

Social responsibility: The changing role of business in South Africa

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Business in South Africa is becoming increasingly involved in the solution of the social problems of the country, and business managers face growing demands concerning the corporate social responsibility of the private sector. The author investigated the nature and scope of corporate social responsibility in South Africa, considering both the viewpoint of business managers, and the expectations of the public. Both questionnaires and interviews were used in the investigation. The attitudes of managers and the expectations of society are set out in detail, and are then compared, showing that society is significantly more in favour of corporate social responsibility than the business community. There is, however, also a growing social awareness among South African business leaders.

S. Afr. J. Bus. Mgmt 1979, 10:93–100

Sake-ondernemings in Suid-Afrika word toenemend betrek by die oplossing van die sosiale probleme van die land, en bestuurders is blootgestel aan toenemende eise wat betref die sosiale verantwoordelikheid van die private onderneming. Die skrywer het die aard en trefwydte van die sosiale verantwoordelikheid van Suid-Afrikaanse ondernemings ondersoek, met inagneming van sowel die standpunt van sakebestuurders as die verwagtings van die publiek. Vraelyste en persoonlike onderhoude is in die ondersoek gebruik. Die houdings van bestuurders en die verwagtings van die gemeenskap word volledig uiteengesit, en word dan vergelyk. Dit blyk dat die gemeenskap betekenisvol meer ten gunste is van sosiaal-verantwoordelike optrede deur ondernemings, as die sakelui. Daar is egter ook 'n groeiende bewustheid van sosiale verantwoordelikheid onder Suid-Afrikaanse sakeleiers.

S.-Afr. Tydskr. Bedryfsl. 1979, 10:93–100

In the light of the political, social and economic problems currently experienced in South Africa, it is not surprising that growing demands are imposed on all institutions of society. Business is also expected to contribute, to a great extent, to the solving of these problems. Typical of these demands is that business is expected to confront not only economic but also social problems of South Africa. In this respect one may refer to a remark made by Dr N. Motlana, former member of the now defunct Urban Bantu Council of Soweto, that business is the only institution that can save the South African society from social and economic breakdown.¹ The United States ambassador in South Africa recently referred to the role of businessmen in South Africa: 'One of this country's growing assets, I believe, is the social awareness of its business leaders'.²

The fact that business is expected to be involved in the betterment of the social welfare of society has important implications as far as the division of responsibilities between government and private enterprise is concerned. Traditionally, it used to be the sole responsibility of the government to take care of the social welfare of its society. The view that business has a social responsibility, however, results in uncertainty as to what the respective roles of government and private enterprise are. The purpose of this article is to discuss the results of research into the nature and scope of corporate social responsibility in South Africa.

Scope and method of the research

In order to obtain a comprehensive view of corporate social responsibility in South Africa, both the public policy and the attitude of businessmen in this respect were measured in a country-wide survey. An indication of the public policy concerning corporate social responsibility was obtained by measuring the extent to which society expects business to accept a social responsibility.³ Only the expectations of the white community were measured. The assumption which underlies this decision is the fact that the other communities in South Africa (blacks, coloureds and Asians) expect to a greater extent than whites, business to be socially responsible. This was assumed because blacks, coloureds and Asians generally have a lower income than whites and therefore expect

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more from their employers. Should it therefore appear from the research that whites in fact do expect business to accept a social responsibility, it is most likely that the other population groups expect even more in this respect.

As far as the measurement of the attitude of businessmen was concerned, the research was limited to companies listed on the Johannesburg Stock Exchange, because of the fact that the separation between capital and management in these firms is the greatest. As a result of this, executives would also take the interests of shareholders into account in their decision-making concerning the social responsibility of the company.

During May 1978 questionnaires were sent to the managing directors or chief executive officers of 510 listed companies. One hundred-and-twenty-three of the 510 questionnaires were completed, which represents a response rate of 24%. It had been ascertained that these companies, as far as different types of industries are concerned, are representative of all listed companies. In 61% of the cases the questionnaire was completed by a managing director or chief executive officer. Thirty-nine per cent of the questionnaires were completed by other executives, such as personnel managers, administrative managers and company secretaries.

