications including annual reports were sought in order to gain more insights from these secondary sources of data.

3.7.3 Questionnaire Design and Data Gathering

Once satisfied, appropriate instruments for data gathering were designed including a pre-coded questionnaire for the customers, beneficiaries and staff of Delta as well as an interview guide for the key informants’ interviews. The relevant stakeholders to the study were then identified and meetings were sought with them explaining the purpose of the meetings and seeking their consent.

3.8 Data Analysis and Presentation

Content analysis was used to analyse data received to identify common and divergent views as well as give insights on the subject matter. SPSS was the content analysis tool used to acquire trends in data as well as the ranking of corporate reputation attributes. The analysis, interpretation and discussion of the results are discussed in chapter four of this document. This shall also include the presentation of the data including the use of graphs, tables and diagrams.

3.9 Ethical Considerations

All the respondents in the study participated voluntarily. All respondents were asked to complete an informed consent form which clearly outlined that all information
collected was for academic purposes and would be treated confidentially. There were no costs to the respondents except for their time.

3.10 Chapter Summary

In summary, this chapter sought to give an outline of how the research was conducted. This research was a quantitative research which was supported by some qualitative aspect to substantiate findings. The sample in the study comprised customers, strategic suppliers, CSR program beneficiaries as well as Delta Corporation staff and management representatives. The research was conducted using the case study method in order to get greater insight of the subject matter. Lastly, the relevance of this chapter was to ensure that those who read the finding of this research have clarity on the process and the ability to judge the validity of the research.
CHAPTER IV

DATA PRESENTATION, ANALYSIS, AND DISCUSSION

4.0 Introduction

This section of the chapter constitutes the analysis, interpretation and discussion of results. The results were also analysed per category or group of respondents. The distinct sections comprised of customers, suppliers, employees and CSR beneficiary responses. The section also included an analysis and discussion of responses from the interviews conducted with the management of Delta Corporation Limited.

4.1 Response rate

The response rate in the researcher’s view was quite satisfactory with most of the respondents actively participating in the process at a rate of 90% of responses. Literature suggests a guide when establishing the adequacy of the response rate in research. A response rate of at least 50% is usually considered adequate for analysis and reporting while a response of at least 60% is good and finally a response rate of 70% is considered to be very good Rubin & Babbie, (2011). A rate of 90% is above the 70% mark which is considered high enough for statistical analysis.

4.1.1 Stakeholder Distribution

The sample in so far as the fielding of questionnaires was concerned comprised of customers, suppliers, employees, CSR program beneficiaries as well as management. Corporate Social Responsibility program beneficiaries were 44% of the total sample with suppliers and customers representing 5% and 34% respectively. Management represented another 5% of the total questionnaires and employees 12%. Figure 4.1 shows the stakeholder distribution for those who took part in the research and responded to the questionnaires.
4.1.2 Years of experience with Delta Corporation Limited

The various stakeholders were asked for the number of years of experience they had with the company. This was meant to determine whether the respondents had the experience that qualifies them to respond to the questions set. Most of the respondents had over 10 years of experience with Delta Corporation and accounted for 60% of the sample. Twelve percent of the respondents were in the 6 to 10 years category of experience with Delta and 19% between 1 to 5 years’ experience while 9% have less than one year of experience with Delta Corporation. Figure 4.2 below shows the percentage of the sample in relation to the number of years of experience they have had with Delta Corporation. Seventy two percent of the stakeholders had more than 5 years’ experience with Delta Corporation hence they sample is well qualified for the research as they are well informed and know Delta well.

Figure 4.1 Stakeholder sample distribution

Figure 4.2 Years of experience with Delta Corporation
4.1.3 Awareness and Identification of Delta Corporation’s CSR Programs

The researcher established whether respondents were aware and knowledgeable of specific CSR programs Delta Corporation was running. This helped to determine whether the various programs were visible to the stakeholders. The respondents managed to identify all of Delta’s four focus areas of CSR which are education, arts & culture, sport and wellness programs. Other respondents were unable to identify specific CSR initiatives but had some knowledge of the fact that something was being done by the firm. Ninety seven percent of the entire respondents were aware that Delta was involved in CSR whilst only 3% were not aware at all.

The results of CSR initiatives identification by the stakeholders are shown in Figure 4.3 below. The results show that sport programs were the most known of Delta’s CSR initiatives with 78% awareness followed by arts and culture with 54% awareness. 40% of the respondents were aware that Delta was involved in schools programs whilst 60% were completely unaware. Out of all the respondents, only 24% were aware that there are wellness CSR programs undertaken by Delta Corporation.

![Figure 4.3 Identification of Delta Corporation’s CSR initiatives by all respondents](image)

These findings support what was observed by Rettab, Brik, Mellahi, (2009) that the impact of CSR on corporate reputation, in the eyes of different but mostly external stakeholders, is shaped by how its activities are reported in the national media and other communication mediums. The 97% which managed to identify at least a program can explain the extent to which Delta is making known its activities.
4.2 Customer responses

4.2.1 Customer awareness and perception of Delta Corporation’s CSR programs

Figure 4.4 Customer perceptions on Delta CSR programs

The researcher assessed customers’ level of awareness of CSR programs run by Delta Corporation and 94% confirmed that they were aware that Delta runs some CSR programmes. The researcher further established the respondents’ views towards the programs undertaken by Delta based on a scale of 1 - 4 with 1 being irrelevant and 4 being very relevant. As per figure 4.4 above, 69% of the respondents thought that the programs were relevant whilst 17% felt they were very relevant hence a total of 86% of the respondents were of the opinion that the CSR programs were relevant whilst only 14% of the respondents were not sure about their significance to society. In summary, since 86% of the respondents expressed their views that these CSR programs undertaken by Delta were relevant to very relevant it can therefore be concluded that Delta’s efforts seem to be appreciated by its customers overally.

