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**A BUSINESS TAKING THE SOCIAL INITIATIVE:  
THE CARTER HOLT HARVEY TASMAN CASE**

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## ABSTRACT

This thesis explores the workplace of a sustainable award-winning company in a small New Zealand town. Its special focus is on investigating how employees perceive the firm's exercising of social responsibility in relation to its various communities and, in particular, its support of social initiatives.

Qualitative methods were used and multiple sources of evidence drawn on, in order to allow a broad range of historical, attitudinal and behavioural issues to be analysed in this single case study. The results demonstrated that employees tended not to view their employer's social initiatives in isolation, but to adopt a much broader focus that took into account other aspects of organisational life. Consequently, some employees were critical of the extent of support given the external community, while others (particularly those involved in social initiatives) saw room for expansion of the firm's support. Key factors found to be influencing the way in which employees' perceived the firm's support of social initiatives were the employer's workplace performance, the strong family-oriented workplace culture, and individuals' concerns for the local community. Business outcomes perceived to arise from employees' involvement in the firm's environmental and community initiatives included more satisfied and professionally-skilled employees with a higher personal profile, and a significantly enhanced reputation for the firm. The employer was thought to be mostly concerned with the latter outcome, and to be largely unaware of the potential for human resource benefits to simultaneously be accrued as employees engaged in social initiatives.

Areas identified for future research include how the skills and attributes acquired during the participation experience may impact on individual performance and affect team productivity; how employee forums established to promote management-employee collaboration on social initiatives may contribute towards the simultaneous development of more trusting and fruitful relationships, and improved interpersonal skills; and how both the separation and sharing of social and cultural values may influence the evolution of business-community relationships, and the nature of social initiatives supported by firms as they interact with their local communities.

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# CHAPTER ONE: Introduction

This is a study of the workplace of a sustainable award-winning company situated within a small, New Zealand town. The study focuses on how employees perceive and react to the firm's exercising of social responsibility and support of social initiatives.

While the study has links to contemporary interest in corporate social responsibility (CSR), it has many unique and unusual aspects that extend it beyond the current debate. Consequently, the case study is used as an opportunity to explore the workplace of a firm affected by changes in government policy over the last two decades, and employees' perceptions of the firm's exercising of its responsibilities in relation to its various communities.

## 1.1 Background

As major policy changes aimed at improving the country's economic strength and competitive advantage have taken effect over the last two decades, there have been dramatic changes in the New Zealand workplace. Consistent with changes occurring internationally, there has been a marked shift in employment relations as union participation has been minimised, employment relations individualised, and greater powers placed in the hands of the employer. At the same time, employers have increasingly come under the spotlight as public expectations of 'responsible' business have risen.

Under the banner of 'corporate social responsibility', many employers are now tackling wider social issues that may threaten their own and others' future existence, and claiming remarkable business benefits as they do so (Pearce II & Doh, 2005; Holdsworth, 2000). This worldwide trend has prompted theorists to suggest that employers are adopting "a new world view, a different set of management competencies and a greatly increased sensitivity to issues" not previously thought of as pertinent to business (McIntosh, Leipziger, Jones & Coleman, 1998, p.40).

Although the social actions and accounts of business are frequently regarded with some scepticism (Eden, 1996; Deegan, 2002), they are not being ignored by investors who are

increasingly opting for a socially responsible investment portfolio that aims for a “triple bottom line joining economic, social and environmental targets” (McEwan, 2004, p.C4). Indications are that although such ethically-oriented Kiwi investors remain a relatively rare species, interest in Great Britain and the United States is high, with an estimated value of about \$2 billion, and an 11 percent share of the investment fund market in the United States (McEwan, 2004).

As business engages in new ways with the community, governments around the western world are working cooperatively with business in addressing social concerns - particularly in relation to ‘green issues’, which have gained a position of some prominence in public awareness and mainstream politics. Meanwhile, the emergence of a proliferation of business-led, non-governmental organisations appears to indicate a level of “disillusionment with public sector initiatives and established systems of governance” and a growing level of commitment by business toward the advancement of socially responsible business practices (McIntosh, Thomas, Leipziger & Coleman, 2003, p.69).

A major work site that has been affected by the dramatic changes that have taken place in the New Zealand business environment over the last two decades, is that currently owned by Carter Holt Harvey Tasman – a pulp and paper mill based in the small town of Kawerau in the Eastern Bay of Plenty region. It is on this sustainable award-winning company’s exercising of social responsibility and support of social initiatives that this study is based.

## **1.2 Purpose of the study**

Much of the current literature focuses on building a business case for CSR by establishing a link between corporate social and financial performance. Despite the investment of considerable time and effort in this direction, results have been contradictory and a convincing business case has yet to emerge (Margolis & Walsh, 2001).

Considerable research attention has also been given to understanding the implications for business of how its social performance is perceived by external audiences. Less is known about the effects of firms’ CSR programmes on their internal audiences.

What is reported is often based on the perceptions of business professionals, senior executives, and others directly involved in corporate social initiatives (Peterson, 2004; Lee, 1999; Dutton & Dukerich, 1991), rather than on the perceptions and reactions of a more diverse group of employees in terms of their position and status. Trevino, Weaver and Brown's (2000) finding that executives are often seriously out of touch with the way in which organisational ethics policies and practices are regarded by workers, highlights as a possibility that business professionals and other senior-level employees may also have limited understanding of the way in which CSR policies and practices are regarded by employees.

Given that one of the truisms of modern business is that the people a business employs are crucial to its success, it is important to understand how a firm's CSR activities can influence employees' attitudes and behaviour, and how their reactions may have implications for the workplace. It is on these specific issues that this research is focused, and on which the research questions and objectives listed below are based.

### **1.3 Research Questions**

How is one firm's exercising of social responsibility and support of social initiatives perceived by a sample of employees?

How do employees' interactions with the workplace influence the way in which they perceive the firm's support of social initiatives?

What internal outcomes are perceived to arise from the firm's support of social initiatives?

### **1.4 Research Objectives**

The research objectives designed to assist in answering the above research questions are:

- 1 To identify mechanisms operating within a workplace context that may influence the way in which an employer's support of social initiatives is perceived.

- 2 To assess employees' levels of awareness of and attitudes towards the firm's exercising of social responsibility and support of social initiatives
- 3 To explore employees' perceptions of the firm's management of its programme of social initiatives in terms of the communication and consultation processes in place
- 4 To describe the purpose and outcomes of employees' involvement in social initiatives and of the firm's support of social initiatives for participants, non-participants, and the employer from the perspective of employees

### **1.5 Justification for the study**

The majority of reported research on CSR attempts to reconcile corporate social initiatives with economic logic (Margolis & Walsh, 2003). Few attempts have been made to explore the less tangible outcomes of corporate social initiatives, such as how they may be viewed by and influence employees. The data that emerged from this study informs on the experiences of employees in relation to the CSR programmes supported by an employer by identifying the sorts of expectations employees may have of their socially responsible employer; exposing how attitudes may differ amongst employees depending on prevailing conditions; explaining how employees may be influenced by aspects of an employer's behaviour including the firm's support of social initiatives; identifying what causes employees to react in the way that they do; and by indicating how a firm's support of social initiatives can bring benefits to the workplace.

An important feature of this study is that the results also show how a firm's support of social initiatives may be perceived during a period of great change when, on the one hand, the employer seeks the greater commitment of employees and, on the other, restructures and downsizes as it outsources a major segment of its workforce.

The use of a critical realist approach in exploring and explaining the intricacies and complexities of context, and in necessarily identifying some of the mechanisms operating within it in order to achieve the above findings, adds a further dimension to the study.

## 1.6 Outline of the thesis

This Chapter has provided a rationale for the choice of research topic and set out the purpose and objectives of the study. Chapter Two establishes its historical and theoretical context by presenting a review of relevant literature. The review sets the scene for this study by guiding the reader through some of the legislative and other changes in the external environment that have impacted on the work site studied over the last few decades. Major issues raised in the CSR debate are then introduced. The review also summarises what firms are doing for their communities under the banner of corporate social responsibility, and identifies how employees are reacting to the actions their employers take. Relevant concepts and terms are also defined and explained.

Chapter Three describes the research design and method, and provides a rationale for the choice of the case study research strategy. The work site studied, Carter Holt Harvey Tasman's pulp and paper mill, is formally introduced, and the researcher's reliance on critical realism as a philosophical and methodological position justified and explained. The latter is motivated as much by the researcher's desire to gain a greater awareness of her own approach to the interpretation of meaning, as by a desire to provide the reader with a more complete picture of the overall research process.

Chapter Four presents the results of the study (drawn from the data collected in accordance with the methods outlined in Chapter Three). Chapter Five discusses these results in relation to the study's research purpose and objectives, and explains the significance of particular findings.

Chapter Six presents the conclusions and recommendations arising out of the study, and identifies its strengths and limitations. Company-specific and more general suggestions and recommendations for further research and practice are also presented.

# **CHAPTER TWO: Literature Review**

## **2.1 Introduction**

This Chapter begins with a broad overview of some of the key developments in recent years that have impacted on the New Zealand workplace. The review highlights how major trends in business, government and civil society have influenced workplace relationships and prevailing views on the social responsibilities of business. The concept of CSR and the debate that surrounds it is also explored with a view to gaining an appreciation of the way in which views on the social responsibilities of business may differ. The review concludes with an examination of the social initiatives being supported by firms in New Zealand (NZ) and overseas, and of the effect of firms' discretionary activities on employees.

As there is an abundance of literature on and tangential to the topic, this review is limited to the following broad topics most pertinent to this investigation:

- Recent trends and their impact on the New Zealand workplace
- Evolution of the concept of corporate social responsibility
- Theories, concepts and tensions emerging in the CSR debate
- Perceptions of corporate social responsibility

This review by no means provides a definitive account of any one aspect of this burgeoning field. Rather, it identifies a range of perspectives on the social responsibilities of business and lays the foundation for understanding how employees may perceive and react to their employer's social initiatives. The review also exposes gaps in the literature that are addressed in this study.

## **2.2 Recent trends and their impact on the NZ workplace**

Strained relationships and divisions have often prevailed in the NZ workplace as a result of the country's traditionally adversarial approach to employment relations. Some of the

most volatile of these relationships have been linked to NZ's pulp and paper industry (Wallace, 2001).

In 1977, the NZ Employers' Federation sought to prompt a move towards more cooperative workplace relationships and improved work practices through an initiative designed to promote the concept of 'employee involvement' in workplace decision-making (NZ Employers' Federation, 1977). This initiative, which consisted of the publication and wide distribution of a booklet, was preceded by two Labour Department studies on 'worker participation' in 65 NZ manufacturing firms the early 1970s. These studies revealed that increased levels of participation led to "a more efficient organisation and to a more satisfying work situation for the majority of employees" (Department of Labour, 1976, p.43).

This move to improve workplace relations came at a time when economic conditions were eroding and NZ's product and labour markets were ranked amongst the most unproductive in the industrialised world. At about the same time, the newly established and highly influential NZ Business Roundtable (an organisation comprising primarily chief executives of major business firms) was vociferously advocating "a policy of labour market and labour relations reform as part of an overall strategy of economic deregulation" (Deeks & Rasmussen, 2002, p.58).

An era of intense political, economic and social change followed in the 1980s and early 1990s, when first the Labour Government and then the National Government embraced a free market philosophy and introduced sweeping policy changes that radically transformed the country's economic and social fabric (Guthrie, Spell & Nyamori, 2002). As a result, state-owned companies were privatised, import restrictions dismantled, farm subsidies eliminated, government spending and other subsidies cut or reduced, and a range of business activities deregulated (Denemark, 1999; Enderwick, 1994). The removal of export incentives and introduction of market prices for log supply were amongst the many changes to have a major impact on the pulp and paper industry.

Prior to this period of deregulation, a high degree of economic protectionism in NZ had encouraged a wave of mergers and acquisitions of marginally competitive firms. This

transformed the economic landscape from one typified by small and medium-sized companies to one dominated by a relatively small number of large, diversified, and sometimes inefficient, corporations (Jones, 1994, p.60). The conservatism, lack of innovation, and unsophisticated human resources policies of NZ employers identified as barriers to improved productivity at the time (Toulson 1990; Crocombe, Enright, & Porter, 1991), were consequently blamed for the bankruptcies, company restructurings and high unemployment that occurred as changes in government policy took effect in the 1980s (Harris & Neilson, 1996). While suffering the effects of these changes, the pulp and paper industry was also hard hit by numerous strikes and stoppages throughout the 1980s (Wallace, 2001).

The passage of the Employment Contracts Act (ECA) in 1991 brought dramatic shifts in the NZ industrial relations system, including more freedom for employers with the removal of constraints imposed by multi-employer collective bargaining and agreements; the individualisation of employment contracts and relations; a drive for greater labour market flexibility; and a massive drop in union density with the elimination of legislative protection for unions (Bray & Walsh, 1998; Harris & Neilson, 1996; Guthrie et al., 2002).

Although promoted by government and advocated by the NZ Business Roundtable as 'in the national interest', opinion poll and research results show that a large section of the population consistently opposed the Act in view of the shift in bargaining power from employee to employer (Deeks & Rasmussen, 2002; Cregan, Johnson & Rudd, 1996). However, concerns raised by critics that the free-market philosophy constituted an "unrealistic and unsuitable approach to employment relations", and that unsatisfactory and exploitative bargaining outcomes might "increase social tensions and pressure on the social welfare system" had little impact on policy development (Deeks & Rasmussen, 2002, p.71).

