



GORDON INSTITUTE
OF BUSINESS SCIENCE

University of Pretoria

An investigation into the manner of implementing sustainability in business

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

7 November 2012

ABSTRACT

A fundamental shift in businesses markets in recent times has seen stricter regulation in place, enforcing the need for companies to adopt sustainability strategies. This impacts how companies operate, what they measure and how they report. Businesses need to develop a sustainability strategy that covers a range of key issues and implement it effectively, which in itself can pose challenges. The aim of the research is to investigate how companies in South Africa have successfully implemented or incorporated their sustainability strategy into their core business activities. Sustainability incorporates three key considerations namely social, economic and environmental. Using qualitative research methods, data was gathered to understand companies strategy and their process of successful implementation. Key outcomes of the research was a company view of the drivers of sustainability in companies, the identification of tools and methods crucial to implementation and finally the identification of key enablers and constraints to consider when implementing. The findings led to, two developments. One being the development of a three phased implementation map, that identifies specific tools applicable at each phase based on change theory. Second is a framework that summarizes the key enablers to successfully incorporate sustainability in an organisation.

KEYWORDS

Sustainability

Embed

South Africa

Corporate Social Responsibility

Implementation

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Sheradia Pillay

7 November 2012

ACKNOWLEDGEMENTS

My sincere thanks to my supervisor Donald Gibson for making me passionate about my topic through your great interest. I look forward to your recovery and sharing the progress I've made.

To Dechlan Pillay, my stand in supervisor, I can't thank you enough for your input, direction and pushing me to achieve my best.

To my family and friends, and especially my husband. I thank you for all the love and support through this process.

CONTENTS

CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM	1
1.1 Introduction	1
1.2 Background to the research problem.....	1
1.2.1 Definition of sustainability	1
1.2.2 The importance of Sustainability to business	2
1.2.3 Relevance of Sustainability and Corporate Social Responsibility to South Africa.....	3
1.3 Motivation for the research.....	4
1. 4 Scope of research	5
1.5 Purpose of the research topic.....	5
1.6 Research objectives.....	8
1.7 Summary	9
CHAPTER 2: LITERATURE REVIEW	11
2.1 Introduction	11
2.2. Background of Sustainability and Corporate Social Responsibility	11
2.2.1 Evolution of Sustainability and CSR.....	11
2.2.2 The concepts of Sustainability and CSR	14
2.2.2.1 Corporate Social Responsibility definition.....	14
2.2.2.2 Sustainability definition.....	15
2.3 Drivers for business incorporating sustainability into business practices	16
2.3.1 Governance and Regulation	16
2.3.1.1 King III.....	17
2.3.1.2 JSE SRI	17

2.3.2 Business case for developing a sustainability strategy.....	17
2.3.2.1 Build agility by introducing sustainability to companies.....	17
2.3.2.2 Future investment opportunities	18
2.3.2.3 Improved branding and reputation.....	18
2.3.2.4 Green consumerism: next generation.....	19
2.3.2.5 Business cost reduction	19
2.3.2.6 Social benefits.....	19
2.3.2.7 International business considerations.....	20
2.4 Elements of Sustainability and CSR frameworks.....	20
2.4.1 CSR analysis.....	20
2.4.2 Implementation framework.....	21
2.5 Organisational considerations for business	23
2.6 Change management.....	24
2.7 Factors that impact implementation of CSR and Sustainability	25
2.8 Implementation of sustainability within business	26
2.8.1 Monitoring and control aspects of implementation.....	30
2.9 Summary	31
CHAPTER 3: RESEARCH QUESTIONS	33
3.1 Introduction	33
3.2 Research Question 1	34
3.3 Research Question 2	34
3.4 Research Question 3	35

CHAPTER 4: RESEARCH METHODOLOGY	36
4.1 Introduction	36
4.2.1 A qualitative design.....	36
4.3 Methodology used in the selection of a company	37
4.3.1 Company selection criteria.....	38
4.3.2 Data collection	39
4.4 Method of Data Collection	42
4.4.1 Unit of analysis	42
4.4.2 Sampling method.....	43
4.5 Data Sources	43
4.5.1 Data gathering process.....	43
4.5.2 Secondary data	43
4.6 Data analysis and presentation	43
4.7 Data validation and reliability.....	44
4.8 Assumptions	44
4.9 Limitations.....	44
4.10 Summary.....	45
CHAPTER 5: RESEARCH RESULTS	46
5.1 Description of Sample under study.....	46
5.1.1 Summary of the interview process	46
5.2 Research Question One: The drivers of sustainability in a business.....	48
5.2.1 Business perspectives of sustainability	48
5.2.2 Key drivers for incorporating sustainability	52

5.2.3 Adaptation of business model to implement sustainability strategic objectives.....	53
5.2.4 Level of incorporation of sustainability within organisations.....	55
5.3 Research Question Two : The approaches, processes and or tools used by business to incorporate their sustainability strategy	57
5.3.1 The key measurement tools used to incorporate sustainability	58
5.3.2 The use of integrated reporting to incorporate and embed sustainability.....	62
5.3.3 The importance of integration when implementing sustainability.....	62
5.4 Research Question 3: The key enablers and constraints to consider when implementing a sustainability strategy.....	63
5.5 Additional research findings	65
5.5.1 Stages of implementation	66
CHAPTER 6: DISCUSSION OF RESULTS.....	
6.1 Introduction	67
6.2 Interpretation of findings relating to Research Question 1	67
6.2.1 Business perspective of sustainability.....	69
6.2.2 Key drivers for incorporating sustainability.....	70
6.2.3. Adaptation of the business model.....	73
6.2.4 Level of incorporation	73
6.3. Interpretation of findings relating to Research Question 2	74
6.3.1 The importance of integration when implementing sustainability.....	78
6.4 Interpretation of findings relating to Research Question 3.....	79
CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS.....	83
7.1 Summary of findings	83
7.1.1 Summary of main findings	83

7.2. Applicability of the study to other institutions	85
7.3 Recommendations for Future Research	85
REFERENCES	86
Appendix A	94

FIGURES

Figure 1: Impact made on the world by consumption.	7
Figure 2: A systems approach to sustainability.....	16
Figure 3: Levels of analysis, corporate identity, and corporate responsibilities	23
Figure 4: Eight steps to successful change	25
Figure 5: Links between strategy and corporate social responsibility.	27
Figure 6: A three-phase CSR cultural model	29

TABLES

Table 1: The five dimensions, how the coding scheme was applied, and example phrases.....	15
Table 2: Top 10 Carbon Leadership index	40
Table 3: Companies Forming Part of Research Study.....	41
Table 4: Respondents interviewed	44
Table 5: Particulars of the sample interviewed.	48
Table 6: Drivers of Sustainability Identified from Companies Studied.....	53
Table 7: Tools and Approaches used by Companies	61

ABBREVIATIONS

CDLI	Carbon Disclosure leadership index
CDP	Carbon Disclosure Project
CR	Corporate Responsibility
CSR	Corporate Social Responsibility
DJSI	Dow Jones Sustainability Index
GRI	Global Reporting Initiative
JSE	Johannesburg Stock Exchange
SA	South Africa
SD	Sustainable Development
SRI	Sustainability Responsible Investment

CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1 Introduction

“The question is no longer whether we need to address sustainability, nor is what needs to be done under discussion. The issues centre around when and how sustainability is addressed. (World Business Council for Sustainable Development, 2010).

The aim of this study is to investigate how companies in South Africa have successfully implemented or incorporated their sustainability strategy into their core business activities.

1.2 Background to the research problem

"During the last decade, reporting of nonfinancial information has become widespread. While only 44 firms followed the GRI guidelines to report sustainability information in 2000, by 2010 the number grew to 1,973. National governments and stock exchanges have promoted sustainability reporting by adopting laws and regulations that specifically mandate this form of disclosure". (Ioannou & Serafeim, 2012).

A fundamental shift in businesses today is the increased pressure to adopt sustainability strategies, which changes how companies operate and what they report on. Businesses now need to deploy a sustainability strategy that covers a range of key issues, and implement it effectively, which in itself can pose challenges. This is the central to the research study.

1.2.1 Definition of sustainability

For the purposes of this study, *sustainability* is based on four elements regarded as the systems approach, and includes the economic system, socio-political system, and ecosystems it's seen as being embedded within each other and then integrated by governance structures. (National Framework for Sustainable Development, p. 15). These are all elements for consideration in all South African companies and to a large degree impact the development of company-specific sustainability strategies.

When exploring the concept of sustainability within business, it should be with the lens that, "sustainable development, is development that meets the needs of the present without compromising the ability of future generations to meet their own needs"(World Commission on Environment and Development, 1987, p. 14).

The concept of *Corporate Social Responsibility (CSR)*, perhaps a more widely understood term, will also be referred to throughout the study, as its definition is similar to that of *sustainability*, and incorporates the same elements affecting businesses. “There are many available definitions of CSR and they are consistently referring to five dimensions: namely, environmental, social, economic, stakeholder and voluntariness” (Dahlsrud, 2008, p. 6).

1.2.2 The importance of Sustainability to business

Sustainability plays an important role in business for a number of reasons. These reasons should not be considered in isolation but rather viewed in conjunction with each other. The impact of societal and environmental change and an increase in regulatory requirements means that an increasing number of organisations need to integrate sustainable business practices within their organisation, which is a business challenge. For example, King III code of Governance in South Africa requires firms to integrate reporting across all areas of performance, reflecting the choices made in the strategic decisions adopted by the board, and should include reporting in the triple context of economic, social, and environmental issues (United Nations Environment Programme, 2011, p. 11)

The views on sustainability are that it provides a lens through which companies should look at long-term perspectives, as sustainability is largely impacted by the shifts in the external environment. Business must inevitably take a view on how these external shifts and events will unfold and in so doing, understand how businesses should respond in a way that sustains operations (Yawitch, 2012). There is a need for sustainability in companies, as it will enable them to make better business decisions in the short term for future benefits. This begins in most companies by defining what sustainability means to the organisation and its relevance to strategic goals and direction.

As confirmed by Van Marrewijk (2003, p. 92), a successful Corporate Social Responsibility (CSR) strategy has to be context-specific for each individual business, i.e. it must determine which specific CSR issues have to be addressed, and how to engage with stakeholders. Other than the ability to positively impact decision-making and operations of the firm,

“Socially responsible business practices respect and preserve the natural environment; strengthen corporate accountability by respecting ethical values and acts in the interests of all stakeholders. This will help improve the quality and opportunities of life, help empower people and invest in communities where a business operates in” (Dahlsrud, 2008, p. 9).

The relevance and importance of sustainability impact all stakeholders - sustainability impacts the way companies operate. Depending on the nature of the firm, there may be one or more dimensions of sustainability deemed more important, i.e. environmental sustainability for mining companies. The importance of sustainability has been relevant for decades, however, due to the increased production and consumption, the unethical behaviour of some firms, or simply the negative irreversible impact some firms have had on the environment - there is more regulation and governance forcing companies to adapt and adapt quickly. This puts pressure on firms to develop, implement, and integrate more sustainable practices within firms. However, when businesses have complied, there have been positive benefits associated with sustainable practices, which allow firms to leverage.

1.2.3 Relevance of Sustainability and Corporate Social Responsibility to South Africa

Sustainability or CSR practices are highly practiced and incorporated in South Africa and globally, with increased regulation enforcing governance, reporting or other aspects of compliance across the dimensions of sustainability. Therefore, its relevance, impacts the ways South African companies operate both locally and at an international level.

The apartheid era in South Africa pre-1994 could be the reason why most businesses operate differently from other countries (Visser & Tolhurst, 2010, p. 363). During this period, businesses were implicated, as some were involved in the exploitation of labour, as well as low occupational health and safety standards - it also gave rise to the early manifestations and repercussions of voluntary business initiatives that pushed for government policy changes / interventions. Given South Africa's history, according to Visser et al., (2010), CSR in post-apartheid SA was strongly influenced by the socio-political mandate of nation building. The drive towards a greater inclusion of CSR concepts in the management of companies is supported by government, and by the introduction of the King III Code of Governance, and the Johannesburg Stock Exchange's introduction of the Socially Responsible Investment index (SRI). A number of other factors (Visser *et al.*, 2010, p.364) in South Africa are also shaping CSR.

A realisation of the importance of the dimensions of sustainability and CSR by major shareholders on the Johannesburg Stock Exchange (JSE): listed companies are pension funds and financial institutions representing ordinary people. Hence, the introduction of the JSE SRI index, which put additional pressure on listed companies to implement sustainability strategies.

The concept and rationale of CSR are strongly guided by governance structures in the King Report III. This was the first report that embraced concepts of stakeholder engagement, ethics, and environmental management and actively encouraged an inclusive approach to these issues. CSR strategies in SA are typically modelled around sector partnerships such as mining or banking. CSR is largely dealt with as a business investment in communities or in the environment (Corporate Social Investment). The challenge is to link this investment to business returns in order to be able to justify future spending, and in building the overall business case. Despite CSI being important to companies and widely practiced, there is a perception that it is not generally integrated into the core business. With the above factors in mind, it could be deemed that business in South Africa is going through a transition period that includes adopting sustainability or CSR practices.

1.3 Motivation for the research

The importance of sustainability, its relevance to South African businesses, the current state of some sustainability elements and the current transition phase, highlights the need for business guidance around how to successfully incorporate sustainability.

South Africa faces a few sustainability issues, like energy security, carbon emissions, increasing costs of energy, water scarcity, health, and safety (UNEP and KPMG, 2011). These issues will impact some companies more than they will impact others, depending on the nature of the company's operations, and therefore impact on the degree of sustainability measures required. Its integration is likely to differ, depending on the risk associated. For example, a mine with safety issues faces the likelihood of closure. Closing down mines will have a huge impact on all South Africans, impacting on jobs, the country's GDP, its global competitiveness, and will impact prices in South Africa - should there be a need to import more raw materials. Ensuring mines operate in a sustainable manner is part of the country's priorities, not only the mine's shareholders.

In light of these pressures, many companies are showing leadership and implementing innovative and exciting sustainability projects. Yawitch (2012) cites numerous examples that have led her to this conclusion: Unilever's ambitious sustainability plans, Vodacom's new green innovation centre, Imperial Logistics' work on reducing emissions, Exxaro's plan to produce renewable energy, Woolworths' sustainability journey, Siemens' support of local government, Afrisam's work on energy-efficient cement and Anglo American's new R100 million fund to support green economy enterprises. These firms have invested a great deal of resources into their business to undertake initiatives proactively that will allow the business to operate better in the future and have lesser impact on the environment whilst growing and achieving shareholder targets.

1.4 Scope of research

Over the last few decades, the concept of corporate social responsibility (CSR) has continued to grow in importance and significance (Carroll & Shabana, 2010, p. 85). However, despite it being key to organisations, Maon, Lindgreen and Swaen (2010, p. 2) state that existing guidelines for implementing CSR and the verifiable criteria for it still lack theoretical or empirical support, especially from a dynamic perspective.

“How to embed sustainability in management processes engenders new mental models for responsible leaders wanting to take their first steps towards change” (Ethical Corporation, 2012). Embedding sustainability into an organization’s strategy and decision-making processes helps to reduce future regulatory, resource and price risks and provides a vision of how business may be impacted by short, medium, and long-term environmental and social changes. It also provides a more holistic view of the organization in terms of its operations, risks, and opportunities to enable more sustainable management and value creation into the future (The Prince's Accounting for Sustainability Project, 2012)

Recent research conducted by the Ethical Corporation (2012) showed that when respondents were asked, “does your company recognise the value of embedding corporate responsibility (CR) into business practice” an overwhelming 97% said Yes.

There are companies that are more highly regarded than others are, in their efforts to effectively implement CSR and sustainability within their organisations. The aim is to link the research and models from past studies and the outcomes of the primary quantitative research to help build a framework or reference guide for businesses to utilise. This will aim to assist in successfully embedding CSR and sustainability strategy within organisations.

CSR is often implemented in isolation. Research suggests a lack of understanding around company strategy and implementation of CSR strategy into an organisation. This will allow it to become embedded as part of organisational culture and DNA, making longer-term sustainable business easier to monitor. This allows for clarification on the research problem.

1.5 Purpose of the research topic

The purpose of the research is to look at ways of how companies are able to successfully implement sustainability within the organisations, which will encourage new firms to become sustainable and to have an overall positive impact on businesses in South Africa.

According to a 2002 survey conducted by PricewaterhouseCoopers, 70% of surveyed global Chief Executives believe that CSR is vital to their company’s profitability. According to Carroll

and Shabana (2010, p. 93), there is a need to address CSR and hence the evolution of CSR into the core of the business function, which is central to the firms overall strategy and vital to its success.

A more recent study conducted by Cooper, Hayward, Lacy and Neuberger (2010), looked at the New Era of sustainability by engaging with global leaders to gather their insights and challenges around the topic. Results show that this is the decade that CEO's believe could usher in a new era where sustainability issues are fully integrated into all elements of business and market forces are truly aligned with sustainability outcomes (Cooper et al., 2010, p.2). This is especially so in the face of rising global competition, technological change and the most serious economic downturn in nearly a century: 93 percent of CEO's see sustainability as important to their company's future success (Cooper et al., 2010, p. 10).

According to the study by Cooper et al. (2010), CEO's believe that execution is now the real challenge to bringing about the new era of sustainability, however, there is confidence among business leaders about their progress toward this new era is strong, and their companies are taking concrete steps toward embedded sustainability. Compared to just 50% in 2007, 81% of surveyed CEOs stated that sustainability issues are now fully embedded into the strategy and operations of their company. However, our conversations suggest that while sustainability has clearly become part of how many businesses operate, it has yet to permeate all elements of the core business—that is, into capabilities, processes, and systems. In particular, CEO's see the difficulty of implementation, especially across supply chains and subsidiaries, as the top barrier to the full integration of sustainability.

The World Wide Fund (WWF) recognised the need to address market failures such as addressing the costs of environmental damage as well as long-term structural challenges in the global economy including environmental sustainability. David Norman, director of campaigns at WWF-UK, said, "Dr Cable's recognition of the need to embed environmental sustainability and plan for the long term in the UK's industrial strategy is important. However, the government must remember that the low-carbon and environmental services sector is growing strongly and that it also needs vocal government support; action to support the renewable energy sector is going to be a test of this" (website: http://www.wwf.org.uk/what_we_do/press_centre/?unewsid=6198 12 September 2012)

Figure Impact made on the world by consumption. Source: wwf.org.uk

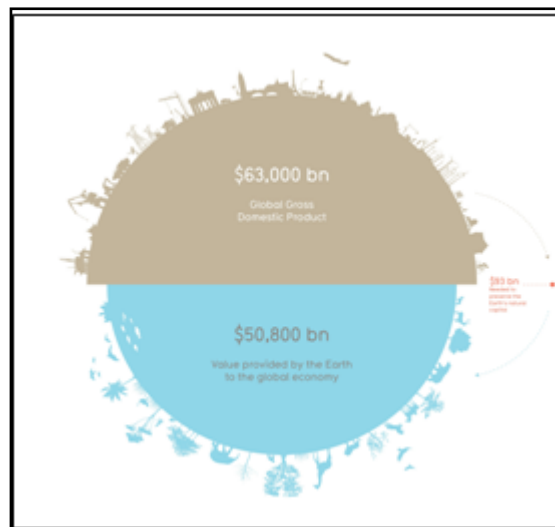


Figure one shows the current impact of global activities on the planet by comparing the Global Gross Domestic Product of \$63 000 billion to the \$50 800 billion value provided to the global economy by the earth. This clearly illustrates the impact of global activities on natural resources.

Despite the challenges businesses face, and since the need for sustainability to be embedded in organisations has been proven in past surveys, current models and suggestions available to managers remain unclear. For example, some authors suggest that CSR implementation occurs only through incremental transformational changes, whilst others argue that it takes place through radical transformational changes in which managers must rethink their prevailing views about strategy, technology and markets, as set out by Maon, Lindgreen, and Swaen (2010, p. 2). Incremental transformational changes mean that a phased step-by-step change over a longer period is required, compared to radical transformational change that requires a complete overall of strategic objectives to incorporate sustainability activities and force the business to consider its impact through accelerated change programs and measure.