Table 4.1 below shows the perception of customers towards Delta’s programs as compared to other stakeholders. The research shows that the majority of the stakeholders were of the opinion that CSR is very relevant. It is therefore imperative for the organisation not to carry out its mandate to make profit without accommodating matters in the community.
Table 4.1 Perception of Delta’s stakeholders towards its CSR program

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Not Sure</th>
<th>Relevant</th>
<th>Very relevant</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier</td>
<td>0%</td>
<td>40%</td>
<td>60%</td>
<td>100%</td>
</tr>
<tr>
<td>Customer</td>
<td>14%</td>
<td>69%</td>
<td>17%</td>
<td>100%</td>
</tr>
<tr>
<td>CSR Beneficiary</td>
<td>3%</td>
<td>30%</td>
<td>67%</td>
<td>100%</td>
</tr>
<tr>
<td>Employee</td>
<td>0%</td>
<td>60%</td>
<td>40%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6%</td>
<td>51%</td>
<td>43%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### 4.2.2 Customers’ perception towards Delta Corporation

The research furthermore established how the CSR programs that Delta was implementing were impacting their perception towards the company. The responses are as indicated in figure 4.5 below.

![Figure 4.5 Customers’ perceptions towards Delta as a result of its CSR programs](image)

Ten percent of the respondents were of the opinion that the CSR programs undertaken by Delta did not change their perceptions towards the company at all whilst 7% have been changed in a small way and 28% have been changed in a very big way. 28% also indicated that their perception towards Delta Corporation had been significantly changed with another 28% of the customer respondents not so sure if CSR had an effect on their perception towards the company. Consequently, CSR programs undertaken by Delta Corporation did significantly and in a big way changed the
perception of 56% of the customers towards the company. Therefore the researcher concluded that CSR does change perceptions towards an organisation.

4.2.3 CSR’s influence on corporate reputation

![Graph showing CSR influence on corporate reputation](image)

Figure 4.6 CSR influence on Corporate Reputation

Respondents were asked to give their views on CSR’s influence on corporate reputation. This question evoked five sets of responses on a scale basis the least being not at all and the highest being in a very big way. As indicated in figure 4.6 above, 14% of the respondents were of the opinion that CSR had a little bit of influence on corporate reputation whilst 45% believe that it had a significant influence. Twenty four percent were of the opinion that CSR influences corporate reputation in a very big way with 17% not so sure. From these findings, the research can confirm that CSR does influence corporate reputation

4.2.4 CSR’s influence on choice of doing business

The research established if CSR influences the customer’s decision to do business with Delta Corporation. Twenty one percent indicated that CSR influenced them in a very big way whilst 28% of the respondents were significantly influenced. A further 28% were of the opinion that CSR had a little influence on their decision whilst 10% expressed that they not at all influenced by CSR. Another 28% indicated that they were not so sure whether their choice was influenced by CSR programs undertaken by Delta. It is prudent to note that CSR does not have so much influence on a customer’s
choice to do business with a company particularly in this case of Delta Corporation because only 49% of the customers have been influenced. The researcher is therefore of the opinion that a company’s good reputation does not necessarily translate to business but more should be done to induce sales.

4.2.5 Ambassadorial role

The research established the customers desire to represent Delta Corporation as ambassadors of the company. Ninety percent indicated that they would want to be Delta’s ambassadors whilst only 3% do not want and another 7% were not sure. This indicates the level of confidence that customers have on the organisation based on its reputation.

4.3 Supplier Responses

4.3.1 Suppliers awareness and identification of Delta’s CSR programs

All the suppliers sampled in this study were aware that Delta Corporation is involved in CSR programs. However, not all of them were aware of all the various CSR categories in which Delta is involved in. One hundred percent were aware of sport and arts & culture whilst none of the respondents were aware that delta is involved in Education. Only 40% were aware of the wellness programs that the company is involved in.

4.3.2 Supplier perceptions towards Delta’s CSR Programs

The research established the suppliers’ perceptions of Delta’s CSR programs in a similar way it sought for the customers’ perceptions. Based on a scale of measures from irrelevant being the least to very relevant being the top most, respondents’ opinions were as indicated in figure 4.7 below.
Forty percent of the suppliers were of the opinion that Delta’s CSR programs were relevant whilst 60% were of the opinion that they are very relevant. The aim was to compare perceptions of suppliers to other participants on the subject. Table 4.1 lays down the perceptions of suppliers in view of the other stakeholders and it can be concluded that all the stakeholders are of the same opinion that these programs are relevant.

4.3.3 Suppliers’ perception towards Delta Corporation

The research established suppliers’ perception towards CSR programs that Delta was implementing. Sixty percent of the respondents were of the opinion that the programs did significantly change their perceptions towards Delta Corporation whilst the remaining 40% were changed in a very big way. This therefore means that a company’s perception is essential to its stakeholders and the perception is greatly influenced by how a company is involved with the community. Table 4.2 below summaries the various stakeholders’ perceptions towards Delta Corporation as a result of its CSR programs.
### Table 4.2 Perception of stakeholders towards Delta Corporation

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Significance</th>
<th>Not at all</th>
<th>A Little</th>
<th>Average</th>
<th>Significantly</th>
<th>In a Very big way</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier</td>
<td></td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>Customer</td>
<td></td>
<td>10%</td>
<td>7%</td>
<td>28%</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>CSR Beneficiary</td>
<td></td>
<td>0%</td>
<td>7%</td>
<td>10%</td>
<td>43%</td>
<td>40%</td>
</tr>
<tr>
<td>Employee</td>
<td></td>
<td>0%</td>
<td>0%</td>
<td>27%</td>
<td>47%</td>
<td>26%</td>
</tr>
</tbody>
</table>

From the table above, the research concluded that CSR has an impact on the perception of the organisation. The suppliers are the most convinced influenced with 100% whilst beneficiaries were equally influenced with 86%. The employees’ perception towards the company was significant as a result of CSR. It is therefore imperative for the organisation to ensure that it continues to engage all stakeholders in order to consolidate its objectives.

