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WORLD MARITIME UNIVERSITY

Malmö, Sweden

**EXPLORING CORPORATE SOCIAL RESPONSIBILITY (CSR) IN
THE SOUTH AFRICAN SHIPPING INDUSTRY:
FOCUSING ON PRIVATE COMPANIES' SOCIAL AND
ECONOMIC DIMENSIONS OF CORPORATE SOCIAL
RESPONSIBILITY**

**STUDENT'S NAME
SIZWE SANDILE DLAMINI**

**Student's Country
South Africa**

A dissertation submitted to the World Maritime University in partial
fulfilment of the requirements for the award of the degree of

**MASTER OF SCIENCE
in
MARITIME AFFAIRS
(MARITIME LAW AND POLICY)**

Year of graduation
2022

Declaration

I certify that all the material in this dissertation that is not my own work has been identified, and that no material is included for which a degree has previously been conferred on me.

The contents of this dissertation reflect my own personal views, and are not necessarily endorsed by the University.

(Signature):



(Date): 20 Septembe 2022

Supervised by: Professor Aref Fakhry

Supervisor's affiliation: **World Maritime University**

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Abstract

Title of Dissertation: Exploring Corporate Social Responsibility (CSR) in the South African Shipping Industry: Focusing on Private Companies' Social and Economic Dimensions of Corporate Social Responsibility

Degree: **Master of Science**

Corporate social responsibility (CSR) has developed over the years and it continues to evolve with the change of times. CSR is based on the idea that businesses are affiliated with other interests, for example, cultural, social, economic and environmental systems as businesses undertakings influence and/or are influenced by society interests. This paper aims to explore corporate social responsibility in the South African maritime industry, focusing on the activities of private shipping companies to determine if they undertake CSR activities. South Africa has gone through a history of social and economic imbalances in the past, perpetuated by the apartheid government whose mandate was to subjugate the majority race (Black people) into second class citizens. In its efforts to remedy injustices of the past post democracy, the government passed laws that aim to improve the lives of its citizens and uplift communities. It is incumbent upon each company conducting business in the country to assist the government in its efforts to improve the life of its citizens. The term corporate social responsibility is tantamount to corporate social investment (CSI) in South Africa. Companies, be it the public sector, private sector and non-governmental organizations, are encouraged to develop communities through institutions and structures that advance the alleviation of poverty, job creation, social justice and environmental protection. This study will explore whether or not private shipping companies undertake corporate social responsibility activities even though CSR is deemed a voluntary endeavour.

KEYWORDS: Corporate social responsibility, corporate social investment, Black Economic Empowerment, Broad-Based Black Economic Empowerment, social dimension and economic dimension

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List of Abbreviations

BEE	Black Economic Empowerment
BBBEE	Broad-Based Black Economic Empowerment
CMTF	Comprehensive Maritime Transport Policy
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
ILO	International Labour Organization
KZN	KwaZulu-Natal
NDP	National Development Plan
NGO	Non-Governmental Organization
OECD	Organisation for Economic Co-operation and Development
REC	Research Ethics Committee
SOLAS	Safety of Life at Sea
SED	Socioeconomic Development
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
UNDP	United Nations Development Programme
UNGI	United Nations Global Impact
UNSDGS	United Nations Sustainable Development Goals
WHO	World Health Organization

CHAPTER 1: INTRODUCTION

1.1 Background /Motivation to the Study

In modern business, CSR has taken centre stage and to a large extent it is a debated topic. On a daily basis there are reports from the media on corporate wrongdoings, misbehavior and/or positive undertakings such as contributing to society at large (Crane et al, 2014). Extending the public/private model, governments are driving State owned enterprises towards adopting an official CSR programme in their management (Froholdt, 2018). The United Nations Global Impact sees the importance of the role played by companies and the relationship it has with the communities to which they operate, therefore, it promotes CSR. It states that a company's value system and a principles-based method of conducting business are the foundations of corporate sustainability. This entails acting in a manner that, at the least, complies with basic obligations in the sphere of the environment, labor, human rights and anti-corruption (UN Global Compact, 2014).

The maritime sector, like other commercial sectors in the economy has embraced CSR, even though at times under the influence of shippers or other interested parties or in order to accomplish a viable and differentiating strategy in a competitive market (Froholdt, 2018). As CSR norms gain popularity within maritime businesses (Fafaliou et al. 2007; Skovgaard 2014), evidently, the number of shipping businesses taking part in corporate social responsibility reporting has risen, as well as the extent of information shared and the variety of initiatives incorporated into CSR reports of the shipping company. In conjunction with these advances in the shipping domain, CSR has developed as a subject of interest between maritime researchers (Yliskylä-Peuralahti and Gritsenko 2014; Yliskylä-Peuralahti et al. 2015; Sampson and Ellis, 2015; Yuen and Lim, 2016).

The subject of CSR varies not just from one location to the next, but also and most notably, from one country to another (Freeman and Hasnaoui, 2011). In order for CSR to gain global recognition, comprehending the national and regional perspectives within which corporations practice CSR is key (Crane et al, 2014). For purposes of this research CSR will be explored in the South African perspective in terms of its

development, reason for its development, application generally and how it ought to apply in the South African maritime industry particularly shipping companies. The history of CSR which is synonymous with the term corporate social investment (CSI) in South Africa, will be discussed.

Post democracy, the all-embracing goal of the government of South Africa has been to better the lives of its citizens (Comprehensive Maritime Transport Policy, 2017). To promote corporate responsibility, the late and former president of South Africa Nelson Mandela, addressing the social challenges caused by the injustices of the former apartheid government once said “government cannot resolve these socio-economic issues on its own. (CSI Handbook, 2008, p.33 cited in Kabir *et al.*, 2015). Historically, the concept of CSR in South Africa was to a large part characterized by philanthropic initiatives (Kabir *et al.*, 2015). Early in the 1970s, the banking, mining and oil industries in South Africa contributed significantly in the advancement of CSR initiatives (Fourie, 2005).

Four years post democracy the first Corporate Social Investment (CSI) Handbook was born. Not many South African businesses were funding communities that were previously marginalized at the time. American firms that opted to continue doing business locally during the apartheid era were motivated by the Sullivan Principles (SP) to financially aid particular challenges such as human rights, justice and workplace equality. They were encouraged and held responsible to carry out CSR as it was known. To some extent, it was these corporations that initially exemplified ways in which companies could partake in South Africa’s society. Towards the end of the 1990s and 2000s, a vast number of local businesses made their way into the space, for the most part founded on enlightened interest (Gubic *et al.*, 2017).

Most companies started allocating yearly budgets and formed departments devoted to managing their funding. During this period the concept of ‘corporate social investment’ (CSI) was born, accentuating the likely return on donor funding against the Sullivan Principle’s attention on responsibility. The Broad-Based Black Economic Empowerment (BBBEE) Codes of Good Practice were established in 2003, which strengthened the CSI sector even further. In order to receive a BBBEE grade, South

African businesses were required to invest 1% of their post-tax profits towards "socioeconomic development" (SED). The Codes mandated that 75% of recipients must be those who were previously marginalised. The CSI and development sectors are now fully-fledged leaders in the socioeconomic sector. CSI is for the most part well positioned on organized policies, employee involvement and accountability (Gubic et al, 2017).

One of the Maritime Transport and Service Industry BEE Charter's long-term vision in developing a world class industry is to have every company in South Africa voluntarily embrace Black Economic Empowerment (BEE), acknowledging that it is a legislative, constitutional and economic importance to create a successful future for all its citizens and an extensive market in which to trade. The Charter requires its signatories to go aboard a considerable marketing and communications campaign that will take the "Broad-Based BEE Charter for the Maritime Industry" to all businesses in the industry to guarantee the utmost participation of all stakeholders (Maritime Transport and Service Industry BEE Charter, www.maritimebee.org.za).

1.2 Problem Statement

The Maritime Transport industry is a significant sector that offers a considerable contribution to solving South Africa's developmental problems. Despite its significance, South Africa's maritime transport industry is still working to create the tools it needs to grow and actively participate in the country's rapid growth strategy. There is potential to resurrect the maritime transportation industry and increase its contribution to the expansion and fundamental change of the South African economy. The industry's promotion and growth are part of a larger plan to help the country compete globally with other well established maritime players (Comprehensive Maritime Transport Policy for South Africa, 2017).