According to an article published by Ethical Corporation (2012), big businesses often struggle to capitalise on the opportunity presented by corporate responsibility for reducing costs and increasing sales. Large companies are increasingly keen to work out the key social and environmental risks for different departments across their business. For example, over 1000 companies now use the indicators of the United Nations Environment Programme (UNEP), Global Reporting Initiative to help them work out useful signs of progress on responsible business. However, from research conducted by Ethical Corporation, it is clear that setting

targets and then benchmarking progress of how much traction CSR has within a business can be extremely complicated.

A recent survey conducted by Ethical Corporation (2012) shows that 93% of all business respondents agreed with the statement that companies recognise the value in embedding Corporate Responsibility into business practices, with 33% currently delivering on it, 33% working on it, 27% just starting, and only 7% not having started. This reveals that businesses do see value in developing a more sustainable culture and in embedding corporate responsibility across management processes. A study highlighted that the challenge for organisations is to find a way to incorporate awareness of social political issues into core strategic decision-making and therefore, the need to understand how companies have been successful at this integration (Bonini, Mendonca, & Oppenheim, 2006).

Maon, Lindgreen, and Swaen (2010, p.3) conclude that certain studies fail to resolve the approaches to integrate CSR into an organisation's culture and strategy, and states the need for systematic, interdisciplinary literature review on CSR implementation and change models. The above evidence assists in confirming the need for further research to be conducted in a particular field and, even more so, clarification around the research problem to be explored.

1.6 Research Objectives

The objectives of the study are to:

- Understand the main drivers for business incorporating sustainability practices,
- Understand how business incorporate sustainability into the business activities,
- Identify key elements that make the implementation phase a success,
- Identify what tools and measurements are used when implementing sustainability and the importance of each to the process,
- Establish if the organisational levels, or the business stage and leadership impact the development and implementation of sustainability in business,
- Create a framework of key elements required by businesses to implement sustainability strategies based on literature review and primary research findings.

The research topic: An investigation into the manner of implementing the concept of sustainability into business.

1.7 Summary

CSR is gradually becoming a leading issue in business as strategy confirmed by Cramer, Jonker, and Van der Heijden (2004, p. 215). In agreement according to the Prince's Accounting for Sustainability Project (2012), the health and stability of our businesses and economies are dependent on the health and stability of both the natural environment and the people living within it, rather than vice versa. In order to create and maintain value into the future, organizations therefore need to integrate sustainability into their overall strategy and decision-making processes. Graham and Bertels (2009) argue that, while there is an increasing agreement that business needs to embrace sustainability, research in the management field on sustainable development theory still provides only limited guidance for how this can be done.

Therefore, the research aims to understand and analyse companies that have been successful in the sustainability efforts to enable other firms by conducting “an investigation into the manner of implementing the concept of sustainability in business”. This should provide insight for other firms to adopt similar methods or key learning's to improve their implementation of sustainability strategy.

Chapter one aims to explore the need for this type of research by understanding the current challenges and problems faced among the various industries in South Africa. Sustainability impacts businesses to a different degree depending on the nature of the business, and there is therefore a need to understand how companies have successfully implemented sustainability within their business.

The study is conducted on pre-selected South African companies that have successfully developed and implemented sustainability strategies in their organisation. The intention is to draw insight and lessons from these companies for the rest of the South African business community wishing to be more effective in implementing sustainability. These companies will be analysed based on past literature that suggested the areas key to successful implementation or embedding of sustainability strategies.

Chapter Two provides an overview of sustainability with insights from past research studies on ways and techniques used to successfully implement sustainability strategies. Chapter Three is a summary of the key findings and recommendations of chapter two, and helps formulate research questions to answer the research problem.

Chapter Four provides a detailed overview of the research methodology used to select the appropriate company sample, as well as the nature of the qualitative research and its design to gather data based on the set of questions identified in Chapter Three

Chapters Five and Six provide a detailed presentation of key data collected from the sample companies and interviewees. This is further analysed and key findings or trends are identified in order to successfully answer the research questions. Chapter Seven provides a summary of the research study and makes recommendations for future research.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The research problem identified in Chapter One looked at the current challenges facing businesses in South Africa, given the environment they operate in, global changes, and the increased pressure from stakeholders to operate businesses in a sustainable way. Chapter two aims to review past literature to add insight into the research problem and gain an understanding of the types of research already conducted and identify solutions or techniques that enable firms to successfully incorporate sustainability into their business.

Four key themes were identified from the literature:

- Background on Sustainability and Corporate Social Responsibility
 - Evolution of Sustainability and CSR
 - Definition of Sustainability and CSR
 - Differences between Sustainability and CSR
- Drivers of sustainability in business
 - Regulation governing sustainability in South Africa
 - Business case for sustainability in business
- Elements of sustainability and CSR
 - Implementation of sustainability within business
 - Factors that impact implementation of CSR and Sustainability
 - Implementation of sustainability within business

2.2. Background of Sustainability and Corporate Social Responsibility

2.2.1 Evolution of Sustainability and CSR

In the late 18th century Adam Smith, a Scottish philosopher and economist, wrote numerous articles relating to modern sustainability, His most notable published work was *The Wealth of Nations*, in which he supported the concepts of free trade and the free market on which classic market economy was based. Smith described an economy that would function with each individual at the highest productivity but allocated to task that added value in a supply chain that included the entire economy in order to equally benefit many instead of individuals being solely focused on pursuit of their "own gain" and security (Smith, 1776). This was the base from which concepts such as CSR and sustainability evolved, because when underlying principles were similar, business operated for the greater good of all stakeholders.

This thinking later evolved according to Carroll and Shabana (2010), who stated that the evolution of the more modern concept of CSR began in the early 1960s. At this time, social activists drove the evolution, leading to the theory that business was not operating as described by Smith and that equality may have been an issue. According to Hart (1997), corporations were in a state of denial regarding their impact on business in the 1960s and 1970s, which is probably the reason for increased activism.

CSR was more clearly defined and widely understood as the concept developed through the 1980s to the 2000s. According to Fedrick (2000) these changing definitions were due to the introduction of the era of global corporate citizenship. This encompassed the arenas of philanthropy, partnership work on social issues with communities where companies were located and strategic business intent (Smith & Waddock, 2002).

Further to this Carroll and Shabana (2010), state that business and community interest in sustainability and sustainable development grew in the early 2000s. This may have been a more integrated way to view the concepts put forward by Smith: CSR, Global Corporate Citizenship, and now, Sustainability and Sustainable Development. As time passed, markets became more global, were controlled by various regulations, and had a larger dependency on natural resources. These could be reasons for the evolution in CSR and in definitions of Sustainability.

Major reasons for shifts in evolution

Businesses are faced with more variables to consider when operating their business from all aspects, hence the increased pressure to be strategic and consider sustainable issues now, in order to avoid a negative impact in the future. Sustainability forces business to consider these issues and integrate into business as usual activities. Resource intensive or organisations with high consumption of particular resources were likely to consider this more carefully than less dependent companies were. For example the pressures mining has on the environment and social aspects should mines close, alternatively larger issues companies face should they use high amounts of energy that emit carbon. Hart (1997) explained that a series of highly visible ecological problems created a groundswell of support for strict government regulations as in the United States, Lake Eric was dead, and in Japan, people were dying of mercury poisoning. This was evidence that companies were in fact harming the environment. Increased regulation would have forced companies to shift focus and be more socially and environmentally aware.

Conversely, though, Lewitt (2005) expressed concerns about the dangers of social help, he claimed that social concerns and general welfare were not the responsibility of business but of government, and that business's job was to take care of the more material aspects of welfare

(Carroll & Shabana, 2010, p. 87). This stemmed from a fear that these social activities would move the core focus of businesses away from profitability. If business focus shifted away from profitability this, would negatively impact shareholders and reduce competition in the overall market, which would have a negative impact on the consumer and make them socially economically worse off. The shift in focus could affect the entire business model, dependant on the nature of the firm.

Hart (1997) acknowledged the progress made by many companies to do no harm to the environment and in introducing greening aspects to their business; He believed the challenge was to develop a sustainable global economy: an economy that the planet is capable of supporting indefinitely. This means sustainability is in fact a global issue with global considerations.

Maon, Lindergreen, and Swaen (2010, p. 1) notwithstanding various current theories, discussed the evolution of CSR in two ways, moving from a discussion of macro-social effects to an organisation-level analysis of CSR and its impact on organisation process and performance. [d1]

Future generations paying for past mistakes

The repercussions of the delay between becoming aware of sustainability issues and their implementation did have a longer-term impact on the economy. Even if the world had zero emissions by 2000, it would still be stressed beyond its carrying capacity. (Hart, 1997, p. 67) This is because of the impact or severity of past emissions on the environment that cannot be reversed by reducing emission at this stage. By 2012, emissions had not been reduced to the level they should have had. This poses further challenges for business to consider such as how to address past effects, in addition to fixing current issues.

Komiyama and Takeuchi (2006) stated that the cause of the current crisis in sustainability was the industrialisation that followed the industrial revolution and the rapid economic growth it fostered. One result was the increasing consumption of fossil fuels and other non-renewable resources, a level of consumption that has led to some calling the twentieth century "the century of explosive expansion". These periods had a correlation with the increased social activism and increased evolution of CSR decades before. This could have been compounded by businesses' lack of action during the times of activism, leading to the current situation.

On the contrary, Hart (1997) argued that the root cause of this sustainability / environmental problem could have been the explosive population and rapid economic growth in emerging

economies. Business's logic for greening was seen as largely operational or technical bottom-up pollution prevention, with few executives realizing that environmental approaches might actually become a source of revenue growth. Both root causes seem viable and show that a lack of action of past generations has negatively impacts society today. Hence, the importance of business being proactive in developing and implementing sustainability practices to shape future evolution of sustainability and CSR elements. In addition to this is the need to build a bridge between the present and future generations; this rests on the ethical principles that present generations have a duty to restrain their consumption of resources in order to conserve them for future generations.

2.2.2 The concepts of Sustainability and CSR

From the above-mentioned insight into the evolution of the concept of sustainability and CSR, the concept of CSR could have evolved over time due to elements it is incorporating. This could lead to new definitions of sustainability or sustainable development.

2.2.2.1 Corporate Social Responsibility definition

Kolk and Van Tulder (2010, p. 120) explain that Corporate Social Responsibility involves managing a firm in such a way that it can be economically profitable, law abiding, ethical and socially supportive in complex environment.

Other authors, such as Carroll and Shabana (2010, p. 89) suggest a four-part definition of CSR: “the social responsibility of business encompasses the economic, legal, ethical and discretionary (philanthropic) expectations that society has of organisations at a point in time”. Visser, Tolhurst, Pohl, and Matten (2008, p. 122) define CSR as “the general belief held by growing number of citizens that modern businesses have responsibilities to society that extend beyond their obligations to stockholders or investors of the firm”. Similarly, Clark-Murphy, Gerrans, and Kristoffersen (2005) define CSR as “actions that appear to further social good, beyond the interests of the firms and that which is required by law. The World Business Council on Sustainable Development (2001, p. 8) defines CSR as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at a large.

According to Kristoffersen, et al. (2005), the weakness in some definitions is it carries an underlying message assuming social responsibility is a non-commercial activity. This could be

the reason for more comprehensive concepts such as sustainability or sustainable development being introduced.

“There are many available definitions of CSR and they are consistently referring to five dimensions environmental, social, economic, stakeholder and voluntariness, (Dahlsrud, p. 6).

Table 1: The five dimensions, how the coding scheme was applied and example phrases.

Dimensions	The definition is coded to the dimension if it refers to	Example phrases
The environmental dimension	The natural environment	'a cleaner environment' 'environmental stewardship' 'environmental concerns in business operations'
The social dimension	The relationship between business and society	'contribute to a better society' 'integrate social concerns in their business operations' 'consider the full scope of their impact on communities'
The economic dimension	Socio-economic or financial aspects, including describing CSR in terms of a business operation	'contribute to economic development' 'preserving the profitability' 'business operations'
The stakeholder dimension	Stakeholders or stakeholder groups	'interaction with their stakeholders' 'how organizations interact with their employees, suppliers, customers and communities' 'treating the stakeholders of the firm'
The voluntariness dimension	Actions not prescribed by law	'based on ethical values' 'beyond legal obligations' 'voluntary'

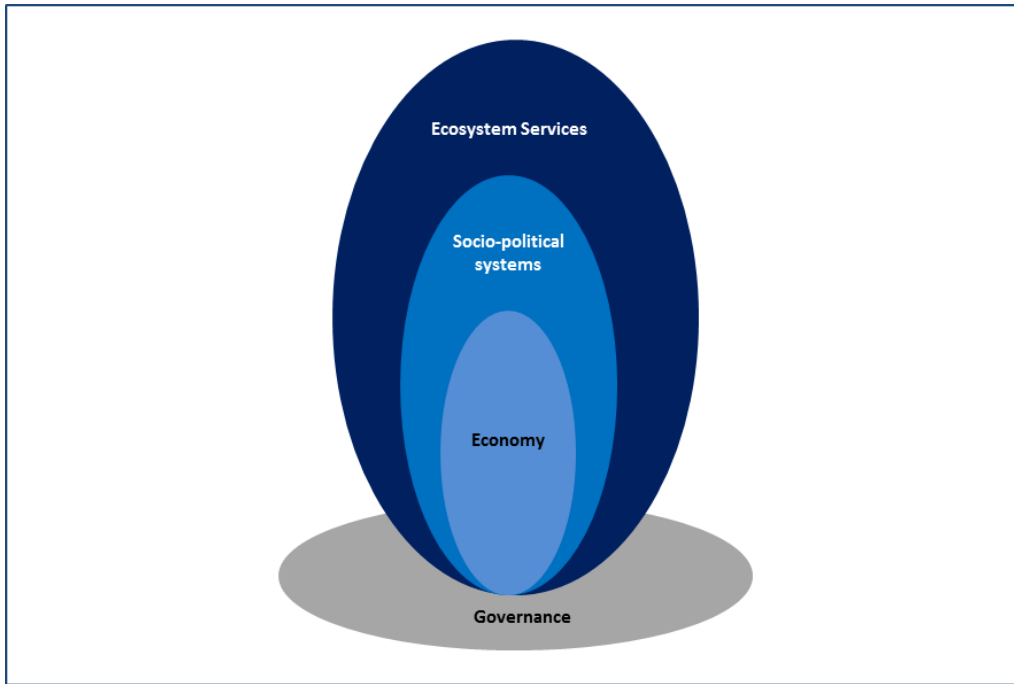
These elements incorporate critical elements in sustainability and hence the close relationship.

2.2.2.2 Sustainability definition

Tarlock (2001, p. 36) described sustainable development (SD) as development that met the needs of the present without compromising the ability of future generations to meet their needs. Similarly, there were three core ideas to sustainable development, such as acceptance of limitations on the exploitation and consumption of many resources, the recognition that the present generations owe conservation duties to future generations, and the necessity to integrate these duties into individual as well as public choices.

The research study used the definition outlined as inclusive of four elements regarded as the systems approach, as it includes the economic system, socio-political system and ecosystem as it is seems as embedded within each other and then integrated by governance structures. (World Commission on Environment and Development, 1987, p. 15).

Figure 2: A systems approach to sustainability



When exploring the concept of sustainability within business, it is with the lens that "Sustainable development, is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987, p. 14). These terms can be used largely interchangeably, as they cover core key elements such as the economic, socio-political, legal, and environmental.

Briefly, the commitment of business is to contribute to sustainable economic development, working with employees, their families, the local community and the wider society to improve their quality of life. (World Business Council on Sustainable Development, 2001, p. 6)

2.3 Drivers for business incorporating sustainability into business practices

2.3.1 Governance and Regulation

As highlighted above the evolution and development of sustainability concepts since the 1800s could be a result of the increase in both the consumption and production behaviour. Over the last few decades, this has led to society as a whole becoming more vocal about the risks and issues. In some instances, this has put pressure on regulators to implement stronger controls. South Africa introduced King III on Corporate Governance and the Johannesburg Stock Exchange introduced the JSE Socially Responsible Investment Index (SRI), which applied to all listed companies.

2.3.1.1 King III

King III covered a number of aspects but with an emphasis on sustainability, risk management, remuneration, structure, and the composition of Board and Directors (KPMG, 2009).

There was increased emphasis on sustainability and its inseparable interface with strategy and control ('integrated governance') in overall entity governance. It was recommended that the impact of sustainability issues in relation to risk management and the need for forward-looking economic and stakeholder reporting to be investigated.

2.3.2 Business case for developing a sustainability strategy

The business case for sustainability was becoming more established to businesses and could be classified as having either economic or non-economic benefits. Other than linking it to potential financial benefits, there were other aspects such as improved branding and competitiveness in the market, and improved customer perception, as the business was deemed socially and environmentally responsible. (This translated into direct benefits for the community and how businesses were run, which would have a longer-term future impact.) This could result in an increase in future investment as external investors considered a company's sustainability when deciding where to invest.

2.3.2.1 Build agility by introducing sustainability to companies

Pursuing a mission of sustainable development could make our firms more competitive, more resilient to shocks, nimbler in a fast-changing world, more unified in purpose, more likely to attract and hold customers and the best employees, and more at ease with regulators, banks, insurers, and financial markets. (World Business Council on Sustainable Development, 2002, p. 1)

In the last decade, more emphasis has been placed on linking CSR to the performance and financial impact of the organisation, thus building a stronger business case for CSR. Depending on their nature, firms may have direct benefits from CSR investments compared to others that only enjoy secondary benefits. By ensuring there was a business case and that the business was aware of its benefits, a supportive environment would be created to integrate sustainability into the organisation and would not be questioned when compared to alternative investments or considered when cost-cutting exercises occurred during down business cycles.

Burke and Logsdon (1996) referred to the more difficult economic conditions forcing companies to examine their CSR activities and its feasibility. The authors also referred to the limited nature of empirical studies in this regard. The authors investigated how CSR programmes could create strategic benefit for the organisation by asking the research question “under what conditions does a firm jointly serve its own strategic business interests and the societal interests of its stakeholder?” It was believed that without a clear understanding of strategic benefits, top management would not invest in CSR practices. “CSR might entail short-term costs, but it paid off for the firm in the long run, although agreed that research to prove this was difficult due to the lack of firms and statistical data” (Burke, et al. p. 496).

2.3.2.2 Future investment opportunities

The benefits of sustainability and its impact or relationship on future investments were becoming more recognised by the external market and therefore forced companies to consider their sustainability strategy and its impact on future investments. Sparkes and Cowton (2004, p. 45) agreed, and added that “not only has Social Responsible Investment (SRI) grown significantly but it has also matured, in the sense that it has become less complex and begun to enter the mainstream of investment practice.” SRI allowed individuals with different social and environmental concerns to participate in financial products that avoided investing in particular areas. It concluded that the greater interest in SRI was likely to increase company pressure for Social Corporate Responsibility, which would drive SRI in companies.

2.3.2.3 Improved Branding and Reputation

Carroll and Shabana (2010, p. 97) illustrated a different aspect, that through other secondary recourses benefits of CSR included improving competitiveness, building brand by strengthening legitimacy and reputation, increasing customer loyalty, and the added benefit of a reduction in risks and costs. A recent poll of 25 000 citizens in twenty-three countries reported that public impressions of companies are increasingly being influenced by CSR (Arthaud-Day, 2005).

2.3.2.4 Green Consumerism: Next generation

Consumer preferences and behaviour are also changing and this may result in firms facing even greater challenges to become sustainable and ensure it is integrated into normal business operations to the largest possible extent. The concept of Green consumerism discussed by Muldoon (2006) highlighted that worldwide this is a growing trend, whereby

customers prefer to buy products that satisfy high standards of aspects of sustainability such as environmental protection. Green consumerism was defined as the purchasing decisions made by consumers based partly on environmental or social criteria (Muldoon, 2006).

