

Corporate Social Responsibility in the Formal Strategic Planning of South African Listed Companies

Md Humayun Kabir*

ABSTRACT

Manuscript type: Research paper

Research aims: This study investigates the relationship between formal strategic planning and corporate social responsibility (CSR) in the South African context, considering JSE-listed companies.

Design/Methodology/Approach: This study employed multiple-scale items with a five-point Likert scale to measure CSR and formal strategic planning. A chi-square test was performed to test the significance of the relationship between the variables.

Research findings: The analysis of all South African listed companies (i.e., JSE-listed companies) revealed that formal strategic planning is significantly associated with CSR, suggesting that CSR concerns are addressed during the formal strategic planning process.

Theoretical contribution/Originality: The respondents are only limited to JSE-listed companies and the findings are related to the links only between formal strategic planning and CSR.

Practitioner/Policy implication: The JSE is the largest stock exchange in Africa. Thus, it is becoming increasingly important for them to maintain their corporate reputation with stakeholders. Accordingly, addressing stakeholders' demand for CSR through the formal strategic planning process would benefit the organisation is vital.

Originality/Value: This study contributes a deep intuitive knowledge of companies' perceptions of CSR demonstrations by considering formal strategic planning in the South African context.

Keywords: Corporate social responsibility, Formal strategic planning, Stakeholders, South Africa

JEL Classification: C10, C83, L20, M14

Md Humayun Kabir is an Associate Professor at the Department of Accounting and Economics, Sol Plaatje University, Kimberley, South Africa. E-mail: hnmi.kabir@gmail.com

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1. Introduction

The Corporate Social Responsibility (CSR) term is very common in academic and public discussion when it refers to conducting a business in a socially responsible manner (Rambaree, 2021). CSR has become “a global topic” as corporate accountability and competitiveness continue to grow across the globe (Carroll, 2018, p.11) and its importance has grown increasingly due to global business trends growth (Amodu, 2020). CSR promotes firms to generate social capital (Cesar, 2020) and it is also vital in the context of human rights, ethical, environmental, and social issues along with business operations (European Commission, 2011). As such, business organisations are also recognized as “multifunctional entities”, not only economic entities (Malgharani, Rajabi, & Varmazyar, 2015, p.239). It posits that CSR could result in a good relationship with stakeholders, which will lead to protecting corporate legitimacy and enhancing corporate reputation towards ensuring long-term growth.

CSR improves customer trust, creates customer perceived value (Olzo, 2023; Widyastuti, Sudarmin, Bayu, & Jumadil, 2020), and positively impacts consumer purchase decisions (Deng & Xu, 2017). For instance, a study by Murray (2020) shows that 55% of global consumers will not have a problem accepting higher prices on receiving products and services should companies prioritize social and environmental issues in their business operations. It postulates that CSR is an important aspect of stimulating firm growth (Dartey-Baah & Amoako, 2021), its intensity leads to reduced business risk (Suto and Takehara, 2022), and it has become a driver of sustainability in the business sectors for decades (Carroll, 2018). This indicates that socially responsible business organisations play a key role in the economic development of a country and remain attractive in local and global markets. Firms’ financial performance can also be affected if there is a lack of trust in stakeholders (Qadri & Ummara, 2020). Thus, the business sectors are expected to continuously improve their CSR performance to maintain their reputation to their stakeholders for long-term survival (Qadri & Ummara, 2020; Singh, 2009) although some negative CSR practices (such as greenwashing and ethical scandals) have weakened stakeholders’ trust in CSR to some extent (Gajadhur & Nicoladies, 2022). Hence, this study examines an internal factor, such as formal strategic planning, that influences firms’ involvement in CSR practices to address stakeholders’ demand for CSR.

Under CSR, strategic management has changed significantly; thus, the development of corporate strategies continues (Shin, 2014).

The value of CSR and its commitment are now being reflected in the corporate mission and vision statements (Amran, Lee, & Devi, 2014). Firms that adopt the CSR approach in the formulation of their strategic management decisions can improve their reputation, secure long-term growth (Atkins 2006), and achieve “competitive advantages” (Lagasio, Cucari, & Aberg, 2021, p.1356). The United Nations Economic and Social Commission for Asia and Pacific (2010, p. 64) stated that “*successful corporate responsibility requires an integration of CSR into business’s strategy as well as its in-process operations. Business should be able to deliberately identify, prioritise, and address the social causes that matter most, or at least the ones on which it can make the highest impact to society and business’s future*”. Companies can maximise their “corporate value” (Gazzola & Colombo, 2014, p. 331) and promote CSR programmes successfully (Adamson and Dunlop, 2023) by incorporating CSR into business strategic planning. The strategy literature indicates that formal strategic planning guides management in determining appropriate strategies for organisations (Andersen, 2000). Here, the organisation should efficiently and extensively address stakeholders’ demand for CSR, which could lead to benefits for the organisation (Slater, Olson, & Hult, 2006). Hence, considering JSE-listed companies, the objective of this study is:

- to examine whether formal strategic planning is linked to demonstrating CSR in the South African context;

To achieve the objective, this study formulated the following research question:

- How does formal strategic planning impact CSR in the South African context?

This research question is addressed by testing a hypothesis of this study, in which the study will achieve a better understanding of the role of formal strategic planning in expressing stakeholders’ demand for CSR in the South African context.

Having been confronted with several CSR-related regulations and guidelines for many years in South Africa (refer to the literature review), it is expected that JSE-listed companies will be more effective in placing CSR issues in their corporate formal strategic planning process and more proactive in promoting CSR, owing to their statutory obligations and compliance with several CSR-related regulations. Furthermore, the JSE is the largest stock market on the

African continent. Thus, it is important to study JSE-listed companies as they are believed to have a direct influence on companies in other African countries regarding CSR issues. For sustainable business practices, this study will provide companies with the necessary knowledge about the benefits of emphasising formal strategic planning to demonstrate CSR for stakeholders, which will lead to a good corporate citizen. Furthermore, this study will seek to understand to what extent formal strategic planning as an internal factor influences firms involved in CSR practices to demonstrate CSR for stakeholders in a developing African country such as South Africa. South Africa has transitioned to a new economy post-1994. The country has recently become a member of BRICS economies and actively contributes to shaping the BRICS's strategic goals. Thus, it is important to study corporations in this emerging economy. As such, this study will contribute to a better understanding of the relationship between formal strategic planning and CSR in the context of South African listed companies.

The ensuing segments are presented as follows: a brief literature review is discussed in segment 2, followed by segment 3, which describes the research design. Segment 4 articulates the empirical results through the hypothesis test, segment 5 presents the discussion, and segment 6 concludes the study with the implications for corporate CSR strategists in South Africa, limitations, and future research.

2. Literature and hypothesis

In the following section, the CSR concept and dimensions, theoretical approaches to CSR, and the CSR landscape in South Africa are briefly highlighted. Further, the links between CSR and formal strategic planning are discussed in this section with the development of one hypothesis.