Some NZ employers instituted limited changes following the enactment of the ECA in 1991 (Harris & Neilson, 1996). Others began to organise the workplace in line with 'New Right' ideology, introducing practices that encouraged individual rather than collective labour contracts; a strong focus on corporate culture and corporate identity; a



division between a small core of 'permanent' workers and a periphery of low paid casuals, temporaries and part-time workers; growing use of individual performance-based pay systems; and the absence of any union presence in the workplace (Harris & Neilson, 1996). Many of these employers were later to halt or reverse their initial responses when in the mid 1990s it was found that transactional costs associated with individual contracts were greater than those of standardised collective contracts (Deeks & Rasmussen, 2002).

After failing to reach a consensus between the political parties, employers' organisations and unions surrounding employment relations and outcomes of the Employment Contracts Act, an attempt was made to move the focus away from the employment contract on to employment relationships and good faith bargaining with the enactment of the Employment Relations Act in 2000 (Deeks & Rasmussen, 2002, p.94). With this change in legislation, employee rights, information, consultation, and participation, were also expanded (Rasmussen & Lind, 2003).

As a result of these major policy changes and other more modest projects aimed at improving the country's economic strength and competitive advantage, the influence of business has grown and there have been perceptible changes in management culture and workplace relations (von Tunzelmann & Cullwick, 1996; Allan, Brosnan & Walsh, 1999; Knuckey, Johnston, Campbell-Hunt, Carlaw, Corbett & Massey, 2002). Business is now experiencing a less adversarial employment relations environment despite employers introducing new management methods and lean production technologies requiring higher skill levels (Perry, Davidson & Hill, 1995), and cutting wages and introducing sub-contracting to force down the wages bill and improve short-term competitive advantage (Allan et al., 1999).

In their 1996 study of 13 large and medium NZ companies with a profile of social responsibility, von Tunzelmann and Cullwick identify that these changes have impacted on firm's approaches to social responsibility by leading to "more inclusive, empowering roles and relationships, in the first instance, between customers and employees ... broadening strategically to relationships with the wider community" (1996, p.31).

Cleland, Pajo, and Toulson's more recent survey of 1,728 human resource professionals confirms that work relationships are changing as business begins to focus on greater investment in human resource development and to incorporate "teamwork, empowerment, participative management, consultation and leadership" into its practices, and social and environmental issues into the set of concerns traditionally acted on (2000, p.151). Haynes, Boxall and Macky's (2003) survey findings of NZ workers' experiences of work confirms the trend towards more participative workplace practices in its identification of the fact that 77 per cent of employees agree or strongly agree that they are satisfied with their influence over workplace decision making. The same survey also finds that as employers have introduced more participative management practices into the workplace, employees have become more satisfied with their jobs overall (82 per cent); believe that their relations with management are good (85 per cent); and both trust their employers (82 per cent) and feel that their jobs are secure (Haynes, Boxall & Macky, 2003).

Haynes, Boxall and Macky's (2003) findings mirror those of the Ministry of Economic Development's 'Firm Foundations' 2002 large-scale study of 3,378 NZ business practices and performance. The results of this study suggest that NZ firms are adapting to the increasingly open and competitive environment faced since the mid 1980s (Knuckey et al., 2002), and moving some way towards the productive employment relations 'ideal' subsumed within the objectives of the Employment Relations Act.

In direct contrast, statistical analysis of data gathered from over 2,000 Australian workplaces and over 19,000 employees reveals that employees across the Tasman are becoming "less trusting of their employers as a result of the endless stream of structural change – downsizing, restructuring and re-engineering programmes – all of which threaten employee sovereignty and job security" (Morgan & Zeffane, 2003, p.70).

Another significant piece of legislation in NZ's recent history – the Resource Management Act 1991 – effectively devolves responsibility for the sustainable management of natural and physical resources from central to regional government. This has prompted change in decision-making processes both within companies and in the

public arena (von Tunzelmann & Cullwick, 1996). Although introduced with the intention of forging more consultative processes and stronger relations between business and their communities, the Act has proved highly contestable and has been blamed by business for impeding and delaying the development of major infrastructure projects. For example, Carter Holt Harvey, one of Australasia's leading forest products companies, has expressed concern at both the administration of the Act and the 'corporate blackmail' aspect of objections (Gautier, 1997). The company has also recently warned that their plans to invest hundreds of millions of dollars in NZ are in jeopardy because of rising energy costs and mounting compliance costs and obstacles associated with the Resource Management Act (Edlin, 2004).

As the actions of business have come under closer public scrutiny from consumers, producers and governments with the emergence in and around the 1970s of national and international pressure groups, firms have increasingly faced restrictive legislation and many segments of the global business community have explicitly linked their social initiatives to their stated goals and strived to demonstrate a good environmental record (von Tunzelmann & Cullwick, 1996). For instance, businesses operating within the pulp and paper industry, which once received much flak from environmentalists for its poor environmental practices, have since begun to receive public recognition for their outstanding environmental achievements.

However, contrary to what might be expected of a country with a 'clean, green image', the NZ business community's response to environmental concerns has been remarkably sluggish. As revealed in the results of the 'Firm Foundations' 2002 survey of NZ business practices and performance, by 2001 only 47 per cent of all firms had "put in place measures to reduce the environmental impact of their business", when it was estimated that approximately 75 percent of them should have done so (Knuckey et al., 2002, p.53). A more recent survey (October, 2003) of a sample of 1,843 NZ businesses shows little change in this situation, with just 50 per cent of firms surveyed bothering to "consider the impact of their processes and service production on the environment", and only about 25 per cent of firms having environmental management systems and/or a policy statement concerning environmental policy (Lawrence & Collins, 2004, p.9).

Leading the way in the promotion of environmentally sound and socially responsible business practices in NZ were a number of high-profile business leaders, including Dick Hubbard, managing director of Hubbards Foods Ltd. In 1988, inspired by what some firms were doing overseas, particularly in the United States, Dick Hubbard established the New Zealand branch of the international organisation Businesses for Social Responsibility (now known as the Sustainable Business Network after the 2003 merger with the Auckland Environmental Business Network), with a view to encouraging more compassionate attitudes in the workplace and the adoption of socially responsible business practices (Holdsworth, 2000).

Hubbard's efforts initially draw a mixed response in an era of competitive individualism and corporate excess on the one hand, and rising unemployment and poverty on the other. However, mainstream companies and business schools now include corporate social responsibility as part of their programmes. Indeed, corporate social responsibility is proving to be one of the big issues of the twenty-first century for the international academic community, as new theoretical perspectives emerge to shape theory, research and practice.

Corporate social responsibility first gained prominence in America after becoming a mature research field in university departments by the 1970s. The research conducted in this country subsequently influenced early British discussions of corporate philanthropy (Marinetto, 1998). The establishment of corporate citizenship and business sustainability units at a number of universities around the world since has helped to facilitate productive engagement between academics, practitioners and governments.

The social, economic and political context for the study and the evolution of the social responsibility movement in NZ has been outlined in this section. This is particularly relevant to this study as changes that have occurred over the last two decades or so have significantly affected the work site studied, and influenced prevailing views on the social responsibilities of business. The next section discusses in more depth the concept of corporate social responsibility and the debate that surrounds it.

## 2.3 Evolution of the concept of corporate social responsibility

*The concept of corporate social responsibility is a fuzzy one with unclear boundaries and debatable legitimacy (Lantos, 2001, p.595).*

Corporate social responsibility is thought to have “its roots in the thinking of early twentieth century theologians and religious thinkers, who suggested that certain religious principles could be applied to business activities” (Lantos, 2001, p.598). Despite the concept’s early emergence, its continual evolution over the last century as theorists and practitioners have grappled with new contributions to the field has left the concept difficult to define. The emergence of a range of conceptually related and overlapping terms, such as ‘corporate social responsiveness’, ‘corporate citizenship’, ‘corporate social performance’, ‘stakeholder theory’, and most recently, ‘sustainable business’, has added to the confusion and left audiences with more questions than answers (Walker, 2003).

Marking the introduction of serious discussion on the topic of social responsibility, was Bowen’s (1953) seminal work on the ‘social responsibilities of businessmen’ in which he posed the question: “What responsibilities to society may businessmen reasonably be expected to assume?” and offered the definition: “It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Carroll, 1999, p.270).

Various attempts have been made over the last few decades to develop a systematic method or framework for understanding the nature of a firm’s social responsibilities. Most notable amongst these is Carroll’s depiction of the four distinct components of CSR (economic, legal, ethical and philanthropic responsibilities) as being positioned within a ‘pyramid’ or ‘unified whole’ in order to show that “different types of obligations are in a constant but dynamic tension with one another” (1991, p.42). Carroll’s more recent portrayal of the four components of global CSR (Figure 2.1) similarly depicts that “the global social responsibility of business is composed of four definite components that, when taken together, define what business should be doing in the international sphere” (2004, p.117). While Carroll’s original model implies that organisations should be

concerned about and ‘do something’ about social issues, it has been criticised for not providing a clear indication of what it is that organisations should do (Clarkson, 1995).



Figure 2. 1: Carroll's Pyramid of Global Corporate Society Responsibility and Performance.

Source: “Managing ethically with global stakeholders: A present and future challenge”, by A.B. Carroll, 2004, *Academy of Management Executive*, 18(2), p.116.

The dilemma this lack of clarity poses is often highlighted in the outcomes of discussions on the social responsibilities of business. As just one example: despite a working group comprising 85 member companies of the World Business Council for Sustainable Development (WBCSD) investing considerable time and energy into the development of a revised summary definition of corporate social responsibility in 1999, the definition that emerged:

Corporate social responsibility is the commitment of business to contribute to sustainable development, working with employees, their families, the local community and society at large to improve their quality of life (2000, p.10).

has neither stemmed the tide of new definitions nor silenced critics, such as Henderson (2001), who see the statement as too vague to provide a basis for action.

Offering a clearer guide to action is Walker's definition of 'business social responsibility' in NZ as "an abstraction representing a negotiated process whereby individuals within and outside business commit to a set of flexible, ill-defined goals that are recognised as worthy, socially beneficial and making good business sense" (2003, p.205). Walker explains business social responsibility as being "founded on relationships of identification and trust" and as:

dependent on the personal accountability of individual managers to act in the interests of society that includes business [while being] flexible and accommodating, excusing a manager's behaviour that may in isolation be viewed as unwise or imprudent, so long as a convincing balance is maintained in favour of a perceived intention on the part of the individual manager to act in goodwill to minimise harm and maximise benefits to society (2003, p.205).

Walker's (2003) articulation of the concept of business social responsibility shifts the emphasis from a relatively vague and distant focus on the 'company' or 'business' to the more compelling immediacy of the 'individual manager'. In doing so, the definition highlights the complexities inherent in any chosen course of action by eluding to both the fallibility and the immense potential of the human dimension. Clearly, Walker's (2003) emphasis on the individual is by no means intended to "push the burden of social responsibility back towards individuals", in sympathy with the suggestion that "a company is as impersonal a vehicle as a motor car" and it is "only those who put the vehicle to use ... who can bear any responsibility for their actions, not the institution" (Kerr, 1996, p.5). Rather, it is representative of an enlightened perspective that recognises:

When we look at individual behaviour in organisations, we are actually seeing two entities: the individual as himself (sic) and the individual as representative of his collectivity ... Thus, the individual not only acts on behalf of the organisation in the usual agency sense, but he also acts, more subtly, "as the organisation" when he embodies the values, beliefs, and goals

of the collectivity. As a result, individual behaviour is more “macro” than we usually recognise (Chatman, Bell & Staw, 1986, p.211, cited in Weick, 1995, p.23).

Walker’s inclusion of reference to ‘trust’ in her explanation of social responsibility is important in that the concept of trust, which has been defined as a “psychological condition whereby a person willingly becomes vulnerable based on expecting positive intentions or behavior from another”, has been found to have “significant relationships with organisational outcome variables, such as organisational citizenship behavior, fairness of the supervisor, and job satisfaction” (Wech, 2002, p.354).

Clearly, if individuals are to commit to a set of goals recognised as “worthy, socially beneficial and making good business sense” as Walker suggests in her definition (2003, p.205), central to the process of trust building should be organisational initiatives that allow greater personalisation between employees and management (Young & Daniel, 2003). Although there appears to be no empirical evidence to support the theory, logic would suggest that senior management-employee collaboration on discretionary social initiatives may provide such an opportunity.

Finally, in using the term ‘business social responsibility’, Walker (2003) acknowledges and reinforces the precedence this term has taken over that of ‘corporate social responsibility’ in New Zealand, where approximately 96 percent of all enterprises employ fewer than 20 employees. However, the evolving nature of the field is such that since the emergence of the Sustainable Business Network in 2003, the term ‘business sustainability’ has been widely adopted on the basis that it more clearly encompasses the “economic, environmental and social aspects of business – the so-called triple-bottom-line measure of organizational health” (Jayne, 2004, p.29)

The term corporate social responsibility currently remains an integral part of business language and practice on the international stage. However, it is argued that the concept actually restricts organisations in their development as ‘corporate citizens’ in that the concept tends to promote a focus on programmes of activities external to the company,



rather than on any sustainable form of holistic, and systematic cultural change within the company itself (Birch, 2001, p.63).

McIntosh et al. provide some indication of what it means to be a 'corporate citizen' in their explanation of corporate citizenship as a progression from corporate social responsibility to "a fuller understanding of the role of business in society" that "involves corporations becoming more informed and enlightened members of society and understanding that they are both public and private entities" (2003, p.16). Waddock further explains that "corporate citizenship" is manifested in the strategies and operating practices a company develops as it interacts with stakeholders and the natural environment" (2004, p.9).

Although the concept of corporate social responsibility and its boundaries remain 'fuzzy', it appears that "the notion that business has duties to society is firmly entrenched" (Lantos, 2001, p.596), and that the concept will continue to underpin the development of many other related concepts and theories in years to come.

