

Full Length Research Paper

Towards corporate sustainability: Equitable wealth allocation to all participating stakeholders

James Kamwachale Khomba^{1*} and Frans N.S. Vermaak²

¹University of Malawi, Private Bag 303, Blantyre 3, Malawi.

²University of Pretoria, 0002 Pretoria, Republic of South Africa.

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In the corporate and academic worlds, issues regarding corporate sustainability have become much pronounced. To sustain future business activities, corporations are advised to adhere to good corporate governance where they have to focus on social and environmental elements, apart from their economic aspirations. This is a new phenomenon in business as many corporations tend to focus their attention on the allocation of corporate wealth mainly to shareholders through the maxim of “maximisation of shareholders’ wealth”. The aim of this study is to empirically research on the current practices that corporations deploy and report the results in a scientific manner. Although at a transitional stage, the results indicate that corporations in Africa attend to issues of corporate sustainability through allocation of their wealth to many stakeholders that are involved in the wealth creation. To understand the interconnectedness and interdependence of different stakeholders that determine sustainability of any business, a conceptual framework of stakeholder relationships and networks has been developed. The study contributes towards new knowledge about corporate sustainability issues that involve companies in Africa.

Key words: Africa, corporate sustainability, governance, Malawi, resource allocation, South Africa, stakeholders, Ubuntu.

INTRODUCTION

There has lately been a great deal of debate on how corporations can sustain their operations for future businesses and profits. Sustainability discussions are founded on the premise that corporations have to focus their attention on social and environmental activities, apart from their economic endeavours, for them to remain in business sustainably. Business activities are responsible for most of the human impact on the earth’s vanishing ecosystems (Capra and Pauli, 1995).

Unfortunately, business operations are often conducted with too little thought about their sustainability, where satisfying a business’s own aspirations does not diminish the chances of sustainability for future generations

(Kleine and Von Hauff, 2009; Nakano, 2007). Issues of sustainability have become more pronounced amid fears of the possible global warming, with its disastrous consequences, which will have adverse effects on humankind and on business in general.

Organisations can achieve sustainable development only when they aspire to meet the needs of current generations without compromising the ability of future generations to meet their needs and aspirations (World Commission on Environment and Development, 1987). In their current endeavours, organisations have to work in ways that do not jeopardise the future of general social, economic and natural resources (White, 2005). It is evident from their declarations that corporations have to manage human and natural capital with the same vigour that they apply to the management of financial capital. Corporations need to act proactively to ensure the sustainability of the environment and local communities

*Corresponding author. E-mail: jkkhomba@poly.ac.mw, jkkhomba@gmail.com.

for their future business operations. As corporate operations take place, there is a need to be cautious with regard to continuity problems related to the availability of resources for current, and more especially future, generations.

Many modern organisations have embraced a stakeholder-centred approach, where stakeholder value, rather than just shareholder value, is supposed to be maximised (Du Plessis and Prinsloo, 2010; Epstein, 2007; Janson, 2005). Senior executives have begun to integrate sustainability variables into their management decisions for them to better understand issues such as corporate social responsibility and corporate performance. In pursuit of financial achievements, it is regarded as a noble course of action for an organisation to achieve both environmental and societal performance targets. Thus, corporate managers have to determine corporate performance measures effectively and they must always understand the causal actions that create organisational capabilities, and the impact of those actions on operational performance, customer value, sustainability performance and financial performance (Epstein and Wisner, 2001). The financial bottom line of internal operations must be linked with social and environmental sustainability measures.

Research problem and objectives

Contemporary managers have a duty to sustain future operations of their corporations where focus has to be given to social and environmental elements, apart from their economic objectives. This is a relatively new phenomenon in business circles as many corporations tend to focus their attention on the allocation of corporate wealth to solely shareholders through the maxim of "maximisation of shareholders' wealth". The shareholders' wealth maximisation is achieved at the expense of other critically important stakeholders of respective companies. Therefore, this study aims at empirically researching on current attitude and practices that contemporary corporate managers deploy in managing their sustainability activities. The focus of the study is on how the wealth created is allocated to different stakeholders for the same corporate sustainability. The results of the study have objectively been analysed in a scientific manner.

Apart from highlighting the research problem, this paper critically reviews literature on corporate sustainability, the stakeholder-centred governance approach and the inclusive nature of the African Ubuntu philosophy. Further, there is a discussion on research methodologies that were used during this study. The paper also gives detailed analysis of research findings and discussions on the findings as well. To enable the understanding of business complexity, a conceptual framework of the stakeholder relationships and networks has been developed as a guidepost for managers.

Finally, conclusion and recommendations on the research have also been captured.

Corporate sustainability

Over the centuries, corporations as open systems have competed for different resources obtained from the environment. These resources include labour, raw materials for the manufacturing industries, energy, financial and debt capital, and data. These inputs from the environment are later processed into goods and services (Stead and Stead, 2004). The processed goods are eventually sent back to the environment for consumption and disposal.

The new paradigm that is emerging regarding sustainability issues requires a holistic world view, where corporations see the world as an integrated whole, rather than as a dissociated collection of individual parts (Capra and Pauli, 1995). There is therefore a need to understand the principles of ecological systems and their relationships. Such principles include the interdependence of members of the ecosystem, who are interconnected in a web of relationships, and the notion that all life and processes depend on one another. Furthermore, the interdependence among parts of an ecosystem involves an exchange and sharing of energy and resources that are in a continual flow. Hence, the interconnectedness and interdependence of several stakeholders within the global system should be recognised in any managerial setting.