2.3.2.5 Business cost reduction

Hart (1997) highlighted the need for business to be recognised more for its environmental awareness than for its cost cutting, and for risk reduction that was aligned to strategy and future growth. He described the need to identify the existing type of economies, whether a market economy, survival economy, or natural economy. To reduce environmental burden, according to Hart (1997), it would be necessary to reduce population, lower levels of consumption, or fundamentally change the technology used to create wealth. The first two are almost unattainable in the short term, leaving the use of technology as the only feasible solution.

2.3.2.6 Social benefits

By becoming more aware of the benefits to both the firm and its stakeholders, managers can make better decisions about CSR activities. For example, in a community suffering from high school dropout rates, managers could design and implement many effective programmes for keeping at-risk teenagers in school. Burke and Logsdon (1996) recognised the long-term investment characteristics of CSR (as opposed to thinking of CSR merely as current period expenditures), meaning that normal business decision rules would select those CSR activities that added the most value and corresponded with strategic goals.

According to Bonini, Mendonca, & Oppenheim (2006), CSR activities introduce a concept of social contracts. These contracts should embrace not only direct stakeholders (shareholders, employees, consumers, regulators, etc.) but a wider set of stakeholders that included communities, media and even educational houses and the non-profit sector) The social contract had different levels, one being the regulations that guided how business operates within society (For example, child labour regulations), and the next semi-formal requirements. Bonini et al.(2006) shared the example of increased pressure on the United States food industry to take responsibility for the large percentage of obese people; MacDonald's and many other chain stores have had to introduce new healthier food items due to social pressures to be more responsible.

Social and environmental impacts on international business (IB) are not new; there is evidence of these impacts from before 1960. However, the past few years have seen renewed interest, due to pressing global problems such as climate change, poverty, human rights

violations and HIV/AIDS. All these factors affect the environment in which the company operates, the customers they service, and their internal environment.

Firms are faced with a range of issues affecting stakeholders and the institutions, in both home and host countries, with research interest in Corporate Social Responsibility (CSR) activities and any sustainable development implications for International Business.

Systematic study and inclusion in the literature has been lacking. Kolk and Tulder (2010, p. 119). Tarlock (2001, p. 38) contrasted the concepts of sustainable development and environmental sustainability. He raised concern around countries such as China, which embraced the idea of sustainable development while still violating multiple environmental laws.

2.3.2.7 International business considerations

Multinational enterprises' (MNEs) CSR activities are seen as becoming increasingly strategic in the sense that they affect the core business of the firms and their growth, profitability, and survival. CSR is regarded as a potential source of competitive advantage. Some firms are actively searching to link their CSR strategies to core activities in order to manage international operations and earn a license to operate in different cultural and institutional settings. (Kolk & Van Tulder, 2010, p. 120).

Kolk and Tulder (2010) acknowledged the lack of regulation on social and environmental issues, which provided opportunities for Multinational companies and required a balance between society and environment.

2.4 Elements of Sustainability and CSR frameworks

2.4.1 CSR analysis

Burke and Logsdon (1996) suggest several ways in which firms can conduct CSR analysis:

- Identify and list all stakeholders;
- Determine the socially valuable CSR policies to address their needs;
- Assess the opportunities offered by CSR projects and firm's strategic objectives;
- Assess the degree to which these CSR projects offer benefits that can be internalised versus externalised (industry or society at large);
- Anticipate future changes in the environment and stakeholders' needs;

- Measure and compare actual versus potential from projects; and
- Determine the baseline of mandates requirements for voluntary activities.

The above is similar to that of stakeholder engagement, where the firm plots all stakeholders in order to manage them according to their specific needs. This would help the firm clearly identify individual's strategies and which implementation plans best suited each stakeholder. This would allow the firms to compare cost investment to benefit realisation.

CSR development has reflected “the influence of various theories including agency theory, institutional theory, resource-based view of the firm, stakeholder theory, stewardship theory and the theory of the firm” (Maon, Lindgreen, & Swaen, 2010, p.1) These theories provide a lens for firms to view stakeholders and assess the most likely reaction to different CSR issues.

2.4.2 Implementation framework

To gather greater insight into this, six literature surveys conducted resulted in five important CSR topics being presented by Maon, Lindgreen, and Swaen (2010, p. 2). The overarching findings in each topic, which are critical to an understanding of holistic implementation plans, were the following:

Communication: There was a dilemma around which CSR activities should and should not be communicated, what medium of communication should be used, and the differing opinions of stakeholders. It could be beneficial to a company from a brand perspective, but organisations also faced the risk of negative perception by some stakeholders around how companies chose to invest in CSR initiatives.

Implementation models that allowed for successful CSR integration were not clearly defined. There was no clear model that could be applied to all situations and therefore a recommendation was made for further research to be done in this field– hence the need for research on the manner of incorporating sustainability in business.

Stakeholder engagement was core to CSR as it addressed dimensions such as the social and the environmental. It was based on the need to ensure business considered all stakeholders in its decision-making. This suggested the need for business to openly engage in both direct and indirect dialogue with all formal and informal stakeholders to effectively communicate the organisation's goals and gather support around the key strategic objectives.

Measurement: Due to the nature of CSR and its different dimensions, it became difficult for businesses to successfully measure both direct and indirect efforts. There were various scales

and indicators that assisted in measuring companies' performance, however these might not always be sufficient and in certain instances, a combination of measures would be required to successfully reflect a business's CSR activity.

Business Case: There was benefit in CSR, based on “the reasoning that organisations create a competitive advantage by integrating non-economic factors, differentiating themselves from competitors and building a better image and reputation, and creating consumer goodwill and positive employee attitudes and behaviour”.(Maon, Lindgreen, & Swaen, 2010, p. 3)

The above five factors help draw a framework around what the initial key determinants are.

The key findings of a recent survey conducted by Ethical Corporation (August 2012) are in accordance with the model illustrated by Maon, Lindgreen, and Swaen (2010). It is explained that the new definition of Corporate Responsibility demands a broad view of issues and impacts, as well as a working understanding of what the company does and how. Actions required included (Ethical Corporation, p. 7):

Recognising what CR meant for the company, by identifying the issues most relevant to the business, stakeholders, and the company's impacts;

- *Engaging with stakeholders* internally, externally and through markets and supply chains to clarify expectations;
- *Uncovering the business case*, by identifying risk reduction and opportunity creations a result of CR;
- *Committing* to goals and targets, and working out how progress would be measured;
- *Using* systems, practices, standards and behaviours to meet goals;
- *Communicating* throughout the embedding process, to create a shared understanding, and build awareness.

Cramer, Jonker, and Van der Heijden (2004) also looked at how change agents promoting CSR played a vital role in implementation and helped companies make sense of CSR and the implementation process or journey required. Maon, Lindgreen, and Swaen (2010) linked existing stage models for CSR development to present a consolidative model that highlighted a seven-stage development process towards CSR, articulated around three cultural phases (CSR reluctance, CSR grasp, and CSR embedment)

2.5 Organisational considerations for business

Organisational considerations play an important role in implementing any strategy within a business. Bondy (2008, p. 308) highlighted the importance of organisational considerations

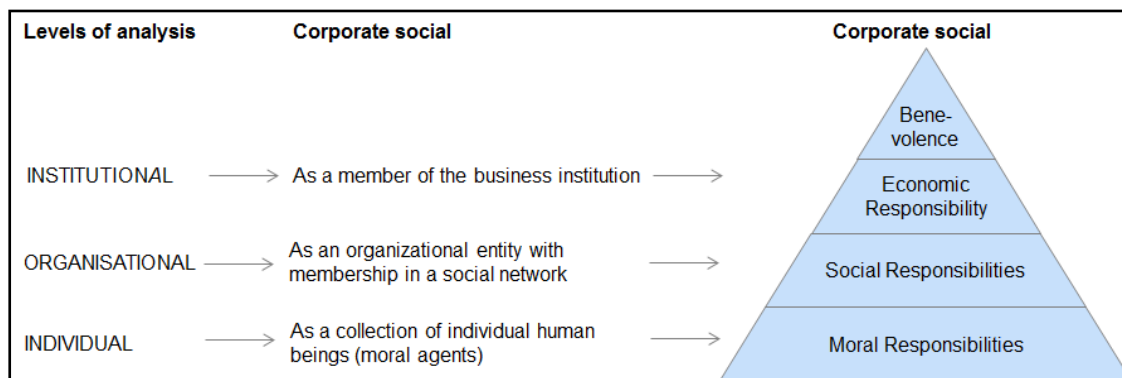
when dealing with CSR implementation. An increased awareness of CSR could be positive because it allowed a range of stakeholder groups to "increase their bargaining power" with businesses. There were eight sources of power inside most organisations (based on Position and Personal) that affected CSR implementation.

There were also important issues around the level of experience and expertise required at the different levels of organisations and their ability to implement CSR initiatives despite having the power to do so. This addressed the human capital requirements for effective implementation of CSR and sustainability into any organisation.

Bondy (2008, p. 319) suggested that at the organisational level CSR acted as a constraint, due to the change required to the operating model in order to make it work. However, at the individual level it possessed opportunities to improve individuals' own position.

Figure 3 below, depicts the different levels that exist within an organisation. Wood (2010, p. 55). Figure 5 implies that the need to identify the level of change required in order to manage the actions required at all three levels for the implementation to be successful.

Figure 3: Levels of analysis, corporate identity, and corporate responsibilities. Source: Wood (2010, p. 55)



To help achieve this alignment between the levels, Bondy (2010, p. 320) recommended two things:

- That resources be made available to engage across different levels of organisations, and;
- That clear roles and responsibilities (delegation of power) were required at senior management levels for effective implementation throughout the organisation.

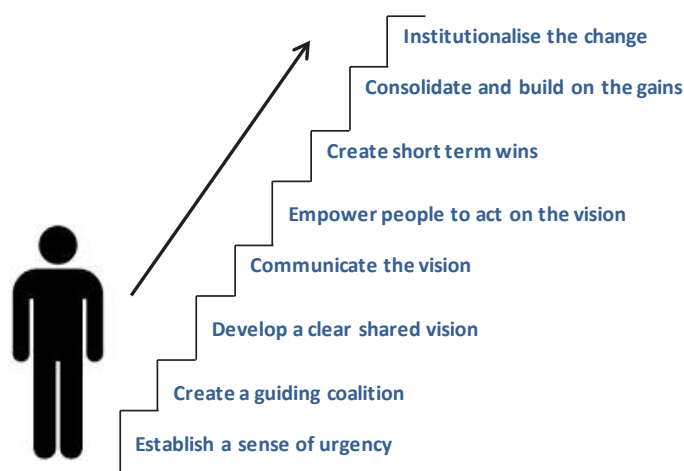
In support of the above, Bonini, Mendonca, and Oppenheim (2006) indicated that business executives were usually the people responsible for the CSR strategy and were likely to drive initiatives. This supported the theory proposed by Maon et al. (2010) concerning the influence of all internal stakeholders in achieving success and buy-in of a CSR strategy.

2.6 Change management

The combination of power, organisation structure, stakeholder engagement, and leadership involvement all play a part in effectively bringing about change within the organisations and occurs even prior to change. Todnem (2005, p. 1) defined change as, “the process of continually renewing an organisation’s direction, structure, and capabilities to serve the ever-changing needs of external and internal customers”. Kotter (2007, p. 102-103) proposed that there were two factors that were particularly important in institutionalizing change in corporate culture. The first was a conscious attempt to show people how the new approaches, behaviours, and attitudes helped improve performance. The second factor was taking sufficient time to ensure that the next generation of top management genuinely personified the new approach.

Embedding sustainability within an organisation is similar to a typical change process, as it requires business to change the way it operates and to consider additional factors. Kotter's eight-step model is a framework to use implementing change in an organisation. The eight steps are illustrated in Figure 6 below, with key actions at each step of the embedding change process. The research question explored the process in which companies have embedded sustainability, to draw parallels in terms of the change framework cited, or whether a different process was used when embedding sustainability in an organisation. This provided a base for an argument around the usefulness of change frameworks as a tool to assist future companies in embedding sustainability if it was relevant to the research findings.

Figure 4: Eight steps to successful change. Source: Kotter (1996)



2.7 Factors that impact implementation of CSR and Sustainability

Companies face various challenges when confronted with social issues. Bonini et al.'s (2006) survey results showed that the majority of respondents acknowledged that business's role is greater than only generating profits. Executives considered that deficiencies in the lobbying of social issues were a result of “short-term” financial pressures, a lack of familiarity with the issues, and the sense that specialists in the public affairs and legal departments should handle issues (social and political forces) (Bonini et al., 2006).

Tarlock (2001, p. 39) claimed that the difficulty in the implementation of Sustainable Development was due to the virtual disconnect between policy standards and those institutional structures necessary to implement them. He further explained that there was a need to restructure governance institutions, representative bodies, laws that assign the rights and conditions for resource use, and the agencies that implement them to ensure a more balanced extraction, production, and consumption patterns.

Tarlock (2001, p.39) also explained that the reasons for the disconnect between SD and Environmental Sustainable Development and governance institutions was that current institutions were structured to encourage unsustainable resource use. They did this by providing deeply embedded incentives for immediate resource consumption that, at best, reflected a small percentage of the total social costs of consumptions, while providing few alternative incentives for more sustainable consumption.

Bonini et al. (2006) suggested a strategic approach to the social-political agenda utilising three components:

- Companies should take part in related debate; they would then be able to influence decision-making, and shape regulation to achieve desired results.
- Companies should keep in mind that, unless a balance is kept between immediate financial benefits and the longer-term reputational impact of social issues, there could be significant negative consequences.
- Companies should be aware that new products and solutions could emerge from changing social and political forces.

Bonini et al. (2006) promoted a greater involvement by Chief Executive Officers in the debate and suggests that without CEOs' personal involvement, sensitivity to the social-political agenda would probably not become embedded in an organisation's culture and values. It also suggested that CEOs help coordinate the activities across various departments.

In order for ESD and SD to be a success, Bonini et al. (2006) concluded that legal principles that constrain behaviour and institutional infrastructure must exist. Tarlock (2001) argued that SD and ESD were not self-executing initiatives but rather were defined by the highest level of government. The rationale for this was that effective protection required a strong public law and institutional framework. This could differ from the moral compass side.

Tarlock (2001) believed that it [JRE2] should be embedded in government. This is a challenge in itself in order for it to be effective. He also pointed out that the focus was not only about using resources wisely, but also on developing in such a way that companies did not have major dependencies on natural resources. Tarlock (2001, p. 47) stated that economists had struggled for a long time to determine the most efficient way to exploit non-renewable resources, such as oil and gas reserves, and renewable resources such as fish stocks.

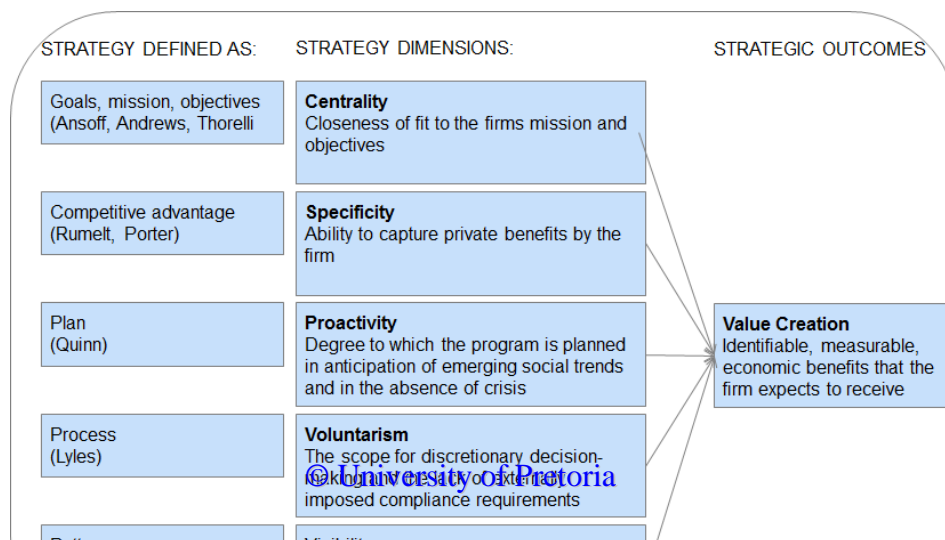
2.8 Implementation of sustainability within business

“Implementing a CSR strategy is most likely to represent a key event for any organisation, yet existing guidelines for implementing CSR and the verifiable criteria for its success still lack theoretical or empirical support, especially from a dynamic perspective” (Maon et al., 2010, p. 2)

“What is more important is how well companies integrate such issues not just into the making of strategy but also across all dimension of the business” (Bonini, et al., 2006, p. 30) as shown earlier this helped create stickiness for the CSR and sustainability strategies. Further impact on the implementation of CSR as suggested by Bondy (2008) was the power of CSR within the business to positively impact the business. However, this depended on the individuals within the company. These individuals' level of power could also influence the level in which it was implemented.

A way to integrate CSR and corporate strategy have included the stakeholder model of strategic management and the inclusion of social demands as strategic issues according to Burke and Logdson (1996).

Figure 5: Links between strategy and corporate social responsibility.



Source: Burke and Logsdon (1996, p. 497)

Companies needed to recognise where they were and what their strategic focus was for sustainable development to take place. Hart (1997, p. 71) suggested that companies implement through three stages:

- *Pollution preventions*, i.e. minimize or eliminate waste before it is created, emerging global standards for environmental management systems (ISO14000) have strong incentives for companies to develop such capabilities.
- *Product stewardship* focuses on minimizing not only pollution from manufacturing, but also looks at the environmental impact throughout the product's life cycle. An example is DuPont's agricultural products business that developed a new type of herbicide that has helped farmers around the world to reduce their annual use of chemicals by more than 45 million pounds and making it more profitable. (Hart,1997, p. 75)
- *Clean Technology*- existing technology in industries may not be sustainable and the need for the industry to look at dependencies and invest in future cleaner technology.

All three of the above stages will help move companies towards sustainability.

Maon et al. (2010) suggested that further research was required on the way organisations designed and implemented their CSR strategies. Wood (2010) reviewed corporate social performance and reiterated that no specific business had a right to operate/survive; if it could not be profitable in a legal and ethical way, then society would rightly eliminate it. **Figure 1:** states the levels that exist within an economy and the role at each level where Corporate Social Identity and Responsibilities lie.

Maon et al. (2010) added further dynamics around moral, cultural, and strategic aspects of the CSR development process, together with its organisational implications. The linkages of existing models of CSR development with stakeholder culture and social responsiveness provided a model that highlighted a seven-stage development process towards CSR.

Tarlock (2001, p. 49) also suggested that the process of implementing sustainable development was to change behaviour and that government could not be the sole implementers of ESD; the private sector and individuals had a large role to play in its implementation. He referred to unsustainable development as the price that nations had to pay to maintain external and internal security and then questioned whether modern government was adequately prepared for SD.

The development of CSR as explained by Maonet al. (2010, p. 34) is an ongoing process. This implies that models developed around CSR in an organisation must be flexible. This together with the fact that the environment of organisations continually changes, made it difficult to model the typical stages of development a firm was likely to go through. However, the need for senior buy-in and leader-specific visions and values influenced the organisation's commitment to CSR. The development was divided into three phases that differed according to the organisation's responsiveness to CSR, reasons for comment to CSR, the impact of CSR on the organisation's goals and the type of CSR related goals (Tangible, moving target, etc.):

- Phase 1: CSR Cultural Reluctance
- Phase 2: CSR Cultural Grasp
- Phase 3: CSR Cultural Embedment

Figure 6: A three-phase CSR cultural model

Stakeholder culture type	Amorality	Limited morality – moral stewardship		Broad morality	
	Agency culture	Corporate egoist culture	Instrumentalist culture	Moralist culture	Altruist culture
Relevant stakeholders	• None	• Shareholders only	• Shareholders only but other stakeholders as means to shareholder ends • Instrumentally useful stakeholders	• All normative and derivative stakeholders	• Normative stakeholders only
Moral Orientation	• Pure egoism • Purely self-regarding	• Regard others extends to shareholders belief in efficiency of the market; honour contract with shareholders; OR, • Egoistic at the corporate level	• Same as corporate egoist	• Morally based regard for normative stakeholders pragmatic regard for derivative stakeholders	• Morally based regard for normative stakeholders only
Alternative description	• Amoral management • managerial egoism	• Short-term profit maximisation • short-term self-interest at the corporate level • Short-term stewardship	• Enlightened self-interest • Corporate self-interest with guile • Instrumental or strategic morality • Moral impression management • Enlightened stewardship	• Intrinsic morality tempered with pragmatism; genuine concern for welfare of normative stakeholders • Moral pragmatism	• Pure intrinsic morality; concern for welfare of normative stakeholders is primary • Moral purism

Source: Maonet al. (2010, p. 30)

The model that looks at CSR development processes as developed by Maonet al. (2010, p. 34) identifies development stages and robust cultural phases as well as places of emphasising the organisational context and characteristics.

