

**ANALYSING THE NATURE  
OF RELATIONSHIPS BETWEEN ORGANISATIONS  
AND THEIR STAKEHOLDERS:  
A STAKEHOLDER AND ORGANISATIONAL  
ENABLERS RELATIONSHIPS (SOER) FRAMEWORK**

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## **ATTESTATION OF AUTHORSHIP**

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgments), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

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## ABSTRACT

Little is known about how employees in New Zealand companies view their organisation's involvement in community-based initiatives that attempt to address areas of social needs. Understanding what people and organisations think from their frame of reference (Taylor & Bodgan, 1998) on ways of contributing to enhance community wellbeing is of high importance within a nation growing in diversity, and where everyone needs to fully participate in building a harmonious society (Ministry of Social Development, 2005; Swanson, 2002).

Despite abundant extant research and many models already developed, frameworks in this area are fragmented. A case study approach has been adopted using one New Zealand Company to test a preliminary framework, *Stakeholders and Organisational Enablers Relationship (SOER) Model*, that analyses "the nature of relationships in terms of processes and outcomes for the business and its stakeholders" (Jones & Wicks, 1999, p. 207).

From investigating the company's community involvement from the employees' perspective, results indicate that this particular company is engaging with the community, supporting and empowering employees to participate in the company's community programme and thereby making a difference in the community by giving to the community. However, in general terms, solving recurring social, economic, political and psychological issues that influence social wellbeing requires cooperation between public, private, and voluntary sectors of the community (New Zealand Ministry of Economic Development, New Zealand Ministry of Social Development, New Zealand Dept of Labour, & New Zealand Dept of Statistics, 2003; Roberts & King, 1989; Steane, 1999). While the results from the case company reported in this study demonstrate that community engagement is being taken seriously by exemplary private sector companies, generalisation of these findings would require further cross-sectional research across industries and organisations from all sectors: private, public and voluntary.

## **Chapter 1. INTRODUCTION**

### **1.1. BACKGROUND OF THE STUDY**

People work within organisations for achieving goals or satisfying needs (Khalil, 2000). However, most people are not motivated to go to work for the maximisation of shareholder's value or the fulfilment of corporate objectives. People go to work because they have to fulfil their personal needs for their wellbeing, the wellbeing of their families, and the wellbeing of the communities they live in. They sell their skills to turn business plans into profits (Williams & Cooper, 1999).

Moreover, there is a constant requirement under global competitive pressures to ensure growth or survival, productivity, profitability and continuous improvement in all business activities (Coady, 2007; Kaplan & Norton, 1992; Snow, Miles, & Coleman, 1992). Continuous improvement is part of any organisation's strategy to implement best practices. Included among best practices is the aspect of corporate philanthropy or corporate giving under the banner of corporate social responsibility (CSR). In addition, corporate giving drives a significant flow of resources from the private sector to the areas of social need around the world (Coady, 2007).

In New Zealand, the Ministry of Social Development (2003) reports the nation's confidence in satisfying its citizen's wellbeing and quality of life yet many people are said to still be affected by the consequences of the 1987 share market crash (Robinson, 1994; Smith & Hoby, 2000). The combined ongoing effect of low incomes and increasing living costs for these citizens result in a high pressure of stress, exposure to illness and the inability to enjoy normal life (Gatt, 2003).

Even though there is not "an official poverty line" (Statistics New Zealand, 1999), wages, salaries, and market income are unequally distributed. Many reports and comments show that the income distribution gap is widening "whether before tax or after tax, over time" (Mowbray, 2001). Even the eight largest New Zealand cities' mayors acknowledge these "gaps between the 'haves' and the 'have nots'" (Gatt, 2003, p.1). Many people are living

not only below the poverty line but in misery (Unknown, 2004a) and are thereby unable to provide the basics needs for their families such as getting enough food for their children, buying warm clothes, getting medical care, paying rent or mortgage, and other bills (Masters, 2001; Unknown, 2004b).

Social issues such as those mentioned above are currently managed under the government's social welfare programme, and are partially addressed by non-profit organisations which survive by donations from individuals and organisations to improve community wellbeing. However, little is known about how employees in New Zealand companies view their organisation's involvement in community-based initiatives that attempt to address these areas of social need. This study focuses on this perspective in order to bridge this perceived gap.

## **1.2. AIMS OF THE RESEARCH**

The broad purpose of this study is to gain an insight into how one New Zealand Company integrates community-based initiatives into their main business activity. While there exists abundant research in the area of community engagement and many models have been developed, these frameworks are fragmented and there remain many gaps in understanding the factors that impact on stakeholders and their participation in such programmes (Fontana, 2002). To bridge such gaps the study proposes a framework that analyses "the nature of relationships in terms of processes and outcomes for the business and its stakeholders" (Jones & Wicks, 1999, p. 207). It combines and extends several existing models from the literature: the interpretation of the stakeholder model developed by Bryson (1988), the behavioural approach suggested by Slovic, Fischhoff and Lichtenstein (1977), the reactive-defensive-accommodative-proactive scale model presented by Clarkson (1995) and the organisational enablers' model advocated by Khalil (2000).

This case study: (1) examines practices and procedures used by a New Zealand organisation to enhance its community's wellbeing; and (2) interprets the organisation's achievement in its involvement within the area of community wellbeing.

While generating the proposed framework, the following theoretical propositions were developed from the literature review:

**Proposition 1:** At an individual or organisational level, the behavioural predispositions of different stakeholders based on their different and changing needs, their mental models, their perceptions, their values and the beliefs they hold, the information they receive, and their roles influence the performance mode (reactive, defensive, accommodative, or proactive) and serve as a trigger for the organisation that stimulates a strategic response to social needs.

**Proposition 2:** The positioning of the organisation's primary stakeholder as supporter, low priority, problematic, or antagonistic to the idea of community involvement, is related to the performance mode of the organisation and expected outcomes for wellbeing as it helps to develop overall corporate strategy including community engagement.

**Proposition 3:** The organisation's community engagement and relevant outcome in turn generate double-loop learning from feedback that affects both the organisation and the stakeholders' position and creates an environment for continuous improvement.

**Proposition 4:** The double-loop learning also generates feed-forward that affects and changes needs, mental models and stimulates new behavioural attitudes and roles among stakeholders.

**Proposition 5:** Enablers of organisations within the public, private and voluntary sectors are a mediating factor between social performance mode and outcomes and the development of stakeholders' behaviours.

**Proposition 6:** The enablers within organisations in the public, private and voluntary sectors have a strong positive relationship with stakeholders' perception of the organisation.

**Proposition 7:** Enablers within organisations in the public, private and voluntary sectors affect the social performance mode and expected outcomes associated with the company's strategic intent regarding its community involvement

The study attempts to test provisionally these propositions derived from the conceptual model which, if supported by further study, could provide a tool to assess key outcomes of social wellbeing in New Zealand communities, as used by the Ministry of Social Development (2005). The framework of the Ministry's social report currently monitors changes in the key indicators of wellbeing but provides little or no information as to how organisations are contributing to enhance those key indicators.

In order to address the research questions and to conduct a preliminary test of the propositions, research was undertaken to collect, analyse and interpret evidence for relationships between the stakeholders' typology, the organisation and its social performance mode in enhancing community wellbeing. This study provides a better understanding of the employees' perspectives on an organisation's process and motivation in community involvement (employees being the primary stakeholders in this context).

### **1.3. ORGANISATION OF THE STUDY**

This chapter has introduced the research topic, provided some background on this area of focus for the study and highlighted some issues surrounding the notion of community wellbeing. Commentators draw attention to the need for mutual understanding and cooperation between all sectors of society in solving social issues such as community wellbeing that government alone cannot handle. The following chapter reviews current literature and investigates various models and perspectives contextual to this study.

Chapter 3 develops a framework and subsequent propositions to address the research questions. Using a case study approach, Chapter 4 details the research methodology chosen and implemented to address the research questions and achieve the study's aims. Chapter 5 reports the results of data gathered from a questionnaire, face-to-face interviews, and relevant company documents. Chapter 6 discusses key findings in relation to various interpretations and theoretical concepts emerging from the literature review and test initially the set of propositions. Finally, Chapter 7 draws conclusions from the findings, considers theoretical and practical implications of the study, identifies the study's limitations and recommends areas for further research.

Direct references to the Case Company's documents, archival material and community organisations or projects sponsored or supported by the company are identified as such but the name of the company is not disclosed in these references to protect the identity of the company so that it shall remain anonymous. Such references appear in footnotes where they are used for the first time. For the same reason of anonymity the names of the community organisations sponsored by the case company are not disclosed. Similarly, the names of individual respondents of the case company are not disclosed for the same reason but letter coded.

## **Chapter 2. LITERATURE REVIEW**

### **2.1. INTRODUCTION**

This chapter explores the work of other researchers in the area of management literature and related concepts to frame the area of the study. Firstly, stakeholder theory is discussed and the concept of community wellbeing is further explored. Then the review investigates complementary models such as corporate social responsibility and an organisational enablers' model. This literature constitutes the cornerstone for building an integrated theoretical framework for the study and developing some theoretical propositions.

### **2.2. STAKEHOLDER THEORY**

The following section first presents some definitions of stakeholders, a brief history of the stakeholder theory and perspectives of this approach and then identifies constituent groups and the nature of their relationships and their interests. After considering the managerial decision-making process in relation to an organisation developing a strategy for managing stakeholder relationships, an interpretation of a business and its stakeholders' position is proposed. Such an assessment is needed to understand the underlying expectations of the stakeholder that a business might integrate within its core activities. This section also examines stakeholders' typologies and behavioural aspects that may help to identify associated outcomes or levels of organisational performance in its community wellbeing programmes.

## **2.2.1. DEFINITIONS, BRIEF HISTORY, AND PERSPECTIVES**

### **2.2.1.1. Definitions**

As with many other concepts, ‘stakeholder’ has different meanings and content, depending on the perspective or context in which the term is used. For example, in the corporate context, Freeman and McVea (2001), and Roberts and King (1989) define a stakeholder “as any group or individual who is affected by or can affect the achievement of an organisation’s objectives”. A stakeholder is also seen as anyone with an interest (a stake) in the operations and performance of a firm (Pass, Lowes, Pendleton, & Chadwick, 1995). Stakeholders may also include specific people or groups who have a stake in the outcome of a project.

### **2.2.1.2. Brief History**

Freeman and McVea (2001) suggested that stakeholder theory was conceived as a responsive framework to management’s concerns about strong environmental turbulence in the field of economic development, business and society. An example of such turbulence is the share market downturn during the mid- to late-1980s. Change management, driven by the total quality philosophy implementation and other factors, was triggered by the turbulence associated with this event (Bartol, Martin, Tein, & Matthews, 2001; Freeman & McVea, 2001; Robinson, 1994).

Similarly, Jones and Wicks (1999) and Montanari and Bracker (1986) pointed out that the stakeholder approach emerged from a social science approach or normative ethics to fill the lack of theory for managing not-for-profit public organisations and the public sector because most theory was conceived from the corporate business environment. In addition, research on the stakeholder approach is concentrated predominantly within “four sub-fields: normative theories of business; corporate governance and organisational

theory; corporate social responsibility and performance; and strategic management” (Freeman & MacVea, 2001, p. 195).

It is in this context that enhancing community wellbeing (discussed in section 2.3) is often viewed from the corporate social responsibility perspective (discussed in section 2.4). However, while it focused initially on corporations in the academic and professional literature (Donaldson & Preston, 1995), Bryson (1988) argued that the stakeholder model is one of the approaches most applicable to the public and non-profit sectors because it *integrates economic, political, and social concerns*.

While acknowledging that the stakeholder theory has been “recognised for its descriptive accuracy, instrumental power, and normative validity”, Donaldson and Preston (1995, p. 69) were critical of its “naturalistic fallacy that attempted to combine the three types of use of the theory from previous works. Specifically, their criticism concerned attempts ‘to seek a three-in-one theory’ when proposing a “framework for ‘describing, evaluating, and managing corporate social performance’”. Donaldson and Preston suggested that the theory has two purposes: to describe how organisations operate and to help predict organisational behaviour.” They argued that the intention of stakeholder theory was to explain and to guide the organisational structure and operations.

This study uses stakeholder theory integrated with other models to attempt to understand the relationships between organisations and their stakeholders. The study will be applied to community wellbeing which is a political, social, economic, and psychological concern.

### 2.2.1.3. Perspectives on the Stakeholder Approach

The numerous and diverse participants with overlapping self-interests and the ideas of altruism, individualism and collectivism and morally and socially oriented commitment (Boyacigiller & Adler, 1991), associated with the stakeholder model assume that there will be wider discussion and identification of issues and negotiation to achieve a mutual acceptance and compromise among all key stakeholders (Hutchinson, 2001). In order to achieve their wellbeing individuals and their families have their needs, values and expectations that must be met. In addition, there are cultural and communities' issues as well as the needs of the wider society that must be taken into account. In New Zealand for example, some activities such as education, housing, environment, anti-poverty, information systems, financial, and equal opportunities, are already the focus of a host of various strategies (Worrall, Collinge, & Bill, 1998) whereas other activities are lagging behind acceptable norms.

Many other factors influence the outcomes of organisational contribution to community wellbeing. For example, within the interconnectedness of the global village environment and global issues, different events and their magnitude tend increasingly to impact everyone around the world regardless of domestic boundaries (Bonelli, 2005; Felouzis & Perroton, 2005; Held, McGrew, Goldblatt, & Perraton, 1999; Levisnson & Christensen, 1999; Vidal, 2005). Such global issues are challenging policy makers and practitioners to create an evenly shared quality of life or a sense of wellbeing.

Jones and Wicks (1999, p. 207) indicated that stakeholder theory is based on the following premises:

1. *the organisation develops relationships with many constituent groups (stakeholders) that affect and are affected by its decisions;*
2. *the theory is concerned with the nature of these relationships in terms of processes and outcomes for the business and its stakeholders;*

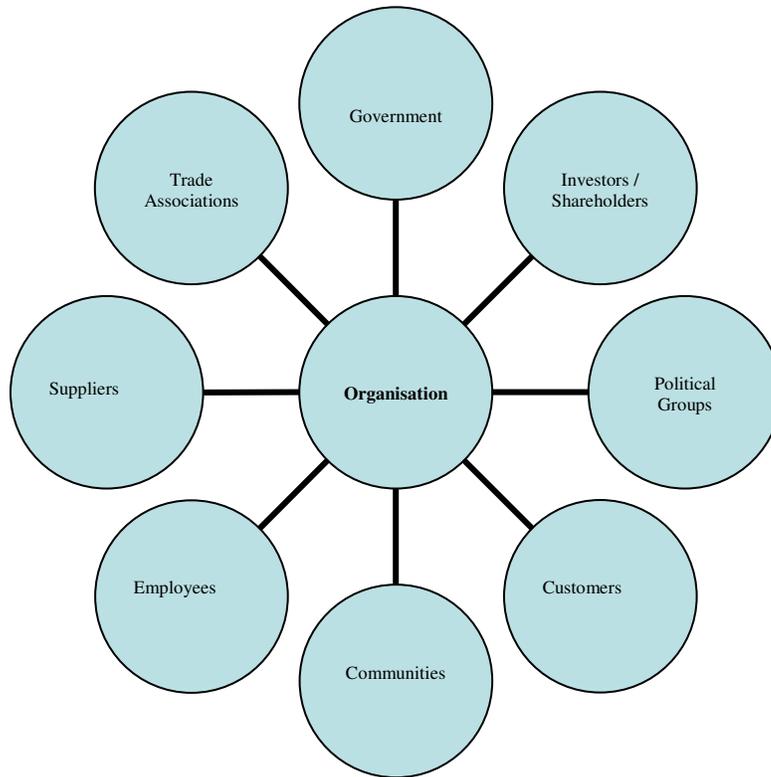
3. *the interests of all (legitimate) stakeholders have intrinsic value, and no set of interests is assumed to dominate the others; and*
  
4. *the theory focuses on managerial decision making.*

These premises, discussed in the next section, introduce the perspective of the organisations' strategic thinking in developing relationships that integrate stakeholders' demands and market opportunities within their respective business strategy because commitment to support community can be considered a strategy for business success (Besser, 1999). Understanding such a rationale requires knowledge of what motivates an organisation.

### **2.2.2. CONSTITUENT GROUPS AND THE THEORY**

Many authors such as Cooper, Leung, Mathews, Carlson, and Mathews (1998), Donaldson and Preston (1995), and Lawrence, Davey, and Low (2001) agree that stakeholders in a corporate or organisational context include shareholders, directors, management, employees, suppliers, investors, internal clients, government, regulators, non-governmental organisations, community groups, and the community at large as depicted in Figure 2.2.

**Figure 2.2. The Stakeholder Model**



Source: Adapted from Donaldson & Preston (1995, p. 69)

According to Roberts and King (1989, p. 68), “One of the main critical issues to using the stakeholder model is to decide what to put in the centre of the model because the person, group, or entity at the centre of the map becomes the focus”. As far as the ultimate objective is to build an appropriate societal strategy and undertake operational activities for community wellbeing involvement, a ‘rational architect’ (Mintzberg, 1990) should develop strategy and actions that take into account the identification of stakeholder groups and development criteria to measure strategic fit between stakeholders demands and the organisation’s formulated objectives (Montanari & Bracker, 1986). The strategic and operational direction of an organisation involved in community wellbeing programmes should: (1) address arising issues in terms of “awareness and recognition, analysis and planning, response in terms of policy development, and implementation” (Clarkson, 1995, p. 93), (2) manage stakeholders’ expectations and perceptions as being holistic and value adding to the organisation’s operations (De Jongh, 2004; Fletcher, Guthrie, Steane, Roos, & Pike, 2003), and (3) contribute to build social capital (New Zealand Ministry of Economic

Development, New Zealand Ministry of Social Development, New Zealand Dept of Labour, & New Zealand Dept of Statistics, 2003; Steane, 1999). Social capital may be understood as anything that facilitates individual or collective action, generated by networks of relationships, reciprocity, and trust in creating a community spirit and in contributing to community wellbeing (Wikipedia, 2008b).

Therefore, when crafting its business policy an effective organisation assesses its internal and external environment (Wright & Race, 2004) and decides which constituent groups (stakeholders) affect or are affected by its decisions or are interested in its actions. This model contributes useful insights for mapping community wellbeing stakeholders when developing the framework concerned with this study.

### **2.2.3. NATURE OF RELATIONSHIPS**

The nature of community wellbeing relationships that may be developed can be classified under employees' motivation, philanthropic giving, people, process and organisations, and motivating factors for an organisation's responsiveness to social needs. These components relate also to the activities of community wellbeing programmes.

#### **2.2.3.1. Employees' Motivation**

Organisations are made up of people who group their efforts toward achieving goals or satisfying needs (Khalil, 2000). However, "most people don't go to work thinking about how they can maximise shareholder value or achieve corporate objectives. They go to work thinking about themselves, their families, their friends, their hobbies, their interests, world events, or even the TV programmes they watched [the previous] night. They think about the impact work has on their lives and they think about their jobs, their colleagues, their managers, their tasks, and their futures" (Williams & Cooper, 1999, pp. 1-2). This understanding illustrates how employees' concerns affect their personal wellbeing, the wellbeing of their families and the wellbeing of the communities they live in, while at the same time they are under pressure to turn business plans into profit reality. As far as this study is concerned, with regard to employees' perspectives on the involvement of their organisation in community wellbeing activities, it may be understood from this discussion

that concerns of wellbeing for others will begin with their own wellbeing. Therefore, businesses need to accept this and see their staff in an holistic way rather than a mechanistic way that divorces them from their other wider concerns, that may in any case, impact directly or indirectly on the organisation itself and its profitability.

The nature of relationships to be developed will depend upon each stakeholder's concern and between "sub-communities". For example, shareholders will want to know if high standards of corporate governance are adopted in respect of the use and management of their capital; consumers are interested in good value for money and their safety; business partners will want to know that their contracts can be met in a timely manner; governments want the reinforcement of law, tax levies and a contribution to the development of the wider economy. Employees' concerns for themselves might include: pay and benefits, occupational health and safety, training, fair treatment of minorities and equal opportunities performance (Lawrence, Davey, & Low, 2001; OECD, 2000; The Corporate Citizenship Company, 2007). It is expected that an organisation will do what is good for its own needs first and then what it perceives as good for the community it operates in.

#### **2.2.3.2. Best Practice: Corporate Philanthropic Giving**

There is a constant requirement under global competitive pressures to ensure growth or survival, productivity, profitability and continuous improvement in all business activities (Coady, 2007; R. S. Kaplan & Norton, 1992; Snow, Miles, & Coleman, 1992). Continuous improvement is part of any organisation's strategy to implement best practices. Best practices are internationally encouraged because they foster a sustainable development that seeks to ensure coherence between social, economic and environmental objectives (Kelly & White, 2007). If best practices are neglected, they may give rise to the public concern and may affect the corporate reputation (OECD, 2000; UNI, 2001). One of the best practices includes, among others, the aspect of corporate philanthropy or "corporate giving flagged under corporate social responsibility" (Coady, 2007, p. 8), discussed in section 2.4.

Concordant views on the role of business in society and sustainability from business, government, academia, consumers, the media, and the independent sector, hold that corporate philanthropy and all stakeholders have a crucial role in securing a long term

company's licence to operate and maintaining its vitality (Coady, 2007; De Jongh, 2004). Therefore, corporate philanthropy must be integrated into business best practices in order to identify and internalise new stakeholder demands and market opportunities. This conclusion may be contested by followers of Friedman (1970) who take into account only the interest of shareholders, thus neglecting or minimising other stakeholders' relationships and claims.

### **2.2.3.3. People, Process and Organisation**

Although there is no single classification of organisations that helps to understand the nature of the relationships between an organisation and its stakeholders, Ross, Bainbridge, and Jacobsen (2001) proposed such two classifications based on the use of intellectual capital on one hand and the company orientation on the other hand. The first classification divides intellectual resources into three different groups:

1. *“Human capital*, comprising the competence, skills and intellectual agility of the individual employees.
2. *Relationship capital*, which represents all of the valuable relationships with customers, suppliers and other relevant stakeholders.
3. *Organisational capital*, includes processes, systems, structures, brands, intellectual property and other intangibles that are owned by the firm but do not appear on its balance-sheet” (p. 23). The idea of social capital may be seen as part of these concepts.

The second classification groups organisations as people-centred or process-oriented. The *people-centred company* relies heavily on its human relational resources. This company does need some monetary resources, but hardly any physical or structural resources. The *process-oriented company* places a much larger emphasis on its structural resources and is less dependent on bright individuals. Whether an organisation is people-centred or process-oriented, community wellbeing is concerned both with people relationships and material resources. A similar classification was identified by Hofstede (2003) following a study across 20 organisational units in Denmark and the Netherlands in the 1980s that used six independent dimensions of practices: process-oriented versus results-oriented, job-oriented versus employee-oriented, professional versus parochial, open systems versus closed systems, tightly versus loosely controlled, and pragmatic versus normative. In enhancing

community wellbeing people (employee)-oriented organisations may be pragmatic and go beyond legal requirements while process (normative)-oriented organisations may undertake only what is required by the law.

Contrasting this classification is Zenisek's (1979) four ideal types of organisation based on the *cui bono* criterion:

- a. “Businesses where the owners and/or managers are the prime beneficiaries
- b. Mutual-benefit associations, where the prime beneficiary is the membership
- c. Service organisations, where the client is the prime beneficiary, and
- d. Commonwealth organisations, where the prime beneficiary is the public-at-large” (p. 365).

The usefulness of the former model for this study may be seen from the interwoven relationships of people, process, and organisational capacity to manage stakeholders’ interests while the latter type of organisation determines the primary stakeholders. For example when an organisation is set up for the public-at-large as beneficiary its community involvement may differ from a business set up for managers as the prime beneficiaries. Put together, these classifications may help to understand the strategic posture and commitment of the organisation to the wellbeing of its employees and the community.

#### **2.2.3.4. Motivating Factors for Organisational Responsiveness to Social Needs**

When setting business policy objectives the organisational mission and goals may be developed to reconcile the conflicting interests of the various stakeholders, including the economic, political, and social aspects of their decisions (Wright & Race, 2004). Thus, taking into account the internal and external environment of the organisation, managers are likely to make decisions that will direct resources toward achieving goals or satisfying needs that their stakeholders support (Deegan & Samkin, 2001; Smircich & Stubbart, 1985).

There are several reasons why the extent of this commitment and responsiveness is especially important for the organisation, with regard to relationship building processes and the outcomes of these processes. Firstly, each organisation develops appropriate strategies to meet agreed outcomes (Kravchuk, 1996) although intangible and secondary objectives may derive from the intended ones (Mintzberg & Waters, 1985). Secondly, a strategic

decision implies a commitment of resources (Mintzberg, Raisinghani, & Théorêt, 1976). Each type of organisation will commit resources in line with its stakeholders' demands/expectations, even though "it is often difficult to determine exactly the impact of a government, civic, or charitable agency... on the recipients of the service" (Hatten, 1982, p. 92). The degree of responsiveness and commitment of each organisation will depend upon its culture, its primary objectives and the prime beneficiary of its existence (Aupperle, Carroll, & Hatfield, 1985; Boyacigiller & Adler, 1991; Pettigrew, 1979; Wright & Goodwin, 1999; Zenisek 1979).

Thirdly, stakeholder management and social issue participation are seen as having potentially opposing relationships to financial performance, but also as generating socially complex and causally ambiguous resources (Hillman & Keim, 2001) such as reputation, trust, corporate culture, long-term relationships, and knowledge assets. These resources may constitute distinctive capabilities (Barney, 1991; Barney, 1986; Eisenhardt & Martin, 2000; Knuckey, Johnston, Campbell-Hunt, Carlaw, Corbett, & Massey, 2002) and may generate a source of competitive advantage (Carroll, 1979; Hillman & Keim, 2001; Hussey, 2000; McGuire, Sundgren, & Schneeweis, 1988; Roberts & King, 1989). However, a competitive advantage may derive from an efficient use of the resources available to the organisation rather than originating from the forces of competition (Mintzberg, 1991; Ross, Bainbridge, & Jacobsen, 2001).

Finally, in addition to committing resources to strategically intended aims, environmental factors such as public opinion, governmental policy-making, and the predisposition of private sources to contribute to the strategically intended aims on one hand, can directly or indirectly affect the nature and development of an organisation's relationships with its stakeholders. On the other hand, so also can changes in cultural, social, political and economic environmental factors or awareness of another competing social problem make such a contribution (Ferrell, Madden, & Legg, 1986).

Commitment and responsiveness are of great importance within a nation such as New Zealand which is growing in diversity that brings challenges and opportunities (Ministry of Social Development, 2003, , 2005; Office of Ethnic Affairs, 2002). This must be seen against the background of income distribution and a disparity gap that has increased despite

good performance of the economy during the last few years (Mowbray, 2001; Statistics New Zealand, 1999).

Put together, employees' motivation, philanthropic giving, people, process, and motivating factors for an organisation's responsiveness to social needs are important components that contribute to community-based initiatives. Variables based on these concepts are used in this study.

#### **2.2.4. EQUALITY OF STAKEHOLDERS INTERESTS**

Similar to Jones and Wicks' (1999) third premise assuming the equality of the interests of all (legitimate) stakeholders, Donaldson and Preston (1995, p. 68) noted that stakeholder theory posits that "all persons or groups with legitimate interests participating in an enterprise do so to obtain benefits and that there is no prima facie priority of one set of interests and benefits over another". This argument is represented in their stakeholder model (see Section 2.2.2, Figure 2.2), where all stakeholder relationships are depicted as of the same size and shape and are equidistant from any block of the organisation in the centre.

Against this view, however, it can be argued that not all stakeholders might be entitled to the same consideration, depending on the magnitude of their influence and stake. A corporate decision may affect or be influenced by employees, stockholders, customers, suppliers, communities, government agencies, and corporate competitors (Unknown, 2007). When assessing opportunities and costs to improve competitiveness and investment, businesses look closely at which stakeholders are most influential in their value chain. In other words, the decision maker considers internal or external stakeholders who set the rules (Foreign Investment Advisory Service -FIAS-, 2006). This reality is very important when it comes to mapping stakeholders, an exercise that will classify or prioritise them according to their primacy (Clarkson, 1995), as will be discussed later in this chapter, section 2.2.5.

Nevertheless, as Donaldson and Preston (1995) pointed out, the ultimate aim of stakeholder management is to understand the forces in play and how they change over time. In addition, the competence to mobilise and manage resources to achieve an effective strategic response by the organisation is a key determinant of achieving an appropriate level of responsiveness to stakeholders' demands or expectations. Mintzberg (1991) describes those forces as: force for *direction*, force for *efficiency*, force for *proficiency*, force for *concentration*, and force for *innovation* with two *catalytic forces: cooperation and competition*. Moreover, new skills may be required such as the ability to manage networks (Snow, Miles, & Coleman, 1992), contracts, subcontractors, partnerships, and strategic alliances, in a way which does not rely solely on control or financial or political influence (Green, 1998).

A conclusion is that “the effort that goes into satisfying a given stakeholder depends, among other things, on (i) how dependent the firm is on that stakeholder’s resources and (ii) the degree to which that stakeholder’s demands conflict with those of other stakeholders” (Ransom & Lober, 1999, p. 5). Satisfying stakeholders is mainly a managerial decision.

### **2.2.5. MANAGERIAL DECISIONS**

Managerial decisions may be looked at from the process of decision making, factors influencing social involvement, and the reporting system.

#### **2.2.5.1. How Do Organisations Make Their Decision?**

The process of decision making is an important aspect to analyse in order to understand the outcome of any strategy and to come up with suggestions to improve the process of policymaking (Anderson, 1983). In providing products, three modes within the decision making process have been identified consisting of (1) rationality and bounded rationality, (2) political mode, and (3) garbage can approach (Eisenhardt & Zbaracki, 1992).

The *rational model* of action posits that actors enter decision situations with known objectives that determine possible consequences of an action. The process encompasses gathering appropriate information, developing a set of alternative actions, and selecting the optimal alternative (Eisenhardt & Zbaracki, 1992; Pinfield, 1986). The concept of *bounded rationality* assumes that “perfectly rational decisions are often not feasible in practice due to the finite computational resources available for making them”. Nonetheless, some people may be so hyperrational that they “would never do anything to violate their preferences” (Wikipedia, 2008a). The model suggests that people make decisions within the limits of their ability to rationally compute all the gathered information.

The *political model* assumes the conflictual nature of the legislative process in which decision makers have different goals and come together through coalitions. The power structure is altered in engaging political tactics such as coalition, and cooptation, often from issue to issue or payoffs and preferences (Eisenhardt & Bourgeois III, 1988; Eisenhardt & Zbaracki, 1992; Parket & Eilbirt, 1975). In addition, the decision making process may be attempted by objection (Anderson, 1983).

The *garbage can model* of decision making is seen as more suitable in organised anarchies (Pinfield, 1986). This process “occurs in a stochastic meeting of choices looking for problems, problems looking for choices, and solutions looking for problems to answer, and decision makers looking for something to decide” (Eisenhardt & Zbaracki, 1992, p. 27). The model rests on the importance of chance, timing and luck. This model suggests people and organisations will attempt to solve problems as they come to shore.

Without ignoring the propensity to act opportunistically (Lubatkin, Lane, & Schulze, 2001) and the influence of managers’ focus of control (Miller, Kets De Vries, & Toulouse, 1982), the process of decision making may induce change with either “innovative, risky, and proactive strategies” or bring about a “more conservative, reactionary, and risk averse” approach (Miller, Kets De Vries, & Toulouse, 1982, p. 239).

It is worth noting that the issue of payoffs and preferences motivates corporate philanthropy (Coady, 2007; London Benchmarking Group, 2004; Parket & Eilbirt, 1975; Toner, 2006).

With regard to community wellbeing, rationality may not link problems, people, choice opportunities and solutions. Rather, the structured or anarchic perspectives may suggest more useful and potentially complementary modes of decision-making. These modes may employ a mix of power to win battles of choice and the chance to affect the course of strategic decision making (Eisenhardt & Zbaracki, 1992; Pinfield, 1986) to reach goals and avoid failures or prevent an intolerable situation from becoming worse (Anderson, 1983). Thus, a *participatory decision-making style* (Chung & McLamey, 1999) may appeal to management or policy makers when contributing to the enhancement of community wellbeing.

#### **2.2.5.2. Factors Influencing Social Involvement**

The decision regarding an organisation's involvement in solving social issues has not yet reached a consensus among business executives because social issues differ between industries. "For example, a bank is not as pressed on environmental issues as a manufacturer. Likewise, a manufacturer is considerably more absorbed with the issue of recycling than is an insurance company" (Carroll, 1979, p. 500). This author suggested that the five factors that influence areas of social involvement are:

1. matching a social need to corporate need or ability to help
2. seriousness of social need
3. interest of top executives
4. public relations value of the social action
5. government pressure.

These factors can be easily associated with the economic, legal (mandatory), ethical and discretionary (voluntary) initiatives that an organisation can undertake for community wellbeing discussed in section 2.4.1. An organisation's involvement may consider social and ethical issues (Jones & Wicks, 1999); management and governance and the role of professional judgment issues in forecasting, interpreting, and perhaps shaping societal standards (Kearns, 1994) especially when responding to the need to attract, retain and (re)gain people. From these perspectives, some may see involvement in social problems as a necessity, morally and ethically right (Vance, 1975) whereas others may prefer to attempt

to achieve harmony between managerial attitudes and behaviours in relation to stakeholders' demands/expectations (i.e., congruence between ideological aspect, operational aspects, and societal demands/expectations. Such ideology may guide managers to "strive to create and maintain mutually trusting and cooperative relationships" (Zenisek, 1979, p. 367)). Thus, reputation and trust become "the expectation by one person, group, or firm of ethically justifiable behaviour on one hand and a joint endeavour or economic exchange by stakeholders on the other hand" (Jones & Wicks, 1999, p. 218).

For this study corporate, social, and stakeholders' issues are considered to be interrelated (Clarkson, 1995) because they influence the organisation's level of involvement in community-based initiatives. These issues may include among others: agency theory, finance, ethics, social responsibilities and social responsiveness, political and sociological aspects. Moreover, any organisation's contribution to community wellbeing may be decided at the strategic level for reasons of corporate visibility and may be a function of its performance. This distinction may be significant for two main reasons. Firstly, if the first corporate mission is to maximise shareholder value, achieving this objective may be conflicting with other stakeholders' demands and expectations. For example, McGuire, Sundgren, and Schneeweis (1988, p. 855) suggested that stakeholder theory posits that implicit claims such as "quality are less costly to a firm than explicit claims like wages contracts or stockholder demands".

Secondly, in addition to being an indicator of managerial skill, investing in reputation may improve the image of the company's management and may permit it to exchange costly explicit claims for less costly implicit charges.

### **2.2.5.3. Reporting: The Underlying Issues**

It has been argued that firms systematically under-report their social activities because they come at the expense of the shareholders' interest. However, social activities may also be overstated to create an impression of sensitivity to important influences that may be in the long term interest of the shareholder (Ullmann, 1985). Shareholders/investors appear to have been the predominant force behind the emergence of public corporate disclosure of financial information to attract their funds (Radebaugh & Gray, 2002). Under-reporting or

overstating social activities may be seen as a “strategy” or “tactic” used differently to fulfil a range of purposes (Barley, Meyer, & Gash, 1988; Donaldson & Preston, 1995) because a strategy may be used as a ploy, perspective, plan, pattern or position (Mintzberg, 1987) by each organisation, depending on its own goals. Although social disclosure may depend on several other variables such as size, industry and company visibility, external pressures (including competition), and executive values, measuring social performance may imply:

1. “Creating a list of an organisation’s total external constituents,
2. Measuring constituent satisfaction using different criteria
3. Developing an overall index that encompasses these different criteria (Ullmann, 1985, pp. 543-544) and that may allow benchmarking against similar organisations.”

While some see an implicit cause-and-effect relationship between care of stakeholders and achieving organisational objectives such as profitability and growth, others have criticised the omission of the independent variable of stakeholder management indicators to achieving its demands and expectations (Jones & Wicks, 1999). Performance indicators (financial and non financial) of an organisation can be flexible on scorecard measures. Such flexibility depends upon who is measuring, what is being measured, and how performances are disclosed because they are chosen to communicate with the relevant stakeholders of the organisation (Aupperle, Carroll, & Hatfield, 1985; Global Reporting Initiative, 2002; Griffiths, 2003; Kaplan & Norton, 1996; Knuckey et al., 2002; London Benchmarking Group, 2004; New Zealand Business Council for Sustainable Development, 2002; Sturdivant & Ginter, 1977; Ullmann, 1985). For example, a US corporations study (Coady, 2007, p.6) reports that “the ratio of total giving to pre-tax profit has become the touchstone of choice for many in the corporate philanthropy industry, with a common perception that 1% is the standard and 5% is the hallmark of a truly engaged company”.

In summary, despite an evident interest and the voluminous research already undertaken, stakeholder theory does not yet seem to have reached maturity as there is no shaped empirical consensus concerning the linkage between a firm’s positioning on social issues and the relationship with its financial and social performance (Palich, Cardinal, & Miller, 2000). As with any framework or model, the theory is evolving and it is undergoing constant alteration. Such framework “falsifiability”, which means the potential to be modified (Chalmers, 1999), leaves confusion and a perceived incompleteness that raise a

continuous debate between academics and practitioners over different purposes, different validity criteria, and different implications (Donaldson & Preston, 1995). The problem may lie in the fact that different partners, especially practitioners and policy makers, may understand differently the semantics of stakeholder management strategy.

Such imprecision of conceptual frameworks, theories, laws and paradigms (Chalmers, 1999) may be overcome by modifying the theory on one hand, and the influence of the post-modern epistemologies, as opposed to positivism<sup>1</sup>, that affects the fragmentation of theories and methods (Fontana, 2002) on the other hand. Stakeholder theory is applied to many disciplines and helps the strategist to understand the forces in play. It is also useful when dealing with awareness and issues recognition (Clarkson, 1995) as well as finding solutions to problems that arise in the area of community wellbeing.