2.1 CSR concept and dimensions

According to the European Commission (2011, p.1), CSR is defined as "the responsibility of enterprises for their impacts on society". However, although there is no universally accepted CSR definition found in the literature, the CSR concept began to become popular in the early 1950s (Carroll 2008; Pappasolomou-Doukakis, Krambia-Kapardis, & Katsioloudes, 2005). It has been articulated by many different names over the years. For instance, CSR has been framed as corporate social performance (Crane, McWilliams, Matten, Moon, & Siegel, 2008; Carroll, 2018), corporate social investment (Fig, 2005),

corporate responsibility, and sustainable business (Crane *et al.* 2008). It has also been labelled as corporate citizenship, ethical practice (Carroll, 2018), environmental concerns, corporate philanthropy, and community relations (Shahin & Zairi, 2007).

The literature reveals that an agreed universal framework of CSR dimensions does not exist (Claydon, 2009) as CSR activities are prioritized differently by different organisations. However, Carroll (1979) suggests that corporations should not be judged based only on their economic responsibility; coupled with economic success, other non-economic responsibilities (such as legal, ethical, and discretionary) should also be taken into account. Further, Maignan and Ferrell (2000, p.284) described CSR as “the extent to which businesses meet the economic, legal, ethical, and discretionary responsibilities imposed on them by their stakeholders”. In line with this view, this study uses the following four dimensions of CSR to assess firms’ involvement in each responsibility:

- Economic responsibilities: This refers to a profit-making firm that produces high-quality products and services for customers at a fair price.
- Legal responsibilities: Provide goods and services within a legal framework.
- Ethical responsibilities: Conduct business morally by doing what is right and fair for their stakeholders without any harm and respecting their moral rights.
- Discretionary responsibilities: Be a good corporate citizen by providing services (not mandatory by law) to stakeholders for good work.

2.2 CSR landscape in South Africa

In the early 1970s, the CSR concept in South Africa was first institutionalized in the mining, oil, and banking industries (Fourie, 2005) and steered under the norm of corporate philanthropic responsibility before 1994 (Visser, 2008). After its independence in 1994, South Africa faced several social and economic problems, such as rural poverty, HIV/AIDS, and high unemployment rates. The majority of South Africans (particularly the Black population) still do not have access to participation in the economy, and there is a vast economic inequality that still exists in post-apartheid South Africa (Anwana, 2020). These problems have hindered the country from establishing a more prosperous society although the new South Africa has made significant progress by addressing the

Millennium Development Goals since 1994. However, to overcome socio-economic problems and encourage businesses to engage in CSR and manage their stakeholders' engagement proactively within a legislative framework, the South African government has initiated some CSR-related regulations. Examples include the Broad-Based Black Economic Empowerment (BBBEE) Act of 2003, the Employment of Equity (EE) Act of 1998, the Skill Development Act of 1998, and the King Reports on Corporate Governance (Gajadhur & Nicoladies, 2022). As a result, the South African government and the business community have engaged in several CSR-related programmes and projects, and CSR practices by the corporate sector have been increasing remarkably in South Africa (The CSI Handbook, 2016). It should be noted that some CSR-related government initiatives, such as the BBBEE Act (Anwana, 2020) and the EE Act (Louw, 2015), have been criticized by scholars and business sectors. There have been some challenges in the implementation of CSR due to corruption, legal compliance issues, government interference, and others (Madlanga, 2019). JSE-listed companies comply with the guidelines of the JSE Listing Requirements along with other government initiatives indicated earlier. Furthermore, a large number of JSE-listed companies have followed the Socially Responsible Investment (SRI) Index Requirements since 2004 (Johannesburg Stock Exchange, 2020a). The JSE Listing Guidelines and SRI Index Requirements contribute significantly to CSR practices. It is worth mentioning that, in practice, South African companies mostly use the term 'corporate social investment' rather than CSR (Fig, 2005).

2.3 Formal strategic planning and CSR

A corporate strategy addresses the nature of the business, economic and non-economic activities and non-economic contributions, and the relationship between the stakeholders (Andrews, 1987). At the corporate level, strategic planning is the most important step in the planning process. Appropriate strategic planning facilitates firms to compete in the long run and leads to sustainable financial performance (Porter, 2008). Management can appropriately decide the business development of both economic and societal criteria by incorporating elements of CSR in strategic planning (Stancu, Zaharia, Serban-Oprescu, & Anghel, 2009). Integrating CSR into core business functions may improve stakeholder engagement, subsequently building long-term value for all stakeholders (Dutch & Kash, 2006). CSR alignment with business strategic planning and business models assists business success (Ludema & Johnson, 2018). Merali (2010)

stated that corporations will continue incorporating CSR aspects into strategic planning as the CSR concept is gaining popularity within political, economic, social, and corporate contexts. Further, a conflict may be encountered in business decisions between a firm's business interests and actions to satisfy society. Thus, it is claimed that there is a need for every organisation to consider CSR in the strategic planning process (Crowther & Aras, 2008), and it would be difficult for a firm to separate CSR value from its corporate strategy (Carroll & Hoy, 1984).

However, in the strategic literature, strategic planning is viewed as formal strategic planning and informal strategic planning. It is argued that strategic planning is informal when firms rely "solely on experience and intuition for planning" (McKiernan & Morris 1994, p. 537). On the other hand, it is believed to be a formal practice because it is a systematic approach that allows management to formulate the firm's overall strategic direction and assists "management to analytically determine an appropriate strategic path for the whole organisation" (Andersen 2000, p.185). This study considers formal strategic planning. This is because firms generally rely on a formal planning process to develop corporate strategies (Glaister & Falshaw, 1999). Furthermore, under the informal strategic planning process, firms do not plan; rather, they design their strategic decisions based on emergent experiences (Mintzberg, Ahlstrand, & Lampel, 1998).

This study explores formal strategic planning to understand firms' involvement in various CSR planning practices. To assess formal strategic planning, this study employed five dimensions of formal strategic planning that have been used by several prior studies, such as Galbreath (2010), McKiernan and Morris (1994), and Ramanujam, Venkatraman, & Camillus (1986). The five dimensions of formal strategic planning are as follows:

- External orientation in formal strategic planning: This dimension focuses on the external inputs (such as community-based, environmental, technology, regulatory and other issues) that are used in the formal strategic planning process.
- Internal orientation in formal strategic planning: It deals with the use of multiple internal inputs (such as analysis of internal capabilities and employee issues, attracting high-quality employees, and other internal inputs) in the formal strategic planning process.
- Functional coverage in formal strategic planning: The role of the various functions (such as HR function, customer service

function, marketing function, and other functions) in formal strategic planning is dealt with in this dimension.

- Involvement of key personnel (resources provided) in formal strategic planning: This dimension covers the use of various resources (such as employee engagement, use of outside experts, and other resources) in the formal planning process.
- Analytical techniques in formal strategic planning: This dimension deals with the use of multiple analytical techniques (such as cost-benefit analysis, SWOT analysis, stakeholder analysis, and others) in the formal strategic planning process.