The questionnaire was also completed by an area-stratified probability sample (N = 924) which was drawn from the total white population of South Africa. It was ascertained that the sample was satisfactorily representative as far as sex, age, income level, nature of employment and education qualifications are concerned.

In order to test the construct validity^a (as explained in the Appendix), of the attitude scale the responses of each group were factor analyzed.^b To be able to measure a possible difference in attitude between society on the one hand, and managers on the other hand, a third scale was developed by combining the responses of the two groups. The combined responses were subjected to a separate factor analysis.

In each case, the factor analytical procedure involved an initial first-order factor analysis. By means of this factor analysis a number of factors or dimensions were identified. On the basis of these factors being intercorrelated, a second-order factor analysis was carried out in order to determine whether the first-order factors could be combined into a single second-order factor which could be identified as the 'attitude towards corporate social responsibility'.^c The second-order factor analysis involved that the scores for the items forming each of the first-order factors, were algebraically summed for each first-order factor to obtain factor scores. These factor scores were intercorrelated and subjected to a further factor analysis. By means of this factor analysis it was determined that 21 of the original pool of questions answered by the group of managers measured a single dimension which could be identified as the 'attitude towards corporate social responsibility'. The factor analysis of the responses of the sample from society and the combined responses of society and managers revealed that 28 questions in the case of society, and 27 questions in the case of managers and society combined measured the 'attitude towards corporate social responsibility'.

The questionnaire consisted of a number of questions or items representing a variety of aspects of corporate

social responsibility. Responses were measured by means of a five point Likert-type summated rating scale.

The five possible response categories — 'to a very great extent', 'to a great extent', 'to an average extent', 'to a lesser extent' and 'not at all' — were scored 5, 4, 3, 2, 1, respectively.

The reliability of the measurements obtained was tested by means of an item analysis^d of the questions which were found to contribute to the construct validity of the respective scales. The item analysis revealed that some of the items were unreliable. After these items had been omitted from the different scales, the Kuder Richardson 14 reliability coefficient^e for each scale was calculated. These coefficients are shown in Table 1.

Table 1 Reliability coefficients of the different scales

| Scale | Kuder Richardson 14 | No. of items in scale |
|---|---------------------|-----------------------|
| Management scale | 0,77 | 16 |
| Society scale | 0,83 | 23 |
| Scale developed on the combined responses of management and society | 0,86 | 24 |

These coefficients are satisfactory, particularly if it is taken into account that the respective scales consist of relatively few items.

Apart from the questions contained in the questionnaire, the group of managers was also requested to indicate the extent to which business may possibly contribute to the solution of specific social problems currently experienced in South Africa.

In order to evaluate the quantitative measurement of the attitude of managers and the expectations of society qualitatively, the most important results of the research were discussed during personal interviews with top executives of 22 companies. All of these executives agreed to a personal interview in their answers to the questionnaire. As the interviews were merely supplementary to the measurements obtained by means of the attitude scale, it was felt that no effort need be made to interview a representative sample of executives.

The research findings

The attitude of managers

The general attitude of managers

The general attitude of managers was measured by means of the management scale. A high score on the scale (the maximum score being 80) indicates a positive attitude towards corporate social responsibility. A low score (the minimum score being 16) indicates a negative attitude towards corporate social responsibility. The measurements obtained appear in Table 2.

The average score of 58% indicates that managers are neither extremely in favour of, nor extremely against corporate social responsibility. The reaction during the personal interviews was that acceptance of social responsibility by business is considered as a condition for maximizing profitability. Because business has a responsibility towards other interest groups, for example shareholders, it is not possible to overemphasize corporate social responsibility. It was further pointed out

Table 2 The measurement of executives' general attitude towards corporate social responsibility

| Measurement | Score |
|---------------------|-------|
| Highest score | 67 |
| Lowest score | 29 |
| Average score | 46 |
| Median score | 45 |
| Standard deviation | 7,71 |
| Average percentage* | 58 |

*This percentage is the average score expressed as a percentage of the maximum score.

that the neutral attitude of managers can be attributed to uncertainty among managers about the scope and nature of corporate social responsibility.