#### 4.3.4 CSR’s influence on corporate reputation

The researcher established that 60% of the suppliers were of the opinion that CSR influences the reputation of the company whilst 40% were not sure if CSR does influence reputation. These findings agree with what was observed by Ellen Webb & Morh, (2006) that CSR has become a dominant factor in building reputation and literature confirms that firms must take account of the role played by corporate associations and CSR as it is increasingly being used as a key criterion in gauging corporate reputation. The researcher therefore concludes that CSR influences corporate reputation.

#### 4.3.5 CSR’s influence on choice of doing business

The researcher also investigated if suppliers’ decisions to do business with Delta Corporation were influenced by its CSR programs. Forty percent indicated that CSR did influence them in a very small way whilst 40% had a neutral opinion as they were not sure whether or not their decisions we influenced. Twenty percent indicated that CSR had significantly influenced their decisions to do business with Delta.
Corporation Limited. It is therefore essential to note that CSR has some degree of influence on one’s choice to do business with a company.

4.3.6 Ambassadorial role

All the suppliers under this study indicated that they would want to be ambassadors of Delta and represent it. This indicates the confidence in the reputation of the organisation as one would not want to be associated with a company that has a negative reputation.

4.4 Beneficiary Responses

Delta Corporation Limited program beneficiaries comprised academic institutions, students both in tertiary and secondary education, sport and arts & culture. Delta would build classroom blocks for schools in the disadvantaged communities, pay fees for students both in secondary and tertiary institutions, sponsor various sporting disciplines and also promote arts and culture activities across the country. The total respondents in this category constituted 39% of the total sample.

4.4.1 Identification of Delta Corporation’s CSR programs

All the Delta’s CSR program beneficiaries managed to identify at least one program the firm was involved in as indicated in figure 4.8 below. This could have been attributed to the fact that they are not beneficiaries in all the areas that Delta Corporation is involved hence inability to identify all the CSR programs.

Figure 4.8 Beneficiaries awareness of Different CSR programs
Sport was the most identified section of the CSR programs Delta is running with 74% level of awareness with Arts & culture having 61% of awareness. Education had 58% awareness by the beneficiaries whilst wellness programs run by Delta Corporation are not so much known with externals because they are targeted at employees hence only 23% of the respondents expressed that they were aware of this program. The researcher further suggests that Delta Corporation should intensify its awareness of its programs to all stakeholders in order to maximize on the benefits of CSR.

4.4.2 Beneficiaries’ perceptions towards Delta’s CSR Programs

The program beneficiaries were asked to give their views towards Delta’s CSR programs with an aim of getting their perceptions towards them. Of interest to note is that because these stakeholders have a direct benefit of the programmes, 67% were of the opinion that they were very relevant and 30% felt that they are relevant. Only 3% of the beneficiaries indicated that they were not sure of their perceptions towards Delta’s programs as indicated in figure 4.9 below.

![Figure 4.9 Beneficiaries’ perception on CSR programs](image)

Ultimately 97% of the beneficiaries are of the opinion that they are relevant unlike customers and suppliers with a lower percentage. The importance or relevance of the firm’s CSR programs cannot be understated with literature proffering that corporate reputation is a strategic success factor and thus deserves attention in a complex business environment Vitezić, (2011). If CSR enhances corporate reputation as
discussed in literature and supported by the findings in this research, it makes the concept even more relevant now that ever.

4.4.3 Beneficiaries’ perception towards Delta Corporation

The research established how the CSR programs that Delta was implementing have a bearing on the way beneficiaries perceive Delta Corporation. 43% of the respondents were of the opinion that the programs significantly changed their perceptions towards Delta Corporation whilst 40% were of the opinion that their perception towards the company changed in a very big way. Only 7% of the beneficiaries were of the opinion that CSR had a little bit of an impact on their perception towards Delta Corporation. The remaining 10% were not sure if CSR programs influences their perception of Delta Corporation. The researcher is of the opinion that this could be that some programs fail to address the expectations of the community hence will have no impact on other sections of society.

4.4.4 CSR’s influence on corporate reputation

Delta’s CSR program beneficiaries were asked whether CSR has an influence on Corporate Reputation. There was a general consensus of the view that CSR influenced corporate reputation from all the respondents in this category as highlighted in figure 4.10 below.

![Figure 4.10 Beneficiaries’ perception of CSR’s Influence on corporate reputation](image_url)
Only 16% were not sure if CSR does influence corporate reputation. Based on this research, it can therefore be concluded that beneficiaries believe that CSR has an influence on the reputation of the organisation because 84% of the respondents believe so.

### 4.4.5 CSR’s influence on choice of doing business

In order to obtain a further clarity on the topic under research, the researcher further inquired if the beneficiaries’ decision to do business with Delta Corporation was influenced by its CSR programs. Six percent of the beneficiaries indicated that CSR influenced them in a very big way whilst significantly 40% had their choice to purchase Delta’s products been influenced by CSR programs. A further 30% said that CSR had a little influence on their choice whilst 7% were of the opinion that they were not at all influenced. At the same time only 17% were not so sure whether their choice was influenced by CSR programs undertaken by Delta.