These five dimensions focus on the use of multiple external and internal inputs, the role of various corporate functions, and the use of resources and multiple analytical techniques. Their details are provided in the Appendix.

2.3.1 Hypothesis development

Fineman and Clarke (1996) found in their study that some non-market related issues (such as natural environment issues) emerge when firms assess the external environment in their formal strategic planning. The literature shows that formal assessment of the external environment generates necessary information that facilitates management to formulate appropriate policies to deal with socially responsible issues for the environment and society at large (Miles, Munilla, & Darroch, 2006; O'Shannassy, 2003). In a study, Covin and Miles (2007) found that employees' regular participation in a firm's formal strategic discussions improves the firm's strategic decisions and activities, which enables firms to increase the practice of social responsibility towards their employees.

Further, as input, the use of intellectual resources (Ramanujam *et al.*, 1986) in the formal strategic planning process enables the provision of essential information (such as customer needs and market trends) that assists firms in meeting their various social responsibilities (Galbreath, 2009). Intellectual resources may be derived from the line managers of organisations that play a significant role in providing knowledge of customer needs and market trends (O'Shannassy, 2003). It may also derive from external professional assistance (such as a consultant) who can contribute analytical techniques to develop and improve a firm's planning process (Delany, 1995). Moreover, firms that integrate various functional areas, such as marketing, R&D, finance, and customer

service, in the formal strategic planning process generate the necessary knowledge of different functional areas (Ramanujam *et al.*, 1986). As such, multi-functional integration in the formal strategic planning process assists firms in gathering information on different stakeholders' needs and therefore develops CSR strategies accordingly; subsequently, it enables firms to demonstrate CSR to various stakeholders (Miles *et al.*, 2006). In light of this, the following general hypothesis is proposed:

General hypothesis:

H: There is a significant relationship between formal strategic planning and CSR in the South African context.

Further the following specific hypothesis for each dimension of formal strategic planning are proposed:

Specific hypotheses:

H_A: There is a significant relationship between the external orientation of formal strategic planning and CSR in the South African context.

H_B: There is a significant relationship between the internal orientation of formal strategic planning and CSR in the South African context.

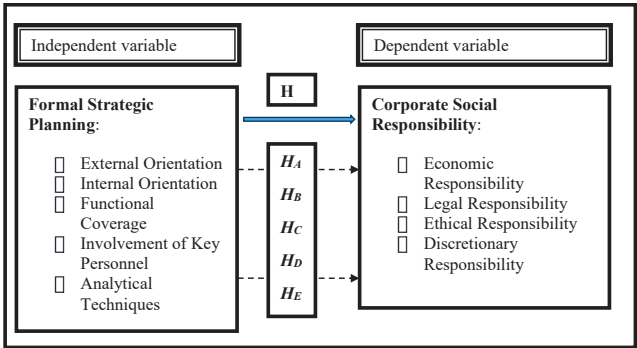
H_C: There is a significant relationship between the functional coverage of formal strategic planning and CSR in the South African context.

H_D: There is a significant relationship between the involvement of key personnel of formal strategic planning and CSR in the South African context.

H_E: There is a significant relationship between the analytical techniques of formal strategic planning and CSR in the South African context.

Based on the hypotheses developed above, this study designs the following conceptual framework for analysis.

Figure 1: Conceptual Framework



3. Method

3.1 Data collection

A survey instrument comprising several structured questions was employed for data collection related to CSR and formal strategic planning. The study focused on companies listed on the JSE, and data were solicited from all JSE-listed companies. To obtain the data and enhance the perception of CSR in companies, the study dispatched questionnaires to companies' secretaries. This study selected only companies' secretaries as a single informant (self-typing measures). Self-typing measures are "a well-accepted practice in strategy research" (Spanos & Lioukas, 2001, p.915) and used in similar studies such as Galbreath (2010), Maignan and Ferrell (2001, 2000), and Cooke and Rousseau (1988). Like top-level management (CEOs, MDs, and others), company secretaries are deemed appropriate informants because they have in-depth knowledge of the company's policies, strategies, and governance issues. This study argues that sending surveys to the top-level management of listed companies might not be an appropriate method for data collection. This is because owing to the busy schedule of top-level management, their subordinates or personal assistants are likely to be delegated to complete the questionnaires. Consequently, it may lead to subject error, which occurs when the actual population of a study does not represent the subject to be investigated (Dzansi, 2004). Further, unfortunately, personal assistants, in particular, are rarely in the position of being able to provide meaningful data about the respective company's relevant policies and strategies that relate to the survey which may constitute a threat to the reliability of the data. Companies' secretaries deal with governance and compliance issues of companies, play a pivotal role in corporate strategic planning, and provide guidance to senior management, the board of directors, and board committees on matters of responsibilities, ethics, regulations, and good governance (Institute of Directors in South Africa, 2009). In addition, companies' secretaries are aware of the various stakeholder pressures exerted on the companies. This implies that companies' secretaries might have the resources appropriate to address questions investigating their respective companies' involvement in various CSR activities and enable them to respond to the company's overall perceptions of CSR demonstration.

A quantitative research approach was applied to obtain answers to the research questions and subsequently test the hypothesis. To enhance the response rate, the questionnaire was first sent and

collected using a Survey Monkey system (online service). Finally, the study utilized the postal service system for both the distribution and collection of the questionnaire. The study was aware of response errors since the survey instrument was sent to the companies using two methods (Survey Monkey and postal service). Some respondents may complete and return the questionnaire using both systems. With this in mind, a precautionary measure was undertaken to minimize such possible errors. For instance, an individual code number was assigned to each company during the dispatch of the postal mail and in the covering letter, and respondents were informed that the same questionnaire had also been sent online through Survey Monkey. This process ensured that no individual company returned the questionnaires twice. Before sending out the survey instrument, pilot testing was conducted with a pilot group to assess the content validity and format of the questions.

The list of all JSE-listed companies was obtained from a database provided by the Equity Market Division of JSE Limited. According to this list, there were 391 companies listed on the JSE. Consequently, 391 listed companies were included in the sample to ensure that the surveyed companies were from various sectors of the economy. Of the 391 companies, 40 were found out of scope because they were either delisted or suspended from the JSE. As a result, the targeted sample size of the study was 351. Data collection was conducted prior to the COVID-19 pandemic. The study received 110 responses from 351 companies. Of the 110 responses received, 103 were found usable (complete and acceptable), representing a 29.34% response rate. The details of the industry sector representation are shown in Table 1. The 29.34% response rate was deemed acceptable for this study considering previous studies conducted by Schlegelmilch and Robertson (1995), Maignan and Ferrell (2001), and Sabir et al. (2012). The 29.34% response rate was also higher than the 12-20% acceptable response rate suggested by Churchill (1995) and De Vos, A. Strydom, Fouché, & Delport (2010).