Because of their interdependencies, parts of ecosystems are involved in continual partnerships for their survival (Capra and Pauli, 1995). In partnerships, members are engaged in a subtle interplay of competition and cooperation. To have a successful partnership, there must be flexibility, which is characterised by interdependent fluctuations of variables within an ecosystem. Each partner must be able to adjust to any changes and reach equilibrium levels without destroying its forms or the forms of other parts of the system (co-evolution). All partnerships and interdependencies should be geared towards achieving sustainability, which implies the long-term survival of each part of the ecosystem on a limited resource base. Thus, all parts of an ecosystem should organise themselves according to the co-evolution principle in order to achieve maximum sustainability.

Based on a better understanding of ecosystem principles, there have been calls for tougher definitions and an increase in the practices of corporate sustainability in order to benefit society, the natural environment and business (Strategic Direction, 2010). The concept of sustainability provides a framework to integrate both the environmental and social performance of corporations with the traditional economic approach. By combining three measures of sustainability (environmental sustainability, social sustainability and economic

sustainability) under the same umbrella, executive managers are able to create a comprehensive sustainability strategy for long-term corporate performance.

Corporations are established on the basis of a going concern. The going concern concept entails that organisations have to be forward-looking for them to remain strategically successful. Sustainability management, which is economically feasible, should be competitively carried out through current organisational processes and practices. However, the biggest weakness of many industrial conglomerates is that they have embarked on programmes to cut costs and remain competitive without giving due consideration to the local community and the limits of their natural environment (Capra and Pauli, 1995).

The situation is even worse when an organisation is entangled in a financial crisis, when there is often a management perception that the sustainability costs do not contribute anything towards economic success and should therefore be the first to be cut back (Figge et al., 2002). Sound sustainability management programmes should be practised even during any times of financial distress that an organisation may experience.

This literature review shows that corporations may not perceive sustainability costs as effective investments in the short term. However, the strategic impact of such investments on society and the natural environment would be significant in the long term. Stated differently, considering the future operations of corporations and also future generations, such sustainability investments would be considered cost-effective in the long run.

From the analysis, it is clear that recognising environmental and social factors should be considered critical in modern management systems. The management of risks associated with environmental and social incidents can be facilitated by means of sustainability reporting systems (Institute of Directors in Southern Africa, 2009; Stead and Stead, 2004; White, 2005). Managers should focus proactively on addressing environmental and social risks in order to reduce problems that may emerge in the local and global arena. The adoption of sustainable practices can reduce operating expenses by improving efficiency, promoting innovativeness amongst managers, enhancing an organisation's reputation, and assisting in product development, all areas which subsequently improve the financial bottom line of the organisation in the long term.

Stakeholder-centred governance approach

There are many stakeholders that need to be considered in the corporate world. Hence, each stakeholder has to be included when measuring corporate performance. It is expected that modern management systems should have a rich set of measures that reflect the complexity of business operations (Epstein and Wisner, 2001).

The stakeholder-centred approach is founded on the

premise that corporations operate through complex relationships and networks with many players, called stakeholders. The stakeholder-centred approach attempts to ascertain the interested groups that have different stakes in the affairs of a company and therefore, need management's attention (Prozesky, 2010). Apart from shareholders, there are other equally important stakeholders, such as employees, suppliers, customers and local communities. These stakeholders have legitimate rights in the running of the business activities (Rossouw, 2010). Under the stakeholder-centred approach, it is argued that stakeholder groups should be granted legal protection as well. For instance, employees have legally protected rights to bargain collectively.

This analysis shows that the stakeholder-centred approach represents an organisation as one family, where the stakeholders are its members, who have to work collaboratively to achieve one common goal of maximising the value of the entire system. Too much focus on one stakeholder group would put other stakeholder groups under stress, which can ultimately lead to the disequilibrium of the entire system. Consequently, sub-optimal results can be experienced in the long term.

Africa's inclusive approach under Ubuntu philosophy

Within an African environment, socio-cultural underpinnings rigorously apply and the African Umuntu or Ubuntu (humanness) philosophies are omnipresent throughout the continent. Therefore, the Ubuntu socio-cultural dimensions apply and are considered critical in any organisation operating in Africa (Mangaliso, 2001; Mbigi and Maree, 2005). The emerging African management philosophies view an organisation as a community and this can be summed up in one word – Ubuntu (Mbigi and Maree, 2005; Skinner and Mersham, 2008). Africa has its own unique socio-cultural settings, which have a direct impact on people-centred systems encompassing leadership, employee welfare, extended family systems, caring and sharing, and corporate governance.

Issues of corporate governance are becoming more pronounced in modern business practices. Corporate governance which is intertwined with business ethics is considered critical towards organisational practice as well as general corporate productivity (Rossouw, 2005). The founding principles of business ethics and corporate governance are in line with the Ubuntu philosophy of regarding all members as part of the community. It is this direct involvement of community members that creates more solidarity, love, caring and sharing within the grouping (organisation).