## **2.4 Theories, concepts and tensions emerging in the CSR debate**

*Investigating corporate social initiatives presents a rich scholarly opportunity in part because the economic account suggests that there should be no such initiatives to investigate in the first place (Margolis & Walsh, 2003, p.271).*

The view that government, through the collection of taxes and legislation, sufficiently controls business activity, and that business has no social responsibility other than to obey the law (the economic account) has long been debated. The controversy over CSR generally arises when publicly-held companies owned by many individual and institutional investors undertake 'socially responsible' activities that might restrict shareholder profits (Lantos, 2001). Certainly, there is evidence to suggest that enterprises will be more likely to face stakeholder pressure and proposals for socially responsible

activities as numbers of stockholders and employees increase (Buehler & Shetty, 1975; Peel & Bridge, 1998; Knuckey et al., 2002; Lawrence & Collins, 2004).

#### **2.4.1 Stakeholder-firm interactions**

Largely as a means of counteracting the economic account and, in particular, Friedman's (1970) shareholder paradigm, organisation theorists and empirical researchers have examined "the relationship between shareholders, with their economic interests, and society, with its interest in broader well-being and human development" (Margolis & Walsh, 2003, p.273).

The stakeholder model that has emerged is based on the theory that certain parties exist to whom an organisation owes "morally significant non-fiduciary obligations", over and above the relationship between "an agent who has a fiduciary responsibility to a principal" (Lantos, 2001, p.604). With a concern for such parties as customers, suppliers, employees, local communities, shareholders and governments, stakeholder theory has developed around the idea originally proposed by Freeman in 1984, that "managing stakeholder relationships is essential to managing any enterprise", and that "a company's relationships with stakeholders (and treatment of the natural environment) is core to understanding how it operates and adds value as a business" (Waddock, 2004, p.11).

Research confirms that organisations are increasingly being expected to consider the concerns of all stakeholders during their business planning processes and, in order to reduce the degree of uncertainty associated with outcomes, to integrate social concerns into their long-term business strategies, management tools and activities (Tencati, Perrini, & Pogutz, 2004). At the same time, it has been found that firms may be reluctant to accept such responsibilities. For example, the results of a recent qualitative study examining the attitudes of mining company managers towards the accommodation of stakeholder groups, indicate that while managers see themselves as having a responsibility to comply with environmental standards and to respect the physical health, wealth, comfort and convenience of parties whose 'material interests' stand to be directly affected by firm activities, they resent the costs associated with environmental review procedures and see themselves as having no obligation to promote the development or

welfare of stakeholders or to be concerned with such value-related issues as the protection of nature or social and cultural traditions (Cragg & Greenbaum, 2002).

Some consistency is noted between the results of Cragg and Greenbaum's (2002) study and Buehler and Shetty's much earlier (1975) survey of 232 major US corporations, which showed enlightened self-interest and legal compliance as primary motives underlying corporate support of socially responsible business practices. In contrast, Lawrence and Collins' (2004) survey of 1,843 NZ businesses shows that business owners and chief executives perceive that they are motivated more by their own and other employees' belief systems, than by any external influence. On the other hand, Clarkson (1995) proposes the need to move on from the debate over businesses' motives and in new directions with the suggestion that there is no justification for examining the motives underlying businesses' social actions, and that it is performance – a concept able to be measured and evaluated - that counts. Clarkson (1995) bases this proposition on the results of a 10-year research programme designed to develop a realistic stakeholder framework and methodology for analysing and evaluating social performance. Clarkson's (1995) study shows that when it comes to evaluating a company's performance in managing its relationships with stakeholders, it is neither relevant nor possible using empirical methodologies available today to determine whether an organisation and its management are motivated by high standards of ethical behaviour, enlightened self-interest or common sense.

Stakeholder-firm interactions have been found to benefit groups in a variety of ways, including through the sharing of information and resources and the solving of seemingly intractable environmental problems related, for example, to forest, estuary, river, and water management (Welcomer, Cochran, Rands, & Haggerty, 2003). However, Marinetto's study of corporate social involvement in Britain and Italy has identified that although some firms may be well-intentioned, they may be "ill-suited to dealing with public and social issues", and that there is a need for questioning the forms of contribution being made (1998, p.178), so that "CSR initiatives complement – rather than pre-empt or replace – regulation and do not diminish civil society rights" (Hamann & Acutt, 2003, p.259).

It has been found that corporations may place themselves in a perilous situation if they neglect to read the mood amongst stakeholders and fail to give due consideration to prevailing circumstances in decision-making. For example, Svensson and Wood's (2004) case description of the development and demise of corporate ethics and trust in an intra-corporate relationship highlights such outcomes as poor public relations experiences, litigation and the shying-away of consumers from the corporation as disgruntled employees take steps to see it publicly embarrassed.

Bansal and Kandola describe employees as providing "a window into what stakeholders desire" through their "relationships with customers, investors, suppliers, the local community and other employees" and explain that this gives them insights into significant issues, which may threaten the organisation's values and that these should therefore be addressed (2004, p.5). To pave the way forward, they suggest that what is needed is "a set of strong and consistent organisational values that espouse CSR, and employee empowerment that permits and encourages individuals to express their concerns to senior management" (2004, p.4). This proposition is supported by the results of Morgan and Zeffane's (2003) survey of over 2,000 Australian workplaces that show human resource strategies designed to allow direct consultation between employees and higher-level managers (as opposed to lower-level managers who were seen as unable to sustain protection for employees in view of their lack of authority), to be one of the most successful mechanisms in sustaining trust in management.

Stakeholder management devices, such as "ethics committees on the board of directors, public affairs offices, written codes of ethics ... and employee newsletters", have been proposed as a useful means of meeting responsibilities to various stakeholders (Morris, 1997, p.413). Morris (1997) suggests that the initial impact of these devices must be internal, if they are to constrain the behavior of employees and, thereby, influence the way the firm conducts its business.

Friedman and other proponents of the economic account oppose the stakeholder view and assert that it is the "one and only social responsibility of business to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game" (Friedman, 1970, p.141). However, as the discussion in this section suggests,

proponents of the Friedman view may be ignoring the fact that business decisions in the ethical and social responsibility domains can impact on many different people, groups and institutions, and there is a need to be intensely aware of both the larger pattern of society and the smaller shifts certain to bring challenges and opportunities that will impact on the future well-being of all groups (Lantos, 2001; Waddock, 2002).

#### **2.4.2 Building the 'business case' for engaging in social initiatives**

The literature on the measurement of corporate social performance is substantial. In fact, 127 studies that empirically examine the connection between a firm's overall performance on social issues and its financial success were published between the years 1972 and 2002 - a simple compilation of which suggests a positive association between social and financial performance (Margolis & Walsh, 2003). Through these studies, a wide variety of different profit opportunities, broader economic advantages and other less quantifiable factors that businesses may enjoy as a result of their social programmes have been identified.

Amongst the many benefits for business identified are that chemical companies can reclaim some wastes at a profit, and also create "new markets for designers and producers of pollution abatement equipment and systems and for manufacturing technologies" as they strive to meet new environmental quality standards (Buehler & Shetty, 1975, p.16). It has also been found that mining companies can achieve improved relationships between all role-players, higher levels of trust, and better channels of communication through their social initiatives (Hamman, 2003). A further significant outcome identified by Hamman (2003) is that of local communities becoming less dependent on the firm with higher levels of skills development.

Australian firms also rate highly such outcomes of social initiatives as improved relations and the enhanced social and economic health of surrounding communities (Cronin & Zappala, 2002). Enterprises in NZ acknowledge such benefits as their increased attractiveness to employees, their enhanced reputation and cost management/reduction (Lawrence & Collins, 2004), and the development of better workplaces as a result of employee learning and development that occurs (Lee, 1999).

On the other hand, it is suggested that while there is plenty of soft, anecdotal evidence of the benefits of CSR, it is difficult to assess the effectiveness of CSR efforts because of the qualitative nature of factors “such as the value of employee morale, corporate image, reputation, public relations, goodwill and popular opinion” contributing to profits (Miller & Ahrens, 1993, cited in Lantos, 2001, p.620).

The difficulty in assessing the effectiveness of CSR efforts is highlighted in the findings of Margolis and Walsh’s (2001) critique and review of 95 studies aimed at identifying a positive relationship between social performance and financial performance. According to Margolis and Walsh (2001), when positive correlations were found, it was often later proved that the studies were neither conclusive nor exhaustive, and that the direction of causality between corporate social and corporate financial performance was not established. Early research efforts have also been criticised for failing to take into account which group of stakeholders may be relevant in any given situation (Wood & Jones, 1995).

Similarly, the methodology used to calculate the social bottom line in ‘social audits’ carried out by businesses today in order to improve internal practices and determine how well they are living up to their supposed vision and values, has been criticised for a lack of rigour (Waddock, 2003; Norman & MacDonald, 2004). Generally referred to as ‘Triple Bottom Line’ (3BL) accounting, the basic premise underlying this concept is that the ultimate success or health of an organisation can and should be measured by its social, ethical and environmental performance and not just by the traditional financial bottom line (Knuckey et al., 2002; Norman & MacDonald, 2004).

Although generally supportive of some of the aspirations behind the 3BL movement, Norman and McDonald argue that “what is novel about 3BL is not sound”, and that on both conceptual and practical grounds the 3BL rhetoric is inherently misleading and promises more than it can actually deliver (2004, p.254). Scathing of the methodology used to calculate the social bottom line, they furthermore suggest that “to conceive of ethics and social responsibility as necessarily aggregative is to confuse very different categories” and that the 3BL paradigm merely provides “a smokescreen behind which firms can avoid truly effective social and environmental reporting and performance”

(Norman & MacDonald, 2004, p.243). Eden (1996) has also observed that upon closer examination, it will often become apparent that an organisation's activities are actually less responsible than its environmentally conscious and caring policies and reporting suggest, and that the reporting of manufacturing companies, in particular, may be generated in response to criticism over certain environmental issues, and be lacking in depth and detail.

Far from diminishing the business case for CSR, the research efforts acknowledged above highlight the diversity of social practices that companies are already investing in, and suggest the need for a pragmatic approach towards questions about the firm's role in society, backed up with systematic descriptive enquiry into such matters as the consequences of social initiatives (Margolis & Walsh, 2003, p.282).

Given that new social partnerships have led to some of the most vibrant initiatives since businesses, trade unions and NGOs have accepted that "problems shared and aired can lead to innovative and creative solutions" (McIntosh, Thomas, Leipziger & Coleman, 2003, p.41), the primary business justification for investment in social initiatives may well be "the new knowledge and capabilities that will stem from innovation – the lessons learned from the tough problems solved" (Kanter, 1999, p.131).

### **2.4.3 How firms are exercising their social responsibilities**

Research has found that CSR is not the preserve of large corporations, and that the collective contribution of SMEs can be very significant. For example, Abreu and David's analysis of the responses of 7,662 SMEs in 15 different countries to the 2001 European Network for SMEs Research survey confirms that "48 per cent of micro, 65 per cent of small and 70 per cent of medium-sized firms are involved in social activities" (2004, p.119).

Abreu and David (2004) identify the nature of social activities that these organisations are engaging in:

- Donations (40%)
- Sponsorships (32%)
- Cause related marketing and campaigning (11%)
- Employer-involvement in community activities (8%)
- Employee-involvement in community activities (6%)

and the sorts of activities supported between countries. For example, while ‘cause related marketing and campaigning’ are seen as important in Norway and Austria, ‘employee involvement in community activities’ account for the greatest percentage of socially responsible activities in Liechtenstein, Austria and Switzerland (Abreu & David, 2004, p.123). Abreu and David’s (2004) study excludes mention of socially responsible actions that pertain to employees. According to Tuffrey, these may include “fair pay, a safe workplace, equal opportunities and the promotion of diversity, and support for employee development” (2003, p.3).

The results of a more recent survey of Italian enterprises showed that 89 per cent of firms support training activities; 82 per cent support initiatives associated with safeguarding employees’ health; and that 72 per cent of firms engage in initiatives that support the local community (Tencati, Perrini, & Pogutz, 2004).

In their 2004 study of 1,622 NZ firms, Lawrence and Collins identified that organisations engage in a broad range of socially responsible activities including:

- Job training (75%)
- Charitable donations (67%)
- Sponsorship of local community projects (58%)
- Family-friendly policies (57%)
- Further education (tertiary) of employees (48%)
- Consideration of diversity in hiring decisions (43%)



Given the differences in defining SMEs between the two countries, it is not possible to compare the results of the European Network's study with the NZ study. The variation in socially responsible activities identified between countries within the European study are however valid and, as Abreu and David (2004) suggest, may be attributed to cultural and social differences between countries, laws or rules that may benefit the enterprise, and the different activities that people spend their free time engaging in.

Others suggest that the nature of social activities engaged in may be influenced by organisational structures (ie central administration of community involvement), and the general preferences and attitudes of society (Brammer & Millington, 2003), or by the nature of the industry and its location (Von Tunzelmann & Cullwick, 1996). For example, in their 1996 study of 13 large and medium-sized NZ companies with a socially responsible profile, von Tunzelmann and Cullwick (1996) found that rural companies with manufacturing operations were more likely to support local, rather than national initiatives. This included education initiatives designed to help the firm secure a suitable workforce for the future as the industry moved from a low-skilled to a highly technological orientation (von Tunzelmann & Cullwick, 1996, p.29).

## **2.5 Perceptions of corporate social responsibility**

Only one study appears to have been conducted in NZ that looks at how employees may perceive and react to their employer's corporate social initiatives. This study of a corporate community volunteer programme in a large NZ organisation found that employee volunteers will look favourably on their employer's social initiatives, and attribute their participation to the development of better teams, good all-round employees, enhanced levels of satisfaction (Lee, 1999), and the development of greater awareness and understanding of community issues (Lee & Higgins, 2001). Lee's (1999) study also found that while the employer's investment in the external community was seen as a means of promoting positive public relations, employees' involvement was prompted by a personal desire to support the community, rather than in response to any call to support the business. Lee's (1999) study focussed on the perceptions of employee

volunteers and did not seek to capture the views of employees not involved in the employer's social initiatives.