For this study, identifying the constituent groups, their different motivating factors, their interests, needs and expectations, and the managerial decision making process will contribute to understanding the relationships between an organisation and its stakeholders. These variables are taken into account in crafting and pre-testing the framework. One issue that comes to the fore is interpreting the stakeholder from this perspective.

#### **2.2.6. INTERPRETING THE STAKEHOLDER'S POSITION**

This study aimed to investigate: (1) what practices and procedures organisations use to enhance the New Zealand community's wellbeing and (2) how to interpret an organisation's achievement within the area of community wellbeing involvement. Working toward such objectives is a two-step process:

1. interpreting the stakeholder position vis-à-vis the organisation on any issue,
2. assessing the organisation's posture vis-à-vis the issues on hand.

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<sup>1</sup> According to Chalmers (1999, p. 3), there are two schools of thought: empiricists and positivists. Empiricists hold that all knowledge should be derived from ideas implanted in the mind by way of sense perception while positivists broaden this view and contend that knowledge should be derived from the facts of experience. As will be discussed in Chapter 4 Section 4.3, whatever perspective one takes to research, the objective is to obtain additional knowledge of a certain phenomena and problems and/or arrive at solutions to problems by eventually modifying any existing theory.

Interpreting the stakeholders’ position enables the depiction of the organisational level of social performance and/or social responsiveness discussed in section 2.4.2. Building on Nutt and Backoff’s work, Bryson (1988) provides a two-matrix model (refer to Figure 2.3) that helps to position and to interpret the different stakeholders’ stance. The model combines the stakeholders’ importance to an organisation’s course of action on one axis, and its support or opposition to that action in line with any identified issue on the other axis.

Figure 2.3. Interpreting the Stakeholder				
Issue Position	Oppose	-5	Problematic	Antagonistic
	Support	0	Low priority	Supporters
		+5		
			1	5
			Least	Importance
				Most
				10

Source: (Bryson, 1988)

Bryson (1988) explained that potentially *antagonistic stakeholders* are those who might oppose the course of action but are very important to the organisation. They are likely to develop counterarguments or to undermine the backing by supporters. Tactics should be developed to prevent them from engaging in such obstructive action. For example, employees may not be cooperating with managers for any reason and may be opposed to participation in community-based activities. In this case, the organisation’s objectives regarding community involvement will not be achieved.

*Potential supporters* are those who are very important to the organisation and who support the course of action. They need information that reinforces their positive beliefs. For example, employees ought to support the organisation’s strategy and carry its flag within the community they operate or live in. If their wellbeing is threatened at work the community initiatives are likely also to suffer. Therefore, employees’ wellbeing needs to be reinforced.

*Problematic stakeholders* are those who oppose the course of action but are relatively unimportant to the organisation. For example, some stakeholders (i.e. competitors) may share Friedman's (1970) position. Their position may have little impact on the employees' participation in the community but some problems may arise in the long-term because of potential networks that can be developed.

*Low priority stakeholders* are relatively unimportant to the organisation but would support the course of action (Bryson, 1988). For example, environmentalist lobbies may support the organisation's activities in the community. Their position may have little influence on a financial institution but be greater on a factory or a mining company. However, a financial institution may have in place lending policies that strengthen good environmental protection.

Neither the definitions above, nor the different stakeholders' positioning within the matrix, are alone sufficient to understand how those stakeholders will react to achieving the strategic intent of the organisation. As Donaldson and Preston (1995) pointed out, the ultimate aim of stakeholder management is to understand the forces in play and how they may change over time.

Combining Bryson's model with the stakeholder perspective, management decision-making and social investment concepts, the following points can be made:

1. Businesses will not equally consider all stakeholders demands. Establishing the priority of actions that contribute to societal wellbeing will firstly look closely at which stakeholders are most influential in their value chain (Donaldson & Preston, 1995; Foreign Investment Advisory Service (FIAS), 2006; Jones & Wicks, 1999).
2. When deciding to help, the organisation often considers the seriousness of a social need, and matches the social need to its own need or its ability to help. These actions are driven by the company's differing expectations for the return on its social investments: charitable, strategic, or commercial motivation discussed in section 2.4.3 (Carroll, 1979; Coady, 2007; London Benchmarking Group, 2004).
3. Moreover, people in need of improved conditions for their wellbeing may be not strong enough to exert social pressure on a corporation. However their perceptions may have an effect in the wider community whose perceptions can in turn affect the business.

This gap may be bridged by exploring stakeholders' typologies and behaviours.

### **2.2.7. STAKEHOLDERS TYPOLOGIES AND BEHAVIOURAL ASSESSMENT**

Within the complexity of the current stream of inquiry, understanding the stakeholder approach should take an holistic approach or configuration (Meyer, Tsui, & Hinings, 1993) that integrates the identification of stakeholders' typologies and influences, and the assessment of their behaviour. Such approach is necessary because community wellbeing is a multidimensional stake as it will be discussed in Section 2.3.

#### **2.2.7.1. Typologies and Influences**

Meyer, Tsui, and Hinings (1993) classify scholars' configurational approach into two groups: typologists and taxonomists. They suggest that typologies are used in conceptual configurations while taxonomies derive from empirical configurations.

The body of literature visited for this review indicates many typologies of stakeholders. For example, Clarkson (1995) indicates a typology of stakeholder groups that classifies them as primary and secondary. *Primary stakeholders* may be considered as those groups whose actions are essential for the survival of organisations and the fulfilment of communities' demands and expectations. Conversely, *secondary stakeholders* are those groups who influence or affect the fulfilment of organisational objectives but are not essential. This typology is consistent with Bryson's (1988) stakeholder interpretation discussed in the previous section and Frooman's (1999) approach that distinguishes the *strategic stakeholder*, the one who can affect the organisation, from the *moral stakeholder*, the one who is affected by the business. Such typologies confirm the weakness arising from the premise of equality between stakeholders.

Many other taxonomies and typologies have been suggested that could be classified as political strategies: *information* strategy, *financial incentive* strategy, and *constituency-building* strategy (Hillman & Hitt, 1999); *usage* or *withholding strategies*, *hostile* or

*conciliatory tactics* with *emotive* or *leveraging quality*. *Withholding strategies* are defined as “those where the stakeholder discontinues the provision of a resource to a firm with the intention of making the firm change a certain behaviour” while *usage strategies* “are those in which the stakeholder continues to supply a resource, but with strings attached” (Frooman, 1999, pp. 196-197). For this study, community involvement may take the form of a charitable gift without any expected return of the strategic and conditional form. A relevant strategy in this context would be the constituency-building strategy.

Frooman (1999) points out, however, that there are persistent disagreements in the scholars’ debate on the importance of legitimacy as an attribute, with little attention to urgency despite the agreement as to power. In the context of this study achieving community wellbeing may be an urgent concern for society while the power to contribute to this end might be held by organisations. This configurational debate generates further taxonomies including formal, economic, political, coercive, utilitarian, and normative power. The point is made by authors such as Hillman and Keim (2001), Persais (2004), and Ransom and Lober (1999) who recognise the conflicting interests of various stakeholders. These authors suggest that building a better relationship with primary stakeholders could lead to increased shareholder value, which is the main aim of a business. At the same time, stakeholders may choose to use those strategies individually or collectively on a transactional or relational basis to respond to strategic issues.

The stakeholders’ potential harm or benefit from the organisation’s actions or inactions (Donaldson & Preston, 1995) leads organisations to continually adapt and use stakeholder theory to “manage (or manipulate) the stakeholder in order to gain their support and approval, or to distract their opposition and disapproval” (Deegan & Samkin, 2001, p. 84). Such approval or disapproval is in line with those stakeholders’ expectations, power relativities, multiple, and often conflicting demands (Ullmann, 1985; Zenisek, 1979). While stakeholder theory attempts to understand every player’s values, expectations, roles and behaviours that are “not always entirely congruent” (Donaldson & Preston, 1995), an organisation can “fit”, “formalise”, “analyse”, “envision”, “cope or create”, “learn”, “promote”, “coalesce”, “react”, “integrate” or “transform” (Mintzberg & Lampel, 1999) its position when contributing to the enhancement of community wellbeing. Such actions, confirm the recommendation to consider organisational strategy in terms of what happens

and not what is said or written, as discussed later in section 2.3.4.2. All things being equal, the underlying rationale will be to prioritise according to what is good for the organisation.

This discussion leads to an analysis of some of the behavioural factors judged by commentators as essential in contributing to enhanced community wellbeing.

### **2.2.7.2. Behavioural Assessment**

To help better understand the stakeholder claim in achieving the strategic aim, it is worth taking into account stakeholders' needs and mental models, their perceptions, values and beliefs, the information they receive and the role(s) they play. These factors have "crucial psychological power, and [generate] behavioural relationships" (Quinn, 1989, p. 43) in enhancing the feeling of wellbeing.

Those factors and the reasons why they are crucial to wellbeing may be summarised as follows. Firstly, according to Kinicki and Kreitner (2003, p. 117), "needs are physiological or psychological deficiencies that arouse behaviour." The most recognised popular need theories are Maslow's needs hierarchy theory and McClelland's needs theory (Davis & Luthans, 1980; Kinicki & Kreitner, 2003). These needs drive the feeling of wellbeing and ought to be taken into account because they constitute the basic elements in enhancing community wellbeing, and they vary over time and place (Kinicki & Kreitner, 2003).

Secondly, different stakeholders hold different values and expectations, express various behaviours and perceptions, and play different roles. All of these are most likely influenced and shaped by information people receive from media (newspapers, magazines, television, and radio), family and friends (Kinicki & Kreitner, 2003). It must be emphasised that the dimensions of information are processed sequentially and weighted differentially, according to their salience (Barr, Stimpert, & Huff, 1992; Slovic, Fischhoff, & Lichtenstein, 1977). Furthermore, people's judgments are subject to systematic biases because of "limited information-processing capacity and ignorance of the rules for optimal information processing and decision-making" (Slovic, Fischhoff, & Lichtenstein, 1977, p. 14).

Thirdly, these behavioural factors crucial to wellbeing are embedded within a societal culture. According to Kerr and Slocum (1987, p. 99), the “anthropologist Clyde Kluckhohn defines culture as a set of habitual and traditional ways of thinking, feeling and reacting that are characteristic of the way a particular society meets its problems at a particular point in time”.

Societal culture may be contrasted with an organisation’s culture which is seen as a “web” of elements such as shared values, symbolic aspects, routine, rituals, stories, control systems, power structures (Johnson & Scholes, 1999) and reward systems (Bartol, Martin, Tein, & Matthews, 2001; Dess & Lumpkin, 2003) that determine the organisation’s perception and reaction to its various environments (Kinicki & Kreitner, 2003). As Hofstede (1980) contended, “Business and managerial behaviour is strongly influenced by culture -i.e., shared value systems or attitudes-” (cited in Radebaugh & Gray, 2002, p. 29). These authors assert that “societal values lead to the development and maintenance of institutions in society, which include family systems, the financial system, the political systems, and so on” (Radebaugh & Gray, 2002, p. 29).

At the organisational level, shared values are likely to influence the way an enterprise contributes to community wellbeing whereas societal values arouse peoples’ happiness and life satisfaction and their commitment to help others. A positive contribution to societal wellbeing may be seen as embedded within and congruent with the business architecture blueprints, process, roles, behaviour and information to deliver customer value-based products or services (Nadler & Tushman, 1989; Wolfenden & Welch, 2000). For this study the organisation’s culture may influence the way it participates in community-based activity.

Fourthly, mental models are an aggregate of interrelated information that an individual uses to understand various situations or environments, concepts and relationships. Even though mental models facilitate the processing of information, they also limit attention to and encoding of salient information. In addition, bold, innovative, proactive and risky actions are undertaken by externally driven managers while internally driven managers will tend to conform to law and regulation only and imitate others rather than anticipate and respond to community’s needs. This may lead to inappropriate mental models that could prevent

managers from sensing problems, delay making changes and lead to action that is ineffective in a new environment (Wright & Goodwin, 1999). Furthermore, inappropriate mental models may also influence risk taking for contributing to solutions to social issues (Miller, Kets De Vries, & Toulouse, 1982).

Finally, as will be discussed later in section 2.4.5, stakeholders' interactions are also influenced by their philosophy, sense of social responsibility, posture and strategy in relation to the issue involved and their own interests (Clarkson, 1995). Thus, the significance and influence of these behavioural factors are at the core of this research. As the issues at stake encompass tangible and intangible elements as well as economic, political, social and psychological aspects, this consideration illustrates the complexity of the potential claims. Organisations engaging specifically in community-based programmes will have stakeholder interactions with such characteristics.

Taken at individual or organisational level, these behavioural elements are of particular significance to this study because employees as primary stakeholders will perceive, react, and act according to their own perceptions, values, and beliefs about matters that affect their own wellbeing. As an aggregate of individuals, an organisation's performance will depend on those individuals and the way they act within their environment. Thus contributing to the enhancement of community wellbeing will depend upon individuals' interactions as well as the organisation's actions.

For this study, societal culture accounts for the perceptions, values, demands and expectations held among the many components of the New Zealand community around wellbeing, whereas organisational culture and managerial behaviour will influence involvement in community wellbeing initiatives, as well as the wellbeing of employees and the reporting system. In order to answer the research question and meet the aims of this study as well as understand the nature of the relationship between organisations and their stakeholders, it is worth assessing what is meant by community wellbeing.

## **2.3.COMMUNITY WELLBEING**

This section defines the concept of wellbeing and then presents its dimensions and measurement. Community wellbeing in New Zealand is also discussed with regard to business implications.

### **2.3.1. DEFINITIONS AND DIMENSIONS OF COMMUNITY AND WELLBEING**

It is well known that the same things have different meanings for different people. This section discusses two concepts that need clarification. The first concept is the ill defined term “community”. From public knowledge community discourse meaning and community components have many variables. “Community” can be referred to as any grouping or association such as professional community, cultural community, school community, researchers’ community, rural community, neighbourhood community, business community, and so on, depending on the purpose of the discourse. New Zealand can be referred to as a community when aggregating the segments of its population which has many other “communities” (even sub-communities) such as European communities, Maori communities, Pacific community, and Ethnic communities (Ministry of Social Development, 2003, 2005; Office of Ethnic Affairs, 2002). This national entity may be referred to as part of the “international community” (United Nations, 1948) or be taken separately.

The second concept, “wellbeing”, is often referred to as the kind and quality of life (Gatt, 2003; Milligan, Fabian, Coope, & Errington, 2006; Ministry of Social Development, 2003). Previous work from Milligan, Fabian, Coope, and Errington (2006) and Statistics New Zealand (2002) concluded that while there is no general agreement regarding a ‘gold standard’ definition of wellbeing, or how it can be measured, existing reports in New Zealand provide important information on determinants of wellbeing such as economic, social, cultural, environmental, and/ or psychological factors.

Such factors or components may be objective or subjective but are interrelated. Objective components of wellbeing relate to something that does not depend upon subjective awareness. For example, income, educational qualifications, home ownership, or group memberships are part of the living conditions that contribute economic and social wellbeing (Milligan, Fabian, Coope, & Errington, 2006). These authors did not see subjective wellbeing (also referred to as psychological wellbeing) as concerned with “tangible social conditions, but on the process by which these are perceived and understood” (p. 22). Nonetheless, because of the indivisibility of the mind and the body, people seek to reach a set of high level objectives in their psycho-physical day-to-day lives (Fletcher, Guthrie, Steane, Roos, & Pike, 2003; Mac Donnell, 1999).

Psychological wellbeing is not only influenced by current living conditions but also life experiences, past living conditions, and other intangible factors. These factors include an individual’s personality, and cognitive elements such as life satisfaction, and affective components such as happiness (Milligan, Fabian, Coope, & Errington, 2006). Health seems to be taken as the basis of wellbeing by some or as a component of wellbeing by others. In real life, “An individual can be described as being physically healthy when they’re free of disease or injury; they are psychologically healthy when they have self-esteem, are resilient, and are not anxious or depressed. Socially healthy people enjoy good relationships, have a variety of interests and coexist comfortably with other people” (Williams & Cooper, 1999, p.5) while enjoying economic health. In the area of the quality of life of a society’s or people’s wellbeing, poverty and economic inequality matter (Frank & Bernake, 2001).

In the New Zealand context, the Ministry of Social Development (2003) reports that New Zealand is a nation that is becoming “more self-confident and comfortable with itself” (p. 4) in satisfying its citizen’s wellbeing and quality of life. However, among other factors, it is reported that many people are still affected by the consequences of the 1987 share market crash. At that time their savings vanished and many had to sell their family homes and never recovered from the crisis (Robinson, 1994; Smith & Hoby, 2000). In addition, the combined effect of low incomes and increasing living costs continues to result in a high level of stress, exposure to illness and the inability to enjoy normal life for a segment of the population (Gatt, 2003). These are some symptoms of unhealthy people, either physically,

psychologically or socially. Such marginalised people live on social welfare and some are looked after by charitable organisations, such as the Salvation Army, Auckland City Mission, etc. Marginalised people also include recent immigrants, refugees and other dependents.

Reports and comments show that the income distribution gap in New Zealand is widening over time (Mowbray, 2001). While in New Zealand there is no official poverty line, the widening gap between rich and poor, also commonly called the 'haves' and the 'have nots' (Gatt, 2003, p.1), worries many practitioners as some people are living not only below the poverty line but in misery (Unknown, 2004a) (Statistics New Zealand, 1999). For people thus affected, this situation results in their inability "to choose between feeding their children, buying them warm clothes and taking them to the doctor" (Masters, 2001). It is claimed that many such families are "sucked into a spiral of poverty" because their income is not enough to sustain basic needs such as rent or mortgage, power bills, food and necessary travel (Unknown, 2004b).

The above factors frame the dimensions of wellbeing for this study. Henceforth in this discussion, the term "New Zealand community" refers to the entire population even though it can be segmented into various local and ethnic communities.

### **2.3.2. MEASUREMENT OF WELLBEING**

Practitioners and researchers disagree not only on the definitions but also on measurement of wellbeing. However, they seem to agree on the importance of the subjective indicators that are seen as an important complement to objective indicators (Milligan, Fabian, Coope, & Errington, 2006). For example, Statistics New Zealand (2002) identified different approaches to the assessment and evaluation of wellbeing. They proposed a capability approach which was in accord with the United Nations Development Programme's human development approach to the measurement of progress (UNDP, 2001) "because it recognises diversity among and within cultures and can accommodate non-western world views" (Statistics New Zealand, 2002, p. 5). Statistics New Zealand (2002) further ascertained that the concept of Maori wellbeing was still ambiguous and needed to be

clarified by unpacking its various dimensions according to: “cultural affirmation, social wellbeing, economic self-determination, and self-determination” (p. 6). These categories are currently debated in New Zealand social and political life and may be useful when investigating what do organisations to enhancing people’s wellbeing from communities’ perspectives.

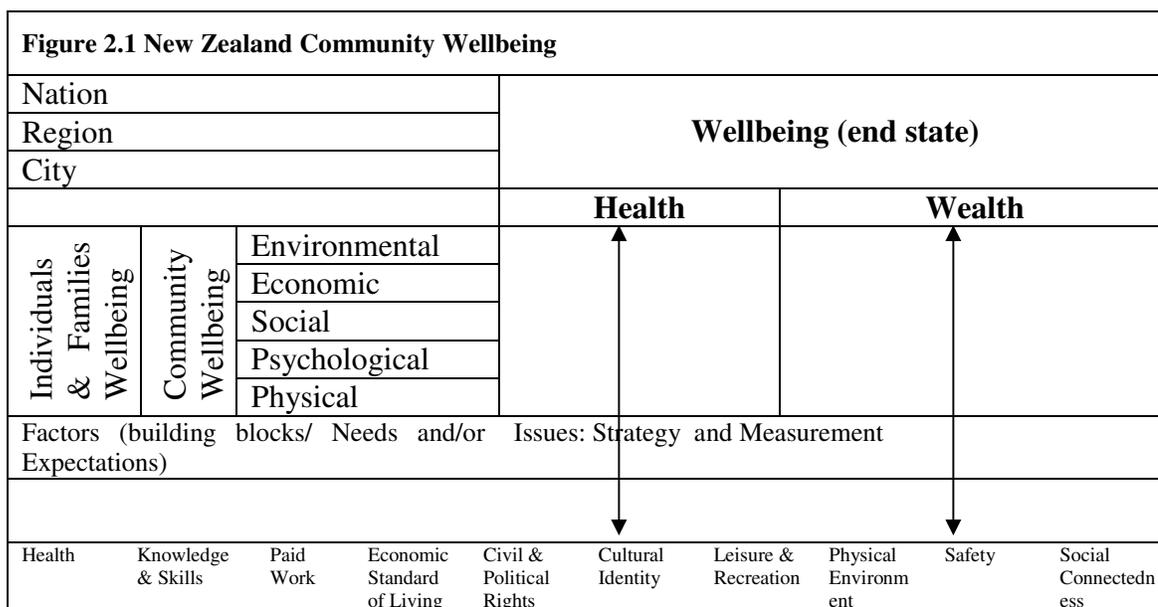
At the national level, various social indicators have been developed to “allow researchers to monitor changes in society and in particular, changes associated with measures of quality of life, welfare, or wellbeing” (Milligan, Fabian, Coope, & Errington, 2006, p. 23). For example, the Ministry of Social Development (2005) uses social indicators to show changes in both the level and distribution of wellbeing within ten key areas of desired outcomes: Health, Knowledge and Skills, Paid Work, Economic Standard of Living, Civil and Political Rights, Cultural Identity, Leisure and Recreation, Physical Environment, Safety, and Social Connectedness.

In this study, it may be understood that the objective is not to monitor changes associated with wellbeing in society but to understand how organisations contribute to enhancing New Zealand Communities’ wellbeing. Nonetheless, the ten key areas identified above are seen as “those aspects of life that society collectively agrees are important for a person’s [journey to] happiness, quality of life and welfare” (Ministry of Social Development, 2005, p. 6). These variables play an important role in understanding people’s frame of reference for what is important to their wellbeing and how they contribute to the wellbeing of the community.

### **2.3.3. NEW ZEALAND COMMUNITY’S WELLBEING**

New Zealand is a young nation growing in diversity from immigration. Various factors and events from around the world, as well as national needs, contribute to create a richer mix of people (New Zealand Ministry of Economic Development, New Zealand Ministry of Social Development, New Zealand Dept of Labour, & New Zealand Dept of Statistics, 2003). Within a multicultural society built from immigration, provision of equal

opportunities may be one of many critical steps that can be taken by businesses to maximise stakeholders' interactions and promote their social wellbeing while building social capital. The New Zealand community aspires to attain a satisfying quality of life which is currently not evenly shared. To better understand New Zealand community wellbeing, a model is proposed that takes into account a range of human and environmental dimensions which are described below. The dimensions are adapted from the literature visited for this review.



Adapted from Milligan, Fabian, Coope, and Errington (2006), Ministry of Social Development (2005), and Williams and Cooper (1999).

This framework demonstrates the preceding discussion of the components of wellbeing, the factors that influence it and the measures currently used by the Ministry of Social Development to provide the meaning of wellbeing. The following paragraphs describe this framework.

Wellbeing may be seen as comprised of and affected by five building blocks: physical wellbeing, psychological wellbeing, social wellbeing, economic wellbeing, and environmental wellbeing. Wellbeing may also be seen as having two main components: health and wealth, currently measured within ten key areas: Health, Knowledge and Skills, Paid Work, Economic Standard of Living, Civil and Political Rights, Cultural Identity,

Leisure and Recreation, Physical Environment, Safety, and Social Connectedness (Ministry of Social Development, 2005).

Individuals, their families and their communities all have their needs and/or expectations of what wellbeing means for them. According to Milligan, Fabian, Coope, and Errington (2006), family wellbeing is attained when the physical, material, social and emotional needs of the family are being met because it is at the family level where personal, social and material resources are shared. Moreover, factors that affect one family member may also have an effect at the family level, because of the interdependency between family members. For example, “when one family member is unemployed or working long hours, this will have consequences for other family members, even though they themselves may not be unemployed or working long hours” (p. 26). Therefore, wellbeing would be an end state for individuals, their families and in consequence, the whole community. Various multidimensional “communities” build the city, the region and the whole nation, which is the wider community.

In addition, “Relationships between people who share family members, close friends and neighbours are bonds that play a significant role in people’s lives. Activities such as work, sports, religion and other voluntary pursuits help build ties between people who would otherwise have weaker bonds. The links and interactions between citizens are important for maintaining high levels of quality social capital” (New Zealand Ministry of Economic Development, New Zealand Ministry of Social Development, New Zealand Dept of Labour, & New Zealand Dept of Statistics, 2003, p. 36).

The definition of wellbeing seems less important, however, than understanding the underlying factors that influence it. Even though everyone has the right and freedom to choose the kind of life he/she lives, the quality is often beyond an individual’s control. Nonetheless, people recognise that wellbeing is a stabilising factor in the society. Thus, wellbeing becomes a social, political, economic, and environmental stake for society and business. These kinds of stakes are usually dealt with under the social responsibility of business which will be discussed in section 2.4. Therefore, the issues to solve, for any organisation, may be to find a strategy for getting the basics of community involvement right to satisfy the needs and expectations of all stakeholders, and then to measure

achievements in satisfying these needs and expectations. Finding such a strategy would be the aim of organisations from all sectors. Business and other organisations in all sectors need a stable society in which to operate efficiently on one hand while individuals and their families aspire to a certain quality of life to fully participate in society on the other hand. The interconnection with and impact of community wellbeing on businesses are discussed next.

## **2.3.4. COMMUNITY WELLBEING AND BUSINESS**

### **2.3.4.1. Opportunities and Challenges**

This section highlights some challenges and opportunities that contributing to community wellbeing may bring to businesses. Since community and employees' wellbeing are interwoven, businesses need to integrate such a perspective into their core activities.

New Zealand community wellbeing provides opportunities and challenges within the public, the private and the non-profit sector (Ministry of Social Development, 2005). There is continuous debate presently within various government departments around attaining the kind of sustainable social development that would provide all New Zealanders with good standards of wellbeing within an increasing ethnic mix (New Zealand Ministry of Economic Development, New Zealand Ministry of Social Development, New Zealand Dept of Labour, & New Zealand Dept of Statistics, 2003). These government departments report that such a mix exposes the country to a "wider range of views, new goods and services, a greater variety of cultural products, linkages to other countries, and a broader understanding of how the world works" (p. 36). However, as already highlighted in this chapter and despite the current government's strategic approach for best practice in policy making and services provision, social outcomes are not evenly shared by all citizens (Ministry of Social Development, 2003, 2005; Office of Ethnic Affairs, 2002). Shared service provision and equal opportunity may be a strategic opportunity that requires leadership from many sectors of society, in a context "where no one person or institution is in charge, but in which many are involved" (Bryson, 1988, p.6).

Furthermore, wellbeing has been for a long time, part of the concern of scholars and practitioners' about the role of business in society (Salzmann, Ionescu-Somers, & Steger, 2005). There are many reasons for their concern. Firstly, practitioners of human development face the challenge of "allowing people to lead the kind of life they choose – and providing them with the tools and opportunities to make those choices" (United Nations Development Programme, 2004, p. v.). The contribution of business to community wellbeing will be efficient if it meets people's needs, wants, and expectations. Therefore, overcoming such challenges and creating business opportunities requires taking into account individuals' and the community's choices. Secondly, "Societal goals relating to wellbeing [involve] the improvement of objective living standards, and the enhancement of people's happiness and life satisfaction" (Milligan, Fabian, Coope, & Errington, 2006, p. 22).

Thirdly, within a business context five interacting health factors or "hygiene factors" - physical, psychological, social, economic and environmental health - constitute the building blocks of employee wellbeing (Williams & Cooper, 1999). Frederick Herzberg and Abraham Maslow coined the term "hygiene factors" in relation to employee motivators and work satisfaction in early management theory (Bartol, Martin, Tein, & Matthews, 2001; Kinicki & Kreitner, 2003).

Finally, there seems to be a consensus on the view that companies that recognise and proactively work to improve employee health and wellbeing unlock enormous potential for increased productivity, profitability and creativity from each employee. This may be due to the level of individual motivation, which has a high impact on whether people want to return to work the next day because it relates to how workers feel about their jobs and the benefits they are offered. As Herzberg and Maslow found, people are often motivated to come to work because they expect to receive good pay to satisfy their various needs; they may feel good in working for a company that has a community-oriented culture; or because they may like their colleagues and their supervisor (Kinicki & Kreitner, 2003; Williams & Cooper, 1999).

The significance of the above considerations for this study is that they have implications not just for the business itself, but also for communities, regional development, business

opportunities and jobs to generate sustainable economic and social development (New Zealand Ministry of Economic Development, New Zealand Ministry of Social Development, New Zealand Dept of Labour, & New Zealand Dept of Statistics, 2003). If wellbeing is subject to framing social and business policy (Marston, 2004; Ross, 2000) it may be argued that investing in community wellbeing generates a significant return for business. Some of the implications that may arise from such investment (or lack of it) include positive and negative social consequences for a population's access to or denial of a certain quality of life, and the flow-on effects for businesses.

Since society-at-large is a potential stakeholder as discussed in sections 2.2.2 and 3.1 an organisation that works closely with all stakeholders may be better off than one that neglects to integrate such important aspects of life within its core business. Nonetheless, it is argued in earlier sections of this chapter that it may be excessively complex to attempt to integrate all social issues within the organisation's objectives.

Employees are also important stakeholders who actively contribute to achieve the organisation's objectives. With their families, employees are part of the community. Therefore, caring for employees' wellbeing and community involvement may be interwoven. Employees may be seen as an asset or as partners but not as a liability (Zall, 2001). If people are given the right tools and opportunities to live the life of their choice they can fully participate in building a prosperous nation. Conversely, if people are denied the right to a good quality of life, the consequences may be costly for business and society whether from a short- or long-term perspective (Bonelli, 2005; Felouzis & Perroton, 2005).

Successful companies compete by leveraging off their capabilities and aligning customers and shareholders within their strategy, competitive priorities, practices, outcomes and the demands of the market. Succeeding is seen as an evolutionary and iterative process that needs cooperation between management and stakeholders (Eisenhardt & Martin, 2000; Knuckey et al., 2002). Employees are businesses' internal stakeholders who aspire to good health and wellbeing in order to fully contribute toward building distinctive capabilities and out-performing the competition. Conversely, an organisation may sink despite all the information systems, all the forecasting skills and all the business ingenuity (Williams & Cooper, 1999). Since employees' performance is affected by personal and family concerns,

business performance is also affected accordingly. To achieve organisational objectives, it therefore behoves businesses to develop a strategy that also meets employees' needs because effective management of employee health and wellbeing may be a point of differentiation.

Given the complexity, or the perceived complexity, of the interrelated relationships between community and employees, time and resources may be needed for organising forums for discussion; involving various diverse constituencies; bargaining and negotiating agreements, and coordinating activities of numerous relatively independent stakeholders to overcome challenges. A mutual cooperation that builds on similarities between organisational settings in public, private, and voluntary sectors is needed for enhancing community wellbeing (Euseke, 2003). It is in this sense that this study aimed to explore what organisations do to enhance community wellbeing from their employees' perspectives, in order to better understand the concept in more depth. Employees are a key component and contributor to the overall community wellbeing. Thus, as will be discussed next, community wellbeing becomes part of a strategic intent for business and can represent the core social responsibility for the business.

#### **2.3.4.2. Strategy for Community Wellbeing Involvement**

Strategy is a concept that Galloway (1990) and others (e.g. Mintzberg (1978), and Mintzberg and Lampel (1999)) define as a changing pattern of a company's business and social purposes, its sense of mission, its goals and objectives and implementation policies needed to achieve its selective ends. Strategy has also been conceived as a three-dimensional model: the rational, the emotional, and the political (Ross, Bainbridge, & Jacobsen, 2001). Nevertheless, as was argued by Mintzberg (1978), and Mintzberg and Waters (1985), strategy is not just about rational decisions and intended strategy because "People simply do things, but in calculating what to do they recognise what others in the organisation are doing, or are likely to do, and adapt their own behaviour accordingly" (Ross, Bainbridge, & Jacobsen, 2001, p. 21). Although such actions are more characteristic of an emergent strategy as opposed to an intended strategy, they may also be characteristic of the ambiguity noted by Hutchinson (2001) and Hillman and Hitt (1999) between

researchers, practitioners and policy makers with a semantic confusion about strategy because many people use the words 'strategies', 'plans', 'policies', 'objectives', and 'tactics' interchangeably.

The significance of such a strategic approach for this study relates to identifying and understanding what is the strategic posture of organisations and what practices are undertaken to make their mission happen in the community they operate in. Organisations may either develop deliberate, rational, intended strategies that include community wellbeing as part of their overall strategic stance, or community wellbeing strategies may emerge from the actions and behaviours of employees, or a mixture of both. This is important because it has been observed that the written mission statement or vision is often different from what is actually happening (Basu & Wright, 2003; Ross, Bainbridge, & Jacobsen, 2001; Wright & Race, 2004). As already mentioned in this discussion, people do not necessarily act as they say they will do, and therefore strategy should be observed in terms of what actually happens. Ross, Bainbridge, and Jacobsen (2001, p. 22) concluded that "it is often important to say the right thing, that is, those things people want to hear, and an important organisational skill is the ability to manage perceptions". This debate suggests that organisations may either overstate their community involvement or their involvement may emerge and become a part of an implicit strategy rather than an explicit one. Community involvement may even exist alongside the official strategy.

Furthermore, achieving key outcomes of social wellbeing may require strategic management and partnering with all stakeholders (Freeman & McVea, 2001) through strategic alliances (Das & Teng, 2000; Snow, Miles, & Coleman, 1992). In addition, contributing to enhance community wellbeing may be seen as a social investment that can be justified as a long-term contribution to shareholders' value (Institute of Public Policy, 2006).

As this study is concerned with community-based initiatives, understanding such organisational strategies may provide an insight into the actions actually carried out by an organisation. These initiatives usually fall within the corporate social responsibility of the business. The concept of corporate social responsibility is discussed next. In this study, strategic intent and community wellbeing have the same meaning for the company because

community wellbeing may be a strategic objective. This idea is discussed further in section 3.1.

## **2.4. CORPORATE SOCIAL RESPONSIBILITY APPROACH**

The stakeholder model has been used in the corporate social responsibility discipline where corporate social responsiveness may be subject to rather than limited by the economic power of any single corporation. Corporate social responsiveness is also influenced by managerial attitudes, ethic, values and social beliefs (Sturdivant & Ginter, 1977; Ullmann, 1985; Zenisek, 1979). Stakeholder theory has been also used to assess corporate social responsibility (CSR), corporate social performance (CSP), corporate social responsiveness (CR) and corporate community involvement (CCI) for actions embedded in the mandatory and voluntary initiatives of companies. However, there is confusion around the use of these terms in that they are often used interchangeably yet arguably, they refer to different things. These concepts are often referred to in association with corporate giving, corporate philanthropy, corporate sponsorship, corporate ethics, etc. This section examines selected approaches and models of corporate social responsibility, corporate social performance and social responsiveness, and then discusses some expected outcomes associated with these ideas.

### **2.4.1. THE CORPORATE SOCIAL RESPONSIBILITY**

The corporate social responsibility (CSR) concept has attracted an evident, although controversial, interest and debate within the theoretical fields of business and organisation, business and society, and business ethics. For example, Coldwell (2001, p. 49), citing Boone and Kurtz (1999) defined social responsibility as “*management acceptance of the obligation to consider profit, consumer satisfaction, and societal wellbeing of equal value in evaluating the firm’s performance*”. Contrarily, Friedman (1970) viewed the social responsibility of business as the obligation to making profit for shareholders only.

Carroll (1979, p. 498) found that “social responsibility has been defined and conceptualised in a number of different ways... and in its various ranges of economic, legal, and voluntary activities”. She classified social responsibility within four categories: *economic*, *legal*, *ethical* and *discretionary* social responsibility.

*Economic responsibilities* are seen as the first and foremost social responsibility of business as being economic in nature. All other business roles are predicated on this assumption.

*Legal responsibilities*: society expects business to fulfil its economic mission within the framework of legal requirements.

*Ethical responsibilities*: although the first two categories embody ethical norms, there are additional behaviours and activities that are not necessarily codified into law but nevertheless are expected of business by society’s members.

*Discretionary responsibilities (or volitional)* are those about which society has no clear-cut message for business. They are left to individual judgment and choice; they are purely voluntary. Making philanthropic contributions and providing day-care centres for working mothers are some examples (Carroll, 1979, p. 498).

These attempts to define social responsibility do not provide a clear definition. For example, Friedman’s perspective falls within economic and legal responsibilities and leaves ethical and discretionary responsibility to individual members of an organisation. What this study underlines is the categorisation of social responsibility activities and management’s ‘obligation’ to take into account social wellbeing within an organisation’s operations.

Studies that analysed the corporate social responsibility of business have presented a plethora of fragmented frameworks. For example, building on Eells’ (1960) and Walton’s (1967) Continuum of Social Responsibility, Zenisek (1979) developed a “Four-Celled (Partition) Model” based on organisational behaviour literature (refer to Table 2.1). The model analyses the social responsibility of business along a continuum in the direction of increased or decreased responsibility. However, positioning an organisation along a continuum does not help to assess its responsiveness or performance mode on social issues because companies may not progress in a linear sequential manner through each stage – some may be set up at the fourth phase and/or may regress from one phase to a previous one at any given point in its life cycle development. What such a model does is categorise and describe rather than evaluate, although this might be implicit if the purpose of its use is

to set out a pathway for increased levels of responsibility activity and hence, improving levels of performance.