These observations indicate that there is much that the Ubuntu philosophy can contribute towards business ethics and good corporate governance. Under the African Ubuntu philosophy, members have a conscience that

individualism and greed which is achieved at the sacrifice of other community members contravenes the foundations of humanity (Ubuntu). Ubuntu humanity teaches about community solidarity, care and sharing amongst its members.

RESEARCH METHODOLOGY

Under this study, a quantitative research method has been used to analyse the data, statistically and objectively. The researchers followed basic procedures that are employed when developing the Likert scale questionnaire to measure different perceptions of managers. The main steps that were followed when formulating the questionnaire included the identification and generation of perspectives surrounding allocation of wealth to stakeholders, careful review of literature on the topical area and a review of similar questionnaires that were used in prior surveys as recommended by Saunders et al. (2003). All these culminated in the formulation of the attitudinal statements that represented main variables of the study.

Data collection

During this study, empirical data were collected by means of a survey. The results were used for an empirical analysis of the research findings. The questionnaire focused on variables that related with issues pertaining to the treatment of stakeholders with regard to the allocation of corporate wealth within an African context.

Questionnaire structure (Likert scale style)

A five-point scale was used to assess validity as to the extent of agreement on each statement. In Likert scales, it is assumed that all participants will perceive "strongly agree" as expressing greatest favour or agreement towards the attitude statements than "Somewhat agree" and "strongly disagree" (Babbie and Mouton, 2007; Saunders et al., 2003; Welman, Kruger and Mithcell, 2005). The same order of response categories was maintained so as not to confuse respondents, as recommended by Dillman (2000). Managers were asked to rate their responses on the continuum scale that they were given. The questionnaire also assisted in the formulation of an objective and scientific report of the study findings.

Pretesting

After the questionnaire had been designed, it was pre-tested by means of several personal interviews with senior managers to ascertain the validity of the content of measures. After the questionnaire had been validated, the pre-testing interviews allowed for the clarification and redefinition of survey items and for the rectification of any potential deficiencies where necessary.

Sampling

The structured questionnaire was administered in both hard copy and in an electronic format. Electronic questionnaires were emailed to potential respondents and the hard copy versions were posted to the respondents and then these were followed up for any feedback. Reminder telephone calls were made and e-mails were sent after every two weeks for three months of the questionnaire survey.

Large corporations were randomly selected from those that were

registered with the registrar of companies or Malawi Stock Exchange in Malawi and those companies that were registered with the Johannesburg Stock Exchange or the Johannesburg Chamber of Commerce in South Africa. Though not in the majority, some companies from other countries were reached through their diplomatic missions that are resident in either in Malawi or South Africa.

During data collection, a total of 620 questionnaires were dispatched to various organisations from the commercial sector in Malawi, South Africa and other African countries. Out of the 620 questionnaires, 387 responded to the questionnaire giving a final response rate of 62.4%. The sampling statistics show that the Kaiser-Meyer-Okin measure of sampling adequacy is 0.814 which is a 'great' value for verification of sampling adequacy for the analysis (Field, 2009: 659). Thus, this analysis confirms the factorability of items and adequacy of the sample for conclusive results (Chenhall, 2005; Field, 2009; Hanafizadeh and Sorousha, 2008).

Data reliability and validity

Data reliability as a measure of the internal consistency of the data constructs was determined by means of the Cronbach alpha (α) - an α coefficient above 0.7 is considered reliable (Bryman and Bell, 2007; Costello and Osborne 2005; Field, 2009). In this study, the overall α coefficient was 0.858, which suggests that the internal consistency of the data constructs was excellent.

In terms of data validity, researchers were careful in sampling the targeted population. Though randomly done, the questionnaire was targeted at large corporations by focusing on business executives at senior management (60.7% of respondents) and middle management (37.0% of respondents), and other business executives including the board members (2.3%). Such business executives include the chief executive officers (CEOs), chief financial officers (CFOs), financial managers, management accountants, and company secretaries who are conversant with issues raised under the study; hence maintaining homogeneity of the sample. Further, a total of 71.3% of the respondents have industrial work experience of more than six years.

The statistics indicate that the Bartlett test of sphericity $\chi^2(66)=1087.92$, $p<0.001$ was significant for all factors indicating that we can be confident that the sample was homogenous and that multicollinearity does not exist under these survey data according to Field (2009: 661).

Data analysis

Because of its versatility and popularity, the Statistical Package for Social Sciences (SPSS) version 16.0 was used to capture and analyse data that was collected.

Demographics of participating organisations (Total=387) indicate that 168 respondents (43.4%) were from South Africa, 187 respondents (48.3%) were from Malawi, and 32 (8.3%) respondents were from other African countries that included Zimbabwe, Mozambique, Lesotho, Botswana and Zambia. As reflected in the statistics, the majority (94.7%) of respondents came from Malawi and South Africa combined with 5.3% from other African countries. A summary of survey respondents showing their country of origin is shown in Table 1.

RESULTS ANALYSIS AND DISCUSSION

Ratings on each statement have been done through univariate analysis by using individual rating statistics,

Table 1. Country of participating organisations.

Country	Frequency	Percent	Cumulative percent
South Africa	168	43.4	43.4
Malawi	187	48.3	91.7
Other	32	8.3	100.0
Total	387	100.0	

frequency tables and graphs. Overall, the analysis shows that there were varied responses from participants regarding the extent of their agreement on each on the questionnaire statements. The reports on the study results and analysis of ratings on the fifteen questionnaire statements are presented here.