Table 4.3 CSR’s influence on choice of doing business

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not at all</td>
</tr>
<tr>
<td>Supplier</td>
<td>0%</td>
</tr>
<tr>
<td>Customer</td>
<td>10%</td>
</tr>
<tr>
<td>CSR Beneficiary</td>
<td>7%</td>
</tr>
<tr>
<td>Employee</td>
<td>7%</td>
</tr>
</tbody>
</table>

From the results of the study shown on table 4.3 above, it can be established that CSR does not have much influence on stakeholders’ decisions to do business with an organisation. Only 48% of the customers were influenced by CSR to purchase Delta products and 46% of the beneficiaries. The researcher can therefore conclude that even if an organisation has a good reputation, that reputation alone does not translate into business as there is need for other factors to come into play.

### 4.4.6 Ambassadorial role

The research also investigated if the beneficiaries under study were willing to play the ambassadorial role for Delta Corporation and 90% were in total agreement whilst the remaining 10% expressed an emphatic no. This could be attributed to the level of
satisfaction by the beneficiaries or failure by the organisation to address the core expectations of the beneficiaries. Against this background, some beneficiaries may feel used by the company hence their decision not to want to be associated with the company.

4.5 Employees’ Responses

The human resources are very important in achieving business outcome. Secondary sources of data propose that a firm’s reputation within its operating environment is a major element of its ability to satisfy its personnel needs Pearce & Robinson, (2005). The reputation Delta Corporation has built may be the reason why those who are in the job hunt are always pursuing careers at Delta Corporation. Because of the diversity of the company under investigation, the employees who were respondents in this study were randomly selected from the various SBUs of the company, head office as well merchandisers who are stationed in various retail outlets. The total respondents in this category constituted 13% of the total sample

4.5.1 Awareness of Delta Corporation’s CSR Programs

The researcher established that all the employees of Delta Corporation under this study indicated that they were aware that their company is involved in CSR programs. However, not every employee was aware of all the programs the company is involved in as in figure 4.11 below.

![Figure 4.11 Employee awareness of CSR programs](image)

Figure 4.11 Employee awareness of CSR programs
91% of the employees were aware of the existence of sport CSR programs whilst another 91% of the employees were aware of internal wellness programs. Only 72% were aware of arts & culture programs their organisation runs whilst education CSR programs are only known by 82% of the employees in the study. This shows that Delta Corporation is doing enough to inform its employees about the organisation and its activities. Employees should be the number one ambassadors of the company and as long as information is not disseminated to them, they will not be eager to speak on behalf of the company.

4.5.2 Employees’ perceptions towards Delta’s CSR Programs

Employees were asked to give their views towards CSR with an aim of getting their opinion as with other stakeholders. Sixty percent were of the opinion that they were very relevant and 40% felt that they were relevant. None amongst the employees under the study indicated that the programs were not relevant nor were in a neutral position. They all agreed that these programs the organisation was undertaking were relevant. This indicates that the employees of Delta Corporation as a stakeholder are appreciating their company’s efforts to become a good corporate citizen.

4.5.3 Employees’ perception towards Delta Corporation

The researcher furthermore established how the CSR programs that Delta was implementing had a bearing on the way employees perceive Delta Corporation. Forty seven percent of the respondents were of the opinion that the programs did significantly change their perceptions towards Delta Corporation whilst 26% were of the opinion that their perception towards the company had changed in a very big way. Only 27% of the employees were of the opinion that CSR had a little bit of an effect on their perception towards Delta Corporation. This also indicated the level of confidence the employees had in their company’s program hence a 74% agreement that what the company was doing was relevant. It is therefore critical to ensure that every employee has a positive perception about their company for the purposes of loyalty and ultimately reduction in recruitment costs.
4.5.4 CSR’s Influence on corporate reputation

The researcher further sought the employees’ opinion on whether CSR has an influence on Corporate Reputation. The employees agreed that CSR influences corporate reputation as indicated in fig 4.12 below.

![Employee perception of CSR influence on corporate reputation](image)

Figure 4.12 Employee perception of CSR influence on corporate reputation

Thirty three percent of the employees under this study believe that CSR influences corporate reputation in a very big way whilst 67% were of the opinion that CSR significantly influences the reputation of an organisation. None of the employees has a different opinion regarding the influence of CSR in corporate reputation. It can therefore be concluded that employees as a stakeholder believe that CSR influences corporate reputation in a big way.

4.5.5 CSR’s influence on choice to work for Delta Corporation

The researcher investigated if CSR had a bearing on their decision to work for Delta. Seven percent of the employees were of the opinion that CSR never had an influence on their decision at all to work for Delta whilst 40% were of the opinion that CSR had a significant influence. Twenty percent were of the opinion that CSR had a little bit of influence on their decision to work for Delta and at the same time 33% were not sure if CSR had an influence on their decisions. The research can therefore conclude that an employee can choose to work for an organisation that is seen as a good corporate citizen through its CSR activities.
4.6 Management’s view points

Delta Corporation’s management is mandated to ensure that the firm performs to the expectations of shareholders whilst satisfying the needs of the customers. CSR is part of the corporate strategy and management were interviewed to get an understanding of their views regarding CSR and the value the firms sought to derive from the activities done to date. From the broad responses given by management, there seemed to be a general agreement that a firm has a role to play in the community in which it operates. Corporate Social Responsibility is about the business having a responsibility to contribute to social and environmental goals on a voluntary basis.