However, the maritime industry has been criticized as being behind the curve in terms of CSR (Skovgaard, 2008). According to reports, the maritime sector has quite a slight degree of maturity, and in contrast to companies in other sectors, maritime companies are slow to implement corporate social responsibility policies or take part in CSR activities (Skouloudis *et al.*, 2011). The extent of CSR initiatives in the maritime sector

is changing and transforming market dynamics (Kunnaala, 2013). Despite the fact that several major companies have taken the initiative to focus on CSR issues by publishing sustainability reports, the industry seems to be under-regulated in terms of its effects on the water, air, and other environmental factors. (Lister et al., 2015). There is a dearth of literature on corporate social responsibility in shipping (Yliskylä-Peuralahti, Gritsenko, 2014).

South Africa's economic growth has stalled and inflation is still high compared to other developed states and the rate of unemployment steadily going up. However, the country also boasts one of the most progressive constitutions globally, with a bill of rights that prioritises broader social and economic rights. It is a nation at the crossroads of several opposing, and probably contradictory, forces: it has a small, open economy that actively engages in global trade and finance; and its socioeconomic position necessitates drastic policy change (Francis et al., 2019). Corporate social responsibility in South Africa advocates for the remedying of injustices of the past. The preamble to the Constitution (Act 108 of 1996) states that one of the reasons for the adoption of the Constitution was to "heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights and to improve the quality of life of all citizens and free the potential of each person". The maritime industry in South Africa has a huge role to play in improving the country's status quo, especially companies involved in shipping.

The 2030 United Nations Sustainable Development Goals (UNSDGs) offer businesses, particularly the maritime sector in its widest sense, renewed motivation to reconsider and step up their attempts to support the accomplishment of these goals (especially goal number 5 which talks about promotion of gender equality and goal number 8 which talks about the promotion of sustained, inclusive and sustainable economic growth), while continuing to facilitate global trade. In accordance with the UNSDGs, the maritime sector is expected to align its business policies, of which CSR is a key component, to better address the environmental, social and economic challenges that the world is confronted with. These goals inspire participation from all stakeholders in order to establish a more sustainable world. The aim of CSR is to

provide economic, social and environmental benefits for all stakeholders, especially the vulnerable and underprivileged groups (Froholdt, 2018).

With the aforementioned assertions, the South African shipping industry is worth exploring in order to determine if companies engaged in shipping are doing enough to alleviate those inequities. Not much is known about CSR in the South African shipping industry hence the exploration. This study aims to explore whether or not private shipping companies undertake corporate social responsibility activities, and if yes, what kind of initiatives. This will then assist the Department of Transport and all the relevant authority to formulate policy positions that will foster the maritime sector's contribution to the socio-economic growth of the maritime industry especially businesses involved in shipping

1.3 Aims and/or Objectives

The objectives of this study are:

- To explore the social dimension of CSR in the South African Shipping Industry.
- To determine if companies engaged in shipping contribute to economic sustainable development in areas where they conduct business
- To explore ways in which the South African government can encourage CSR initiatives in the private sector and ensure compliance with regulations.

1.4 Research Questions and/or Hypotheses

The research questions underpinning this study are:

- In what ways the social dimension of CSR in the private shipping sector benefits the community where the business is carried out?
- What are shipping companies doing to contribute to economic sustainable development in areas where they conduct business?
- How the South African government can promote CSR initiatives in the private sector and ensure shipping companies comply with CSR regulations?

1.5 Methodology Research Design and Methods

This research will utilize a qualitative approach supported by the use of questionnaires.

Data collected from questionnaires (20) will be analysed using thematic analysis.

According to the World Health Organisation (WHO) (2001), a questionnaire is basically a set of printed or mimeographed questions sent to a respondent to fill out for themselves or on behalf of someone else in order to express their opinions.

1.6 Ethical issues and timelines

An ethical approval for this study will be obtained from the World Maritime University Research Ethics Committee (REC). The researcher will then issue an informed consent form to all the participants stating the objective of the research. Confidentiality and privacy will be safeguarded by ensuring respondents of their right to have their responses or information about themselves not disclosed to the public. The names of the respondents will be anonymous, therefore, pseudonyms will be used throughout this research, where necessary.

1.7 Key assumptions and potential limitations

There is a shortage of prior research study(s) on CSR in the South African maritime industry but this will not bar the researcher from exploring the social and economic dimensions of CSR in the industry, particularly companies involved in shipping and their contribution to the communities where they conduct business. What could possibly curtail this research is the unavailability or unwillingness of the targeted respondents to participate in the study as well as the inaccessibility of the published documents due to licenses and the longer time it might take to respond to requests for permission to access online sources.

CHAPTER 2: LITERATURE REVIEW

Defining Corporate Social Responsibility (CSR)

2.1 Introduction

Due to the continuous social and economic developments occurring globally, business sectors are paying close attention to business ethics and CSR issues (De Felice *et al.*, 2014). Companies are now cognisant of the significance of CSR and the benefits it can bring to a business. Even though CSR is not a mandatory requirement, it is seen as ethically right to take into consideration social, economic and environmental issues. This chapter will provide an overview of works that have been published in the past on corporate social responsibility generally and corporate social investment that is unique to the South African context.

2.2 General Concept of CSR

In his study of CSR in Africa between 1995 and 2005, Visser (2006) found that only twelve of the continent's 53 States have published research in prominent corporate social responsibility journals, with fifty seven percent of all articles concentrating on South Africa. Kolk & Lenfant (2009) argue CSR programmes by multinational corporations in developing States have drawn increased attention in recent years. However, there is less representation of CSR literature in Africa compared to other continents and much of the research undertaken focused mainly on Nigeria and South Africa. They further assert that both private and public organizations agree that a company's achievement of a balance between the interests of all of its stakeholders within its strategic operations and planning is the cornerstone of CSR.

In modern business, corporate social responsibility is a considerably discussed and debated topic. Furthermore, it is commonly found in the dialogue of public sector organisations, non-government organisations (NGO's), governments, as well as intergovernmental organisations, *inter alia*, the United Nations (UN), World Bank, or the ILO. Accordingly, a great deal of benefit can be gained with the academic study of corporate social responsibility (Crane et al, 2014). CSR is developing further as

governments are unable to control the worldwide reach of businesses nowadays. Corporate responsibility, governance, and corporate sustainability considerations that have influenced the question of how to define CSR have positively influenced the establishment of the notion of CSR. (Froholdt, 2018).

The literature on CSR, both professional and academic, is rather extensive and growing as corporate social responsibility inevitably rises to prominence. At present, there are many reports and articles on corporate social responsibility from government departments, companies, academics, consultations, non-government departments, and the media; there are countless journals, books, conferences, and magazines on the subject of CSR; finally, there are essentially numerous social media and web-based official contributions that have embraced the subject from every imaginable interest group with an interest in the discussion (Crane et al, 2014). This then poses the question of how well one can make sense of the broad literature so that an intelligible detail of what CSR really entails can be constructed. From this, it can be deduced that there is no common definition of corporate social responsibility (Lindgreen and Swaen, 2010).

2.2.1 Corporate Social Responsibility in the South African Context/Corporate Social Investment (CSI)

CSR IN South Africa encompasses not only corporate citizenship (for instance, integrating environmental and social concerns into all facets of the business' operations), but also skills development and affirmative action to remedy injustices caused by the apartheid government - that is, major transformation through government initiatives like the broad-based black economic empowerment. CSI came to the fore as an aspect of corporate social responsibility (Ndhlovu, 2011). Over time, CSI initiatives have gradually paid more attention to versions of wider CSR; in other words, they are concentrate more on partnership, sustainable development and governance (Hamann 2009). South Africa's CSR efforts are not entirely voluntary, in contrast to the international standard and the majority of the African continent, the

government plays an empowering role in defining and promoting corporate social responsibility (Mueller-Hirth, 2016).

Hamann (2009) notes that South Africa's emergence from political and economic isolation created a foundation for the development of CSR policies. Ndhlovu (2011) posits that one gets the impression that most South African businesses have changed as a result of both survival limitations and legal requirements, however, even their CSR and/or CSI efforts have failed to reach the general public. To put it another way, the historical context, government policies, and the increasingly mandatory character of the BBBEE and industry charters have all had a significant impact on and dictated participation in CSI (or socioeconomic development). Given this, one of the cornerstones of CSI and, especially CSR, is the requirement for increased collaboration between the private sector and the government in delivering the development objectives (Goldsmith, 2003; Valente, 2010).