Statement 1: We recognise the interdependence of relationships of our stakeholders

There seems to be a general understanding that an organisation can succeed only if all stakeholders are recognised as members of and contributors to corporate performance, as reflected in the conceptual framework. All the respondents agreed (45.2% “agree”, 46.5% “strongly agree” and 8.3% “somehow agree”). The analysis thus indicates that the majority of contemporary managers take cognisance of the stakeholder-centred approach in their operations. Thus, stakeholder-centred management models would be appropriate for the African framework. The above analysis confirms the provisions regarding the interconnectedness of organisational stakeholders that is acknowledged by practising organisations.

Statement 2: We recognise the interdependence of efforts and rewards among our stakeholders

The majority of organisations recognise the interdependence of efforts and rewards among their stakeholders. A total of 74.4% agree (46.4% “agree” and 27.9% “strongly agree”) with this statement, while only 2.3% disagree and 23.3% “somehow agree”.

The analysis demonstrates that most organisations recognise a stakeholder-centred approach that represents an African governance approach. The recognition of the interdependence of stakeholders by various organisations confirms an “inclusive” management approach that is congruent with the African Ubuntu philosophy (Mbigi and Maree, 2005; Tutu, 2004) and also with a recognition of the nature of ecosystems (Capra and Pauli, 1995), where all parts of the system are interconnected and depend on each other for common strategic survival.

Statement 3: We adopt processes that address concerns of our stakeholders

The study results indicate that the vast majority of respondents adopt business processes and practices that are aimed at addressing the concerns of stakeholders. A total of 87.0% agree (47.5% “agree” and 39.5% “strongly agree”) with this statement, with only 2.8% disagreeing. However, 10.1% of organisations only “somehow agree” that their business processes are stakeholder-centred.

The findings reveal that corporations are oriented towards satisfying a broader pool of their stakeholders rather than just the shareholders. Thus, the research results confirm an inclusive approach to corporate governance in Africa (Institute of Directors in Southern Africa, 2009). The above analysis also confirms that corporate managers realise the interconnectedness and interdependence of organisational stakeholders.

Statement 4: Our organisation puts more emphasis on maximisation of shareholders' wealth than of other stakeholder's wealth

This statement of the questionnaire is aimed at assessing the application of the popular maxim of “shareholder wealth maximisation”, that is, the beginning and end of shareholder-centred management theories. The study findings reveal that 45.5% agree (24.3% “agree” and 21.2% “strongly agree”) that their organisations put more emphasis on the maximisation of shareholders' wealth than on other stakeholders' wealth. A total of 27.9% disagree, whilst 26.6% “somehow agree” with the statement.

The analysis of the study findings indicates that there are some companies that are still inclined to focus on the maximisation of the shareholder value rather than look at value for other stakeholders too. However, other companies have embraced the stakeholder-centred approach within their visionary focus.

Statement 5: Our sustainability programmes take into account economic, social and environmental issues

Despite the difficulty in measuring environmental and

social elements, most organisations report that their external reporting systems take into account the triple bottom line as recommended by the King III Report (Institute of Directors in Southern Africa, 2009). A total of 63.1% agree (36.7% “agree and 26.4% “strongly agree”), while 15.7% disagree and 21.2% “somehow agree” with the statement.

This analysis indicates that whilst many organisations have embraced the triple bottom line reporting system, some organisations are not fully adhering to the triple bottom line reporting requirements, signifying the transitional nature of triple bottom line reporting system within corporate reports, a scenario that is not provided for in the generic balanced scorecard model.

Statement 6: Organisational wealth is allocated to each stakeholder based on their relative contributions towards the overall corporate performance

Although organisations recognise the interconnectedness and inter-dependence of stakeholders, as discussed above, the results of the survey suggest that the need for equitable allocation of organisational wealth to stakeholders is not fully recognised by some organisations. The results show that 52.2% of the respondents agree that their wealth is allocated to each stakeholder based on the stakeholder’s relative contribution to overall corporate performance, which is usually measured in the form of profitability. A total of 16.8% disagree with the statement, while 31.0% “somehow agree”.

The findings demonstrate that some large corporations are still not engaged in equitable sharing of their resources with different stakeholders. The research findings suggest that some stakeholders do not benefit from the organisational wealth that they themselves have created. The sharing element constitutes a critical element of the African Ubuntu philosophy (Mbigi and Maree, 2005; Tutu, 2004). It is therefore not surprising that the new provisions under the King III Report emphasise the need for corporations to disclose their social and environmental allocations and impacts (Institute of Directors in Southern Africa, 2009).

Statement 7: All stakeholders receive sufficient benefits to assure their continued collaboration with our organisation

The research findings show that a total of 69.7% agree (43.9% “agree” and 25.8% “strongly agree”) that their stakeholders are given sufficient benefits by the organisation to ensure that there is continued stakeholder collaboration within its operations. Only 8.3% disagree, while 22.0% “somehow agree” with this statement.

These research findings indicate that most

organisations believe that sufficiency in the allocation of organisational wealth would be a motivating factor that ultimately enhances long-term cooperation and collaboration by different stakeholders. Such stakeholder collaboration would also promote long-term corporate sustainability.