**Table 2.1. A Four-Celled (Partition) of the Social Responsibility Continuum**

	← Direction of Decreased Responsibility			→ Direction of Increased Responsibility
Phase Elements	I	II	III	IV
Ideal type name	Owner/Manager	Organisation participant	Task environment	Societal
Prime beneficiary group	Owner/Manager	Owner/Manager, plus employees (organisation participants)	Owner/Manager/Employees, plus Suppliers, Distributors, Creditors, etc. (task environment)	Owner/Manager/Employees/Task environment, plus Public at large in society as a whole
Primary organisation goals	Profit	Profit Resource utilisation	Profit Resource utilisation Sales volume	Profit Resource utilisation Sales volume Welfare society
Primary type of policies	Financial	Financial Industrial	Financial Industrial Market	Financial Industrial Market Social

Source: Zenisek (1979, p. 365)

#### **2.4.2. CORPORATE SOCIAL PERFORMANCE AND SOCIAL RESPONSIVENESS**

Social performance refers to an organisation's responses to anticipated or existent demands (Ullmann, 1985), while "corporate social responsiveness denotes an action orientation towards a corporation's social responsibility or its perceived obligations towards society" (Coldwell, 2001, p. 49) citing Ackerman and Bauer (1976).

Corporate social performance (CSP) has been "viewed against a backcloth of [researchers'] individual perceptions regarding businesses' social responsibilities and perceptions of their actual and expected performance with regard to these responsibilities" because different social issues have different salience to specific individuals (Coldwell, 2001, p. 50). However, corporate social performance may be viewed from the perspective of its internal

stakeholders (i.e. employees) who actually contribute the performance outcomes, depending on their individual perspectives on the specific social issues being addressed. Given the role of networks of relationships, reciprocity, and trust of all stakeholders, corporate social performance can also be viewed from the perspective of recipients of the service. While recipients' perspectives would be useful in evaluating corporate social performance, it is rather, employees' perspectives on contributing to community wellbeing that this study has focused on. This limitation responds to the availability of resources as it will be discussed in Chapter 4.

Another approach to studying social responsiveness as a continuum has been presented by Carroll (1979). Such work is summarised in Table 2.2. Unlike Zenisek's phase model presented in Table 2.1 above, Carroll et al's continuum categorises managerial processes in response to social issues.

**Table 2.2. Social Responsiveness Categories**

Wilson	Reaction	Defence	Accommodation	Pro-action	
McAdam	Fight all the way	Do only what is required	Be progressive	Lead the industry	
Davis & Blomstrom	Withdrawal	Public Relations Approach	Legal Approach	Bargaining Problem Solving	
Do Nothing		←————→			Do Much

Source: Carroll (1979, p. 502)

Carroll (1979) indicated that the responsiveness continuum presented in Table 2.2 represents an aspect of management's social performance that is distinctly different from the concern for social responsibility. Corporate social responsibility has ethical or moral threads running through it and, hence, is problematical to management and the community in focus. In contrast, corporate social responsiveness has no moral or ethical connotation but is concerned only with the managerial processes of response. These processes would include planning and social forecasting, organising for social response, controlling social activities, social decision making, and corporate social policy. This debate often takes into account the "should" and "ought" reasoning (Zenisek, 1979) because it refers to ethical, moral, and social issues (Rachels, 1999). The decision to contribute to enhancement of

community wellbeing derives from each firm's primary role and societal expectations (Carroll, 1979; Zenisek, 1979).

Outside the legal obligation, an organisation may decide to undertake complementary activities that may be driven by its own philosophy. This may take any ethical approach such as Kantian, the Utilitarian, Hobbesian, Justice and Fairness, Feminism, Ethics of Care, etc (Rachels, 1999). However, one can take the view of Friedman (1970) on the social responsibility of business as making profit for shareholders only as mentioned earlier in this section. This primary objective falls within economic and legal responsibilities and leaves ethical and discretionary responsibility to individual members of an organisation.

Many other researchers have worked on the above issues emphasising various aspects such as strategic posture (Bowman & Haire, 1975), management attitudes and economic performance (Sturdivant & Ginter, 1977), profitability (Aupperle, Carroll, & Hatfield, 1985), social performance, social disclosure, and economic performance (Ullmann, 1985), corporate social responsibility and "firm financial performance" (McGuire, Sundgren, & Schneeweis, 1988), as well as perceptions and expectations with regard to society's expectations and business performance (Coldwell, 2001).

Commentators have argued that this body of previous research has yielded mixed and conflicting results regarding the relationship between corporate social responsibility and firm performance. Conflicting results have been explained, in part, by differences in research methodologies and measures of financial performance (Aupperle, Carroll, & Hatfield, 1985; Sturdivant & Ginter, 1977; Ullmann, 1985). "The unwillingness of businesses to reveal information about their success and their level of social responsibility, causing reliance on indirect sources of data such as reputational scales and annual reports" has also presented further difficulties with regard to such studies (Besser, 1999, p. 18).

Furthermore, because "there [is] insufficient evidence to support the claim that socially responsible firms are more profitable than other firms", researchers have recommended that "it is neither beneficial nor harmful for a firm to be socially motivated to fulfil its social contract" (Aupperle, Carroll, & Hatfield, 1985, p. 459). Such recommendations leave a pathway of uncertainty for managers when deciding whether to invest in solving social

issues. In considering this conclusion, some companies may use this uncertainty as an excuse to do nothing or to do the least required. Their decision and stance may be motivated and explained by the economic, legal, ethical and discretionary dimensions of social responsibility (Carroll, 1979), or mandatory and voluntary activity (London Benchmarking Group, 2004). Thus, this study attempts to help clarify the confusion arising around this matter from previous research.

### 2.4.3. CORPORATE COMMUNITY INVOLVEMENT

Social responsibility issues have also been classified under four categories: environmental, social, economic and corporate governance (Foreign Investment Advisory Service (FIAS), 2006). The Corporate community is attempting to solve increasing social tension between the power of the corporation and the growing severity of social and environmental problems, thus driving a considerable flow of resources through areas of social needs (Coady, 2007; Kelly & White, 2007). Corporate community involvement (CCI), often interpreted as corporate philanthropy or corporate giving, is seen as one best practice and can be classified as comprising three motivational categories: charitable, strategic and commercial. Classified in this way, these three categories are more descriptive of corporate community involvement than are the two non-voluntary categories of mandatory contributions and business basics (Coady, 2007; Institute of Public Policy, 2006; London Benchmarking Group, 2004; OECD, 2000, 2003; The Corporate Citizenship Company, 2007; UNI, 2001). This motivational categorisation distinguishes companies' differing expectations for the return on community investments, which are the payoff factors (Parket & Eilbirt, 1975).

A motivational approach in describing corporate community involvement leads many authors such as Coady (2007), the Institute of Public Policy (2006), the London Benchmarking Group (2004), and The Corporate Citizenship Company (2007) to a consensus on the following definitions and benchmarking factors:

- **Charitable motivation** is reactive community giving for which little or no business benefit is expected. Examples include raffles, matching-gift programmes, and bulk gifts made to an in-kind distributor.

- **Strategic motivation** is proactive gifts that are simultaneously important to the long-term success of the business and which serve a critical community need. These are in alignment with the company's strengths and the focus area of the recipient organisation and often long-term relationships between the company and the non-profit organisation are established.
- **Commercial motivation** is philanthropy in which the benefit to the corporation is the primary reason for giving. Examples include giving to satisfy requests made by clients or customers, commercial sponsorship of charity events, or the support of university departments.

Furthermore, corporate giving may be done through and benchmarked against methods or channels of donating:

- **Direct Cash:** Corporate giving from either headquarters or regional offices.
- **Foundation Cash:** Corporate foundation giving, which often includes the corporate side of employee matching gifts.
- **Non-Cash:** Product or pro bono services valued at Fair Market Value.
- **Time, volunteerism and management costs.**

Many international organisations consider corporate social responsibility (CSR) to be the commitment of business to contribute to sustainable economic development – working with employees, their families, the local community and the society at large to improve the quality of life, in ways that are both good for business and good for wider economic and social development. Their activities include health and safety of employees, improving labour standards and working conditions, human rights, community and stakeholder engagement (non-commercial), charitable giving, social/community investment, social reporting and management systems into the standards, codes and practices (Foreign Investment Advisory Service (FIAS), 2006; OECD, 2000; UNI, 2001).

Coady (2007) poses the question as to whether matching gifts are strategic and concluded that there are two schools of thought on this issue. Matching gifts is a mode of giving where employees raise funds and the company gives an equivalent amount. Some companies affirm that matching may facilitate employee recruitment and retention and foster goodwill while at the same time giving opportunity to employees to help charities that are meaningful to them. Other companies believe that matching programmes are not

strategic because companies involved in such programmes have little control over the end-recipient of the grant, and therefore the resultant impact of such gifts/contributions is not able to be tracked. These issues are very significant for this study because they may drive organisations' involvement in society's wellbeing as those organisations seek to implement best practices for their business and the achievement of their goals respectively.

Motivational approaches and methods of giving often serve as benchmarking standards for corporate community involvement. The missing link often forgotten is the expected outcomes for both community and business which is discussed next.

#### **2.4.4. EXPECTED OUTCOMES**

Inclusion of the above motivations and philanthropic channels as components of corporate responsiveness and community involvement, together with Carroll's (1979) *economic, legal, ethical and discretionary* activities, adds new concepts of pro-activeness and re-activeness to the range of activities organisations do to enhance social wellbeing. The rationale behind the motivating and other underlying factors may vary. Motivations may be seen as payoff, business self-defence, or fashion (Parke & Eilbirt, 1975), or they may be regarded as outputs intended to benefit both community and business (London Benchmarking Group, 2004). In addition, well-planned philanthropic initiatives and social responsibility strategy outcomes may include: promotion of the organisation through the display of its sign, poster, or logo; a thank you on their website or newsletter; mention of the sponsorship on the company's website; or feeling good for helping out a worthy cause. The organisation's exposure may also result in gaining new clients or repeat business (Toner, 2006). Coady (2007, p. 8) advises that:

1. Determining the appropriate scope and scale of giving begins not only with an analysis of the differing benefits of each type of giving, but with self-inquiry on the part of a company in order to set realistic philanthropic goals based on actual reach, culture, customers, and resources.
2. National and global programmes can be useful tools for building brand awareness, opening untapped markets, and making significant inroads to solving acute societal problems.

3. Local giving fosters valuable goodwill with community leaders, area civic groups, government, employees, and customers.

Taking together the type of organisation and the nature of the donation, it is easily foreseeable that the nature of the business organisation influences its philanthropic giving. Such consideration will also determine the expected return from community involvement. Even charitable giving may generate some unexpected benefit. Despite the inconclusive results from studies of some American corporations on whether social responsiveness was positively correlated to corporate, economic, financial, and social performance or not (Aupperle, Carroll, & Hatfield, 1985; Ullmann, 1985), philanthropic activities can be a marketing tool for generating revenue (Smith & Alcorn, 1991). Thus, those activities contribute to increase market share and shareholders value. However, some commentators have argued that “true social responsibility may occur when an individual [employee] feels responsible or increases personal involvement in securing the safety and wellbeing of another” (Smith & Alcorn, 1991, p. 19). This argument aligns with Friedman’s view, that it is up to individuals to pursue CSR, not the primarily businesses’ role.

Whatever perspective one may take, the organisation’s involvement in enhancing community wellbeing will take into account what is good for the organisation and good for society. The corporate social responsibility model and other derived frameworks may provide ways of assessing corporate involvement and motivation. However, although some models and frameworks may be more useful than others in identifying and helping to solve some issues to enhance community wellbeing and to assess the degree of evolution of an organisation toward social responsibility responsiveness, none of those frameworks on their own allow for the assessment of the nature of the relationship between an organisation and its stakeholders. A model that adopts this perspective may provide useful additional insight for enhancing social wellbeing and corporate social performance. The following discussion explores some additional models towards this end.

#### 2.4.5. THE REACTIVE-DEFENSIVE-ACCOMMODATIVE-PROACTIVE (RDAP) MODEL

Many authors have considered social responsiveness as the capacity of a corporation to respond to social pressures by being defensive, accommodating or proactive to specific social issues. Such issues may be consumerism, environment, discrimination, product safety, occupational safety and shareholders (Carroll, 1979; Clarkson, 1995; Coldwell, 2001). The capacity to respond to these pressures encompasses organisational mechanisms, procedures, arrangements, and behavioural patterns.

Working toward bridging the gap between the depiction of social performance Clarkson (1995) proposed a model (refer to Table 2.3) that aimed to better explain an organisation's responsiveness to social issues as an aid in helping to determine the organisation's position and strategy. Contrary to previous models that analyse the evolution of an organisation along a continuum toward an increased or decreased social responsibility, Clarkson's (1995) model and definitions fit the aim of this study (refer to Table 2.3).

**Table 2.3. The Reactive-Defensive-Accommodative-Proactive (RDAP) Scale**

<b>Rating</b>	<b>Posture or Strategy</b>	<b>Performance</b>
1. Reactive	Deny responsibility	Doing less than required
2. Defensive	Admit responsibility but fight it	Doing the least that is required
3. Accommodative	Accept responsibility	Doing all that is required
4. Proactive	Anticipate responsibility	Doing more than is required

Source: Clarkson (1995)

Although corporate strategists face the dilemma of finding an appropriate posture (Bowman & Haire, 1975), Clarkson (1995) emphasises the importance of the identification a company's posture towards social issues. The adopted posture guides the organisation's intervention in social issues. The author explains that the strategic posture of any stakeholder is one of two elements which measure and evaluate the level of responsibility in *managing the relationship* with stakeholders and their issues. The second element, performance, measures stakeholder satisfaction by evaluating the *data* relating to the defined or assumed actions of an organisation on the issue. The performance requirement may derive from the company's mission or certain responsibilities and obligations toward

specific stakeholder groups, while evaluating the *posture* provides a means to define social responsiveness. Anticipating responsibility to present and future stakeholders would be characterised as proactive. Conversely, denying responsibility or doing less than required would be interpreted as reactive. Furthermore, stakeholders' interactions are also influenced by their philosophy, perceptions of social responsibility, posture and strategy in relation to the issue involved, and their own interests (Clarkson, 1995).

Adding more clarity on the performance mode, Clarkson's (1995) model is consistent with Davis and Luthans (1980) three managerial modes: proactive, reactive and adaptive, that can be placed along a continuum with the proactive and the reactive mode at the two extreme limits, as well as Carroll's (1979) three-dimensional model that consists of economic, legal, ethical and discretionary social responsibility categories where "responsiveness can be reactive, defensive, accommodating or proactive to specific social issues" (Coldwell, 2001, p. 49). The model is also consistent with Kearns' (1994) explicit or implicit, reactive (tactical) or proactive standards of performance.

The usefulness of this model is based on the availability of data gathered on each key area of wellbeing. If data is available, the issue is being managed; if not, there is a gap to be filled and each Key Performance Area of social wellbeing may constitute an issue on its own. However, simply placing the organisation's responsiveness to the social issue along a continuum does not help to analyse the relationships between organisations and their stakeholders because they are not mutually exclusive or intended to portray a continuum with economic concerns on one end and social concerns on another (Carroll, 1979). Even incorporating the organisation's philosophy or mode of social responsiveness (Carroll, 1979) or how stakeholders will react is not sufficient for effective management of the relationships.

This insufficiency highlights the need for an integrated framework that analyses "the nature of relationships in terms of processes and outcomes for the business and its stakeholders" (Jones & Wicks, 1999, p. 207). A configuration approach (Meyer, Tsui, & Hinings, 1993) that takes into account the organisation's posture and objectives and the stakeholders' issues and interests is needed to propose this framework and its application. Therefore, there is a need to consider a complementary approach from the organisation's enablers

model (Khalil, 2000) discussed next. This perspective brings together the stakeholder approach discussed in section 2.2, Clarkson's (1995) strategic posture for contributing to community wellbeing and Carroll's (1979) view of social responsibility.

## **2.5. ORGANISATIONAL ENABLERS**

The previous sections have identified and discussed various models of corporate social responsibility and responsiveness to social issues, stakeholders and their potential claims in regards to community wellbeing. Various typologies and behavioural factors and the potential interpretation of the stakeholder and the organisation's social performance mode have been assessed but none of these indicate how stakeholders will achieve their wellbeing (Frooman, 1999). This achievement is enabled by organisations that integrate wellbeing as a product or service within their frame of reference.

### **2.5.1. WELLBEING: AS A PRODUCT OR SERVICE**

Wellbeing may be seen as a product or service to be provided by various organisations (Baker, 1995; Khalil, 2000), either on the *teleological* or the *dialectical* mode as opposed to the *evolutionary* mode (Van de Ven, 1992). It has already been mentioned that "an organisation is seen as "an arrangement that channels individual and group efforts toward achieving goals or satisfying needs" (Khalil, 2000, p. 413) and is "constantly comprised of changing groups of people with diverse talents and interest" (Eisenhardt & Zbaracki, 1992, p. 25). In *teleological mode*, a "goal can be achieved via a number of paths, all tending toward the same point", while the *dialectical mode* assumes that a "developing entity exists in a pluralistic world of colliding events, forces, or contradictory values which compete with each other for domination and control". In contrast, "*evolution* is sometimes equated with change... in structural forms of populations of organisational entities across communities, industries, or society at large" (pp. 176-177 – emphasis added). Contrarily, Eisenhardt and Martin (2000) argue that there are multiple paths (equifinality) to the same dynamic capabilities. These authors define dynamic capabilities as "specific strategic and

organisational processes such as product development, alliancing, strategic decision making” (p. 1106), as opposed to the traditional view which sees them as “routines to learn routines” (p. 1111).

With regard to contributing to the community wellbeing an organisation may adopt any mode as long as it is an integrated strategy with the overall products or services provided. What is important is to reconcile the organisation’s objectives and the contribution to solving social needs.

### **2.5.2. ORGANISATIONAL FRAME OF REFERENCE**

Khalil (2000) identifies a set of enablers - *technical and financial resources, environmental factors, organisational structure, projects, and people* - used by organisations to create goods or to provide services. Thus, an organisation can also be viewed as a set of interdependent relationships requiring effective stakeholder management (Hillman & Keim, 2001).

There are many tools that guide the strategic managers’ task of maintaining congruence between environmental constraints and organisational needs (Smircich & Stubbart, 1985). In terms of an organisation, traditional studies of strategic management address the issue of structure by referring to design (with congruence between work, people, formal and informal structure) and processes (Bartol, Martin, Tein, & Matthews, 2001; Mintzberg, 1991; Nadler & Tushman, 1989); roles, behaviour and information (Wolfenden & Welch, 2000). Management is discussed with regard to culture, power relativity and empowerment using such “highly abstract terms as leadership, or alternatively planning, organising, controlling, or motivating” (Davis & Luthans, 1980, p. 69). Nevertheless, in this study developing strategies for managing organisation’s relationships with stakeholders is not a matter of structural design, it is rather a matter of culture, power interdependencies, organisational climate (Glick, 1985; Guion, 1973), and contextual constraints (Johnson, 2000). Therefore, what is important in devising strategies for managing stakeholder relationships depends less on structural organisational design and more on the organisational culture, which stems from people’s frames of reference.

While Bryson (1988) argued that the stakeholder model is one of the approaches most applicable to the public and non-profit world because it integrates economic, political, and social concerns, “Government policy and programmes alone are unable to defeat recurring social and economic problems” (Steane, 1999, p. 135). The opportunities and challenges discussed in Section 2.3.4.1 have argued for mutual cooperation between all three sectors. Furthermore, all three sectors may build strategic communities (Kodama, 2001, 2002) in community-based initiatives because environmental factors, industries, technologies, cultures, ideologies, groups, members, processes, practices, beliefs, and community wellbeing are interrelated (Meyer, Tsui, & Hinings, 1993). Strategic community refers to an innovative management system that consists of forming a strategically aligned chain of communities with other related customers to promote or create new products or services.

Furthermore, efforts to address social gaps is managed nationally under the social welfare structure, a context in which government alone cannot solve all social issues and businesses undertake such involvement either as mandatory or voluntary activities integrated within their core business. In addition to policy network support (Marston, 2004), solving national issues needs mutual cooperation with the private sector as well as the public and voluntary sectors “since the wellbeing of society depends on the wealth generated by business” (Sturdivant & Ginter, 1977, p. 34).

As argued by Zenisek (1979) in section, 2.2.5.2, achieving wellbeing may be subject to congruence between organisational and community values on one hand and personal and organisational values on the other hand. Therefore, personal needs, organisational needs and community needs will all influence the expected claims and their satisfaction. In order to develop a conceptual framework for examining the extent to which organisations are contributing to this area, the theoretical and empirical literature relating to this direction of enquiry has provided a basis for the study.

## 2.6. CONCLUDING SUMMARY

In summary the literature review first framed community wellbeing's multi-dimensional aspects in the New Zealand context, as physical, psychological, political, socio-economic and environmental elements. Because of the widening gap in income disparity and other various national and international factors, community wellbeing becomes an area of social need to which organisations are contributing through various forms of community engagement. This type of contribution by organisations can be conceptualised within a corporate social responsibility model.

This review and associated discussion highlighted literature that has validated various models and frameworks from different disciplines. The most useful of these to the present study is the stakeholder model, recognised for its normative validity, descriptive accuracy, and instrumental power, notwithstanding some persistent criticism of the model. One of the main disagreements about business contribution to solving social issues occurs within companies' corporate social responsibility vis-à-vis the expectations of shareholders and other stakeholders.

Even though stakeholder theory has not yet reached maturity, there is a voluminous amount of research available on this subject. As each business serves different beneficiaries, it operates within a particular environment and responds differently with others to social issues. Mapping stakeholders and identifying their needs, demands/expectations as well as their values would highlight the potential benefits of doing what is good for the organisation and for the community.

While incorporating their community involvement within their core business, some scholars have theorised that organisations may adopt various diverse strategies when making such decisions. This process adopted by organisations may be conservative, reactionary, or proactive but research in this area has been inconclusive and does not clearly show the benefits of integrating social responsiveness to social issues into business strategy and practices.

The review and discussion also highlighted the assertion that people behave differently with regard to social issues, depending on their ethnic and cultural background, their values and beliefs. This is particularly true within a nation such as New Zealand that is growing in diversity and endeavouring to strengthen its social capital, while aspiring to have a satisfying quality of life, but where this aspiration is not evenly shared nor commonly understood.

The review has explored ways of positioning and interpreting stakeholders' posture vis-à-vis the strategic intent and performance mode of the organisation. These actions are linked to behavioural attitudes that need to be taken into account by organisational strategists when aiming to enhance community wellbeing. Successful outcomes are more likely to be achieved by beginning to manage effectively employees' wellbeing. In turn this approach may make a point of differentiation that contributes to better organisational performance; thus increasing customer satisfaction and shareholder's value.

From the review it was noted that some organisations are breaking traditional conflict-based ways of managing business and stakeholder relationships and reacting to social problems. Such organisations undertake community involvement through philanthropic giving under charitable, strategic, or commercial motivations. Community wellbeing is contributed to by organisational activities that may be driven by economic conditions, legal factors, mandatory requirements or voluntary participation, or a mix of such stimulators. Such contributions to community wellbeing are reported in a variety of different ways. Some companies may over-report their community-related activities while others may under-report for various reasons including organisation culture and concealing the extent of their activities from their competition.

Some studies that have researched organisations' social responsiveness place the extent of responsiveness along a continuum. This perspective has been criticised for disconnecting management's social performance from the concern for social responsibility and thus for being unhelpful in assessing responsiveness and linking performance mode to social issues.

Despite their individual contribution, the frameworks and models relating to corporate social responsibility and stakeholder theory are alone insufficient for analysing "the nature

of relationships in terms of processes and outcomes for the business and its stakeholders” (Jones & Wicks, 1999, p. 207). This knowledge gap has led to the exploration of other complementary models for the study, such as behavioural assessment and organisation enablers. Combined with corporate social responsibility and stakeholder theories, these models provide potentially a more substantial basis for developing an integrated framework that may enable the organisation’s strategist to better analyse the relationship between an organisation and its stakeholders. The model is discussed in the next chapter.

### **Chapter 3. A STAKEHOLDERS AND ORGANISATIONAL ENABLERS RELATIONSHIP (SOER) FRAMEWORK**

The literature reviewed in the previous chapter utilises an extensive stream of research characterised by competing and/or overlapping models of wellbeing, corporate social responsibility, typologies based on stakeholders' theory, organisation structure and culture, management and possible interactions between these models. Building on and integrating these concepts this Chapter maps the potential stakeholders in this study and develops a conceptual model, detailing its description and use.

#### **3.1. MAPPING STAKEHOLDERS**

A stakeholders' map is needed as a guide through this conceptualisation process because it provides a frame of reference for the current domain of inquiry and helps understand the forces in play. While the stakeholders' map assists in building an integrated conceptual framework (Baker, 1995), it will also be of use in preliminary testing and validating the model because those stakeholders are also involved in the empirical research for the study.

Roberts and King (1989, p. 65) have identified four steps in carrying out any strategic intent with regard to managing stakeholders:

1. "Identification of groups or individuals who can affect and be affected by the business,
2. Determination of the stake or claim that the stakeholder has (issue or concern that may be tangible or intangible, economic, political, social, or psychological),
3. Assessing how well the organisation is meeting the identified needs or claims,
4. Readjustment of organisational priorities to align with stakeholders' interests".

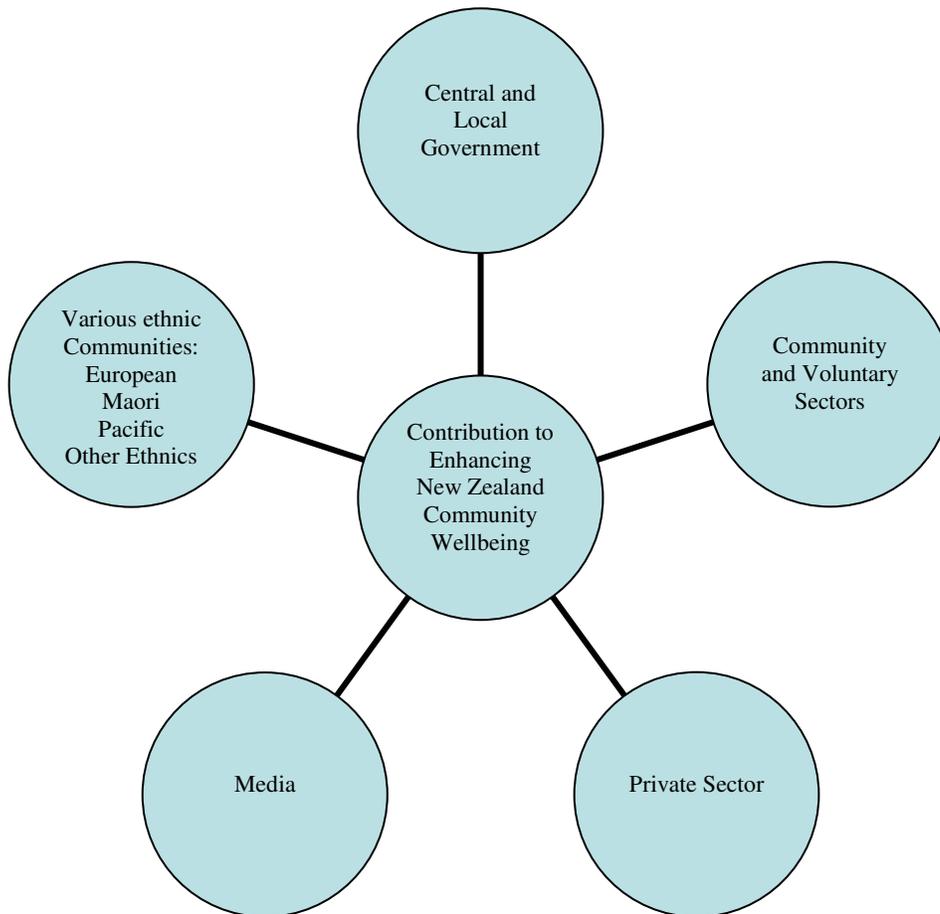
Working towards the first step of identifying groups or individuals who can affect and be affected by the business, Frooman (1999, p. 191) has suggested three preliminary questions that researchers should answer when mapping stakeholders:

1. Who are the stakeholders?

2. What do they want?
3. How are they going to try to get it?

Using these concepts to develop the model, with New Zealand communities' wellbeing as the focus, this strategic intent is placed at the core (refer to Figure 3.1).

**Figure 3.1. Stakeholders Map**



Source: Adapted from Roberts and King (1989)

Identified in the figure above are the diverse New Zealand communities and agencies as key stakeholders (Montanari & Bracker, 1986; Office of Ethnic Affairs, 2002). Building blocks for New Zealand community wellbeing will evolve around ethnic groups, central and local Governments, agencies within the community and voluntary sector, the private sector, the different communities, as well the media with its role in raising awareness (positive or negative) on issues. These broad categories may be broken into smaller maps

when developing strategies and actions. Some variables may be taken into account such as their potential to affect or to be affected by the organisations' involvement in enhancing key areas of wellbeing of these various communities, either as primary stakeholders (e.g. job providers, healthcare providers), as secondary (e.g. media) stakeholders, as strategic stakeholders, or as moral stakeholders. As discussed in Chapter 2, Section 2.2.7.1 primary stakeholders are considered as those whose actions are essential for the survival of organisations and the fulfilment of communities' demands and expectations (i.e. employees, shareholders) while the strategic stakeholders are those who can affect the organisation (i.e. government, communities organisations, etc). An implication is that all stakeholder relationships are bi-directional from each group and the strategic intent placed in the middle. However, situations relating to government agencies, private sector and social programmes are fundamentally different because of the primary objectives and beneficiaries of each organisation (Donaldson & Preston, 1995, Zenisek, 1979 ). The above stakeholders' map in Figure 3.1 clearly displays the various stakeholders relevant to this study. In addition, with regard to wellbeing, those stakeholders belong to the three complementary sectors, public, private, and voluntary, regardless of their prime beneficiaries (Zenisek, 1979). While the focus of this study is on one sector only for reason of limited resources, the three sectors may be empirically investigated for their respective contribution to enhancing community wellbeing.

This stakeholder map provides the basis for developing a model that combines relevant theory to assist any stakeholder in depicting, analysing and managing relationships between various other stakeholders involved in achieving New Zealand community wellbeing. The model is developed within the next section.

### **3.2. MODEL DEVELOPMENT**

The literature review concluded that several relevant frameworks for stakeholder management have been developed within the available body of research. However, while this fragmented research concentrates on human dynamics, power relationships and organisational processes, respectively, it does not provide enough guidance for the researcher for analysing and predicting the nature of relationships between organisations

and their stakeholders. Moreover, no single analytical process can deal simultaneously with all variables concerned with community wellbeing involvement (Quinn, 1989). Thus, a combination of theories and paradigms is necessary because of the cooperative nature of the requirements for contributing to the enhancement of New Zealand community wellbeing, where there are many players or stakeholders with conflicting agendas. As mentioned in Chapter 2, the stakeholders' claims or interests range from political, economic issues, to social and psychological concerns. In this case, wellbeing encompasses all these aspects of life that might influence a person's journey to a better quality of life and happiness. This study aims to bridge the gap by proposing an integrative model that combines those variables for several reasons.

Firstly, it has been argued in the literature that wellbeing is an end state arising from individual and family needs and expectations that have to be met. These needs and expectations apply not only to individuals and their families, but also to the community as a whole. In addition, the components of wellbeing can be objective, tangible factors, or subjective, psychological attributes (Milligan, Fabian, Coope, & Errington, 2006).

Secondly, enhancing the New Zealand community is a societal goal that needs cooperation between all sectors because the government alone cannot resolve all social issues, from a purely political aspect. In addition, the wellbeing of society depends on the wealth generated by business, requiring an economic perspective (Milligan, Fabian, Coope, & Errington, 2006; New Zealand Ministry of Economic Development, New Zealand Ministry of Social Development, New Zealand Dept of Labour, & New Zealand Dept of Statistics, 2003; Sturdivant & Ginter, 1977).

Thirdly, good quality of life enables people to enjoy good relationships, to have a variety of interests and to coexist comfortably with others. This represents a social objective (Williams & Cooper, 1999) the achievement of which enables people to fully participate in the community and contribute to the national interest (Ministry of Social Development, 2005). Conversely, poor quality of life bears significant economic and social costs. It can lead to family, social and economic disturbances and instability (Ministry of Social Development, 2005; New Zealand Ministry of Economic Development, New Zealand

Ministry of Social Development, New Zealand Dept of Labour, & New Zealand Dept of Statistics, 2003; Vidal, 2005).

For the good of business and society, these issues are currently understood and managed according to various fragmented frameworks and models. This study takes an holistic approach (Meyer, Tsui, & Hinings, 1993), drawing together the main theoretical streams reviewed in Chapter 2 and builds on models relating to corporate social responsiveness, the stakeholders' positioning typology, the behavioural assessment framework, the model of organisational enablers within public, private, and voluntary sectors, and the outcomes/performance mode, to propose an integrative Stakeholders and Organisational Enablers Relationship Model (SOER Model) (see Figure 3.2).

### **Behavioural Assessment**

The central assumption on which this study is based is that reaching the state of wellbeing is a unanimous objective. To be achieved, such an objective depends upon many factors such as behavioural predispositions of different stakeholders. These factors may include, on one hand, different and changing needs of stakeholders, their mental models, and their perceptions. On the other hand, the influence of personal values and beliefs, as well as the information that stakeholders receive and their roles may be taken into account as highlighted in Chapter 2 (Davis & Luthans, 1980; Kinicki & Kreitner, 2003; Slovic, Fischhoff, & Lichtenstein, 1977). These factors are embedded within societal culture (Kerr & Slocum, 1987) and influence the organisational culture (Hofstede, 2003; Johnson, 2000).

Chapter 2 also highlighted the view that the issue at hand may or may not link problems, people, choice opportunities and solutions: a garbage can situation (Eisenhardt & Zbaracki, 1992), or avoid worsening situations (Anderson, 1983). However, whatever strategy is used by an organisation, different values, perceptions, needs and demands/expectations will affect that organisation's performance level. The awareness levels held by stakeholders and their various influences on strategists' approaches in all sectors: public, private, and voluntary, will be a key determinant in modelling the potential commitment of resources to social wellbeing. Where incongruent values are held by the various stakeholder groups, the

commitment of an organisation's resources to social wellbeing may be weak or non-existent.

Based on behavioural assessment, this set of arguments therefore leads to development of the following general proposition:

**Proposition 1**

*At an individual or organisational level, the behavioural predispositions of different stakeholders based on their different and changing needs, their mental models, their perceptions, their values and the beliefs they hold, the information they receive, and their roles influence the performance mode (reactive, defensive, accommodative, or proactive) and serve as a trigger for the organisation that stimulates a strategic response to social needs.*

**Stakeholders Positioning Typology**

Based on the various definitions of a stakeholder, this can be summarised as “any group or individual who is affected by or can affect the achievement of an organisation's objectives” (Freeman & McVea, 2001; Roberts & King, 1989), or anyone with an interest (a stake) in the operations and performance of a firm (Pass, Lowes, Pendleton, & Chadwick, 1995) as mentioned previously. A stakeholder may also include specific people or groups who have a stake in the outcome of a project. The literature reviewed in Chapter 2 underlined a need for a stakeholders' analysis which goes further than these definitions in order to depict the level of social responsiveness. For instance, Bryson (1988) proposed positioning stakeholders within a matrix that links the importance of the stakeholder to the organisation and their potential support for or opposition to the organisation's actions. Broadly supporting this argument are the normative, descriptive and instrumental aspects of stakeholder theory, also discussed in Chapter 2 (Donaldson & Preston, 1995; Jones & Wicks, 1999) as mentioned earlier.

Providing a different impact, primary stakeholders are essential to business survival, while secondary stakeholders influence or affect the organisation's fulfilment of objectives. As discussed in Chapter 2, they may develop various strategies and/or tactics with a potential

for harm or benefit to the organisation's actions and the available resources. Therefore, the organisation needs to continually adapt stakeholder management to engender their support and approval, or to avoid their opposition or rejection (Deegan & Samkin, 2001). These arguments lead to the following general proposition:

**Proposition 2**

*The positioning of the organisation's primary stakeholder as supporter, low priority, problematic, or antagonistic to the idea of community involvement, is related to the performance mode of the organisation and expected outcomes for wellbeing as it helps to develop overall corporate strategy including community engagement.*

**Outcomes/Performance mode**

The stakeholder approach is concerned with the nature of relationships in terms of processes and outcomes for the business and its stakeholders (Jones & Wicks, 1999). Once the organisation knows the position of a stakeholder vis-à-vis its strategic intent, the evaluation of the responsiveness and the level of social performance will be relatively easy. Clarkson (1995) argues that depending on the posture or strategy adopted by an organisation towards managing stakeholders, stakeholders may adopt a proactive or reactive mode (Carroll, 1979; Davis & Luthans, 1980; Zenisek, 1979), or an accommodative or defensive mode, where each pair of modes represent two ends of a continuum. Accommodation is sometimes used by researchers as an adaptive stance which inspires modes of strategy making (Mintzberg, 1973). This posture vis-à-vis the strategic intent provides a means to define the social responsiveness of the organisation. In addition, as mentioned in Chapter 2, all stakeholder relationships are bi-directional (Roberts & King, 1989). From the teleological point of view, each stakeholder may be 'purposeful and adaptive'; individually or in interaction with others, while working toward their end state which is their own wellbeing (Van de Ven, 1992). However, the relationship between the organisation and its stakeholders may be weak or non-existent thus prioritising the stakes because the decision maker considers influential the relative importance of internal or external stakeholders who set the rules (Foreign Investment Advisory Service -FIAS-, 2006).

Given the cause-and-effect relationships, shifting values, and the potential for double-loop learning by an organisation from its interactions with its stakeholders, the next two propositions can be stated. Double loop learning occurs when a learning organisation takes corrective action of its errors but also revises the underlying policies, norms and objectives as opposed to single-loop learning which takes only corrective measures of errors.