To alleviate the injustices caused against the previously marginalised groups (Blacks, Indians and Coloured and some Chinese who had obtained South African citizenship by birth or who were naturalised during the apartheid days), the State launched the 'Black Economic Empowerment' (BEE) Act of 2003 to inspire transformation in the economy. This was done by offering socio-economic opportunities to historically marginalised groups as they were deprived of economic opportunities (www.econobee.co.za, 2012). The government established the BEE Act to promote CSR initiatives. CSR programmes are formalized over CSI guidelines through the black economic empowerment (www.csrweltweit.de, 2011). The Broad Based Black Economic Empowerment Act 53 of 2003 placed BEE resolutely on the corporate discourse (Skinner and Mersham, 2008).

A brief history of the Black Economic Empowerment initiative will be discussed briefly for a better understanding of what it is all about.

2.2.2 Establishment of the Broad Based Black Economic Empowerment Act, No. 53 of 2003

The Black Economic Empowerment Act was established fundamentally to advance Black people ownership of businesses (Jackson et al, 2005). It was later established that the BEE did not address all the issues confronting the Black population as it only paid attention on management and ownership of companies by Black people. This meant that a vast number of people were cut out from economic empowerment while some had thriving businesses. This gave birth to the broad-based black economic empowerment (BBBEE) which aims to improve the lives of those who were discriminated against through employment equity, preferential procurement, human resource development, and enterprise development (Milanovic, 2010).

Compliance and progress regarding transforming any company's performance conducting business in South Africa is measured on a scorecard against seven categories, namely: management control – 10 points, enterprise development (investment in black-owned firms) - 15 points, ownership – 20 points, skills development – 15 points, preferential procurement (from black-owned firms) – 15 points, socioeconomic development (aiding community initiatives) – 5 points, and employment equity – 15 points. The socioeconomic development aspect enables corporations to gather points for corporate social investment. Though, Black Economic Empowerment regulations are exclusively applicable to South African businesses, ostensibly so due to concerns about how transformative regulation will affect foreign investment (Mueller-Hirth, 2016).

Businesses with high B-BBEE scores are encouraged to work with big corporations and the government. As a result, if one's company receives a high score on the B-BBEE scorecard, its prospects of obtaining new business increases. Failure to adhere to the requirement carries no sanction. Additionally, B-BBEE compliance ensures significant tax advantages (Go Legal, 2016). The BBBEE Act not only intends to remedy racial injustices, but to empower communities and promote social investment as well (Esser et al, 2008).

2.3 Defining Corporate Social Responsibility

The various definitions of CSR will be discussed below but only those chosen for this study.

- The European Commission has in the past defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. It further asserts that CSR has to do with activities by corporations over and beyond their legal commitments towards the environment and society (European Commission, 2011).
- The United Nations Development Programme (UNDP) views CSR “as a spectrum of business activities ranging from philanthropy on one end via strategic social investments to how business processes can become more sustainable and contribute more effectively to equitable development” (United Nations Development Programme, 2007).
- The International Labour Organization (ILO) defines CSR “as a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. A voluntary enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law” (International Labour Organisation, 2006).
- The World Bank defines “Corporate Social Responsibility as the commitment of business to contribute to sustainable development, working with employees, their families, local communities, and society at large to improve their quality of life, that are both good for business and good for development” (World Bank, 2005). For purposes of this study, the last definition of CSR by the World Bank is adopted.

2.4 Corporate Social Responsibility Theories

When conducting a study on CSR theories, the first challenge is how to identify with and organise the significant range of prevailing approaches on corporate social responsibility. Surprisingly, the concept on its own is far from being established. Carroll (1999 as cited in Crane et al, 2008) has assessed and explored more than twenty-five (25) various definitions of CSR contained in the academic literature. Most

definitions are narrower in their contents while others are wider, however, there are similarities contained in most of the definitions (Crane et al, 2008). Three studies can be identified from the attempts to categorise CSR theories. Klonoski (1991 as cited in Crane et al, 2008) differentiates between three different types of theories. The first group he calls 'fundamentalism'. It comprises all positions that, in one way or the next, assert that corporations are simply legal objects and that a business' only social responsibility is increasing profits whilst complying with the laws. The second group is comprised of those theories that protect the corporation's ethical personhood and denote its moral support. In this regard, corporations can be morally held responsible for their conduct. The third group looks at theories in which the corporation's social dimension is predominantly relevant. The foundation of these theories are in ethical and political theories.

Windsor (2006 as cited in Crane et al, 2008) found three principal approaches to corporate social responsibility: first is "ethical responsibility theory", which advances robust corporate self-restraint and philanthropic obligations and extensive public policy to reinforce the rights of stakeholders. Secondly, is the 'economic responsibility theory' which promotes market wealth creation depending only to minimalist public policy and possibly customary business ethics. Finally, "corporate citizenship" which language raises a political metaphor that offers neither true theoretical synthesis nor intermediate positioning.

In a third study, Garriga and Mele (2004 as cited in Crane et al, 2008) differentiate four groups of CSR theories, reflecting their individual focus on 4 different facets of the social reality: ethics, social integration, politics, and economics. Regarding the economics aspect, the corporation is perceived merely as a mechanism for creating wealth. The politics aspect prioritises the corporation's social power and its obligation in the political sphere concerned. The social integration group comprises theories that consider that business should integrate social demands. The ethics theories focus on the relationship between society and business that must be entrenched with ethical

values. They propose that ‘the idea of business and society relationship should embrace these four dimensions or aspects and that some link should exist between them’ (Crane et al, 2008).

Having delved into CSR theories and different definitions of the concept above detailing what corporate social responsibility is all about, it is worth discussing the legal nature of CSR in the context of South Africa. Even though most of the legislations will merely be mentioned at this stage, it is clear that the Broad Based Black Economic Empowerment initiative plays a vital role in the transformation process.

2.5 The Legal Structure of CSR in South Africa

It is of fundamental importance to first mention the legal authority bestowed with the advancement of the country’s maritime interests before delving into a discussion of the legal framework. The authority is the South African Maritime Safety Authority (SAMSA), established under the South African Maritime Safety Authority Act, No. 5 of 1998. It has various maritime interests cutting across numerous departmental and ministerial jurisdictions. SAMSA is a subdivision of the Department of Transport. The aims of the Act are: “to ensure safety of life and property at sea; to prevent and combat pollution of the marine environment by ships; and to promote the Republic’s maritime interests”. These obligations, rights and interests are safeguarded by international treaties to which South Africa is affiliated, such as the Safety of Life at Sea (SOLAS) and the United Nations Convention on the Law of the Sea (UNCLOS), as well as other maritime related conventions which SAMSA must promote and protect (IALA, 2022).

There are several CSR related laws in South Africa but for purposes of this study only the relevant will be included, namely: the Broad Based Black Economic Empowerment Act 53 of 2003, Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000, Employment Equity Act 55 of 1998, Skills

Development Act 97 of 1998 and the Labor Relations Act 66 of 1995 (www.csr-weltweit.de, 2011).

2.5.1 Non-legal Initiatives that Promote CSR in South Africa

It is now axiomatic that the Broad-Based Black Economic Empowerment Act is crucial in promoting CSR activities in South Africa. Other initiatives deal with broader corporate responsibility. One of the initiatives is the King Report on corporate governance. According to Armstrong (1995), the report was released in 1994 and it covers a variety of corporate governance concepts, leading up to a set of guidelines incorporated by the Code of Corporate Practices and Conduct. Essentially, the Code is a set of guidelines that are recommended as vital to effective corporate governance. Hamman (2003) states that the aim of the King Codes is to combine corporate social responsibility ideas into corporate governance through a direct reference to stakeholders and by embracing the idea of business ethics and integrated sustainability reporting.

The second issue of the Code (King II) presented certain guidelines for corporate governance and incorporated the idea of assessing a business against the triple-bottom-line of economic (profit), social (people) and environment (planet) achievements. The Code mandated businesses to report on matters concerning social transformation, ethics and environmentally and socially accountable investment. Later, King III Code was formulated with the prospect of the upcoming Companies Act (71 of 2008) and the evolving rules of international governance. It widened the range of corporate governance in the country whilst its main viewpoint focuses on corporate citizenship, leadership and sustainability. One of the fundamental prerequisites brought about by King III is the necessity for an annual integrated report that centres on a company's influence in the social, economic and environmental aspects (King Committee on Corporate Governance, 2009).