Statement 8: Equitable distribution of organisational wealth to our stakeholders enables us to gain continued corporate reputation

A majority of 70.0% agree that equitable distribution of their wealth to different stakeholders enables them to gain a continued good corporate reputation. Only 4.9% disagree and 25.1% “somehow agree” with the statement. As with the preceding analysis on the three statements above, these research findings indicate that most organisations recognise the need to be equitable in resource allocations to their stakeholders. Organisations realise that a more equitable distribution of organisational wealth is likely to build a good reputation and create goodwill amongst stakeholders, which will in turn promote the sustainability of their business operations.

Statement 9: We are open in disclosing wealth distribution to our stakeholders through corporate reporting systems

The statement was aimed at ascertaining whether or not organisations are open in distributing their wealth to different stakeholders through corporate reporting systems, as recommended by Szwajkowski (2000). A vast majority (80.9%) of respondents agree (46.0% “agree” and 34.9% “strongly agree”) that they deploy open resource allocation disclosure. Only 3.1% disagree, while 16.0% “somehow agree” with this statement.

This analysis demonstrates that most organisations prefer open disclosure of resource allocations, which would ultimately encourage participation by different stakeholders in the business activities. Thus, stakeholder knowledge and active participation would influence corporate sustainability in the long term.

Statement 10: Our managers do not practise corruption that deprives our valuable stakeholders

This statement was aimed at determining whether or not corporate executives illegally and inequitably share organisational resources in a corrupt manner. The research findings show that a total of 79.1% agree (25.6% “agree” and 53.5% “strongly agree”) that their managers do not practise corruption, which deprives the very same stakeholders that an organisation is supposed to interconnect and depend upon. However, some

respondents disagree (2.8%) and others (18.1%) only “somehow agree” with the statement.

Although the evidence is slim, the survey results reveal that corruption still occurs amongst managers in Africa, which is against the teachings of the African Ubuntu philosophy, which advocates a spirit of solidarity, caring and sharing, where wealth is to be distributed to all members, and not just to a very few undeserving and selfish individuals.

Statement 11: We pay our suppliers fairly by offering competitive prices in the industry

A vast majority of the organisations agree that they pay their suppliers fairly by offering competitive prices in the respective industries. A total of 83.2% agree (34.9% “agree” and 48.3% “strongly agree”), while only 2.1% disagree and 14.7% “somehow agree” with the statement.

The research results indicate that most organisations not only recognise the significance of suppliers towards corporate activities as providers of inputs, but also that corporations allocate their wealth to suppliers by offering competitive prices as well. It is expected that continued fair trading practices with suppliers would motivate suppliers to continue providing the organisation with high quality inputs for long-term business sustainability.

Statement 12: We are involved in financially supporting educational projects for our future business operations

Most of the respondents indicate that they are involved in financially supporting educational projects as a basis for the continuity of business operations. A total of 72.6% agree with this statement. Only 12.1% disagree and 15.2% “somehow agree”. The study findings demonstrate that most organisations make a point of promoting education, thus, encouraging the sustainability of future business operations. Unlike other factors of production, such as land and finance, a knowledgeable workforce is considered a critical factor of production in the modern business environment (Drucker, 1993).

Statement 13: We take direct responsibility for social problems that we have caused

The research findings also indicate that most companies take direct responsibility for the social problems that they cause in the course of their operations. A majority of 69.0% agree with the statement, while 12.7% disagree and 18.3% “somehow agree”. The figures from this analysis indicate that issues of corporate social responsibility are still in transition, as some corporations still do not take on direct social responsibility for effects

that they have caused. These research findings are pertinent to the disclosure of social impact in corporate reports, as recommended by the King III Report (Institute of Directors in Southern Africa, 2009).

Statement 14: Our organisation reserves funds for natural environmental (ecological) preservation projects

A total of 45.9% of the respondents indicate that their organisations reserve funds for the preservation of the natural environment, whilst 28.5% do not. Out of the respondents, 25.6% indicate that they “somehow agree” that their organisations allocate funds towards natural environmental projects.

These research findings demonstrate that issues of environmental preservation and protection are in transition, as many organisations still do not put much emphasis on the issue of environmental protection. This finding is worrying, because the sustainability of current and future businesses and generations depends on how organisations conserve the natural environment today. The protection of the natural environment would improve the likelihood of the continued provision of many raw materials and other inputs for production, which is a fundamental facet in the conceptual framework.

Statement 15: We contribute substantially to the overall welfare of the society

Generally, the vast majority of respondents indicate that their organisations contribute substantially towards the overall welfare of the local society. A total of 79.1% agree (40.6% “Agree” and 38.5% “strongly agree”) with this statement. Only 8.8% disagree and 12.1% “somehow agree”. These research findings are in line with the stakeholder-centred approach where the local community is recognised as one of the key stakeholders of many organisations

Whilst the majority of the respondents’ organisations recognise the presence of local communities through their contributions, the overall analysis indicates that there are still some corporations that are not ploughing back into the local communities in which they operate. Within the framework of the King III Report’s recommendations (Institute of Directors in Southern Africa, 2009:109), one would expect the majority of companies to adhere to the provisions of good corporate governance and duly report the social and environmental sustainability together with an economic element in their corporate reports.