### **Proposition 3**

*The organisation's community engagement and relevant outcome in turn generate double-loop learning from feedback that affects both the organisation and the stakeholders' position and creates an environment for continuous improvement.*

The above argument also holds true for the following proposition:

### **Proposition 4**

*The double-loop learning also generates feed-forward that affects and changes needs, mental models and stimulates new behavioural attitudes and roles among stakeholders.*

### **Organisational Enablers (Public, Private, Voluntary)**

From Chapter 2 it can be said that the organisation culture rather than its structure (Bartol, Martin, Tein, & Matthews, 2001; Boyacigiller & Adler, 1991; Pettigrew, 1979), its primary objectives and the prime beneficiary of its existence (Zenisek, 1979), as well as management attitudes, will influence “different strategies ranging from avoiding the stakeholders’ demands to partial or total fulfilment of these demands” (Ullmann, 1985, p. 551). These factors will determine the commitment by an organisation to respond to social concerns and to affect necessary resources (Barney, 1991; Barney, 1986). In addition, bold, innovative, proactive, and risky actions are undertaken by externally driven managers. Conversely, internally driven managers may follow, instead of leading, innovation (Miller, Kets De Vries, & Toulouse, 1982). In contrast, Friedman’s followers argue for a negative effect on shareholders’ return and a self-interested public relations exercise by organisations that engage in corporate social responsibility projects, whereas others will try to reconcile all stakeholders’ demands and expectations with regard to corporate social engagement. Social engagement implies commitment of resources that enable

organisations to reach their business and community objectives. As mentioned earlier, organisational enablers include *technical and financial resources, environmental factors, organisational structure, projects, and people* used to provide goods and services (Khalil, 2000). Thus, the following proposition may be developed.

**Proposition 5**

*Enablers of organisations within the public, private and voluntary sectors are a mediating factor between social performance mode and outcomes and the development of stakeholders' behaviours.*

A mediating factor may be understood in the sense of a cause-and-effect relationship where the organisational enablers intervene to generate outcomes of social performance.

As discussed in Chapter 2, Eisenhardt and Martin (2000) argued that there are multiple paths (equifinality) to achieving a contribution aimed at solving social issues. This assertion supports the notion of a link between Bryson's (1988) strategic stakeholders' positioning and Khalil's (2000) paradigm on organisational enablers. In addition to those enablers, environmental factors, technologies, strategies, structures, cultures, ideologies on groups, members, processes, practices, beliefs, and outcomes, are interrelated elements within all sectors – public, private, and voluntary sectors, and across industries (Meyer, Tsui, & Hinings, 1993). These elements impact all sectors despite differences between organisational settings.

As discussed in Chapter 2, managers' mental models and their power to make important decisions that commit resources, will be critical factors in strategies for contributing to community wellbeing (Das & Teng, 2000; Eisenhardt & Zbaracki, 1992; Hillman & Keim, 2001). This argument was supported by the view that sees stakeholder management and social issue participation as potentially being in opposition to financial performance goals, but as generating other valuable resources such as reputation (Hillman & Keim, 2001), and trust (Jones & Wicks, 1999).

Conversely, there is disagreement over the nature of the relationship (positive, negative or neutral) between an organisation's concern for society and its financial performance

(Aupperle, Carroll, & Hatfield, 1985; Ullmann, 1985), and between achieving economic outcomes and complying with ethical, legal or discretionary issues (Bowman & Haire, 1975; Carroll, 1979; Zenisek, 1979). Nonetheless, as discussed in Chapter 2, there are many key determinants of organisational effectiveness in community engagement. Firstly, one can recall, among others, the ability to understand the forces in play and how they change in time, as well as the competence to mobilise and manage resources and perceptions to achieve an effective strategic response (Donaldson & Preston, 1995). A second key determinant might be the ability to anticipate more accurately how future systems may respond or perform (Khalil, 2000).

These arguments lead to the following two additional propositions:

**Proposition 6**

*The enablers within organisations in the public, private and voluntary sectors have a strong positive relationship with stakeholders' perception of the organisation.*

**Proposition 7**

*Enablers within organisations in the public, private and voluntary sectors affect the social performance mode and expected outcomes associated with the company's strategic intent regarding its community involvement.*

The above discussion leads to the proposed framework.

### 3.3.MODEL DESCRIPTION

The SOER model (refer to Figure 3.2, p. 78) is proposed as a framework that enables depiction of possible relationships that may lead to expected outcomes that are connected to the organisation's performance mode that forms the basis of the above propositions. As highlighted in Chapter 2, it is worth noting that many variables interplay within their context and according to their content, as well as influencing the process of reaching the outcomes, that is, organisational performance vis-à-vis contributing to enhance New Zealand Community wellbeing. For this study, the interconnectedness of those variables guides the underlying questions that enable the development of an understanding of stakeholders' perspectives in enhancing community wellbeing.

Any key area of social wellbeing (Ministry of Social Development, 2003, 2005) may be an issue at hand that constitutes a need to satisfy. From Chapter 2 the point can be made that any need can change at any time and in any place (Kinicki & Kreitner, 2003). As also discussed in Chapter 2, wellbeing has been seen as a multidimensional set of needs that can be conditioned by behavioural attitudes such as mental models, perceptions, values, beliefs and information. Individual and family wellbeing lead to community wellbeing. Reaching this desirable end state may be achieved individually or collectively through organisations. The process will generate feedback and as a consequence, new strategies can be developed.

Combining Bryson's (1988) and Clarkson's (1995) models discussed in Chapter 2, it could be expected that antagonistic stakeholders within an organisation are likely to perform in a reactive mode, denying responsibility or, at the best, doing less than required. Supporter stakeholders within an organisation are likely to adopt a proactive mode, anticipating responsibility and doing more than is required. Although problematic stakeholders present less risk than antagonistic ones, they are likely to adopt a defensive mode, admitting responsibility but resisting it and doing the minimum required. Intuitively, stakeholders that give community engagement low priority would not be going out their way to engage. This stakeholders' category is likely to perform in an accommodative mode by accepting responsibility and doing all that is required but not more than this.

When stakeholders act through organisations, the process engages the identified enablers: technical and financial resources, environmental factors, organisational structure, projects, and people. These enablers can be expected to play a moderating role in achieving outcomes for satisfying social needs.

### **3.4. USE OF THE MODEL**

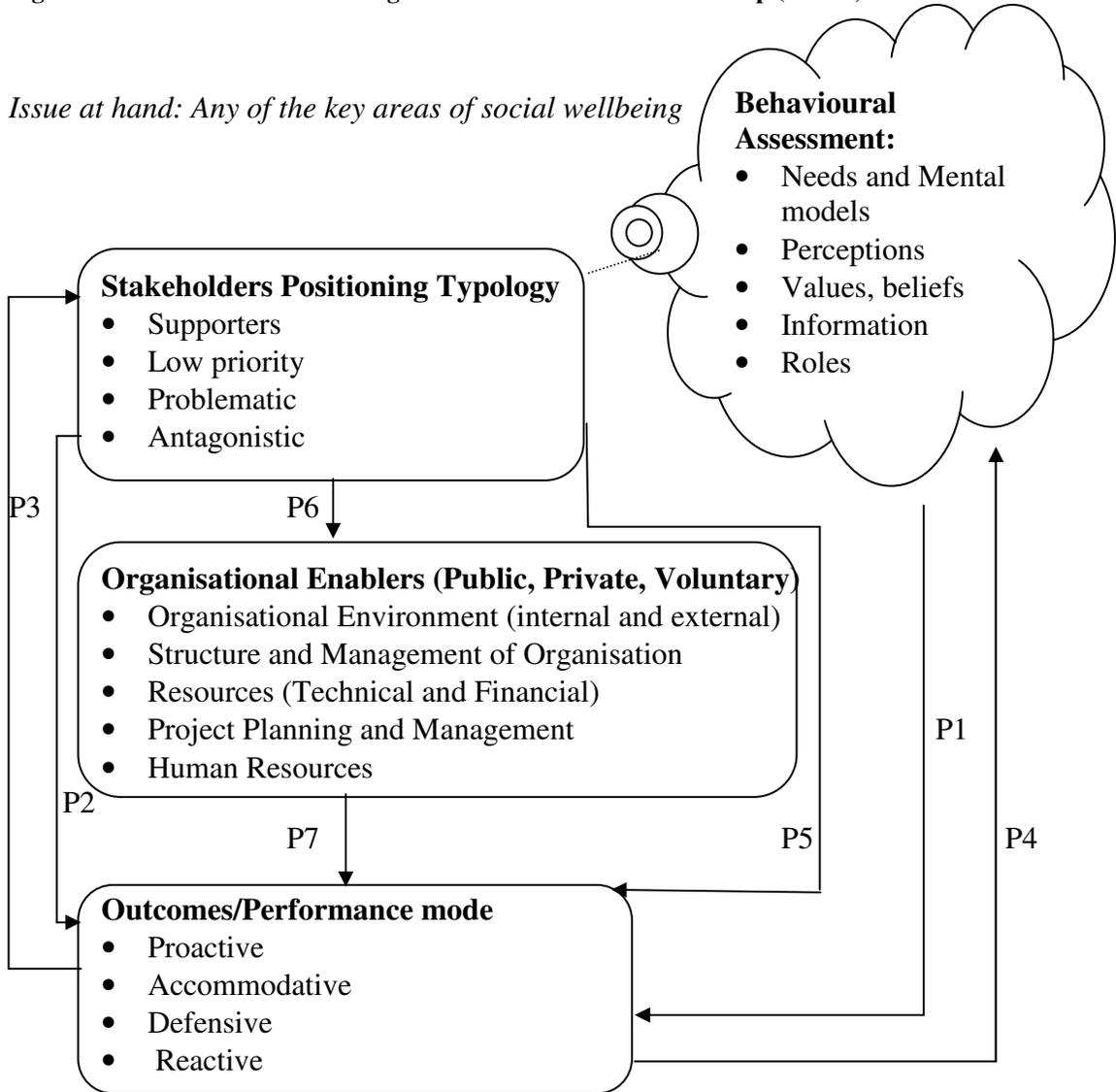
The central assumption of this model or framework (see Figure 3.2 below) emanates from selected strategic and operational perspectives that were highlighted in the literature review in Chapter 2. That is, the model assumes the presence or validity of a need to analyse and depict the relationships between organisations and their stakeholders.

Using this model is a 5-step process:

1. Identification of stakeholders
2. Identification of their needs, values, demands/expectations, perceptions
3. Positioning stakeholders within a stakeholders' typology
4. Assessing the organisational enablers (environment, structure and management, resources available, ability to manage projects, and human resources)
5. Understanding the outcomes and the performance mode adopted by the organisation's stakeholders.

From this process the nature of involvement and the level of commitment to social issues as well as the expected returns (payoffs) for both the organisation and the stakeholder can then be assessed as part of the implementation of social programmes. A preliminary testing of this model will be applied to employees (as stakeholders) of a New Zealand company.

**Figure 3.2. A Stakeholders and Organisational Enablers Relationship (SOER) Model**



Source: Model developed from a combination of Bryson (1988), Clarkson (1995), Khalil (2000) and the behavioural approach (Slovic, Fischhoff, & Lichtenstein, 1977).

This model depicts and summarises the relationships between the organisation and its stakeholders. Contributing to the enhancement of any key area of social wellbeing can be seen as arising from the behavioural assessment, the organisation and its stakeholders, and individual stakeholders' performance mode to reach the outcomes.

The above Ps (P1, P2....P7) represent the 7 propositions developed in Section 3.2. Wellbeing has been identified as a multidimensional need that can be conditioned by behavioural attitudes such as mental models, perceptions, values, beliefs information, and

roles. Reaching this desirable end state may be achieved individually (P1). This process generates feedback (P4). Wellbeing can also be collectively achieved through other stakeholders and their feedback (P2 and P3) or through organisations (P5, P6 and P7).

Using previous models developed by other researchers, this model proposes an integrated framework to bridge the gap identified in Chapter 2 to enable the undertaking of analysis of the role and performance of an organisation and its stakeholders in contributing to social wellbeing projects. This model forms the basis for the empirical component of the study, the methodology for which is described in the next chapter.

## **Chapter 4. RESEARCH METHODOLOGY**

### **4.1. INTRODUCTION**

The previous chapter drew upon relevant extant literature reviewed in Chapter 2 to build an integrated framework that forms the basis of this study. This chapter revisits the research question and objectives and then outlines the research methodology used for undertaking the empirically portion of the study.

### **4.2. RESEARCH OBJECTIVES**

A research problem is any situation where a gap exists between the actual and the desired ideal state. The problem may relate to “areas where some conceptual clarity is needed for better theory building, or situations in which a researcher is trying to answer a research question empirically because of interest in the topic” (Sekaran, 2003, p. 70). The challenge presented by the need for more research in the area of focus in this study, especially the gap in knowledge regarding the relationship between an organisation and its employees when engaging in its community engagement activities and programmes, contributed to the decision to attempt this study (Strauss & Corbin, 1990).

The study: (1) examines practices and procedures used by organisations to enhance their community’s wellbeing within the New Zealand context and (2) assesses and interprets an organisation’s achievement within the area of community wellbeing involvement. The study provides initial preliminary testing of the framework developed in Chapter 3 and the theoretical propositions on which it is based. This framework may subsequently be used for assessing key outcomes for organisations involved in community wellbeing initiatives in the New Zealand context, as advocated by the Ministry of Social Development (Ministry of Social Development, 2005).

### 4.3. METHODOLOGICAL APPROACH

Taylor and Bodgan (1998) classify research traditions according to two overlapping groups: positivism (or empiricism) and phenomenology (or interpretive tradition). This is a subjective-objective debate as any research approach may be placed somewhere along a continuum between the two positions (Morgan & Smircich, 1980; Taylor & Bodgan, 1998). While this explanation may be viewed as an “oversimplification” (Taylor & Bodgan, 1998, p. 22) it attempts to limit a semantic confusion around qualitative research, since terminology regarding research traditions, methods, domains, and/or approaches (Creswell, 1997), as well as data collection methods, forms and techniques (Morgan, 1997), are used interchangeably. This semantic confusion brought Denzin and Lincoln (1994) to conclude that “researchers [have] struggled with the meanings of terms such as paradigm, epistemology, interpretive framework, empirical materials versus data, research strategies, and case study” (p. xi). This study may be placed between the two main traditions as it seeks to pre-test an interpretive framework from collected data. Qualitative method may be seen as an inclusive approach adopted for collecting and analysing data.

As noted earlier in Chapter 2, this study assumes that whatever perspective one takes to research, the objective is to obtain additional knowledge of certain phenomena and problems and/or arrive at solutions to problems (Sekaran, 2003). Given the main purpose of this study, which aims to arrive at insights into what a New Zealand company does to enhance community wellbeing, the most useful approach has been inspired by Glaser and Strauss (1967), Strauss (1987), and Strauss and Corbin (1990, 1998) who have suggested a *general methodology* for generating and testing theory: *the grounded theory approach*. This study then builds on the research design principles that seek a means for linking the purposes of the research and the specific procedures that best achieve these purposes by acquiring the desired data (Morgan, 1996; Strauss & Corbin, 1990).

This study elected also to adopt the case study research strategy. A case study research strategy is often used to contribute to knowledge of organisational related phenomena in business, community planning and other disciplines (Yin, 2003). The study uses the qualitative method which is most suitable when one seeks to uncover answers to

why/how?-type questions that build depth of knowledge, whereas quantitative methods are best for measuring the incidence or occurrence of phenomena and for testing existing theory (Yin, 2003).

Furthermore, any research project faces some constraints including budget and time issues that affect its planning (Marshall & Rossman, 1999; Morgan, 1996, 1997; Schlossberg, 1991). Given the scope and the timeframe of this study, and for reasons of maximising resource efficiency, a single case study design has been selected as opposed to multiple case studies (Yin, 2003). This research strategy enables the study to test a number of propositions with data collected using the ground theory approach as a basis, which is an iterative process. It follows the recommendation of Strauss and Corbin (1990, p. 177) by using a theoretical sampling technique which will be discussed later in this chapter. However, the grounded theory method is used as a basis for data collection and analysis rather than fully applying the method inductively, as promoted by Strauss and Corbin (1990).

Although other methodological approaches were ruled out for this study, it is worth noting that the grounded theory method has been subjected to criticism on such issues as “systematic canons and rules of evidence of quantitative analysis: [including] sampling, coding, reliability validity, indicators, frequency distributions, conceptual formalisation, hypothesis construction, and parsimonious presentation of evidence” (Glaser & Strauss, 1967, p. 16) because of its qualitative approach. However, this theory-building method presents the advantage of evolving during the research process through continuous interplay between analysis and data collection. In particular, qualitative data, are “useful for both verification and generation of theory (Denzin & Lincoln, 1994; Jacques, 1993; Marshall & Rossman, 1999). Moreover, as argued by Yin (1981) and (2003), a case study does not imply the use of a particular type of evidence. The sources of evidence used are discussed in the next section.

#### **4.4. INSTRUMENTS FOR DATA COLLECTION**

The objectives of this study aim at gaining insights into one large New Zealand company's community involvement, from the perspective of its employees as a key stakeholder group. Instruments for data collection usually combine methods such as material from archives, interviews, questionnaires, and also observations. The evidence may be qualitative (e.g., words), quantitative (e.g., numbers), or both. The data can also be used to accomplish various aims: to provide description, test theory, or generate theory (Eisenhardt, 1989; Yin, 1994). This study has chosen to combine a survey questionnaire, face-to-face interviews, and company documents relevant to corporate community involvement.

The guiding principle for the research is to triangulate through the use of multiple methods of data collection, which aims to exploit assets (strengths) and neutralise liabilities (weaknesses) associated with one method or another (Jick, 1979; Yin, 2003). In addition, the goals for data collection, as suggested by McClintock, Brannon, and Maynard-Moody (1979), were (1) to understand the frame of reference of employees involved in community-based activities, (2) to capture the organisational process for deciding which community organisations to help or not, and (3) to unfold factors that may allow better understanding of the cause-and-effect relationships between the company and the community organisations they help.

These goals were particularly relevant to the company studied because the study sought to understand the employees' perspectives on the organisation's process and motivation in community involvement. In this context, the overall study has focused on determining the extent of consistency in values and actions by the company internally, towards employees and externally, towards the community, as well as the level of support given by employees to their company's community involvement.

#### 4.4.1. QUESTIONNAIRE

Questionnaires provide the ability to facilitate triangulation, in that survey data is easy to manipulate and categorise for analysis, as well as being simple and efficient to administer and manage. Questionnaires also allow some generalisation across a sample and may draw on established survey instruments to enable a degree of replication and consistency with existing theory. However, they also bear the weaknesses of data being open to multiple interpretations due to cultural differences and to being highly dependent on the “goodness” of research questions (Marshall & Rossman, 1999). This study takes advantage of the strengths of administration efficiency and categorisation, associated with questionnaires. For example, copies of the questionnaires were sent to the branch manager who then dispatched them into the company’s internal mailing system through other branches. The study also takes advantage of triangulation where a number of data collection methods are combined to verify the reliability and accuracy of the data as suggested by Yin (2003).

The content of the literature review formed the basis for development of the questionnaire (see Appendix 1). The questionnaire was derived from specific elements in the literature reviewed in Chapter 2 – i.e. Bryson’s (1988) model, Clarkson’ (1995) model, Khalil (2000), Ministry of Social Development's (2003) and (2005) social report, and the behavioural factors influence. Measures used within the questionnaire included nominal, ordinal, interval, and ratio as well as measuring instruments developed such as forced choice, dichotomous, itemised balanced rating, and ranking scales (Eisenhardt & Bourgeois III, 1988; Quester, McGuiggan, McCarthy, & Perrealt, 2001; Sekaran, 2003).

The questionnaire blended open-ended and closed questions and alternated positive and negative statements where necessary to avoid automatic responses. This approach sought respondents’ creative input by requesting reasons and motivations for their personal involvement (i.e. question 9), or to obviate ambiguity in meaning, attitudes and opinions (i.e. question 4). Questions that tap into socially desirable answers were carefully worded to avoid eliciting such an end state. This approach was taken to understand for example employees perceptions on social issues in keys areas of wellbeing (see question 1) or ethnic diversity (see question 10). Questions were also kept as short as possible to

make them easy to answer. Sensitive information was collected in the form of ranges rather than exact figures to respect privacy and anonymity (as in questions 11 to 14) (Eisenhardt & Bourgeois III, 1988; Sekaran, 2003; Sturdivant & Ginter, 1977). Responses were sought on the basis of a 6-point rating scale, this being sufficient to provide a range of responses while avoiding central tendency in responses.

The questionnaire was pre-tested with a separate sample of eight respondents, comprising three academics and five practitioners involved in community activities, to ensure comprehension and to allow for the possibility of rectification and adjustment, if required. After the pre-test, minor changes were made to the final questionnaire where appropriate in order to enhance the quality of the research. The final questionnaire (see Appendix 1) took approximately 20 minutes for respondents to complete. How these respondents were selected is discussed separately in a subsequent section of this chapter.

#### **4.4.2. FACE-TO-FACE INTERVIEWS**

As a complementary source of information, semi-structured follow-up interviews were conducted in order to gather evidence and to gain further insights and important information relating to employees' opinions on how community involvement is managed and viewed within their organisation as suggested by Yin (2003).

Marshall and Rossman (1999) state that the interview process has many strengths, namely: the ability to foster face-to-face interactions with participants which is useful in uncovering a participant's perspective; data is collected in a natural setting; it facilitates discovery of nuances in culture; it provides for flexibility in formulating hypotheses; it provides contextual information; and it facilitates analysis, validity checks, and triangulation. However, interviews may also have weaknesses relating to multiple interpretations of data due to cultural differences; they may be difficult to replicate; and are dependent on the openness and honesty of participants. The follow-up interviews intended to exploit these strengths while minimising any weaknesses. As suggested by Strauss and Corbin (1990) and Yin (2003), this study used some standard initial indicative questions (refer to

Appendix 2). In addition, interviews were often conducted in conversation mode and the previous interview pre-analysis formed the basis for those following, enabling clarification to be sought where necessary. This method allowed the needs of the research to be satisfied from respondents.

Before the interview the participants were provided with an information sheet outlining the study (refer to Appendix 3) and a Consent Form to sign (refer to Appendix 4) which included gaining their permission to record interviews. For reasons of protocol, the interviews began at the Head Office of Corporate Affairs in Auckland with two senior managers who were responsible for corporate community involvement.

The interviews were conducted by the researcher and arranged to suit the company and the respondents with regard to time and place within the several branches in the Auckland area. Interviewees were randomly chosen by the Branch Manager. This process may be interpreted as a potential source of bias. However, as will be seen in the results, respondents answered the interview questions freely according to their knowledge and community involvement. Although the interviews were to be recorded on tape, two participants requested that their responses to the questions not be recorded. Their responses were recorded instead with their permission through handwritten notes.

The interviewing process enabled the interviewer to collect free-from-bias information by allaying whatever suspicions, fears, anxieties and concerns participants may have had about the research and its consequences as suggested by Sekaran (2003). In addition, transcriptions were completed before conducting the next interview in application of the “24 hour” rule that requires completion of the interview notes and impressions within one day of the interview as advocated by Eisenhardt and Bourgeois III (1988, p. 741). This procedure allowed the iterative process based on theoretical relevance as recommended by Strauss and Corbin (1990, p. 177). The process also allowed lessons to be drawn from different interviewees, in order to identify patterns and gain new insights.

#### **4.4.3. RELEVANT CORPORATE DOCUMENTATION**

As suggested by McClintock, Brannon, and Maynard-Moody (1979) and Yin (2003), informant interviews and a company's documents are seen as sources of evidence for case study research and the primary sources of data in qualitative research. A company's documents present the advantage of providing contextual information in an unobtrusive manner thereby facilitating analysis, validity checks, and triangulation. In terms of weaknesses, company documents may lead the researcher to miss the forest while observing the trees. Yin (2003) recommended avoiding over-reliance on an organisation's documents because they have been written for another purpose and for another audience rather than to meet the researcher's aim. Data from a company's documents is also open to multiple interpretations due to cultural differences and is highly dependent on the ability of the researcher to be resourceful, systematic, and honest (Marshall & Rossman, 1999).

For the purpose of this research, the Corporate Head Office and some branch managers indicated and/or provided annual reports, social reports and an internal newsletter. Additional information was sought on the company's website. Data from these documents was checked systematically against and compared with results from the questionnaire survey and data collected from interviews. This multi-method strategy was used to ensure consistency, accuracy and avoid bias. Thus, this triangulation enhances data reliability and validity.

#### **4.5. SAMPLING AND RESPONSE RATES**

As discussed previously in section 4.3 the grounded theory method has been criticised for its qualitative approach on some issues including sampling (Glaser & Strauss, 1967). Bearing these criticisms in mind and given the objectives of this study, the issue to resolve concerned setting up procedures that enabled collection of the desired data as suggested Morgan (1996), and Strauss and Corbin (1990). For this purpose the theoretical sampling method was adopted, as suggested by Glaser and Strauss (1967), Strauss (1987), and Strauss and Corbin (1990, 1998). Theoretical sampling is part of the grounded theory

procedure. This sampling technique allows identification and development of significant concepts 'repeatedly present or notably absent' in the pattern that lead to create categories. The method is based on the theoretical relevance of "incidents", "not persons" (Strauss & Corbin, 1990).

In this regard participants from the case company represent a convenience sample that suits the exploratory nature of this research project. The selection of the case company was based on convenience sampling since (a) the time and cost limitations of the study meant that a wider sample was not feasible and (b) to meet the objectives for the research it was important to study a company that was sufficiently engaged in community wellbeing activities. Also, the study was intended as an exploratory one so that cross-sectional comparisons were not a requirement in terms of the objectives of the research. Of several organisations that were approached because they have similar community-based programmes, it was this case company that first agreed to participate in the study.

The questionnaire was distributed within 12 branches around Auckland, the Corporate Affairs Office in Auckland, and the Head Office in Wellington. This selection comprises a convenient sampling as indicated by Mason, Lind, and Marshal (2000), because from discussion with key personnel in the case company this was deemed both convenient and minimally disruptive for the case company and allowed a sufficient representation of the company's staff.

Out of 80 questionnaires distributed within the case company, 34 were completed and returned, resulting in a 41 per cent response rate, which is above the 30 per cent generally considered as acceptable as suggested by Sekaran (2003). Once completed, the questionnaires were returned directly to the researcher by freepost envelopes. The data collected was then compared with the company's annual social report and with the results of interviews with respondents.

Overall 5 senior managers and 13 staff members were then interviewed in order to gain further insight into specific aspects that were not readily covered by the questionnaire and/or to clarify some aspects of responses to the questionnaire. This stratified sampling approach was chosen under the assumption that these two strata (management and staff) may hold differing perspectives. It was assumed that respondents who were interviewed had participated in the survey beforehand to provide further insight. Three people, one at management level and two staff members were interviewed within each branch of the organisation. This number was seen as sufficient to understand each branch's activities in the area of its community-based activities.

#### **4.6. DATA ANALYSIS**

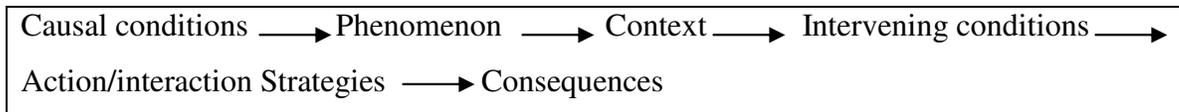
Many authors such as Marshall and Rossman (1999) and Yin (2003) agree that data collection and data analysis are concomitant activities. The problem is “how to apply replicable procedures for selecting data sources that simultaneously satisfy methodological, theoretical, and practical criteria” (McClintock, Brannon, & Maynard-Moody, 1979, p. 619). This concern has been addressed by the grounded theory approach, which, as previously mentioned in this Chapter, Section 4.3, is not primarily concerned with “systematic canons and rules of evidence of quantitative analysis” (Glaser & Strauss, 1967, p. 16). Rather, the aim is to gather data in “terms of action/interaction, the range of conditions that give rise to that action/interaction and its variations, how conditions change or stay the same over time and what impact occurs, [as well as] the consequences of either actual or failed action/interaction of strategies never acted on” (Strauss & Corbin, 1990, p. 177).

Data analysis pertains also to “examining, categorising, tabulating, testing or otherwise recombining both quantitative and qualitative evidence” (Yin, 2003, p. 109) to address the research question(s). Applying the grounded theory method necessitated the use of several grounded theory techniques indicated by Strauss and Corbin (1997) such as theoretical sampling discussed in the previous section, constant analysis, development of theoretical concepts, and the supporting techniques of theoretical coding and memoing.

The first analytical step, *open coding*, was the naming and categorising of phenomena through close examination of data. For this process data was broken down into discrete parts, examined systematically and compared for similarities and differences. Most of the codes were “in vivo”, meaning that the naming of categories was taken from words and phrases used by interviewees themselves as suggested by Glaser (1978) and Strauss (1987). The next step consisted of examining and understanding the nature and the relationships of properties and their dimensions. Labelling these properties was guided by questioning the data collected with regard to the company’s operations in community-based activities to identify “Who? When? Where? What? How? How much? and Why? from the phenomena (or categories). Therefore, this study uses the *content analysis* method because it includes textual information and systematically identifies its properties and dimensional ranges.

Categories were also compared with each other as well as with the literature and the researcher’s experience. This process is termed *axial coding* by Glaser and Strauss (1967), Strauss and Corbin (1990) and Strauss (1987) as represented in the model in Figure 4.1.

**Figure 4.1. Paradigm Model**



Source: Strauss and Corbin (1990, p. 96)

The process depicted in the figure above comprises the elements of the axial coding paradigm in the grounded theory method. The definitions and the descriptive use of the model, which has been used to present the results, are outlined in Appendix 8.

Spreadsheets were used to extract the descriptive statistics such as frequencies from the questionnaire responses, while grounded theory procedures were used to analyse the data gathered as previously described. Data reduction was necessary to simplify and concentrate the volume of data collected from all sources. Such activity implies ruling out certain variables, relationships, and associated data, and selecting others for attention (Huberman & Miles, 1994).

Maintaining a balance among the attributes of creativity, rigor, consistency and above all, theoretical sensitivity required the third and last data coding step termed *selective coding* in the grounded theory process. This process aims to build theoretical density and develop the sensitivity and integration needed to generate and integrate a rich, interwoven, explanatory approach to modelling the strategy used by the case company to integrate its community-based activity within its core operations.

While it was important to select informants who are knowledgeable about the topic under study and to be confident that what informants say is accurate, as suggested by Glick (1985), it was also useful to keep in mind that lies, incomplete perceptions and ulterior motives are often employed in an interview setting. Lies “are [also] forms of communication, not its negation” (McClintock, Brannon, & Maynard-Moody, 1979, p. 619). The triangulation tool from the multi-method sources of evidence allowed checking or questioning the accuracy of interviewees’ responses.

The analytic process used also the following tactics suggested by Strauss and Corbin (1990) and Huberman and Miles (1994) for improving validity in grounded theory strategy:

1. noting patterns and themes
2. seeing plausibility
3. clustering by conceptual grouping, seeing connections
4. making metaphors (a kind of figurative grouping of data)
5. counting
6. making contrasts and comparisons
7. differentiation, as in partitioning variables, unbundling variables that have been prematurely grouped
8. subsuming particulars in general categories
9. noting relations between variables
10. finding intervening variables, which are factors that surface when the independent variable starts to influence the dependent one.
11. assembling a coherent understanding of data set through building a logical chain of evidence

12. making conceptual/theoretical coherence, typically through comparison with referent constructs in the literature.

Since this study is concerned with gaining insight into strategies used by the case company for integrating its contribution to community wellbeing within its core activities, Bartol, Martin, Tein, and Matthews' (2001) system model (input, process, outcomes, and feedback) has been used to summarise the results (refer to Appendix 8 for a summary of results in Tables 8.1. and 8.2). According to these authors, the system model approach enables synergistic analysis of all the parts of an organisation in working toward achieving common goals. They define inputs as the various human, material, financial, equipment and informational resources that the organisation needs to produce goods and services. Transformation processes are defined as the organisation's managerial and technological abilities used to convert inputs into outputs. Outputs are products, services and other outcomes produced by the organisation. Feedback is information about results and organisational status relative to the environment.

The adaptation of the model for this study included as inputs the various resources, employees and their attitudinal behaviours extracted from the data that the company integrates explicitly or implicitly within its objectives, business policies, and operational processes to contribute to community wellbeing. Outputs are the various outcomes produced for the organisation, employees and their families and the whole community. Feedback about the various inputs, the process and the outputs is provided from and about the various parts of the organisation and from this process double-loop learning can occur. The overall analytical strategy provides a framework that enables analysis of the interaction between all the parts of the organisation and the interplay between the company and its stakeholders.

#### **4.7. ETHICAL ISSUES**

Ethical issues were considered in their entire perspective to ensure the protection of all information provided by individual respondents and the case company at every stage in the

research (Johnson, 2002; Owen, 2004). This project was assessed as “Low Ethical Risk” (AUT University, 2006). Ethics approval was sought and granted on 31 March 2007 under the number 06/208.

The completion of the questionnaire was taken as the employees’ voluntary consent to participate to this study. Practical steps were taken to obtain informed consent, voluntary participation, ensure respondents’ anonymity and confidentiality, entitlement to view results, and the right to withdraw at any time from the case study. The data and consent forms were accessed by the researcher and the transcriber who signed a confidentiality agreement (refer to Appendix 5). Except for the instance stated within section 4.4.2 where two interviewees requested and were granted not to have their interviews tape recorded, no other ethical issues arose during the research process.

#### **4.8. SUMMARY**

A single case study approach was employed to address the research question and objectives outlined at the beginning of this chapter.

Employees within the case company responded through a questionnaire and a sub-sample of these employees was then interviewed to gather rich, qualitative data on the company’s community involvement. This data was complemented by information from the company’s annual report, the corporate social responsibility report, a newsletter and the company’s information available on their website.

The data gathered were analysed to identify theoretical categories using Strauss and Corbin's (1990) paradigm model. The following two chapters present and discuss the results of this research.

## Chapter 5. RESEARCH RESULTS

### 5.1. INTRODUCTION

This chapter presents the results of the New Zealand Company case study derived from the empirical research and analysis of data. First it describes the case study company and then presents the findings from the survey questionnaire, face-to-face interviews and the documents provided by the company.

### 5.2. THE CASE STUDY COMPANY

The company is a multi-brand banking group wholly owned by a foreign parent company operating within 30 countries around the world. As a banking group, the principal activities relate to “retail, corporate and rural banking, mortgage lending, hire purchase and general finance, international and investment banking, nominee and custodian services, and life insurance and funds management activities through joint venture” (Case Company; 2007b, p. 2)<sup>2</sup>. The case company is not publicly listed in New Zealand.

The bank positions itself as being committed to enhancing the wellbeing and prosperity of all New Zealanders (Case Company Limited; 2007a)<sup>3</sup>. While caring for their employees, the company is involved in a range of community-based activities such as sponsorship, grants from the staff foundation, and staff volunteering. The parent company uses the Global Reporting Initiative (2002) guidelines to monitor progress and performance towards economic, social, and environmental sustainable development.

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<sup>2</sup> Case Company Limited. (2007b). *General disclosure Statement*. Wellington: (Case Company) Limited Group

**Note:** the actual name of the company is not disclosed in this thesis for reasons of anonymity and confidentiality

<sup>3</sup> Case Company Limited. (2007a). *Company X in the community*. Retrieved 25 June, 2007, from Company Website

### 5.3. SURVEY RESULTS

The survey results are complemented by further findings for clarification, where necessary, from the interviewees and from corporate documents.

#### 5.3.1. RESPONDENTS CHARACTERISTICS

The respondents' characteristics have been gathered through questions 9 and 11 to 14 (refer to Appendix 1). These characteristics relate to their community involvement, gender, position, length of employment with the case company and age range. A summary of respondents' characteristics is found in Tables 5.1 to 5.4.

**Table 5.1. Respondents Characteristics and their Community Involvement**

Length of Employment	Gender		Position		Community Involvement	
	Female	Male	Managerial	Non Managerial	Have Been Involved	Not Yet Involved
Less than 1 year	3	2	0	5	2	3
Between 1 and 3 years	6	6	4	8	9	3
Between 3 and 7 years	3	1	2	2	4	0
Between 7 and 10 years	2	0	1	1	2	0
More than 10 years	9	2	3	8	10	1
<b>Total (34)</b>	<b>23</b>	<b>11</b>	<b>10</b>	<b>24</b>	<b>27</b>	<b>7</b>
% to Total	68	32	29	71	79	21

Table 5.1 shows that out of the 34 returned questionnaires 68 percent were female respondents and 32 percent were male. This sample closely reflects the company's most recent workforce records where, in 2006, 66 percent of the staff was female and 34 percent were male (Case Company Limited 2007c)<sup>4</sup>. The respondents in a managerial position comprised 29 percent of respondents while 71 percent held a non managerial position. While 79 percent of the respondents had been involved in community-based activities during the last 12 months, 21 percent of them had not yet been engaged in such activities. Eleven respondents (32% of the sample) had worked for more than 10 years in the company. Among this group, one respondent had not been involved in community

<sup>4</sup> Case Company Limited. (2007c). Company X Corporate responsibility report 2006. Retrieved June 2007, from Company Website

programmes during the last 12 months. Five respondents had been employed in the company for less than one year. Among this group, three of them had not yet been involved in community initiatives.

Table 5.2 shows that out of the 27 respondents who had been involved in community-based activities 33 percent were in a managerial position while 67 percent were in a non managerial position. Among the respondents who had not participated in such activities 14 percent were in a managerial position and 86 percent in a non managerial position.

**Table 5.2. Position with the Organisation and Community Involvement**

Position	Community Involvement					
	Have been Involved		Not Yet Involved		Total	%
	Total	%	Total	%		
Managerial	9	33	1	14	10	29
Non Managerial	18	67	6	86	24	71
<b>Total</b>	<b>27</b>	<b>100</b>	<b>7</b>	<b>100</b>	<b>34</b>	<b>100</b>

Contrary to these survey results that show 21 percent of non participation in community involvement (refer to Table 5.1), the corporate social report for 2006 indicates that 12 percent of the company's employees had participated in volunteer activities which means that according to the company's records 88 percent of employees had not participated (Case Company Limited; 2007a). This huge discrepancy between the two sources of evidence needed further investigation for clarification.