Because it was deemed possible that the attitude of managers could be related to the characteristics of the respondents themselves or to their companies, these characteristics — job title and age of executives, racial composition of company's work force, number of employees in the firm, the assets of the company and the industrial classification of the firm — were cross-tabulated with the respondents' attitude scores. The chi square test indicated that no statistically significant variation at the 0,05 level in executive attitudes could be attributed to the effects of the following moderator variables: job title and age of the executive who completed the questionnaires, racial composition of company's work force, number of employees in the firm and the amount of assets of the company. It was, however, found that executives in companies in the building sector and in financial institutions had a more positive attitude than executives in manufacturing companies.

An indication of the attitude of executives towards specific aspects of corporate social responsibility was obtained by analyzing the responses on the individual items of the scale.

The attitude of managers towards specific aspects of corporate social responsibility

The managers' responses to the individual items of the scale are shown in Table 3.

In the interpretation of the managers' responses to the individual items, responses to those items that, according to the first-order factor analysis, are related to a specific factor, should be viewed together. The first-order factor analysis showed that four factors or dimensions were measured by the scale. These factors were identified as 'corporate social responsibility in respect of aspects not related to the economic activity of the firm', 'the relationship between government and private enterprise as far as the solution of social problems is concerned', 'the firm's internal activities regarding corporate social responsibility' and 'responsibility towards employees'.

From the responses to those items related to the factor 'corporate social responsibility in respect of aspects not related to the economic activity of the firm', (Items 1, 3, 9, 10 & 15) it appears that the majority of managers is only to an average and lesser extent of the opinion that the firm should make a contribution to the promotion of

cultural activities and charities (Items 1, 3 & 15). Although the majority feels that social involvement should not be undertaken at the cost of profitability (Item 9) it has to be pointed out that 38% only support this point of view to an average extent, while 18% feel that social involvement should be undertaken even at the cost of profits. The majority of executives deem it important that business should contribute to social progress, for example by donating funds to educational institutions (Item 10).

Concerning the business-government relationship (Items 2, 4 & 6) the minority feels that the likelihood to maximize profitability increases in the long run if business plays a leading role in the solution of social problems (Item 4). It seems as if managers view the involvement of business in the solution of social problems mainly in terms of the first phase of social problem solving, namely problem identification (Item 6). However, as far as the solution of social problems is concerned, the majority feels that these problems are the responsibility of the government (Item 2).

Concerning the attitude of managers that business is in a better position than government to identify social problems, it was stated in the personal interviews that this attitude may be attributed to the fact that managers are in daily contact with workers and for that reason are in a more favourable position to form an impression of the social problems that exist in the workers' communities. During the interview it was opined that the South African government is not sensitive enough to especially those social problems experienced by the urban black communities. In commenting on the role of business in the identification of social problems, some managers expressed the opinion that, in the past, business tended to hide behind the argument that they were prevented by law from playing any role at all in this respect. The finding that managers regard business as being in a more favourable position to identify social problems, is seen by them as a reflection of a new realization on the part of business that in spite of existing legislation the opportunity does exist to make a contribution to the solution of social problems.

The next factor that was identified by means of the factor analysis, concerns 'specific internal activities by the firm regarding corporate social responsibility' (Items 5, 11, 12, 13 & 16). Managers seem to think to an average and lesser extent that the image of business will improve if advertisements depict the contribution of business to the solution of social problems (Item 5). The vast majority of managers are not in favour of creating a special division in the organization structure of the firm to manage its social involvement (Item 11). As far as socially responsible action towards employees is concerned, the majority of managers deem it important that work should be interesting and challenging (Item 12). It seems, however, as if managers in general are not in favour of workers' participation in management decisions, especially in cases where it affects profitability (Item 13).

From responses to items concerning the company's responsibility to look after the general well-being of employees (Items 7, 8 & 14), it appears that the majority of managers is either to an average or to a great extent of the opinion that business has this responsibility. The vast majority of the respondents is of the opinion that, to a