Table 1: Type of Industry

Industry	Frequency (n)	Percentage (%)
Industrial manufacturing	22	21.36
Consumer products manufacturing	12	11.65
Financial Services - Banking	3	2.91
Financial Services - Insurance	4	3.88
Financial Services - Investment	3	2.91

Industry	Frequency (n)	Percentage (%)
Mining Industry (<i>e.g. gold, diamonds, platinum, coal, and metals & minerals</i>)	10	9.71
Telecommunication Services	3	2.91
Petroleum	0	0.00
Real Estate / Property Industry	4	3.88
Retail / Wholesale	10	9.71
Other (<i>e.g. Agriculture, Beverages, Chemicals/ Pharmaceuticals, Education, Food, Health-Care, Hotels and Leisure, Investment Holdings</i>)	32	31.07
Total	103	100

3.2 *Measuring dependent variables*

CSR is referred to as the dependent variable in this study. There is no universally established instrument in the literature for measuring CSR due to diverse interpretations of its practices (Montiel, 2008). Following the literature, the four dimensions of CSR mentioned in the literature section were considered equally to measure CSR in this study. To measure CSR, this study used multi-scale items (measurement items) related to firms' activities across all dimensions. The scale items were adopted from studies by Galbreath (2010), Maignan and Ferrell (2001, 2000), and Maignan et al. (1999). All scale items (refer to the appendix) were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Appendix A presents the details of the scale items of dependent variables.

3.3 *Measuring independent variables*

The independent variables in this study refer to formal strategic planning. The five dimensions of formal strategic planning identified in the literature were considered in this study to measure formal strategic planning. The dimensions were measured using multiple scale items (measurement items) to ascertain their links with CSR. The items of formal strategic planning were measured with a five-point Likert scale ranging from 1 (no emphasis) to 5 (very strongly emphasis). This study adopted the scale items of formal strategic planning from a study by Galbreath (2010). The details of independent variables' scale items are presented in the appendix B.

3.4 *Data analysis*

For statistical data analysis and subsequently testing the hypotheses of the study, the Structural Equation Modeling (SEM) method was employed. The formal strategic planning and CSR dimensions' scale items (individual variables) were analysed to test the hypotheses. A chi-square test was performed on all items under CSR versus all items under formal strategic planning to test the presence of a significant relationship between each possible combination of pairs. The results of these multiple chi-square tests were used to make inferences about the significance of the relationship between CSR and formal strategic planning.

3.5 *Measurement model and reliability*

CFA was performed to explore the psychometric properties of the two main constructs (CSR and formal strategic planning) and to test the goodness-of-fit of the measurement model. For assessing the goodness-of-fit of a model, the literature indicates that it is necessary to undertake several statistical fit indices (goodness-of-fit indices) as "there is no single statistical significance test that identifies a correct model" that fits exactly to the data (Schermelleh-Engel, Moosbrugger, & Muller, 2003, p.31). To determine how suitably and reasonably the measurement model fitted the observed data, this study used four statistical fit indices, which are indicated in Table I. This study considered several acceptable guidelines provided by scholars to evaluate the measurement model fit. For instance, a Comparative Fit Index (CFI) value greater than 0.90 (Hu & Bentler, 1995), a Root Mean Squared Error of Approximation (RMSEA) value less than 0.10 (Browne & Cudeck, 1993), a Standardized Root Mean Squared Residual (SRMR) value less than 0.10 (Bentler, 1995), and a Tucker-Lewis Index (TLI) value greater than 0.90 (Cheung & Rensvold, 2002). The results of these indices are presented in Table I. As illustrated in Table 1, considering all dimensions, at least one of the indices was within the acceptable fit range, suggesting that the overall model fitted the data well. Cronbach's alpha was calculated for each factor in the questionnaire to determine reliability. Table 2 shows the acceptable levels of Cronbach's alphas (above 0.700) recommended by Nunnally (1978), ensuring the reliability of the instrument used in this study.

Table 2: Reliability and Model Fit Analysis

Variable	Cronbach's Alpha	CFI	RMSEA	SRMR	TLI
Corporate Social Responsibility					
• Economic Responsibility	0.7243	0.842	0.144	0.086	0.736
• Legal Responsibility	0.8396	0.876	0.163	0.069	0.815
• Ethical Responsibility	0.8159	0.846	0.153	0.068	0.769
• Discretionary Responsibility	0.8194	0.968	0.070	0.043	0.947
Formal Strategic Planning					
• External Orientation in Formal Strategic Planning	0.8290	1.000	0.000	0.013	0.736
• Internal Orientation in Formal Strategic Planning	0.9049	1.000	0.000	0.021	0.959
• Functional Coverage in Formal Strategic Planning	0.8278	0.844	0.167	0.072	0.740
• Involvement of Key Personnel in Formal Strategic Planning	0.8170	0.988	0.067	0.028	0.977
• Analytical Techniques in Formal Strategic Planning	0.9052	0.835	0.226	0.066	0.752

4. Findings

4.1 Hypotheses testing

Chi-square tests were performed to test the statistical significance of the relationship between the two variables (e.g., economic responsibility as a dependent variable and external orientation as an independent variable). This study used the chi-square test at a 5% level to determine the statistical significance between the two variables. Thus, the relationship between the two variables was considered statistically significant when p-values were less than 5% ($p < 0.05$). Further, positive and negative relationships between the two

variables were considered based on the values of the co-efficient. A negative relationship is observed when the result produces a negative co-efficient value.

Table 3: Relationship between Formal Strategic Planning and Economic Responsibility

Independent Variable	Co-efficient	OIM Std. Error	Z- Value	P- Value	95%	
					Confidence	Interval
External Orientation	0.1490	0.0505	2.95	0.003*	0.0499	0.2481
Internal Orientation	0.1998	0.0693	2.88	0.004*	0.0639	0.3356
Functional Coverage	0.2296	0.0725	3.17	0.002*	0.0875	0.3718
Involvement of Key Personnel	0.1059	0.0642	1.65	0.099**	-0.0199	0.2318
Analytical Techniques	0.1946	0.0664	2.93	0.003*	0.0645	0.3248

* denotes: $p < 0.05$ = Significant relationship

** denotes: $p > 0.05$ = No significant relationship

Table 3 suggests a significant positive relationship between economic responsibility and the external orientation of formal strategic planning (*Coef.* = 0.1490; $p = 0.003$). It also shows that except for the involvement of key personnel, internal orientation ($p = 0.004$), functional coverage ($p = 0.002$), and analytical techniques ($p = 0.003$) are statistically significant. The results also produce positive relationships between these variables and economic responsibility with co-efficient values of 0.1998 (internal orientation), 0.2296 (functional coverage), and 0.1946 (analytical techniques). With respect to the involvement of key personnel in informal strategic planning, the results suggest an insignificant positive relationship between this variable and economic responsibility. The involvement of key personnel ($p = 0.099$) is not significantly associated with economic responsibility, although the results suggest that it has a positive link with economic responsibility, with a coefficient value of 0.1059.