4.6.1 Management understanding of CSR

Management was asked for its understanding of CSR to determine whether they shared the same frame of mind regarding the subject matter. There seemed to be a general common understanding by management of CSR that the firm needs to take an active stance in the community and contribute towards the betterment of individuals within the market the firm serves. Management was of the opinion that involving the firm in CSR is a way of paying back to community for loyalty and meeting their expectations. Management further understood that society has expectations for the firm to plough back despite the gesture not being compulsory. When compared to the responses from suppliers, customers and beneficiaries there seems to be general consensus on what CSR is and what it seeks to achieve.

4.6.2 Management perceptions towards CSR

The perceptions of management were sought to establish commonality or divergence of views on CSR, if at all. This question was designed to elicit the internal view on CSR. The research revealed that CSR was a strategic move aimed at creating value for the organization in the long run. Management indicated that CSR is a necessary gesture that the company must adopt right from the strategic level as it leverages relationships with all the stakeholders and uplift the organisation’s reputation. Management further agreed that CSR should not be done willy nilly but in line with the company’s vision and with genuine intent.
At Delta, the research established that Corporate Social Responsibility was given as a platform from which relationships could be formed or maintained but with some benefit to the organisation. There was evidence of pressure towards CSR from a reporting perspective as well as from the fact that it has fast become a subject matter in business. Firms are involved in one way or the other either in a philanthropic way or something that is inclusive of all stakeholders and addresses agreed concerns.

In support of the views given by the managers, literature proposes that company managers must display a social conscience in operating the business and specifically take into account how management decisions and company actions affect the well-being of employees, local communities, the environment, and society at large Thompson, Strickland & Gamble, (2010).

4.6.3 Management view on CSR influence on Corporate Reputation

The researcher was interested in getting the views of management on the influence of CSR on corporate reputation. The researcher asked the respondents to highlight ways in which reputation is influenced. Additionally, the respondents had to comment on whether there was a link between CSR and positive corporate reputation as well as outline the value of positive corporate reputation from a Delta Corporation stakeholder perspective. Management concurred that CSR enhances corporate reputation and provide the firm with public approval to operate with the relevant support. Because society has an expectation, CSR tends to create love marks that are lasting in the minds of society said one of the managers. If a company is strong in CSR, its rating is very positive and the reverse is true. With CSR as one of the determining factors of reputation, emphasis should be placed on identifying CSR programs that permit a firm to gain a favourable position with its stakeholders as there are other various pressure groups like environmental agencies and regulators that lobby for the company to assist in their endeavors.

The research noted that CSR was a positive step in capturing the market’s attention towards the company. It also highlighted that CSR contributes to corporate reputation and create emotional bonds with stakeholders. Potentially the publicity given to the CSR initiatives was expected to place the organisation in a favourable position with those associated with it. Literature as put forward by Karake as cited in Cornelius,
Wallace & Tassabehji, (2007) states that empirical evidence has shown a positive relationship between CSR, company reputation index and return on equity, as well as business performance more generally. This is the view carried by management and is the basis on which the current programs have been premised.

The research further noted that CSR was viewed as complicated and could have either a positive or negative influence on reputation emanating from varying stakeholder needs. Complexities of CSR implementation cannot be taken lightly as conflicting stakeholder interests pose a challenge. Management is the strategic think tank of the firm and its concern should largely be about business continuity. As such the position given by Barney as cited in Jones & Bartlett, (2009) indicates that positive corporate reputation is likely to be a source of sustained competitive advantage, since the relationships between a corporation and its stakeholders are socially complex and therefore imperfectly imitable.

4.6.4 Visibility of Delta Corporation CSR programs

A success factor for the implementation of CSR is whether the CSR programs are visible to the various stakeholders in order to benefit from the various initiatives. The research established how the various CSR programs have been communicated to various stakeholders and whether this has presented any opportunities. Literature supports the view that the impact of CSR on corporate reputation, in the eyes of different but mostly external stakeholders, is shaped by how its activities are reported in the national media and other communication mediums Rettab, Brik, Mellahi, (2009). In support of this view Delta Corporation makes use of both internal and external sources of media to help communicate its CSR programs to various stakeholders. The research therefore concludes that Delta’s CSR programs are visible and they are indeed making use of media as indicated here by management.

4.7 Ranking of corporate reputation determinants

The customers, employees, suppliers and CSR program beneficiaries were asked to rank five corporate reputation determinants to ascertain what was regarded more important when considering corporate reputation. An analysis on the five determinants was done and overall fit was tested. The overall ranking of each determinant was obtained based on weighted scores depending on performance. Weights were
determined by running scores to each variant using a scale of 1 to 5 with 5 being the least and 1 being the most important determinant of corporate reputation. SPSS was then used to provide the ultimate rankings based on the scores by the respondents as shown in table 4.4 below.

Table 4.4 Ranking of corporate reputation determinants

<table>
<thead>
<tr>
<th></th>
<th>Quality</th>
<th>CSR</th>
<th>Employee</th>
<th>Financial Performance</th>
<th>Customer Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid 1</td>
<td>41.8</td>
<td>19.0</td>
<td>15.2</td>
<td>10.1</td>
<td>17.7</td>
</tr>
<tr>
<td>2</td>
<td>34.2</td>
<td>19.0</td>
<td>12.7</td>
<td>11.4</td>
<td>22.8</td>
</tr>
<tr>
<td>3</td>
<td>10.1</td>
<td>27.8</td>
<td>17.7</td>
<td>12.7</td>
<td>30.4</td>
</tr>
<tr>
<td>4</td>
<td>6.3</td>
<td>22.8</td>
<td>22.8</td>
<td>29.1</td>
<td>19.0</td>
</tr>
<tr>
<td>5</td>
<td>7.6</td>
<td>11.4</td>
<td>31.6</td>
<td>36.7</td>
<td>10.1</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The research established that product quality is the most important determinant of corporate reputation with 42% of the respondents confirming. CSR comes second in the ranking of determining of corporate reputation. The research also confirmed that financial performance is the least important of the determinants to the stakeholders in determining corporate reputation maybe due to the fact that the finance that the organisation generates does not go to the various stakeholders but the owners of the business. In the case of quality of product or service, the researcher is of the opinion that because consumers seek value in every purchase decision, it is therefore correct that quality becomes the top of the list whilst CSR is also comes second as this benefits the community at large.
From the graphical presentation above of figure 4.13 it therefore can be concluded that CSR has become a significant contributor in determining corporate reputation given that it is the second most important according to the respondents in this study.