Overall, the research findings as analysed provide insights regarding critical issues that govern the allocation and sharing of organisational wealth. The analysis of the fifteen statements on the structured questionnaire is summarised in Table 2. Means of the response ratings

Table 2. Statistical summary of the univariate analysis on the questionnaire statements.

Statement	Rating scale (%)					Total
	Strongly disagree	Disagree	Somehow agree	Agree	Strongly agree	
We recognise the interdependence of relationships of our stakeholders	0.0	0.0	8.3	45.2	46.5	100
We recognise the interdependence of efforts and rewards among our stakeholders	0.0	2.3	23.3	46.5	27.9	100
We adopt processes that address concerns of our stakeholders	0.0	2.8	10.1	47.5	39.5	100
Our organisation puts more emphasis on maximisation of shareholders wealth than of other stakeholders wealth	7.5	20.4	26.6	24.3	21.2	100
Our sustainability programmes take into account economic, social and environmental issues	0.5	15.2	21.2	36.7	26.4	100
Organisational wealth is allocated to each stakeholder based on their relative contributions towards the overall corporate performance	2.3	14.5	31.0	30.5	21.7	100
All stakeholders receive sufficient benefits to assure their continued collaboration with our organisation	0.8	7.5	22.0	43.9	25.8	100
Equitable distribution of organisational wealth to our stakeholders enables us to gain continued corporate reputation	1.0	3.9	25.1	48.8	21.2	100
We are open in disclosing wealth distribution to our stakeholders through corporate reporting	2.1	1.0	16.0	46.0	34.9	100
Our managers do not practise corruption that deprives our valuable stakeholders	0.0	2.8	18.1	25.6	53.5	100
We pay our suppliers fairly by offering competitive prices in the industry	0.0	2.1	14.7	34.9	48.3	100
We are involved in financially supporting educational projects for our future business operations	2.3	9.8	15.2	41.3	31.3	100
We take direct responsibility for social problems that we have caused	2.6	10.1	18.3	33.3	35.7	100
Our organisation reserves funds for natural environmental (ecological) preservation projects	5.2	23.3	25.6	30.7	15.2	100
We contribute substantially to the overall welfare of the society	2.3	6.5	12.1	40.6	38.5	100

N=387.

for each statement are diagrammatically presented in Figure 1.

In summary, the graph in Figure 1 indicates that statement 14: “our organisation reserves funds for natural environmental (ecological) preservation projects” ($\mu=3.28$) registered the lowest mean. Under the univariate analysis as discussed, only 45.9% of the respondents agreed with the statement. Further examination of the graph shows that statement 1: “we recognise the interdependence of relationships of our stakeholders” registers the highest mean ($\mu=4.38$) indicating that the vast majority (91.7%) are in agreement with the statement.

Further, statement 10: “our managers do not practise corruption that deprives our valuable stakeholders” ($\mu=4.30$), statement 11: “we pay our suppliers fairly by

offering competitive prices in the industry” ($\mu=4.29$) and statement 3: “we adopt processes that address concerns of our stakeholders” ($\mu=4.24$) also attracted very high ratings from respondents. Overall, all other statements apart from statement 4: “our organisation puts more emphasis on maximisation of shareholders wealth than of other stakeholders wealth” ($\mu=3.31$) and statement 14: “our organisation reserves funds for natural environmental (ecological) preservation projects” ($\mu=3.28$) have been given high ratings (where $\mu>3.50$) by the respondents, as the graph in Figure 1 shows.