One (non-managerial) respondent who had not participated in the company's community involvement activities indicated that "*I have not been working for this organisation long enough to take part*". Interviewee H (manager) explained the situation as follows:

*"We don't go out with a big stick and say thou shall take your volunteer day. Oh, oh, (...)<sup>5</sup> and here's the business unit so we encourage and our staff do like to see the managing directors out there banging a nail and making a house. So I mean to answer your question no, I don't think anyone in the organisation would have one hundred percent participation because it depends on our staff's own values. It may well be that staff actually for a particular reason don't want to participate. They may participate in their communities in other ways. It's just that we feel responsible to have that vehicle through which they can through their organisation*

<sup>5</sup> the managerial position of the respondent is deleted for anonymity

*and through their employer, have that day off to volunteer. We do encourage and it's a good take up of our staff."*

Except for staff members who reported that they had recently started to work for the company, it may have been useful to talk to employees who have not participated into community-based activities to get further insight on other reasons.

Table 5.3 indicates that all respondents above 42 years of age have participated in the company's community-based activities while 42 percent of those aged between 30 and 42 years have not been involved during the last twelve months.

**Table 5.3. Community Involvement by Age Range**

Age Range	Community Involvement		% in non involved group
	Have been Involved	Not Yet Involved	
Less than 18 years old	0	2	29
Between 18 and 30 years	5	2	29
Between 30 and 42 years	6	3	42
Between 42 and 54 years	11	0	
Between 54 and 65 years	5	0	
<b>Total</b>	<b>27</b>	<b>7</b>	<b>100</b>
% to Total	79	21	

Table 5.4 shows that 29 percent of respondents held a managerial position while 71 percent of them were working in a non managerial position. Of the sixteen older staff members (above 42 year-old), five of them are in a managerial position and eleven are in a non managerial position. These patterns will be discussed within the next Chapter.

**Table 5.4. Respondents by Age Range and Position**

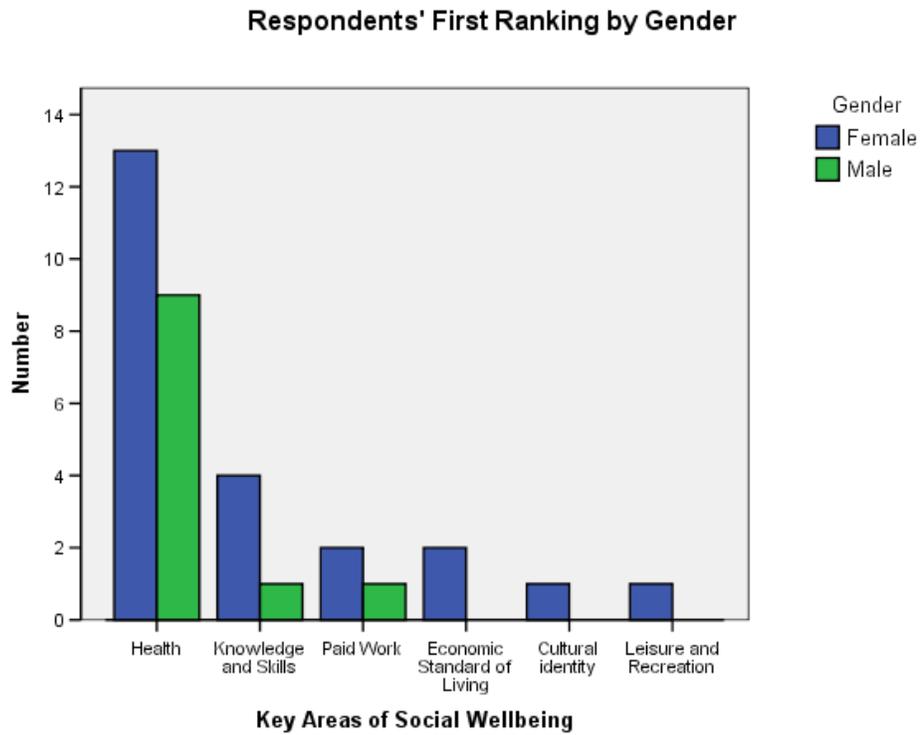
Age Range	Position		
	Managerial	Non Managerial	Total
Less than 18 years old	0	2	2
Between 18 and 30 years	0	7	7
Between 30 and 42 years	5	4	9
Between 42 and 54 years	4	7	11
Between 54 and 65 years	1	4	5
<b>Total</b>	<b>10</b>	<b>24</b>	<b>34</b>
% to Total	29	71	100

### **5.3.2. KEY AREA OF WELLBEING: RESPONDENTS' FIRST CHOICE**

Graph 5.1 shows that the majority of respondents (11 female and 9 male) ranked “Health” as the “most important aspect” of wellbeing followed by “Knowledge and Skills”. The graph also indicates a difference in perception between genders. While male respondents rank across the first three key areas (Health, Knowledge and Skills, Paid Work), female responses are spread over these and three additional key areas (Economic Standard of Living, Cultural Identity and Leisure and Recreation).

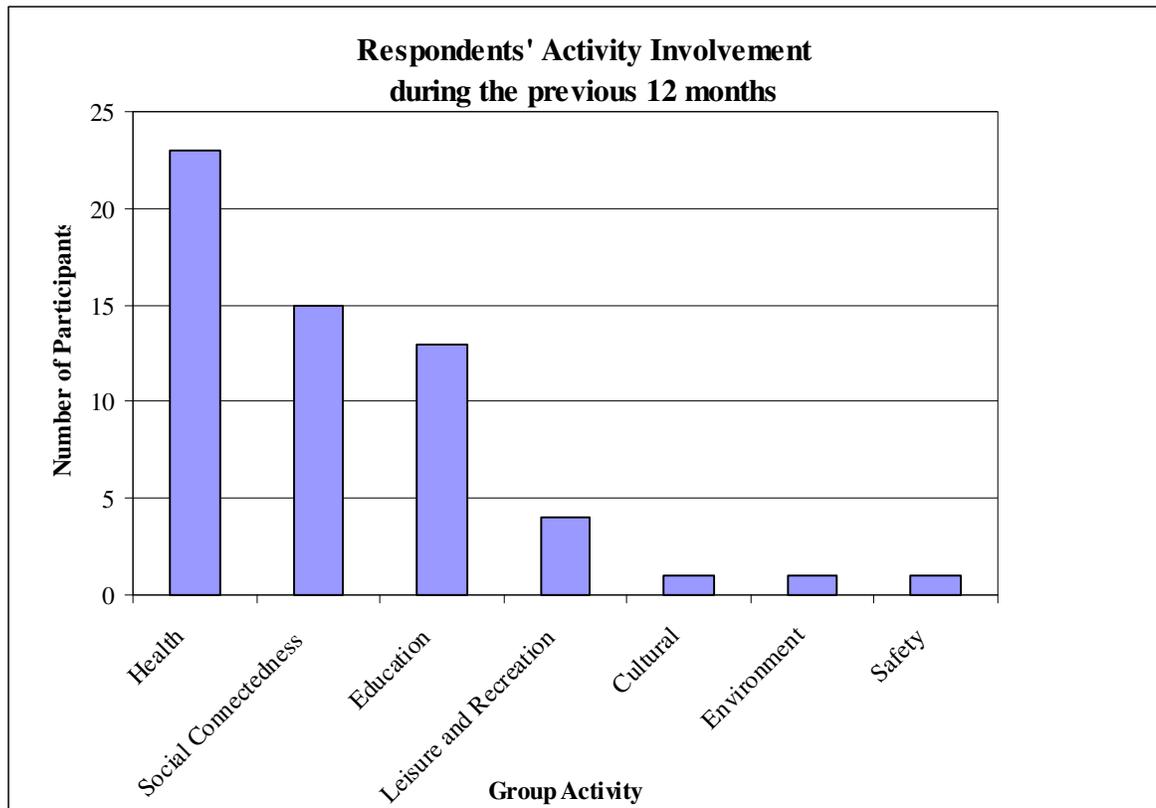
Appendix 6 indicates that Health is ranked first by 64 percent of the respondents with 47 percent of those being in a non managerial position and 17 percent in a managerial position. No respondents ranked Civil and Political Rights, Physical Environment, Safety, and Social Connectedness as their first choice. Summarising the reasons of the first choice, Appendix 7 shows that although some areas were not first ranked, the respondents indicated that all areas are interconnected for an individual’s wellbeing. For example, the macroeconomic environment influences Economic Standard of Living, while Paid Work enables individuals to afford Health care and develop Knowledge and Skills.

Graph 5.1. Respondents' First Ranking



### 5.3.3. RESPONDENTS' PARTICIPATION IN COMMUNITY-BASED ACTIVITIES

Graph 5.2 indicates the activities that respondents have been involved in during the last twelve months. Twenty two of them participated in health related activities.

**Graph 5.2. Respondents' Participation in Community-based Activities**

#### **5.3.4. EMPLOYEES' PERCEPTION OF THE COMPANY'S TRANSACTIONAL TIME**

Most respondents (56%) strongly agreed that the company spends as much time as possible listening to their customers. Only 35 percent of the employees strongly agreed that the company is listening to their (i.e. employees) needs for their own wellbeing, while 29 percent of the respondents strongly agreed that the company spends as much time as possible in community involvement. No respondents disagreed strongly with these uses of the company time. However 6 percent of the respondents disagreed that the company spends as much time as possible attending to their (i.e. employees) needs for wellbeing. Most respondents (56%) neither agreed nor disagreed that the company spends as much time as possible bargaining with government on funding community-based programmes (refer to Table 5.5.).

**Table 5.5. Perceptual Agreement on the Company Use of Time**

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Total
<b>The Company spends as much time as possible</b> (number of respondents and %):						
3.1. Listening to what customers have to say about our organisation	19	11	4			34
<i>% to total</i>	56	32	12			100
3.2. Listening to employees needs for their wellbeing	12	16	4	2		34
<i>% to total</i>	35	47	12	6		100
3.2. Community involvement and contribution to the wellbeing of members of community groups	10	17	7			34
<i>% to total</i>	29	50	21			100
3.3. Bargaining with government on funding activities of community based programmes		4	19	7	4	34
<i>% to total</i>		12	56	21	12	100

Some interviewees indicated that the main factor that the branch considers for integrating community activity into the company's day-to-day operations and core business is time. Regarding an eventual partnership with the government or other organisations, the following interviewees commented:

**Interviewee E** (manager): “(The Company) *sponsored the Retirement Commission to undertake a national study of New Zealanders’ financial knowledge and that was released last year in March. We worked together with this government agency to produce a national study of financial literacy in New Zealand. So yes, we’re definitely working with other groups*”.

**Interviewee H** (manager): ... *from a pure co-funded, co-sponsored, I can’t think of any really. It’s just you know tied in with, we’ve got our, we’ve got two name brands (...). That’s another finance company that we own. Those three main brands, they’re specifically sponsored under the banners that those brands represent. I can’t think of any co-sponsors...*

*There’s one thing about bargaining. Do we have to bargain any co-funding community-based activities? We don’t, we never, we never sort of go cap in hand to a government body to try and get some money so we can co-sponsor something.*

### **5.3.5. BEHAVIOURAL INFLUENCE ON A PERSON'S FEELING OF WELLBEING**

Table 5.6 summarises the rating of behavioural influences. These influences included attitude toward life and others, values about society and the world around them, beliefs about society and the world around them, interpretation of situations, interpretation of events, role played in society, own needs and expectations, information received how to achieve personal wellbeing, personal efforts and support received from others in the organisation (refer to question 4 in Appendix 1). Sixty two percent of the respondents perceived that attitudes toward life and others are very likely to influence a person's feeling of wellbeing in the company whereas 6 percent of the respondents took a neutral position. Both values and beliefs about society and the world around them are very likely to influence 50 percent of the respondents. These three factors are ranked between the very likely and the neutral position (i.e. are "likely", to some extent) by 29 percent of respondents.

The way situations and events are interpreted are very likely to influence a person's feeling of wellbeing in the company according to 47 percent of the respondents while the role they play in society is perceived as very likely to influence 44 percent of the respondents. Fifty three percent of the respondents thought that people's own needs and expectations are very likely to influence their feeling of wellbeing. The information received about wellbeing is highly influential for 50 percent. Personal efforts and the support they receive from others are very likely to influence 44 percent and 41 percent of the respondents respectively.

**Table 5.6. Rating Behavioural Factors**

Rating	Respondents	Very likely		Neutral		Less likely	No Sure	Total
Attitude toward life and others	number	21	10	2			1	34
	%	62	29	6			3	100
Values about society and the world around them	number	17	10	4	1	1	1	34
	%	50	29	12	3	3	3	100
Beliefs about society and the world around them	number	17	10	4	1	1	1	34
	%	50	29	12	3	3	3	100
Interpretation of situations	number	16	12	5			1	34
	%	47	35	15			3	100
Interpretation of events	number	16	12	5			1	34
	%	47	35	15			3	100
Role played in society	number	15	9	6	3		1	34
	%	44	26	18	9		3	100
Own needs and expectations	number	18	14	1			1	34
	%	53	41	3			3	100
Information received	number	17	12	3	1		1	34
	%	50	35	9	3		3	100
Personal efforts	number	15	11	5	2		1	34
	%	44	32	15	6		3	100
Support received from others in the organisation	number	14	13	6			1	34
	%	41	38	18			3	100

### 5.3.6. PROJECTS SUPPORTED BY THE COMPANY IN THE COMMUNITY

Question 5 sought responses about the project(s) the company supports within their community. With the exception of one participant who indicated that he/she was unaware of the company's involvement because he/she had "worked less than one year" [in the company], all others specified their awareness of the company's involvement in a range of community activities such as sponsorship, volunteering, donations, training, etc. (refer to Table 5.7).

**Table 5.7. Company's Support within the Community**

	<b>Projects Supported</b>	<b>Activities</b>
1.	Community donations	Local schools, and kindergartens
		Safety activities
		Sporting clubs
		Christmas Parade
2.	Volunteering	Local Hospices
		Schools (Gala fundraiser)
		Salvation Army
		Various non profit organisations
3.	Sponsorship	One national health organisation
		Gateway studies for schools
		Sporting clubs
		Business Support
		Prizes
		Hospices
		City Gallery
		Financial Literacy survey
4.	Staff Foundation	Community organisations
		Matching donations
5.	Partnership	With an owned company
		University Trust Sport
6.	Staff	Training
		Up-skilling
7.	Unaware	

This summary table reflects also the wide range of activities sponsored or funded by the company at institutional level or branch level.

### **5.3.7. PERCEIVED AVERAGE ANNUAL INVESTMENT IN COMMUNITY**

The average annual investment by the company in community projects is perceived differently among respondents of whom 45 percent believe that more than \$400,000 has been transferred annually to the community activities during the last five years while 22 percent do not know how much money has been transferred (refer to Table 5.8).

**Table 5.8. Perceived Average Annual Investment in Community (\$)**

<b>Annual Perceived Investments</b>		
Range	Number of Respondents	%
Under \$25,000	3	9
Between \$25,000 and \$100,000	2	6
Between \$100,001 and \$175,000	1	3
Between \$175,001 and \$250,000	3	9
Between \$250,001 and \$325,000	1	3
Between \$325,001 and \$400,000	2	3
Over \$400,000	15	45
I don't know	7	22
<b>Total</b>	<b>34</b>	<b>100.0</b>

### **5.3.8. DEALING WITH EMPLOYEES' WELLBEING CONCERNS**

Respondents were asked to give their personal opinion on a rating scale of 1 to 6 (1 being the lowest performance and 6 the highest performance) about how they perceive their organisation deals with employees' wellbeing concerns. This scale used in Clarkson's (1995) Reactive-Defensive-Accommodative-Proactive model (refer to p. 58). Doing "the least required" and "all that is required" or "doing less than required" and "more than required" are two sets of end-points measuring the same concept of performance mode. Therefore, it may have been expected that respondents would have chosen one performance mode within the company. With the exception of one rater who ticked only one of the two concepts on the scale, all other raters ticked both scales. Table 5.9 reports the number of respondents along the continua. The general pattern shows a high concentration of perceived satisfaction between 4 and 6 on the scale. The company is perceived as working closely towards giving high priority to, supporting, and engaging with employees to deal with their wellbeing concerns.

**Table 5.9. Rating the Company's Performance on Employees' Concerns**

<b>How does the organisation deal with employees' concerns with regard to wellbeing</b>									
<b>Rating Scale</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>		<b>Not expressed</b>	<b>Total (number of raters)</b>
Doing the least required	1		5	9	11	8	Doing all that is required		34
Doing less than required	1	2	7	7	11	5	Doing more than required	1	34
Giving low priority	1	1	7	6	8	10	Giving high priority	1	34
Is opposed to dealing with	1	3	5	6	6	12	Supports dealing with	1	34
Avoids dealing with		3	5	8	6	12	Engages with employees to deal with		34

### 5.3.9. DEALING WITH COMMUNITY'S WELLBEING CONCERNS

The introductory comments on dealing with employees' concerns in Section 5.3.8 are also valid for the company in dealing with the community's concerns (refer to Table 5.10).

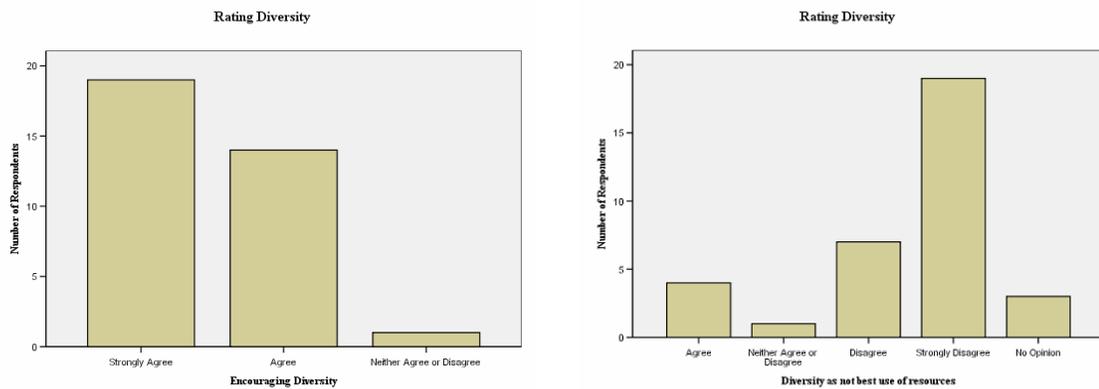
**Table 5.10. Rating the Company's Performance on Community's Concerns**

<b>How the organisation deals with the Community's' concerns with regard to wellbeing</b>									
<b>Rating</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>		<b>Not expressed</b>	<b>Total (number of raters)</b>
Doing the least required	1	1	2	9	13	6	Doing all that is required	2	34
Doing less than required	2	1	3	8	13	7	Doing more than required		34
Giving low priority	1		6	6	12	7	Giving high priority	2	34
Is opposed to dealing with		2	2	7	9	13	Supports dealing with	1	34
Avoids dealing with		2	2	5	15	8	Engages with community to deal with	2	34

### 5.3.10. DIVERSITY WITHIN THE COMPANY

The two following Graphs indicate that respondents strongly agree with encouraging diversity in business while they strongly disagree that investing in diversity may be a waste of the company's resources.

**Graph 5.3. Encouraging or Discouraging Diversity**



Further understanding of this concept was sought and obtained in the face-to-face interviews which are presented in the next section.

### 5.4. FACE-TO-FACE INTERVIEWS AND COMPANY'S DOCUMENTATION

The data collected from face-to-interviews and the company's relevant documentation has been reduced to five categories that constitute the observed phenomena (Glaser & Strauss, 1967; Huberman & Miles, 1994; Strauss, 1987, Strauss & Corbin, 1990). The following categories embody what the company is doing for the wellbeing of the employees and the wellbeing of the community it operates in:

1. Participating in the community
2. Making a difference in the community
3. Giving back to the community
4. Supporting Employees
5. Empowering Employees

Each category is a dynamic phenomenon that will be presented under its conditional path using the paradigm of causal conditions, properties, dimensional range, context, strategies, intervening conditions, action/interaction/strategy, and consequences (Huberman & Miles, 1994; Strauss, 1987, Strauss & Corbin, 1990). Dynamic phenomenon refers to the conceptual categories that are in an evolving process where action/interaction/strategy and consequences change over time (Strauss & Corbin, 1990). Descriptions and examples are provided within the following subsections. Categories, properties and their dimensional range have been identified and created from the coding process ('in vivo' codes and from the literature visited in Chapter 2).

Henceforth, the analytical framework consists of identifying causal conditions, properties and dimensional range, context, strategy, action/interaction, and outcomes for each created category and detailed in Appendix 8.

#### **5.4.1. PARTICIPATING IN COMMUNITY**

Respondents were asked for their perceptions of what motivates the company to undertake community-based activities.

##### **5.4.1.1 CAUSAL CONDITIONS**

The causal conditions that lead to "Participating in Community" derive from the company's Corporate Social Responsibility guidelines (Case Company Limited, 2007a; OECD, 2000). Participating in the community activities is congruent with the company's five core values. The integration of community-based programmes is reflected within the business policy at institutional, organisational and branch level where employees are encouraged to be involved in the community in which they live.

### 5.4.1.2 PROPERTIES AND DIMENSIONAL RANGE

Participating in the community has many properties identified from the data provided such as contribution, commitment, attachment, involvement, beliefs, and enjoyment. These properties occur interactively through their dimensional range that can be measured along a continuum and are summarised below.

**Table 5.11 Properties and Dimensional Range of Participating in Community**

<i>Properties of Participating in Community</i>	<i>Specific Dimensional range of Participating in community</i>	
Contribution	Negative	Positive
	Intermittent	Continuous
Commitment	Low	High
Attachment	Weak	Strong
Involvement	Passive	Active
	Accommodative	Proactive
Beliefs	Weak	Strong
Enjoyment and Passion	Low	High

These properties and their dimensional range have been arrived at from the data coding process from interviews, survey responses and company documentation. Such dimensional ranges can be placed along a continuum. A further measurement may be useful to provide more understanding on how they can affect the company's social or financial performance.

### 5.4.1.3 PARTICIPATING IN COMMUNITY CONTEXT

Global pressures increasingly bring companies to act not solely in line with their short-term financial interests (OECD, 2000; UNI, 2001) but also to find a balance between all stakeholders' interests including staff, customers, community, and shareholders (Case Company Limited, 2007a). For the company to demonstrate a high internal commitment to involvement in the community's initiatives, this may take the form of one-off activities or a continuous contribution. The case company proactively participates in the community at institutional level and encourages employees to participate individually as well. Employees who do so show enjoyment or passion for their respective communities and the sponsored

activities. This participation context corroborates various characteristics found in the literature visited in Chapter 2 (Carroll, 1979; Clarkson, 1995; Coady, 2006; Kinicki & Kreitner, 2003; Williams & Cooper, 1999).

#### 5.4.1.4 STRATEGIES

According to the company's social report 2006, an integrated strategy is developed for participating in the community within its strategic actions (Case Company Limited, 2007a). The company aligns values and programmes, customer experience and brand, to position itself for long term success. Measures of this success include successful employees, satisfied customers, and the community becoming better off. Successful employees might be valued for their loyalty and career development (Williams & Cooper, 1999). It may be expected that satisfied customers may maintain their business with the company while the community, in being better off, would support the company's business.

Hillman and Keim (2001), Persais (2004), and Ransom and Lober (1999) have suggested that building a better relationship with primary stakeholders could lead to increased shareholders' value. The company translates this strategy through a participative decision making process beginning with raising awareness and consultation with stakeholders for their corporate social responsibility programmes (Case Company Limited, 2007a; Chung & McLamey, 1999). To illustrate how this strategy adds shareholder value, respondents have made the following comments:

**Interviewee E** (manager): *So at a corporate level we have a couple of things. We have our national sponsorship which (...) is probably the best example of that and then we also have some bank policies like volunteering and our staff foundation and those policies enable people at the local level to choose how they get involved with their communities. So we can cover the whole spectrum, it's not just we do it at this level and we're going to give it this level and at this level and at this level and so on.*

**Interviewee O** (employee): *We're encouraged to do it. We're not forced to do it. But we are encouraged to take our volunteer days, and I've not ever come across anybody who has refused or found it an encumbrance to their day.*

Nonetheless, the annual participation day is perceived as compulsory by one respondent.

**Interviewee K** (employee): *They [the company's management] just expect us to go and help out and not just treat it as a day off. Just go there and sort of clean up. If you're going to sit around and do nothing, you might as well come to work. It's just, it's compulsory to volunteer but if you want people to do it [employees need to be encouraged to do so].*

Even though all employees do not similarly perceive the company's volunteering policy, the above comments illustrate how the organisation integrates community-based activities into its strategic core business and strategy.

#### 5.4.1.5 INTERVENING CONDITIONS

Intervening conditions facilitate or constrain strategies within a certain context (refer to Appendix 8). The range of behavioural conditions presented in Table 5.6 is part of intervening conditions that affect participating in community activities. In aligning values and programmes with the community group the organisation's values represent time, congruence of values, needs, demands and expectations ( Jones & Wicks, 1999; Sturdivant & Ginter, 1977; Ullmann, 1985; Zenisek, 1979). These facilitating or constraining factors are evident from the interviews as indicated in the examples in the previous section 5.4.1.2 above. The company's personnel have to schedule their time and then be freed from their daily activities. Congruence of the company's values and personal values affect the nature of the relationship because "proposals cannot be considered if they:

- Are based on the value of client or customer relationships
- Discriminate
- Involve risk or danger
- Support individuals
- Support religious or political groups or events
- Sponsor naming rights for buildings" (Case Company Limited, 2007a).

A community organisation that fits the above criteria has no opportunity to get the company's support.

A set of values – such as the enjoyment in helping, flexibility or compulsory perception, sensitivity to social issues and beliefs - intervene to affect or motivate people's participation in the community. In response to the question "what motivates you when you are going to participate in the community?" some illustrations from the company's employee respondents are given below:

**Interviewee F** (employee): *We just do that because we enjoy participating in the community... There's ... never been an objection as far as I've been aware of in the last few years over anything that we've wanted to do. So it's very much up to the individual and where we would like to go. We're very sensible in the choices that we make. So we've never really come across any problem. They're all [managers] very flexible.*

**Interviewee K** (employee): *Yeah, I'd been here for a year. I've only used the compulsory one volunteer day. I guess at the end of the day it's just the feeling at the end knowing that you've helped other people out. Gives you a good feeling because you feel more helping people out, rather than just thinking about yourself, just help other people out. Like the animals. Makes you feel good.*

**Interviewee C** (employee): *We have one staff member who is Jehovah's Witness and we did carolling, Christmas carol day at one of the rest homes ... and she actually chose not to participate because she doesn't celebrate Christmas and it was good because everyone respected that so it was not forced upon her to do something that she does not necessarily believe in.*

These interactions illustrate how such factors (i.e. enjoyment, feeling good) can constraint or facilitate to achieve participation into community-based activities.

#### **5.4.1.6 ACTION/INTERACTION/STRATEGY**

Actions/interactions are defined as strategies devised to manage, handle, carry out, and respond to a phenomenon under a specific set of perceived conditions (refer to Appendix 8). To carry out participation in the community, actions and interactions take the form of volunteering which is an ongoing activity as long as people free themselves and apply to use their volunteering day. These strategies are carried out over time as illustrated by the following comments.

**Interviewee F** (employee): *Well they, [the community] they know that we're approachable. The ring goes up, can we help? The schools will ring us when it's the annual gala and they'll tell us what they need. They need a tent for example, a big marquee. Can we help, can we provide that for them. And we do everything we can to be able to satisfy what they're needing at the time. So yeah it's a, I think people realise that (the company) are out and about in the community and they realise that we are approachable. We've helped in the past and they know that we'll help in the future and yeah I think it's just great that (the company) are out there. I think people take notice that we are out and about, that we do care, that we are a caring [company].*

#### 5.4.1.7 CONSEQUENCES

The consequences or outcomes of the above actions/interactions and strategies requires increased resources (human and material). The Case Company Limited (2007a) reports that volunteer time amounted to 10,087 hours in 2006 which represents an overall participation of 12 percent of the total potential of employees. It also reports 60 percent of employee engagement. Employee engagement is defined as people who are willing to advocate for the company, committed to stay with and motivated to contribute their best to the organisation. The case company invests in trust and reputation while gaining greater visibility in the community. Employees gain significant personal satisfaction.

**Interviewee G** (employee): *I would say that being able to go out there, help in the community and you know that way we get more exposure and the people know that (the company) are a community-interested company.*

**Interviewee F** (employee): *You're representing your company, but at the same time you get a huge satisfaction out of being able to help in the local community. People recognise you as I said just on that last venue we went to. They say oh it's the girls from [the company].*

**Interviewee L** (employee): *I think investing. It puts a trust out there and we can, people can rely on us a trustworthy company.*

**Interviewee N** (manager): *By freeing up staff to go and educate, whether it be the Tongan community or Samoan community and we've done a lot of work around the different South Pacific ethnic groups. At the end of the day, the staff have still been paid to go and do that so you could say that in terms of the investment of the company, by giving everyone a volunteer day, you know seven thousand staff, that adds up to a lot of I guess the equivalent of writing out a lot of dollars.*

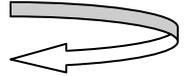
However, the results reveal some dissatisfaction in perceptions as expressed by Interviewee K in these terms:

*"I think they're [the company] okay in helping out the community, but I feel like they could do a lot more than what they're actually doing. It's all right sending us out to help out and stuff like one day a year, but there's a lot more other stuff they could do. I think what they do is good but I know it could be better".*

The above comments illustrate that community-based activities generate simultaneously different outcomes for the company, employees and the community.

Using the systems approach (paradigm) model, the above discussion around the “Participating in Community” category can be summarised as shown in Table 5.12.

**Table 5.12 Summary of the Input/Process/Outcomes of Participating in Community**

INPUT			PROCESS			OUTCOMES
Resources => Causal Conditions			Company's Objectives/Business Policies/Operations			
<b>Factors</b>	<b>Strong (%)</b>	<b>Weak (%)</b>	<i>Properties of Participating in Community</i>	<i>Specific Dimensional range of Participating in Community</i>		<ul style="list-style-type: none"> <li>• Reputation</li> <li>• Trust (mutual)</li> <li>• Visibility for the company</li> <li>• Increased resources for community</li> <li>• Volunteer time 10,087 hours</li> <li>• Personal satisfaction for employees</li> <li>• Dissatisfaction with the level of participation</li> </ul>
Attitude	91	9	Contribution	Negative	Positive	
Values	79	21		Intermittent	Continuous	
Beliefs	79	21	Commitment	Low	High	
Interpreting			Attachment	Weak	Strong	
• Situations	82	18	Involvement	Passive	Active	
• Events	82	18		Accommodative	Proactive	
Role	70	30	Beliefs	Weak	Strong	
Needs/Expect	94	6	Enjoyment and Passion	Low	High	
Information	86	14				
Person Efforts	76	24				
Support	79	21				
(derived from table 5.6)						
Company's Overall Input	12	88	Context / Intervening Conditions / Strategies / Action-Interaction Strategies			
(Source: Case Company Limited. (2007c))						

Adapting Glaser and Strauss (1967), the behavioural factors from Table 5.6 presented in section 5.3.5 have been grouped into two categories, strong and weak. For example, as presented in Table 5.6 for “Attitude about life and others”, 91 percent of respondents indicated that this was “likely” or “very likely” to be a factor in influencing a person’s feeling of wellbeing and hence categorised as “Strong” in the table above, while 9 percent were either “neutral” or believed it “very unlikely” to be an influencing factor and hence classified as “Weak” in this table. The company’s overall participation (12%) is taken from the company’s social report 2006.

The results relating to behavioural factors may be seen as inputs processed within the company’s operations. The properties, their dimensional ranges and outcomes are taken from the previous presentation into this section. Properties and dimensional range interact with the various strategies and within the company’s context to produce expected outcomes. At any stage, feedback is provided and reprocessed (a double-loop learning process). For example, participating employees have given 10,087 hours of their paid time

to the community. The various outcomes include an increase in the company's reputation, trust between the company and the community, employees' personal satisfaction or dissatisfaction, etc. as interviewees have indicated.

Henceforth, each created category will be summarised in the above format.

#### **5.4.2. MAKING A DIFFERENCE IN THE COMMUNITY**

This part of the interview sought to identify what respondents consider to be good results in investing in the community, from both the company's perspective and that of the community.

##### **5.4.2.1. CAUSAL CONDITIONS**

Contributing to the enhancement of New Zealand community wellbeing brings challenges and opportunities (Ministry of Social Development, 2005). As Coldwell (2001) has argued, social issues have different salience to specific individuals. Therefore, the company positions itself for a targeted audience and the community's needs. In these conditions the company aims to be "a bank with a human face" while strengthening its leadership position in New Zealand (Case Company Limited, 2007a). Being a bank with human face is one of the company's values. Meanwhile the case company strives to work "towards a balance of staff, customer, community, and shareholder interests nationally and internationally" (Case Company Limited, 2007a).

##### **5.4.2.2. PROPERTIES AND DIMENSIONAL RANGE**

Making a difference in the community encompasses properties such as sponsorship relevance and visibility, culture and value, contribution, employees' engagement, and sharing knowledge (Coady, 2007; Hillman & Keim, 2001; Jones & Wicks, 1999; Toner, 2006). Conditions pertaining to the properties of making a difference in the community, and their dimensional range that may be measured along a continuum, are summarised below.

**Table 5.13 Properties and Dimensional range of Making a Difference in the Community**

<i>Properties of Making a difference in the community</i>	<i>Specific Dimensional Range of Making a difference in the community</i>	
Sponsorship relevance	One-off	Continuous
Sponsorship visibility	Low	High
Culture and values: (Most needy)	Impenetrable or hostile	Open culture
	Reducing opportunities	Offering opportunities
	Regressive	Progressive
	Inflexible	Flexible
	Apathetic	Energetic
Contribution	Negative	Positive /valuable
Employees Engagement	Low	High
Sharing Knowledge	Accommodative	Proactive

These properties and their dimensional range have been arrived at from the data coding process from interviews, survey responses and company documentation. They are general variables that could provide a basis for measurement of performance on these properties of community involvement, as explained in Section 5.4.1.2.

### **5.4.2.3. MAKING A DIFFERENCE CONTEXT**

The above causal conditions bring the company to position itself for a differentiation from other national players in responding to wider social needs (Case Company Limited, 2007a). Social needs stem from the New Zealand Community's macro economic environment where inequality and poverty are said to be increasing despite good performance by the national economy (Ministry of Social Development, 2005; Mowbray, 2001).

Deciding to sponsor a particular community organisation rather than another is driven by the sponsorship relevance and visibility at corporate level. The company expects employees to be more engaged (speaking positively about the company) and to share their knowledge in terms of a better understanding of customers and other stakeholders, as evidenced from the company's documentation. However, as identified in the previous section, employees think that making a difference in the community is a matter of being humane and taking a pride in helping others, while seeking to be more active in this arena.

#### 5.4.2.4. STRATEGIES

According to the Case Company Limited (2007a), the company undertakes research into the implementation of innovative products that challenge the traditional mindset of “business and community”. These products are introduced in alignment with corporate values and programmes, customer experience and brands. The company seeks to sponsor and invest in programmes that strengthen its connection within the communities where its branches are located. The case company uses a matching gift strategy through their staff foundation while employees collect funds. Employees participating in the staff foundation agree to give an automatic donation from the payroll. A committee made of employees and some managers decides on the grants to community organisations. Staff members are asked to give their input by nominating the organisations they would like to sponsor. Making a difference can be illustrated by the following comments:

*Community related initiatives and activities are really making a difference in the local community... If you are struggling to identify a volunteer day initiative you can always help out another branch with their targeted activities (Case Company Local Market Newsletter).*

**Interviewee N** (manager): *We have quarterly meetings [for] writing out cheques of support. One of the key hurdles for the staff foundation is that there’s actually a staff member involved... you’re in business for the shareholder... It’s about, you know, returning to the shareholder, but at the end of the day you know we’re not just a bank. We’re trying to be a different bank.*

**Interviewee G** (employee): *I think they would expect us you know to be seen being more active and you know I think they would trust us knowing that we are interested in our community. We aren't just here to, we're not just a business that closes our doors and that's it.*

**Interviewee M** (employee): *The more low profile things don’t get the same amount of help and I think it was the same in choosing the school. That was a school which was in a lower social area and even a lot of parents couldn’t help much because of their work commitments. So we felt that they could do with some help whereas perhaps some other schools had already got more help. So that’s how we chose it.*

**Interviewee F** (employee): *It's, it's being humane. I'm just so proud to be working for the company. We have the opportunity to get out into the community. We used to have the advertisements on TV where it said that we all have a day's leave and you know, sometimes people come into the bank they want to know, oh, do you go out into the community and what do you do? We say well we enjoy being out in the community and we welcome people to come and say I need your help. I just take a*

*pride in the fact that I work for (the company) and that I you know, I'm so lucky that I can actually get out and help people and hopefully try to make a difference.*

The above comments suggest that the company intend to implement a differentiation strategy in making difference in the local community to increase shareholder value.

#### **5.4.2.5. INTERVENING CONDITIONS**

The company's documentation indicates some intervening conditions that facilitate or constrain strategies with stakeholders. The intervening conditions are referred to within that documentation as congruence, consultation, collaboration, creativity, communication, and commitment. Lending practices include being socially and environmentally responsible partners (Case Company Limited, 2007a).

Making a difference implies also watching what competitors or other players are doing, and doing the right thing differently. As a value-driven organisation, congruence between values generates or constrains opportunities. The range of behavioural conditions presented in Table 5.6 is part of intervening conditions that affect making a difference in community activities. For example, employees have to put forward their support for the community organisations of their choice. If the community organisation does not fit the bank's criteria and principles mentioned earlier in Section 5.4.1.5, the company will not provide any grant. The congruence of value is reflected within the following statement.

**Interviewee E** (manager): *“It's easy for them (employees) to make a charitable donation and they know that by putting their dollars into this pot, those funds grow because (the company) is matching them and their peers are also putting into it, so we collectively can make a bigger difference than you know if I came by myself just by writing a cheque for ten dollars for example. So you know, quite a number of things that we do have internal benefits for our people and for us as an organisation at the same time as having benefits for the community outside of here”.*

Participating in the staff foundation is not compulsory and in fact some of the staff did not know about this initiative. When asked if they are participating in the staff foundation, the response from one employee was:

**Interviewee K** (employee): *Staff foundation, I'm not sure what it is so I don't think so.*

This statement illustrates a lack of internal awareness of the company's channels put in place for helping community organisations. It therefore constrains potential opportunities.