Maonet al. (2010, p.35) indeed supported the need for deliberate management and control by the organisational culture, and highlighted that it posed a challenge for organisations that want to embed CSR within their strategy and culture. This entailed an ability to generate room to foster a more appropriate organisational context that allowed CSR awareness to be created, and the ability to leverage CSR-related opportunities initially and maximise positive externalities after a while.

Carroll and Shabana (2010, p. 93) identified three models that could explain the mainstreaming activities of CSR in business. The social values-led model suggested that integration of CSR took place throughout the organisation and not with a necessary expectation of economic benefits. The second was referred to as the business-case model; all initiatives were assessed by a clear link to economic benefit. The third syncretic model was seen as an overarching approach to business management. The syncretic model implied a relationship between CSR and business. It was stated that "the prevailing approaches to CSR are so fragmented and so disconnected from business and strategy as to obscure many of the greatest opportunities for companies to benefit society" (Carroll & Shabana, 2010, p. 93).

2.8.1 Monitoring and control aspects of implementation

Carroll and Shabana (2010, p. 93) recommended that the adoption of CSR practices, how they are integrated with the firm strategy and their mainstreaming in the day-to-day business agenda should be done rather to suit the firm's strategy than simply using a generic approach. Visser and Tolhurst (2010, p. 365) provided insight into trends around "mandatory reporting for companies listed on the JSE (SRI index) and the King Code (IOD 2009) which endorses UNEP's Global Reporting Initiative (GRI) and AA1000 Standard, and encourage companies to comply with industry standards".

Additionally, various organisations are creating tools to assist businesses apply sustainability in their strategies and everyday operations. The International Federation of Accountants launched a framework in 2009 (International Federation of Accountants, 2009) This encompasses climate change developments as well as other sustainability issues such as carbon disclosure, cap-and trade systems and sustainability reporting. Another tool is THE Prince's Accounting for Sustainability Project (A4S) that helps implement sustainability strategies and practices within organisations through tools and other guidelines.

DeCleyn et al.(2004) analysed a number of models including the European Foundation for Quality Management (EFQM) Excellence model, the Gravesian approach to development and a development approach to Organisational excellence; to create a new (self)-assessment tool increasing Excellence and CSR.

DeCleynet al. (2004, p. 96) acknowledged that due to the changes in the business environment, there was a shift from primarily economic aspects to a focus on economic, social, and ecological aspects that needed to be considered. Further to this is it suggested that a new two-step approach be used, encompassing a shareholder-oriented approach and a stakeholder-orientated approach. DeCleynet al. (2004) developed a tool that businesses can use according to their development level to help support the business become more effective. The tool encompasses aspects around leadership, policy and strategy and people across both the stakeholder and shareholder approach.

Maonet al. (2010, p. 21) stated that scholars endeavoured to answer concerns and engage in efforts to conceptualise CSR according to a more dynamic and implementation-orientated perspective, with the goal of understanding how CSR unfolds in organisations and what triggers organisational engagement in CSR initiatives.

Finally, in Jones (1999, p. 176) the institutional determinants of social responsibility form part of the stakeholder engagement activities. The level of engagement depends on existing business structures and ways in which key messages are communicated to the various levels within an organisation. As mentioned, prior leadership can positively or negatively impact the level of engagement and exposure CSR receives within the organisation. This is dependent on the type of decision-makers present.

The research question aims to understand the processes and controls put in place for the successful embedding of sustainability. Literature shows the need for companies to have key elements in place, namely reporting, tools to monitor, and communication methods deployed, however no specific study has been completed that illustrates the correct tools, processes, and practices required to embed sustainability successfully.

2.9 Summary

CSR and Sustainability are concepts that have been around since the 1800's and since then have evolved and grown. These concepts are becoming increasingly more important for businesses to consider and affect how firms operate. It is important for firms to clearly define sustainability within their environment and make it relevant to their business. This will help guide strategic focus.

There are two main drivers from business: The first is increased regulation, forcing firms to comply. These regulations are both at a local and international level adding some complexity to business operations. The other driver is the growing business case for sustainability and CSR to be incorporated into firms' strategies, as they have a host of benefits such as brand and reputational benefits, changing preferences of customers who are likely to switch to more sustainable firms, increased awareness of investors meaning that sustainable companies are likely to attract investment than those that are not.

Research has shown there are a few different frameworks such as those of Maon et al. (2010, p.2) and of Cramer et al. (2004) that businesses can employ when implementing a sustainability strategy, with change management or stakeholder engagement providing good insight. However, there are varying views around key elements to consider when implementing a CSR strategy within an organisation, but more specifically how companies make it stick within organisations.

From the literature review, despite the frameworks provided, some general insight into implementation and key considerations, it remains unclear what steps companies are required to follow in order to successfully incorporate sustainability in the organisation. The next chapter will introduce the research questions of this study and these will be the focus areas for the rest of the chapters.

CHAPTER 3: RESEARCH QUESTIONS

3.1 Introduction

Chapter one highlighted the importance of sustainability in business and the increased pressure from both internal and external stakeholders, on business to incorporate sustainability into business strategies. Evidence shows that not all companies have been successful in doing so and that there is a business need for multiple reasons. One being that regulations such as King III force companies to incorporate sustainability. Chapter 2 provided the context around sustainability and existing research that was completed. Despite the vast literature covering a variety of elements, there was no specific study that addressed the end-to-end implementation of sustainability in business.

The specific objectives of the study are first to understand the drivers for change within the company, from either an internal or external perspective, in order for it to initiate and embark on a sustainable journey. The questions build on the literature findings and gaps to draw further insights or gain support using pre-formulated research questions. The research questions explore the specific insights and limitations or previous studies in understanding how to incorporate sustainability strategies into current business strategies. Overall, by understanding how a number of firms have successfully incorporated sustainability, it may help develop a framework or methodology for future business to consider using when incorporating sustainability. It should equip businesses with the tools to incorporate and highlight any potential risks. The ultimate aim is by investigating this, and establishing an answer to this question, it may encourage more firms to embark on the sustainability journey or assist other companies accelerate their sustainability efforts.

Based on the findings, it is the intention to draw greater insights into how companies implement their sustainability strategies in the organisation, and what makes them successful in doing so. In understanding how companies have implemented sustainability strategies, a greater focus will be placed on understanding leadership aspects, business model development, organisational change, specific processes or models developed, and overall challenge and key enablers these organisations encountered to create a basis for greater understanding on how to successfully embed sustainability. The intention is to understand the company's sustainability journey from the beginning to their current state. From this, the study seeks a comprehensive understanding of sustainability and how it is defined in South Africa, an understanding multiple companies' sustainability strategies and of the key elements they have incorporated to draw conclusions on how they have successfully implemented sustainability.

3.2 Research Question 1

The impact of societal and environmental change and an increase in regulatory requirements means that an increasing number of organisations need to integrate sustainable business practices within their organisation and align to overall business challenge. The challenge for businesses is to successfully respond, comply, and integrate.

A key theme from the literature review was the drivers of sustainability. From this, it was established that a host of drivers exist, namely regulation requirements or other business case benefits. These include aspects as improved brand, reputation, cost reduction, and building some agility to the business operations by forcing firms to consider multiple other factors.

Carroll and Shabana (2010, p. 97) give other secondary recourses included in the benefits of CSR:

- Improving competitiveness now, building brand by strengthening the legitimacy and reputation of the business;
- Increasing customer loyalty by proving the company is concerned about social well-being; and
- An added benefit in risk and cost reductions through adherence to regulations and considering comprehensive factors and implementing strategies that are more suitable.

This identified the need to investigate why companies in South Africa are driven to be sustainable and have incorporated it into their strategy.

Research Question 1: What drives companies to adopt a sustainability approach to how they do business?

This will be also be explored taking Hart's (1997) model into consideration. This entails understanding the current stage of the firm, the degree of implementation undertaken based on initiatives and the category it falls into i.e., product prevention, product stewardship, and clean technology. This will help illustrate company progress and an interpretation of sustainability.

3.3 Research Question 2

CSR development reflects “the influence of various theories including agency theory, institutional theory, resource-based view of the firm, stakeholder theory, stewardship theory and the theory of the firm” (Maon et al., 2010, p.1). According to Maon et al. (2010), the

methodology firms use i.e. processes, approaches and tools used to implement, influences CSR / Sustainability implementation. This implies that companies require a framework, that includes tools and specific processes that allow them to successfully implement. Research Question 2 is derived from the insights provided by Maon et al. (2010):

Research Question 2: What methodology and / or tools are used to assist companies incorporate Sustainability strategies?

Maon et al. (2010) identified that companies use models to implement or if specific tools and approaches that are consistent across organisations and assist in effectively embedding sustainability strategies across different management levels in the organisation. Further to this is gaining a deeper understanding of the processes used when introducing or implementing new sustainability processes or tools within the organisation.

3.4 Research Question 3

There is a business imperative to introduce and implement sustainability, with literature providing business case elements to consider. However, the business problem identified is around how companies successfully incorporate and integrate sustainability into the business. Bonini, et al. (2006) agreed stating, “What is more important is how well companies integrate such issues not just into the making of strategy but also across all dimensions of the business”.

Integration is a sign that the business has embedding sustainability aspects, and is more than just monitoring aspects. It creates a level of adhesion in the company to key dimensions of sustainability. Research Question 3 was developed to understand the key enablers and constraints of this incorporation and integration process.

Research Question 3: What are the key enablers and constraints when implementing Sustainability within an organisation?

The intention is to acquire a deeper understanding of the type of enablers used to deeply integrate and embed these strategies within the selected organisations, and to highlight common constraints and challenges across companies and respondents.

The following chapter will discuss the research design methodology used in this research study.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

The research problem involves looking at the manner in which companies incorporate sustainability into the business, and use past literature as the basis for creating the research questions outlined in Chapter 3. The method of collecting data to answer these questions is critical to successfully addressing the research problem. Due to the nature of the research and the detail required from specific companies, it was conducted using qualitative data collection methods with eight pre-selected companies. These companies have shown achievements in key areas on sustainability indices, and have provided key insight into the implementation of sustainability in South Africa.

This section highlights the methodology used to conduct research, the criteria used to select the company, and the techniques used to ensure the data gathering process was robust, adds insights, and is useful, insightful, and able to aid further discussions on Sustainability.

4.2 Research Approach

Due to the nature of sustainability, incorporating elements such as social or environmental factors, qualitative research may offer greater opportunities for rich discussion and understanding of interrelated points. The literature on Sustainability or CSR has evolved over time. The concept of Sustainability is still however, in its early stages which could be because more qualitative research is still needed. Quantitative research indeed exists when proving the business case for sustainability and its financial impact on business. As matters stand, a developing theme is South Africa, and as no specific research could be found, the most value was obtained through qualitative research.

4.2.1 A qualitative design

According to Blumberg, Cooper, and Schinder (2005), there are two domains of research, quantitative and qualitative. Due to the nature of the study and the detailed understanding required of each company, a qualitative research methodology was selected as the most appropriate. Ligthelm, Martins, Tustin, and Van Wyk (2005) explain that qualitative research seeks insights through a less structured, more flexible approach. Typical methods include group discussions or in-depth interviews, as used in this study. The research problem is complex due to the different elements that impact organisations when trying to implement new strategies, and therefore the process from development and implementation is often more useful than the end result. This process has the most benefits; in-depth discussion will allow the researcher to explore the concept, view the inter-relatedness, and further consider both internal and external factors when analysing data. It is also important to engage with

employees of the organisations to gain a true sense of the challenges and culture of the firm. This would be nearly impossible to do using a quantitative method.

A semi-structured questionnaire (Appendix A) was designed with reference to key themes highlighted in the literature review, and used as a guide during all interviews. Open-ended questions were used in the interview process to explore and encourage discussion from interviewees to gain as much insight as possible during the interview.

In-depth interviews with key individuals within the organisation were held to gain insight into the sustainability operating model. Individuals within the companies were selected based on their role at the company, as well as the larger team they were part of.

The research followed a deductive approach, as the questions are based on the literature review and its findings. The research questions required further insight and therefore there was a need for primary research to be conducted.

Deduction is a research approach that involves the testing of a theoretical proposition by using a research strategy specifically designed for its testing. Inductive research involves the development of theory as a result of analysing data that has already been collected (Saunders & Lewis, 2012, p. 109).

The study followed the process of setting out questions based on existing theory, and then determining how questions may be answered, seeking responses to the question, analysing the findings, and then confirming the existing theory or changing it in light of the research findings (Saunders & Lewis, 2012, p. 108).

4.3 Methodology used in the selection of a company

Purposive sampling (Saunders & Lewis, 2012, p. 138) is a type of non-probability sampling in which the researcher's own judgement is used to select the sample members, based on a range of possible reasons and premises. The research study applied this sampling technique.

A few South African companies were carefully selected to form part of the data collection phase. The organisations were selected based on top sustainability indices that were deemed a fair representation of Sustainability measures in South Africa and globally. These companies have implemented well-defined strategies that allowed them to successfully deliver their sustainability objectives and therefore impact their broader stakeholder groups. In order for the research to be fair, individuals from sustainability teams were selected from the corporate centre, and from within the business units. A semi-structured questionnaire was used to help facilitate the interviews and ensure that research questions were being effectively addressed.

The findings were cross-triangulated using the literature review insights to clearly articulate methods in which CSR / Sustainability was effectively embedded throughout the organisation, and to highlight any major differences or key learning is from these South African organisations.

4.3.1 Company selection criteria

South African companies were carefully selected based on various sustainability indices that showed that a sustainability/CSR strategy had been incorporated in their organisations. The various indices identified on the following page represent those considered. Companies that featured were selected based on the two or more of the following indices in 2011 were included:

- JSE SRI
- Ernst & Young Award nominees / winners
- Carbon Development Leadership Index
- ACCA Reporting Awards

Initially ten companies were selected, with interviews actually taking place at only eight of the original ten companies due to individuals' lack of availability. One to three employees from each selected company were interviewed. Respondents belonged to the sustainability corporate centre (head office), or within the business unit sustainability team. The implementation of a sustainability strategy impacts all levels of the organisation, as indicated in the literature, and hence the sample size was chosen to include business units. The aim was to get insights and establish if there were major differences at the two levels. In order to ensure that respondents were not influenced by others' contributions, or intimidated by a group setting, each respondent was interviewed separately to get honest and open responses to the research question.

Individuals were notified on average two weeks prior to the interview and the objective of the study was provided. However, no respondent was given the interview guide, other than one who could not be interviewed telephonically. For the remaining respondents this allowed for open discussions, with information flowing versus simply a question and answer session.

The respondents were engaged on the research topic: why the research was necessary and why speaking to their specific company would add value. They were informed that no right or wrong answers existed, and were encouraged to share openly. This allowed for some good, deep discussions. All respondents understood the process very well and were very open, honest, and engaging. All interviews were kept confidential and agreed upfront with

respondents. Respondents demonstrated passion regarding sustainability and its benefits for all stakeholders.

In order to control response bias, all positive brand aspects were acknowledged and great interest shown in how companies achieved that. It was imperative that all companies answered the relevant questions to the best of their ability for results to be insightful.

4.3.2 Data collection

Data was collected from companies meeting the following companies' criteria:

Johannesburg Stock Exchange (JSE) Social Responsibility Index (SRI).

All companies listed on the JSE are assessed according to JSE (SRI) standards. The SRI identifies companies that adhere to principles of triple bottom lines, have good governance structures, have tools in place to measure social responsibility, facilitate vehicles for non-financial risk variables to be included in decision-making, and their overall contribution to the development of responsible business practices in South Africa (SRI Report, 2011, p. 3). This is based on four main areas of measurement, namely the environment, society, governance and related sustainability concerns, and climate change; the JSE selects companies and awards the best performers a rating of high, medium, or low impact.

- All selected companies must be listed on the JSE and therefore are subject to the SRI requirements.
- Companies that were identified as 2011 best performers formed part of the selection criteria and helped identify key companies (Appendix 1).

Ernst & Young Reporting Awards Nominees / Winners.

There is great focus on the importance of sustainability reporting and the need for governments and business to beware of, understand, and plan for a sustainable future. It is in this context that the *Ernst & Young Excellence in Sustainability Reporting Awards* has become one of the key indicators

Corporate reporting practices globally are undergoing radical revisions as increasing stakeholder demands and resource limits force companies to critically re-evaluate how to communicate their operations in a transparent manner. Integrated reporting, as mandated by the third King Report, seeks to address the integration of critical financial and non-financial performance measures, not only into reporting, but also into long-term corporate strategy. South Africa is leading the way internationally in this regard, being the first country in the world

to take on integrated reporting on scale. Through this survey, Ernst & Young has assessed the progress that the top listed companies and state-owned entities have made in producing integrated reports (www.ey.com)

Companies were selected if they were in the "Top 10", "excellent", or "good" categories (60%+) of the award rankings.

Carbon Development Leadership Index

Scoring is applied to most of the company responses to CDP, which are assessed for disclosure and performance. A high carbon disclosure score indicates a comprehensive response. The response tends to show clear consideration of business-specific risks and potential opportunities related to climate change and good internal data management practices for understanding GHG emissions. However, the disclosure score does not reflect a company's actions on climate change mitigation. (www.cdproject.net)

Table 2: Top 10 Carbon Leadership index. Source: CDP report: 2011

Rank	Company	Sector	Score
1	Gold Fields	Energy & Materials	98
2	Nedbank	Financials	96
3	Exxaro Resources	Energy & Materials	94
4	British American Tobacco	Consumer Staples	91
	Harmony Gold Mining Co	Energy & Materials	91
6	Barloworld	Industrials	89
	Woolworths Holdings	Consumer Staples	89
8	Firststrand	Financials	88
	Sanlam	Financials	88
10	The Bidvest Group	Industrials	87
	Group Five	Industrials	87

■ Companies highlighted in green are those that have been in the JSE CDLI²⁴ for three consecutive years
 ■ Companies highlighted in orange were not in the JSE 100 CDLI in 2010

ACCA Reporting Awards

Give recognition to those organisations that report and disclose environmental, social, or full sustainability information; encourage the uptake of environmental, social, and sustainability reporting; and raise awareness of corporate transparency issues, and increase accountability for responsiveness to stakeholders [\(reference\)](#).

Based on the above criteria and the companies that most frequently adhere to these measurements / awards / listings the following companies were approached to be part of the research study. **Annexure five** illustrates the complete list of companies listed on the JSE as a base of selection criteria. The firms were then narrowed down by selection criteria based on the Ernst &Young Awards and the CDP. The companies most featured illustrated a total commitment to, and signs of embedding sustainability practices. These companies were then used to ensure that the most accurate companies form part of the research and results remain relevant. The selected companies are shown below:

Table 3: Companies Forming Part of Research Study

Company		Acknowledgements
Nedbank	- - -	Listed on JSE SRI RI best performer 2011 (Low Impact category) Number 3 on the CDLI for 2011
ABSA	- - -	Listed on JSE SRI SRI best performer 2011 (Low Impact category) Leader in the carbon disclosure leadership index
Anglo American	- -	Listed on JSE SRI SRI best performer 2011 (High Impact category)
Avis	- -	Listed on JSE SRI (Barlow world) Carbon neutral company
First Rand	- -	Listed on JSE SRI Leader in the carbon disclosure leadership index
Woolworths	- -	Listed on JSE SRI Listed as top performer in multiple years of JSE SRI(high impact) CDLP recognised

4.4 Method of Data Collection

Data was gathered by means of semi-structured interviews. For this to be successful, interviews were semi-structured and encouraged discussion, while still following the guidelines highlighted by Gillham (2005):

- Ensure that all interviewees were asked the same questions for consistency;
- Ensure a consistent line of questioning with research questioning in mind, the overall research problem drove interviews and helped guide discussion;
- Certain questions were open-ended; however, all were underpinned by a larger structured question.