Table 3 The responses of managers to the individual items of the scale (N = 123)

| Item no. | Wording | % respondents answering to a very great or great extent | % respondents answering to an average extent | % respondents answering to a lesser extent or not at all | Average score | Standard deviation |
|----------|--|---|--|--|---------------|--------------------|
| 1 | To what extent should it be one of the responsibilities of business to make financial contributions to promote culture in the community? | 6 | 28 | 66 | 2,24 | 0,82 |
| 2 | To what extent is business in a better position than government to solve social problems? | 15 | 28 | 57 | 2,49 | 0,96 |
| 3 | To what extent should business, apart from its responsibility to make profits, also give financial assistance to charities? | 16 | 37 | 47 | 2,66 | 0,83 |
| 4 | To what extent does business, by playing a leading role in the solution of serious social problems, improve the possibility of making large profits in the long run? | 34 | 29 | 37 | 2,93 | 1,18 |
| 5 | To what extent will the image of business greatly be enhanced if the contributions of business to solve social problems are shown in advertisements? | 21 | 33 | 46 | 2,69 | 1,07 |
| 6 | To what extent is business in a better position than government to identify the problems of the community because it is not hampered by politics? | 47 | 25 | 28 | 3,20 | 1,21 |
| 7 | To what extent should business take care of its employees' after their retirement? | 69 | 18 | 13 | 3,86 | 1,04 |
| 8 | To what extent should business do more for employees than is required by law? | 59 | 34 | 7 | 3,71 | 0,87 |
| 9 | To what extent should business help solve social problems whether or not it helps to create those problems even though doing so may reduce short-run profits and long-run returns? | 18 | 38 | 44 | 2,66 | 0,92 |
| 10 | How important is it that business should contribute voluntarily to community development, e.g. by making donations to educational institutions? | 40 | 37 | 23 | 3,28 | 1,05 |
| 11 | To what extent should companies have a separate department (similar to sales, production) which attends to the role of business in the solution of social problems? | 9 | 21 | 70 | 1,96 | 1,03 |
| 12 | How important is it that jobs performed by employees should be made challenging and interesting by companies, even at the expense of maximum profits? | 46 | 28 | 26 | 3,30 | 1,15 |
| 13 | How important is it that employees should be able to participate in decision-making, even if it is at the expense of profitability? | 15 | 26 | 59 | 2,33 | 1,06 |
| 14 | How important is it that business concerns itself with the welfare of the families of its employees? | 45 | 41 | 14 | 3,43 | 0,95 |
| 15 | How important is it that business voluntarily donates money to people and organizations who are in need of it? | 22 | 39 | 39 | 2,78 | 1,03 |
| 16 | To what extent can the profits made by business be better utilized if it is used to solve social problems? | 11 | 17 | 72 | 2,13 | 0,99 |

great extent, business has the responsibility to look after the well-being of workers even after retirement (Item 7). The analysis of the responses to the individual items of the scale indicates that managers are more positively inclined towards certain facets of corporate social responsibility than towards others.

The extent to which business may contribute to the solution of specific social problems which are currently experienced in South Africa

An indication of the nature of possible business involvement in the solution of social problems was obtained by

investigating the extent to which managers feel that business may contribute to the solution of specific social problems. The managers' responses in this respect are shown in Table 4.

It appears from Table 4 that the majority of the managers feels that business may contribute substantially to the training and education of blacks, conservation of the environment, energy conservation, a better standard of living for blacks in urban areas, and the military preparedness of the country. In contrast to this, managers generally feel that business can do little regarding a lowering of population growth and homeland

Table 4 The extent to which managers feel business may contribute to the solution of specific social problems

| Social problems | % respondents answering to a very great or great extent | % respondents answering to an average extent | % respondents answering to a lesser extent or not at all | Average score | Standard deviation | N |
|--|---|--|--|---------------|--------------------|-----|
| Military preparedness | 47 | 31 | 22 | 3,35 | 1,11 | 121 |
| Lower population growth | 11 | 22 | 67 | 2,16 | 1,02 | 121 |
| Training and education of blacks | 79 | 16 | 5 | 4,07 | 0,89 | 122 |
| Conservation of the environment | 61 | 29 | 10 | 3,67 | 0,92 | 121 |
| Better quality of life for blacks in urban areas | 51 | 34 | 15 | 3,49 | 0,98 | 121 |
| Homeland development | 27 | 34 | 39 | 2,92 | 1,06 | 122 |
| Energy conservation | 52 | 32 | 16 | 3,55 | 0,96 | 122 |
| Combatting inflation | 41 | 30 | 29 | 3,20 | 1,10 | 122 |
| Decreasing unemployment | 30 | 39 | 31 | 3,01 | 1,03 | 122 |

development.