The latest Code (King IV) was released in 2016 as an improvement to King II's stance on sound corporate governance and as a key component of sound corporate citizenship. King IV requests for sensible implementation of the King IV Code and for its proposed practices to be interpreted and implemented in a manner that is suitable for the organization and domain to which it conducts business. (King IV Report on Corporate Governance, 2016). The King reports' clauses are not obligatory, but they assume a "comply/apply or explain" viewpoint that to some degree obliges companies to implement CSR programmes or give reasons why they have not implemented them (Flores-Araoz, 2022).

2.6 Corporate Social Responsibility in Shipping

The number of businesses undertaking CSR programmes in the maritime industry has increased. This is partly because of support from large corporations, and to some extent from the International Labour Organisation (ILO) (Froholdt et al., 2015; and Froholdt, 2016 cited in Froholdt, 2018). It is claimed that the rate of CSR development in the maritime field is quite low, and maritime businesses are lax in integrating CSR policies or partake in such initiatives when compared to other industries (Skouloudis et al., 2011 cited in Froholdt, 2018). Lack of direct communication between shipping companies and end users is cited as one of the causes of the unwillingness to engage (Kunnaala, 2013). This study will reveal whether or not South African shipping companies and even the maritime industry at large is keeping abreast with the development of CSR globally.

Poulovassilis and Medanis (2013) argue that social, economic and environmental matters are keenly assimilated into the operations of a socially conscious shipping company. CSR activities provide a solid foundation for managing the business' social and environmental performance. Therefore, CSR is becoming more widely acknowledged for providing tangible economic gains, drawing clients and highly qualified personnel, especially seafarers. In the shipping industry, CSR tends to pay more attention to environmental concerns, for example, reducing greenhouse gas

emissions and preventing pollution. Furthermore, corporate social responsibility within shipping has gained recognition through participation in local projects such as charitable giving (Lloyd's List, 2010).

At the apex of a reputable shipping business' list of priorities should be CSR objectives such as health, safety and environment. It is evident that various stakeholders today have a stronger interest in the environmental, social and ethical performance of the shipping industry, and that they also give sustainability challenges more consideration and exert much needed pressure on the maritime industry (Poulovassilis & Meidanis, 2013). The key difference between the maritime industry and other economic domains is that shipping does not directly serve consumers (Fafaliou et al., 2006; Kunaala et al, 2013 cited in Ortenblad, 2016). Thus, it is unclear why a CSR strategy should be developed. CSR has, however, developed as a potential tool to fill this gap because of the global nature of shipping, its invisibility and the limited monitoring capacity of governments. Also, this is the case when regulations exist but are ineffective (Bettignies and Robinson, 2013 cited in Ortenblad, 2016) or national governments fail to administer laws accordingly (DNV, 2004). CSR is gathering momentum in the shipping industry as a result of companies' efforts to adhere to rules and regulations. (Etsy and Winston, 2006).

2.7 Research Questions

2.7.1 What are Shipping Companies Doing to Contribute to Economic Sustainable Development in Areas Where They Conduct Business

Since businesses often aim to maximize profits rather than pursue shared interests, CSR and business are frequently perceived as being at odds with one another. Nevertheless, companies form part of society and cannot function against the convictions of the community. Businesses need to achieve sustainable economic growth and account for the financial impact on stakeholders (Sorsa, 2010 cited in Kunnaala et al., 2013). CSR entails running a business in such manner that it can be economically and socially beneficial, ethical and legally obedient (Carroll, 1999), a

feat that is complex when operating in numerous different circumstances with frequently conflicting views of the role of business in society (Devinney, 2009).

The term "triple P," which stands for "People, Planet, Profit," was developed in the past to emphasize the necessity for managers to simultaneously focus on the social, environmental, and economic aspects of corporate activity in order to contribute to the (sustainable) future of societies around the world. However, the effect of multinational enterprises on sustainable development is largely unknown and requires further research (Kolk and Van Tulder, 2010). Depending on the state of the economy, a company's CSR strategy may change in terms of its financial status. For instance, during a depression versus a period of rapid economic expansion, the attitudes of businesses toward the economy are considerably different. When businesses are financially stable and there are no urgent matters requiring financial consideration, they tend to engage in CSR activities (Kujala, 2009 cited in Kunnaala et al., 2013).

The economic aspect of CSR embraces any aspect connected to the supply chain of organisations, customer management, consumers or users and the development of economic activities. Any business must have a responsible supply chain since poor management has a negative effect on the company's reputation (Takahashi, 2021). When it comes to CSR, the economic benefit is taken into account along with the environmental and social benefits that the business obtains from complying with rules (Elkington, 1994 cited in Kunnaala et al., 2013). CSR is seen as an essential business practice for maintaining and expanding the company. One of the main advantages for engaging in CSR activities is the prospect of making significant cost savings through proactive decision-making and preventing undesirable societal repercussions (Grewal & Darlow, 2007).

The following are the components of the economic dimension: achieving the highest profits feasible; meeting the expectations of the shareholders; gaining a competitive advantage in the industry; ensuring customer loyalty and satisfaction; and promoting

their goods/services through costly advertising promotions (Gonzalez-Rodriguez et al., 2015). Stakeholders expect decent returns on their investments, workers who want secure and decent jobs, customers who expect high-quality goods at reasonable prices, and so forth. By definition, this is the purpose for which businesses are established in society, so that a company's primary obligation is to be an operational economic entity and to remain operational. All subsequent duties rest on this (ideally) strong foundation, which forms the first layer of CSR (Hennigfield et al., 2012). Of relevance in this case is the guaranteed and decent jobs for members of the community in which the business operates.

Shipping companies are advised to focus on accomplishing long-term gains instead of quick short-term profits which are easily achievable by transgressing laws and regulations. The reputation of the business is influenced by the company's financial responsibility and the quality of the services it offers. Shipowners must demonstrate to customers and other stakeholders that their ships are safe, ecologically friendly, and that their company's operations have no detrimental consequences on society in order to safeguard their brand (Grewal & Darlow, 2007). Carroll (1991) asserts that all organizations must, therefore, fulfill their financial obligations.

2.7.2 In What Ways the Social Dimension of CSR in the Private Shipping Sector Benefits the Community Where the Business is Carried Out

Corporate social responsibility is expressed in many different forms, depending on each company. A business would be perceived as a socially responsible corporate citizen if it has a good relationship with the community in which it operates, abides by laws and regulations, considers the interests of all stakeholders, and conducts business ethically (Crane, et al., 2008). Social responsibility is the link between all the stakeholder groups (Elkington, 1994; Carroll, 1999). A variety of models that depict the social function of business emerged during the past 50 years. These go by a number of titles, including, amongst others, CSR, corporate citizenship, and enlightened self-

interest. Some businesses, like Scott Bader (<http://www.scottbader.com>), were the first to adopt socially enlightened management and governance that took into account the internal and external communities the company engages with.

Some companies embrace a more charitable system, for instance, donating to disadvantaged or sports groups, charities, and social groups (Froholdt, 2018). Governments are urging state-owned enterprises toward establishing a formal CSR program in their management as an extension of the public-private paradigm. The history of development of a country substantially shapes the relationship between business and government. Despite the universal understanding of community involvement, each company has a distinctive strategy based on the management's own standards (Froholdt, 2018).

The objectives of a socially responsible shipping business is to recruit the best personnel available, choose reputable Flags, emphasize effective recruiting, invest in training staff, and provide favourable working conditions. Moreover, there should be ease of communication between the company and its stakeholders (Vilsted, 2004). Key to the success of a shipping company is an experienced, loyal and happy staff. A company that engages in CSR has a duty to instill the social responsibility culture amongst its employees (Progoulaki & Roe, 2011). One of the requirements for a company's commercial success is a devoted workforce. Effective human resource management practices can give employers a competitive edge in attracting and keeping skilled and motivated workers in an industry that struggles with labour shortage (Pawlik et al. 2012).

2.7.3 How the South African Government Can Promote CSR Initiatives in the Private Sector and Ensure Shipping Companies Comply With CSR Policies?

To explore CSR initiatives, the government might turn to the Organisation for Economic Co-operation and Development (OECD) for guidance. Even though South Africa is not affiliated with the OECD, the guidelines are by nature very persuasive.

The OECD is a Paris-based international organisation which promotes policies that enhance the social and economic welfare of people around the world. It serves as a forum for states to interact, share knowledge, and look for answers to the social, economic, and governance issues they are confronted with (OECD, 2011). As Crane *et al* (2014) state, for CSR to be placed in the ‘global context’, understanding the national and regional perspectives within which corporations practice CSR is key.