4.4.1 Unit of analysis

The unit of analysis is the responses of the employees from the companies interviewed. Due to the nature of the study, it was important that interviews were conducted with sustainability managers at both a corporate centre (head office) level and within the business unit, as implementation of sustainability may differ at these levels. Bondy (2008, p. 319) suggests that at the organisational level CSR acts as a constraint due to the change required to the operating model in order to make it work, highlighting the need to interview at different levels. The titles, roles, and portfolios differed across the industry, however, due the structures of different companies concerned, this did not impact the outcomes of the research:

A sustainability strategy manager within the business units of the organisation was selected. Business units referred to have executives reporting directly to the Chief Executive Officer and are not related to support functions within the business, such as Finance and Human Resources. The initial intention of the study was to interview three or four people within the organisation, however due to availability, and a marginal return from additional interviews, this was limited to one to three managers.

4.4.2 Sampling method

The sampling method used was non-probability purposive, judgemental sampling. Under a non-probability sampling approach, the selection of the sampling units / elements is at the discretion of the researcher (Ligthelm et al., p.97). Employees across the organisation formed part of the study to ensure results were consistent at different levels.

In order for the research to prove insightful, both the person responsible for CSR and employees within the organisation were required to be part of the study and were interviewed

using a semi-structured questionnaire. The main contact person at each organisation assisted in providing key contact people within the organisation.

4.5 Data Sources

4.5.1 Data gathering process

The data collection plan entailed the collection of data through the suggested employee interviews. Interviews lasted on average between 45 and 60 minutes. All interviews were recorded using a voice recorder and saved electronically. The questionnaire was used during all interviews to ensure consistency and validate research findings. Interviews began in August and ran until the end of September,

4.5.2 Secondary data

Lastly, detailed desktop analysis on all relevant policy documents, reporting and initiatives was conducted on the selected firms. The analysis included sustainability strategy reports, integrated reporting, newspaper articles, and any other evidence of sustainability within the organisation.

All companies interviewed published Sustainability reports with access to information on their strategy, key initiatives, and achievements. This provided good context prior to interviews, and enriched conversations as the researcher was able to have better discussions with interviewees. It also provided a reference point for evaluating what is reported versus with the actual state of an organisation. All primary information gathered was used in conjunction with the selected company's sustainability or integrated reports.

4.6 Data analysis and presentation

In an effort to maintain a systematic approach, the data analysis was effectively an iterative process, involving review of the data together with an ongoing review of the literature, and the refinement of findings over an extensive period. Participants were asked for their permission to record the discussion. Recorded data was then analysed by the researcher and reviewed accordingly. While analyses provided the opportunity for the reviewer to review data, they also enhanced validity (Yin, 2003), and ensured completeness of data collection from the interview.

4.7 Data validation and reliability

Validity is critical for the research outcomes to prove insightful and useful. The multiple literature reviews, in-depth interviews, and secondary research ensured the cross-referencing

and triangulation of the overall findings and the study itself. Prior to interviews companies' documents were reviewed. This allowed for some validation during the interviews.

Validity is referred to in a number of contexts to reflect the appropriateness of the research measures and findings (Blumberg et al., 2005). Internal validity is referred to as the extent to which an indicator appropriately measures the intended construct (Blumberg et al., 2005). Thus, if an indicator or measure is not reliable, it cannot be valid. External validity is referred to as the degree to which findings can be generalised to other settings (Yin, 2003).

4.8 Assumptions

It was assumed that the individuals interviewed were honest with their answers and insights into sustainability. Furthermore, a level of trust was established between interviewers and interviewees, in order for insights to be shared more willingly.

Individuals and organisations view sustainability differently, and therefore each one's approach to implementation would be different. Sustainability includes CSR, CSI, and Citizenship, as reference points differ depending on the industry and company point of reference.

4.9 Limitations

The research was severely limited by several factors, namely:

- The number of employees who were available to form part of the study due to time constraints. This affected the data collection, as the spread of sectors included was not equal. There were more mining and financial resource firms versus retail and logistic sector firms.
- The companies selected, despite meeting strict criteria, may not be representative of all companies and industries in South Africa.
- The SME market and businesses were not part of the research, and may face very different challenges when incorporating sustainability compared to larger, more established firms. The purpose of the research was aimed at large corporations
- Companies chosen are all listed in South Africa and have existing structures in place to support large scale strategies such as sustainability, findings may therefore not hold true for small business enterprises.

4.10 Summary

In summary, the research methodology was guided by the research problem and the most appropriate method gather data to resolve it. The research method applied was the best

suited for the research as it allowed the interviewer to delve deeply into companies' sustainability strategy and their approaches to implementing sustainability, in order to effectively answer the research questions. It added value to the research process by allowing for divergence into those aspects highlighted in the literature review, as well as those not so emphasised. The structure of the interviews and the types of companies selected allowed for detail findings on the research questions. The companies selected according to the criteria outlines provided insight into all the elements that affect the introduction and successful implementation of a company's sustainability strategy. The analysis indirectly also sheds light on the current sustainability indices and their ability to link performance in certain areas of overall implementation and embedment of the companies' sustainability strategy. Overall, the methodology tool and the robust nature of the selection criteria were critical to gathering the key findings outlined in Chapter 5.

CHAPTER 5: RESEARCH RESULTS

5.1 Description of Sample under study

The study sample selected was based on a number of sustainability indices in South Africa. Currently, there is no specific index that measures how well a company's sustainability strategy is incorporated within the business. The indices do however, measure a number of elements that indicate if companies have incorporated sustainability into their business and that evaluate this against regulations or industry norms, such as the JSE SRI index that provides a tool for a holistic assessment of company policies and practices against global and local standards. The companies in the sample included sub-company brands, and were recognised on two or more of the indices.

Company structure was considered when selecting the correct sample of respondents within the company. Bondy (2008) implies that there is a need to identify the level (institutional, organisational, and individual) of change required, in order to manage the actions required at all three levels for the implementation to be successful. This draws attention to the differences between each level of the organisation, and therefore the importance of including head office and business unit levels sustainability managers in the sample.

Eight companies were interviewed during the course of the study. All companies had established formal sustainability teams within the company, with five (63%) also having sustainability managers within the company's different business units, for example, a Thermal Coal business unit in a mining company. These sustainability managers either had a line reporting directly to Head Office or reported indirectly to the Head Office sustainability office. All business units were driven by overall business strategy and policies.

The data collection procedure consisted of 11 interviews completed at eight companies across four different sectors. The sectors included financial services, retail, mining, transport, and logistics. Further detail on each company profile is provided in Table 5 on page 48

5.1.1 Summary of the interview process

Of the 11 interviews conducted, seven were with companies' sustainability managers, one with a CEO, and three with business unit managers in two different sectors (mining and retail). Ten of the respondents (91%) had been employed at the company for two years or more. 72% were at Head Office level and 28% at business unit level. To facilitate an insight into the research problem, interviews took the form of discussions with each respondent to gain a

better understanding of the overall strategy and implementation process in the respondent's company.

The data-gathering processes used are given below:

- In-depth, semi-structured interviews took place. Nine of the 11 were conducted telephonically due to the location of the organisations and time constraints for interviewees and researcher. This did not have an impact on the interviewees, as they were still open, engaged, and insightful. The only disadvantage would have been the opportunity to visit companies and acquire a sense of how sustainability is implemented there. The interviews had a combination research questions and open-ended questions.
- All data was recorded electronically with the consent of the respondent, which was obtained at the start of each interview.
- The interviews lasted for approximately 45 minutes, depending on the complexity of the company's sustainability strategy and business model. To aid in the interview process, background information was gathered on each company from its integrated or sustainability report. This helped elevate the level of discussion.
- One interview was completed in written form, due to time constraints on the interviewee. This meant that deeper questions could not be asked.
- Interviewees were either part the group sustainability team or sustainability mangers within the business units. However, at all eight companies, a sustainability manager at a group level was interviewed.
- The individuals belonging to the group level sustainability team are responsible for developing the overall sustainability strategy, targets, measurements tools, and so on. The Business Unit sustainability managers are responsible for driving these strategies within the business unit, and reporting on key performance indicators (KPIs). The degree of strategy formulation and implementation within the business units differed across companies depending on the mandate given to each at board or group level.
- To further support the discussions where possible, detailed desktop research was conducted on each company's sustainability reports, published policies, recent sustainability publications, and media articles.
- All company specific profiles and interviewees will be kept confidential and not disclosed to external sources.
- The particulars of the sample are illustrated in Table 5 on the following page.

Table 5: Particulars of the sample interviewed.

Company	Company Sector	Number of	Designation
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		interviews	
A	Transport and Logistics	1	Chief Executive Officer
B	Mining	3	Sustainability managers Head Office: 1 Business units: 2
C	Financial Services	1	Sustainability manager at Head Office
D	Mining	1	Sustainability manager at Head Office
E	Financial Services	1	Head of Sustainability
F	Retail	2	Sustainability managers Head Office: 1 Business units: 1
G	Financial Services	1	Sustainability manager at Head Office
H	Mining	1	Sustainability manager at Head Office

- Interviewing the two different business levels added an immense amount of value in getting their insights, understanding the varying implementation methods required, the type of people interaction required, and the unique challenges each level faced.

5.2 Research Question One: The drivers for companies to adopt sustainability in a business

An overview of literature reviewed on the specific drivers of sustainability from Chapter Two, indicates that companies develop a specific business strategy that incorporates those elements of sustainability most applicable to business. Question One investigates this in the companies studied. The aim of this question was to understand the key drivers for companies that are initiating sustainability strategies and the key drivers for their success until now.

5.2.1 Business perspectives of sustainability

There were very similar views of sustainability across all companies, with some companies incorporating aspects of sustainability into their Values or Mission Statement. Alternatively, it was incorporated as part of the strategic decision-making process. The nature and importance of sustainability issues within each business differed based on the sector in which they operated.

Company-specific definitions and perspectives on sustainability

The CEO of Company A explained that there was no regulatory pressure to become more sustainable; however, there was internal acknowledgement that it was necessary. The company started with very small gestures such as recycling and greater involvement in communities. This led to the implementation of a formal sustainability strategy, which included changing their service offering to a certain extent and ensuring that their day-to-day business had a minimal environmental impact.

Company B was faced with a number of pressures to introduce sustainability from various stakeholders. Each stakeholder had different concerns, but the biggest challenge was from public pressure, which constrained them to consider sustainability issues.

The sustainability manager at Company F stated that the organisation had always been doing things in the community because of its culture, and that this had evolved into a more formal strategic programme about five years previously. A business unit sustainability manager stated that the company had previously internal champions, who pushed basic initiatives that resulted in cost savings such as recycling initiatives, which later involved developing a sustainability policy and training, once it became strategically important and the CEO became supportive. Over time, people within the firm became supportive of the concept and helped in strategic focus and making it part of the company's current core values. They encouraged product stewardship by looking at the end-to-end life cycle of products they produced or sold

Company H was another example of a firm that introduced sustainability early. In 2001, the company produced the first Report to Society, which was similar to sustainability reports except that it had a focus on social impact and initiatives in place.

“The company is committed to fulfilling its obligations and duties as a responsible corporate citizen, ensuring that its behaviour reflects its values and concern for its stakeholders, including shareholders, employees, their families and the communities and environments in which it lives and works”.

A sustainability manager at Company B said that,

“Within the company there are varying views of sustainability, depending on the discipline of people. The company's definition includes operational safety and sustainable development. Although business units do operate differently, from a strategic perspective it focused on a few key issues e.g. safety, community and the environment...sustainability issues are viewed as both a

risk and an opportunity to the business, but more importantly is viewed as our license to operate”.

The company's sustainability journey dated back to the early 2000s, when the introduction of GRI affected how they managed sustainability. Over time, this helped it achieve success.

Company C

According to the sustainability manager, Sustainability is viewed as the “triple bottom line”. This incorporates the way a company operates in a changing environment, investing in the communities (this is beyond only CSI), and looking at the way it does business, by supporting growth. The focus areas include environmental aspects, the type of businesses they engage in, and enterprise development. Triple bottom line focuses on more than just the company's profitability, including social and environmental aspects, and regards them as important. This is part of integrated reporting –a requirement of the King III Code of Governance in South Africa

Company D

According to a sustainability manager in Company D, during the last three years the concept of sustainability has become better understood in the company, with people's perceptions changing to realise it is not an act of charity, but a change in attitude through recognizing it has real business benefits. They can see a tangible impact on bottom line, even if it is not sizeable. Good leadership in the sustainability team helped drive strategy throughout business “you need support from the top and understanding of what it is, and someone driving the mission and strategy”. The company began initiating projects forcefully as they produced easily measurable results and offered opportunities to influence. Sustainability had to “be part of our procedures and core business strategy, if not nothing will happen”.

Company E

The company had a history of focusing on sustainability, however around 2007 structures changed and the business become increasingly aware of its importance. The first step the company took when incorporating sustainability officially was to ensure that their definition of sustainability was correct and agreed. The company's definition focused on the “going concern” of the business, and in doing so forced it to look at environmental, social, and economic aspects. Its thinking moved from “external expectations of what they should be doing to influence what they were actually doing”. They also evolved by getting feedback from internal experts to ensure measurements are correct, realisable and relevant. Sustainability has two pillars, financial performance and non-financial, with non-financial being the greater challenge and focused on this.

Company F

Company F has a very comprehensive view on sustainability, meaning that it has incorporated all the major elements of sustainability – “Sustainability is about looking at the way we are currently doing business and ensuring projects already implemented are working well...it's about going to next level or if not possible changing the way we doing business to ensure we are looking after our environment as well as ensuring the social and economic development of the country. It's about changing the way we doing business” (Sustainability manager, 2012)

It was important that the company's view included more than just reducing its carbon footprint or energy consumption but rather incorporated the end-to-end product life cycle.

“There are four pillars, transformation, social development, environment and climate change, not just about carbon footprint or complying environmental regulation but rather look at entire lifecycle of product... but also distribution, logistic, storage, and how customers play a role in using products to change their behaviour. It's a three pronged approach, customer, product, and our own operations” (Sustainability manager, 2012)

Company H

Company H has “five focus areas in the business strategy the drive the company's vision, balancing the various imperatives necessary to generate targeted returns”. Understanding sustainability on a company-wide basis is articulated as one of the key focus areas and is defined as “Embracing sustainability principles” by developing business and social partnerships based on mutual value creation, while maintaining a focus on ensuring the safety and wellbeing of employees and managing environmental and other impacts.”

According to company reports and publications, and interviews conducted, seven of the eight companies interviewed incorporate sustainability into their mission, values and/or strategy – with one company specifically referring to embedding sustainability across all their strategic goals. All companies incorporate three elements of social, environmental, and economic aspects that affect sustainability strategy, with some having more focus on operations such as safety or products they offer due to the nature of their business. Others invest more heavily on society issues.

Overall, there are many varying views or lens of sustainability but there is alignment around the key elements to include as per literature in chapter two illustrates. Seven of the eight companies use the terminology of sustainability and not CSR, however believe they incorporate CSR issues through the broader sustainability definition. Corporate citizenship is a somewhat new concept, and more internationally used term hence the shareholder pressure to incorporate. It still promotes the company to operate in a socially acceptable way.

5.2.2 Key drivers for incorporating sustainability

In posing question one it was important to understand it was key to understand what drove the company and leaders towards the journey and has lead them to their successes, in order to understand how companies successfully embed sustainability.

Overall, the key findings were that:

- Four of the eight (50%) companies stated that the reasons for embarking on a sustainability journey could be attributed to change in regulation governing the companies or the industry in which they operate. The regulations referenced included King III code of governance and its requirements for integrated requirements and specific governance structures in place. The other major local influence was the introduction of the JSE SRI, which required listed companies to comply within certain themes such as reporting, governance, and related sustainability concerns, environmental, and so on. This correlates with the literature review that identified that regulation changes are enforcing sustainability considerations as part of the strategic objectives and business operations.
- Three of the eight companies (38%) attributed it to the intrinsic motivation of leaders within the business. One of the respondents referred to it as the “moral imperative”, meaning that it is important to be socially aware as a company, as it is a collection of individuals and their values. Leadership importance is briefly discussed in Chapter Two but is a new finding as a key driver for sustainability in top leadership in terms of personal motivation.
- One of the eight (12%) companies incorporated sustainability into business practices due to shareholder pressures. Shareholders often have a different view on businesses due to

the level of investment and exposure globally. Shareholder pressure could be two things, one that shareholders buy-into the business case elements or alternatively are reacting to investor pressures. Literature findings highlight the increasing pressure from investors for companies to display sustainability considerations

Other drivers of sustainability identified from the companies studied are shown in Table 6:

Table 6: Drivers of Sustainability Identified from Companies Studied.

Drivers	Characteristics
Social considerations	Impact on society where company's operate in Skills shortage, high rate of HIV, safety
Environmental impact	Impact on natural resources
Culture	Some companies have a culture more conducive to change, making the introduction of new concepts easier versus those that operate with an older mind set and resistant to change. History of companies culture makes impact on which of the elements of sustainability are widely incorporated
Cost reduction	Energy efficiency, water recycling plants, etc have a direct impact on cost of doing business
Consumer preferences	Consumers are more aware sustainability issues and putting additional pressure on companies to operate sustainability and offer products such as free range goods
Investor pressure	Investors see the benefit of sustainability and a company's performance can impact their ability to attract investment.

5.2.3 Adaptation of business model to implement sustainability strategic objectives

The drivers highlighted above provide the business case for incorporating sustainability, one of the first signs of a company beginning to incorporate sustainability is if it is included in their

operating business model. The research finding was that all eight companies in the study changed structure and allocated resources at both a head office level and business unit level. This was dependant on their specific requirements as per policies outlined, the size of the business and the nature of the business. Seven of the eight (88%) companies began with sustainability heads reporting directly to the CEO (executive level), with one having sustainability reporting to the executive of Operations. This is a clear indication that businesses were taking this seriously and committed to it being incorporated into the business. The roles of head office and business units differed slightly, depending on the company, the sector, and the sustainability strategy. A closer look at company specific structures adds insight to the key finding.

Company specific structures and responsibilities

Company C and E at the time of the interview only have sustainability teams at head office but do provide support to the various business units. Business unit strategy formulation is guided by the company's overall sustainability strategy and objectives. This allows the business units freedom to adapt the strategy to their specific needs however are still aligned to the overarching strategy. Similarly, company A and F have sustainability champions within the business units responsible however, they drive the overall sustainability strategy throughout the organisation. Company F sustainability manager explained “Head office makes sure that targets are set, measured, and reported on, as well as provide expertise and support to the sustainable models”

Companies B, D, G, and H have sustainability managers within the business units responsible for developing business unit sustainability strategy or assisting the business unit achieve companywide sustainability targets in the aim to incorporate in business practices. Company B operates as explained by their sustainability manager, they use a

“Facilitator model, so head office sets the policy, vision, direction and business is expected to operate according to direction provided. Head office offers guidance and advice how to achieve standards to acceptable levels. Business units need to align to these practices.”

“Company B explained further that whilst strategy is set from a corporate level, they do have specific standards that business units must adhere too, however the implementation and how it is effected is the responsibility of the business unit, which differs according to geography and different phases of maturity and they affect objectives are different”

Company B, D and H findings were slightly differently as they had an integration model that they introduced once they had established all policies and procedures. The main reason for integration was to ensure that sustainability policies become part of business as usual. Company H explained that it was not possible to do sustainability separate to core business model, it has to be integrated. This is a very good sign that the company is moving towards business as usual sustainability considerations and embedding of key elements.