Table 4: Relationship between Formal Strategic Planning and Legal Responsibility

Independent Variable	Co-efficient	OIM Std. Error	Z-Value	P-Value	95%	
					Confidence	Interval
External Orientation	0.0521	0.0251	2.07	0.03*	0.0027	0.1014
Internal Orientation	0.0977	0.0417	2.34	0.01*	0.0159	0.1795
Functional Coverage	0.1003	0.0428	2.34	0.01*	0.0164	0.1843
Involvement of Key Personnel	0.0966	0.0411	2.35	0.01*	0.0159	0.1774
Analytical Techniques	0.1042	0.0430	2.42	0.01*	0.0198	0.1886

* denotes: $p < 0.05$ = Significant relationship

Table 4 shows that external orientation ($p = 0.038$), internal orientation ($p = 0.019$), functional coverage ($p = 0.019$), involvement of key personnel ($p = 0.019$), and analytical techniques ($p = 0.015$) are significantly related to legal responsibility. The co-efficient values are 0.0521, 0.0977, 0.1003, 0.0966, and 0.1042, indicating a positive relationship with legal responsibility.

Table 5: Relationship between Formal Strategic Planning and Ethical Responsibility

Independent Variable	Co-efficient	OIM Std. Error	Z-Value	P-Value	95%	
					Confidence	Interval
External Orientation	0.1054	0.0344	3.06	0.002*	0.0379	0.1728
Internal Orientation	0.1690	0.0485	3.48	0.001*	0.0738	0.2642
Functional Coverage	0.1697	0.0502	3.38	0.001*	0.0712	0.2681
Involvement of Key Personnel	0.1449	0.0448	3.23	0.001*	0.0570	0.2328
Analytical Techniques	0.1471	0.0454	3.24	0.001*	0.0581	0.2361

* denotes: $p < 0.05$ = Significant relationship

The findings (Table 5) reveal that the relationships between ethical responsibility and the variables of formal strategic planning are significant. External orientation ($p = 0.002$), internal orientation ($p = 0.001$), functional coverage ($p = 0.001$), involvement of key personnel ($p = 0.001$), and analytical techniques ($p = 0.001$) are all statistically significant. Furthermore, the results suggest that their relationships are positively linked to ethical responsibility. The co-efficient values are 0.1054, 0.1690, 0.1697, 0.1449, and 0.1471.

Table 6: Relationship between Formal Strategic Planning and Discretionary Responsibility

Independent Variable	Co-efficient	OIM Std. Error	Z-Value	P-Value	95%	
					Confidence	Interval
External Orientation	0.0746	0.0376	1.98	0.048*	0.0008	0.1484
Internal Orientation	0.1146	0.0560	2.05	0.041*	0.0047	0.2245
Functional Coverage	0.1068	0.0531	2.01	0.044*	0.0027	0.2110
Involvement of Key Personnel	0.1200	0.0581	2.07	0.039*	0.0061	0.2339
Analytical Techniques	0.1190	0.0563	2.11	0.035*	0.0084	0.2295

* denotes: $p < 0.05$ = Significant relationship

According to Table 6, p -values of the variables (external orientation 0.048, internal orientation 0.041, functional coverage 0.044, involvement of key personnel 0.039, analytical techniques 0.035) are less than 5% ($p < 0.05$), suggesting a significant relationship between discretionary responsibility and the variables of formal strategic planning. The results produce co-efficient values of 0.0746 (external orientation), 0.1146 (internal orientation), 0.1068 (functional coverage), 0.1200 (involvement of key personnel), and 0.1190 (analytical techniques). This indicates a positive relationship between formal strategic planning and discretionary responsibility.

5. Analysis and Discussion

5.1 *Descriptive analysis of each dimension of formal strategic planning*

For each dimension of formal strategic planning, respondents were asked to respond to different types of inputs and indicate the option that best matches the situation of formal strategic planning efforts in their firm. In order to analyse the responses, an average score of the respondents was established for each dimension of formal strategic planning based on the five-point Likert scale. An average score of above 3 would indicate that using the particular input/resource is strongly emphasised in the formal planning process. An average score of between 3 and 2 would indicate 'emphasis', and below 2 would be regarded as 'no emphasis' on using the input in the formal strategic planning process. In addition, a percentage emphasis was calculated with the respondents who indicated 'strong emphasis' and those who indicated 'very strong emphasis'. A minimum average percentage of 60 was considered to measure the average percentage emphasis since three statements of the five-point scale belong to emphasis (e.g. emphasis, strong emphasis, very strong emphasis). As such, an average percentage of between 60% and 70% would indicate a 'strong emphasis', and above 70% would indicate a 'very strong emphasis' on using input in the formal strategic planning process. Below 60% would be regarded as 'emphasis'. The overall result of each dimension is shown in aggregate of average emphasis and aggregate of average percentage emphasis. The survey results of each dimension are given in Tables 7, 8, 9, 10, and 11.

5.1.1 *External orientation*

Table 7 shows that the 'community-based issues/trends analysis' has the lowest average score (3.1) and lowest percentage score (46%). This is followed by the political/regulatory issues/trends analysis (percentage score 59; average score 3.5). The analysis of general economic and business conditions is the most highly rated input by the respondents which has the highest average score (4.2) and highest percentage score (87%). However, Table VII indicates that the average scores are all above 3 and the average percentage score is close to 70%, suggesting that most of the companies strongly emphasize the use of all external inputs in the formal strategic planning process.

Table 7: External Orientation in Formal Strategic Planning

Inputs	No emphasis		Emphasis		No opinion		Strong emphasis		Very strong emphasis				
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%			
	Em	Av	Em	Av	Em	Av	Em	Av	Em	Av			
1. Analysis of community-based issues/trends (<i>n</i> = 99)	6	6.06	27	27.27	20	20.20	36	36.36	10	10.10	3.1	46	
2. Analysis of environmental issues/trends (<i>n</i> = 98)	2	2.04	24	24.49	13	13.27	42	42.86	17	17.35	3.5	60	
3. Analysis of technology issues/trends (<i>n</i> = 99)	1	1.01	14	14.14	7	7.07	48	48.48	29	29.29	3.9	78	
4. Analysis of political/regulatory issues/trends (<i>n</i> = 99)	4	4.04	26	26.26	11	11.11	34	34.34	24	24.24	3.5	59	
5. Analysis of competitive issues/trends (<i>n</i> = 99)	0	0	17	17.17	04	4.04	41	41.41	37	37.37	4	79	
6. Analysis of general economic and business conditions (<i>n</i> = 99)	0	0	9	9.09	04	4.04	42	42.42	44	44.44	4.2	87	
7. Analysis of customers and end user preferences (<i>n</i> = 99)	4	4.04	14	14.14	11	11.11	32	32.32	38	38.38	3.9	71	
8. Analysis of supplier issues/trends (<i>n</i> = 99)	2	2.02	18	18.18	10	10.10	48	48.48	21	21.21	3.7	70	
Average Aggregate / Average Percentage												3.7	69

[*n* = Number of respondents; Av = Average; Em = Emphasize]

5.1.2 *Internal orientation*

Table 8 indicates that the analysis of shareholder and/or investor issues is the most highly rated input (average score 4.2; percentage score 85) and the least one is the analysis of reasons for past failures with an average score of 3.6 and a percentage score of 63. It appears that the internal inputs' average scores are all above 3 and the average percentage score is above 70%. Thus, it shows that the use of multiple internal inputs is very strongly emphasized in the formal strategic planning process.