The governments that adhere to the Guidelines share a common goal of promoting the positive contributions that multinational companies may make to social, economic and environmental growth as well as minimizing the challenges that their different operations may cause. While pursuing this aim, governments end up collaborating with various businesses, non-governmental organisations and trade unions all pulling in the direction of achieving the same goal. Governments can assist by establishing efficient national policy structures that contain a firm macroeconomic policy, an impartial judicial and law enforcement system, treating businesses fairly, proper regulation and practical supervision. The Guidelines represent best practices for all and are not intended to introduce differences between multinational and domestic enterprises (OECD, 2011).

2.7.3.1 Role of Government in Corporate Social Responsibility

To address a variety of governance concerns, governments have frequently promoted corporate social responsibility (Crane *et al.*, 2014). Though it is natural that some businesses are opposed to government regulation of CSR, the advantages of participation from the public domain should also be taken into account. Such cooperation has led to a number of successes, including the creation of laws and regulations that govern employer-employee relationships, uphold workplace health and safety standards, prohibit discrimination, and advance equitable pay. It is apparent that CSR standards will improve and that both big and small companies will be inspired to perform better by the government's ability to establish a framework for regulation and the tools for monitoring compliance (Kinnear, 2022). Carroll (1979,

2004 cited in Crane et al., 2014) asserts that a crucial element of CSR is the regulatory environment, which takes the form of an enforceable legal framework.

The development of legislation pertaining to certain aspects of social responsibility has been growing since the 1970s, even though businesses are still expected to operate within the general laws and regulations of the country (Crane et al., 2014). Governments use a variety of strategies - many of which are “non-intrusive, soft-law approaches” to advance broader CSR activities in the private domain. Most importantly, given that CSR is mostly voluntary, the government may play a significant role in promoting awareness of and developing CSR skills among businesses and stakeholders. Government provides essential information to the private sectors through efforts such as websites that inform businesses of CSR and its role in business and society (Kinnear, 2022).

The manner in which societies are governed has profoundly changed as a result of globalization and other socio-political reasons. Since companies find it easier to relocate to more "business friendly" countries, many governments are now hesitant to impose additional regulations on business for fear of losing jobs and tax revenue. This phenomenon is occasionally referred to as the "race to the bottom" since it can lead to a drive to search for countries with really low environmental and social standards (Crane et al., 2014). The State's policy-making function is crucial for promoting CSR within various industries at the national level, encouraging an all-inclusive tightening of standards. Socially responsible practices are regularly facilitated by economic incentives (Kinnear, 2022).

The government's ability to enhance disclosure and transparency of clandestine social responsibility measures in the private sector is essential for fostering more public trust in how businesses are run. Companies that engage in CSR projects are frequently subject to accountability requirements through the monitoring and reporting regulations. Through the disclosure of business operations, these quality-assurance

systems encourage companies to uphold their obligations. As a result, businesses will then strive to outperform their rivals and receive credit for their achievements in this regard, which raises industry CSR standards (Kinnear, 2022). Governments may bring their financial, organisational and legal resources to forge CSR partnerships. The exact roles may differ, however, involve government acting as the facilitator, catalyst or equal player (Crane et al., 2014).

2.7.3.2 Benefits of Collaboration between the Private Sector and the Government

Undeniably, one of the most effective ways to promote national corporate social responsibility standards within companies is a collaboration between the private industry and the government. Government engagement may guarantee that social goals are carried out and that voluntary CSR efforts are implemented to a required standard by stipulating minimum standards for CSR and inspiring businesses to achieve over and above this threshold. Research has indicated that corporate social responsibility adds social value and advances social well-being, which comprises the fundamental aims of government policy. Therefore, it makes sense to promote more partnerships between the public and private sectors as their objectives are often compatible.

The primary justification for corporate social responsibility, commonly known as the "Triple Bottom Line" standard, suggests that companies must also serve social and environmental goals in addition to economic aims. This concept reflects the primary policy objectives of the government; hence, collaboration between the two spheres may more effectively advance these aims and result in advancements in CSR activities in business (Kinnear, 2022).

CHAPTER 3: METHODOLOGY

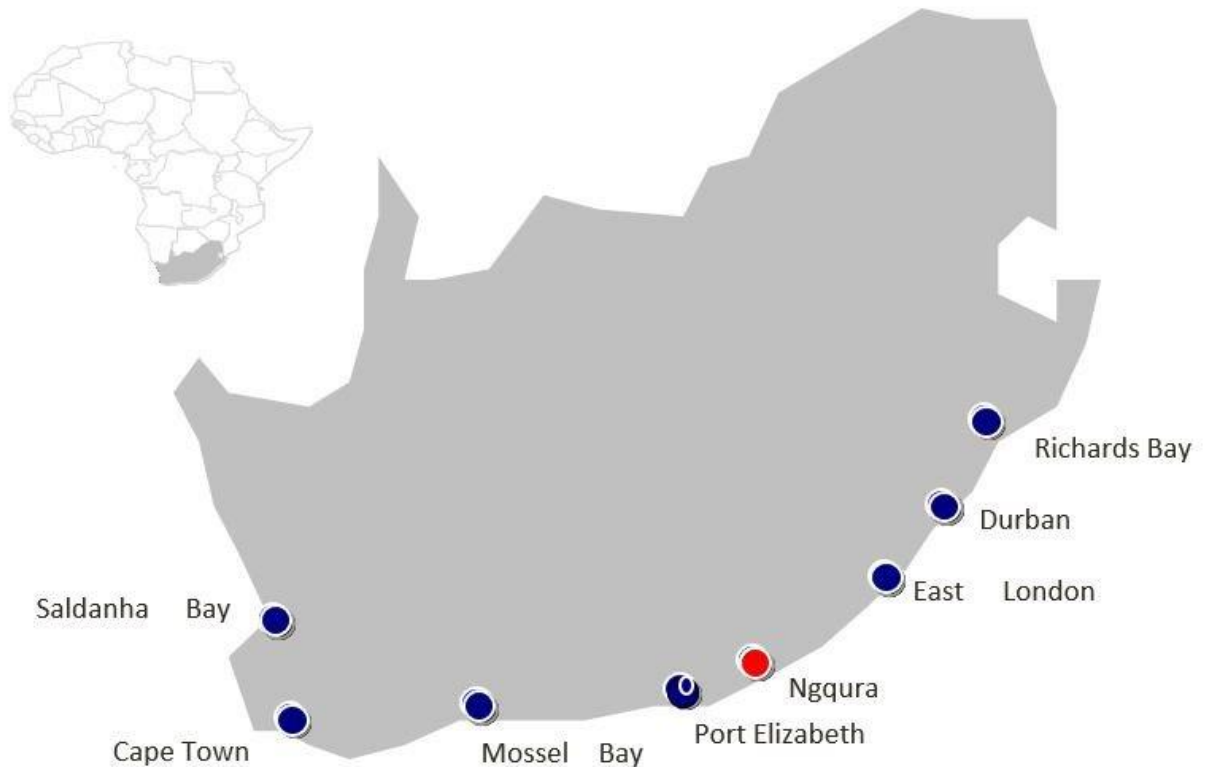
3.0 Introduction

This chapter presents a comprehensive explanation of the research methods employed at various phases of the research process as well as the rationale for the methods selected. The intended audience and the study area will be discussed. The qualitative approach has been chosen for this study. It is worth mentioning that exploratory research forms the gist of this study where the survey (questionnaire) research strategy will be utilised. The chapter outlines the methods used to gather and analyze data. It also outlines how validity was guaranteed.

3.1 Study area and Target Population

According to Simons (2009), the study area is the actual location where the study will take place in order to gather the required data. The study will take place in South Africa amongst companies operating in the country, irrespective of whether it is a multinational or local company.

Figure 3.1.1 South African Ports



Source: Brand South Africa (2016).

3.2 Research Paradigm and Approach

This research will adopt an interpretivist approach. According to Cohen et al (2007: 21), an interpretive approach entails that social phenomena be comprehended "through the participant's eyes rather than the researcher's". Grix (2004) argues that researchers are personally connected to the social reality being studied, for instance, they are attached to the subject they are researching. This approach seeks to study how people see the social phenomena they engage with, rather than seeking out universal knowledge and truth that transcends context and values. Braun & Clarke (2018) see this paradigm's ontological approach as founded on the idea that reality is subjective and multifaceted. Alharahsheh & Pius (2020) view the paradigm's epistemological approach as centred on how knowledge is socially formed and reality is acknowledged. The reasons for choosing qualitative research in this study is supported by Tracy's (2010) sentiments who posits that qualitative research offers a deeper knowledge of a social phenomenon and is more flexible.