One of the companies interviewed, recently changed its structure so that the head of sustainability manager reports to the Executive of Marketing and Communications of the business model, initially it was placed under the executive of governance. This was a result of the progress made within the business in terms of implementing key strategic goals and having moved away from the sustainability strategy being seen as a governance requirement but where it should become part of the business and hence communications and marketing are able to collaborate for both internal and external use. The change in structure is new and therefore the sustainability manager could not comment on its effectiveness.

All companies interviewed had sustainability committees either at a board level or at an executive level that helped set strategy and monitor progress of key initiatives. When the company was asked if had adapted its business model around sustainability, the sustainability manager answered Yes and No, “there is a sustainability committee at board level and representation at executive level responsible for driving strategy however still areas on the business where it still remains a challenge to evolve typical business thinking with sustainability”. This was due to the nature of the business in the different areas being better positioned to meet sustainability goals versus other business areas and therefore there can sometimes be missed alignment at times.

Key findings: Companies change structure to implement sustainability. Either companies set strategy at a corporate level and use business units to implement or alternatively they provide guidelines and measurements of sustainability, for business units to adapt to specific requirements and drive implementation. These relationships are collaborative in nature. Companies have also introduced integrated specific teams to help embed sustainability into business processes and other business as usual activities.

5.2.4 Level of incorporation of sustainability within organisations

None of the 8 companies or the 11 respondents believed that the strategy was fully incorporated and integrated in all aspects of the business. The companies agreed that sustainability should be viewed as a journey, with companies having to go through different steps before it could become completely integrated. This is mainly due to the number of

factors to consider when implementing a sustainability strategy, as well as the number of stakeholders involved in the process. Across all companies there are at different stages of their implementation phase. Majority have measures in place, processes to monitor and are moving towards integration. A sustainability integration manager stated, “Integration in itself means teams working their way out of roles so that it becomes business as usual”. The stage of implementation could depend on how long ago the strategy was introduced, and the nature and size of the business.

Despite some firm’s acknowledgment that they not be fully integrated, in all companies efforts were made across all levels of the business to make employees aware of the strategy and their role in its implementation. It also was dependant on the nature of the structure; often business unit implementation may have been easier to incorporate more quickly than at head office. Multiple efforts around communication efforts, training, and monitoring have played a role in incorporating sustainability.

Incorporation of sustainability at different levels within the organisations

The level of awareness of sustainability can be a determinant of incorporation within the business; however, there are companies with differing views. Two of the eight companies were not sure if all levels of employees needed to be aware or very knowledgeable of the sustainability strategy for it to be successful within the organisation. A key consideration is therefore if the nature of a company's operation determines the level to which it should be incorporated. The nature of the employees job, the relevance of sustainability and if it incorporates sustainability measures affect this consideration.

Six of the eight companies acknowledged the importance of all levels within the organisation being aware of the sustainability strategy for it to be incorporated successfully. Five of the six companies had implemented various methods to effectively communicate and engage employees across the different levels of the organisation, either directly from head office initiative or business unit. Another key consideration is that this agreement that awareness across all levels could be dependent on the nature of the business. In mining companies for example, the primary concern is safety, which impacts all levels of the organisation and is therefore vigorously communicated and incorporated across the business. Company B stated despite their success “they are very bad at communication both internally and externally. There is a management committee – where all the heads of business units meet, but the outcomes are not necessarily communicated unless there is something critical”. They have done multiple communications but need to be more effective at doing so. Companies require a more efficient and effective way of communicating to all employees as a way of incorporating sustainability across levels of the organisation.

5.3 Research Question Two: The approaches, processes and or tools used by business to incorporate their sustainability strategy

A number of elements drive sustainability in firms. This provides justification for the development of a sustainability strategy. Once the strategy has been developed, the challenge is to implement it successfully. Literature reviewed in chapter two highlights the importance of monitoring and control tools in implementing sustainability as they enable companies to form a base of which success can be measure. Question 2 probes this in the companies under study. The aim of this question was to understand the specific tools, approaches, or processes implemented by firms that helped them incorporate sustainability, and to explore the importance of integration.

The objective of the research question is to understand if organisations are in fact applying any specific model, as highlighted by Maon et al. (2010), or if there are other specific tools and approaches that are consistent across organisations, and that assist in effectively embedding sustainability strategies. This was explored further in an attempt to understand if firms deploy different approaches or tools at the various management levels of the organisation. In addition gaining a deeper understanding of the processes used when introducing or implementing sustainability processes or tools within the organisation would be in recognising the link between tools and approaches and the level of incorporation within the firm

Overall findings included that company use specific KPI to help drive sustainability in the business and drive implementation by developing measurement tools. These tools are company specific with not one standard tool used, except in the mining sector of IS 14000 used, as this is adaptable to company needs. Further to ensuring monitoring was in place, the company used sustainability champions within the business units to create awareness around the concept and help role model the correct behaviours – this proved to be very useful as it engaged staff and champions were employees and able to form relationships. It was encouraged that staff be involved in environmental and social projects as part of education initiatives for them to understand the benefits of their sustainability. Some companies in turn incorporate sustainability into the company’s mission or value statements. This serves as a constant reminder of the company’s commitment towards sustainability.

Some companies provide training to employees to educate employees on aspects of sustainability the company. This together with other communication efforts were used increase buy in into the sustainability strategy and changes in business to consider sustainability impacts. The use of these tools and approaches helped some companies get to the stage

where they are fully integrating sustainability into their business as usual activities. When completed being sustainable would become business as usual. It is evident that integration is the final stage of implementation.

5.3.1 The key measurement tools used to incorporate sustainability

The results show that the level of reporting undertaken by the businesses and the key performance indicators determine the tools required and approaches followed to implement. Companies use KPI's as a tool to encourage and measure implementation. Company findings showed that firms are influenced by reporting requirements, and structure KPI's according to specific regulatory frameworks. Individual company strategic goals are often incorporated in balance scorecards, which helped promote sustainable consideration. Companies introduced specific KPI's as it is the most effective way to get the business to implement, was to ensure it sustainability was a key measure. Further to this, there is specific sustainability tools used in project environments to identify risks or ensure there is mine closure plan in place prior to exploration taking place.

Insight from the literature review in Chapter Two provided evidence that companies use mandatory reporting for companies listed on the JSE (SRI index) and the King Code (IOD 2009) which endorses the Global Reporting Initiative (GRI) and AA1000 Standard, and encourages companies to comply with industry standards". Visser and Tolhurst (2010, p. 365). All companies included in the study conform to King III requirements, with majority conforming to integrating reporting requirements and incorporating JSE SRI and GRI requirements in their reporting

The level of reporting undertaken by the businesses and the key performance indicators determine the tools and approaches likely to be followed. Company findings showed that firms are influenced by reporting requirement, and structure KPIs according to specific regulatory frameworks. Individual companies' strategic goals are often incorporated in balance scorecards, which help promote sustainable consideration. Further to this, there is specific sustainability tools used in project environments to identify risks or ensure there is mine closure plan in place prior to exploration taking place.

Depending on the nature of the firm, two companies introduced company specific tools in order for them to make good business decisions, which in turn will benefit the company. In some cases, companies hired expert consultant to develop web based electronic tools to be able to measure and monitor KPIs and help manage overall implementation of sustainability. These tools are implemented at different stages of the implementation phase and dependant on the nature of the firm, for example mining companies use the ISO14000 tool, which assists

them manage aspects of sustainability. The tools introduced by each company, is often incorporated into different processes to help embed this within the firm and encourage key considerations among employees.

Other approaches for implementing included the creating of communication or training tools, to help promote sustainability strategy and help embed throughout the organisation.

A key insight is that there are number of tools, approaches that are required independently of each other to help implement sustainability. The relationship between various business areas, also affects the rate of implementation. Collaborative relationships speed the implementation, as employees are part of the processes. Sustainability managers have had greater success when they implement sustainability in conjunction with business units, rather than using measurements as a way of engaging.

Company-specific responses on their use of tools and approaches to implement sustainability

Company A, like many created sustainability KPIs, which later became integrated into individuals' scorecards and business as usual. Regional managers are as responsible for performance in, say energy conservation, as those at a head office perspective are. This coupled with sustainability champions at an operational level helped embed sustainability strategy within the firm. Company D has KPIs but have been criticised for not having enough and focus has been to integrate across all levels in the upcoming year.

Company B employed “various reporting requirements, electronic tracking systems that business units are required to use for reporting purposes. This is according to KPIs set against GRI requirements, every month there is data that needs to be reported” Business units indicated were not to impressed by the need to report but acknowledged its importance in trying to embed as it forces organisation to look at performance. From the head office level they have ensured that “all processes have a sustainability built into it” This ensures that from the onset of any project, initiative or operational process and even company acquisitions, the process of considering sustainability and development is integrated into each. Head office is expressed to be the “the conscious and governance within the business...Sustainability should not been seen as an add on but rather core and part of how business operates” (Sustainability manager, Company B)

Sustainability managers agreed that if you need to integrate sustainability, processes should not be stand alone “once you integrate into the business process the business it becomes business as usual”. This is key to embedding it.

Company E utilised KPIs the most effectively to drive sustainability objectives. It is interesting that their approach was different to the other companies in that they started with strong compliance monitoring and requirements ensure resulted where audited forcing the business to change their behaviour. The rationale behind this is that if the numbers are correct and sources reliable, it becomes easier for the business to see what works and what does not, as well as identify business areas that require more focus.

Company F's Head Office sustainability manager explained that they used sustainability champions to support targets and ensure business units meet requirements. Their approach is highly collaborative between business units and is dependent on the expertise levels at these units. The aim is to obtain input from operational levels as to whether targets are correct and are attainable. The sustainability team also has expertise at a central level, but is reliant on business unit teams as, "people on the ground know more than more the team (head office) and hence why we need to work closely". It was described as a "collaborative relationship".

To mention another aspect, seven of the 11 respondents agreed on the importance of collaboration and buy-in by organisations. Company B:

"if an organisation is not ready to integrate sustainability in any process it is just going to fail, the team did a lot of homework to check if the company was ready to take the next step...Worked closely with business unit, to pilot approaches cause if you don't get BU to buy-in, you will have the process sit on the shelves"

Company F also uses targets as a way of implementing sustainability objectives. Targets are connected to performance reviews and appraisals, which is how companies make sure the sustainability strategy is embedded into it. Nevertheless, there is also an overarching strategy; key strategic areas of thinking aligned to sustainability goals. Company F used an external expert consulting house to assist it in developing a measuring tool as a way of reporting on key targets. The sustainability champion at the business unit commented that "the idea was to take the targets and to institutionalise them by using an external party create a measurement system (web based)...and this system they have been using ever since 2007, to monitor how well we are progressing with each thing". This was deemed highly effective and successful. Each sustainability champion within the business unit is responsible for completing the process by using the tool. The company sets its own targets, and SRI influences it, but sustainability committees have more influence.

Company G's methods and approaches focused more on the people aspect of the business; it created a great deal of staff awareness around the strategy and its importance and impact to

the business. The company also introduced sustainability e-learning courses for staff to complete, which also offered education around major environmental sustainability challenges such as climate change. The sustainability manager confirmed, “3% of sustainability targets were met” so it is also measured and people are incentivised accordingly. The company also made use of sustainability managers at a business unit level and sustainability champions to help embedment across the organisation. They also provided tools for their clients to use and consider in business plans, which directly affected their business; central assessment and benchmarking were therefore, used to ensure the tool was accurate and useful for the client and company.

Company H also confirmed that there is “a continuous process and involves ongoing communication in respect of understanding sustainable development and sustainability”. The company uses the GRI framework as a benchmark together with other relevant frameworks to measure and assess impact. The sustainability manager stated, “Qualitative and quantitative information is collected through a customised data warehouse throughout the year and this information is accessible at all times to the business units, enabling them to manage their units and assess and mitigate their impacts”. Another tool mentioned was that the importance of sustainability is lived each day through the company’s values, all of which apply to employees, as well as all external stakeholders.

Table 7: Tools and Approaches used by Companies

Tools and Approaches	Description
Performance contracts	KPIs are incorporated to most of the companies as a way of instilling the correct behaviour and managing results. This is a common tool used.
ISO14000	These is a generic management system, that is easy to adapt to business specific needs and widely used in the mining sector
Communication and training strategy	All companies had elements of communication, whether it was through company magazines, visits or roadshows. This together with online training for staff is an approach to engage people in the organisation to help implement.
Customised reporting and monitoring	Companies have developed specific tools to monitor and measure KPIs. There is no specific tool used but rather

automated tools	specifically designed ones to meet company reporting requirements. Reporting range from monthly, to bi-annually reporting, depending again on the importance of measures and the nature of the firm
Integrated reporting	Companies widely practice integrated reporting and therefore this is a great tool that indicates progress and impact of sustainability on business to help drive its implementation
SRI and GRI guidelines	Regulation provides a base for at least three of the companies interviewed. These guidelines set out comprehensive targets for firms
Project specific tools	Firms find it easy to start incorporating sustainability into new projects versus trying to adapt existing ones.

5.3.2 The use of integrated reporting to incorporate and embed sustainability

All firms deploy aspects of triple bottom line, as it drives internal behaviour and external perceptions. Integration is widely practiced, and encourages business to incorporate aspects of sustainability and be held responsible for it.

5.3.3 The importance of integration when implementing sustainability

The companies that have now have began integrating sustainability into their business, already have an established strategy and have already introduced sustainability to business by creating measurements, introducing new processes, and engaged with employees over a period of time. Teams have been set up in two companies to address specific issues with integration and promote change in business as usual processes to incorporate. This eventually becomes business as usual for companies.

In conclusion, there are number of different tools and companies under study to help implement their sustainability strategy used approaches. There are tools used at different phases within the firm to implement the strategy, and create awareness and buy-in among staff. Regulation reporting requirements often form the base for the required KPIs and the reason why tools for measuring and monitoring are required. With reference to Chapter One and business problems experienced, the findings showed that, overall, when the company was implementing their new strategy there was not a clear set of guidelines, tools and approaches to use. Instead companies in the study leveraged off existing processes and

some incorporated change management concepts or steps outlined by Kotter (2007) in Chapter Two.

- A sense of urgency in the companies studied was created by two things, one created by leadership who made sustainability a priority or alternatively regulation

Create a guiding coalition – by assigning sustainability managers and sustainability champions throughout the organisation, together with senior leadership buy-in– this constitutes most of the companies creating their own guiding coalition.

Each company developed their own sustainability strategy and shared the vision with the rest of the business through multiple communication channels. The type of messages communicated to employees differed according the levels, their points of interest and the type of business.

5.4 Research Question 3: The key enablers and constraints when implementing a sustainability strategy

There drivers of sustainability and the methodology used by companies under study have been detailed. Through gathering this insight and insight from literature in Chapter Two, there are indications that there are general factors that affect the implementation of sustainability e.g. communication effectiveness. Question three probes the companies under study to identify key enables and constraints through the implementation phase. The aim of the question is to identify enablers and constraints to propose proactive solutions and aid in answering the overarching research question of how companies have successfully implemented sustainability strategies.

“What is more important is how well companies integrate such issues not just into the making of strategy but also across all dimension of the business” (Bonini et al. 2006, p 30) this as proven earlier helps create stickiness for the CSR and sustainability strategies. The intention is to get a deeper understand of the type of mechanisms used to deeply integrate and embed these strategies within the selected organisations.

Company A expressed challenges around implementing better sustainability practices due to the nature of its business and the environment it operates in. However overall once they managed to get employee buy-in it has become business as usual for them.

Company B had two levels of challenges, those faced at head office, and those faced at business unit level. One key aspect was the fact that many people who had worked for the company for a very long time, didn't have to worry about environmental issues - it was not

regulated or forced at the time so a challenge has been trying to convince people there is a business case for sustainability development. “At an executive level it is well understood however translating that to day to day management of the guys on the ground has been a challenge”. Issues around safety have been easier “it's emotive and has a special place, especially on the ground. But not everyone else knows that having an environmental incident and its impact to the business”. This shows the different levels of understanding of sustainability at different levels of the organisation.

Key enablers on the other hand, have been translating the ISO14000 system across the business, have played a big role, implemented the system and then translated it so that it makes sense on the ground. Employees at an operational level understand why they should separate waste and so on. There are various incentives, as well as education and training and disciplinary actions. The benefit is gained on the safety side not on the sustainability side. Integrating it into people's performance contract has been key. Another enabler was the company's current structure with tools for each level to use. Head office created tools that are beneficial for business units to use, such as sustainability valuation approach – cost benefit consideration to sustainability, NPV for initiatives, and so forth.

Key to success is the relationship between business and corporate centres, to ensure that sustainability is taken seriously and implemented the way it should be.

Finally, the company is in phase 5 of their sustainability journey, “First phase was planning, then pilot phase, deployment phase (corporate and business unit) they now are at an embedding phase which is when the sustainability team steps back and let the projects run with this phase”. Key was that different approaches are required depending on the phase the company is in.

As the journey of sustainability involves, people are less resistant to it change as they buy-in more and realise it will not halt business and as usual but can be incorporated into business

At Company D, the challenge is that there will be pockets of excellence and silo's and the task of bringing everyone on the same page is key to achieving overall success.

Company F states that there are always challenges, the sustainability issue is consumerism and operates with many competitors in the difficult current market, and are under pressure to perform to meet profit margins, this influences the ability to embed sustainability and make it a priority in people's days, as well as in implementing the strategy.

Another challenge was around getting lower levels of management to understand strategy and get their buy-in. Sustainability champions helped improve understanding and overall

communication. All employees receive a large amount of information daily and therefore it is a challenge for things to stick.

Incentives, performance management system, champions, and integration across different business units and sustainability is a value (decided by the board) “sustainability, build for a better future” – and they drummed the new value into the business formulae. Once it is in policy, base formulae and the board bought in, a “bottom up approach”

People's opinions differ based on their point of focus and they needed to see relationship between all aspects so that this works. People have different points of reference, as they operate from different perspectives, this is why is it important that direction is given then you tie into value and common theme

Company G had similar challenges around staff commitment, the journey is a long process, and things do not happen overnight. What is important is to encourage staff, give them a platform, educate them, and incentivise them to buy-into the sustainability journey.

5.5 Additional research findings

In conducting the research and answering research questions 1, 2, and 3, there has been additional insight gathered from the in-depth interviews. Some of which have elements of it identified in chapters two literature review. There are also new findings to consider when incorporating sustainability in business.

5.5.1 Stages of implementation

The eight companies interviewed were at various stages of their sustainability journey depending on when they began their goals and targets, and the level of support across the business about implementation.

CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

The previous chapter presented findings of 11 interviews held at the eight companies, to provide insight into the incorporation of sustainability into business. This chapter discusses and considers key outcomes into how these companies have successfully incorporated their sustainability strategy. The research problem will be discussed based on similar themes outlined in Chapter Five:

- Section 6.2 discusses what drives business to incorporate sustainability, by exploring the motivational factors, business cases factors considered and business model adaptation to incorporate sustainability;
- Section 6.3 discusses the tools and methodologies firms required through the process of implementation, and;

- Section 6.4 discusses the key enablers and constraints faced by firms when implementing the strategies.

The overall objective when trying to answer research questions one, two and three, and when analysing the key results - was to create a comprehensive framework for companies to refer to when implementing sustainability concepts in their organisation. Maon et al (2010, p. 21) states that scholars endeavour to answer concerns and engage in efforts to conceptualize CSR according to a more dynamic and implementation-orientated perspective, with the goal of understanding how CSR unfolds in organisations and what triggers organisational engagement in CSR initiatives. The framework endeavours to achieve the above, whilst using the results to answer the overall research question.

6.2 Interpretation of findings relating to Research Question 1

Research question 1: What drives companies to adopt a sustainability approach to how they do business?

"Sustainability, has become an increasingly popular topic due to the elements it covers and the benefits associated with operating in such a way that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987, p. 14). The research study identified three main reasons that companies incorporate sustainability: regulatory requirements, a leadership morals imperative or due to stakeholder pressure.