The literature reviewed suggests that there are two popular methods of measuring corporate reputation and this can be done through the league tables and the reputation quotients Dhir & Vinen, (2005). The concept used to derive the results in Table 4.10 mimics that of reputation quotients where Fombrun, Gardberg and Sever as cited in Dhir & Vinen, (2005) propose a multi-stakeholder measure of corporate reputation, the “reputation quotient SM” (RQ) which is a method based on a standardised measurement instrument that tracks corporate reputation of corporations. This involves a nominations phase and at a later point stakeholders are requested to rate the identified or nominated subjects. In this case the subjects were the determinants of CSR.
4.8 Chapter Summary

The chapter contains the analysis, interpretation and discussion of the results of the research. Multiple views were shared on the subject matter and related to current literature. Corporate Social Responsibility came out strong as an attribute that influences positive corporate reputation. The results also show that there was a strong business case for firms engaging in CSR and the relevance has greatly escalated. The results confirm that CSR influences reputation which yields benefits such as increased investor confidence, favourable supplier relationships as well as customer loyalty and employee engagement. The ranking of CSR attributes revealed that CSR was ranked second most important attribute in determining Delta Corporation corporate reputation.
CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter provides a summary of the whole thesis and conclusions drawn from the research given the objectives set in chapter one. Appropriate reference will be made to sections of this document in support of the conclusions drawn. The researcher will also make recommendations based on the findings for the firm under study as well as suggest areas for further research.

5.1 Summary

The thesis main focus was to establish if corporate social responsibility contributes to positive corporate reputation as propounded by Lewis (2003). Impeccable evidence had to be gathered to establish this position and a case study of a manufacturing company Delta Corporation had to be used as it is heavily involved in CSR. Since CSR is a subject that has drawn so much interest both in the business and academic fraternities with various scholars bringing various opinions on CSR, the researcher saw it fit to investigate the phenomenon and come up with conclusions and recommendations that would either support or discourage the adoption of CSR by the organisation. Literature review was thoroughly examined to solicit the views of various scholars on the two critical aspects of the study which are CSR and corporate reputation and the link thereof. In order to obtain a balanced opinion on which to draw factual conclusions on the topic and objectives of the research, the researcher had to investigate all the key stakeholders of the company who include customers, management, employees, beneficiaries of CSR and the business suppliers of the company. Management’s opinions were sought to establish their understanding of CSR and why the organisation has adopted CSR as part of its business thrust. Various other stakeholders’ opinions were also established regarding the subject of matter of
CSR and its impact on corporate reputation. The data was analysed and the results were presented in chapter 4. It is in this chapter where conclusions of the research are articulated and recommendations put up for the organisation used as a case study which can also be adopted and are applicable to various other entities.

5.2 Conclusions

These conclusions are premised on the objectives set in the first chapter as each of them is concluded on as below. The conclusion will also focus on the research proposition of the study and established a position.

5.2.1 To assess the contribution of CSR to corporate reputation and sustenance

The research concluded that CSR is relevant for organisations to adopt and implement if they are to build a sustainable positive corporate reputation. However, it is not possible to build a positive corporate reputation with CSR in isolation. Organisations must not take for granted giving back to society without firstly establishing clearly defined objectives that are in sync with society expectations in order to enjoy maximum return on the investment. This is despite CSR not being compulsory at law for organisations to adopt. The research established that it is a combination of determinants which build positive reputation for an organisation and the attributes appeal differently to the various stakeholders. From the study conducted, not all the beneficiaries had their perceptions changed by CSR despite having benefited from the company’s CSR programs and this points to lack of synchronization of the objectives set and community expectations. The 38% of the customers who were of the opinion that CSR does not at all influence corporate reputation also confirm this conclusion as indicated by the research. Corporate Social Responsibility has been identified as one of the contributing attributes to corporate reputation and its ability to touch people’s lives and make a difference can have extraordinary impact on the reputation of the firm.

The research also concludes that positive corporate reputation does not automatically mean that stakeholders would prefer doing business with the company as the research proved that only 49% of the customers were influenced by CSR to purchase Delta products and the remaining 51% were not influenced by CSR. This conclusion is further supported by all the other stakeholders under the study including beneficiaries
with 7% of the beneficiaries confirming that CSR did not influence their decisions to do business with Delta despite being beneficiaries of the programs. However, the research established that CSR creates love marks in the minds of consumers hence perceive the corporate as a good corporate citizen and would support it if there is need. It is therefore apparent for management to ensure that additional marketing strategies are put in place including producing quality products for the organisation to convert community’s positive perceptions into monetary transactions if the return on investment is to be justified.