3.3 Research design

This study will adopt a descriptive exploratory qualitative research design. According to Ranse *et al.* (2012) this approach is of benefit in understanding and summarizing an area that is of interest. Isaacs *et al.*, (2013) say that descriptive exploratory qualitative design enables the researcher to contextualize how participants evaluate their roles and activities within the framework of the study and give a picture of what actually happens. Dulock (1993) posits that the best application of descriptive design is to describe occurrences or events about which little is known or to spot emerging or new phenomena. Thus, this study will demonstrate that the descriptive exploratory qualitative research is the most appropriate in exploring corporate social responsibility in the South African maritime industry, particularly private shipping companies.

3.4 Sampling Method

The purposive sampling method will be used to identify participants for this study. Patton (2014) argues that purposive sampling involves carefully, but not randomly,

selecting items based on some reasoning or strategy. According to Ralph (2021) the benefits of purposive sampling are that: the researcher can guarantee representativeness on a particular aspect; secondly, the researcher can apply expert conviction, and finally, there is no sampling frame required. Furthermore, snowball or in referral-chain sampling (also known as snowball) will be used. Noy (2008) defines snowball sampling procedure as when the researcher accesses participants through contact information shared by other participants. The reasoning behind choosing this type of sampling method was the shrewdness of the participants and their understanding of the South African maritime industry. The population of the study comprises maritime industry players in South Africa. It encompasses private shipping companies (human resources officers, chief executive officers, captains) maritime authority officials, government officials, non-governmental organisations, non-profit companies and maritime education officials.

3.5 Data collection techniques

A questionnaire survey will be used to collect data for this study. A questionnaire is defined as any text-based instrument that asks respondents to complete a series of statements or questions, either by writing a number or marking a box online or on paper or marking a page (Brown, 2001). The reason for choosing survey questionnaires is because they are readily made available online and through direct contact, they can be used to obtain large datasets much easier through mail or online via email or the web (Young, 2016). Since the participants were overseas, the use of questionnaires was the most convenient as participants could be reached by email and their responses had to be filled in via google form.

3.6 Data analysis

Thematic analysis will be used to analyse the data. Braun et al (2006: 79) define thematic analysis as “identifying, analysing and reporting patterns (themes) within data”. Ibrahim (2012: 39) states that thematic analysis affords the researcher the opportunity “to compact extensive and diverse raw data into a succinct structure” and “to make the relationship between the research objectives and the summary clear. With

this type of analysis, the data gathered will be interpreted in such manner so as to reveal whether or not shipping companies are doing enough to address injustices of the past through corporate social responsibility activities undertaken.

CHAPTER 4: DATA ANALYSIS

4.1 Introduction

This chapter will present the results that have been gathered from the questionnaires sent out to respondents. The presentation of the data is grouped in line with the themes that arose from the data and presented in accordance with the research questionnaires. The respondents are cited verbatim with the use of pseudonyms to safeguard their identities. The initial number of the target population was 20, however, 15 participants ended up participating. The goal of this study is to explore corporate social responsibility in the South African shipping industry, focusing on private companies' social and economic dimensions of corporate social responsibility. The participants were asked about the concept of corporate social responsibility, its importance and application in the South African maritime industry, particularly the private shipping field.

4.2 Characteristics of study sample

Table 4.2.1: Participant's Job Title/Position

Number of Participants	Job Title or Position	Percentage (%)
15	CEO	7.3%
	Managing Director	20%
	Manager	33.3%
	Officer	6%
	Other	33.3%
Total		100%

The job title of the respondents were categorized into five (5) groups, namely: chief executive officers, managing directors, managers, officers and others. The results showed that more than 60% of the respondents were in management positions and the rest comprising of officers and other staff members at 6% and 33% respectively.

Table 4.2.2: Work Experience of Participants

Number of Participants	Work Experience (Years)	Percentage (%)
15	2-10	33.3%
	11-15	6.7%
	16-20	20%
	21-30	20%
	More than 30	20%
Total		100%

The table above shows that a large part of the participants have 10 years or less experience (33.3%), 6.7% of the participants from 11-15years, 20% from 16-20 years, another 20% from 21-30 years and lastly, 20% have more than 30 years work experience.

Table 4.2.3: Knowledge About Corporate Social Responsibility

Number of Participants	Multiple Choice Questions	Percentage (%)
15	I have no idea what it is.	0%
	I have heard about the term but I do not know exactly what it entails.	0%
	I have a basic understanding of the concept.	20%
	I fully understand what the concept means	80%
Total		100%

The participants were asked to state whether they had knowledge of the concept of CSR to which 20% indicated that they had a basic understanding of the concept and 80% stated that they fully understood what CSR is all about. This clearly shows that a majority of the participants were clued up about corporate social responsibility in the South African maritime industry.

4.3 Findings

In order to accomplish the objectives of the research, the three research questions will provide an answer as to whether or not corporate social responsibility activities are undertaken by shipping companies. The research questions are: first, in what ways the social dimension of CSR in the private shipping sector benefits the community where the business is carried out? Secondly, what are shipping companies doing to contribute to economic sustainable development in areas where they conduct business? Finally, how the South African government can promote CSR initiatives in the private sector and ensure shipping companies comply with CSR regulations?

Of the questions that were posed (questionnaires) to the respondents, the most significant question asked was if their respective companies were involved in any CSR activities and if “yes” what kind of activities? The question did not make any reference to the social and economic dimensions of CSR to avoid making leading questions. Since this is an exploratory research, the aim is to get valuable, thoughtful and honest feedback from the respondents without making any suggestions. The themes that emerged from the study were grouped in line with the research objectives. The themes that emerged from the questionnaire data are shown below:

Table 4.3.1 Research Questions and Themes

Research Questions	Themes
In what ways the social dimension of CSR in the private shipping sector benefits the community where the business is carried out	<ul style="list-style-type: none">• Prioritizing corporate social responsibility as a corporate strategy by shipping companies.• Value of CSR and long-term benefits to society and community
What are shipping companies doing to contribute to economic sustainable	<ul style="list-style-type: none">• Initiatives promoting CSR in the industry.

development in areas where they conduct business	<ul style="list-style-type: none"> • Achieve sustainable economic growth
How the South African government can promote CSR initiatives in the private sector and ensure shipping companies comply with CSR regulations	<ul style="list-style-type: none"> • Legislation promoting CSR in the maritime industry. • Implications for companies scoring low in the BEE scorecard

4.3.2 In What Ways the Social Dimension of CSR in the Private Shipping Sector Benefits the Community Where the Business is Carried Out

4.3.2.1 Prioritizing CSR as a Corporate Strategy by Shipping Companies

This theme focuses on the importance of a company's relationship with the community in which it conducts business. Respondents were asked if CSR is prioritized as a corporate strategy by shipping companies. About 50% of the respondents said "No", 26% said "yes" and 24% said "to a certain extent". Their responses are found below:

Harold says: *"In our sector the main challenge right now is to get the sector codes adopted. Presently, the different companies measure themselves on varying codes and this lack of uniformity then makes it difficult to really measure what is good versus what is poor"*.

Lefa: *"No, financial objectives are always prioritized first as progress can be quantified. CSR is prioritized lower usually depending on the company's financial performance. If a company is performing poorly, less resources are dedicated to CSR activities"*

Pravin: *"Some companies do prioritize, but this is a minority. A company like ours has an environmental responsibility and previously it had mobile libraries as a CSR project. Other projects included supporting blind and deaf society, NGO's, etc. There is pressure on revenue especially since COVID has taken away CSR focus"*.

Yves: *"Yes. CSR is essential component in B-BBEE legislation and has an impact on the BEE scorecard of companies. These scorecards impact on a company's ability to*

trade and operate and hence it has to be positioned within the company's corporate strategy”.

Judging by the responses above, it is evident that more needs to be done in terms of prioritizing CSR as a corporate strategy by shipping companies. Poulovassilis and Medanis (2013) state that at the apex of a reputable shipping business' list of priorities should be CSR objectives such as health, safety and environment. It is evident that various stakeholders today have a stronger interest in the environmental, social and ethical performance of the shipping industry, and that they also give sustainability challenges more consideration and exert much needed pressure on the maritime industry. Also highlighted here is the issue of legislation which the respondents are concerned with. Bettignies and Robinson (2013 cited in Ortenblad, 2016) argue that it is a problem when regulations exist but are ineffective (or national governments fail to administer laws accordingly (DNV, 2004). Etsy and Winston (2006) posit that CSR is gathering momentum in the shipping industry as a result of companies' efforts to adhere to rules and regulations.