This is similar to Tarlock (2001) that explains that concepts such as sustainable development and environmentally sustainable development are not self-executing initiatives but rather defined by the highest level of government. The rationale for this is effective protection, requires a strong public law and institutional framework. This could differ from the moral compass side and from the research that shows that although regulation influences companies, when companies start it, it is more sincere. The outcomes of the data and interactions with interviewees disagrees with this to some extent, as the combination of regulation formalising requirements and highly moral and passionate leaders has led these companies to achieving even greater success. There have been many self started initiatives as well as a large degree of integration into the business from self-implemented companies. Regulation may prompt sustainability strategy for reporting purposes etc.; however, leadership buy-in dictates the level of success. It questions if our leaders in South Africa are less socially conscious and, hence, increased regulation.

Half of all the companies interviewed, stated that regulation changes forced sustainability considerations as part of the strategic objectives and business operations. Less than half, attributed it to an intrinsic motivation of leaders of each of the businesses, as they felt it to be the right thing to do, on a personal, customer and company level. Only one company incorporated sustainability into business practices due to shareholder pressures. This speaks to the effectiveness of regulation in driving the desired behaviour of business. There seems to be a link between of each firm's progress and the reason for introducing sustainability into their organisation. The results show there is less resistance between self-started organisations versus regulated companies. This does not mean there is no place for regulation - just may need less if we had more leaders in key roles like these.

Key findings for those companies that embarked on sustainability journeys initiated by leadership, includes the first steps incorporated in making the operating environment more eco-friendly through recycling, or energy efficiency. This differed from those that were driven by regulation, whose first steps was to identify its biggest impact socially, economically and environmentally and then set targets to reduce them. Implementation plans followed thereafter. This represented two very different steps towards the same journey.

Overall, the major reasons for moving towards sustainability is either a push or pull action. In less regulated industries, there is a need for leaders to take the initiative, to be more socially responsible or a need for consumers and society itself to be more vocal about sustainability issues. This will exert pressure on companies to be forced to address sustainability issues that regulation does allow them to. Internal pressure from staff has also proven to change companies as in one of the companies studied. Once sustainability strategy is introduced, irrespective of the reasons, the progress it makes and level of embedment is mainly due to the leaders and the level of buy-in they display. All data collected pointed out that at Executive and CEO level it is key for leadership buy-in. Research also shows that any big change program requires a guiding coalition to drive and be part of the change and hence why leadership buy-in is so critical (Kotter, 1997).

Once you have buy-in and policy is developed, it does become about the implementation into the rest of the business. Once implementation occurs using the tools and approaches highlighted below it, companies then look at integrating sustainability into the organisation. Integration is a clear sign that sustainability is part of the business as usual activities within the longer term.

The main drivers above are supported by other elements of sustainability, such as, the business view and business case.

6.2.1 Business perspective of sustainability

Definition of sustainability across companies

In understanding what drove these companies to embark on a sustainability journey, it was important to understand how they defined sustainability and what elements of it was incorporated into their strategy. All firms indicated focus on all four aspects of sustainability according to the elements incorporated by the National Framework for Sustainable Development (2008), such as, socio-political, ecosystems (companies refer to this as environmental), economical aspects and governance structures into their sustainability strategy. This is because the National Framework is widely used in South Africa or that companies see the value of having all three incorporated. Companies did shift from a CSR way of thinking to sustainability, which could be that it incorporates a financial element, whereas, CSR does not focus on this, as stated in Chapter two.

Depending on the sector the company operates in, the elements with the sustainability strategy priorities differ. For example, mining companies primary focus was on safety and environmental aspects – however, the companies do still have active initiatives to focus on other social and economic activities. Other companies not focused on the mining sector did focus on environmental aspects of sustainability, this could be due to the fact environmental issues are the most verbalised issues with regards to sustainability in South Africa, or alternatively because it has become fairly easy to have corrective actions for basic environmental aspects of business and therefore companies have embarked on some sort of “greening” initiative.

All firms incorporated some elements of sustainability since early 2000's , with a few firms beginning even earlier with recycle initiatives. However, over time and increasing pressures from society, regulators and intrinsic motivation factors or as some refer to as the moral compass has led to an increasing number of companies investing a greater deal of time and money in creating company specific sustainability strategies and implementing within existing business structures.

External pressures influences the incorporation of sustainability

The findings confirmed insights shared by Carroll & Shabana (2010), that both business and the community interest in sustainability and sustainable development in the early 2000's grew, which lead to the theme becoming an integral part of CSR and business focus today. There has been a change in general business focus over the last decade with more global players in local markets, as well as local firms operating off shore. This has put increased pressure on

firms to start being more sustainable with evidence that investors are becoming more aware of the benefits of Triple Bottom Line. This may have led to the introduction of the JSE (SRI) for all listed companies to comply with its requirements and provide integrated reporting.

6.2.2 Key drivers for incorporating sustainability

Leadership plays a key role when incorporating sustainability

Research findings concur with McKinsey (2006) and suggests greater involvement of Chief Executive Officers in the debate and suggests that without CEOs' personal involvement, sensitivity to the social, political agenda probably won't become embedded in an organisation culture and values, and they help coordinate the activities across various departments. The findings support the importance of leadership in sustainability. The companies whose leadership had initiated strategy, seemed to implement quicker and have had more progress. This was because commitment was made at that level to make a difference. Those companies that began due to regulation and had supportive leadership made more progress than those that were just conforming as a requirement without leadership. The challenge is with leaders, if they do not buy-into the benefit of sustainability there is usually massive push or implementation to meet the minimal requirements.

However, research findings in fact, show that South Africa operates with socially conscious leaders, cause those with both a pull and push for sustainability, have incorporated it into their strategy are equally successfully. A challenge is that, if there is no leadership buy-in, it is likely that they will require strong evidence of viability before progressing with sustainability related initiative when company is under financial pressure to perform. Sustainability initiatives maybe regarded as nice to have versus must haves. Therefore it is key for companies, irrespective of their phase or buy-in, should have internal proof of business case for initiative. Benefits should be classified on both financial and non-financial impacts to support the business case. The data showed that for those companies where legislation did not enforce changes and leadership did not initiate – then the company does face these internal challenges in trying to prove the business case. The way businesses overcome this was through proving small wins such as reduced losses from energy efficiencies which lead to bigger sustainability issues in the company.

Leadership has been a strong trend throughout all data collected. The data showed though, that irrespective of the reasons why companies began, senior leadership buy-in, commitment and support is imperative for this to be successful. Majority indicated the strong influence of

the CEO had and how passion for the cause helped develop policies and implement - in embedding, companies need committed leaders. When leaders are not subject experts, they usually hire an expert to head up sustainability, like in most companies. The data showed that most companies hired new head of sustainability.

This helped realign focus areas, prioritise and drive the change required in the business. All respondents understood the importance of ensuring they drove a balance of sustainability requirements and business as usual, this was to avoid resistance and infiltrate the company. This is very similar to most change programs, where you need to get buy-in prior, with many opting for piloting in small areas to test policy. The sustainability managers that achieved the most success, in terms of progress with implementation and creating awareness and getting buy-in from the organisation, were those that understood the relationship between sustainability and business. This meant understanding the company's cultures, current challenges it faces in terms of financial targets, and working with business to drive results in a sustainable way. They followed a highly collaborative approach when implementing the strategy. It was important that the head office sustainability team did not appear as ruling with a stick but rather played a support role. This helped get buy-in and achieve good results.

Being sustainable improves the company's brand and enhances competitiveness

Carroll and Shabana (2010, p. 97) argued that companies also benefit from secondary aspects such as brand and competitiveness. . Companies under study did not use this as a base of the sustainability strategy. They did acknowledge the benefit and the risk of being exposed to external pressure should things go wrong in the company and they had incidents that would cause reputational risk. It is for that reason that many of the companies should not risk to find.

Business Case

A challenge sustainability managers expressed was around proving the business case for sustainability in order to get momentum within the company for further investment. This is similar to Burke and Logsdon (1996) that referred to the tougher economic conditions forcing companies to examine their CSR activities and its feasibility, with little empirical support available. The article explores how CSR programmes can create strategic benefit for the organisation and, through asking the research question "under what conditions does a firm jointly serve its own strategic business interests and the societal interests of its stakeholder?"

It is believed that without a clear cut understanding of strategic benefits, top management will not invest in CSR practices. “CSR might entail short-term costs, but it paid off for the firm in the long run. (Burke and Logsdon, p. 496), although agreed that research to prove this was difficult due to the lack of firms and statical data”. For companies to fully incorporate sustainability through their policy setting and development they must prove the business case for it. The challenge is that this data is difficult to obtain and employees are rewarded on short-term gains whilst sustainability is a long-term investment. This creates a dilemma in firms, as longer term returns should then be built into employee contracts.

Culture

Culture plays a role in the implementation of sustainability. Depending on the type of culture a company has it is able to pre-empt how employees are likely to act and therefore the type of interventions in place. Companies in the study had difficulty in the older employees who formed a sub-culture in the firm and resistance to change. The development of CSR as explained by Maon. et al (2010, p. 34) is an on-going process. This implies that models developed around CSR in an organisation must be flexible. This together with the fact that the environment of organisations are ever-changing makes it difficult to model typical stages of development a firm is likely to go through. However the need for senior buy-in and leaders specific visions and values influence the organisations commitment to CSR. The development is broken into three phases that differ according to the organisations responsiveness to CSR, reasons for commitment to CSR, the impact of CSR on the organisations goals and the type of CSR related goals (Tangible, moving target, etc.) :

- Phase 1 : CSR cultural reluctance
- Phase 2 : CSR Cultural Grasp
- Phase 3 : CSR Cultural Embedment

6.2.3. Adaptation of the business model

Bondy (2008, p. 319) suggests that at the organisational level CSR acts as a constraint due to the change required to the operating model in order to make it work. However, at the individual level it poses opportunities to improve individuals own position. Companies did not change structures but did introduce new roles to be representative of the initiative and by having it report into senior executives helps build credibility.

From a structural perspective or business model – there are two types of models that a company can be deployed in a company. From the research, it shows that to begin your sustainability journey firms need to establish whether the sustainability teams at head office are able to develop, implement and control sustainability measures at that level. Alternatively, if additional support or expertise are required in business, either due to the technical nature of the organisation or due to the sheer size of the firm, introducing sustainability managers within the business model may be very effective in getting traction. There seems to be an evolution of the different company stages and the type of structures in place to accommodate. The companies when they started had only one or two people in the sustainability team; this later changed in employee sustainability managers if firm is big and needs direct influence, or sustainability champions. This later turns into integration and rightful that team should roll off it becomes fully integrated. A good sign for the company.

It also creates calls for a different type of relationship with business units, as this model is almost consultative rather than dictatorial. The challenge for the other companies that have only had sustainability managers is due to the larger structure for implementing it or they have strong KPI's which help guide business behaviour. If the challenge in business is more around mobilising people within the business units, in respect of, creating awareness and buy-in from staff on sustainability and its impact on the business, then sustainability champions play a very similar and effective role as change champions do in a normal transformational change program.

6.2.4 Level of incorporation

The insight was obtained from both a head office perspective and business unit, to get a diverse set of views or establish if key enablers or constraints at the two levels differed.

The data suggests to help achieve this alignment between the levels Bondy (2010, p. 320) recommended that resources are available to engage across levels of the organisations and that clear roles and responsibilities (delegation of power) is required at the senior levels for effective implementation throughout the organisation. In order to support the above according to Bonini et al. (2006), business executives are usually the person responsible for the CSR strategy and are likely to drive initiatives. This again proves Maon *et al.* (2010) around the influence of all internal stakeholders in achieving success and buy-in of a CSR strategy.

It could be that companies used this as a starting point to sustainability strategies, in what will later be described at phase one of embedding sustainability – Phase 1 “create awareness”.

Overall the key finding with regards to the companies selected to be part of the study was despite each being part of the same selection criteria having to have met certain requirements, all companies despite having great focus on sustainability and have success in their organisation, not all companies were at the same phase of implementation. This was an interesting finding because despite the indices indicating good performance, they do not provide a few of how far along the company is from fully integrating sustainability in their organisation. Despite integrating reporting in itself being a great measure of interconnectedness and incorporation of the triple bottom line, it does not always illustrate complete business model integration.

6.3. Interpretation of findings relating to Research Question 2

Research Question 2: What method and/or tools are used to assist companies incorporate sustainability strategy?

The objective of Question 2 was to understand if organisations made use of any specific model, tools and processes to implement or incorporate sustainability in their organisation. The key findings here would help understand if company success in incorporation is due to the tools and processes; they have in place versus other aspects. Hawken, Lovins H & Lovins A (2007, pp. 182) explains why so many companies are straying or falling by the way side, stating that instrument management use to set their targets, measurement of performance, and hand-outs or rewards are faulty. i.e. markets are full of distortion and perverse incentives.

The approach the company follows and the tools it has at its disposal has an impact on how the company incorporates sustainability. Sustainability is measured in accordance to the triple bottom line principles and require companies comply with integrated reporting requirements. Depending on the nature of the firm, there is regulation that governs the reporting requirements and therefore at the tools needed to be able to measure and monitor key indicators. Depending on the phase of implementation of the company is at, the difference is data required. It's unclear to draw a direct link between tools and company. However, in terms of progress, companies that had tools that did not just report, measure or monitor but also

benefit to the findings indicated that the firm was moving towards the next steps. Some companies developed company specific tools to assist in making business decisions and monitoring performance on one system throughout the organisations.

Companies leveraged of sustainability frameworks such as the JSE (SRI) or GRI requirements when defining working methods and tools required. Other than the environmental management system ISO 14000, there were no other consistencies in terms of tools specific. Companies are retrofitting existing processes and tools, to fit sustainability requirements.

In many ways, embedding sustainability within an organisation is a change process, as it requires business to change the way they operate to consider additional factors. Kotter (1997) eight-step model is a framework to use implementing change in an organisation.

Tools and approaches used

Companies used a combination of monitoring and reporting tools to assist in the implementation. This was generally more focused on KPI or key statistics in the organisation or alternatively in the project environment. Companies outsourced the development of systems that would enable them to effectively monitor and report. Other companies used more manual methods of capturing this data. To an extent the more advanced the sustainability strategy was, the more formal electronic tools were used to measure performance versus company's still progressing in incorporating.

Bondy (2008, p. 308) highlighted the importance of organisational considerations when dealing with CSR implementation. If there is an increased awareness of CSR, this can be positive because it allows a range of stakeholder groups to 'increase their bargaining power' with businesses. There are eight sources of power inside most organisations (based on Position and Personal). This affects the implementation of CSR.

There are also important issues around the level of experience and expertise required at the different levels of organisations and their ability to execute on CSR initiatives despite having the power to do so. This addresses the human capital requirements for effective execution of CSR and sustainability in any organisation.

Change management and implementation of sustainability

“Implementing a CSR strategy is most likely to represent a key event for any organisation, yet existing guidelines for implementing CSR and the verifiable criteria for its success still lack theoretical or empirical support, especially from a dynamic perspective” (Maon *et al.*, 2010, p. 2).

A key finding from the research gathering process was the similarity between the journey any company embarked on and the steps suggested in Kotter (1997) model for change. There were results agreed that discusses the elements of change, despite no official change program was in place. The aspect around gathering a guiding coalition is critical to the implementation phase of any sustainability journey. As the company develops and implements practices, it is important that this be communicated effectively to the rest of the organisation – having people that already bought into the practices.

In light of the Kotter (1997), a summary of the eight steps companies followed to implement are very similar which would imply that a sustainability strategy is a form of change in a company, and perhaps greater emphasis should be placed on change program when introducing the strategy and the firm is ready to roll out. This will differ depending on the type of employees you want to engage as well as the action you require from them. A key learning or suggestion, minority of firms interviewed, implemented something similar.

The challenges then you have a team of sustainability-focused people who are often seasoned professionals in their line of expertise and may have a different view to the business. Collaborate relationship where the sustainability team understands business role and how it operates, often understand when best to engage with them to get the greatest cooperation when you are able to relate. This ties in again with the companies culture and the reasons why people in a firm are resistant to change, and may take longer to convert them.

This is often why, if the business case is well defined, it is difficult for people not to be accepting of the change if the business benefit can be converted. The parallel between the change aspects findings and the clear indication that the firms where in different phases of implementation.

A framework proposed in light of the results i.e. the changes elements incorporated as per results and Kotter (1997). Further to this, it was then compare to a proposed way of viewing the steps of implementing sustainability given the key findings

“Sustainability in III phase” is proposed to consider the different phases the organisation goes through when introducing an implementing a sustainability strategy and some reference can be made to Kotter (1997) based on findings.

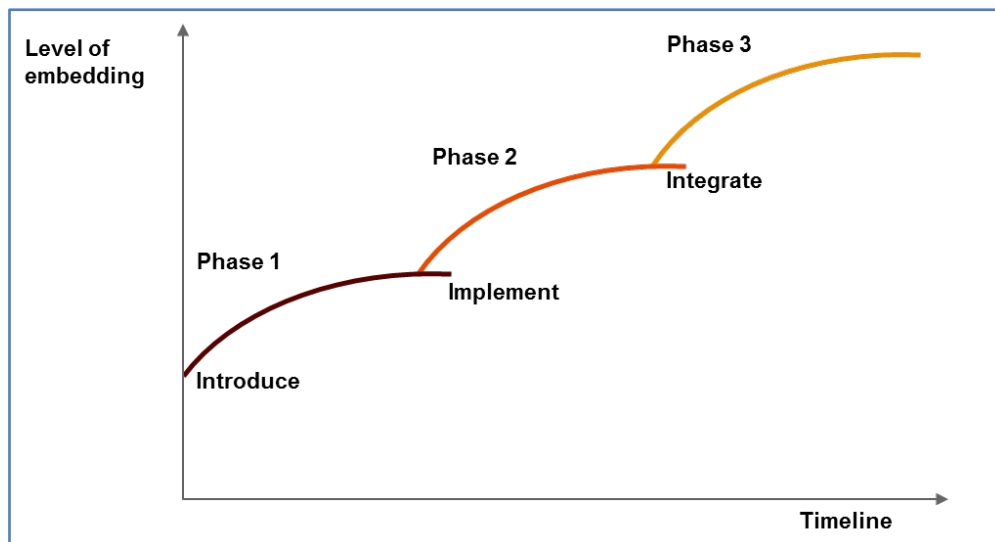
The model is a two by two matrix; the Y-axis is the level of incorporation of sustainability into the business whilst the X-value indicates the period. The phases are explained below:

Table : Proposed relationship between the phase of implementation and Kotter (1997).

Source: Research interpretation

Phase	Evidence of it in findings
Phase 1 : Introduce <ul style="list-style-type: none"> • Sense of urgency • Create guiding collation • Develop shared vision 	<ul style="list-style-type: none"> • Regulation, leadership intrinsic motivation and shareholder • Introducing sustainability managers into Exco and get senior leadership buy-in • Creating a sustainability strategy outline what elements of will be considered and establishing set targets
Phase 2: Implement <ul style="list-style-type: none"> • Communicate the vision • Empower people to act on the vision • Create short term wins 	<ul style="list-style-type: none"> • Incorporated in values/missions, communication tools • Sustainability champions • Performance score card, many company
Phase 3: Integrate : <ul style="list-style-type: none"> • Consolidate and build on gains • Institutionalise the change 	<ul style="list-style-type: none"> • Integration teams set-up, once business is better understood to integrate into business process and operate as business as usual.

Source: Developed by researcher to illustrate phase of implementing sustainability given the research study



All companies employed different approaches, tools and methods to embed. Measurement and linking to performance seems to be the most common and key on the onset. There is however, a large deal of collaboration that is required at each level of the organisation for this to be successful. Buy-in and collaboration is imperative between head office and business unit level as this ensure that head office isn't seen as a stick and people within the unit buy-in to sustainability targets and therefore help achieve them. This makes it deeply embedded.