In view of the fact that, according to official government policy, homeland development is an important aspect of the social, economic and political development of South Africa, managers were requested during the interviews to comment on the finding that businessmen feel that they can do little in respect of homeland development. Managers pointed out that the homelands are not regarded as economically viable by the business community and therefore do not attract business. In a number of cases reference was made to unfortunate experiences as far as location in a homeland was concerned, for example in terms of poor infra-structure and an insufficiently qualified labour force. It is regarded that government concessions to encourage location in homeland areas are not sufficient.

Furthermore, managers pointed out that business prefers to be involved in the solution of the problems experienced by the black urban communities. This is given a higher priority than homeland development because blacks in urban areas are becoming more important as a source of qualified labour and as a consumer market.

The expectations of society

General expectations of society

The extent to which society expects business to accept a social responsibility was measured by means of the society scale. A high score on the scale (the maximum score being 115) indicates that, to a great extent, business is expected to be socially responsible while a low score is an indication of the opposite point of view. The measurements obtained appear in Table 5.

The average percentage of 70% indicates that society to a great extent expects business to be socially responsible. In order to examine possible patterns as far as the attitude towards corporate social responsibility is concerned, the individual scores on the scale were cross-tabulated with the following moderator variables: shareholding in a public company, type of community (rural or urban) and income level. The chi square test of significance was used at the 0,05 level. It was found that shareholders in public companies were significantly less in favour of corporate

social responsibility than non-shareholders. People living in urban areas, as well as those in the lower income bracket, were found to be significantly more positively oriented towards corporate social responsibility than those living in rural areas and earning a higher income.

Specific aspects of the expectations of society can be examined by analysing the responses to the individual items of the scale for society.

The expectations of society concerning specific aspects of corporate social responsibility

The responses of society to the individual items of the society scale are shown in Table 6.

The first order factor analysis of the responses of the sample from society produced three factors, which were identified as 'the expectation to accept a social responsibility even at the cost of profit maximization', 'the responsibility towards customers or the consumer', and 'the relationship between government and private enterprise as far as the solution of social problems is concerned'.

An analysis of the responses to the items related to the factor, 'the expectation to accept a social responsibility even at the cost of profit maximization' (Items 11, 13, 14, 20 & 21), shows that more importance is attached to

Table 5 The measurement of general expectations of society as far as corporate social responsibility is concerned

| Measurement | Score |
|---------------------------------|-------|
| Highest score | 115 |
| Lowest score | 32 |
| Average score | 81 |
| Median score | 82 |
| Standard deviation | 12,19 |
| Average percentage ¹ | 70 |

¹This percentage is the average score expressed as a percentage of the maximum score.

Table 6 The responses of society to the individual items of the scale for society (N = 924)