5.1.3 *Functional coverage*

In Table 9, results show that the finance function's role in strategic planning is the most highly rated input, which has a higher average score (4.3) and higher percentage score (87%) than the remaining inputs. The role of the manufacturing function in strategic planning is one of the lower-rated inputs, which has the lowest average score (3.3). Only 49% of the companies emphasize using this input in the formal strategic planning process. The next lower-rated input is the role of the personnel/HR function in strategic planning, which has a percentage score of 59. It appears that the roles of manufacturing and personnel/HR functions are not highly considered in formal strategic planning processes even by 60% of the companies. However, Table 9 illustrates that the average scores are all above 3 and the average percentage score is between 60% and 70%, an indication of strong emphasis on using the inputs in the formal strategic planning process by most companies.

5.1.4 *Involvement of key personnel*

Table 10 illustrates that the time spent by the top leaders such as CEOs and MDs in strategic planning was the most highly rated input by the respondents with the highest average score (4.4) and highest percentage score (90%). It is followed by the degree of emphasis in using input from several individuals in strategic planning which has an average score of 3.5 and a percentage score of 61. Results show that the percentage scores of all remaining inputs are below 60%. The least rated input is the non-managerial employees' engagement in strategic planning with an average score of 2.3 and a percentage score of 10 due to a large number of respondents (34.34%) tended to 'no opinion'. Table 10 shows that, on average, only 53% of the companies emphasize the involvement of key personnel in the formal strategic planning process. The findings generally reveal that the average

Table 8: Internal orientation in Formal Strategic Planning

Inputs	No emphasis		Emphasis		No opinion		Strong emphasis		Very strong emphasis			
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%		
	Em	Av	Em	Av	Em	Av	Em	Av	Em	Av		
1. Analysis of community-based issues/trends (<i>n</i> = 99)	1	1.01	25	25.25	7	7.07	41	41.41	25	25.25	3.6	67
2. Analysis of environmental issues/trends (<i>n</i> = 98)	4	4.04	19	19.19	10	10.10	47	47.47	19	19.19	3.6	67
3. Analysis of technology issues/trends (<i>n</i> = 99)	1	1.01	16	16.16	6	6.06	49	49.49	27	27.27	3.9	77
4. Analysis of political/regulatory issues/trends (<i>n</i> = 99)	0	0	22	22.22	7	7.07	37	37.37	33	33.33	3.8	71
5. Analysis of competitive issues/trends (<i>n</i> = 99)	3	3.03	18	18.18	5	5.05	40	40.40	33	33.33	3.8	74
6. Analysis of general economic and business conditions (<i>n</i> = 99)	2	2.02	15	15.15	4	4.04	46	46.46	32	32.32	3.9	79
7. Analysis of customers and end user preferences (<i>n</i> = 99)	5	5.05	19	19.19	13	13.13	33	33.33	29	29.29	3.6	63
8. Analysis of supplier issues/trends (<i>n</i> = 99)	2	2.02	10	10.10	3	3.03	37	37.37	47	47.47	4.2	85
Average Aggregate / Average Percentage											3.8	73

[*n* = Number of respondents; Av = Average; Em = Emphasize]

Table 9: Functional coverage in Formal Strategic Planning

Inputs	No emphasis		Emphasis		No opinion		Strong emphasis		Very strong emphasis			
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%		
	Av	Em	Av	Em	Av	Em	Av	Em	Av	Em		
1. The role of the personnel/HR function in strategic planning (<i>n</i> = 99)	8	8.08	19	19.19	14	14.14	35	35.35	23	23.23	3.5	59
2. The role of the information technology function in strategic planning (<i>n</i> = 99)	3	3.03	21	21.21	8	8.08	38	38.38	29	29.29	3.7	68
3. The role of the research and development function in strategic planning (<i>n</i> = 99)	6	6.06	18	18.18	16	16.16	40	40.40	19	19.19	3.5	60
4. The role of the manufacturing function in strategic planning (<i>n</i> = 98)	11	11.22	17	17.35	22	22.45	28	28.57	20	20.41	3.3	49
5. The role of the customer service function in strategic planning (<i>n</i> = 99)	2	2.02	21	21.21	10	10.10	47	47.47	19	19.19	3.6	67
6. The role of the purchasing and procurement function in strategic planning (<i>n</i> = 98)	4	4.08	23	23.47	11	11.22	40	40.82	20	20.41	3.5	61
7. The role of marketing function in strategic planning (<i>n</i> = 99)	1	1.01	20	20.20	7	7.07	37	37.37	34	34.34	3.8	72
8. The role of the finance function in strategic planning (<i>n</i> = 99)	0	0	9	9.09	4	4.04	35	35.35	51	51.52	4.3	87
Average Aggregate / Average Percentage											3.7	65

[*n* = Number of respondents; Av = Average; Em = Emphasize]

Table 10: Involvement of Key Personnel in Formal Strategic Planning

Inputs	No emphasis		Emphasis		No opinion		Strong emphasis		Very strong emphasis		Av Em	% Em
	n	%	n	%	n	%	n	%	n	%		
1. Resources provided for strategic planning (<i>n</i> = 99)	5	5.05	22	22.22	14	14.14	40	40.40	18	18.18	3.4	59
2. Degree of emphasis in using input from several individuals in strategic planning (<i>n</i> = 99)	8	8.08	21	21.21	10	10.10	37	37.37	23	23.23	3.5	61
3. Line managers' engagement in strategic planning (<i>n</i> = 99)	5	5.05	30	30.30	12	12.12	38	38.38	14	14.14	3.3	53
4. Use of outside experts (e.g. consultants) in strategic planning (<i>n</i> = 99)	20	20.20	21	21.21	14	14.14	35	35.35	9	9.09	2.9	44
5. Time spent by the top leaders (e.g. CEO, MD) in strategic planning (<i>n</i> = 99)	1	1.01	5	5.05	4	4.04	35	35.35	54	54.55	4.4	90
6. Non-managerial employees' engagement in strategic planning (<i>n</i> = 99)	21	21.21	34	34.34	34	34.34	9	9.09	1	1.01	2.3	10
Average Aggregate / Average Percentage											3.3	53

[*n* = Number of respondents; Av = Average; Em = Emphasize]

percentage score is very low. It suggests future research to investigate the reasons for such low emphasis.

Analytical techniques

According to Table 11, the least rated input is the scenario/delphi technique with an average score of 2.8 and a percentage score of 28, followed by the brainstorming technique input with an average score of 3.4 and a percentage score of 57. Table 11 shows that the percentage scores of all remaining analytical techniques inputs are above 60%. The most highly rated input is the budgeting technique (average score 4.3; percentage score 93), followed by the forecasting and trend analysis technique input with an average score of 4.2 and a percentage score of 90. Overall, the analytical techniques inputs are very strongly emphasised in most companies' formal strategic planning process, as the results show that the average percentage score is above 70%.