6.3.1 The importance of integration when implementing sustainability

“What is more important is how well companies integrate such issues not just into the making of strategy but also across all dimension of the business” (Bonini et al., 2006, p 30) helps create stickiness for the CSR and sustainability strategies. Further impact on the implementation of CSR as suggested by Bondy (2008) is the power of CSR within the business can positively affect the business. However, this depends on the individuals within the company, and their level of power that may also influence the level in which it is implemented. Integration of reporting played a critical role in the driver for implementation. It forces businesses to consider the other aspects of doing business and be held accountable for results. This allows companies to be viewed with a different set of lens and in turn provides opportunities to change improve and in some cases expand given new found insight.

According to Burke and Logdson (1996), a way to integrate, CSR and corporate strategy have included the stakeholder model of strategic management and the inclusion of social demands as strategic issues.

6.4 Interpretation of findings relating to Research Question 3

Research Question 3: What are the key enablers and constraints when implementing Sustainability within an organisation?

Key Enablers

“What is more important is how well companies integrate such issues not just into the making of strategy but also across all dimension of the business” (Bonini et al., 2006, p 30) this as proven earlier helps create stickiness for the CSR and sustainability strategies. The intention is to get a deeper understand of the type of enablers used to deeply integrate and embed these strategies within the selected organisations and highlight common constraints and challenges faced by respondents.

Culture and mind-set

The culture and mindset of leadership and people in the organisation impact the rate of which change can occur. There is more resistance from other senior leadership who do not see the value and view it as just another process to make business more difficult.

Organisational structure, stakeholder engagement and leadership

The combination of power, organisation structure, stakeholder engagement and leadership involvement all play a part in effectively bringing about change within the organisations and occurs even prior to change. Todnem (2005, p. 1) defines change as “the process of continually renewing an organisation’s direction, structure, and capabilities to serve the ever-changing needs of external and internal customers”.

Tools and approaches

Companies have empowered themselves by having the correct tools in place to monitor progress and help integrate into the business. Companies started by incorporating into projects and this slowly grew to a stage where it is not being integrated into every aspect of the business. This happens over time, and with very good relationships been built between the sustainability team and business. It is very important that there is a sense of collaboration when implementing sustainability requirements. As much as sustainability managers drive this in the businesses, they want to be able empower the individuals in business themselves to make consider the rights aspects before a decision is made and therefore this relationship and transfer of knowledge is good. Two or three of the more advanced companies acknowledged that they in essence are working their way out of a job in order to full integrate sustainability.

Key constraints

The business case drivers outlined in Chapter 2.3.2 show the multiple benefits associated and vast impacts to business. If this is known, the question remains why are not all companies at the for front of this 'next generation' movement, and why are not all companies that have embarked on it achieved great success. The findings show shows that understanding the principles can be straight forward; however the dynamics of business and being able to successful incorporate it an organisation is the challenge. The findings show that it is difficult as the organisation is often large, with pockets of individuals who buy-into the changes and other who are resistant. It is also often difficult to

Tarlock (2001, p. 39) adds sites the difficulty in implementation of Sustainable Development is due to the virtual disconnect between policy standards and institutional structures necessary to implement them. He further explains the need to have governance institutions, representative bodies, laws that assign the rights and conditions for resource use, and agencies that implement them must all be restructured to encourage more balances extraction, production and consumptive patterns. – in a way the data disagrees with this, as the structure doesn't need to change what does require change is the process and procedures governing the way the business is run and hence the need for the integration into as business as usual. This did not come through clearly from the findings, despite majority of companies being driven by regulation when implementing it may not have been due to the type of regulation required by the firms, but rather other challenges facing a company.

Time constraint

Incorporating sustainability is like introducing a new way of thinking in the firm and therefore it is difficult to change the mindset of people, which they are still trying to achieve business targets and, as humans do not like change. Many of the companies described it as a journey because it takes time to achieve the results you require and patience to overcome challenges and setback. Time permitting and a combination of the right methodology and backing of the leadership incorporating sustainability are possible.

Lack of formal methodology

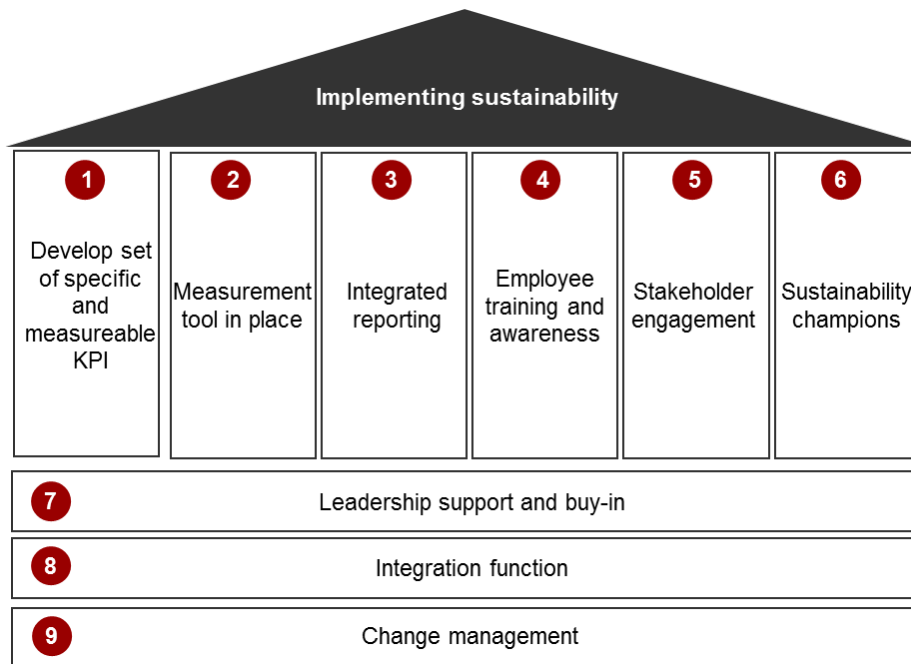
Firms are guided by existing processes, and experience when implementing sustainability, with no specific tool or methodology that could assist in the implementation.

Carroll and Shabana (2010, p. 93) identify three models that could explain the mainstreaming activities of CSR in business. The social values-led model suggests that integration of CSR is throughout the organisation and not with a necessary expectation of economic benefits. The second referred to as the business-case model, all initiatives are assessed by a clear link to economic benefit. The third syncretic model is seen as an overarching approach to business management. The syncretic model implies a relationship between CSR and business. It is stated that “the prevailing approaches to CSR are so fragments and so disconnected from business and strategy as to obscure many of the greatest opportunities for companies to benefit society”(Carroll & Shabana, 2010, p. 93) . The analysis concurs with the fragmented approach to dealing with CSR or sustainability and hence the recommendation based on findings that a framework could add value in that it will take the key success factors and incorporates into a framework that is easy to refer to.

An analysis of the findings seems to be a few core things that were similar across all organisations and that could make impact to how companies rollout future strategies. The framework below aims to provide a structure, hence the house, of which key enablers of incorporating sustainability form the pillars of the house, as they will be applied to different areas with the business. However, the foundations of the house are what must run through the organisation in order for the business to successfully incorporate sustainability within the business.

Diagram X Framework summarising key success factors business should consider when implementing sustainability strategy.

Source: Outcome of research findings and analysis (2012)



Finally, Jones (1999, p. 176) argued that the institutional determinants of social responsibility form part of the stakeholder engagement activities. The level of engagement depends on existing business structures and ways in which key messages are communicated to the various levels within an organisation. Often as mentioned prior leadership can positively or negatively impact the level of engagement and ‘airtime’ CSR gets within the organisation. This is dependent on the type of decisions makers present.

CHAPTER SEVEN: CONCLUSIONS AND RECOMMENDATIONS

7.1 Summary of findings

The studied companies added an immense amount of value in understanding how companies incorporate sustainability. The study has provided insight into the implementation journey of eight companies across four sectors with different priorities.

As outlined in Chapter One: sustainability is viewed in light of economic, socio-political and environmental elements, underpinned and integrated by governance structures. It is a challenge businesses face due to increased regulation and stakeholder pressure. This forces companies to develop and implement their sustainability strategy sooner, creating internal challenges in terms of how to go about incorporating key sustainability aspects and at a later stage integrating into business as usual. The companies included in the study are aligned to the sustainability definition in Chapter One. The diverse selection of companies in the study

helped ensure that key trends across the various sectors, about the implementation, could be identified and justifiable. Insights were obtained from both a head office and business unit perspective, to again get impartial insight into key enablers or constraints of implementation at the different levels.

Chapter One also highlighted the growing importance of sustainability, increased pressure from stakeholders to comply with the triple bottom line principles (social, economic, environmental), and integrated reporting. This has shifted how business is done and changes what future leaders need to consider when doing business. Theory outlined in Chapter Two showed, that there are concrete findings on influential and motivational factors for companies wanting to incorporate sustainability and highlighted some gaps in the implementation of sustainability of it within business. Gaps exist as theory provides evidence of elements of the implementation however not an end-to-end process. This posed an interesting research problem, which was addressed in the research study.

7.1.1 Summary of main findings

The key finding relating to the three research questions below provide an overview of drivers of sustainability, tools and processes used to implement and key enablers and constraint

Key drivers to incorporate for sustainability:

- Businesses adopt sustainability strategies due to regulatory requirements, intrinsic motivational factors by leadership and through shareholder pressure
- Business case for sustainability includes meeting regulatory requirement, changing preferences of customers and meeting societal needs, cost reduction,
- Business model changes are required to incorporate sustainability, usually both a corporate and business unit levels
- Culture plays is a contributing factor to the rate of implementation

Tools and Approaches:

- Tools and approaches are company specific and related to key measurable, however measurement and monitoring is key to the implementation process.
- Sustainability managers act like change managers in this process and have been
- Integrated reporting plays an important role in business and drives companies to incorporate sustainability
- Employee's communication and training assist in getting buy-in.

- Stakeholder engagement relationships must be maintained to gain support for any implementation assistance throughout the phase
- Leadership support, maybe the most critical tool for successful implementation.

Key enablers and constraints:

- Supportive leaders, proper tools in place and collaborative relationships between head office and business units are critical
- Getting buy-in from internal stakeholders, lack of tools and full integration

Other key findings:

- Companies interviewed were at different phase of implementation and framework X proposes an analysis of the three different phases companies go through when trying to implement and there are different tools required at each phase
- Kotter's (1997) change model is a good base for companies wanting to implement sustainability, and companies have been through the eight steps depending on their phase of the journey

7.2. Applicability of the study to other institutions

Outcomes of this research would be beneficial for all companies within the private sector who are embarking on a sustainability journey, with little direction or motivation within the firm as to how to go about beginning the journey but more importantly implementing it in their organisation.

It would be useful for companies who have already developed their strategy and are in the process of implementing it. The outcomes of the research study findings from some of South African top companies could be useful.

Subject matters experts in either academia or business will find the research interesting as it aims to make sustainability easier to understand and implement in companies. This could also form the base for further research in the sustainability field.

Lastly, the research aims to provide insight into all employees within companies that have not yet adapted their business strategy and would like to understand how to initiate these discussions within the company to improve the way it does business.

7.3 Recommendations for Future Research

This study has addressed the questions raised at the beginning of this study and uncovered additional issues to be addressed and explore in the future. Further studies can take place, using this as a basis of institutional transformation.

Future topics could include, but are not limited to:

- The role of leadership played a strong role in the introduction and implementation of sustainability. Research into understanding the kind of leaders that have been successful
- A limitation when selecting the companies was there was no clear indicator that measured level of integration within companies. A topic could be around the development of a method to measure the integration of sustainability within firms
- An investigation into the relationship between the sustainability strategy a company sets and the implementation within business.

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APPENDIX A

SEMI-STRUCTURED QUESTIONNAIRE

APPENDICES

Annexure 1 : Interview guide

1. Overview of sustainability in the organisation
 - a. What is your understanding of sustainability?
 - b. How is sustainability viewed by your organisation?
 - c. How important do you think this is to your organisation and why?
 - d. Has the organisation adapted its business model to consider long term risks?
 - e. How has your company embedded sustainability within your organisation?

2. Organisational approach
 - a. What has been key for your successes as an organisation with regards to sustainability?
 - b. What was your company's processes and/ or approach when implementing your sustainability strategy?
 - c. What resources or tools were required for successful implementation?
 - d. What were your constraints when implementing the sustainability strategy or practices?

3. Impact analysis
 - a. Has it been beneficial for your organisation to develop and implement a Sustainability strategy? If so, what would you describe as the primary benefits achieved?

- b. If your answer is no to question 3a, then can you kindly explain why it was not beneficial and what could have been done differently to change these results?
- c. Are all levels of the organisation aware of your sustainability initiatives or strategic goals? If not, are their specific reasons why this is the case?
- d. Is there any form of measurement or monitoring that occurs with the organisation to determine if sustainability practices are implemented throughout the organisation?

4. Reporting

- a. Do you believe integrated reporting has assisted in embedding sustainability within your organisation?

5. Leadership

- a. Is there any specific person in your organisation that has been responsible for driving sustainability?
- b. To what level do you think other managers or leaders in the organisation have bought into the importance of sustainability within the organisation
- c. Have there been any specific initiatives done to engage leaders to embrace sustainability within the organisation?

Annexure 2 : Consent letter

Dear Sir/Madam,

I am conducting research for my MBA thesis on how to effectively embed Sustainability in organisations. I would like to find out more about your organisation and understand the step taken to embed sustainability in the organisation.

The interview is expected to last 60 minutes and aims to help me understand what made your organizations sustainability strategy successful and the steps taken to ensure it was embedded across your organization.

Your participation is highly appreciated, voluntary and you can withdraw at any time without penalty. All data will be kept confidential.

Do you consent to the interview taking place:

Yes _____

No _____

Signature of participant: _____

Date: _____

If you have any concerns, please contact me or my supervisor. Our details are provided below.

Researcher: Sheradia Pillay

Research Supervisor: Mr Donald Gibson

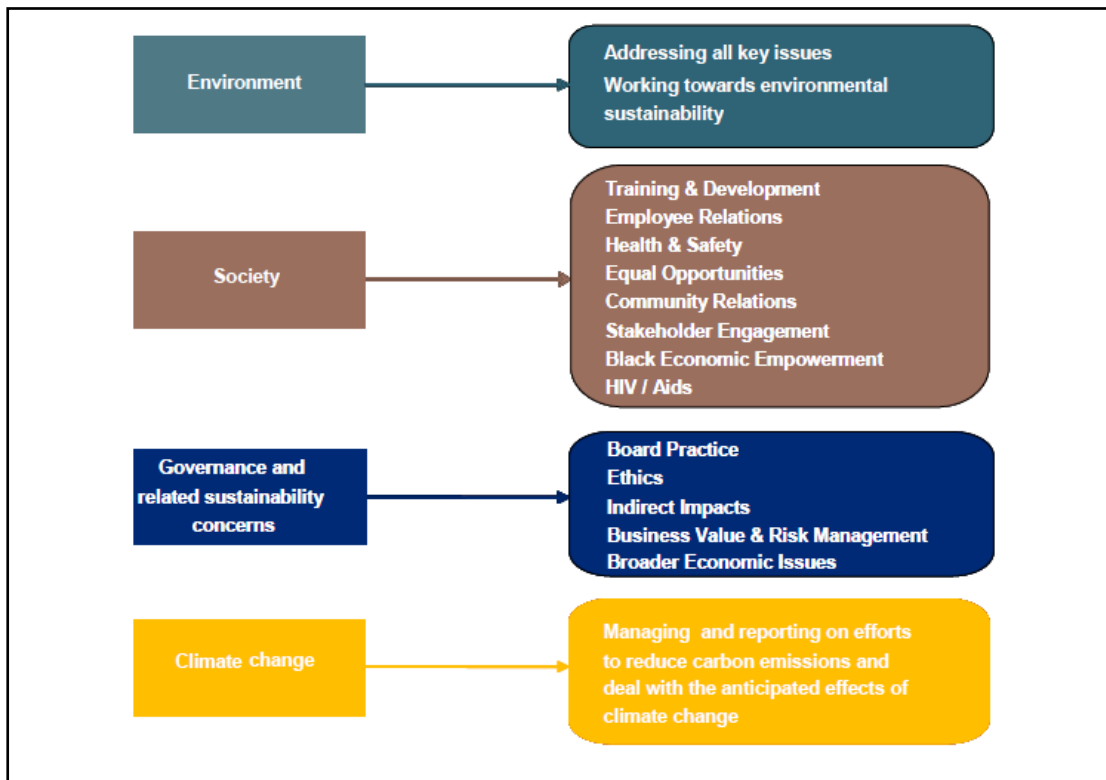
Email: Sheradiah@yahoo.com

Email: gibsond@gibs.co.za.

Annexure three : SRI

Source : www.jse.co.za

Overview the assessment done for the SRI.



Annexure four : SRI 2011 best performers (www.jse.co.za/sri)



6 December 2011

2011 SRI Index Best Performers* (in alphabetical order by environmental impact)

High impact	Medium impact	Low impact
Anglo American plc	Barloworld Limited	Absa Group
AngloGold Ashanti	Massmart Holdings Limited	The Bidvest Group Limited
ArcelorMittal South Africa	Steinhoff International Holdings	Old Mutual
Exxaro Resources		Santam
Gold Fields Limited		Standard Bank Group
Impala Platinum Holdings		Vodacom Group Limited
Kumba Iron Ore		
Lonmin plc		
Merafe Resources		
Mondi		
Pretoria Portland Cement Company Limited		
Sappi Limited		
Woolworths Holdings		

* Best performers are companies that meet the thresholds for best performance in relation to environment and climate change, as well as all relevant core indicators in relation to both Society and Governance & related sustainability concerns, including independent chairperson

Annexure five : Selection criteria for companies included in the research

	2011		
SRI Constitutes on the SRI	SRI best performers	CDP	Ernst and Young index
ABSA Group	x		x
AdvTech Limited			
AECI Limited			
African Bank Investments Limited			
African Oxygen Limited			
African Rainbow Minerals Limited			x
Allied Electronics Corporation Limited			
Allied Technologies Limited			
Anglo American plc	x		x
Anglo American Platinum Limited			4
AngloGold Ashanti	x		3
Arcelor Mittal South Africa	x		
Aveng Limited			
Aspen Pharmacare Holdings Limited			
Barlorld Limited	x	x	x
BHP Billiton			x
The Bidvest Group Limited	x	x	1
Business Connection Group			
Capital Shopping Centres Group plc			
Clicks Group limited			
Discovery Holdings Limited			x
DRDGOLD Limited			
Exxaro Resources	x	x	5
Firststrand Limited		x	
The Foschini Group Limited			
Gold Fields Limited	x	x	6
Grindrod			
Group Five		x	
Growthpoint Properties			
Harmony Gold Mining Company Limited		x	x
Hulamin			
Illovo Sugar Limited			
Impala Platinum Holdings	x		7
Imperial Holdings Ltd			
Investec Ltd and PLC			
JSE Limited			
Kumba Iron Ore	x		x
Lewis Group Ltd			
Liberty Holdings Limited			x
Lonmin plc	x		10
Massmart Holdings Limited	x		
Medi-Clinic International Limited			
MMI Holdings Ltd			
Mondi (Ltd and Plc)	x		
Merafe Resources	x		
MTN Group Limited			
Murray & Roberts Holdings Limited			x
Nampak			
Nedbank Limited		x	x
Netcare Limited			
Northam Platinum Limited			9
Oceana Group Limited			
Old Mutual	x		
Optimum Coal Holdings			
Palabora Mining Company Limited			
Pick n Pay			
Pretoria Portland Cement Company Limited	x		
Rainbow chicken Limited			
Remgro Limited			
RMB Holdings			
SABMiller plc			x
Santam	x		
Sappi Limited			x
Sasol			8
Standard Bank Group	x		x
Steinhoff International Holdings	x		
Telkom SA Limited			
Tiger Brands Limited			
Tongaat Hulett			x
Truworths International Limited			
Vodacom Group Limited	x		
Wilson Bayly Holmes-Ovcon Limited			