Other NZ studies discussed earlier in this Chapter (2.2) focused on understanding CSR in its broader business and social context (von Tunzelmann & Cullwick, 1996), and on identifying the key drivers influencing the adoption of sustainability practices and what businesses are doing for their employees and the community (Lawrence & Collins, 2004), rather than on the perceptions and reactions of employees to corporate social initiatives.

The results of a large-scale study conducted in the UK (Tuffrey, 2003) looking at how different facets of corporate social responsibility can contribute to enhanced employee morale, motivation, commitment and performance, shed further light on how employees may perceive and react to their employer's social initiatives.

Key findings of Tuffrey's (2003) study, which included the use of two surveys and a case study, include that:

- the company's quality of products and working atmosphere were more influential in building employee pride in the firm than its ethical stance and community schemes
- those involved in community initiatives were more likely to recommend the company, describe themselves as loyal employees, stay with the company and be motivated in their jobs
- team-working ability, the opening of communication channels and job satisfaction were seen as key benefits. However, the extent varied amongst different groups, and such benefits were not considered as important as gaining a broader understanding of social issues
- the main barriers to involvement were believed to be the need for a greater contribution of work time, and a lack of information about the scheme

Although the population studied included both blue- and white-collar employees, the containment of this study in a densely populated urban area within a large economy may limit the generalisability of findings to other similar contexts. Employees of firms in less densely populated rural areas may, for example, feel a stronger connection with the local community and have different expectations of the business, especially when its activities have a significant impact on the community.

On the other hand, the inclusion of a case study enhanced Tuffrey's (2003) study as this allowed the researcher to investigate causality and to establish whether the survey responses provided a true indication of the benefits that arose for employees or merely reflected the implicit theories held by individuals. Tuffrey's (2003) study was further enhanced with the identification of contingent influences, including that it was only after people's primary needs were met, such as "pay and other benefits, opportunities to achieve, and camaraderie" that "some employees particularly value[d] the fact that their employer appear[ed] to share their values too", and that the provision of opportunities to participate in community activities was unlikely to achieve effective results for employees if the overall corporate culture did not reflect the firm's 'social mission' in a variety of ways.

The findings of Zappala's (2003) Australian survey of Westpac employees' community volunteering experiences include that employees were mostly motivated by a desire to contribute to the community, but that the opportunity to gain an understanding of community issues and to improve one's self-esteem was also seen as important. It was also found that employees gained enhanced self-esteem, and a greater knowledge of the community as a result of their participation; and that they saw the scheme as a good way for the company to achieve its objectives, rather than as a cynical public relations exercise (Zappala, 2003). Westpac's reputation as well-known adopter of socially responsible practices may limit the applicability of findings to 'best practice' cases, in that other organisations are unlikely to have such well-developed programmes in place. Nevertheless, the study presents a comprehensive set of findings based on the perspective of individuals working in different roles and at different levels within the organisation.

Although not specifically developed in relation to CSR, a recent survey of NZ workers shows that fair and responsible management practices, such as understanding the need for employees to attend to family responsibilities, and providing opportunities for employees to develop skills and to influence workplace decision-making, are both favourably perceived by employees and associated with high levels of trust, loyalty and overall job satisfaction (Haynes, Boxall & Macky, 2003). A further local study similarly examining the relationship between the use of 'soft' (employee-centred) human resource management (HRM) practices and employee well-being, found employee-reported levels of organisational commitment and job satisfaction to be largely unrelated to the number of HRM practices in place, with one exception – good and safe working conditions (Edgar, 2003). Possible explanations for the absence of a relationship between numbers of HRM practices in place and levels of commitment and satisfaction included that certain HRM areas, such as good and safe working conditions, and training and development opportunities, may have been of more importance to employees than others, and/or that a gap may have existed “between employer rhetoric about HRM and the reality of HRM experienced by employees” (Edgar, 2003, p.238).

Australian researchers, Cronin and Zappala (2002), identify as a further gap, the lack of significant involvement of the HRM function in CSR activities, particularly those associated with community volunteering. Although such activities may be authorised by top management, their implementation often falls within the exclusive domain of the public affairs/relations function (Cronin & Zappala, 2002). Such arrangements indicate that companies may be neglecting the benefits that close collaboration on corporate social initiatives may bring by helping to build trusting relationships and a strong sense of community within the organisation. Employer-employee collaboration on social initiatives may also provide a useful means of promoting interpersonal skills development and high levels of employee morale and motivation in the workplace (Tuffrey, 2003).

### **2.5.1 Corporate reputation and employer attractiveness**

A number of international studies have explored the relationship between corporate reputation and employer attractiveness, and corporate image and work attitudes by examining the effects of 'organisational images' or 'organisational identity' on the attitudes and behaviours of employees within the context of the relationship that exists between top management and the external environment. These studies suggest that both prospective and current employees will be positively influenced by an organisation's favourable reputation in terms of their willingness to be associated with the organisation and in their attitudes towards work (Riordan, Gatewood & Barnes Bill, 1997; Turban & Greening, 1997; Greening & Turban, 2000; Backhaus, Stone & Heiner, 2002; Albinger & Freeman, 2000; Bartel, 2001; Arpan, 2005).

Specifically, it has been found that individuals' perceptions of a prospective or current employer will influence job selection decisions, job satisfaction and intentions to leave the organisation, and that job satisfaction is linked to important variables, such as "employees' willingness to change and organisational commitment, which logically affect overall organisational performance" (Riordan et al., 1997, p.410; Greening & Turban, 2000). Similarly, the results of Morris's (1997) study of the perceived effects of externally-oriented stakeholder management devices, such as an enforced code of ethics, a public affairs office, an ethics committee, rewards based on social as well as financial performance, and the inclusion of articles on social programmes in employee newsletters, suggest that the sound implementation of such devices will lead to a good public image and reputation and influence organisational climates in ways that encourage consideration and caring for others, along with an emphasis on legal and professional standards.

Although they may provide useful insights, the reliance of many of these studies on corporate reputation and employer attractiveness on an external perspective (employed and unemployed graduate and undergraduate students' ratings of either a range of selected or fictitious organisations (eg Turban & Greening, 1997; Backhaus et al., 2002; Albinger & Freeman, 2000; Arpan, 2005), rather than on the views of current employees in a range of different occupations, arguably diminishes the validity of data gathered.

The concept of 'organisational image' has been the subject of numerous conceptualisations and definitional debates (Gioia, Schultz & Corley, 2000). However, Dutton and Dukerich simply explain that employees use an 'organisation's image', or the way they believe others view the organisation, as a means of gauging how outsiders are judging them, and that any deterioration in that organisational image is "an important trigger to action as each individual's sense of self is tied in part to that image" (1991, p.520). Dutton and Dukerich suggest that researchers will better understand how organisations behave if they first establish "where individuals look, what they seek and whether or not they like the reflection in the mirror" (1991, p.551).

Similarly, the closely associated concept of 'organisational identity', typically understood to represent members' collective understanding of the features presumed to be central and relatively permanent that distinguish one organisation from another (Albert & Whetten, 1985, cited in Gioia et al., 2000), is said to have implications for organisations in that a group member's self-concept will be either positively or negatively influenced by their perception of their group's identity (Peterson, 2004).

Research consistently supports the claims that organisational identity or image affects not only an individual's "sense of who they are and what they stand for", but also "organisational action and individual motivation" (Dutton and Dukerich, 1991, p.550). However, two additional contexts identified as worthy of recognition and examination are the relationship between top management team members and the external environment, and the relationship between top management team members and the organisation's employees (Corley, Cochran and Comstock, 2000; Riordan et al., 1997). Given the internal tension that can arise as a result of any discrepancy in perspectives, and the potential for such harmful reactions as withdrawal of goodwill or even attempts to discredit the organisation through the leaking of information to outside sources (Corley, et al., 2000, p.64), there is clearly a need to better understand how employees may perceive such relationships.

Of the few studies that have attempted to explore this relationship, the first was Gavin and Maynard's (1975) survey of 660 employees in a US bank. This investigation, which looked at how the bank's involvement in social issues might relate to employees'

“expectations of equitable job rewards and satisfactions of Maslow type needs”, found that employees’ expectations and work satisfactions were influenced by the degree to which the bank was seen to fulfil its societal obligations (Gavin & Maynard, 1975, p.378). The study also measured differences in perceptions (older males were found to view the bank’s CSR endeavours more favourably than other employees), but did not attempt to examine causal influences (Gavin & Maynard, 1975).

Other similar studies have found a link between images of CSR and employee turnover intentions and job satisfaction (Riordan et al., 1997). Other studies have also found that although a firm’s stakeholder management devices may affect employees’ perceptions of the firm’s moral climate, they do not affect their attitudes about CSR (Morris, 1997); that employees may become less concerned about a firm’s performance in relation to discretionary issues when faced with staff layoffs or periods of poor performance (Maignan & Ferrell, 2001); and that certain dimensions of social performance, such as environment, community relations, employee relations, diversity and product issues, have a greater impact on employees than other measures (Backhaus et al., Stone & Heiner, 2002).

One of the most recent studies to investigate the relationship between social performance and work attitudes is Peterson’s (2004) study, which uses ‘organisational commitment’ as a measure of employees’ work attitudes, and the ‘Corporate Citizenship Scale’ as an instrument in assessing employees’ perceptions of their employer’s social performance. In this study, 1,000 alumni of a business college in the United States were surveyed and, consistent with the findings of the earlier studies noted above, a relationship was found between favourable perceptions of corporate citizenship and higher levels of organisational commitment (Peterson, 2004). Peterson also identifies that the association between the two variables (corporate citizenship and organisational commitment) is greater for those employees with stronger beliefs in CSR; and that while economic, legal and ethical measures are of equal importance for both male and female employees, the discretionary measure of corporate citizenship is of more relevance to organisational commitment for female employees (2004).

Peterson (2004) acknowledges that the study was unable to establish causation and that employees' perceptions may be imprecise. However, the study's focus on one particular group of stakeholders (employees) and a specific measure of benefit (commitment), gives value to the findings. What is missing from Peterson's (2004) and other relevant quantitative studies is any sound basis on which to gain an understanding of the subtle changes in dynamics that may occur as employees perceive organisational action or inaction on social issues in either a positive or negative light, and subsequently either allow or disallow their perceptions to influence them in the work that they do. That is, there may be a tendency for employees to indicate high commitment in a survey if they think this is an appropriate outcome to report. Only by exploring the issues in conversation with the individuals concerned will the necessary understanding be gained to truly appreciate the ways in which employee perceptions may have implications for the general 'well-being' of an organisation. The fact that all but one of these studies were conducted in the United States, also raises questions as to the relevance of findings to NZ's small economy and small firm-size context.

As the review in this section shows, little is reported in the academic literature about how individuals may differ in their perceptions of and reactions to an employer's exercising of social responsibility and support of social initiatives. In strong contrast, many unsubstantiated claims of remarkable benefits arising as a result of business's community initiatives are often appearing in the popular and business press. One such claim is made by Greg Bourne, Regional President of BP Amoco Australasia, in relation to the development of a wetlands area and waste management project:

A side effect of such projects ... is the enthusiasm they generate from within the organisation, which increases the business's level of cohesion and therefore its productivity. Perhaps what we're seeing here is that the behavioural change brought about by being asked to care is so in tune with our employees' innate values that the switch from taking a technocratic view of the world to taking a more holistic view is natural" (Holdsworth, 2000, p.8).



Similarly, Dick Hubbard, well-known leader of the business social responsibility movement in New Zealand and founder and managing director of Hubbard Foods Ltd, promotes the view that the building of employee self-esteem, and practice of making decisions from the heart as well as the head, leads to unlimited benefits to the organisation including “extensive creativity, staff loyalty and reduced employee retention costs” (Holdsworth, 2000, p.41).

The courage that these leaders, and others like them, are demonstrating in preaching and practising an approach to business that takes account of the human spirit, is inspiring others to break free “from the shackles of traditional management with its heartless journeys up the corporate ladder and narrow focus on profit maximisation” (Holdsworth, 2000, p.xi). However, further research is needed to confirm and learn from the contributions to employee well-being and the longer-term sustainability of business these business leaders appear to be making.

## **2.6 Summary**

The literature reveals that changes in legislation have impacted on NZ organisations and influenced workplace relationships and prevailing views on the social responsibilities of business. The literature also reveals that research to date has often focused on proving a link between corporate social and financial performance, and on better conceptualising what corporate social responsibility actually means and how it should be enacted. Lastly, the review highlights that little attention has been given to the study of the internal effects of a business’s support of social initiatives and that there is need for further research that exposes how organisations are exercising their social responsibilities, and how their actions are influencing employees and impacting on the workplace.

# CHAPTER THREE: Research Design

## 3.1 Introduction

This chapter begins with a brief introduction to the case organisation and setting, before discussing the research design and methodological strategies employed in addressing the research questions central to this thesis. It is argued that the use of a single business case study provides a useful means of gaining an understanding of the perceptions of employees in relation to their employer's support of social initiatives, and of the complex interplay of contextual factors shaping their perspectives. A critical realist perspective is explained, as is the use of prior theory to inform the data collection and analysis. The chapter concludes with an acknowledgement of some of the limitations of case study research, and an outline of the ethical issues taken into account throughout the research process.

## 3.2 Selection of case study organisation

In December 2003, the option of carrying out this study at Carter Holt Harvey Tasman's manufacturing site in the Eastern Bay of Plenty, New Zealand, emerged as an exciting possibility when the mutual interests of the researcher and two senior employees of the company were discussed during a chance meeting en route to the Sustainable Business Awards ceremony in Auckland. Specifically, this shared interest related to how employees may perceive and react to their employer's support of social initiatives.