4.3.2.2 Value of CSR and long-term benefits to society and community

Respondents were asked if companies were aware of the value of CSR and the long-term benefits it can bring. A majority of the respondents said “yes” (73%) while 27% said “no”.

Yves: *“Yes, most companies understand that the legislative changes such as B-BBEE have been implemented to uplift historically disadvantaged persons and communities. CSR provides them with skills and monetary injection towards social upliftment. These initiatives have a positive ripple effect on the people and communities that it impacts for growth and development”.*

Harold: *“Yes, As much as the South African legislation does not place an obligation on companies to fulfil their CSR, the CSR language is used to bring about measures*

to achieve some of the CSR objectives, by uplifting societies and being more environmentally conscious”.

Denise:

“On the whole I don’t think they are aware. The majority don’t take CSR seriously or do it well. They don’t employ professionals to manage the portfolio. They don’t integrate it and align it to their business strategy. The CEO and top management need to be more involved, and this seldom happens. Decision makers in shipping line are often "bean counters" who don’t understand the value of public relations, marketing and CSR. They often see it as an expense and don’t realize the value it can add to the company - both financially and in terms of their brand. There is usually very little product differentiation in the shipping industry - they should look beyond price and cheapest freight rates to how they can leverage CSR activities”.

Thea: *“No I don't think that they all are. For many it is something they feel compelled to do but for many they may be forced to comply in the beginning but as time goes on might start to see the benefits that it brings”.*

The respondent’s responses seem to suggest that shipping companies are aware of the value and benefits that come with CSR activities but because CSR is a voluntary endeavor, companies may decide to pursue CSR activities only when it pleases them, no obligation. According to Vilsted (2004), the objectives of a socially responsible shipping business are to recruit the best personnel available. Progoulaki & Roe (2011) assert that key to the success of a shipping company is an experienced, loyal and happy staff. A company that engages in CSR has a duty to instill the social responsibility culture amongst its employees.

4.3.3 What are Shipping Companies Doing to Contribute to Economic Sustainable Development in Areas Where They Conduct Business?

4.3.3.1 Initiatives that Promote Corporate Social Responsibility in the Industry

The respondents were asked if they undertake any initiatives that foster CSR in their organizations/companies. About 98% of the respondents said yes they were involved in activities that promote CSR. They responded as such:

Sifiso: “Yes. This is mostly in the form of donations and bursaries for upliftment of communities in which we operate. We also partake in charity and fundraising events from other companies, associations and NPOs.

Connie: “Our company does not have any CSR responsibilities in South Africa. However, we have a very strong global environmental network and spend significant money and resources on saving the environment and alternate sources of fuel and energy”.

Dan: “Yes, annual donations to the needy, job placement for the youth in the area we operate, bursaries to the previously disadvantaged to study maritime at the institution of higher learning”.

Luyanda: “Yes, training and skills development, enterprise development, industry promotion and ensuring that previously disadvantaged groups get access to ship and boat building industry”.

Seemingly, the first step to answering the question is satisfied, responses show that companies are undertaking CSR activities. Grewal and Darlow (2007) assert that the reputation of the business is influenced by the company's financial responsibility and the quality of the services it offers. Carroll (1991) adds that all organizations must, therefore, fulfill their financial obligations.

4.3.3.2 Achieve Sustainable Economic Growth

The respondents were asked how essential it was that shipping companies operate on an economically accountable level. Of the fifteen respondents 42.9% said it is extremely important and 57.1% said it is very important. This question is related to the question on CSR activities that are undertaken by the respondent's respective companies.

Connie: *"Most companies these days are aware that an important way to build brand value is through sustainability and CSR initiatives and they want to have an impact over and above their day to day business. As a significant participant in the maritime sector that prioritizes change, my company is cognisant of its responsibility to contribute to the future of the country. Therefore, socio-economic development is a fundamental component of the company's growth plan and CSI spending"*.

Harold: *"CSR is good for various reasons including a positive corporate image, brand recognition and loyalty, attracting good talent and most importantly contributing to the sustainability of communities and the environment in which companies operate". Our company has an annual general meeting where stakeholders are taken through annual financial statements, CSR activities that develop the community where the company operates and abides by legal rules. We have a well trained personnel that ensures smooth operation of the business"*.

One of the main aims of a company is to operate and to remain in operation. The respondents' responses above support this point. Hennigfield *et al.*, (2012) provide that stakeholders expect decent returns on their investments, workers who want secure and decent jobs, customers who expect high-quality goods at reasonable prices, and so forth. By definition, this is the purpose for which businesses are established in society, so that a company's primary obligation is to be an operational economic entity and to remain operational. All subsequent duties rest on this (ideally) strong foundation, which forms the first layer of CSR. According to Grewal & Darlow (2007), the

reputation of the business is influenced by the company's financial responsibility and the quality of the services it offers.

4.3.4 How the South African Government Can Promote CSR Initiatives in the Private Sector and Ensure Shipping Companies Comply with CSR Regulations

4.3.4.1 Legislation Promoting Corporate Social Responsibility

Respondents were asked to give an opinion regarding the current legislation regulating CSR, whether or not companies felt it provided the necessary guidance and adherence to its principles. Their responses made mention of the BBBEE Act and there were differing views on the subject. About 40% of the respondents answered “No”, 45% said “Yes” and 5% were not sure. Their responses were read thus:

Stan: *“South Africa does not have more than 10 ships under its register yet it receives more than 10000 foreign ships annually. There is nothing in the BBBEE Act that obliges CSR on international ships in any form. BBBEE is structured for the purpose of business operations locally”.*

Lefa: *“No because guidance usually costs money (hiring of BBBEE/CSR experts/consultants) and compliance is achieved through the BBBEE score which also requires money to be paid to 3rd parties so there is always an expectation for the BEE rating agency to find ways to increase the score”.*

Pravin: *“the BBBEE scorecard allows an employer to choose the best categories to assist their scorecard. In doing so, items such as CSR can easily be skipped and not counted in the scorecard. I feel there should be a mandatory scoring for CSR, skills development, ownership shares, etc”.*

Respondents who answered “Yes” had the following to say:

Rosa: *“The legislation within the Act might be adequate, but its actual implementation might be an issue”.*

Yves: *“Yes it does. The legislation is however, inflexible to a strained economy. It needs to be reviewed and adapted to economic changes to ensure that companies can continue to contribute in the long term”.*

Connie: *“I think it is important to realize that Government cannot make private companies do anything unless it is legislated. Because to a large extent CSR in South Africa is guided in part by the BBBEE Codes of Good Practice, the target for CSR (Socio-Economic Development) spend is 1% of Net Profit After Tax. In tough economic times, this may represent quite a small amount of money”.*

After careful analysis of the responses, one may readily come to the conclusion that a reassessment of the law regulating corporate social investment, alternatively, corporate social responsibility must be done. The law governing CSR exists but there seems to be loops in implementation. Bettignies and Robinson (2013 cited in Ortenblad, 2016) argue that it is a problem when regulations exist but they are ineffective or national governments fail to administer laws accordingly (DNV, 2004).

4.3.4.2 Implications for Companies Scoring Low in the BBBEE Scorecard

This question focused on the implications for companies scoring very low on the BBBEE rating, to see if it has an impact on them doing business. This in turn determines whether or not a review of the legislation needs to be done. About 95% of the respondents stated that a low rating negatively impacts the business. Below are the responses:

Stan: *“It depends on the customer base. If the main customer is government, yes, otherwise, No because BBBEE is applicable to companies that want to trade with government or in South Africa in a government regulated environment”.*

Pravin: *“To some extent yes but this is mostly not from the government. Implications tend to come more in the interchanges between various businesses, e.g. when*

concluding deals, tenders, etc., most companies seem to pay attention to the scores of the incumbent supplier and would then be concerned with how this would in turn impact their own scores. This then influences their decision making in the awarding of contracts”.

Connie: “For our sector, spend on Maritime Education and Maritime Awareness initiatives received a higher weighting which is relevant to South African companies doing business locally. Further than that, what Government should do more of is highlight, publicize and put into the spotlight the companies who are making a big, positive effort and impact in terms of their Corporate Social Responsibilities – including social, environmental etc... i.e. encourage rather than punish. Being endorsed by government for their efforts is very valuable”.