5.2 Relationship of formal strategic planning with CSR

The results demonstrate the different aspects of the relationship between formal strategic planning and CSR to investigate whether formal strategic planning positively impacts CSR in South African context. The findings (Table 3 to 6) show that all dimensions of formal strategic planning are statistically significant as the p-values are less than 5% ($p < 0.05$) except for the involvement of key personnel ($p = 0.099$), suggesting a significant relationship between the variables of formal strategic planning and the variables of CSR. Further, results (Tables 3 to 6) show that co-efficient values of all variables of formal strategic planning are positive, indicating a positive relationship with CSR. All specific hypotheses are supported. Thus, the overall result suggests that formal strategic planning is significantly associated with CSR and positively impacts CSR in South African context.

Consequently, this study supports the general hypothesis (H), and it is consistent with the formal strategic planning literature, where several scholars have stated that there is a positive link between formal strategic planning and CSR (Sabir *et al.*, 2012; Galbreath, 2010; O'Shannassy, 2003). This study supports the proposition that a formal approach to strategic planning enables firms to demonstrate CSR towards stakeholders broadly and extensively, which in turn assists firms in promoting CSR in light of greater policies and practices (Sabir *et al.*, 2012; Galbreath, 2010). Therefore, formal strategic planning efforts improve CSR performance, leading to efficient financial performance (Slater *et al.*, 2006).

Table 11: Analytical techniques in Formal Strategic Planning

Inputs	No emphasis		Emphasis		No opinion		Strong emphasis		Very strong emphasis		Av Em	% Em
	n	%	n	%	n	%	n	%	n	%		
1. Product portfolio (e.g. product-growth matrix) approaches (n = 99)	7	7.07	15	15.15	15	15.15	32	32.32	30	30.30	3.6	63
2. Core capabilities/competencies analysis (n = 99)	4	4.04	14	14.14	14	14.14	41	41.41	26	26.26	3.7	68
3. Cost-benefit analysis (n = 99)	1	1.01	14	14.14	3	3.03	53	53.54	28	28.28	3.9	82
4. Financial models/Financial ratios (n = 99)	4	4.04	6	6.06	0	0	47	47.47	42	42.42	4.2	90
5. Stakeholder analysis (n = 99)	4	4.04	19	19.19	3	3.03	46	46.46	27	27.27	3.7	74
6. Brainstorming (n = 99)	4	4.04	19	19.19	3	3.03	46	46.46	27	27.27	3.7	74
7. Budgeting (n = 99)	1	1.01	6	6.06	0	0	46	46.46	46	46.46	4.3	93
8. Forecasting and trend analysis (n = 99)	2	2.02	6	6.06	2	2.02	48	48.48	41	41.41	4.2	90
9. Scenario/Delphi techniques (n = 99)	20	20.20	24	24.24	27	27.27	16	16.16	12	12.12	2.8	28
10. SWOT analysis (n = 99)	2	2.02	24	24.24	3	3.03	44	44.44	26	26.26	3.7	71
Average Aggregate / Average Percentage											3.8	72

[n = Number of respondents; Av = Average; Em = Emphasize]

6. Conclusions

This study created an in-depth understanding of CSR demonstration through formal strategic planning perspectives in the South African context, taking into account JSE-listed companies. This study documents that formal strategic planning has a significantly positive relationship with CSR, resulting in addressing CSR for stakeholders. The findings support the proposition that formal strategic planning is an important endogenous factor that influences firms when addressing stakeholder demand for CSR. Furthermore, this study assessed CSR dimensions to establish firms' involvement in various social responsibilities placed on them by stakeholders. The results show that JSE-listed companies have positive CSR involvement.

The integration of CSR in corporate strategy is regarded as an important factor for business sustainability as the global economy and social context are changing rapidly (De Felice et al., 2014). For instance, the COVID-19 pandemic has led to a global social and economic crisis (Ding et al., 2020). The COVID-19 global pandemic was a wake-up call for business sectors to pay more attention to their roles in society and reset their social accountability to stakeholders. This is because many factors, such as "consumption, capital spending, and exports," have been affected negatively due to the COVID-19 global crisis (Hassan, Elamer, Lodh, Roberts, & Nandy, 2021, p.1231). The analysis in this study will assist companies in determining their future formal strategic planning. The principles behind CSR influence firms to act credibly on social responsibility in the interests of stakeholders (Guo, Huang, & Zhang, 2020; Martella, 2020). CSR is an emerging discipline in developing countries. Thus, the findings have the potential to improve CSR performance in companies in South Africa and other developing countries.

6.1 *Theoretical implications*

The present study contributes to the existing CSR literature in Africa by investigating the relationship between formal strategic planning associates with CSR in South Africa, particularly in the context of JSE-listed companies. Despite the interest in CSR research in the last few decades, CSR literature has mainly been linked to developed economies. There has been relatively limited academic research on CSR in the developing world (Kamal & Deegan, 2013; Gajadhur and Nicoladies, 2022), especially in Africa. Further, in relation to the attention of past CSR studies, most studies have been devoted to exploring the relationship between CSR and firm performance

(Galbreath, 2010). The link between CSR and a firm's internal factor (such as the firm's formal strategic planning) has not been unfolded adequately in the CSR literature in developing countries contexts (Sabir *et al.*, 2012), African CSR literature in particular. Moreover, a CSR literature search revealed that no specific prior study of this nature in the African context has been explicitly documented. Thus, this study contributes to the literature on African CSR by providing insights into the links between CSR and formal strategic planning.