#### 5.4.2.6. ACTION/INTERACTION/STRATEGY

All the case company's actions and interactions are devised for the purpose of lending, sponsoring, making grants and matching funds or volunteering. These strategies integrate the company's core activities and community engagement in particular. However, they may generate different outcomes from those intended and/or from each other. Challenges are managed anticipatively and innovatively.

**Interviewee N** (manager): *So who decides? It's really the staff member. It starts with them being able to share what community involvement they have and then it's up to us to come in with that candid attitude and think: right, how can we assist them to make them feel even better to work for (the company). Feel better for the greater value they can put into the community organisation. So it actually starts with the staff member.*

**Interviewee O** (manager): *They would take priority as opposed to say you had three people wanting support that all had equal needs, then we would look at who was going to benefit most from (the bank) input into that.*

When respondents were asked what opportunities they had to share their experience with other branches, one response was:

**Interviewee K** (employee): *Usually when we have the volunteer day at a certain place, there wouldn't just be one of us. Like when I went to the Zoo, there were about four of us as volunteers. So we always share our experience as well.*

This process of sharing experience illustrates the "double-loop learning" which enables a continuous improvement of the system for better helping community wellbeing.

The company has adopted a strategic stance for making a difference within the community by promoting diversity and integrating the ethnic mix. During the interviews respondents stated what they understood by the term "diversity" in their organisation.

**Interviewee I** (employee): *Diversity means: age group, multilingual, multicultural, ethnic mix.*

**Interviewee J** (employee): *Understand each another's cultural background.*

**Interviewee K** (employee): *Diversity. To me it just means freedom, the freedom of choice for everybody. I can do anything I want. Everybody can do anything. Diversity I mean, in that sense it just means favouring particular people. Like they are just not going to favour the Cancer society over say (...). It's just diversity; they're out there in the community for anybody who needs help. Not any particular one, just whoever needs help.*

**Interviewee N** (manager): *If your English is not that good and you need to speak to someone who speaks Samoan or Indian or Taiwanese or Cantonese or Mandarin, we actually have people that, face to face speak those languages. So at the moment all we've advertised is sort of Cantonese, well there's five or six other languages that are spoken in that branch and we have some of our bigger branches where there's eighteen languages so you talk about that diversity, it's just a simple thing to do for customers.*

**Interviewee P** (employee): *In the past, I think at the time there wasn't a lot of migration in the country. There was probably only eighty percent Pakeha and twenty percent of all the other ethnic groups. We've seen a lot of change now. It's probably a fifty-fifty split. You've got fifty percent Pakeha and fifty percent Asian. Fifty percent of the Asians are Indians and that sort of thing. So in the past, the decision was made purely on the environment, social geographic of that time and there wasn't enough to cater for the changing environment. That's what went wrong in the past. So once they realise that problem, they quickly changed their approach. We quickly changed our approach to cater for that. The change in the environment and changing the cultures in each unit. And I think it's worked really well.*

These changes within the environment provide opportunities for creating new products and services tailored to the country's social fabric.

#### **5.4.2.7. CONSEQUENCES**

While meeting community needs, those actions build trust and reputation and increase visibility for the company. For example, helping low decile schools helps to promote education, relieves poorer parents' financial burden and enhances the company's visibility in the community. Another outcome may be also the double-loop learning which could lead to further consequences for both the business and the community, such as better financial performance due to good image as a responsible corporate citizen. Such an image impacts positively on employees. These results illustrate how the same action/interaction strategies generate different outcomes for different stakeholders as mentioned previously in Section 5.4.2.6.

Employee engagement (60% of employees were reported in the company's social report (2006) as willing to advocate for the company, to work for and provide their best to the organisation) and inspiration make a difference in the community while potentially increasing shareholders' return. Improving financial literacy improves financial wellbeing and also helps manage potential risk from lending practices. The multilingual strategic approach to recruitment increases opportunities. While this strategy is devised to attract more customers it also provides more jobs for speakers of other languages than English only. Thus making a difference provides increased community funding. For example, the case company's investment in the community in 2006 was \$1,069,107 (while the company's Net Profit After Tax (NPAT) was \$1,006 million) or 0.11% of NPAT. One of the charitable organisations sponsored nationally by the case company received \$575,000 collected from customers from the case company's requests for donations. The case company's staff foundation also distributed \$166,000 between 140 and 200 community organisations in 2006 (Case Company Limited, 2007a). Some other outcomes have been highlighted as follows:

*“As a result of my radio involvement I have had a couple of clients coming in to set up savings account, some coming in for personal loans and if they were declined they still moved their business to (the company) because they had a glimpse of a better financial position after some of my staff did a full review.*

*The most rewarding feedback was the fact that the Tongan Community who listened to the radio are not scared at approaching the company as their first choice of finance.*

*Our goal is to reach out to everyone who is having difficulties with language, to improve financial literacy in the Pacific Islander community, to help those having difficulties getting to the company during working hours and to increase (the company) profile in the community” (Local Market Newsletter).*

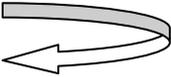
**Interviewee G** (employee): *I don't believe that they [the bank] are losing money, no, but it probably is in another sense because if you're able to get more publicity and people would believe in you. They [customers] see you not just in a work environment, they meet you, you are known in the community and you know it's good networking and yes I think it's for the benefit of the bank, as well as for the community.*

**Interviewee L** (employee): *Yes it's rewarding. Seeing these kids benefit, like knowing the kids benefit from what you're doing. Sort of a little contribution can help so much.*

Investing in the community-based initiatives is rewarding for the bank (i.e. acquiring new customers), for employees and for the community.

Using the system approach model, “Making a Difference in the Community” can be summarised in Table 5.14.

**Table 5.14. Summary of the Input/Process/Outcomes of Making a Difference in the Community**

INPUT			PROCESS			OUTCOMES	
Resources => Causal Conditions			Company's Objectives/Business Policies/Operations				
Factors	Strong (%)	Weak (%)	Properties of Making a difference in the community	Specific Dimensional Range of Making a difference in the community			
Attitude	91	9	Sponsorship relevance	One shot	Continuous	<ul style="list-style-type: none"> <li>Trust (mutual)</li> <li>Reputation</li> <li>Visibility for the company</li> <li>Increasing shareholders' return.</li> <li>Managing potential risk</li> <li>Meeting community needs</li> <li>Sponsored collections funded \$575,000 Matched funds (\$83,000 matched to \$166,000)</li> <li>Satisfaction of unmet needs</li> <li>New products development</li> </ul>	
Values	79	21		Sponsorship visibility	Low		High
Beliefs	79	21		Culture and values: (Most needy)	Impenetrable or hostile		Open and host culture
Interpreting					Reducing opportunities		Offering opportunities
• Situations	82	18			Regressive		Progressive
• Events	82	18			Inflexible		Flexible
Role	70	30		Apathy	Energetic		
Needs/Expect	94	6		Contribution	Negative		Positive /valuable
Information	86	14		Employees Engagement	Low		High
Person Efforts	76	24		Sharing Knowledge	Accommodative		Proactive
Support	79	21					
(derived from table 5.6)							
Company's Overall Input	12	88	<b>Context / Intervening Conditions / Strategies / Action-Interaction Strategies</b>				
(Source: Case Company Limited. (2007c))							

As explained in the previous section (refer to Table 5.12), for “Values about society and the world around them”, 79 percent of respondents indicated that this was “likely” or “very likely” to be a factor in influencing a person’s feeling of wellbeing and hence categorised as “Strong” in the table above, while 21 percent were either “neutral” or believed it “very unlikely” to be an influencing factor and hence classified as “Weak” in this table. The company’s overall participation (12%) is taken from the company’s social report 2006.

The behavioural factor results may be seen as inputs processed within the company’s operations. Properties and dimensional range interact with the various strategies and within

the company's context to produce expected outcomes. At any stage, feedback is provided and reprocessed (as double-loop learning).

The properties, their dimensional ranges and outcomes are taken from the previous presentation into this section. For example, participating employees to the staff foundation have given \$83,000 from their pay. These funds are matched dollar per dollar by the company and distributed to the chosen community organisations. Along with the financial contribution, other outcomes include increased trust between the company and the community, reputation and visibility for the company, as well as development of new products and services that add value for shareholders.

### **5.4.3. GIVING BACK TO THE COMMUNITY**

This part of the interview sought to understand the respondents' perceptions of the relationships between corporate social performance, corporate financial performance and corporate reputation. These variables are key determinants for corporate community involvement because corporate reputation may be an expected outcome for the business while previous and future financial performance influence commitment of resources given back to the community.

#### **5.4.3.1. CAUSAL CONDITIONS**

Corporate philanthropy is underpinned by the assumption that all stakeholders play a crucial role in the long term future of the business. It also implies that the business will do what the company's management thinks is right for the business (Basu & Wright, 2003; Coady, 2007; De Jongh, 2004; Ross, Bainbridge, & Jacobsen, 2001; Wright & Race, 2004).

The case company recognises the interdependency of business, employees and community. Thus, putting back into the community is a way of investing in the future of the company (Case Company Limited, 2007a). For example interviewee H (manager) indicated that:

*“We make all our money from basically New Zealanders and so if we look at that relationship in itself, there's our staff who are Kiwis and there's our company*

*which makes a lot of money from the community, all from Kiwis. If anybody within the organisation doesn't understand there's a strong relationship between the community and their people and their business, they'd go out of business fairly quickly. They [corporate social performance, corporate financial performance and corporate responsiveness] have a very strong correlation. We live in our communities, our staff live in our communities, and our customers live in our communities so we play a big part... I actually do generally say that we're a large corporate organisation and it's the right thing to do to put back into the community, into the country... It's a proper thing to do for a corporate to invest part of your profits back into the community from where you got those profits."*

#### **5.4.3.2. PROPERTIES AND DIMENSIONAL RANGE**

Some interviewees and the company's documentation highlight that giving back to the community takes the form of sponsorship under ethical values, generates visibility, and creates a good place to live. The relationship will be reciprocal: giving and receiving back. These properties occur through their dimensional range as summarised below.

**Table 5. 15 Properties and Dimensional Range of Giving Back to Community**

<i>Properties of Giving (or putting) back to your community</i>	<i>Specific Dimensional Range of Giving (or putting) back to your community</i>	
Sponsorship	Low	High
	One-off	Continuous
Ethical values	Low	High
Visibility	Low	High
Making a good place to live	Worse	Better
Feedback	Negative	Positive

These properties and their dimensional range have been developed through the data coding process collected from survey results, interviews and the company documents. As explained in Section 5.4.1.2, they are general variables that could provide a basis for measurement of social performance on these properties of community involvement.

#### **5.4.3.3. GIVING BACK TO THE COMMUNITY - CONTEXT**

The company's posture in responding to social needs stems from individual managers and staff perceptions of corporate social responsibility and rests on individual managerial assessments of corporate social performance and corporate reputation (Bowman & Haire, 1975; Carroll, 1979; Clarkson, 1995; Coldwell, 2001). The company needs to survive,

grow and prosper in order to increase shareholder value. The case company has adopted this philosophy and is committed to good corporate citizenship, best practice and good business which go hand in hand with, and at the same time help to manage, issues that may have the potential to affect the company's standing in the community (Case Company Limited, 2007a). One manager indicated:

**Interviewee N** (manager): *It's nice to be able to participate, be amongst people you know, to help in any way that you can. Personally, I would say maybe it's a sense of, whether or not you would call it reward, but of giving back.*

This statement illustrates the effect of giving back to the community and the reputation in the community where people live. The statement underlines also the employee's expectations from his (her) involvement in the community.

#### **5.4.3.4. STRATEGIES**

The company uses and leverages its capabilities in allocating resources to the community (Coady, 2007; Knuckey et al., 2002; The Institute of Public Policy, 2006; The London Benchmarking Group, 2004; The Corporate Citizenship Company, 2007). For this the company chooses to use corporate sponsorship and matching staff donations. One interviewee (manager) indicated that the case company uses the London Benchmarking Group model to address and to measure community needs.

Unfortunately, the available data from the case company's report does not show clearly other organisations' performance that the case company benchmarks against. The company tends to use the data for its own performance measurement rather than as a publicity tool. Making this information available only in annual internal reports may illustrate what Besser has criticised as an unwillingness of businesses to reveal information (see Chapter 2, Section 2.4.2).

**Interviewee E** (manager): *We don't publish that stuff; we use it for internal purposes.*

#### **5.4.3.5. INTERVENING CONDITIONS**

The company's processes and practices combined with employees' beliefs and the community's wellbeing are interrelated as discussed in section 2.2.7.2. The motivations of

companies to give back to the community and build partnerships that are closely aligned with corporate values are strong factors that facilitate or constrain the process. Believing in the value of corporate giving is one condition for committing resources to strengthen the relationship (Jones & Wicks, 1999; Khalil, 2000). However, giving back to the community may also be gauged against Friedman's criticism of corporate social responsibility as window-dressing and a challenge for value congruence (Nadler & Tushman, 1989). The following response may be revealing:

**Interviewee G** (manager): *To me, for me personally it's for myself. Well I mean it's good to do it for the company, yeah but I believe in giving back to the community.*

This manager also illustrates Friedman's criticism on social responsibility that this should be left to individual's beliefs and moral values. However such individual actions may generate positive externalities for the business. Moreover, the behavioural factors presented in Table 5.6 facilitate or constrain the individual or organisational potential of giving back to the community. Those facilitating or constraining factors are evident from the interviews as indicated in the examples in the previous section 5.4.3.2

#### **5.4.3.6. ACTION/INTERACTION/STRATEGY**

The company uses multiple strategies for identifying needs, taking suggestions from staff, and prioritisation within the company's capabilities. However, deciding what community organisations to support also needs individual inputs from staff.

**Interviewee N** (manager): *[One of] the key things [criteria] the company is looking for is: [is] there are some staff involvement or, are our staff(s) involved in it? So the staff member decides and any application going I will support for a community organisation.*

#### **5.4.3.7. CONSEQUENCES**

As observed by one participant, improved relationships may result in increased customer satisfaction and increased business even though it may increase costs in the short term.

This spending may be an investment resulting in a greater market share and increased shareholder value (Case Company Limited, 2007a).

Personal reward and increased publicity from giving back to the community contribute to employees' satisfaction and better performance that influences shareholders' value creation.

**Interviewee A** (employee): *We have to go out and make money to look after our shareholders but at the same time, help our community or look after our community.* Participants find they would like to make a larger contribution, so are recommending more days and a wider range of sponsored organisations.

**Interviewee A** (employee): *Can we not do -like- every six months so we can go out - you know, like - one year it's all right and then they forget about it and then next year you go there and they say "Oh, you know" so for the company, for the branch itself or for the company, in itself is okay, but individuals? Maybe we need to have more contacts... and more sponsoring to help, maybe like rugby, there's things out there that need some sponsors. There's under twenty-ones or little kids and they grow up to be a teacher as well. I would recommend to the company to give a little more sponsorship [to these sorts of causes].*

This response clearly indicates that some employees suggest room for improvement in the company's community involvement. This response may also indicate the effect of double-loop learning from the process of community engagement by the company.

Giving back to the community can be summarised as follows. The behavioural factors may be considered as inputs processed within the company's operations because they interact with all the strategies and properties of giving back to the community, resulting in the outcomes highlighted in the table below.

Table 5.16 Summary of the Input/Process/Outcomes of Giving Back to Community

INPUT			PROCESS			OUTCOMES
Resources => Causal Conditions			Company's Objectives/Business Policies/Operations			
Factors	Strong %	Weak %	Properties of Giving (or putting) back to your community	Specific Dimensional Range of Giving (or putting) back to your community		<ul style="list-style-type: none"> <li>Improved business/community relationships</li> <li>Increased customer satisfaction</li> <li>Increased business</li> <li>Greater market share</li> <li>Increased shareholders' value</li> <li>Increased community funding. \$1,069,107 (0.11% of NPAT)).</li> </ul>
Attitude	91	9	Sponsorship	Low	High	
Values	79	21		One shot	Continuous	
Beliefs	79	21	Ethical values	Low	High	
Interpreting			Visibility	Low	High	
• Situations	82	18	Making a good place to live	Worse	Better	
• Events	82	18	Feedback	Negative	Positive	
Role	70	30				
Needs/Expect	94	6				
Information	86	14				
Person Efforts	76	24				
Support	79	21				
(derived from table 5.6)						
Company's Overall Input	12	88	Context / Intervening Conditions / Strategies / Action-Interaction Strategies			
(Source: Case Company Limited. (2007c))						

As explained in section 5.4.1.7 (refer to Table 5.12), for “Needs and Expectations”, 94 percent of respondents indicated that this was “likely” or “very likely” to be a factor in influencing a person’s feeling of wellbeing and hence categorised as “Strong” in the table above, while 6 percent were either “neutral” or believed it “very unlikely” to be an influencing factor and hence classified as “Weak” in this table. The company’s overall participation (12%) is taken from the company’s social report 2006.

The behavioural factor results may be seen as inputs processed within the company’s operations. The properties, their dimensional ranges and outcomes are taken from the previous presentation into this section. Properties and dimensional range interact with the various strategies and within the company’s context to produce expected outcomes. At any stage, feedback is provided and reprocessed (as double-loop learning).

For example, the company gave back \$1,069,107 of its profits to the community. Other outcomes include improved business and community relationships that results in greater market share and profits.

#### 5.4.4. SUPPORTING EMPLOYEES

This section of the interview process sought employees' perceptions on initiatives the case company undertakes for their personal wellbeing and the relationship between employees' wellbeing and community wellbeing.

##### 5.4.4.1. CAUSAL CONDITIONS

Wellbeing is both an individual and a societal goal (Milligan, Fabian, Coope, & Errington, 2006). The company hires employees for their skills to carry out efficiently the business's objectives. Moreover, adding value for shareholders implies that employees' needs and/or expectations in the areas of wellbeing are also being met. This posture by the company helps to create and maintain mutually trusting and cooperative relationships between the employer and employees (Coady, 2007; Coldwell, 2001; Williams & Cooper, 1999; Zenisek, 1979).

##### 5.4.4.2. PROPERTIES AND DIMENSIONAL RANGE

For the case company, supporting employees takes the form of fostering an inclusive workplace, teamwork; generating trust and awareness of others while creating a work-life balance (Case Company Limited, 2007a). These properties were identified from company documentation and interviews during the coding process. Properties occur through their dimensional range as summarised below.

**Table 5.17 Properties and Dimensional Range of Supporting Employees**

<i>Properties of Supporting Employees</i>	<i>Specific Dimensions of Supporting Employees</i>		
Inclusive workplace	Gender Age Cultural (ethnic mix) Disability and Lifestyle choices Languages	Female Younger Single  Boring Mono	Male Older Mixed  Exciting Multi
Team work	Individualism	Sharing knowledge	
Trust	Low	High	
Awareness	Low	High	
Work-life balance	Stressful	Family-friendly	

These properties and their dimensional range have been developed through the data coding process. The data was collected and interpreted from survey results, interviews and the company's documentation. As explained in Section 5.4.1.2, they are general variables that could provide a basis for measurement of performance on these properties of community involvement.

#### **5.4.4.3. SUPPORTING EMPLOYEES CONTEXT**

The changing environment of business, according to community wellbeing literature, requires companies to support employees' personal wellbeing to foster their engagement (Coady, 2007; Williams & Cooper, 1999). In this regard the case company seeks to implement the organisation's culture while promoting diversity and individual ethnic cultures, as part of doing good business (Case Company Limited, 2007a).

#### **5.4.4.4. STRATEGIES**

Consistent with recommendations in the literature, the company strives to reconcile the primary objective of creating and sustaining shareholder value with gaining the support and respect of employees, customers and the community (Case Company Limited, 2007a; Knuckey et al., 2002). The company recognises that people are their first asset and that making New Zealand a great place to live and work ensures the company's future and prosperity (Case Company, 2006b)<sup>6</sup>. The company therefore strives to build an inclusive workplace by accepting uniqueness, differences and the contribution of these factors to teamwork. Seen by employees as a caring organisation, the company has put in place a system for attracting top talent. The case company invests in training and provide various means of support for employees, including paying well while allowing flexibility (Case Company Limited, 2007a, 2007b).

**Interviewee M** (employee): *You know, so they [the company] do provide a lot of care for their staff. Quite a caring organisation to work for. Yeah we do have*

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<sup>6</sup> Case Company. (2006b). New Zealand Limited (NZL): annual report 2006. from their website

*support when we need it. We have monthly meetings with our line manager where we discuss things and if there is anything that perhaps you needed help with or whatever then you know you could ask them. Plus it's pretty much an open door policy. If there was an issue, you could go into the manager or the assistant manager at any time. You wouldn't have to wait for your monthly chat, you could just you know go in any time. I think if you asked for the support it would be there... If someone's not well in their family or if they're going through a hard patch we all try to help in whatever way we can.*

**Interviewee A** (employee): *I have worked in both countries [Fiji and New Zealand]. I worked in my country for, with the same organisation for ten years and I came and worked again with the same bank again so another ten years over here so (the bank) is really looking after the staff and the shareholders as well.*

However, not everyone is aware of those strategies.

**Interviewee G** (employee): *Does the bank have some programmes for improving their employee's health and wellbeing? I'm sure they would have. I'm not aware of them. I've only been here for like six months.*

Although new employees are not totally aware of employees wellbeing programmes in the company, those who have worked a while for the company seem to be satisfied of its caring nature. Such strategy may result in employees' loyalty and increased experience thus providing good customer service. Satisfied customers will in turn continue to do business with the company.

#### **5.4.4.5. INTERVENING CONDITIONS**

Supporting employees reflects two of the company's core sets of values: "Lead, inspire and respect each other; [and] Value personal growth and development" (Case Company Limited, 2007a). Succeeding implies recognising and valuing differences to build trust and teamwork that motivates employees. Respondents were asked in the interviews to outline what inspires them to come to work in the morning, and made the following comments:

**Interviewee F** (employee): *Oh like today [it was a rainy morning], it's the environment that I work with definitely. The people that I work with, the branch here. First class, we have a lot of fun. We work hard and we play hard. I'm very lucky in this branch. It's brilliant, it really is.*

**Interviewee G** (employee): *The money and I think if you, people say other things, I think basically the reason ninety-nine point nine percent of the population go to work is because they need money to pay their mortgage, feed their kids, all those sorts of things. So that's got to be the prime thing.*

**Interviewee F** (employee): *About helping the community? Well there again as I say it's the both money and people actually. I work for (the bank), I'm paid to work for (the bank) and I'm proud that we support the community and we get out there. It's a real good feeling. It works well.*

These comments highlight the link between company values and employees' motivation. The range of behavioural conditions presented in Table 5.6 is part of intervening conditions that affect employees' participation in community activities. These variables can constraint or facilitate the company's achievement of strategic objectives, especially community wellbeing. These facilitating or constraining factors are evident from the interviews as indicated in the examples in the previous section 5.4.4.2 above

#### 5.4.4.6. ACTION/INTERACTION/STRATEGY

As highlighted in the literature, people have various motivating factors to come to work and working life plays an important role in overall wellbeing (Kinicki & Kreitner, 2003; Williams & Cooper, 1999). As part of caring for its employees the case company provides various benefits including a counselling service. This was a "move beyond a compliance-based system of health and safety... to promote a sense of physical and psychological wellbeing for staff" (Case Company, 2006a)<sup>7</sup>. In demonstrating care for employees, the workplace develops a mutual awareness, trust, teamwork, and flexibility.

**Interviewee H** (manager): *The wellbeing of our staff. We have, for example, we have unlimited sick leave. You know many corporates have, you know how many sick days you have a year and say you had five sick days. We don't have anything like that. If a staff member is ill, they're ill. We don't say well, we're not going to pay you after five days or after ten days or after fifteen days. We just expect our staff if they're ill, they don't come to work if they're not well. If they're well, they come to work. So that to us is, we trust our people and we don't want them to work when they're ill. We also have very generous bereavement leave provisions. Family provisions if your children are ill. It comes under sick leave. So our whole*

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<sup>7</sup> Case Company. (2006a). Corporate Responsibility Report, 2005. from their website

*leave provisions you know to the wellbeing of our staff, I think you'll struggle to find a better organisation... Another is self-development and developing our people.*

**Interviewee E** (manager): *Heaps. We invest significantly in training, there's a lot of emphasis put on developing your skills and lots of opportunities to develop your skills...*

**Interviewee C** (employee): *They actually keep a tab on our work hours. 'Cause we have the option to work Saturday, not in this particular branch, but at another branch, and they actually keep a tab on how many Saturdays a month we're working and things like that... If you've got any issues or problems, they'll do whatever they can to support you through it whether it be emotional, physical, if you have mental disabilities or a disorder or something, they will do whatever they can to support you through that.*

**Interviewee F** (employee): *Well I think they're an awesome company to work for and I have a superannuation scheme, with (the bank) which is absolutely fantastic 'cause KiwiSaver has just come out as well and I'm very lucky with what I've got. If anything it's excellent and the healthcare that I've got through the bank is absolutely spot on...I've been given support and they're just an awesome company to work for and I would definitely recommend them.*

**Interviewee G** (employee): *Well we do have lots of encouragement there. You can do various courses and you can just speak to your manager to approve for you to go on courses to improve your, you know your performance and obviously for promotion and different career goals.*

**Interviewee N** (manager): *Yeah we have lots of things. I guess in terms of improving, so you know we have an internal process which is called a personal development plan so that might be what is someone's aspirations in terms of, and they may be, in the bank or outside the bank... We have employee assistance programmes, we have, and it might be a lot of the leadership team willing to sit down and listen and work through you know, some real solutions to do that.*

Family friendly policy, training, company support and career perspective are some illustrating examples of action and interaction that the company include within its strategy to motivate employees.

#### **5.4.4.7. CONSEQUENCES**

Employees' physical, financial and emotional wellbeing are some expected outcomes that they achieve through remuneration, leave benefits, a superannuation scheme, and share-based compensation plans (for some). Employees feel good, help each other in performing their duties, and also get "good pay." If any problem arises, employees have a free

counselling service through the Employment Assistance Programme (Case Company, 2006a, 2007a, 2007b).

These various means of support generate a feeling of personal satisfaction, a pride in working for the company, and having fun. The training opportunities provided enable career advancement. The support received, which is above and beyond legal requirements, contributes to reduced staff turnover.

**Interviewee N** (manager): *Leveraging their [employees'] expertise and qualifications is a win-win situation you know for the bank, non-profit organisation, and staff.*

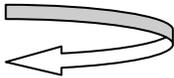
Employees were also asked for their perceptions regarding the potential impact of their wellbeing at work, on themselves, their family, and the community.

**Interviewee G** (employee): *You know, if your life is threatened or anything like that, yes, it's going to effect your workplace, your family and your community 'cause you wouldn't be able to, I mean if you didn't feel that you could come to work or something, it's going to effect your community as well.*

Employees have to feel safe and working toward their wellbeing before thinking to work for the company.

Seen within the system model, the Supporting Employees category generates the following summarised outcomes.

**Table 5.18. Summary of the Input/Process/Outcomes of Supporting Employees**

INPUT			PROCESS				OUTCOMES
Resources => Causal Conditions			Company's Objectives/Business Policies/Operations				
Factors	Strong %	Weak %	Properties of Supporting Employees	Specific Dimensions of Supporting Employees			<ul style="list-style-type: none"> <li>• Employees' physical, financial and emotional wellbeing (remuneration, leave benefits, superannuation scheme, and share-based compensation plans as part of employees' wellbeing)</li> <li>• Good pay</li> <li>• Training opportunities</li> <li>• Career advancement</li> <li>• Lessening the financial burden for employees and their families</li> <li>• Reducing staff turnover</li> <li>• Increasing employees' engagement</li> <li>• Looking good</li> <li>• Helping each other</li> <li>• Personal satisfaction</li> <li>• Proud to work for the company</li> <li>• Having fun</li> </ul>
Attitude	91	9	Inclusive workplace	Gender	Female	Male	
Values	79	21		Age	Young	Older	
Beliefs	79	21	Teamwork	Cultural (ethnic mix)	Single	Mixed	
Interpreting				Disability and Lifestyle choices	Boring Mono	Exciting Multi	
• Situations	82	18		Languages	Sharing knowledge		
• Events	82	18		Individualism			
Role	70	30	Trust	Low	High		
Needs/Expect	94	6	Awareness	Low	High		
Information	86	14	Work-life balance	Stressful	Family-friendly		
Person Efforts	76	24					
Support	79	21					
(derived from table 5.6)							
Company's Overall Input	12	88	Context / Intervening Conditions / Strategies / Action-Interaction Strategies				
(Source: Case Company Limited. (2007c))							

As explained in section 5.4.1.7 (refer to Table 5.12), for “Support received from other within the organisation”, 79 percent of respondents indicated that this was “likely” or “very likely” to be a factor in influencing a person’s feeling of wellbeing and hence categorised as “Strong” in the table above, while 21 percent were either “neutral” or believed it “very

unlikely” to be an influencing factor and hence classified as “Weak” in this table. The company’s overall participation (12%) is taken from the company’s social report 2006.

The behavioural factor results may be seen as inputs processed within the company’s operations. The properties, their dimensional ranges and outcomes are taken from the previous presentation into this section. Properties and dimensional range interact with the various strategies and within the company’s context to produce expected outcomes. At any stage, feedback is provided and reprocessed (as double-loop learning).

Supporting employees generates various outcomes including physical and emotional wellbeing. For example, employees’ personal wellbeing programmes and benefits schemes contribute to generate satisfaction and pride in working for the company. These wellbeing outcomes contribute to increased productivity and profit that add value for shareholders.

#### **5.4.5. EMPOWERING EMPLOYEES**

This part of the interview process sought to understand what drives employee involvement in community-based initiatives and what process is involved in deciding which organisations to help.

#### **5.4.4.8. CAUSAL CONDITIONS**

According to company documentation the case company seeks to implement a community-driven spirit and encourages its corporate community involvement. This spirit aims to first serve the primary objective of any business which displays one of the five core values: “Perform and grow to create value for our shareholders” (Case Company 2006a).

#### 5.4.4.9. PROPERTIES AND DIMENSIONAL RANGE

As noted in the literature, empowering employees takes the form of raised awareness and values congruence under managerial influences that give priority to community concerns and encourage participative decision making (Chung & McLamey, 1999; Clarkson, 1995). Empowered employees are given necessary resources, support and autonomy of action.

Derived from interviews and the literature, these properties occur through their dimensional range as summarised below.

**Table 5.19 Properties and Dimensional Range of Empowering Employees**

<i>Properties of Empowering Employees</i>	<i>Specific Dimensions of Empowering Employees</i>	
Awareness	Restricted	Broad
Values congruence (individuals, organisation)	Low	High
Managerial influence	Discouraging	Encouraging
Participation in decision making	Autocratic	Participative
Giving Priority to Community	Low	High
Resources	Lack	Availability
Time	Lack	Availability
Support	Lack	Availability
Autonomy	Low	High
Employee Engagement	Low	High

These properties and their dimensional range have been developed through the coding of the data collected from the survey results, interviews and the company's documentation. They are general variables that could provide a basis for measurement of performance on these properties of community involvement, as explained in Section 5.4.1.2.

#### 5.4.4.10. EMPOWERING EMPLOYEES CONTEXT

Business and economic outcomes are affected by the productivity and wellbeing of employees. Environmental changes and a total quality philosophy require the adaptation of managerial attitudes vis-à-vis employees and customer relationships (Bartol, Martin, Tein, & Matthews, 2001; Freeman & McVea, 2001; Robinson, 1994). These relationships drive

a continuous improvement in operations where employees are asked to identify and contribute toward solving customers' problems including community concerns.

#### **5.4.4.11. STRATEGIES**

In raising awareness and developing proactively, programmes built around people, the company allows employees to undertake one volunteer paid day each year in the community of their choice (Case Company, 2007a; Donaldson & Preston, 1995; Eisenhardt & Zbaracki, 1992; Mintzberg & Lampel, 1999). Employees participate in the decision making process by selecting community organisations to be involved in and thereby contribute to causes that are important to them.

**Interviewee C (employee):** *The whole branch has actually sat down and [was] allowed to have their contribution and say yes or no we don't want to do that.*

This proactive process may positively enhance results with regard to the wellbeing of the employees and their communities while building mutual trust between the company and staff.

#### **5.4.4.12. INTERVENING CONDITIONS**

Contributing to causes that are important to employees is subject to the congruence of personal and company values (Case Company, 2007a). The range of behavioural conditions presented in Table 5.6 is part of intervening conditions that affect empowering employees. These facilitating or constraining factors are evident from the interviews as indicated in the examples in the previous section 5.4.5.2 above. For example, the time factor either facilitates or constrains the allocation of human resources to volunteering activities.

However, some people may live those values without understanding their full meaning. For example, responding to the question on what the participant understands by "values-led organisations with well-developed programmes built around people, customers and the

community”, as stated in the company literature, interviewee K (employee) said: “*I’m not sure what it means*”.

#### **5.4.4.13. ACTION/INTERACTION/STRATEGY**

At branch level, once the selection process is accomplished, employees have to book their volunteer time. Branches that cannot easily find initiatives to support may join other branches or exchange staff to support those on volunteer leave. In addition, the decision making process takes into account the employees’ inputs by including the activities in which employees want to be involved in their respective communities.

#### **5.4.4.14. CONSEQUENCES**

Empowering employees to participate in communities has a range of outcomes for individuals, the company and the community (Kinicki and Kreitner, 2003).

Individuals develop a feeling of helping the less fortunate of society, while meeting other people improves connectedness and the sense of belonging, a personal satisfaction and reward.

**Interviewee G** (employee): *I find it very rewarding. I believe, I strongly believe in helping in the community.*

The company better manages employees’ job performance and improves job satisfaction while reducing turnover and increasing loyalty. At the same time it builds trust, visibility, reputation, and relationships. While the community improves its level of meeting needs and services, it also builds a strong relationship with the company, thus securing a sustainable support (Case Company, 2007a).

Empowering Employees can also be summarised under the system model where the behavioural factors are inputs processed within the company’s operations. Interacting with the strategy and within their context, they produce the outcomes below.

**Table 5.20. Summary of the Input/Process/Outcomes of Empowering Employees**

INPUT			PROCESS			OUTCOMES
Resources => Causal Conditions			Company's Objectives/Business Policies/Operations			
Factors	Strong %	Weak %	5. Properties of Empowering Employees	Specific Dimensions of Empowering Employees		<ul style="list-style-type: none"> <li>• Building trust, visibility, reputation</li> <li>• Building a strong business/ community relationship</li> <li>• Securing a sustainable business and support</li> <li>• Personal satisfaction</li> <li>• Increasing loyalty</li> <li>• Job satisfaction</li> <li>• Better job performance</li> <li>• Reducing turnover</li> <li>• Developing feeling of helping the less fortunate</li> <li>• Improving connectedness / sense of belonging,</li> <li>• Community meeting needs and services</li> </ul>
Attitude	91	9	Awareness	Restricted	Broad	
Values	79	21	Values congruence (individuals, organisation)	Low	High	
Beliefs	79	21	Managerial influence	Discouraging	Encouraging	
Interpreting			Participation to decision making	Autocratic	Participative	
• Situations	82	18	Giving Priority to Community	Low	High	
• Events	82	18	Resources	Lack	Availability	
Role	70	30	Time	Lack	Availability	
Needs/Expect	94	6	Support	Lack	Availability	
Information	86	14	Autonomy	Low	High	
Person Efforts	76	24	Employee Engagement	Low	High	
Support	79	21				
(derived from table 5.6)						
Company's Overall Input	12	88	<b>Context / Intervening Conditions / Strategies / Action-Interaction Strategies</b>			
(Source: Case Company Limited. (2007c))						

As explained in section 5.4.1.7 (refer to Table 5.12), for “Interpreting Events and Situations”, 82 percent of respondents indicated that this was “likely” or “very likely” to be a factor in influencing a person’s feeling of wellbeing and hence categorised as “Strong” in the table above, while 18 percent were either “neutral” or believed it “very unlikely” to be an influencing factor and hence classified as “Weak” in this table. The company’s overall participation (12%) is taken from the company’s social report 2006.

The behavioural factor results may be seen as inputs processed within the company’s operations. The properties, their dimensional ranges and outcomes are taken from the previous presentation into this section. Properties and dimensional range interact with the various strategies and within the company’s context to produce expected outcomes. At any stage, feedback is provided and reprocessed (as double-loop learning).

Empowering employees generates various outcomes including building trust between the company and employees, and a long lasting relationship between the business and the community. Empowered employees feel satisfied, tend to perform better and want to work for the company. Employees also feel connected with their community while the community meets its needs.

## 5.5. SUMMARY

The five categories presented above: Participating in the community, Making a Difference in the Community, Giving Back to the Community, Supporting Employees, and Empowering Employees, are outlined in Appendix 8 and demonstrate the interconnectedness of all those factors.

This case company integrates community initiatives within its business objectives and policies and encourages employees to participate in such activities. The resources include the diverse employees who bring their needs and expectations, values, attitudes, and beliefs as inputs to the organisational process. These inputs are enacted and processed within the organisation's internal and external context (Smircich & Stubbart, 1985) and the strategies are then adopted to generate various outcomes for the company, the employees and the community. A variety of feedback is recycled as inputs to be re-processed for continuous improvement, thus becoming a double-loop learning (Bartol, Martin, Tein, & Matthews, 2001) generating new products and services to satisfy customers, employees, and the community's needs that arise and change over time and place (Khalil, 2000; Kinicki & Kreitner, 2003). Interviewee N (manager) expressed this willingness to continually improve the system by saying that: *"We need to try some things and [it's ok to] get them wrong because potentially we learn from our mistakes but it's having everyone understanding the journey we're on"*.