| Item no. | Wording | % respondents answering to a very great or great extent | % respondents answering to an average extent | % respondents answering to a lesser extent or not at all | Average score | Standard deviation |
|----------|--|---|--|--|---------------|--------------------|
| 1 | To what extent should it be one of the responsibilities of business to make financial contributions to promote culture in the community? | 39 | 40 | 21 | 3,28 | 1,10 |
| 2 | To what extent is business in a better position than government to solve social problems? | 37 | 32 | 31 | 3,05 | 1,23 |
| 3 | To what extent does business, by playing a leading role in the solution of serious social problems, improve the possibility of making large profits in the long-run? | 45 | 36 | 19 | 3,38 | 1,12 |
| 4 | To what extent will the image of business greatly be enhanced if the contributions of business to solve social problems are shown in advertisements? | 55 | 30 | 15 | 3,61 | 1,14 |
| 5 | To what extent is business in a better position than government to identify the problems of the community because it is not hampered by politics? | 54 | 26 | 20 | 3,51 | 1,20 |
| 6 | To what extent does business have to play a role in the solution of the social problems in the community? | 40 | 37 | 23 | 3,23 | 1,16 |
| 7 | To what extent should business take care of its employees after their retirement? | 84 | 10 | 6 | 4,40 | 0,96 |
| 8 | How important is it that government should have more say in the affairs of business to ensure a just distribution of profits? | 34 | 32 | 34 | 2,98 | 1,30 |
| 9 | To what extent should business, even if a product or service is very profitable, stop selling it if it is harmful to the community in some way or another? | 65 | 17 | 18 | 3,89 | 1,36 |
| 10 | To what extent should shareholders and employees have equal say in the management of business? | 28 | 37 | 35 | 2,87 | 1,17 |
| 11 | To what extent is the present economic situation the result of the fact that business only aimed at maximum profits in the past? | 46 | 33 | 21 | 3,38 | 1,18 |
| 12 | To what extent should business do more for the community than merely paying tax to the government? | 51 | 32 | 17 | 3,50 | 1,09 |
| 13 | To what extent should business concentrate more on the welfare of the community than on maximizing profits? | 50 | 34 | 16 | 3,52 | 1,12 |
| 14 | How important is it that employees should be able to participate in decision-making, even if it is at the expense of profitability? | 36 | 35 | 29 | 3,08 | 1,19 |
| 15 | To what extent does business, and not the government, have the responsibility to see to it that dishonest advertising does not take place? | 84 | 10 | 6 | 4,42 | 0,95 |
| 16 | How important is it that business should pay more attention to the interests of customers than to new ways to increase profits? | 81 | 16 | 3 | 4,27 | 0,88 |
| 17 | How important is it that business concerns itself with the welfare of the families of its employees? | 72 | 19 | 9 | 4,05 | 1,04 |
| 18 | To what extent should business provide information about its activities to the general public? | 47 | 28 | 25 | 3,36 | 1,29 |
| 19 | How important is it that business voluntarily donates money to people and organizations who are in need of it? | 56 | 30 | 14 | 3,67 | 1,16 |
| 20 | To what extent does business make excessively high profits? | 53 | 37 | 10 | 3,65 | 1,04 |
| 21 | To what extent can the profits made by business be better utilized if they are used to solve social problems? | 39 | 41 | 20 | 3,28 | 1,05 |
| 22 | To what extent is business responsible for the fact that the rich are getting richer and the poor are getting poorer? | 48 | 25 | 27 | 3,32 | 1,37 |
| 23 | To what extent does business have a responsibility to provide housing for its employees? | 57 | 25 | 18 | 3,64 | 1,23 |

social responsibility than to profit maximization. The responses to items 11, 20 and 22 are an indication of either a lack of trust in, or a lack of knowledge about, the free enterprise system. The majority of the respondents, for example, were of the opinion that business makes excessively high profits (Item 20) and that present economic conditions may be ascribed to the excessively high profits made by the business community in the past (Item 11).

An analysis of responses in respect of the responsibility of business towards customers or consumers (especially Items 15 & 16) reveals that society attaches great importance to the responsibility of business towards customers and consumers in general. Furthermore, it appears that it is expected that this responsibility, which, among other things, includes the prevention of dishonest advertising practices (Item 15), should be assumed by the business community itself and should not be imposed by government action.

Concerning the division of responsibilities between government and business (Items 2, 3 & 5) the view is held that business is in a better position than the government to identify social problems as well as to solve these problems (Items 2 & 5). Society is also of the opinion that business improves its chances to maximize profitability in the long run by playing a leading role in the solution of social problems (Item 3). It would thus seem that, on the one hand, society has great confidence in the ability of the business community to solve social problems, while a lack of confidence in business is reflected in the opinion that business is responsible for the fact that the rich are becoming richer and the poor are becoming poorer.

Although no factor related to corporate responsibility towards employees was determined by means of the factor analysis, the responses to items 7, 17 and 23 reveal that society to a great extent expects business to take care of employees. Society seems to be in favour of workers' participation in managerial decision-making (Item 14). Equal representation of workers and owners is, however, not particularly favoured.

It appeared from the personal interviews that managers view the abovementioned results as indicative of a lack of insight on the part of society. Special reference in this respect was made to the finding that social responsibility is considered as being more important than profit maximization. This lack of insight was attributed to an unwillingness among members of the public to lower their standard of living during an economic recession. As a result, it is increasingly expected that the employers take care of the social welfare of employees. Furthermore, managers felt that society is not well-informed about the nature of the free enterprise system. A number of executives stressed the fact that the business community has a responsibility to inform employees, as well as the public in general, about the free enterprise system.