6.2 *Practical implications*

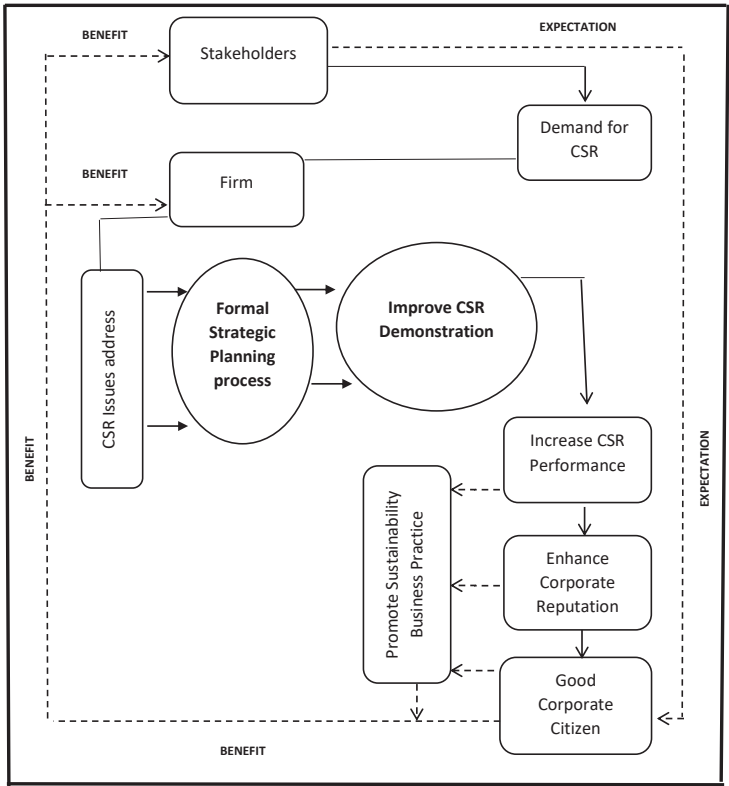
This study demonstrates the importance of stakeholder demand for CSR through a formal strategic planning process. The JSE is the largest stock exchange in Africa and the top 20 in the world by market capitalization (Johannesburg Stock Exchange, 2020b; Statista, 2021). This implies that JSE-listed companies are an important link in the financial markets of Africa and other parts of the world. Thus, it is becoming increasingly crucial for JSE-listed companies to maintain their corporate reputation with their stakeholders, enabling them to keep pace with global development. Consequently, this study enhances the understanding of the impact of an internal factor (formal strategic planning) on CSR in the context of JSE-listed companies, which could also benefit non-listed and listed companies in other countries and developing countries in particular.

Since South Africa is the second largest economy and the most advanced economy on the African continent, the degree of South African companies' social and economic contributions to the continent is higher. Thus, companies across Africa will also benefit immensely from the results of this study. The findings of this study would make an important contribution to corporate management on how to address stakeholders' demand for CSR through the formal strategic planning process. This knowledge would help the corporate sector formulate more appropriate policies for integrating CSR aspects into strategic planning, which is critical for a good corporate citizen.

From the findings and literature review, it is clear that the higher the link between formal strategic planning and CSR, the higher the demonstration of CSR towards the firm's stakeholders. As such, this study developed a model for an effective CSR demonstration (Figure 2) by considering an internal factor such as formal strategic planning. The model is designed in such a way that any company can adopt it to improve its CSR demonstration, which may enhance corporate performance and reputation, thereby promoting sustainable

business practices. This model will guide firms to strategically implement multiple inputs in the formal strategic planning process, which will assist them in formulating appropriate strategies to meet stakeholders' demand for CSR. The consideration of a formal approach to strategic planning can assist companies in promoting CSR policies and practices (Galbreath, 2010).

Figure 2: Model of CSR demonstration (Internal)



Source: Author's own research

6.3 Limitations and future research

The first limitation of this study is that only JSE-listed companies have been investigated. Further research is necessary to investigate non-listed companies to identify whether formal strategic planning is significantly associated with CSR. Investigating non-listed companies can provide helpful information.

Second, the findings only relate to the links between CSR and formal strategic planning. Future studies can investigate whether there is a relationship between CSR and informal strategic planning, particularly in developing countries. Finally, another internal factor, such as firm culture (humanistic culture), can be investigated to determine if they have links with CSR, as it also plays a significant role in demonstrating CSR for stakeholders (Wood, 1991). For instance, a humanistic culture promotes employee well-being (Cooke & Hartmann, 1989), leading to the care of internal and external stakeholders.

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Appendix A: Scale items of dependent variables: Corporate social responsibility

Adopted from Galbreath (2010), Maignan and Ferrell (2001, 2000), and Maignan et al. (1999).

Economic responsibility:

1. Our business has a procedure in place to respond to customer complaints
2. We continually improve the quality of our products/services
3. We use customer satisfaction as an indicator of our business performance
4. We have been successful at maximising our profits
5. We strive to lower our operating costs
6. We closely monitor employees’ productivity
7. Top management establishes long-term strategies for our business

Legal responsibility:

1. Managers are informed about relevant environmental laws
2. All our products/services meet legal standards
3. Our contractual obligations are always honoured
4. The managers of this organisation try to comply with law
5. Our company seeks to comply with laws regarding hiring and employee benefits
6. We have programmes that encourage diversity of our workforce (in terms of age, gender or race)
7. Internal policies prevent discrimination in employees' compensation and promotion

Ethical responsibility:

1. Our business has a comprehensive code of conduct
2. Members of our organisation follow professional standards
3. Top managers monitor the potential negative impacts of our activities on our community
4. We are recognised as a trustworthy company
5. Fairness towards co-workers and business partners is an integral part of our employee evaluation process
6. A confidential procedure is in place for employees to report any misconduct at work (such as stealing or sexual harassment)
7. Our salespersons and employees are required to provide full and accurate information to all customers

Discretionary responsibility:

1. The salaries offered by our company are higher than the industry averages
2. Our business encourages employees to join civic organisations that support our community
3. Flexible company policies enable employees to better coordinate work and personal life
4. Our business gives adequate contributions to charity
5. A programme is in place to reduce the amount of energy and materials wasted in our business
6. Our business supports local sports and/or cultural activities
7. Our business supports employees who acquire additional education
8. We encourage partnerships with local businesses and schools

Appendix B: Scale items of independent variables: Formal strategic planning

Adopted from Galbreath (2010)

External orientation to formal strategic planning:

1. Analysis of community-based issues/trends
2. Analysis of environmental issues/trends
3. Analysis of technology issues/trends
4. Analysis of political/regulatory issues/trends
5. Analysis of competitive issues/trends
6. Analysis of general economic and business conditions
7. Analysis of customers and end user preferences
8. Analysis of supplier issues/trends

Internal orientation to formal strategic planning:

1. Analysis of internal capabilities
2. Analysis of employee issues
3. Analysis of efficiency of operating processes
4. Analysis of strengths and weaknesses
5. Attracting and retaining high-quality employees
6. Analysis of past performance
7. Analysis of reasons for past failures
8. Analysis of shareholder and/or investor issues

Functional coverage of formal strategic planning:

1. The role of the personnel/HR function in strategic planning
2. The role of the information technology function in strategic planning
3. The role of the research and development function in strategic planning
4. The role of the manufacturing function in strategic planning
5. The role of the customer service function in strategic planning
6. The role of the purchasing and procurement function in strategic planning
7. The role of marketing function in strategic planning
8. The role of the finance function in strategic planning

Involvement of key personnel in formal strategic planning:

1. Resources provided for strategic planning
2. Degree of emphasis in using input from several individuals in strategic planning
3. Line managers' engagement in strategic planning

4. Use of outside experts (e.g. consultants) in strategic planning
5. Time spent by the top leaders (e.g. CEO, MD) in strategic planning
6. Non-managerial employees' engagement in strategic planning

Analytical techniques in formal strategic planning:

1. Product portfolio (e.g. product-growth matrix) approaches
2. Core capabilities/competencies analysis
3. Cost-benefit analysis
4. Financial models/Financial ratios
5. Stakeholder analysis
6. Brainstorming
7. Budgeting
8. Forecasting and trend analysis
9. Scenario/Delphi techniques
10. SWOT analysis