The strategic objectives of the company that have particular significance for community engagement include the following conditioning factors:

1. aiming to achieve economic, social and environmental sustainable development
2. strengthening the company's leadership position in New Zealand

3. intention to be a bank with a human face
4. implementing core values and encouraging a community spirit, and
5. promoting awareness of community concerns.

The overall strategies, actions and interactions result in the following outcomes grouped under three categories: company's outcomes, employees' outcomes, and the community's outcomes.

**Table 5.21. Summary of Key Outcomes**

Company's outcomes	Employees' outcomes	Community's outcomes
<ul style="list-style-type: none"> <li>• Reputation</li> <li>• Building trust with employees and community</li> <li>• Visibility for the company</li> <li>• Increasing shareholders' return</li> <li>• Increasing shareholders' value</li> <li>• Managing potential risk of decreased business</li> <li>• Meeting community needs</li> <li>• Improved and strong relationships between the business and community</li> <li>• Increased customer satisfaction</li> <li>• Increased business</li> <li>• Greater market share</li> <li>• New product development</li> <li>• Increased community funding. \$1,069, 107 (0.11% of NPAT)</li> <li>• Reduce staff turnover</li> <li>• Securing a sustainable business and support from community</li> <li>• Increasing loyalty</li> <li>• Increasing employee engagement</li> <li>• Better job performance</li> <li>• Continuous improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Good pay</li> <li>• Employees' physical, financial and emotional wellbeing (remuneration, leave benefits, superannuation scheme, and share-based compensation plans) as part of employee wellbeing</li> <li>• Personal satisfaction</li> <li>• Trust</li> <li>• Improved relationships</li> <li>• Awareness of community social needs</li> <li>• Matched funds (\$83,000 matched to \$166,000)</li> <li>• Training opportunities</li> <li>• Career advancement</li> <li>• Lessen financial burden for employees and families</li> <li>• Looking good</li> <li>• Help each other</li> <li>• Proud to work for the company</li> <li>• Having fun</li> <li>• Job satisfaction</li> <li>• Individuals develop feeling of helping the less fortunate</li> <li>• Improves connectedness / sense of belonging</li> <li>• Some dissatisfaction with the level of participation</li> </ul>	<ul style="list-style-type: none"> <li>• Increased resources</li> <li>• Volunteer time 10,087 hours</li> <li>• Meeting community needs</li> <li>• Sponsored collections funded \$575,000 Matched funds (\$83,000 matched to \$166,000)</li> <li>• Improved and stronger business/community relationships</li> <li>• Trust in the business/ community relationship</li> <li>• Securing a sustainable business and support</li> <li>• Satisfaction of unmet needs</li> </ul>

These key outcomes have been identified through the data coding process and presented within the previous sections of this chapter. These results are discussed in the next chapter.

## **Chapter 6. DISCUSSION**

### **6.1. INTRODUCTION**

This research has investigated (1) practices and procedures organisations use to enhance their community's wellbeing within the New Zealand context; and (2) how to assess and interpret an organisation's achievement within the area of community wellbeing involvement. The study also aimed to conduct preliminary testing of the proposed framework and the derived theoretical propositions. This chapter is structured around assessing the company's involvement in the community and positioning the company's stakeholders along with fitting the theoretical propositions to a preliminary theory. The discussion of propositions follows the fit in the order of the created categories instead of being in numeral sequence. The following table summarises the assessment and interpretation of the research objectives.

Table 6.1 Assessing and Interpreting the Research Objectives

Objectives	Assessment	Research Results	Interpretation
<b>Overall Contribution of the study:</b> Proposing a Model of Stakeholders and Organisational Enablers Relationship (SOER)	Main assumptions combining and integrating: <ul style="list-style-type: none"> <li>• Stakeholders' Behaviour</li> <li>• Stakeholders Positioning Typology</li> <li>• Organisational Enablers from the Case company study</li> <li>• Outcomes/Performance mode</li> </ul>	Integration between company's philosophy and core business into contributing to community involvement	<ul style="list-style-type: none"> <li>• Reconciling conflicting interests of various stakeholders</li> <li>• Need for extended research to community and other stakeholders for validation of the model</li> </ul>
1. <b>Broad Objective:</b> Gaining an insight into the integration of community-based initiatives from one New Zealand Company	Existence of a strong relationship between the company, employees and community	Five categories: <ul style="list-style-type: none"> <li>• Participating in Community</li> <li>• Making a Difference in the Community</li> <li>• Giving back to the Community</li> <li>• Supporting Employees</li> <li>• Empowering Employees</li> </ul>	Strategic motivation: <ul style="list-style-type: none"> <li>• Integrating the economic objective of business: shareholder value creation and the social responsibility of business</li> </ul>
2. <b>Research Questions:</b> 2.1. Examination of practices and procedures used by a New Zealand organisation to enhance its community's wellbeing 2.2. Interpretation of the company's achievement	Commercial activities Philanthropic activities Social investments	Integration of social programmes into company's core activities: <ul style="list-style-type: none"> <li>• Sponsorship and Branding</li> <li>• Matching funds</li> <li>• Volunteering</li> </ul>	<ul style="list-style-type: none"> <li>• Securing long-term growth</li> </ul>
3. <b>Secondary Objectives:</b> 3.1. Preliminary Testing of the Framework	<b>Step 1:</b> Identification of stakeholders <b>Step 2:</b> Identification of their needs, values, demands/expectations, perceptions <b>Step 3:</b> Positioning stakeholders within a stakeholders' typology <b>Step 4:</b> Assessing the organisational enablers <b>Step 5:</b> Understanding the outcomes and the performance mode	<ul style="list-style-type: none"> <li>• Company's objectives contributing to wellbeing programmes</li> <li>• Stakeholders' stance: supporters, low priority, problematic, or antagonistic</li> <li>• Managers and employees' personal wellbeing leading to community wellbeing</li> <li>• Commitment of resources</li> <li>• Proactive stance</li> </ul>	<ul style="list-style-type: none"> <li>• Extent of agreement with previous research and recommendations from literature</li> <li>• Strong relationship between the behavioural attitudes, company's values and employees' personal values</li> <li>• Strengthening efficient and effective relationship, human interaction, trust</li> </ul>
3.2. Preliminary Testing of the Theoretical Propositions	<ul style="list-style-type: none"> <li>• Participating in Community</li> <li>• Making a Difference in the Community</li> <li>• Giving back to the Community</li> <li>• Supporting Employees</li> <li>• Empowering Employees</li> </ul>	Case Study results fitting propositions 1, 2, 3, and 4	<ul style="list-style-type: none"> <li>• Proactively triggered positive outcomes</li> <li>• Double-loop learning process</li> <li>• Primacy of stakeholders contribution to social performance</li> </ul>

## **6.2. ASSESSING THE COMPANY'S INVOLVEMENT IN COMMUNITY**

Assessing the company's involvement in the community can be done from the five categories created through the analysis process. These are: participating in the community, making a difference in the community, giving to the community, supporting employees and empowering employees.

As Frooman (1999) has suggested, answering the research questions requires identification of the stakeholders, their demands and expectations and how they get their needs met. This requirement allows the cohesion of adequate relationships between the organisation and its stakeholders.

### **6.2.1. IDENTIFICATION OF COMMUNITY WELLBEING STAKEHOLDERS**

Results reveal that the company acknowledges a strong relationship between their business, their employees and the New Zealand community (as indicated by Interviewee H in Chapter 5, Section 5.3.1). This finding supports the stakeholders map (Figure 3.1) presenting the main stakeholders of the case company. These stakeholders include employees, various community organisations, government agencies, and other partners contributing to enhancement of community wellbeing. The finding also corroborates the view that presents company stakeholders as including shareholders, directors, management, employees, suppliers, investors, government, regulators, non-governmental organisations community groups, and the community-at-large (Cooper, Leung, Mathews, Carlson, & Mathews, 1998; Donaldson & Preston, 1995; Lawrence, Davey, & Low, 2001).

The relationships that have been developed with these stakeholder groups take into account the primary objectives of the company to increase shareholders' value. This economic perspective responds to the economic social responsibility of business as argued by Carroll (1979) and Friedman (1970) in Chapter 2. The acknowledgment of these stakeholders stems from a number of perceptions from the literature. In this example, the company is on the right track, as recommended in the literature, in being aware of and recognising the importance of its key stakeholders, because the latter have the power to influence the

former's long term prospects and for this reason, companies need to be socially responsible. Society-at-large is an important stakeholder on one hand and all stakeholders have a crucial role in securing a company's operations and long term growth on the other hand as suggested by Coady (2007), De Jongh (2004), and Montanari and Bracker (1986) (see Chapter 2, Section 2.2.2).

The company's community-based activities aimed at enhancing community wellbeing can be grouped into five categories, as stated at the beginning of this chapter: Participating in the Community, Making a Difference in the Community, Giving back to the Community, Supporting Employees, and Empowering Employees.

### **6.2.2. PARTICIPATING IN COMMUNITY**

Results reveal that participating in the community stems from the company's objectives outlined in their economic mission. While employees are hired to make this mission happen, they expect to be paid a salary which corresponds to the job performed. Meeting this expectation influences their personal wellbeing as well as the wellbeing of their families. The employees' wellbeing begins with the company complying with law and regulations. In this way the company meets the government's (a key stakeholder) expectations. While the company complies with what is required by law and what is good to out-perform its competitors, to gain a greater market share and higher profits, employees also need to have their physical, psychological and social wellbeing met (see Chapter 2, Section 2.2.4) in order to be highly productive.

Besides legal compliance, the case company decided to go beyond these requirements with an intended strategy to create a point of differentiation to increase productivity and profits. The company's participation in the community goes further than the legal, ethical, and discretionary responsibility. Being socially responsible requires doing more than the basic minimum ( as argued by Carroll (1979) (see Chapter 2, Section 2.3.1), and Williams and Cooper (1999) (see Chapter 2, Section 2.2.4 ). The case company goes the extra mile by doing what is good for it and for the community (section 2.3.1. and section 5.2.).

Findings show that the company's participation in the community is multifaceted (cash donations, sponsorship, volunteering) and is motivated by strategic, commercial and

charitable purposes. This participation affirms the definitions and motivations provided by the literature review as charitable, strategic and commercial by Coady (2007); Institute of Public Policy (2006); The London Benchmarking Group (2004); and The Corporate Citizenship Company (2007) (see Chapter 2; Section 2.4.3 and Chapter 5, Section 5.4.1).

Nonetheless, results identify a conflicting message relating to employee participation in the company's community-based activities. Whilst the questionnaire results indicate 79% participation, the company reports an overall employee participation of 12% (see Chapter 5, Section 5.3.1). This finding may be interpreted with caution because it was not possible to disaggregate the data provided by the overall parent and subsidiary companies. This impediment corroborates Besser's (1999) criticism regarding the unwillingness of businesses to reveal such information (see Chapter 5, Section 5.4.3.4). The company might deliberately under-report in publicly-available literature if it is using community participation as a way of creating a point of difference in order to gain a competitive advantage, and therefore doesn't want competitors to know the full extent of their activity in this area, in case they copy them and eliminate their competitive advantage. The survey's over-reporting may be explained by the values held by staff as explained by Interviewee H (manager, see Chapter 5, Section 5.3.1) who indicated that the data is not published but used for internal purposes.

From the literature reviewed in Chapter 2, making available some data can be a way of stimulating benchmarking activities for socially responsible companies as discussed in Chapter 2, Section 2.2.5.3. Well-planned benchmarking standards may contribute to increased market share and value for shareholders and can also contribute to the company's double-loop learning.

### **6.2.3. MAKING A DIFFERENCE IN THE COMMUNITY**

The survey results show that employees contribute to the cause that is important to them. Respondents' Health is perceived as the most important factor that drives their ability to enjoy quality of life and to fully participate in the community. Health also provides access to other opportunities such as employment. This is supported jointly by the respondents' first ranking order of the ten key areas: Health, Knowledge and Skills, Paid Work, Economic Standard of Living, Cultural Identity, Leisure and Recreation (refer to Chapter 5, Sections 5.3.2). The findings also confirm the influence of the employees' own concerns and the concerns of their families on employee contribution to societal wellbeing, as argued by Williams and Cooper (1999)-(see Chapter 2, Section 2.2.3.1).

As all key areas of wellbeing are interrelated, the case company strives to satisfy first the internal stakeholders, namely its employees, to meet its social objectives. Employees serve as a bridge to reach the community. Activities in which employees have participated in their respective communities may reveal where those employees wanted to make a difference (see Chapter 5, Section 5.3.3 and Appendix 7).

These findings suggest that companies that want to make a difference in their community should listen to employees and the community's concerns (refer to Chapter 5, Section 5.3.4). This is because making a difference in the community's wellbeing can contribute to the company's ability to outperform competitors.

The results reveal that the company tries to make a difference in the community in two ways: philanthropic giving and staff contribution. This strategy seeks to find a balance between maximising shareholder return, complying with international requirements, and avoiding criticism (Coady, 2007; Case Company Limited, 2007b; Friedman, 1970; Hillman & Keim, 2001; OECD, 2000; Persais, 2004; Ransom & Lober, 1999; see Chapter 2, Section 2.4.1). The case company uses community outreach activities to promote its products and brands in alignment with corporate values (see Chapter 5, Section 5.4.2). It becomes clear that strategic and commercial motivation drives the company's community involvement even though philanthropic giving intervenes.

“Doing the least required” and “all that is required” or “doing less than required” and “more than required” indicate the same concept of the social performance mode by being reactive, defensive, accommodative, or proactive (Clarkson 1995). It was expected that raters would indicate one social performance mode for their company. However, most respondents have ticked all of the performance modes (Chapter 5, Section 5.3.9) which makes it more difficult to draw a clear conclusion.

The purpose of the question was to identify the company’s performance mode with regard to employees and the community. However, the finding may indicate a lack of consensus about the company’s involvement in the community and its performance mode among respondents. Such a lack of consensus may also explain the very large discrepancy observed between the survey results and the company reports (see Chapter 5, Section 5.3.1) because some employees may interpret community involvement as compulsory activity rather than a strategic or philanthropic activity. The remarkable participation of senior staff in community activities is notable (refer to Chapter 5, Section 5.3.1) because the company’s management understands participating in community as a leadership activity.

A lack of consensus about the amount of money invested by the company was also observed in the response to the perceived average annual investment by the company in the community-based initiatives (see Chapter 5, Section 5.3.7). This issue and possible reasons relating to it will be discussed further in Section 6.2.6.

This discussion identifies multiple causal conditions for making a difference in community participation that the company combines with its various resources for the day-to-day operations and community involvement. In addition, various defining conditions such as employee age, length of employment with the company, values and attitudes, contribute to community-based activities (see Chapter 5, Section 5.3.1 and 5.3.5). The company reports on being proactive in community involvement, which aligns with the goal of anticipating its responsibility towards employees and the community. In demonstrating a high priority given to these areas of responsibility and engaging in dialogue with these stakeholders, this may be seen as a good sign of being proactive in solving stakeholder issues, as argued by Clarkson (1995) and Donaldson and Preston (1995) In Chapter 2, Section 2.4.5. This proactive stance confirms also that profit, consumer satisfaction, and societal wellbeing

may be values of equal importance to the company, as argued by Coldwell (2001, Chapter 2, Section 2.3.1).

Results show also that while the company does not enter into any bargaining with government for the co-funding of social projects, it does enter into partnership with government agencies and other businesses to contribute to community wellbeing (Chapter 5, Section 5.3.4). These findings support previously expressed work by Freeman and McVea (2001), Das and Teng (2000), and Snow, Miles, and Coleman (1992) who have advocated the use of strategic alliances by partnering with all stakeholders in order to achieve key outcomes of social wellbeing. These particular relationships may derive from the company's industry and the nature of its activities.

The case company adapts its internal environment to changing demographics for their customer satisfaction by integrating new skills and leveraging diversity. The company achieves this with the recruitment of multilingual staff to attract and to help non-English speaking customers. In doing so, the company demonstrates its acceptance of uniqueness and differences among staff. By valuing diversity the company taps into a wide range of skills and experiences collected from around the world. This corporate culture helps to attract talent and to leverage the various dynamic capabilities, encouraging a learning environment that fosters organisational growth (Eisenhardt & Martin, 2000; Knuckey et al., 2002). It also contributes toward changing some of the traditional attitudes within the company, in order to take advantage of opportunities arising from diversity (as shown in the comment by Interviewee P regarding cultures and demographic change (see Chapter 5 Section 5.4.2.6, see also Chapter 2, Section 2.2.3, New Zealand Ministry of Economic Development, New Zealand Ministry of Social Development, New Zealand Dept of Labour, & New Zealand Dept of Statistics, 2003) For a people-centred organisation, as is the situation with the case company in this study, this stance contributes to the enhancement of the wellbeing of employees and ultimately of the community while building societal capital (as argued by e.g. Hofstede, 2003; Ross, Bainbridge, & Jacobsen, 2001 - see Chapter 2, Section 2.3.3.3). Therefore, companies that want to take advantage of challenges and opportunities offered by community wellbeing involvement need to challenge traditional ways of thinking and doing business. Such a challenging frame of

reference has to be constantly set against the changing environment as argued by (Smircich and Stubbart (1985) (see Chapter 2, Section 2.5.2).

The case company in the study contributed 0.11% of its Net Profit After Tax to community initiatives. While the absolute value is a considerable amount of money (\$1,069,107), the ratio is low when compared with the 1% (NPBT) perceived standard and/or 5% hallmark for US corporate giving (Coady, 2007, see Chapter 2, Section 2.3.3.5). However, as there is no available national data to benchmark against with regard to the New Zealand industry norm for corporate giving, this conclusion may need to be read with caution in terms of generalising the result from a larger population (such as the US). Even though the company strives to find a balance between all stakeholders' interests including those of staff, customers, the community, and shareholders, as indicated in the Case Company's annual report (2007b), this particular case company might be far behind the international benchmark.

However, as commentators note, attaining the primary objective of the business and contributing to the community wellbeing may be both complementary and conflicting at the same time (Friedman, 1970; Jones & Wicks, 1999). This conflict leaves some feeling of unsatisfied needs among staff as expressed by interviewee K who advocated for more and better community activities (refer to Chapter 5, Section 5.4.1.7). One way of overcoming this dissatisfaction might be to increase staff participation in volunteer activities from 12 per cent to 60 per cent, for example, because there is a mismatch between employees' actual engagement (60%) and the overall reported level of participation (12%). Meanwhile employees have suggested doubling their community involvement to two volunteer days per year.

#### **6.2.4. GIVING BACK TO THE COMMUNITY**

Results show that the company's involvement in the community generates a range of outcomes for the company, the employees and the community in monetary funds and intangibles such as reputation (refer to Chapter 5, section 5.5). These outcomes support the claims that giving back to the community may secure long term success for the company through investing in reputation and trust and is consistent with Hillman and Keim, 2001, discussed in Chapter 2, Section 2.2.3.4. Such assets may constitute distinctive capabilities (as suggested by Barney, 1986, 1991; Eisenhardt & Martin, 2000; Knuckey et al., 2002, see Chapter 2, Section 2.3.4.1). These capabilities may in turn generate a source of competitive advantage (as discussed by Carroll, 1979; Hillman & Keim, 2001; Hussey, 2000; McGuire, Sundgren, & Schneeweis, 1988; Roberts & King, 1989, see Chapter 2, Section 2.2.3.4). These findings suggest that future focused companies give back to the community and therefore invest for their long term success and goodwill. Unmet needs may present new business opportunities.

Employees' moral values are an important part of corporate culture and being seen to "do the right thing". As interviewee H (manager) reported, reinvesting in or giving back to the community is the right thing to do (see Chapter 5, Section 5.4.3.1). If this is a strategic action that contributes to securing the long term success of the company, it may also support the claim that social responsibility is a fashion because people do what others do (Parket & Eilbirt, 1975; Ross, Bainbridge, & Jacobsen, 2001, refer to Chapter 2, Section 2.2.4 and 2.3.1). This interpretation may also reflect the views of critics such as Friedman (1970) for whom any form of corporate social responsibility is regarded as "window-dressing" and a passing "fad" and therefore somewhat disingenuous. It also denotes a moral element as argued by Carroll (1979) (see Chapter 2, Section 2.4.2).

#### **6.2.5. SUPPORTING EMPLOYEES**

The results indicate that the company deals proactively with employees' wellbeing concerns and contributes not only to their physical wellbeing. The company also contributes to the psychological, social, economic and environmental wellbeing of their

employees, as indicated by the rating given to this activity (refer to Chapter 5, Section 5.3.8) and supported by all interviewees in Chapter 5, Section 5.4.4.5 and 5.4.4.6. Even though this strategy stems from a corporate sense of social responsibility towards employees, it also supports the claim from the literature that all groups work on a basis of mutual trust and reputation for a measurable economic exchange between stakeholders. In adopting a proactive stance the company contributes toward shaping societal standards as well as delivering employee satisfaction (as argued by Jones & Wicks, 1999; Kearns, 1994; Milligan, Fabian, Coope, & Errington, 2006; refer to Chapter 2, Section 2.3.3.5).

Results also reveal that there is a positive association between employees' needs; community involvement and corporate contribution (refer to Chapter 5, Section 5.3.4). This finding supports the claim that internal stakeholders (shareholders, managers, employees) have to be satisfied first, in the interests of the business, while still complying with the legal requirements required by the government and the banking industry before expanding into any voluntary activities for the whole community (Williams & Cooper, 1999).

The above discussion fits the following proposition:

***Proposition 1:*** *At an individual or organisational level, the behavioural predispositions of different stakeholders based on their different and changing needs, their mental models, their perceptions, their values and the beliefs they hold, the information they receive, and their roles influence the performance mode (reactive, defensive, accommodative, or proactive) and serve as a trigger for the organisation that stimulate a strategic response to social needs.*

For the case company examined in this study, a proactive stance based on the stakeholders' values triggered positive outcomes to enhance community wellbeing.

### **6.2.6. EMPOWERING EMPLOYEES**

Results show that the company acknowledges its social responsibility towards its employees and the community by providing extra care for those employees and sending them out into the community to contribute to the alleviation of social concerns. The case company put in place procedures and mechanisms to respond to social needs within the community it operates in and where employees live.

Although many employees contribute to community wellbeing through the cause they support, the results also indicate that there is a non-participation rate that may be explained by the employees' personal values such as attitudes to teamwork, caring for one another, work-life balance, altruism, etc., and the length of employment with the company (as highlighted in Chapter 5, Sections 5.3.1, 5.3.2, 5.3.5, 5.4.1.4) as argued by Coldwell (2001) who indicated that social issues have different salience for specific individuals (see Chapter 2, Section 2.4.2).

Results indicate that empowering employees occurs through their involvement in the decision making process and by providing them with necessary resources (refer to Chapter 5, Section 5.4.5.2). As shown by the results of this study, 22 percent of the respondents to the questionnaire survey do not know the average annual amount the case company is investing within the community (refer to Chapter 5, Section 5.3.7). This finding may be attributed to unavailability of internal data (refer to Chapter 5, 5.4.3.5) and the lack of awareness of the staff foundation, as reported by interviewee K (refer to Chapter 5, Section 5.4.2.5). These deductions may also be explained in part by the underlying issues of under-reporting (see Chapter 2, Section 2.2.5.3).

The issue of lack of consensus mentioned in Section 6.2.3 and the magnitude of the difference in participation to community programmes may denote a loophole within the internal communication process and the reporting system. This suggestion may be supported also by the differential in understanding about what constitutes a value-led organisation (see Chapter 5, Section 5.4.4.5), awareness of employees' wellbeing programmes (see Chapter 5, Section 5.3.6), perception of compulsory versus volunteer days

(see Chapter 5, Section 5.4.1.4.), and participating in the staff foundation (see Chapter 5, Section 5.4.26). These are arenas of improvement in the feed-forward learning process.

Findings where staff sit together to decide what activities to undertake in the community (see Chapter 5, Section 5.4.5.4) support the decision making process that sometimes takes the form of the *participatory decision-making style* and the commitment of resources (as argued by Chung & McLamey, 1999; Khalil 2000 in relation to the decision making process and organisation enablers). (See also Chapter 2, Section 2.2.5 and Section 2.5). However, the sponsorship process at company level follows the *bounded rationality* model in meeting the company's branding objectives within congruent values, which may be a limitation for a full participation when selecting the best alternative for community involvement activities as argued by Eisenhardt and Zbaracki (1992), and Pinfield (1986), (see Chapter 2, Section 2.2.5). Nonetheless, social involvement helps the company to take advantage of new opportunities to achieve the business objectives as discussed in Chapter 2, Sections. 2.2.5.2 and 2.3.4.1. At the same time participating employees feel good through their contribution to the process (refer to Chapter 5, Section 5.4.2.4) which may be a motivator for employees' engagement as argued by various authors such as Kinicki and Kreitner (2003), and Williams and Cooper (1999), (see Chapter 2, Section 2.3.4.1). Therefore, companies that aim to make a difference may include the participatory decision making style to empower their employees. The feel good factor may be seen as an employee's esteem factor (as argued by Maslow, see Chapter 2, Section 2.2.7.2) which may suggest that once satisfied at this point, employees' needs will move to the next scale of self-actualisation. Unmet needs may also explain the fact that all employees are not participating in community-based activities.

Increasing the participation rate of staff in community-based activities needs a blend of the *garbage can* model proposed by Eisenhardt and Zbaracki (1992) (refer to Chapter 2, Section 2.2.5.1) with increasing awareness of the benefit for the company and employees' participation as argued by Bryson (1988) and Donaldson and Preston (1995) (see Chapter 2, Section 2.2.6). The *garbage can model* is a model of decision making that solves problems as they arise or has solutions to unexpected problems (refer to Chapter 2, Section 2.2.5.1). Although this model suggests a rubbish collection process and may have a negative association, its analogy underlines the ability to respond to any arising problem at any time.

The case company uses this model when people struggle to identify a volunteer day initiative (Case Company Local Market Newsletter, see section 5.4.2.4). These decision making processes for social involvement contribute to matching social need with corporate need, namely the ability to contribute. Such processes also consider the seriousness of social need, meeting the interests of top executives, and taking into account the public relations value of social action as suggested by Carroll (1979) (refer to Chapter 2, Section 2.3.3.5), for demonstrating good social responsibility. However, there is a potential contradiction here if the company is not reporting publicly the full extent of their community activities for fear of competitors copying.

Results also indicate that the case company learns by doing, even by mistakes, as Interviewee N (manager) revealed (refer to Chapter 5, Section 5.5).

The above findings and discussion fits the two following propositions:

***Proposition 3:*** *The organisation's community engagement and relevant outcome in turn generate double-loop learning from feedback that affects both the organisation and the stakeholders' position and creates an environment for continuous improvement.*

For the case company examined in this study, deciding what community activities to be involved in is a learning process for both the organisation and employees. Feedback is provided at all stages of the process for a continuous improvement.

***Proposition 4:*** *The double-loop learning also generates feed-forward that affects and changes needs, mental models and stimulates new behavioural attitudes and roles among stakeholders.*

For the case company, a predisposition to learn and listening to stakeholders contribute continually to improving performance. However, improving the reporting system could contribute to further improvement in staff participation in community-based activities by making them more aware of the extent of the company's contribution and thereby acting as a motivator through a sense of pride that builds from their own and the company's involvement.

### 6.3. POSITIONING STAKEHOLDERS

Results reveal that 60 percent of employees in the company are engaged in community wellbeing projects (refer to Chapter 5, Section 5.4.1.7). If 60 percent of the company's employees are willing to advocate for the company, are committed to stay with and be motivated to contribute their best to the organisation, there remains an area of 40 percent for improvement. This 60 percent of willing employees may be seen as the main supporters shown in Figure 6.1 as suggested by Bryson (1988).

**Figure 6.1. Employees Position**

Issue Position	Oppose	-5	Problematic	Antagonistic	
	Support	0	Low priority	Supporters <ul style="list-style-type: none"> <li>• Employee engagement 60%</li> </ul>	
		+5	1	5	10
			Least	Importance	Most

Adapted from: Bryson (1988)

The difference between the 60 percent employee engagement indicated in the case company report and the 79 percent of respondents to the questionnaire, who have been involved in community-based activities during the last twelve months, may be explained by the small number of respondents, 34 in total. This number may not be representative of the entire company. This finding conflicts with the 12 percent of the overall participation in community activities. Therefore, there is insufficient evidence to conclude or to position the remaining 40 percent as to whether they are antagonistic, regard such activities as low priority or could be problematic stakeholders with regard to the company's objectives and wellbeing. Nonetheless, the company may be better off if employees' participation is improved. Such a strategy might be possible by using Bryson's (1988) suggestions to convert those problematic and low priority stakeholders into supporters (see Chapter 2, Section 2.2.6).

Despite these unclear results, those employees are *primary stakeholders* whose actions are essential for the survival of the organisation as well as the fulfilment of communities' demands and expectations. For this reason employees need to be satisfied with regard to

their personal wellbeing in order to contribute their best to the company and the community, as argued by Clarkson (1995) (see Chapter 2, Section 2.2.7.1).

Employees' actions or inactions may affect the customer, the *strategic stakeholder*, who can in turn affect the fortunes of the organisation (as highlighted by Frooman, 1999) through using (or refusing) the company's services. If customer satisfaction is low, the company's profits may be negatively affected as well as the shareholders' value and return. Conversely, customer satisfaction may increase these indicators, thus affecting positively the employees' ability to participate fully in community wellbeing initiatives. However, the participation gap identified in this study may leave employees with unmet expectations.

The findings discussed above represent conditions, causes, processes and consequences (as identified in the previous chapter) that fit the following proposition:

**Proposition 2:** *The positioning of the organisation's primary stakeholder as supporter, low priority, problematic, or antagonistic to the idea of community involvement, is related to the performance mode of the organisation and expected outcomes for wellbeing as it helps to develop overall corporate strategy including community engagement.*

For the case company, identifying employees' position as primary stakeholders helps improve social performance and involvement in community-based activities.

## **6.4. SUMMARY**

This study has investigated how employees in a New Zealand company view their organisation's involvement in community-based initiatives to address areas of social need. The study used the abundant extant literature to propose an integrated framework that may help analyse the relationships between an organisation and its stakeholders in terms of process and outcomes suggested by Jones and Wicks (1999).

The existing framework used by the Ministry of Social Development (2003, 2005) to monitor changes in key indicators of wellbeing provides little or no information as to how organisations are contributing to enhance those key indicators. Going beyond abstract conceptualisations, the research uses a case study to examine an example of a company's community engagement in order to develop and initially test the framework for its applicability as a tool for assessing key outcomes of social wellbeing to New Zealand communities.

The framework uses the five following steps:

### **Step 1: Identification of stakeholders**

This study agrees with previous research and recommendations from the literature that companies need to be aware of and to recognise the importance of its key stakeholders. While employees are key players in transforming business plans into profits in adding value for shareholders, society-at-large is also an important stakeholder. These two groups have the power to influence the short and the long term prospects of an organisation as argued by many authors such as Cooper, Leung, Mathews, Carlson, and Mathews (1998), Donaldson and Preston (1995), and Lawrence, Davey, Low (2001), and Roberts and King (1989) in Chapter 2 and 3 and confirmed by the results in Chapter 5.

### **Step 2: Identification of their needs, values, demands/expectations, perceptions**

The study's results show that there is a strong relationship between the behavioural attitudes suggested by Slovic, Fischhoff and Lichtenstein (1977), especially congruence of the company's values and employees' personal values and achieving the company's objectives as well as contributing to wellbeing programmes, as argued by Nadler and Tushman (1989) and Wolfenden and Welch (2000). Managers and employees' personal

wellbeing matters first then family and community wellbeing come in play, as suggested by many authors such as Williams and Cooper (1999) in Chapter 2.

### **Step 3: Positioning stakeholders within a stakeholders' typology**

Stakeholders may take the stance of being supporters, low priority, problematic, or antagonistic, as suggested by Bryson (1988). The company needs to understand such positioning to elaborate an adequate strategy to achieve its business objectives and to positively contribute to community wellbeing.

### **Step 4: Assessing the organisational enablers**

Wellbeing programmes need a commitment of resources as argued by Mintzberg, Raisinighani, and Théorêt (1976) and Khalil (2000) (see chapter 2, Section 2.2.3.4 and 2.5.2). The company operates within a changing environment that needs to be constantly adapted and has invested in other many resources (human and material) and structures. These enablers are used to develop customer loyalty through a stronger community spirit as confirmed by the results in Chapter 5. Encouraging a community spirit contributes to strengthen an efficient and effective relationship, human interaction, trust, reliability and competencies among its employees. This frame of reference enables the company to understand the making decision process used by its management to add value to shareholders whether for operational or strategic projects that include wellbeing programmes.

### **Step 5: Understanding the outcomes and the performance mode**

To achieve its objectives the company is proactively participating in, making a difference and giving back to the community, as well as supporting and empowering employees, as suggested by Clarkson (1995). These activities are steered by and take into account catalytic forces of cooperation and competition as argued by Mintzberg (1991). The proactive stance provides a responsive and agile capability to increase shareholder value. However the company does not bargain with the government for co-funding wellbeing programmes. Such a stance may be suggested by the nature of the business of the company which is to attract funds and to sell finance.

This chapter has summarised and discussed the findings. The next chapter concludes the study.

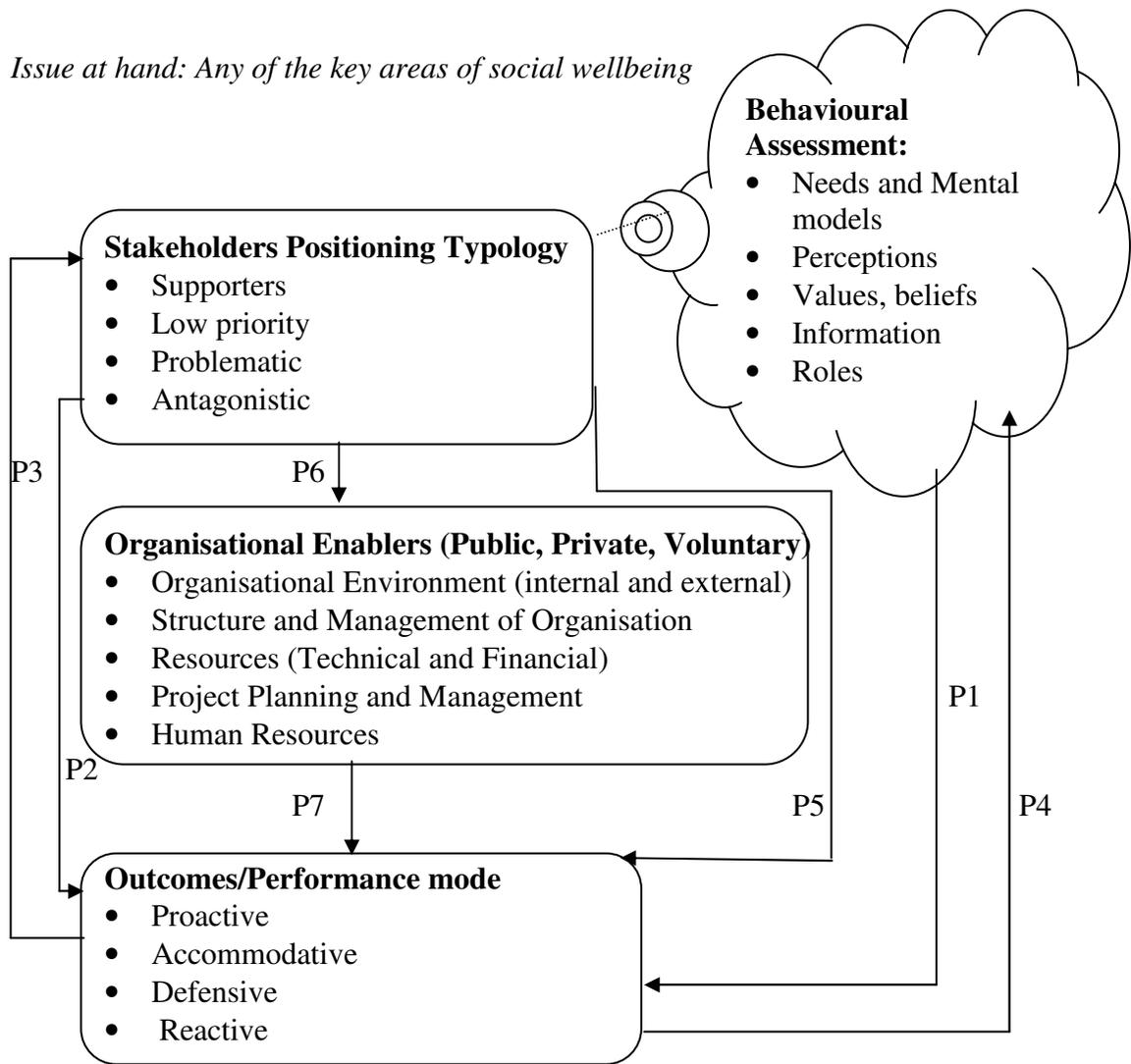
## **Chapter 7. CONCLUSION**

### **7.1. INTRODUCTION**

The study has: (1) examined practices and procedures organisations use to enhance their community's wellbeing within the New Zealand context; and (2) assessed and interpreted an organisation's achievement within the area of community wellbeing involvement. The study provides initial preliminary testing (refer to Chapter 6) of the framework developed in Chapter 3 and described below.

The previous chapter discussed key findings interpreted in relation to various theoretical concepts drawn from the literature review. This chapter revisits the framework and summarises key findings, identifies the study's limitations, considers the theoretical implications and practical applications of the study, and recommends areas for further research.

**Figure 7.1. A Stakeholders and Organisational Enablers Relationship**



Source: Model developed from a combination of Bryson (1988), Clarkson (1995), Khalil (2000) and the behavioural approach (Slovic, Fischhoff, & Lichtenstein, 1977).

This model depicts the relationships between an organisation and its stakeholders. Any key area of social wellbeing may be an issue at hand that constitutes a need to be satisfied. Wellbeing has been seen as a multidimensional need that can be conditioned by behavioural attitudes such as mental models, perceptions, values, beliefs and information. Reaching this desirable end state may be achieved individually (P1). This process generates feedback (P4). Wellbeing can also be achieved collectively through other stakeholders and their feedback (P2 and P3) or through organisations (P5 to P7). The three latter propositions may be tested in future research.