The extent of agreement between the attitude of managers and the expectation of society as far as corporate social responsibility is concerned

In order to determine the extent of agreement between the attitude of managers and the expectation of society, the scale which had been developed on the combined responses of the two groups, was used. This scale consists of 24 items. A high score indicates a positive attitude

towards corporate social responsibility, while a low score is indicative of a negative attitude. The maximum obtainable score is 120 and the minimum score is 24.

The student's t-test was used to test the significance of the difference between the mean scores of managers and society respectively. The nil hypothesis was that no difference existed between the attitude of managers and the expectations of society as far as corporate social responsibility was concerned. As alternative hypothesis it was stated that society was more in favour of corporate social responsibility than the business community. The result of the hypothesis testing appears in Table 7.

Table 7 The difference between the attitude of managers and expectation of society as far as corporate social responsibility is concerned

| Managers | | Society | | pt ¹ |
|------------|--------------------|------------|--------------------|-----------------|
| Mean score | Standard deviation | Mean score | Standard deviation | |
| 66 | 11,01 | 83,12 | 12,79 | 0,00 |

¹Probability of difference between mean scores. The 0,05 level of significance was used.

It appears from Table 7 that society is significantly more in favour of corporate social responsibility than managers. During the personal interviews managers pointed out that increased pressure on business to accept a greater extent of social responsibility is already being experienced. The majority of managers referred to a growing tendency towards a socialist mentality in the sense that society is expecting a more equal distribution of income. It was expected that pressure on business to accept a social responsibility would take different forms. In this respect reference was made to the role of consumer organizations, organized labour, government action and public opinion as expressed through mass media. It was also pointed out during the interviews that pressure is not only expected to be exerted by society, but that companies may influence one another mutually, for example by means of shareholding or in the case of a company being an important supplier or client.

Conclusions

The findings of the research indicate a growing social awareness among South African business leaders. Managers' attitudes that business is in a better position than government to identify social problems and the fact that managers feel that business can make a contribution to the solution of social problems, for example training and education of blacks and energy conservation, are of special importance.

In order to facilitate a coordinated approach towards the solution of the social problems of South Africa, it is of great importance that some form of dialogue between government and business should take place. The need for this communication is reflected in the finding that managers are sceptical about the economic viability of the homelands, while according to government policy the development of the homelands is of cardinal importance for the political survival of South Africa.

In order to facilitate this dialogue between government and business, the finding that business is in a superior position to identify social problems should be taken as starting point. The participation of business in this respect is essential in the creation of a plan of action to find solutions to the social problems of South Africa.

As far as the difference between the attitude of managers and the expectations of society are concerned, it is important that some form of agreement should be reached. On the one hand, society will have to accept that the most important objective of business in a free enterprise system is to maximize profits. In order to establish this acceptance it is of great importance that society should be informed about the system of free enterprise. On the other hand, the business community should be sensitive to the expectations of society and try to meet these expectations within the framework of profit maximization.

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- 3 PRESTON, I.E. & POST, J.E. In: *Private Management and Public Policy — the Principle of Public Responsibility*, 1st Ed., Prentice-Hall Inc., Englewood Cliffs, 1975, p. 106, proposed this method of measurement of the public policy on a specific matter.

Appendix

*The construct validity of a scale is the extent to which the scale may be said to measure a theoretical construct — in this case, the attitude towards corporate social responsibility.

^bBy means of the technique of factor analysis the number of questions in terms of which the attitude of an individual is measured, is reduced to a smaller number of variables or 'factors'. A factor then is representative of a group of questions which measures a common characteristic. A Principal Factor Analysis Model was used. The rotation of axes was carried out according to the 'Direct Oblimin' criterion.

^cThis technique is an innovation of Professor J.M. Schepers of the Department of Psychology at the Rand Afrikaans University. The author wishes to express his thanks to Professor Schepers for his assistance in applying this technique.

^dBy means of item analysis the reliability of individual questions can be determined by investigating the standard deviation for each question, as well as the correlation between the score for each question and the total score for the questionnaire.

^eThe Kuder Richardson 14 reliability coefficient is one of the measurements that can be used to measure the reliability of a scale. This coefficient is a quantification in the form of a correlation coefficient of the consistency of subjects' responses to all questions in the scale.