5.2.2 To explore the perceptions of different stakeholders towards CSR

Based on this objective above, the research concluded that CSR is an important aspect of positive corporate reputation. All the various stakeholders including 84% of the customers, and 94% of the employees as shown in the study were of the opinion that CSR is a relevant gesture by the organisation which assists in addressing challenges in the community. Even management was of the opinion that CSR is a necessary program that the company must adopt right from the strategic level as it leverages relationships with all the stakeholders and uplift the organisation’s reputation. Management further agreed that CSR should be done in line with the company’s vision and with genuine intent. It is therefore apparent to note that all the stakeholders were of the opinion that CSR is relevant despite being a cost to the organisation. The researcher concludes that if CSR is done in consultation with relevant stakeholders, the company will benefit more as this will address the core expectations of the various stakeholders. This will remove doubt and suspicion in some stakeholders as the study did reveal that 6% of all the stakeholders were not sure if CSR was relevant including some beneficiaries as well. This explains the lack of engagement in ensuring that the real core expectations are addressed by CSR programs.

5.2.3 To determine the association between CSR and positive corporate reputation

The research concluded that there is a link between CSR and corporate reputation. The stakeholders under study indicated that there is a significant association between CSR and positive corporate reputation as CSR programs that Delta undertook significantly
changed 86% of the beneficiaries, 56% of the customers and 100% of the suppliers. The perceptions of stakeholders are hinged on the awareness of the company’s actions. In the case of Delta Corporation, the study indicated that not all the stakeholders were aware of the full programs that the company was involved in hence the company was failing to leverage on all its various activities to building positive reputation. Literature further confirms that corporate reputation is a stakeholder's overall evaluation of a company over time. This evaluation is based on the stakeholder's direct experiences with the company, any other form of communication and symbolism that provides information about the firm's actions and/or a comparison with the actions of other leading rivals Gotsi & Wilson (2001). There have been multiple studies that show the link between CSR and corporate reputation and it is suggested that communication plays a pivotal role in ensuring that the intended results are achieved from the business perspective.

5.2.4 To establish the determinants of corporate reputation for Delta Corporation

The research concludes that quality of the products or services is the major determinant of corporate reputation. CSR is the second major determinant of positive corporate reputation followed by customer service and employee treatment respectively. It is however, essential to note that CSR plays a crucial role in building positive corporate reputation but should not be done in isolation if the company is to maximise on the benefits of its efforts. Stakeholders are looking for value for their money and at the same time to satisfy their needs and wants. It is therefore apparent for an organisation to ensure that whilst doing good to society through CSR, the company should also address the utility factors as anticipated by consumers and the rest of the stakeholders.

5.2.5 Conclusion on the research proposition

The research proposition was as follows:

*Investment in CSR contributes towards positive corporate reputation*

The study confirms the proposition because the respondents ranked CSR second on the determinants of positive corporate reputation. Stakeholders believed it was a noble idea which could assist in addressing challenges in the community. There is also a
strong business case suggested by the fact that there is an improvement in positive corporate reputation, enhanced bottom line as well as enhancement of customer loyalty and staff retention.

5.3 Recommendations

On review of the findings and literature, the researcher has set out to make the following recommendations to Delta Corporation.

5.3.1 Stakeholder engagement

Stakeholder engagement is an important aspect of successful CSR implementation. The recommendation is for Delta Corporation to identify and engage its stakeholders first before drawing up of its CSR objectives to ensure clear synchronization to maximize on the benefits of CSR. The fact that some of the respondents did not see the CSR programs run by Delta as relevant mean that the company needs to engage more in order to address the expectations of society first.

5.3.2 Integrated communications strategy

It has been clearly noted that the success of any CSR program hinges upon the way communications is disseminated to the community at large as communication plays a pivotal role in creating and maintaining positive corporate reputation. Society needs to be aware of the activities of the company hence Delta should put together a comprehensive integrated communications strategy that also speaks to the people specifically on CSR aspects. This will remove doubt and suspicion on the part of some stakeholders and at the same time also understand the reasons why the company is doing so at that particular time. The suggestion is for the company to communicate using all forms media available including social media, print media, electronic media including television, the website, e-marketing and billboards to enhance awareness of all its CSR programs instead of relying mostly on internal publications and limited types of external media.

5.3.3 Monitoring of CSR and corporate reputation

It is important to monitor all actions by a firm and a mechanism should be put in place to check on whether the objectives of the programs were met. This will entail
checking with employees and external stakeholders by way of surveys to gain their perceptions of the firm using an independent party. This will further assist the organisation to identify corrective actions hence correct them and maximise on its intentions.

5.3.4 Develop a clear CSR policy and procedure manual

The researcher also recommends that the company needs to put in place a clearly defined CSR policy and procedure manual in line with the vision of the company. This will indicate a clear commitment and long term desire for the organisation to partner the community. A lack of the procedure manual will jeopardise the good intentions that the organisation might have as the implementers of these programs might be tempted to use their own discretion to make decisions. Ultimately, this will create discounted on the stakeholders hence suspicion and lack of confidence in the organisation.

5.4 Areas of further research

On conclusion of the research, the researcher suggests a further area of study which should focus on how corporate reputation can impact on sales growth whilst ensuring that stakeholder interests are equally fulfilled.
REFERENCES


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National Budget. (2014). Ministry of Finance


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Appendix i

Key Informant Interview Guide

Covering Note

My name is Gillian Rusike and I am a student with Bindura University of Science Education studying towards a Masters Degree in Business Leadership. The final year requires that I conduct a research with a business focus and my research topic is The Contribution of Corporate Social Responsibility (CSR) to Corporate Reputation in Zimbabwe: The case of Delta Corporation Limited. I kindly request that you go through the attached questionnaire and respond as objectively as possible. I would like to assure you that the information you shall provide will solely be used for understanding the area under study and to make recommendations to Delta Corporation Limited while observing a high level of confidentiality.

Anonymity will be observed as no names are to be disclosed for whatever reason. Your cooperation in this regard will be greatly called for and appreciated. It is my sincere hope that you will contribute positively and meaningfully throughout the course of this exercise.