Using previous models developed by other researchers, this model proposes an integrated framework to bridge the gap between understanding the factors that impact on stakeholders and their participation in community programmes identified in Chapter 2 to enable a richer analysis of an organisation and its stakeholders.

## **7.2. SUMMARY OF KEY FINDINGS**

The principal contribution from the current case study to understanding community engagement in the New Zealand context is classified under five categories of activities: participating in the community, making a difference in the community, giving back to the community, supporting employees and empowering employees. The activities within these five categories are put into practice by way of sponsorship, matching staff donations and volunteering.

The case company can be seen as providing leadership in community involvement because its activities go beyond the legal commercial requirements. Contributing to community involvement is integral to the company's philosophy and its core business. But this is not to say that other companies are not also doing the same or more. Such community involvement encompasses mandatory, commercial or strategic and proactive charitable contributions.

The company strives to reconcile the conflicting interests of the various stakeholders, thus embracing a future focussed perspective by building good relationships which will contribute to the future success for the business (i.e. thinking about what will be good for business). By caring for employees who represent the New Zealand ethnic and social fabric the company positions itself for taking part in the opportunities offered by that ethnic mix. The company invests in trust, reputation and good exposure in the community, and also ties its contribution to promoting its brand, to creating new products and services and increasing employee engagement with both the company and the community. This is a strategic orientation that aims to build distinctive capabilities and increase market share and shareholder value.

However, for various reasons as discussed, including their own values, not all employees are voluntarily participating in the company's community-based activities, despite the

encouragement by the company of a paid day to do so, as evidenced by the 60 percent engagement rate. While it is understandable that not all employees want to participate in community-based activities, the company needs to work harder on convincing a larger proportion of employees about the benefits of being involved in such activities, such as increased customer satisfaction, business visibility, growth and sustainability. If these are benefits for the company and would not necessarily benefit or motivate individuals, staff members have to get their own needs satisfied and expectations met. Because not all people might be equally sensitive to the area of social need, the company could work on raising such awareness given the implications for profitability and securing its long term financial position. For this reason the case company may be missing opportunities to increase shareholder value. The company may need to undertake internal research in order to find out what might motivate non-participating employees into community-based programmes to reducing their resistance and thereby helping to increase shareholder value.

Another area of improvement might be the internal communication and the understanding of the corporate values shared by all employees. Those people-oriented values such as community spirit help to promote a long-lasting relationship with the whole community that potentially will enhance the company's survival and growth. Shared values and employees' motivation caused by positive individual feelings such as feeling good about doing good in the community might be associated with generating better company performance.

### **7.3. LIMITATIONS**

This study has some limitations. Firstly, the scope of the research was limited to one company whereas the conceptual model applies in principle to all sectors (private, public, and non-profit) of the economy as discussed within the literature review. Due to time, cost and other constraints the research was based on a single case study and cannot thus be generalised across all sectors, industries and organisations. The results may therefore be limited regarding generalisation to organisations outside the industry with regard to modelling or developing grand theories (Strauss & Corbin, 1990) about community involvement.

Secondly, the research design was intended to provide insight gained from employees' perspectives of their organisation's involvement in community based-activities. It would have been useful also to collect the views of other stakeholders including communities that have received the service of this company and those who have not, for comparative purposes. However, such comparisons would have enlarged the scope of the study beyond the requirements for this research.

Thirdly, while the case company operates nationwide, the data was collected in the Auckland area only. The company has twelve local markets that may operate differently given the flexibility and the effort observed by the researcher within some branches to find ways of participating in community involvement. Other regions and other employees may have had further contributions to offer to this study. This may limit within-case aggregation and also generalisation of findings.

Finally, the intention for data collection was to access individuals who were involved in community-based initiatives. As it appears in the data, there are some employees who have not yet participated in those activities. They may also have had useful thoughts that, through interviews, could have contributed to a better understanding of the process.

## **7.5. IMPLICATIONS FOR FUTURE RESEARCH**

The above limitations indicate opportunities for further research. Firstly, extending the research to a multiple case study, either within the banking industry or across diverse industries, would provide further insight into companies' involvement in community-based activities. A larger sample would provide more extensive data, thus greater generalisation.

Extending the research to community and other stakeholders would provide a two-way perspective that would also contribute to a better understanding of the relationships between the company and its external stakeholders.

Given the inconclusive studies on the relationships between corporate social involvement and financial performance in the extant literature (Aupperle, Carroll, & Hatfield, 1985; Sturdivant & Ginter, 1977; Ullmann, 1985), it would be useful to examine this aspect further by undertaking such a study in New Zealand. A study of this kind may also

consider measuring observed variables such as corporate reputation, trust, and other dimensional ranges provided by the data collected for this study. Such dimensional ranges may be useful for measuring organisations' social performance and responsiveness to social needs. This study was not designed to meet such objectives.

#### **7.4. APPLICATIONS**

Going beyond abstract conceptualisations, this research provides the basis for developing and testing an initial framework for its applicability as a tool for assessing key outcomes of social wellbeing in New Zealand communities. The 5-step process, identification of stakeholders; identification of their needs, values, demands/expectations, perceptions; positioning stakeholders within a stakeholders' typology; assessing the organisational enablers; and understanding the outcomes and the performance mode would help to assess more meaningfully the organisation's achievement in contributing to enhance community wellbeing. This in turn could enhance double-loop learning and efforts and constant improvement in managing community wellbeing initiatives.

Once validated after empirical testing, managers and other stakeholders may use the framework for assessing their responsiveness to community wellbeing and the potential trade-offs. Researchers may extend the study to further areas of improvement in delivering on community engagement programmes and contribute more in-depth knowledge relating to organisations and community wellbeing. Policymakers may use the framework as a basis for assessment of the efficiency of social policies and seeking partnerships with other organisations in such programmes. Community organisations may also use the framework when seeking to build relationships with businesses to enhance their wellbeing.

#### **7.6. CONCLUDING SUMMARY**

This study investigated (1) practices and procedures organisations use to enhance the New Zealand community's wellbeing; and (2) attempted to provide and interpret an organisation's achievement through its involvement in enhancing community wellbeing.

The research taps into extensive existing literature in the field of management. Capturing subtleties from various perspectives, the theoretical contribution of the study is the provision of an integrated framework built from the interpretation of the stakeholder model developed by Bryson (1988), the behavioural approach suggested by Slovic, Fischhoff and Lichtenstein (1977), the reactive-defensive-accommodative-proactive scale model presented by Clarkson (1995), and the organisational enablers' model advocated by Khalil (2000). Therefore, this study bridges an identified gap in analysing the relationship between organisations and their stakeholders. The study has provided useful insights into an organisation's process and motivation in community involvement and how to engage employees as committed advocates of the organisation. These insights may provide the basis of a diagnostic tool needed to develop a better understanding of the employee perspective of this process.

This study has used the grounded theory technique to analyse data collected from one New Zealand company case study. Further research areas have been identified to complete the study, thus opening a window of opportunity for potential generalisation of the conclusions and further refinement of the framework.

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## **APPENDICES**

## **Appendix 1. Questionnaire**



1. **New Zealand uses 10 domains to measure desired outcomes of social wellbeing (please refer to the appendix at end of the questionnaire for the meaning of each item). Please rank them according to your own personal view, on a scale of 1 to 10, with 1 being the most important area of social well-being.**  
*(Please enter your ranking number in the column headed “Your rank” against each item of social well-being listed below)*

Key areas of social wellbeing	Your rank	
Health		[1]
Knowledge and Skills		[2]
Paid Work		[3]
Economic Standard of Living		[4]
Civil and Political Rights		[5]
Cultural Identity		[6]
Leisure and Recreation		[7]
Physical Environment		[8]
Safety		[9]
Social Connectedness		[10]

2. **Could you please provide the reason (s) for your first choice?**

.....

.....

.....

.....

.....

.....

**3. To what extent do you as an employee of your organisation agree with the following statements?**

*(Please tick in the relevant cell a number closest to your opinion about each of the following four items listed below – ranging from 1 for strongly agree to 5 for strongly disagree)*

	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
The organisation spends as much time as possible:	1	2	3	4	5
Listening to what customers have to say about our organisation					
Listening to employees needs for their wellbeing					
Community involvement and contribution to the wellbeing of members of community groups					
Bargaining with government on funding activities of community based programmes					

**4. To what extent do you personally think the factors below are likely to influence a person's feeling of wellbeing within an organisation like yours?**

*(Please tick in the relevant box a number closest to your opinion about each of the following ten items listed below – ranging from 1 for very likely to 5 for less likely)*

	Very likely		Neutral		Less likely
	1	2	3	4	5
Their attitude about life and others					
Their values about society and the world around them					
Their beliefs about society and the world around them					
The way they interpret situations					
The way they interpret events					
The role they play in society					
Their own needs and expectations					
The information they receive					
Their personal efforts					
The support they receive from others in the organisation					

**5. What project(s) does your organisation support within the community (e.g. sponsorships, business support, awards, seminars, attending fund raising events, schools...)?**

.....

.....

.....

.....

.....

**6. In the last past five years, how much funding do you believe your organisation has invested annually (on average) within the community?**

Under \$25,000		[1]
Between \$25,000 and \$100,000		[2]
Between \$100,001 and \$175,000		[3]
Between \$175,001 and \$250,000		[4]
Between \$250,001 and \$325,000		[5]
Between \$325,001 and \$400,000		[6]
Over \$400,001		[7]
I don't know		[8]

**7. In your own personal opinion how does your organisation deal with employees' concerns with regard to wellbeing?**

*(Please circle a number closest to your opinion about each of the following four statements)*

Doing all that is required	6	5	4	3	2	1	Doing the least required
Doing less than required	6	5	4	3	2	1	Doing more than required
Giving high priority	6	5	4	3	2	1	Giving low priority
Is opposed to dealing with	6	5	4	3	2	1	Supports dealing with
Avoids dealing with	6	5	4	3	2	1	Engages with employees to deal with

**8. In your own personal opinion how does your organisation deal with the community's concerns with regard to wellbeing?**

*(Please circle a number closest to your opinion about each of the following five statements)*

Doing all that is required	6	5	4	3	2	1	Doing the least required
Doing less than required	6	5	4	3	2	1	Doing more than required
Giving high priority	6	5	4	3	2	1	Giving low priority
Is opposed to dealing with	6	5	4	3	2	1	Supports dealing with
Avoids dealing with	6	5	4	3	2	1	Engages with the community to deal with

**9. Have you been personally involved as an employee in any community well-being activity sponsored by your organisation during the past 12 months?**

*(Please circle either “Yes” or “No” below)*

[1] Yes      [2] No

**If yes,**

What kind of activity have you been involved in?

.....

**Could you please give:**

(a) your own personal reason(s) for your involvement?

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

(b) The key outcomes for the organization from this activity?

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

**10. In your own personal opinion do you believe your organisation considers ethnic diversity in employment as:**

*(Please tick in the relevant box a number closest to your opinion about each of the following two items listed below – ranging from 1 for strongly agree to 5 for strongly disagree)*

	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
	1	2	3	4	5
A good thing to be encouraged for business					
Investing in diversity is not the best use of firm’s resources					

**11. Are you***(Please circle relevant item)*

[1] Female      or [2] Male

**12. What is your position? (Title) .....***(Please circle relevant item)*

[1] Managerial                      [2] Non-Managerial

**13. How long have you been working for this organisation?***(Please tick the appropriate box)*

Less than one year	[1]
Between 1 and 3 years	[2]
Between 3 and 7 years	[3]
Between 7 and 10 years	[4]
More than 10 years	[5]

**14. What is your age range?***(Please tick the appropriate box)*

Less than 18 years old	[1]
Between 18 and 30 years old	[2]
Between 30 and 42 years	[3]
Between 42 and 54 years	[4]
Between 54 and 65 years	[5]
Over 65 years	[6]

**15. Would you like to receive a summary of the results of this survey?**

[1] Yes      [2] No

If yes, could you please include your contact details?

*Thank you for completing this questionnaire.*

<b>Appendix. Areas and Desired Social Outcome</b>			
<b>1.</b>	<b>Health</b>	<b>6.</b>	<b>Cultural Identity</b>
	All people have the opportunity to enjoy long and healthy lives. Avoidable deaths, disease, and injuries are prevented. All people have the ability to function, participate, and live independently or appropriately supported in society.		New Zealanders share a strong national identity, have a sense of belonging, and value cultural diversity. All people are able to pass different cultural traditions on to future generations. Maori culture is valued and protected.
<b>2.</b>	<b>Knowledge and Skills</b>	<b>7.</b>	<b>Leisure and Recreation</b>
	All people have knowledge and skills they need to participate fully in society. Lifelong learning and education are valued and supported. All people have the necessary skills to participate in a knowledge society.		All people are satisfied with their participation in leisure and recreation activities. All people have adequate time in which they can do what they want to do, and can access an adequate range of different opportunities for leisure and recreation.
<b>3.</b>	<b>Paid Work</b>	<b>8.</b>	<b>Physical Environment</b>
	All people have access to meaningful, rewarding and safe employment. An appropriate balance is maintained between paid work and other aspects of life.		The natural and built environment in which people live is clean, healthy, and beautiful. All people are able to access natural areas and public spaces.
<b>4.</b>	<b>Economic Standard of Living</b>	<b>9.</b>	<b>Safety</b>
	New Zealand is a prosperous society, reflecting the value of both paid and unpaid work. All people have access to adequate incomes and decent, affordable housing that meets their needs. With an adequate standard of living, people are well-placed to participate fully in society and to exercise choice about how to live their lives.		All people enjoy physical safety and feel secure. People are free from victimisation, abuse, violence and avoidable injury.
<b>5.</b>	<b>Civil and Political Rights</b>	<b>10.</b>	<b>Social Connectedness</b>
	All people enjoy civil and political rights. Mechanisms to regulate and arbitrate people's rights in respect of each other are trustworthy.		People enjoy constructive relationships with others in their families, whanau, communities, iwi and workplaces. Families support and nurture those in need of care. New Zealand is an inclusive society where people are able to access information and support.

**Appendix 2. Interviews Indicative Questions**



## Organisations and Community Involvement from the Employees' Perspective

### Indicative Interview Questions

1. What is your personal view on the relationship between corporate social performance, corporate financial performance and corporate reputation?
2. What would you personally consider to be results that could be expected from the bank's investment in community based programmes from:
  - (a) the bank's perspective and
  - (b) from the community's perspective?
3. I would like to ask you about the community projects or programmes that the bank is involved with:
  - a) What community projects or programmes does the bank currently sponsor?
  - b) Who (i.e. what position title and level) in the bank is responsible for making the decisions about sponsoring these projects or programmes?
  - c) What is the process involved in such decisions?
  - d) What factors does the bank take into account when deciding to sponsor a particular project in favour of another?
4. How are the results of the bank's involvement in the community measured? (e.g. New clients/ repeat business, employees' participation...)
5. How long has the bank been sponsoring such activities?
6. Does the bank have any such community-based activities that are conjointly sponsored with other organisations, formally or informally?
7. Does the bank have to bargain any co-funding community-based activity with other organisations (i.e. government...)?
8. The Company pays one day per year to the employees to participate in community-based activity:
  - a) How many employees are in New Zealand?
  - b) How much is this community-based activity day worth (\$)?
  - c) How does the bank monitor if every employee uses the day for its intended purpose?

Note: Further questions were developed and included as relevant topics and issues emerged from the survey stage and from the interviews as these progressed, according to the principle of inductive research based on the theoretical sampling method (A. Strauss & Corbin, 1990)

**Appendix 3. Participant Information Sheet**

# Participant Information Sheet



## **Organisations and Community Involvement From the Employees' Perspective**

### **1. Date Information Sheet Produced:**

6th March 2007

### **2. An Invitation**

I invite you to participate in this study of what organisations do to deliver key outcomes of social wellbeing to New Zealand communities. This study involves branch staff at several Auckland Branches of the Bank. I believe that the Banking Group is an exemplary case because of the company's involvement in the community. Your participation would be on a voluntary basis. The findings of this research are intended to be used as the basis of an academic master's degree.

### **3. The purpose of this research**

Little is known about how employees in New Zealand companies view their organisation's involvement in community-based initiatives. The broad purpose of this study is to gain an insight into how a company such as the Bank integrates this type of initiative into their main business activity. This research, which will comprise two stages involving the completion of a questionnaire and a follow-up interview, will provide important information about your opinions on how community involvement is managed and viewed within your organisation.

### **4. How were you chosen for this invitation?**

For the first stage of this research your staff at your Bank Branch will be circulated with a brief questionnaire. Individuals who would like to contribute further to the study by agreeing to be interviewed will indicate this by completing a consent form. From among those staff a small number will be interviewed. This group will be randomly selected to provide a sample of views about the Bank's community involvement.

**5. What will happen in this research?**

The data gathered and its subsequent analysis will provide a picture of the Bank's approach to, and perceived effectiveness in, managing its internal processes with regard to its community involvement. It is hoped that this knowledge will lead to the projected specific benefits described below and contribute to more effective management of community-based programmes by New Zealand companies.

**6. What are the discomforts and risks?**

Potential discomforts and risks are associated with maintenance of privacy and confidentiality.

**7. How will these discomforts and risks be alleviated?**

These will be alleviated by:

1. Using any data gathered only for purposes that participants consent to
2. Keeping all data in a secure location, with access given only to participants and the researcher
3. The right for participants to have access to all personal data at any stage of the study
4. Requiring anyone other than the researcher to sign a confidentiality agreement when transcribing audio tapes or typing other research records
5. Removing potential identifiers of individual participants from all reporting of the data.

**8. What are the benefits?**

Because of the Bank's extensive involvement in the community with its social responsibility initiatives, this research will explore ways of developing a better understanding of stakeholder management within the organisation, the decision-making process for funding community projects, and management and reporting of such initiatives. The research would also be useful in contributing to the development of strategies to enhance the Bank's social performance management. As an employee, your contribution will be valuable in assisting this process by highlighting the role of staff in the organisations' community social engagement.

**9. How will your privacy and confidentiality be protected?**

See above with regard to alleviation of discomforts and risks.

**10. What are the costs of participating in this research?**

The cost associated with your participation is the time involved. The questionnaire will take approximately twenty minutes to complete. Interviews are anticipated to last approximately one hour.

**11. What opportunity do you have to consider this invitation?**

Please take a few days to consider this invitation. If, during that time, you decide that you would like further information or clarification about any aspect of the research, please contact me, Jean Pierre Karabadogomba, Tel (Bus): (09) 379 2395 extn 9219 (Tuesday to Thursday), Mobile: 027 367 9700 or my supervisor, Dr Coral Ingley, AUT University, Tel 09 921 9999 Extn 5419, email [coral.ingley@aut.ac.nz](mailto:coral.ingley@aut.ac.nz). Please do remember that your participation is voluntary and you will be free to withdraw from the research at any time through the data collection process.

**12. How do you agree to participate in this research?**

If you decide to participate by completing the questionnaire this will be taken as an indication of your consent. If you are willing to participate further in the study and would agree to be interviewed please complete the 'Consent to Participation in Research' form.

**13. Will you receive feedback on the results of this research?**

Should you wish to receive a summary copy of the findings of this research you will be able to request a copy on either the questionnaire or the consent form, or please contact Jean-Pierre Karabadogomba (contact information below).

**14. What do you do if you have concerns about this research?**

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor:

Dr Coral Ingley

Associate Professor of Management

Department of Management, International Business, Marketing & Advertising

Faculty of Business

AUT University

Tel: +64 9 921 9999 Extn 5419

Mob: +64 21 555 075

Fax: +64 9 921 9990

Email: coral.ingley@aut.ac.nz

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEK, Madeline Banda, *madeline.banda@aut.ac.nz*, 921 9999 ext 8044.

**15. Whom do you contact for further information about this research?**

Jean Pierre Karabadogomba

Tel (Bus): (09) 379 2395 extn 9219 (Tuesday to Thursday)

Mobile: 027 367 9700

**Approved by the Auckland University of Technology Ethics Committee on 31 March 2007, AUTEK Reference number 06/208.**

**Appendix 4. Consent Form**

# Consent Form



*Project title: Organisations and Community Involvement From the Employees' Perspective*

*Project Supervisor: Dr Coral Ingley*

*Researcher: Jean Pierre Karabadogomba*

- I have read and understood the information provided about this research project in the Information Sheet (dated 6<sup>th</sup> March 2007)
- I have had an opportunity to ask questions and to have them answered.
- I understand that the interviews will be audio-taped and transcribed.
- I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.
- If I withdraw, I understand that all relevant information including tapes and transcripts, or parts thereof, will be destroyed.
- I agree to take part in this research.
- I wish to receive a copy of the report from the research (please tick one): Yes  No

Participant's signature:

.....

Participant's name:

.....

Participant's Contact Details (if appropriate):

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

Date:

*Approved by the Auckland University of Technology Ethics Committee on 31 March 2007; AUTEK Reference number 06/208  
Note: The Participant should retain a copy of this form.*

**Appendix 5. Confidentiality Agreement**

# Confidentiality Agreement



*Project title: Organisations and Community Involvement From the Employees' Perspective*

*Project Supervisor: Dr Coral Ingley*

*Researcher: Jean Pierre Karabadogomba*

- I understand that all the material I will be asked to transcribe is confidential.
- I understand that the contents of the tapes or recordings can only be discussed with the researcher.
- I will not keep any copies of the transcripts nor allow third parties access to them while the work is in progress.

Transcriber's Signature:

.....

Transcriber's Name:

.....

Transcriber's Contact Details:

.....

.....

Date:

Project Supervisor's Contact Details:

Dr Coral Ingley

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*Approved by the Auckland University of Technology Ethics Committee on 31 March 2007. AUTEK Reference number 06/208*

*Note: The Transcriber should retain a copy of this form.*

### Appendix 6. First Choice Ranking of Key Areas of Social Wellbeing

Key areas of social wellbeing	Managerial		Non Managerial		Total	
	Number	% To Total	Number	% To Total	Number	% To Total
Health	6	17	16	47	22	64
Knowledge and Skills	3	9	2	6	5	15
Paid Work	1	3	2	6	3	9
Economic Standard of Living			2	6	2	6
Civil and Political Rights						
Cultural Identity			1	3	1	3
Leisure and Recreation			1	3	1	3
Physical Environment						
Safety						
Social Connectedness						
<b>Total</b>	<b>10</b>	<b>29</b>	<b>24</b>	<b>71</b>	<b>34</b>	<b>100</b>

## Appendix 7. Summary of Reasons for the First Choice

### QUESTION 2

Area of Social wellbeing	Respondents	Reasons	Consequences	Dimensions	Link		
Health	22	Critical for our people	Not able to participate fully in our community	Obesity			
			Socioeconomic			Economic standard of living	
		Little else can be achieved					
		Survival	Get paid			Leisure and Recreation	
			Be more active				
		Most important aspect	Health is wealth			Safety	
		Unable to achieve					
		Paramount factor; basement	Open other achievements				
		Affect ways you perceive situations	Ways of thinking; ability to do a job				
			Cannot enjoy things				
Be more productive							
	No meaning for other choices						
Knowledge and Skills	5	Making good choices	Access to job		Respect of environment; Afford health		
Paid Work	3	Can paid other things					
Civil and Political Rights			Potentiality of the country falling into anarchy	Lack			
Leisure and Recreation	1	Lifestyle	Open access to take advantage on a range of activities				
Social Connectedness	1	Value friends and family					
		Working relationships					
Economic Standard of living	2	Basic needs for everyone			Macro-environment		
		Economy first	Open opportunities				
Safety		Nothing else counts					
		Instinctive Survival techniques	Social standing				

## **Appendix 8. Analytical Frameworks and Data Management**

The analytic process builds on Strauss and Corbin's (1990) coding paradigm, Huberman and Miles' (1994) iterative model of data analysis, and Bartol, Martin, Tein, and Matthews' (2001) system model (input, process, outcomes, and feedback) to arrive at the data displayed in tables appended below (8.1 and 8.2).

Strauss and Corbin (1990) have suggested a paradigm model that has been useful for this study to arrive at the density and precision of the theory while thinking systematically about data to relate them in very complex ways. The paradigm applies three types of coding procedures: open coding, axial coding, and selective coding.

Open coding is a process that consists of “breaking down, examining, comparing, conceptualising, and categorising data” (Strauss & Corbin's, 1990, p. 61). This process was involved analysing words, phrases, and sentences in the survey questionnaire results, interviews transcripts, and company's documents. Codes were “in vivo”, meaning that the naming of categories was taken from words and phrases used by interviewees and documents.

According the same authors, axial coding is a set of procedures where data are put back together after open coding by making connections between categories. This involved examining causal conditions, context, action/interactional strategies and consequences. Comparisons are made through asking questions to identify Who? When? Where? What? How? How much? and Why? from the phenomena (or categories, sub-categories and properties).

Selective coding is defined as the process of selecting the core categories and validating the relationships between all categories discovered (Strauss & Corbin's, 1990). Categories discovered and validated were: participating in the community, making a difference in the community, giving back to the community, supporting employees, and empowering employees as displayed in Table 8.1 and 8.2 in the process column.

The three procedures do not necessarily take place in sequential stages but aim to maintain a balance among the attributes of creativity, rigor, persistence, and theoretical sensitivity.

Analysis is conducted through questioning the data and is structured around the above coding paradigm. Each question was likely to stimulate a series of more specific and related questions, which in turn led to the development of categories, properties, and their dimensions (Glaser & Strauss, 1967; Strauss & Corbin, 1990; Strauss, 1987). The activity aimed to provide a chain of evidence that consists of the explicit citation of particular pieces of evidence, as one shifts from data collection to within-case analysis...and to overall findings and conclusion (Yin, 1981, 2003). An example of this coding process is summarised within the following table that illustrates one of the categories discovered and the coding paradigm.

<i>Causal condition</i>	<i>Phenomenon</i> <b>Making a difference in the community</b>	
<i>Properties of Making a difference in the community</i>	<i>Specific Dimensional Range of Making a difference in the community</i>	
Sponsorship relevance	One-off	Continuous
Sponsorship visibility	Low	High
Culture and values: (Most needy)	Impenetrable or hostile	Open culture
	Reducing opportunities	Offering opportunities
	Regressive	Progressive
	Inflexible	Flexible
	Apathetic	Energetic
Contribution	Negative	Positive /valuable
Employees Engagement	Low	High
Sharing Knowledge	Accommodative	Proactive
<b>Making a difference in the community Context</b>		
Socio economic environment, Need for differentiation, Social needs, inequality, poverty		
<b>Strategies for Making a difference in the community</b>		
align values- programmes- customer experience -brands	Personal values Organisations from staff	Community needs
<b>Intervening conditions</b> congruence, consultation, collaboration, creativity, communication, and commitment		
<b>Actions/Interactions</b> <b>Strategies</b>		
sponsoring, grants, matching funds, volunteering		
<b>Consequences</b> Trust, Reputation, Visibility, Increasing shareholders' return, Managing potential risk, Meeting community needs, Sponsored collections funded \$575,000, Matched funds (\$83,000 matched to \$166,000), Unmet needs, New product development		

*Causal conditions:* Events, incidents, happenings that lead to the occurrence or development of a phenomenon. Causal conditions, or antecedent conditions, as they are sometimes called, are often pointed out in the data by the terms such as: “when,” “while,” “since,” “because,” “due to,” “on account of”. Even when such cues are missing, causal conditions can often be located by focusing on a phenomenon, and systematically looking back through the data for those events, happenings, or incidents that seem to precede it. In this case, Tables 8.1 and 8.2 include employees’ behaviour represented by their attitudes, values, beliefs, ways of interpreting situations and events, the role they play in society, their needs and expectations, the information they receive, their personal efforts, and the support they receive from others within the inputs captured from question 4 in Appendix 1. The behavioural factors from Table 5.6 presented in section 5.3.5 were grouped into two dimensions, strong and weak. Corresponding numbers represent the sum of percentages from the rating scales above the neutral position as strong and those equal to or below the neutral position as weak. The company’s overall participation (12%) is taken from the company’s social report 2006.

*Phenomenon:* The central idea, event, happening, incident about which a set of actions or interactions are directed at managing, handling, or to which the set of actions is related. In this case the central idea pertains to the discovered categories that are: participating in the community, making a difference in the community, giving to the community, supporting employees and empowering employees.

*Context:* The specific set of properties that pertain to a phenomenon; that is, the locations of events or incidents pertaining to a phenomenon along a dimensional range. Context represents the particular set of conditions within which the action/interactional strategies are taken to manage, handle, carry out, and respond to a phenomenon. These sets of conditions have been described in Chapter 5. For example, participating in community responds to the need of finding a balance between all stakeholders’ interests (see Section 5.4.1.3); making a difference in the community align with differentiation from other national players (see Section 5.4.2.3); giving back to the community is one of the best practices for doing good business (see section 5.4.3.3); supporting employees foster their engagement (refer to Section 5.4.4.3); empowering employees drives a continuous a continuous improvement within the total quality philosophy (see Section 5.4.5.3).

*Intervening conditions:* The structural conditions bearing on action/interactional strategies that pertain to a phenomenon. They facilitate or constrain the strategies taken within a specific context. Intervening conditions have been also identified along with the data presentation in Chapter 5.

For the case company these broad and general conditions include: time, space, culture, economic status, technological status, career, history, and individual biography. They range from those most distant to the situation, to those nearer to it. Not all conditions will apply to every situation. It is up to the analyst to identify which to apply and to weave them into the analysis, by showing how they facilitate or constrain action / interaction are managed. For example, participating in community is facilitate or constrained by many factors such as time and values congruence (see Section 5.4.1.5); making a difference in the community implies creativity, communication, and commitment to do things differently from competitors (see Section 5.4.2.5); giving back to the community is challenged by personal belief, value congruence criticism of corporate social responsibility (see Section 5.4.3.5); supporting employees (refer to Section 5.4.4.5); supporting employees foster personal growth and development while valuing differences (see Section 5.4.5.5); empowering employees facilitates to achieve the company's strategic orientation and its operational objectives (see Section 5.4.6.5).

*Action/interaction:* Strategies devised to manage, handle, carry out, and respond to a phenomenon under a specific set of perceived conditions. Those strategies have been indicated along the data presentation in Chapter 5. For example, participation in the community takes the form of volunteering, an ongoing activity (see Section 5.4.1.6); making a difference in the community includes various strategies and actions such as lending, sponsoring, making grants and matching funds or volunteering (see Section 5.4.2.6); giving back to the community uses staff involvement in funding and in deciding which community organisation to help (see section 5.4.3.6); supporting employees deploys various strategic schemes to achieve their overall wellbeing (see Section 5.4.4.6); empowering employees takes into account their takes into account their inputs (see Section 5.4.5.6).

*Consequences*: Outcomes or results of action and interaction. These outcomes are reflected in Tables 8.1 and 8.2 below.

Data was also managed and analysed by adapting Huberman and Miles (1994) framework that encompasses data management, data analysis, data display, and drawing conclusions.

*Data management* is pragmatically defined as the operations needed for a systematic, coherent process of data collection, storage, and retrieval. These operations are aimed at ensuring (a) high-quality, accessible data; (b) documentation of just what analyses have been carried out; and (c) retention of data and associated analyses after the study is complete. The collected raw data was combined in a word document and coded progressively following the three coding procedures suggested by Strauss and Corbin (1990). Memos enabled progress to be tracked and complementary collection of data to be undertaken as well as other tasks involved in achieving the study.

*Data analysis* contains three linked sub-processes: data reduction, data display, and conclusion drawing/verification. These processes occur *before* data collection, during study design and planning; during data collection as interim and early analyses are carried out; and *after* data collection as final products are approached and completed. Analysing surveys questionnaire results enabled indicative questions for interviews to be devised (see Appendix 2). Then each interview was transcribed before the next one to gather complementary information (theoretical sampling).

*Data display*, defined as an organised, compressed assembly of information that permits conclusion drawing and/or action taking, is a second, inevitable, part of analysis. Focused displays may include structured summaries, synopses, network-like or other diagrams, and matrices with text rather than numbers in the cells. The main matrix was comprised of the various Chapters and Sections of this thesis. Assembling these various parts needed structuring, summarising, retrievals, and even finding complementary information. However, a preliminary linkage is shown in Tables 8.1 and 8.2 that translates the combination of the procedures described above and Bartol, Martin, Tein, and Matthews' (2001) system model (input, process, outcomes, and feedback). These tables illustrate all five categories as interrelated, within the company's operations that integrate community

involvement within its core activities. The main link derives from the inputs side of the system while feedback occurs at any stage.

*Conclusion drawing and verification* involve the researcher in interpretation: drawing meaning from displayed data. This part is translated within Chapter 6 of this document.

**Appendix 8.1. Employees Perceptions and Outcomes Summary**

INPUT			PROCESS			OUTCOMES
Resources => Causal Conditions			Company's Objectives/Business Policies/Operations			
Factors	Strong %	Weak %	1. Properties of Participating in Community	Specific Dimensional range of Participating in Community		
Attitude	91	8	Contribution	Negative	Positive	<ul style="list-style-type: none"> <li>• Reputation</li> <li>• Trust</li> <li>• Visibility</li> <li>• Increased resources</li> <li>• Volunteer time 10,087 hours</li> <li>• Personal satisfaction</li> <li>• Unsatisfied perceptions</li> </ul>
Values	79	21		Intermittent	Continuous	
Beliefs	79	21	Commitment	Low	High	
Interpreting			Attachment	Weak	Strong	
• Situations	82	18	Involvement	Passive	Active	
• Events	82	18		Accommodative	Proactive	
Role	70	30	Beliefs	Weak	Strong	
Needs/Expect	94	6	Enjoyment and Passion	Low	High	
Information	86	14				
Person Efforts Support	76	24				
	79	21	2. Properties of Making a difference in the Community	Specific Dimensional Range of Making a difference in the Community		<ul style="list-style-type: none"> <li>• Trust</li> <li>• Reputation</li> <li>• Visibility</li> <li>• Increasing shareholders' return.</li> <li>• Managing potential risk</li> <li>• Meeting community needs</li> <li>• Sponsored collections funded \$575,000 Matched funds (\$83,000 matched to \$166,000)</li> <li>• Unmet needs</li> <li>• New product development</li> </ul>
			Sponsorship relevance	One shot	Continuous	
			Sponsorship visibility	Low	High	
			Culture and values: (Most needy)	Impenetrable or hostile	Open and host culture	
				Reducing opportunities	Offering opportunities	
				Regressive	Progressive	
				Inflexible	Flexible	
				Apathy	Energetic	
			Contribution	Negative	Positive /valuable	
			Employees Engagement	Low	High	
			Sharing Knowledge	Accommodative	Proactive	
			3. Properties of Giving (or putting) back to your Community	Specific Dimensional Range of Giving (or putting) back to your Community		<ul style="list-style-type: none"> <li>• Improved relationships</li> <li>• Increased customer satisfaction</li> <li>• Increased business</li> <li>• Increased costs of "well spent money"</li> <li>• Greater market share</li> <li>• Increased shareholder value</li> <li>• Increased community funding \$1,069, 107 (0.11% of NPAT)).</li> </ul>
			Sponsorship	Low	High	
				One shot	Continuous	
			Ethical values	Low	High	
			Visibility	Low	High	
			Making a good place to live	Worse	Better	
			Feedback	Negative	Positive	
Company's Overall Input (Source: Case Company Limited. (2007e))	12	88	Context / Intervening Conditions / Strategies / Action-Interaction Strategies			

**Appendix 8.2. Employees Perceptions and Outcomes Summary**

INPUT			PROCESS				OUTCOMES
Resources => Causal Conditions			Company's Objectives/Business Policies/Operations				
Factors	Strong %	Weak %	4. Properties of Supporting Employees		Specific Dimensions of Supporting Employees		<ul style="list-style-type: none"> <li>• Employees' physical, financial and emotional wellbeing (remunerations, leave benefits, a superannuation scheme, and share-based compensation plans</li> <li>• Good pay</li> <li>• Training opportunities</li> <li>• Career advancement</li> <li>• Lessening the financial burden</li> <li>• Reducing staff turnover</li> <li>• Increasing employees' engagement</li> <li>• Looking good</li> <li>• Helping each other</li> <li>• Personal satisfaction</li> <li>• Proud to work for the company</li> <li>• Having fun</li> </ul>
Attitude	91	8	Inclusive workplace	Gender	Female	Male	
Values	79	21		Age	Young	Older	
Beliefs	79	21		Cultural (ethnic mix)	Single	Mixed	
Interpreting				Disability and Lifestyle choices			
• Situations	82	18	Languages	Boring Mono	Exciting Multi		
• Events	82	18	Team work	Individualism	Sharing knowledge		
Role	70	30	Trust	Low	High		
Needs/Expect	94	6	Awareness	Low	High		
Information	86	14	Work-life balance	Stressful	Family-friendly		
Person Efforts	76	24					
Support	79	21					
			5. Properties of Empowering Employees		Specific Dimensions of Empowering Employees		<ul style="list-style-type: none"> <li>• Building trust, visibility, reputation</li> <li>• Building a strong relationship</li> <li>• Securing a sustainable business and support</li> <li>• Personal satisfaction</li> <li>• Increasing loyalty</li> <li>• Job satisfaction</li> <li>• Better job performance</li> <li>• Reducing turnover</li> <li>• Developing feeling of helping the less fortunate</li> <li>• Improving connectedness / sense of belonging,</li> <li>• Community meeting needs and services</li> </ul>
			Awareness	Restricted	Broad		
			Values congruence (individuals, organisation)	Low	High		
			Managerial influence	Discouraging	Encouraging		
			Participation to decision making	Autocratic	Participative		
			Giving Priority to Community	Low	High		
			Resources	Lack	Availability		
			Time	Lack	Availability		
			Support	Lack	Availability		
			Autonomy	Low	High		
			Employees Engagement	Low	High		
(derived from table 5.6)							
Company's Overall Input (Source: Case Company Limited. (2007c))	12	88	<b>Context / Intervening Conditions / Strategies / Action-Interaction Strategies</b>				