Development of a conceptual framework of stakeholder relationships and networks

Guided by the research findings and also literature

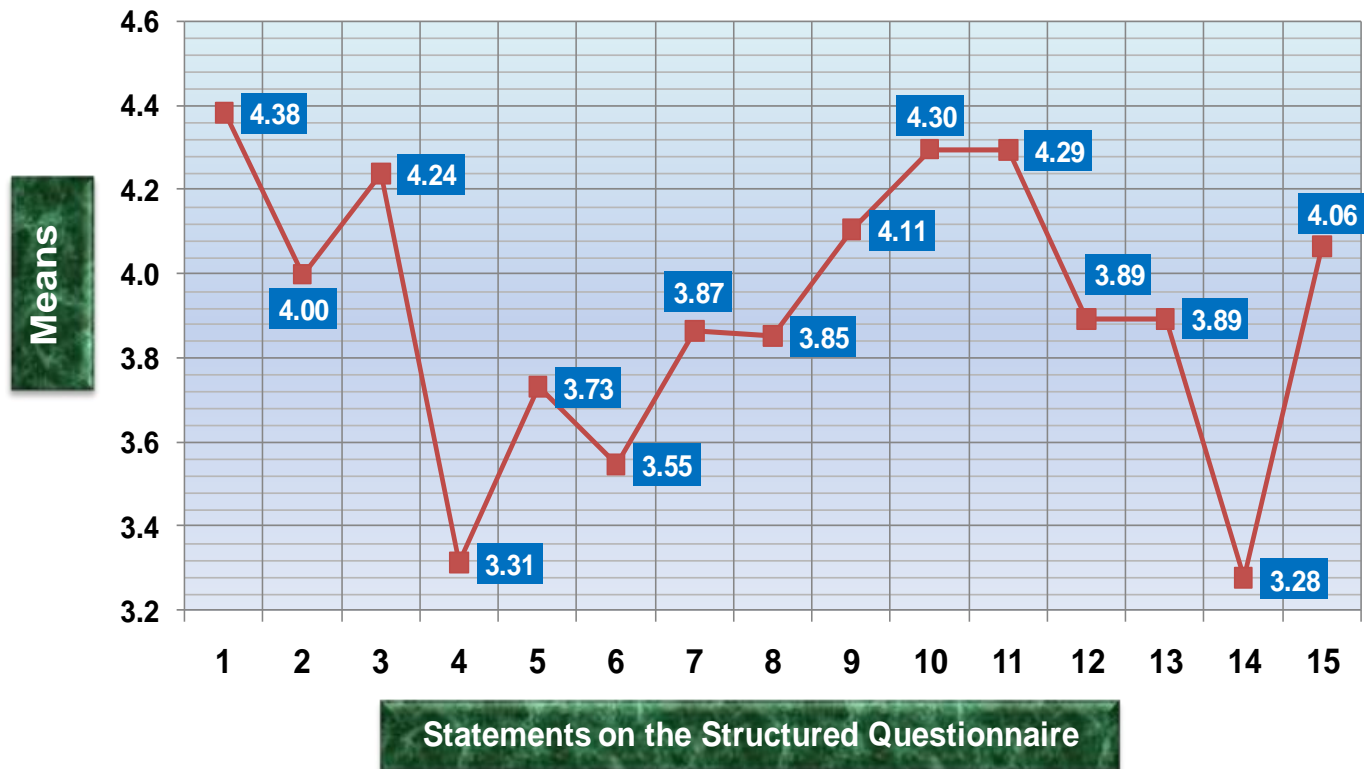


Figure 1. Means of the response ratings on the questionnaire statements (source: Own observation).

analysis, a conceptual framework of stakeholder relationships and networks has been developed (Khomba, 2011: 7-9). The conceptual framework has been developed on the understanding that every business engages in a series of complex activities involving different constituents that are linked for organisational success.

The conceptual framework recognises the interconnectedness and relationships of corporate activities with those of other stakeholders, and also of the relationships and interdependence of the stakeholders themselves. The conceptual framework of stakeholder relationships and networks has been developed in appreciation of existing interrelationships and interdependence of systems and their subsystems as also observed by Capra and Pauli (1995), Mitroff et al. (1974), and Stead and Stead (2004). The conceptual framework depicts organisational interactions and stakeholder relationships at different systems layers. After several revisions and updates on the interconnectedness and interdependence of business activities, the final conceptual framework of stakeholder networks and relationships for the study has been developed, as shown in Figure 2.

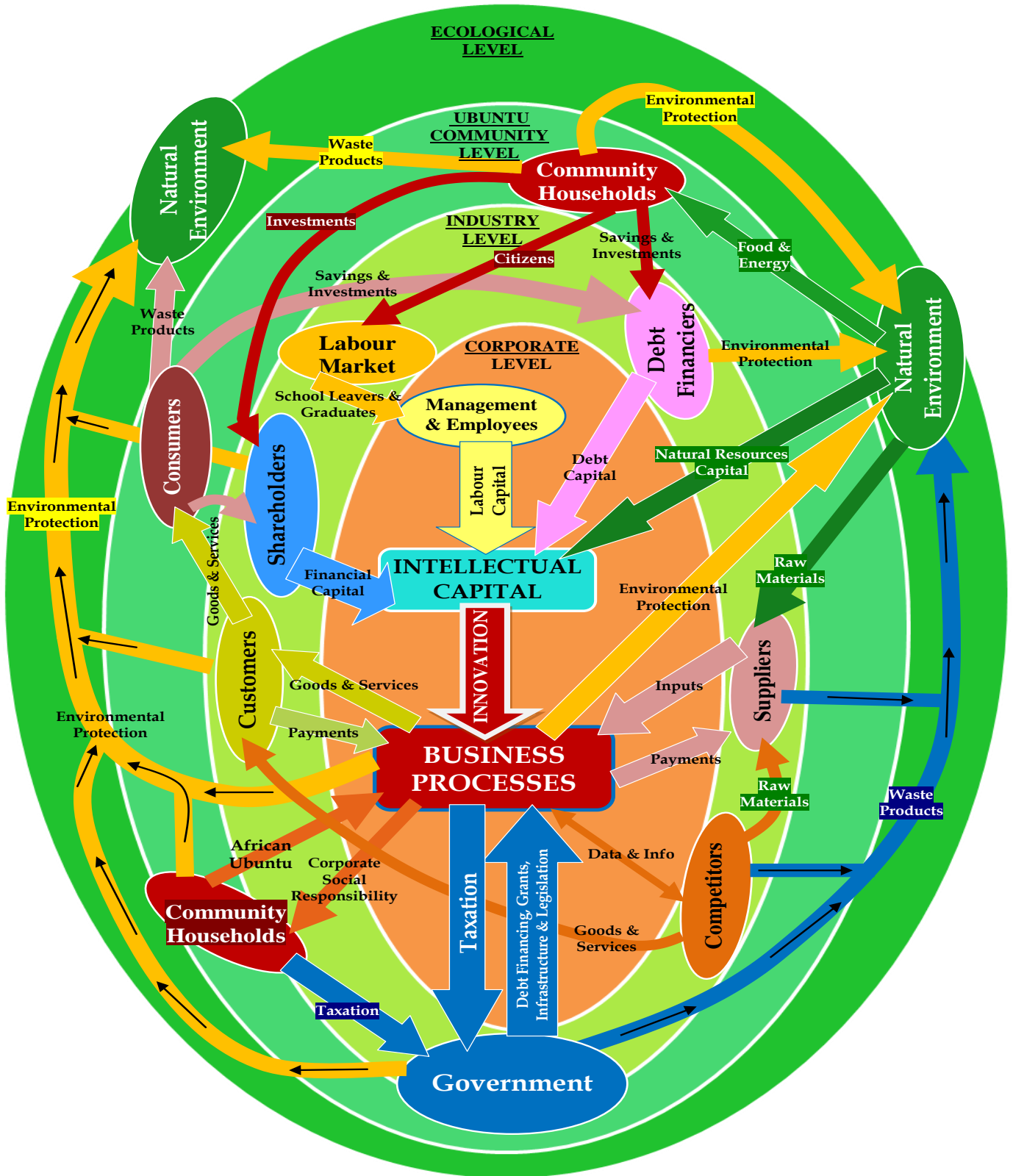
Using different colours in an onion-like layering arrangement, there are four systems layers in the conceptual framework. The first is the corporate level, representing internal activities, including those of management and employees. The second is the industry level, representing the boundary within which similar