Please contact me on 0772 941 357 or rusikeg@mazim.co.zw in the event that you need further clarification. You are also able to get in touch with the Faculty of Commerce Bindura University of Science Education P Bag 1020, BINDURA or phone +263 271 6372-3 / 7531-2

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Respondent’s Consent

I understand that my participation in this study is for academic purposes and all the data collected will remain confidential.

Agreed/refused

.......................................................... ..........................................................

Signature Date

Thank you for your assistance
1. CSR is a topical issue within the business community. What is your understanding of CSR?

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

2. What is your perception towards CSR?

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…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

3. In your view does CSR influence corporate reputation in anyway?

…………………………………………………………………………………………

a. Please highlight in what way reputation is influenced

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

b. In your view is there a link between CSR and positive corporate reputation?

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

  c. What is the value of positive corporate reputation from a Delta Corporation stakeholder perspective

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…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
4. There are various reasons why firms today consider CSR and among these reasons are legitimisation or the social license to operate, good standing with stakeholders as well as good publicity.

   a. What were the reasons for Delta Corporation running CSR programs
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................

5. Delta Corporation is involved in CSR with an educational, sport, arts & culture and Wellness focus as well as various donations and awards. From a strategic standpoint, what were the considerations for the company’s CSR programs
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................

6. For stakeholders to be aware of any CSR initiatives by an organisation there must be communication through various media. With specific reference to Delta Corporation,

   a. How have the CSR programs been communicated
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................

   b. Has it presented opportunities for Delta Corporation
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................

Thank you for your corporation
Appendix ii

Questionnaire

Questionnaire Covering Note

My name is Gillian Rusike and I am a student with Bindura University of Science Education studying towards a Masters Degree in Business Leadership. The final year requires that I conduct a research with a business focus and my research topic is The Contribution of Corporate Social Responsibility (CSR) to Corporate Reputation in Zimbabwe: The case of Delta Corporation Limited. I kindly request that you go through the attached questionnaire and respond as objectively as possible. I would like to assure you that the information you shall provide will solely be used for understanding the area under study and to make recommendations to Delta Corporation Limited while observing a high level of confidentiality.

Anonymity will be observed as no names are to be disclosed for whatever reason. Your cooperation in this regard will be greatly called for and appreciated. It is my sincere hope that you will contribute positively and meaningfully throughout the course of this exercise.

Please contact me on 0772 941 357 or rusikeg@mazim.co.zw in the event that you need further clarification. You are also able to get in touch with the Faculty of Commerce Bindura University of Science Education P Bag 1020, BINDURA or phone +263 271 6372-3 / 7531-2

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Respondent’s Consent

I understand that my participation in this study is for academic purposes and all the data collected will remain confidential.
Agreed/refused

........................................... ............................................
Signature Date

Thank you for your assistance
Section A: Demographic Information

1. Gender
   - Male □
   - Female □

2. Age of respondent at last birthday
   - 18 - 27 years □
   - 28 - 37 years □
   - 38 - 47 years □
   - 48 - 57 years □
   - 58 years + □

3. Occupation/Position of Respondent:
   - Student □
   - Self Employed □
   - Employee □
   - Supervisory □
   - Management □
   - Not Employed □
   - Other (Please specify) □

4. What is your relationship with Delta Corporation Limited
   - Supplier □
   - Customer □
   - CSR Beneficiary □
   - Employee □

5. How long have you known Delta Corporation
   - < 1 years □
   - 1-5 years □
   - 6-10 years □
   - >10 years □
6. Are you aware that Delta corporation has CSR Programs
   Yes [ ]  No [ ]

7. If yes, which CSR programs run by Delta Corporation do you know?
   Sport [ ]
   Arts & Culture [ ]
   Education [ ]
   Wellness, Health & Safety [ ]
   Any Other [ ]
   Don’t know Any [ ]

8. What is your perception towards Delta’s CSR programs?
   Irrelevant [ ]  Not sure [ ]  Relevant [ ]  Very relevant [ ]
   Have these CSR programs significantly changed your perception about Delta Corporation?
   No at all [ ]
   A Little bit [ ]
   Average [ ]
   Significantly [ ]
   In a very big way [ ]

9. In your view, does CSR influence how one views an organisation (corporate reputation)?
   No at all [ ]
   A Little bit [ ]
   Average [ ]
   Significantly [ ]
   In a very big way [ ]
10. Has your choice to do business/work with Delta been influenced by what they do for stakeholders (CSR)?

- No at all
- A Little bit
- Average
- Significantly
- In a very big way

11. Given a choice, would you be an ambassador of Delta Corporation because of what they do?

- Yes
- Not Sure
- No

12. With specific reference to Delta Corporation, rank the following corporate reputation determinants in order of importance with 1 being the most important and 5 being the least important.

   a. Quality of product or service
   b. Corporate Social Responsibility
   c. Financial performance
   d. Customer service and Responsiveness
   e. Employee treatment

   Thank you for your corporation
Appendix iii

Authorisation Letter

DELTA CORPORATION
LIMITED

Sable House, Northbridge Close, P.O. Box SW 294, Kotezdale. Tel: 634-48636572. Fax: 803664
Website: www.delta.co.zw

14 January 2015

TO WHOM IT MAY CONCERN

Kindly assist Gillian Rusike who is an MBL student at Bindura University of Science Education
with as much information as possible to undertake his research for his thesis titled: The Impact of
Corporate Social Responsibility on Corporate Reputation, a case of Delta Corporation.

Delta Corporation has authorised him to undertake the research with it as case study.

Yours Sincerely

TSUNGAI MANYEZA (MRS)
CORPORATE AFFAIRS MANAGER
DELTA CORPORATION LIMITED