The company's high profile as a large employer within the Bay of Plenty region, the significance of its social, environmental and economic impact, and the wide range of social initiatives supported made this an appealing and appropriate situation and setting in which to conduct the planned case study. While the researcher had not before experienced such a workplace (a large, heavy industrial site with 24-hour operations in a small, rural NZ town), the interest shown in the project by her two new acquaintances and their willingness to support a student researcher, was seen as more than compensating for any difficulties an unfamiliar environment might create.

When Carter Holt Harvey Tasman (CHH Tasman) was awarded first place for their economically, environmentally and socially sustainable business performance, and

received the Kauri Award at the Sustainable Business Awards ceremony in Auckland later that evening, the outstanding learning opportunity this unique and potentially, information-rich case presented (Patton, 1990) was fully appreciated. A few weeks later, a project brief was submitted to the CHH Tasman senior management team, and just before Christmas 2003, word was received that the project was 'all go'.

### **3.2.1 Introduction to CHH Tasman**

Carter Holt Harvey Tasman (CHH Tasman) is one of 30 businesses that make up Carter Holt Harvey in Australia and New Zealand. CHH Tasman is a kraft pulp mill which manufactures high quality kraft pulp products for supply to paper, board and building product manufacturers primarily around the Pacific region and Asia.

The Tasman Mill was built in the early 1950s to utilise the wood resource from the central North Island Kaingaroa State Forest. It is situated on land purchased from a local sub-tribe of Ngati Tuwharetoa (McClintock, 1998). Originally known as the Tasman Pulp and Paper Company Ltd (Tasman), the company was formed as a result of a joint venture between the state, Fletcher Holdings Ltd and British multinationals.

CHH Tasman has continued on from the Tasman Pulp and Paper Company Ltd as one of the foremost employers within the Kawerau district and local region. However, direct employment at the Tasman Mill has declined dramatically since it reached a peak of around 2000 employees in the 1980s (McClintock, 1998). In fact, the decision to outsource all reliability and maintenance services at the time of this study saw 130 jobs cut and the number of permanent employees reduced to 219. This contract was entered into as part of a corporate head office-led drive to improve productivity and achieve cost efficiencies in order to compete more effectively in international markets at a time when low international pulp prices and a strong Kiwi dollar were affecting earnings.

While actual employment generated by the Mill has dropped dramatically since the 1980s, many of the Mills previous employees are now employed by the 600 or so contractors and support services drawn on from within and outside the local region.



Figure 3.1: The Kawerau site shared by Carter Holt Harvey Tasman and Norske Skog Tasman  
Source: CHH Tasman Annual Report 2002

As shown in Figure 3.1, a unique feature of Carter Holt Harvey Tasman's operations is that it shares its site and many of its amenities and services with Norske Skog Tasman – a Norwegian-owned paper mill producing newsprint and directory paper used in phone books. This unusual arrangement began in March 2001 when Norske Skog Tasman sold its pulp manufacturing business to CHH Tasman but retained its paper business. A subsequent mill-wide service agreement saw the two companies operating a number of joint ventures requiring close cooperation between senior management of both mills. However, in 2004, CHH Tasman assumed direct responsibility for certain services previously covered under joint venture arrangements with Norske Skog Tasman.

Waste discharged from both plants into the Tarawera River and odours and air emissions produced during the manufacturing process are controlled by resource consent. Considerable sums have been invested by both firms in improvements and in ongoing environmental monitoring, maintenance and reporting, both on and off-site, since the 1990s (McClintock, 1998), and in 2003, CHH Tasman became “one of only a handful of kraft pulp companies in the world to achieve environmental certification ISO 14001” (CHH, 2003).

### 3.2.2 The local community

Kawerau is a picturesque small town surrounded by forests, mountains, lakes, thermal areas, hot springs, rivers and beaches. The town was designed and developed to accommodate the workforce that would be needed at the Tasman Mill (James, 1979).

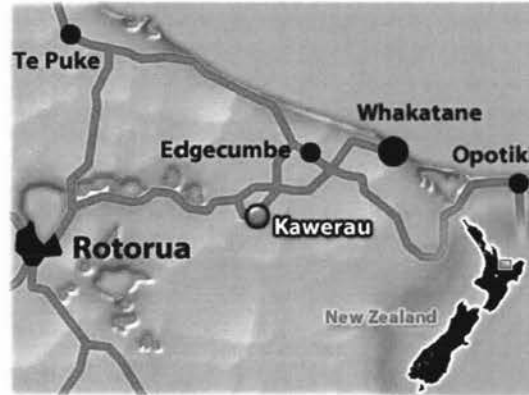


Figure 3. 2: Map of the Bay of Plenty region showing the location of Kawerau  
Source: Kawerau District Council

Kawerau received substantial government support during the first few decades of the Mill's development under what was known as the 'Murupara pulp and paper scheme' (Guest & Singleton, 1999). It now depends largely on the forestry industry for its survival.

While the Tasman Mill was a major export earner in the 1960s, government's withdrawal from the forestry sector in 1987; the internationalisation of the industry in the 1980s; the steady introduction of new technology; and the subsequent restructuring and rationalising of processing capacity that have gone on since, have all contributed to a substantial reduction in the workforce and serious economic and social problems for Kawerau and other small communities in the region (McClintock, 1998).

It is of immense concern to the close-knit, ethnically diverse groups residing in and around Kawerau that the once thriving town has seen an increase in welfare dependency, unemployment, drug abuse, and crime with the departure of many long-term residents, and the arrival of new residents attracted by the low cost of accommodation (McClintock, 1998). Schools in the town have also suffered as the population has

declined and parents have increasingly opted to move their children to secondary schools outside Kawerau.

An improvement in the situation was noted in 2004 when it was found that the combined efforts of the Police, fire brigade and community had led to a reduction in property offending (Van der Kley, 2004). At around the same time, the arrival of a number of new residents led to an increase in property values. The establishment of a government-funded National Centre of Maintenance Excellence in Kawerau for the training of “up and coming skilled labourers” (Remembering 2004, 2004, p.4), and a funding boost of over \$43,000 to Kawerau College following a government review of race-based funding are further positive developments within the community.

### **3.2.3 Corporate-stakeholder relationships**

During the 1980s, constant industrial action by any one of the 13 unions represented on site resulted in a stream of plant closures and disruptions (Wallace, 2001). By the early 1990s, endless disputes between management and the unions saw “the 1,600 workers divide into self-interest groups which often refused to co-operate” (Light, 1997, p.58).

In order to rid the workplace of ‘bitter baggage’, a director of operations appointed in 1992 replaced the top management tier with managers recruited from outside of Kawerau, divided the Mill into many small, self-managing function-based groups on substantially revised contracts, and began to divest the firm of non-core areas of the business (Light, 1997). With this move to team-based systems and wider sharing of responsibility, a change in culture emerged as people began to realise that old ways of working had to change. Subsequently, under the direction of the coach of the Māori All Blacks at the time, cooperative team relationships began to develop (Light, 1997). The company has since maintained a commitment to the provision of on-the-job training and professional development opportunities and, conjointly with Norske Skog Tasman, operates a technical training centre for apprentices (CHH Tasman Annual Report, 2002).

Outsourcing arrangements entered into, including one involving a \$50 million contract with ABB in 2002 to provide maintenance services at Carter Holt Harvey’s Kinleith Mill in Tokoroa and a similar arrangement entered into in 2004 at the Tasman Mill, affected

the positions of hundreds of workers and led to a groundswell of anger and resentment amongst employees. One of the consequences was a bitter dispute between workers and management over employment conditions at the Kinleith Mill which resulted in a record 82-day strike from 7 March to 3 June, 2003.

CHH Tasman has publicly reported on its economic and environmental performance since 1996. In 2002, the company took the added step of producing its first externally-audited triple-bottom line report covering the Mill's economic, environmental and social performance for the year. The same year, CHH Tasman commissioned an independent survey of the local community in order to gain an indication of people's perceptions of the company, their concerns, and areas in which the company might offer community support. This study found that CHH Tasman was widely perceived as a safe employer that generally interacted well with local iwi, councils and other stakeholder groups (CHH Tasman Annual Report, 2002). While it was also perceived that the company supported the local community in a variety of ways and was willing to act on environmental issues, its emissions to water were negatively perceived (CHH Tasman Annual Report, 2002).

CHH Tasman also obtains annual feedback on its performance from employees through the Gallup Workplace Training Survey – a 12-question survey designed to gather data on employee attitudes. While results in recent years have been mixed, it is reported that issues raised are addressed where possible with a view to making CHH Tasman a better place to work (CHH Tasman Annual Report, 2002). The company sees as one of its most successful initiatives the strong focus that has been maintained on health and safety in recent years through its inculcation of safe values into everything employees do “whether at home, work, at play or driving on the road” (CHH Tasman Annual Report, 2002, p.12). As a result of this initiative, an outstanding safety record has been achieved. The company acknowledges this achievement by rewarding all employees with a practical gift from time to time.

### **3.3 Selection of research method**

The invitation to carry out this study at CHH Tasman influenced the choice of a case study, as did the area of interest that inspired this particular investigation. Most studies that have investigated corporate social initiatives have relied on the survey method and

the collection of quantitative data (chapter two). However, the positivistic approach with its characteristic degree of researcher separation from the 'world' studied was seen as unsuited to this study. Instead, it was seen as crucial to gaining an in-depth understanding of the real-life experiences of employees and what was shaping their perspectives, to get close to the action and experience participants' context to some extent.

Being a highly flexible method in terms of the nature of data collection methods that may be employed, a single, explanatory case study was chosen as a suitable means of investigating the experiences of employees and of finding answers to the 'how' questions central to this thesis. Yin (2003) argues that 'how' questions are more explanatory and ideally suited to the use of case studies as a preferred research strategy, especially when questions asked relate to a contemporary set of events the investigator has little or no control over.

Yin (2003, p.13) defines the case study as "an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident". Yin goes on to describe the method as 'all-encompassing' and as "covering the logic of design, data collection techniques, and specific approaches to data analysis" (2003, p.13). It was anticipated that in using such a strategy, the evidence gathered would show "how both the rule, and its exceptions, operate" (Stoecker, 1991, p.94), and that this would make it possible to explain holistically the dynamics of the social unit studied.

The case study strategy was also seen as accommodating the researcher's emerging theoretical perspective.

### **3.4 Theoretical perspective**

It is a well-recognised fact that every method comes with its own ideas or theories about the world and how we can know about it. Indeed, it has been suggested that at every point in the research process, the researcher injects a host of assumptions about realities encountered that shape "the meaning of research questions, the purposiveness of research methodologies, and the interpretability of research findings" and that it is only by



“unpacking these assumptions and clarifying them” that anyone can really make sense of what has been studied and what is now being said (Crotty, 1998, p.17).

Gummesson explains the concept of one’s theoretical perspective or research paradigm, as a representation of the “value judgements, norms, standards, frames of reference, perspectives, ideologies, myths, theories, and approved procedures that govern (people’s) thinking and action” (2000, p.18). One’s perspective is often simply discussed in terms of an antithesis between logical-positivism and phenomenology (Patton, 1990; Perry, 1998; Healy & Perry, 2000). The positivistic tradition is one which relies on quantitative and experimental methods in the testing of hypothetical-deductive generalisations, while phenomenological inquiry uses “qualitative and naturalistic approaches to inductively and holistically understand human experience in context-specific settings” (Patton, 1990, p.37).

Most important to note from the various analyses of different theoretical perspectives presented in the literature, is that no single approach has been or is ever likely to be definitively confirmed as ‘better’ than any other. However, it is urged that an awareness of one’s own research paradigm and its relative merits, can significantly enhance one’s research and its credibility (Patton, 1990, p.89) or, at least, help deter the researcher from making errors (Hammersley, 1992).

Given that the case study method is one that is much maligned in the literature for its apparent lack of rigour, excess of bias, and lack of generalisability, it seems fair to assume that there is no research situation in which it is more important to exploit every opportunity to develop and articulate a sound methodology than when the case strategy is used. On this basis, and in the interests of providing the reader with an indication of the approach pursued and nature of outcomes aspired to, the critical realist framework relied on to inform and guide this inquiry, is briefly introduced and its use justified.

### **3.4.1 Critical realism**

At the heart of realism is the assumption that a reality exists independent of our awareness of it, and that reality and truth may be uncovered or discovered (Hart, 1998). Critical realism (one of a number of variants of realism) is promoted as providing a

rationale for criticising the social practices that it studies, and as having the potential to “fulfil the emancipatory potential of social research” (Robson, 2002, p.41). The critical realist sets out to do this by taking into account the perspectives of participants, and identifying and explaining false understandings and actions based on them, as an impetus for change (Bhaskar, 1986).

According to Bhasker (one of the most influential figures in critical realism), these explanations will only have emancipatory potential when based on genuinely emergent social phenomena, and when the properties of those phenomena are precisely specified (1986). The notion of ‘emergence’ and the view of people as “organisms with emergent powers” and societies as “emergent products of human behaviour” is, thus, central to critical realism (Harré & Bhaskar, 2001, p.30).

While Sayer warns that “critiques of social phenomena are enormously contentious” because of the difficulty, in practice, of establishing “agreement about what constitutes problems, solutions or improvements, and whether the latter are feasible” (2000, p.158), he acknowledges that critique is intrinsic to social science research and that there is little point to such research if it does not “offer the possibility of some kind of social improvement, even if it doesn’t go beyond enlightenment and reduction of illusion, to material change” (2000, p.159). As a way forward, Sayer (2000) suggests greater regard for the consideration of critical standpoints, and more engagement with normative questions of social organisation and behaviour is needed.