businesses run by different companies operate. At the industry level, there are customers, shareholders, government, suppliers, regulatory bodies and competitors.

The third level of the conceptual framework of stakeholder relationships and networks is the Ubuntu community, which represents a larger grouping of all industries and where different final consumers reside. The fourth is the ecological (natural environmental) level for the largest ecosystems, where natural resources are sourced from. On a daily basis, and in a very complex way, different stakeholders interact with an organisation during the value/wealth creation processes.

For instance, in the African context, government provides business financing, infrastructure and legislation, so that it is also recognised as a critical stakeholder. Other stakeholders include customers and final consumers, suppliers for production inputs, competitors for information and benchmarking, and local communities for labour and final consumers. The framework further recognises four sources of capital, namely financial capital from shareholders, debt capital from debt financiers, human resources capital from the labour force, and natural resources capital from the natural environment. The four capital sources are integrated through the intellectual capital for the creation of maximum organisational wealth.

It is expected that the organisational wealth that is



System Level ▶	Corporate	Industry	Ubuntu Community	Ecological
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Figure 2. A conceptual framework of stakeholder relationships and networks (source: Khomba, 2011: 8).

created is allocated and distributed to those who were involved in the process of value creation directly or indirectly. This kind of approach is in line with the Ubuntu philosophy of caring and sharing (Lutz, 2009; Mbigi and Maree, 2005) and also that of the universal modern thinking about business ethics (Newbert, 2003; West, 2009). There is that need for the organisational wealth that is created to be shared equitably amongst all the stakeholders that are involved in the value creation processes. Therefore, every corporation must have a conscience regarding its obligation to share the value created or resources with different stakeholders in an equitable and ethical manner (Carroll, 1979; Morgan, Ryo and Mirvis, 2009; Rasche and Esser, 2006: 263-265). Contributions to corporate social responsibility in local communities, and the protection and enhancement of the natural environment are clearly areas where organisations can show their corporate citizenship and corporate conscience.

CONCLUSION AND RECOMMENDATIONS

The research findings from the study show that corporations operating in Africa are geared more towards the stakeholder-centred approach of corporate governance rather than the Western shareholder-centred approach. The research findings indicate that African organisations recognise the significance of stakeholder interconnectedness and interdependence that has a direct impact on corporate sustainability. This recognition is manifested through equitable allocation of organisational resources to their different stakeholders that they interact and transact with.

The stakeholder-centred approach is also in line with the spirit of the African Ubuntu philosophy that is premised on the community prominence of caring and sharing. The equitable resource allocation to different stakeholders of an organisation is in resonance with the spirit of caring and sharing under the African Ubuntu principles where wealth or property gained by community members is shared amongst those members who worked as a team.

However, the findings indicate that corporate focus on natural environmental issues is still transitional as many organisations are not yet giving much attention towards this critical stakeholder. There is need for organisations to be sensitised on the significance of having a deliberate policy of allocating resources towards projects involving protection of the natural environment. The development of the conceptual framework of stakeholder relationships and networks serves to act as a guidepost to corporate managers on the significance of stakeholder linkages that drive sustainability of any organisation.

The study was subjected to some limitations. The study concentrated more on countries from Southern Africa. The same study could be replicated to other African countries especially those from the West, North and East

Africa to get a comparative basis of research findings. The study was also fraught with non-availability of information from some organisations. Some managers regarded discussion on issues involving corporate performance of their organisations very sensitive. Such managers are under instructions not to divulge any strategic "company secrets" to "outsiders".

Notwithstanding the aforementioned limitations, the research findings reveal the foundational elements that guide corporate sustainability, especially for those organisations operating in Africa. Apart from involving stakeholders during the creation of wealth for an organisation, the same stakeholders should also be given their equitable share during the allocation of the wealth that they have participated in during the wealth creation processes.

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