Nancy: No. A low BBBEE scoring will only impact the company when trying to access opportunities that are made by the government. The private sector isn't too strict on BBBEE compliance”.

It is now established from the responses that the BBBEE regulation affects mostly local companies willing to do business with the government. A high score increases the incumbent company's chances of winning a tender. Kinnear (2022) is of the view that CSR standards will improve and that both big and small companies will be inspired to perform better by the government's ability to establish a framework for regulation and the tools for monitoring compliance (Kinnear, 2022). Carroll (1979, 2004 cited in Crane et al., 2014) asserts that a crucial element of CSR is the regulatory environment, which takes the form of an enforceable legal framework. Kinnear (2022) argues that one of the most effective ways to promote national corporate social responsibility standards within companies is a collaboration between the private industry and the government. Government engagement may guarantee that social goals are carried out and that voluntary CSR efforts are implemented to a required

standard by stipulating minimum standards for CSR and inspiring businesses to achieve over and above this threshold.

4.4 Summary

This chapter presented the data analysis and the findings from the data that was gathered from the questionnaires. Thematic analysis was employed in analyzing the data that emerged from the themes. The data revealed that companies are undertaking CSR activities even though they are not forced to. The information revealed that some companies go all out to improve the lives of citizens and communities where they undertake business even though for some the economic muscle dictates the degree with which they can promote CSR activities. Furthermore, the data revealed that the regulatory framework governing CSR requires a review and that the BBBEE is not so useful to the private sector in terms of encouraging compliance to CSR.

CHAPTER 5: DISCUSSION, RECOMMENDATIONS AND CONCLUSION

It must be mentioned from the outset that before one talks about whether or not a company undertakes CSR initiatives, it (company) must prioritize CSR as a corporate strategy. Evidence gathered from the responses was to the effect that companies prioritize CSR when there are adequate resources, that is, financial stability of the company. It was also established that companies wishing to do business with government will prioritize CSR as a corporate strategy so as to score high in the ratings and increase their chance of doing business with the government. Companies not interested in doing business with government feel no obligation to undertake CSR activities.

A majority of the respondents expressed their dedication to the goals of nation building and to the creation of an inclusive South Africa. It is apparent that corporate citizenship and social engagement in community development are the key interpretations of CSR in South Africa because of past injustices. Notwithstanding this apparent concern for South Africa's future and nation-building, CSR has not been broadened enough to include core business operations and address the underlying issues that contribute to growing disparities. Shipping companies stand a good chance to connect with both national development priorities and international sustainable development goals put forward by the United Nations. Given South Africa's resource richness and the immense socio-economic issues it faces, proactive and decisive corporate action is crucial.

The government has a vital role to play in defining and fostering corporate social responsibility. According to the National Development Plan (National Planning Commission, 2012), the State's participation and the dependence of businesses on not for profit organizations for the rendering of their corporate social investment initiatives suggest that the country's development sector is progressively categorised by intricate multi-sectoral linkages between the private sector, government, NGOs, community focused groups, and organised labour.

Inequality in terms of distribution of wealth still exists in South Africa even though some shipping companies are doing so much to remedy the imbalances. For example, Companies such as African Marine Solutions (AMSOL) epitomise shared value for all its stakeholders. It is a company that is employee and management-owned and really does a lot for the communities where it undertakes business. As a recommendation, the State may consider incorporating corporate social responsibility into the Companies Act (No 71 of 2008) as an initiative to reach an equitable advancement of the maritime industry.

With this research, it became clear that the regulatory framework governing CSR/CSI in South Africa needs to be revisited so that it applies equally to all sectors, public and private. There is a need for proper engagement between government and the private sector to discuss how best CSR can be encouraged and implemented. The aim of the regulatory framework should not be to punish non-compliant companies but to look at ways on how to encourage compliance. Valente (2003) argues that one of the tenets of corporate social investment, particularly corporate social responsibility is the requirement for greater collaboration between public and private sectors in achieving development objectives.

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Appendices

Appendix 1: Consent Form



Dear Participant,

Thank you for agreeing to participate in this research survey, which is carried out in connection with a Dissertation which will be written by the researcher, in partial fulfilment of the requirements for the degree of Master of Science in Maritime Affairs at the World Maritime University in Malmo, Sweden.

The topic of the Dissertation is Exploring Corporate Social Responsibility (CSR) in the South African Maritime Industry: Focusing on the Social and Economic Dimensions of Private Shipping Companies.

The information provided by you in this questionnaire will be used for research purposes and the results will form part of a dissertation, which will later be published online in WMU's digital repository (maritime commons) subject to final approval of the University and made available to the public. Your personal information will not be published. You may withdraw from the research at any time, and your personal data will be immediately deleted.

Anonymised research data will be archived on a secure virtual drive linked to a World Maritime University email address. All the data will be deleted as soon as the degree is awarded.

Your participation in the interview is highly appreciated.

Student's name	<u>Dlamini, Sizwe Sandile</u>
Specialization	<u>Maritime Law and Policy</u>
Email address	<u>w1011314@wmu.se</u>

* * *

I consent to my personal data, as outlined above, being used for this study. I understand that all personal data relating to participants is held and processed in the strictest confidence, and will be deleted at the end of the researcher's enrolment.

Name:

Signature:

Appendix 2: Survey Questionnaires

RESEARCH QUESTIONNAIRES

Topic for the Research: Exploring Corporate Social Responsibility (CSR) in the South African Maritime Industry: Focusing on the Social and Economic Dimensions of Private Shipping Companies

Aim: The aim of this research is to explore corporate social responsibility in the South African maritime industry, as the title suggests. With this questionnaire, the information gathered from all participants will be used to assess whether the South African maritime industry, especially the private sector is undertaking CSR activities and if not what can be done to encourage compliance.

Brief background

There is not much literature on the subject as it is still a developing field of research. CSR is gaining more ground as governments cannot control the global reach of companies today. The International Labour Organisation (ILO) defines CSR “as a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. A voluntary enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law”.

PART A (Personal information)

1. Gender

2. Age

- ☐ 18-25
- ☐ 26-35
- ☐ 36- 45
- ☐ 46- 55
- ☐ 56- 75

3. Position:

- ☐ CEO
- ☐ Managing Director
- ☐ Manager
- ☐ Officer
- ☐ Other_____

4. Work Experience (in years)

- 2-10
- 11-15
- 16-20
- More than 20 years

PART B

1. What is your understanding of the term corporate social responsibility?

- I have no idea what it is.
- I have heard the term but I don't really know exactly what it entails.
- I have a basic understanding of the concept.
- I fully understand what the concept means.

2. Do you think there is adequate knowledge about CSR in the South African maritime industry?

Please _____ provide _____ an answer _____

3. How essential is it to you that shipping companies operate on a socially accountable level?

- Extremely important
- Very important
- Somewhat important
- Not so important
- Not at all important

4. How essential is it to you that shipping companies operate on an economically accountable level?

- Extremely important
- Very important
- Somewhat important
- Not so important
- Not at all important

5. Please Rate How Important You Think Each of the Following Are to CSR Programme

5.1 Ethics, compliance and business conduct.

- Extremely important
- Very important

- Slightly important
- Not so important
- Not at all important

5.2 Creating marketing campaigns that are just and contribute to social and economic viability.

- Extremely important
- Very important
- Slightly important
- Not so important
- Not at all important

5.3 Compliance with laws

- Extremely important
- Very important
- Slightly important
- Not so important
- Not at all important

7. What makes a company responsible in your opinion (can choose more than one?)

- Adhering to legal requirements
- Environmentally welcoming
- Partaking in social campaigns
- Treating employees with respect
- All of the above

8. What are the main reasons for companies to partake in CSR activities in your opinion?

- To improve company image
- To attract employees
- To help society and the environment
- To increase income
- To entice costumers

9. If a shipping company has a proven track record of poor CSR, what measures can be taken to encourage compliance with the BEE Act? _____

10. Are shipping companies aware of the value of CSR and the long-term benefits it can bring?

Yes/No? _____ Please explain _____

11. In your opinion, is the current legislation (BEE Act and Companies Act) adequate in providing guidance and compliance with regards to CSR principles in the South African maritime industry? Please explain_____

12. Would you say that CSR is prioritized as a corporate strategy by shipping companies in South Africa? Yes or No? Please explain

13. If a company scores low in the BEE scorecard are there any implications? Yes or No? Please explain_____

14. Is your company involved in any CSR activities? If yes what kind of activities?_____

15. What in your opinion can be done to enforce CSR on private shipping companies in South Africa?_____