Similarly arguing the case for a normative research agenda, Margolis and Walsh explain that in its philosophical sense, normative refers to “the source of value that makes certain options, decisions, and courses of action those worthy of selection” (2003, p.289). Specifically in relation to business social initiatives, they urge that such an agenda be pursued through an inductive approach that looks at the “complex interplay of vying objectives, duties, and concerns”, as opposed to merely “stating the firm’s pre-eminent role and purpose, defending it, and deductively deriving [the] principles of action that follow” (Margolis & Walsh, 2003, p.284). An inductive, normative theory, acknowledges such conflict as that which exists between “social misery and economic efficiency”, and seeks not to resolve this conflict but rather “to clarify the competing considerations, probe what gives them weight, and explore their relationship” (Margolis

& Walsh 2003, p.284). As is made clear in the explanation that follows, such an approach fits well within the critical realism paradigm.

For critical realists, knowledge is a social and historical product specific to a particular time, culture or situation, and the primary purpose of any scientific inquiry is to come up with one or more postulated mechanisms “capable of explaining the phenomena [studied]; that, from the research, you have good reason to believe in their existence; and that you can specify the contexts in which these mechanisms operate” (Robson, 2002, p.38).

Bhaskar (1975, cited in Sayer, 2000) presents the idea that critical realism distinguishes both between the world and our experience of it, and between the empirical, the actual and the real. The ‘real’ in this instance refers to the structures and causal powers of objects (natural and social) that exist irrespective of whether or not they are being used; the ‘actual’ refers to the result of the working of a real world or what happens if and when those powers are activated; while the ‘empirical’ refers to the domain of experience and the data gathered with respect to either the real or the actual (Sayer, 2000; Harrison & Easton, 2002).

Sayers highlights as a crucial implication of this ontology (reality that researchers investigate) “the recognition of the possibility that powers may exist unexercised, and hence that what has happened or been known to have happened does not exhaust what could happen or have happened” (2000, p.12). Thus, as illustrated in the diagram that follows (Figure 3.1), realists seek explanation of cause through the identification of causal mechanisms and how they work, and the discovery of whether or not they have been activated and under what conditions (Sayers, 2000).

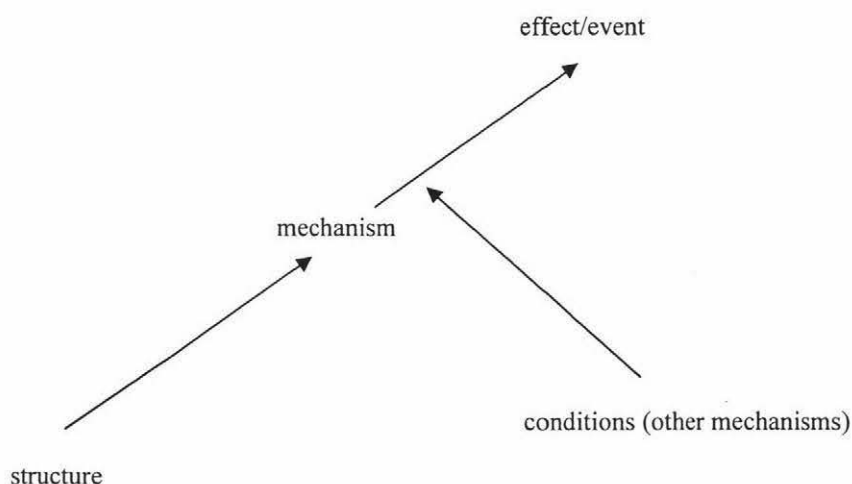


Figure 3. 3: A critical realist view of causation  
 Source: *Realism and Social Science*, by A. Sayer, 2000, p.15. London: Sage Publications Ltd

Take, for example, a simple explanation in organisational analysis. While an individual's perception of their employer (causal mechanism) is thought to contribute to job satisfaction, this factor (or mechanism) is thought not to operate (contribute to job satisfaction) under certain conditions, such as when staff lay-offs are faced or during periods of poor performance.

While it is possible to infer that a particular mechanism will work under certain conditions, the critical realist recognises that mechanisms fall within the 'real' domain and, as such, can only be speculated and hypothesised about (Harrison & Easton, 2002). This, by no means, reduces inquiry within the critical realist framework to mere speculation. Rather, a process of scientific inference or creative reasoning, known as retrodution or abduction, takes place retrospectively and when combined with deduction and induction, serves to enhance the inquiry by allowing competing explanations to be compared on the basis of their explanatory power, and theory to be "amended or replaced by another theory that offers a more complete explanation of the phenomena" (McEvoy & Richards, 2003, p.414). In doing so, the researcher exercises both his or her capacity to acknowledge and explain the nature of phenomena, and his or her capacity to critique its restrictive influence and emancipatory potential (Reed, 1997).

From this explanation, critical realism clearly emerges as an appropriate paradigm for case study research areas that require an emphasis on inductive, theory building, and some deductive theory testing of the theories taken into, and consequently developed, as a social situation is researched (Perry, 1998; Stoecker, 1991). The same paradigm has also been shown to accommodate the asking of normative questions that seek not merely to ascertain what may be associated with what, as the association may be accidental, but that aim to also establish whether the associations could be otherwise (Sayer, 2000).

While pursuing such questions is fundamental to theorising in social science, it is appreciated that erroneous judgements may be made (Sayer, 2000), as the complexity of any social context means that it can never be fully revealed or understood. To this end, the case study, which takes into account “the complexity of reality and the limitations of a researcher’s mental capacity” by incorporating techniques designed to triangulate data, provides a means of refining fallible observations of reality (Perry, 1998, p.787), and of examining the validity of emergent theory (Eisenhardt, 1989).

It has been argued that “we are no more able to walk theory-free into a social situation [than] we are able to be content with not adding variables as we research” (Stoecker 1991, p.99). If we are to honour the personal values and commitments that “orient the theories we prefer and the research questions we ask”, we need to acknowledge and question them, as it is through such appraisals that “the quality of our research and the integrity of our commitments” is assured (Margolis & Walsh, 2003, p.297).

As a research paradigm, critical realism demands of the individual researcher that they acknowledge their personal values and commitments, and remain acutely aware of the assumptions and limitations of their research, while getting “beneath the surface to understand and explain *why* things are as they are, to hypothesise the structures and mechanisms that shape observable events” (Mingers, 2004, p.100). The paradigm was, thus, seen as providing a framework that would effectively inform and guide this contemporary and contextually-focussed, case study inquiry.

### 3.5 Selection of a single case study

A single case design was determined as an appropriate strategy for this study on the basis that plausible hypotheses or theories in relation to the research questions had already been formed from the general findings of extensive, international research using large-scale samples and statistical analysis, and that intensive research within a carefully selected organisational setting would provide the opportunity to confirm, challenge and further explain these theories and better understand the case itself.

At the same time, as little was known about the phenomenon in question within the local context, or, from the perspective of employees (as opposed to management), it was anticipated that theory would also be built during this single case study as part of an iterative process involving a “gradual shift in emphasis from exploration to explanation”, leading on to explicit validation or naturally occurring theoretical saturation (Kerssens-van Drongelen, 2001, p.504).

While the potential value of being able to compare cases through the adoption of a multiple-case design was recognised at the outset, it was seen as more important in the first instance to endeavour to maintain the integrity and idiosyncrasies of this single, potentially revelatory case rather than run the risk of reducing the case to a few comparable variables by starting out with a comparative focus.

Stoecker’s (1991) mention of the moral obligation that arises out of the nuisance we make of ourselves by taking up time for asking questions and interviewing, also reinforced the researcher’s resolve to focus solely on the complexity and contextuality of a single, information-rich case within the timeframe available for the study. It was anticipated that this choice would place the researcher in the best possible position to answer the research questions, produce an outcome that would accurately reflect and honour the contributions of participants, and be of value to the case study organisation that had so generously provided access and support.

## **3.6 Case study procedures**

### **3.6.1 The development, testing and refinement of prior theory**

As discussed earlier in this chapter, prior theory developed from the literature was seen as an integral first step in the theory-building process of this case study. It was also viewed as a source of additional evidence that would be used in the process of data triangulation (Perry, 1998).

Before being used to inform data collection, theory developed from the literature was naturally reviewed and revised during two initial planning and familiarisation visits to the case study organisation when the researcher discussed the project with her two assigned contacts and a number of teams and individuals working in different parts of the company. A tour of the site was also taken when the researcher was introduced to aspects of its culture and operations, and informed of the way in which various work teams are managed. Prior and newly emerging theory was then more formally tested and further developed during a pilot interview with an informant at the case study organisation. This two-step, theory-building process laid the foundation for the study by informing the data collection phase, and by providing a framework against which the empirical results of the study could be compared. Yin emphasises the importance of such “theory development prior to the collection of any case study data” (2003, p.29), while Patton concludes that the extent of its importance to qualitative inquiry “is one of the major ways in which studies vary” (1990, p.66).

It was kept in mind that any real exploration of the outside community’s perceptions of the company, and the issues it faced were beyond the scope of this study and peripheral to its unit of analysis (employees’ perceptions). However, as part of the theory development process, a brief visit was made to two local schools when the project, and the company’s ‘place’ within the local community, was discussed with staff members. This proved valuable in that a clearer understanding of the local community’s perception of the organisation and its social initiatives was gained. Brief notes were made during and after these visits and, at the request of one of the schools, a request for support with a reading programme was taken back to, and favourably received, by the organisation.

Two newspaper offices were also visited when advice was sought in relation to the gathering of broad contextual information. The editor of one, the *Kawerau Voice*, supplied back copies of their free, fortnightly community newspaper, and arranged to forward on future copies. This provided valuable information on events in the town that occurred both before and after the field trip. A staff member at the *Whakatane Beacon*, a paper published three times weekly in a nearby town, provided access to chronically arranged clippings taken from the business section of their newspaper.

Much of the data gathered from sources external to the company during these initial visits would later proved superfluous to requirements. However, the insights gained led to the development of a sense of the culture within the tight-knit, local community, and a clearer picture of the company's significance to its surrounding communities. This was of immense help in preparing to better relate to interviewees, and to more easily grasp the meaning of what was being said during the interviews. Miles and Huberman suggest that the rewards of such 'peripheral sampling' are that you may learn a lot and that "you will obtain contrasting and comparative information that may help you understand the phenomenon at hand by 'de-centering' you from a particular way of viewing [the case]" (1994, p.34).

The time spent touring the case study organisation and meeting people during the preliminary field trips was of immense value in terms of the procedural requirements discovered and the cultural insights gained. For example, it was learned that safety shoes, goggles, hard hat and a safety vest must be worn on site by both employees and visitors, and that it is offensive to Māori employees to place hard hats on tables. This 'induction' process helped familiarise the researcher with workplace 'norms' and to prepare appropriately for the later data collection visit. A further important outcome of the preliminary field trips highlighted by the researcher's insightful 'guide' as he led her through the maze of 'terracotta walkways' linking various work areas at the large, industrial site, was that the visits and chats with different employee groups had given prospective participants a chance to 'check the researcher out' and to 'buy-into' and take ownership of the project.

During the later data collection phase of the study, the researcher chose to stay in the immediate vicinity of the Mill at the Tarawera River Lodge – accommodation often used



by the Mill's out-of-town contractors and once the Mill's living quarters for single-male employees. This choice was clearly viewed favourably by employees who lived locally and, incidentally, by the lodge's proprietors who showed great interest in the project, and assisted the researcher by passing on interesting items of information about the company and the community.

### **3.7 Data collection**

The timing of the field trip immediately after the unexpected announcement of major restructuring was such that the data-gathering phase of this study was conducted in a climate of great uncertainty and at a time when employee morale was, according to an informant, at an all-time low. There was also considerable wariness of visitors to the site in view of the known presence of auditors, and corporate office and ABB personnel involved in the due diligence process or in negotiations with the adjacent Norske Skog newsprint mill on the severing of joint venture service arrangements. As a result, there was some wariness of the researcher's intentions and surprise at the timing of the field trip. Despite the dubious timing of the field trip, most employees asked to be in the sample were willing to participate in the study.

Multiple sources of evidence were drawn-on in order to allow a broad range of historical, attitudinal and behavioural issues to be analysed. These included:

- Preliminary oral history interviews with two key informants within the organisation, and two outside informants
- Corporate documentation (including Annual Reports; Sustainable Business Awards 2003 entry; in-house newsletters and other internal publications)
- Books and media articles containing historical and contemporary data on the company's business operations and social initiatives
- Observations of on-site facilities, work operations and surrounding areas
- A series of 20 semi-structured, face-to-face interviews

- Later follow-up interviews with key informants (a previous director of the company/member of the NZ Business Roundtable, and a senior executive at the company's corporate head office)

The preliminary oral history interviews with key informants were conducted with the intention of testing the interview schedule and of obtaining data that would permit the draft case study protocol to be reviewed and revised. The follow-up interviews with key informants were conducted in order to obtain information that would help piece together various parts of the picture and help validate the study's preliminary results and conclusions. A summary of key findings, rather than an interview schedule containing a prepared set of questions, was used as a guide during these two-hour interviews. As part of the validation process, feedback was also sought and obtained on the findings and conclusions from two key informants who were sent relevant draft chapters of the thesis. Feedback was also obtained from the wider employee population during an on-site formal presentation of results given by the researcher.

These strategies helped to ensure the accuracy of information obtained and to validate the analysis. As a result, the theoretical validity of the study was enhanced – a concept defined by Huberman and Miles as “an account's validity as a *theory* of some phenomenon” (2002, p.51).

### **3.7.1 Sample population**

It was important to capture the different views of a wide range of employee groups represented on site. To this end, the intention was to use a stratified sampling technique designed to achieve a representative sample of employees working at various hierarchical levels in different areas of the organisation. However, circumstances that arose as a result of extensive restructuring taking place at the time of the study precluded any pre-determination of sample, and it was necessary to allow the sample to evolve to some extent as the fieldwork got underway.

In order to reduce the risk of bias, a key staff member assisted the researcher in achieving maximum variation and in avoiding under or over-representation of any group. In effect, a combination of purposive and maximum variation sampling was used, as the sample

was extended to include people working in different occupations, positions within the hierarchy, and length of service.

Access was not given to a large group of approximately 130 employees whose positions within the firm were in the process of being disestablished. Nonetheless, more people were willing to be interviewed than time constraints and resources allowed. While it was not possible to rule out that further interviews would help qualify, refute or even extend existing information, the decision was made not to exceed the number of interviews originally planned as no new themes emerged after the first twelve interviews, and the sample size arrived at suited the overall purpose and rationale for the study.

### **3.7.2 Interviews**

An interview schedule was used as a guide during each of the semi-structured, face-to-face, 45-60 minute individual interviews and one longer, small group interview. Consistent with a theory-driven approach, a flexible, interactive interviewing procedure was adopted to allow room to follow lines of inquiry in an attempt to “find out how different issues [held] different significance for different people” (Stoecker, 1991, p.95). In effect, questions asked differed from interview to interview as issues relevant to interviewees and their work group were explored.

Shorthand notes of salient points and critical observations were taken and, as no participant objected, all interviews were recorded on audiotape. This allowed the researcher to focus on actively listening, observing and understanding what the interviewee was saying, and to simultaneously identify and pursue other lines of inquiry. As soon as possible after each interview, further notes were made of the researcher’s observations, impressions and experience during the interview, in the expectation that this would assist in the data analysis. In addition, the taped interviews were listened to later the same day, with a view to identifying potential lines of inquiry overlooked, and reviewing and revising some of the questions contained in the interview schedule and the questioning style used by the researcher. During this process of reflection, the researcher often referred to the case study protocol developed prior to conducting the field work in order to check that the objectives of the research were not being strayed from, and that the time spent with interviewees was being used productively.

The taped interviews were later transcribed verbatim and hard copies sent to the interviewees for checking and confirmation. While no major additions or alterations were noted on the transcripts received back from interviewees, a number of interviewees indicated their willingness to be contacted again if further information was required.

Almost all participants were interviewed in their own work area. While it was logistically not ideal to be conducting interviews in sometimes noisy, public and potentially hazardous work environments, the opportunity to observe various teams in operation and to learn about some of the highly sophisticated processes in place in different parts of the Mill was a valuable aspect of the data gathering exercise. That is, the environment was such that it was possible to observe something of the level of professionalism, rapport, and subtleties of existing culture amongst team members in the different work areas visited. The time spent conversing with guides while being escorted around different parts of the workplace between interviews was also helpful in terms of gaining a greater understanding of the company's culture and the self-contained nature of different work groups.

However, the physical and emotional demands of this degree of 'immersion' in the workplace and of interviewing under such conditions were considerable. Towards the end of the field trip, the researcher began to appreciate why Yin suggests that "the demands of a case study on your intellect, ego, and emotions are far greater than those of any other research strategy" (2003, p.58).

### **3.7.3 Case study protocol**

The case study protocol refers to "the instrument as well as the procedures and general rules to be followed in using the protocol" which guide the investigator in carrying out the data collection (Yin, 2003, p.67). For this study, the various documents forming the case study protocol (copies of interview schedule, interview and field procedures; project brief containing project objectives and summary literature review; background information on the firm and the social initiatives it supported; information sheet, consent form, list of potential participants; conceptual framework and planned report outline) were stored in a ring binder and kept at hand during the field trip.

The interview schedule included in this resource proved useful in ensuring a degree of standardisation across interviews and in controlling the collection of data, particularly during the early phase of the field trip when it was not always easy to distinguish between important phenomena and superfluous material that emerged as leads were pursued. The interview schedule contained an introductory statement, a list of orienting questions and associated neutral prompts, and closing comments (see Appendix I).

The case study protocol was also put to good use when the researcher accessed company-related information about the social initiatives supported by the business from this resource for passing on to interviewees when called-on during discussion, as well as when spare time between interviews was taken to review the ever-expanding contents of this resource as the field trip progressed. One of the most useful documents contained in this resource was the conceptual framework, based on prior theory, developed in relation to this study. This framework depicts that when a firm's support of social initiatives is viewed favourably by employees, internal outcomes that arise may lead to improved employee practices under the presence of certain conditions (Appendix II). The potential for there to be competing explanations or conditions for this effect is also shown.

While the conceptual framework effectively informed the interview schedule in the first place, it was helpful to glance at this working document on those occasions when a series of interviews was held in quick succession. Yin's (2003) warning of the need for adaptiveness to be balanced with rigour during the interview process was generally what prompted concern at these times. Cepeda and Martin's (2005) explanation of the usefulness of a revised conceptual framework in informing the subsequent refinement of theory was what prompted the scribbling of notes all over this document as the fieldwork progressed. Far from 'blinding' researchers to important phenomena or particularities of the context, the use of a conceptual framework and other validated instruments contained in the case study protocol, are believed to assist in making 'focusing and bounding decisions', and to serve as "the best guarantee of dependable and meaningful findings" (Miles & Huberman, 1994, p.35).

### **3.7.4 Case study database and chain of evidence**

The original audiotapes were stored securely as part of the case study database. This resource was established with the intention of providing a chain of evidence from data collection to findings. Yin (2003, p.102) emphasises the importance of developing a formal, presentable database for the storage of case study notes, documents, tabular materials, and narratives, “so that in principle, other investigators can review the evidence directly and not be limited to the written case study reports”. However, a confidentiality agreement in place with the organisation and participants restricts access to the primary data gathered to the researcher and her supervisors.

While this restriction will be respected, a formal, presentable database of actual evidence was rigorously maintained, along with a note of the circumstances (such as time and place of interview) under which the evidence was gathered, in the event of possible later authorised inspection.

### **3.8 Case study analysis procedures**

As an initial starting point, the theoretical propositions about causal relations (as depicted in the conceptual framework) were relied on in analysing the case study evidence. While modest in scope, this framework assisted in organising the entire case study from the outset, and in subsequently minimising the potential for data overload/defining alternative explanations to be examined.

As a means of threading analysis throughout the data gathering process and allowing new insights to inform subsequent inquiry, the theories and rival explanations that emerged from early observations and discussions were reflected on before being explored in subsequent interviews. Themes were later developed from the rich descriptions generated from the verbatim interview transcripts of these interviews. Miles and Huberman (1994) describe this process as ‘data reduction’. These themes were then situated within a coded hierarchy (MS Word table), for ready identification of key elements. As part of this process of ‘data display’, salient points made by respondents were also incorporated into the analysis. This showed that emerging themes arose out of the evidence gathered and reflected the perspectives of participants. Throughout this process, the perspectives of participants were viewed not as an end point in the analysis,

but as providing “a window on to a reality beyond those perceptions” in what Healy and Perry (2000, p.120) explain as the realist tradition.

Conclusions were gradually drawn and verified as part of a continuous, iterative process of explanation building. This involved the examination of evidence, the revision of theoretical positions, and the re-examination of evidence from a new perspective as “other *plausible or rival explanations*” were entertained (Yin, 2003, p.122).

This time-consuming and intensive process involved reading and re-reading the interview transcripts and notes summarising observations, impressions and experiences during the interview process; reviewing prior theory; and listening to the original tape recordings while making notes in the margins of transcripts. This aroused memories of the interview events, and made the researcher acutely critical of her treatment of the data as it became abundantly clear that “the apparent simplicity of qualitative ‘data’ mask[ed] a good deal of complexity, requiring plenty of care and self-awareness on the part of the researcher” (Miles & Huberman, 1994, p.10). In particular, the researcher wanted to ensure that in organising the data, the essence of what respondents were saying was not lost; that a biased account was avoided; and that any relationships proposed and inferences made were actually based on the data and took into account contextual influences. Colleagues were again drawn on to listen and critique during this crucial, analytic phase of the study.

While the research questions did not demand any detailed or complex analysis of secondary data gathered from such sources as newspaper articles, books and corporate communications, this evidence was used to assist in interpretation of primary data, and to reinforce and clarify narrative accounts, in the process of analytical generalisation. As Yin (2003) emphasises, analytic generalisation (where empirical results of the case study are compared with prior theory in the search for replication or generation of rival explanations), rather than statistical generalisation, is the goal of case study research.

### **3.9 Limitations of case study research**

It is well recognised that qualitative studies can bring the researcher closer to the phenomenon under investigation, and that this closeness can result in a loss of objectivity and introduction of bias if the researcher’s characteristics and background are allowed to

unduly influence the data collection. In order to avoid such a possibility, the researcher relied on both prior theory and critical feedback from colleagues and participants before and after the field trip to assist her in maintaining an objective stance. On the other hand, Stoecker's (1991, p.96) claim that participants may respond "in idiosyncratic ways and we miss essential and valuable information if we are too 'objective' to notice their idiosyncratic responses, and *our* responses in turn", was kept in mind during the interview process.

It is also acknowledged that some of the questions posed or responses given might have been misinterpreted by either the researcher or a participant during the interview process. In this respect, the flexibility of the semi-structured interview method meant that it was possible to rephrase questions when it appeared that a question had been misunderstood or the researcher needed clarification of an answer. It is also thought that the 'trust' established during the live interview situation helped to reduce the potential for superficial or perhaps even intentionally misleading responses to have been given. Nevertheless, this risk, and the potential for the direction of findings and conclusions to have been influenced by the researcher's personal biases, is acknowledged.

To both reduce the risk of misinterpretation and/or bias, and increase the level of safety in light of some of the sensitive issues discussed, participants were given the opportunity to check and correct interview transcripts before results were processed. As discussed earlier, a draft copy of the results and conclusions was also forwarded to the researcher's two assigned contacts at the organisation, in order to obtain feedback on her interpretation of documentary evidence, interview material and events.

### **3.10 Ethical considerations**

The study presented a number of ethical issues. Of paramount importance, was the need to be sensitive to the possible presence of conflict within the organisational environment, and to avoid harming participants by potentially exposing any person or group to any form of discrimination, discomfort or embarrassment. To this end, the approach followed complied with Massey University's Code of Ethical Conduct for Research, Teaching and Evaluations involving Human Participants. The approval of the Human Ethics Committee was obtained before proceeding with this project.



During a preliminary field trip, employees working in different parts of the company were visited in their own work area, informed of the study and of the intention to conduct personal interviews to gather information. An Information Sheet and Consent Form (see Appendices III and IV) were given to each potential participant. These were completed and returned to the researcher by employees willing to participate in the study. The Information Sheet provided contact details of the researcher, details of the research, and informed participants of their right to withdraw from the study at any time.

Given the timing of the subsequent data collection phase immediately after the announcement of restructuring, the researcher was concerned that the timing of her visit and the controversial nature of some of the questions asked might add to the distress already felt by participants. This caused her to reconsider the efficacy of the situation, and the possibility of withdrawal. The commitment already made by the company to support the project, and the apparent willingness of participants to share their views, dissuaded the researcher from this course of action.

In an effort to reduce possible feelings of coercion, individuals were reminded during the subsequent data collection phase that their participation was entirely voluntary, that they could opt out of being interviewed, refuse to answer any questions asked, and/or withdraw from the study at any time. Participants were also advised that while they would not be identified in the reporting without their written consent, their past or present profile within the organisation might mean that information given could be linked to them. As promised at the end of the interview, once the interview tapes were transcribed, two copies of the interview transcript were sent to participants - one for their records and one for return after the transcript had been checked.

Access to the data gathered was restricted to the researcher and her supervisor/s and results will not be used for any other purposes other than those outlined in the original proposal and project brief submitted to the senior management team. The written consent of participants and raw data will be held securely by the researcher for at least five years.

The intention and scope of the study was openly and honestly discussed with two members of the senior management team prior to reaching an agreement on the process

of the project. Factors determined included an approximate timeframe for the conduct of the case study, size and make-up of the sample for the semi-structured interviews, access to policy and other relevant documentation, issues of confidentiality, and verification and release of information. The company's decision not to grant permission to take photographs on site in view of the commercial sensitivity of certain areas was respected by the researcher.

The company's wish that the researcher make it clear to employees that this was an independent, student study, and not a 'management-driven' project was also respected, as was the request that employees be informed of the findings. To facilitate the latter to the fullest extent, it was agreed that a presentation of results would be given on completion of the study. In addition, the researcher undertook to provide copies of a practitioner-oriented report for circulation. The on-site presentation was a useful means of running a retrospective, validity check on the project's findings and, in the critical realist tradition, provided the opportunity for participants' voices to be heard.

Although this was an independent project, it was recognised that the company and the research participants were entitled to research based on sound scientific principles, and that the research report should reflect an honest and accurate account and analysis of the information gathered. The researcher was guided in this process by her supervisors, and by careful review of relevant research literature.

### **3.11 Conclusion**

This chapter has provided an outline how the case study was thought out, actioned and experienced, and some of the outcomes aspired to. It has also presented an argument in favour of the researcher's reliance on critical realism, and use of a single case study as a means of exploring the deep processes and structures in place within the context studied. Important details of the case are more fully described in the next chapter. The next chapter also presents the research results.

# CHAPTER FOUR: Presentation and analysis of data

## 4.1 Introduction

In this Chapter the results of the study are presented and analysed. The results draw primarily on the data gathered during the semi-structured interviews with employees, as discussed in Chapter Three (3.7 Data collection). Preliminary oral history interviews with key informants, corporate documentation, media articles, and the researcher's observations form a secondary source of evidence. In summary, a broad range of historical, attitudinal and behavioural issues are analysed in addressing the research questions.

## 4.2 Objective of the analysis

The objective of this analysis was to gain an understanding of a workplace in which CSR is exercised, and to assess how employees perceive and react to the firm's support of social initiatives. As discussed in the theoretical framework for this study presented in Chapter Three, it was seen as crucial to the validity of this research that there be some prior exploration and specification of factors influencing the work environment at the time of the study, and subsequent consideration of these factors in the analysis of interview statements. Accordingly, further to the broad introduction to the case study organisation given in Chapter Three, a more detailed analysis of the workplace follows the introduction to case study participants. An analysis of themes that emerged from the data, which takes into account these factors, is then presented in the following sequence:

- Significance of employer's social performance for new employees
- Employees' awareness of social policies and initiatives
- Communication and consultation processes in place
- Employee involvement in community initiatives
- Perceived purpose and outcomes of the firm's support of social initiatives
- Issues perceived as needing to be addressed

### 4.3 Case study participants

The full-time staff members who took part in the series of face-to-face interviews conducted as part of this single case study were employed in geographically and functionally dispersed areas across the work site. A diverse range of roles was represented – support staff, technicians, coordinators, skilled operators, managers and team leaders. Access was not given to a group of around 130 maintenance employees whose positions were in the process of being disestablished following the decision to outsource all reliability and maintenance services for the Tasman Mill. This restructuring left 219 permanent employees at the Mill.

Irrespective of role, interviewees tended to regard themselves as either being “on staff” (managers and other employees earning a monthly salary under an individual employment agreement – 30 per cent of employees), or, a “shift worker” (“union people” working under the terms and conditions of a collective employment agreement – 70 per cent of employees). Of the 20 employees interviewed, seven had either worked for the same employer in another role or been employed by a subcontractor or another company at the same site.

According to an informant<sup>1</sup>, jobs were once available to men with no qualifications, but in more recent years tertiary qualifications had become a requirement at supervisory level and above. However, a traditionally low employee turnover rate of less than one per cent per annum (CHH Tasman Annual Report, 2002), meant that the percentage of employees whose only qualifications had been obtained through employment-based, job-specific training remained high.

The majority of participants lived in Whakatane or other surrounding districts. Only three lived locally in Kawerau – the town established in the 1950s to house the workers of the Tasman Pulp and Paper Company Ltd. Statistics published by the company showed that the majority of employees (61 per cent) resided outside Kawerau (CHH Tasman Annual Report, 2002).

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<sup>1</sup> Individuals known to have particular or ‘expert’ knowledge about the organisation, its people and/or its social initiatives through their position in the company.

There was wide variation in duration of employment at the Mill amongst participants (Table 4.1). This ranged from less than one year to around 28 years, with an average length of service of 12 years. In line with the largely male employee base of over 90 per cent (CHH Tasman Annual Report, 2002), the majority of participants were male. Fifty per cent of the participants had been or were about to become actively involved in one or more of the various community initiatives supported by the company. Two participants were members of the Communications Council Sponsorship Committee (a forum consisting of a cross-section of employees who met from time to time to consider sponsorship requests and community projects the company might support).

**Table 4.1: Participants<sup>†</sup> by Duration of Employment, Gender and Role**

Length of service (years)	Male	Female	Manager/ Team leader	Skilled Operator	Technician/ Coordinator	Support Staff
20-30	7	0	2	4	1	
10-19	1	0		1		
5-9	2	1	1		2	
1-4	5	2	2	1	3	1
Less than 12 months	0	2				2
Total	15	5	5	6	6	3
Involved in social initiative/s	7	3	4	0	5	1
Average length of service of participants: 12 years						
Average length of service of participants engaged in initiative/s: 6 years						
Average age of workforce (according to an informant): 44 years						

A further breakdown of participants would more clearly reveal that a diverse range of employees in terms of their roles, qualifications, experiences and relationships with the Mill were interviewed. For example, while some participants had limited prior association with the firm before taking-up employment, almost half were second-generation employees who had been introduced to the Mill's operations and culture by their fathers who had, in some cases, worked there for around 30 years. To avoid the risk of identifying individuals, details of this nature have not been linked to participants.

<sup>†</sup> Table 4.1 does not include details of two informants not based at the Mill.

## 4.4 Key factors influencing the workplace

### 4.4.1 A highly dynamic environment of change

The data gathering phase of the study was conducted shortly after the announcement of a major round of redundancies (see Chapter Three, 3.2.2; 3.7). Consequently, participants were inclined to focus what was happening in the workplace when asked for their views on the firm's approach to CSR and support of social initiatives. For example, the level of communication and consultation between management and employees on site in relation to the restructuring process was often criticised, as was the general approach to management perceived to have been adopted at the Mill in more recent years:

There are parallel initiatives going on, but no-one really knows which one's a priority, where they're heading, how it affects the guys, what it means to them ... six months from now and maybe five years from now, and that's not being communicated from the high level. So, there's a feeling of disorientation around. We've also ... had a lot of surveys done here in the last year and it says that the internal communication here is terrible and it shows really – I think it really shows (#3).

You're always getting people telling you to do this and telling you to do that. I mean, if you listened to everyone and did what everyone wanted, we'd be in some terrible situations. So, you just have to decide what's actually capable of being done and what's safe to be done. We've at times sort of been wound-up tighter than you could imagine just from dealing with idiots and stupidity or just lack of knowledge (#4).

Management's perceived lack of understanding was often attributed by operators to a trend to advertise vacant positions and employ outsiders with little experience, rather than "people who've come off the floor and have got knowledge of the industry". These participants appeared to resent the lack of opportunity for shift-coordinators to naturally progress into more senior positions, and suggested that outsiders were chosen as they had no "affection for those workers below them because they've got no history". The same participants expressed frustration at what they perceived as new leaders making changes without first looking at the history of the site and learning from what had been done in

the past, before leaving to pursue new career-path options outside the company (operators #11; #12: #13). It was thought that this had led to the same mistakes being made again and again.

Other employees saw the situation a little differently. For example, it was suggested that after “spoon-feeding” employees and the community for years, the company was correctly trying to inculcate a sense of accountability amongst employees by bringing in new people who would take responsibility for their actions and by introducing new systems “solid enough to deal with issues rather than people” (#5).

Despite the climate of poor employer-employee relations, it was sensed that all employees were intensely proud of the capability and capacity of the Tasman Mill, and of their association with it. Their pride was evident in the historic accounts by some individual’s of their long family association with the Tasman Mill, and in the interest shown in explaining complex production processes – sometimes in their own time at the end of a shift. It was also apparent that participants were genuinely concerned about the future sustainability of the Tasman Mill. Strong admiration for the resolve of those directly affected by restructuring to perform effectively in the face of adversity gave an indication of the level of their concern (#12):

We had a huge reshuffle last year ... and all of management at that time were under threat. They didn’t know if they had jobs or not. I was just amazed at how they were treated, and I’m amazed now with our maintenance staff – at how much ... their performance hasn’t generally [deteriorated] – they’re still “keen as” to help. You know, they’re able to function and still function well.

All participants were united in seeing the company’s most recent ownership structure as either exacerbating problems for employees or as a serious threat to the Mill’s existence. For example, ‘Carters’ was perceived by employees as being on the extreme right of labour relations in terms of contracting out and to have a somewhat litigious approach to labour relations (#9). It was also suggested that while “the fears that the unions and people on the shop floor had about Carters being an anti high-pay, anti-union kind of organisation” were somewhat allayed when in October 2001, the unions did extremely well on behalf of employees in a new round of CEA (collective employment agreement)

negotiations, the situation had since changed and CHH was again being seen in an unfavourable light:

Since Carters have come in here, they haven't done a lot of positive things for the employees as far as feeling secure, feeling stable. Every major decision that's been made has been a negative one – it's been restructuring or not enough money for this and that. We're starting to wonder if they're looking at "harvesting" this place – that's the buzz word now .... And, because you've got a big company like IP behind them, it's a reality – it can happen. So, you've got a lot of uncertainty amongst employees at the moment (operator #13).

#### **4.4.2 CHH Tasman and local employment**

According to key informants and two participants (#14; #19), soon after the Tasman Pulp and Paper Company Ltd was incorporated in 1952, an informal agreement was made between Sir James Fletcher, Chair of the first provisional Board of Directors, and the tangata whenua (local Māori who exercised customary authority over the land on which the Tasman Mill is situated). This agreement was claimed to have constituted an informal undertaking to always provide jobs at the Mill for the tangata whenua and their descendants in return for the use of land over which local Māori exercised customary authority.

Despite this alleged agreement, it was perceived that local Māori were amongst those most seriously affected by the downsizing of the workforce that had occurred, and that any commitment made by the company's original owners in this regard had long since been forgotten. This matter had not been taken-up with the employer, an operator (# 19) suggested, as compensation for the loss of control and access to both land and the Kawerau geothermal system, had been sought from the Crown by the Ngati Tuwharetoa as part of a larger claim made by the Kawerau- and Matata-based iwi under the Treaty of Waitangi. A senior executive at corporate head office later confirmed that conversations were taking place amongst the local iwi about the commercial implications of Sir James's original undertaking to the tangata whenua.



While no documentary evidence of any arrangement made by Sir James on behalf of the company was located at the time of the study, it was found that CHH Tasman supported the education of young, local people in a variety of ways, and that its close neighbour, Norske Skog Tasman, continued to honour a longstanding commitment to what is known as the Sir James Fletcher 1<sup>st</sup> Memorial Trust for descendants of the original land owners affected by the establishment of the Tasman Mill (Federation of Māori Authorities Inc, 2005; Norske Skog Tasman, 2002). This independently operated Trust provides scholarships for students with proven ability to study general academic subjects or subjects in the culture, creative arts, self-improvement and leadership fields.

According to several participants and historic accounts given in secondary sources, all employees were once actively encouraged to live in the rapidly-developing town of Kawerau and for many years, young people knew that they, like their fathers before them, could expect to gain employment at the Mill on leaving school, and look forward to a secure future within the thriving local community. Participants were often nostalgic about the years their fathers had worked at the Tasman Mill, and their own experience of growing up in Kawerau:

When we were kids, this was the place to grow up. It was fantastic. Everyone was working, and there were a ton of kids in town, and four primary schools full of kids. It was just a neat place. But then, I think possibly in the '80s, it started to go down – just with the downturns and different things and layoffs. Then, in the last couple of decades you find that people want to go where they can get a decent return on their investments as far as houses go, and they don't want to live in Kawerau because their house isn't worth anything (#19).

As has been the case in other regions, with the introduction of new technology and implementation of productivity measures over the years, the young men who left the local schools with little education to work at the Mill have since been amongst the first to lose their jobs. Meanwhile, people with specialised skills and knowledge from outside the region and overseas have increasingly been employed at the Mill. As a result, the local people no longer have the same expectations of either finding or retaining

employment at the Mill, and current employees fear for the loss of employment options for themselves and their children.

#### **4.4.3 Corporate culture and the “Tasman Whānau”**

Despite the reduced expectation of employment, it was often claimed that there still existed amongst employees a well-entrenched “culture of expectation” or “entitlement”. This was said to manifest itself in everything from the general expectation amongst employees and community members that “Uncle Tasman would always pay”, to the tendency of some employees to pilfer.

According to one participant (#9), in and around the 1980s, the company developed a paternalistic reputation when it was found that “largesse would flow out of there no matter what type of sponsorship you were seeking”. Documentary evidence suggests that the company earned the name “Uncle Tasman” after acting “like a fairy godmother, paying the best wage rates in the country and allowing plenty of featherbedding on the payroll”, and after paying out rather than standing up against the unions that virtually controlled the site at the time (Wallace, 2001, p.73). According to local historian, Ken Moore (2004), the company became known as Uncle Tasman after taking “a leading role in local government in the early stages of the town’s development”, and maintaining a high profile by supporting many community projects and organisations. While it was generally perceived that the company had become more “hard-headed and business goal oriented” since, the continued existence of this culture of expectation was clearly resented by some employees.

Amongst the specific examples given of the manifestation of this culture, was the expectation that a job “well done” would signal the arrival of a cheque or gift of some sort along with the “pat on the back”, and that “sit-down feasts” would always be provided by the company when employees attended training courses, or were leaving or simply moving to work in another part of the Mill (#1). A further example given of the manifestation of this culture of expectation was the tendency for employees to expect to be reissued with new items whenever something new was introduced at the Mill:

We introduced these new vests ... that comply with the power boilers and recovery area because they're fire proof. The other areas don't need them. Their other vests are perfectly good, but all of a sudden, everyone wants a new vest. So, you've then got 300 \$180 vests being ordered which has massive cost. Safety glasses are another one – particularly the Bollé ones. When they were introduced to the site, we went through 18,000 pairs.

The existence of this culture of entitlement was perceived as detrimental to progress by one participant, as was the strong union presence on site:

They are really pushing a performance-based culture here, which is fine - I think that's great, but there's a huge entitlement culture here. It's a historic thing – it's been around forever, and I don't know how you'd actually combat that. It's something that you'd actually have to do over 10 years because it's the culture ... it's ingrained, and I think that prevents a lot of forward planning. There's also a very strong union presence here which may hinder ... may stop some processes happening at the speed at which they want to progress (support staff member #3).

Not all participants agreed that this culture of expectation was still widespread. Many spoke positively about the family-oriented culture on site and what it meant to them to belong to the “Tasman Whānau”. It was claimed that everyone “really cares and looks out for each other at Tasman” (#16). However, this family-style cohesiveness sometimes presented hurdles for the uninitiated. One participant (#4) recalled awkward experiences encountered when learning to observe certain protocols or unwritten rules, and acknowledged that she was continuing to learn new things every day. She had discovered by chance, for example, that managers were expected not to interrupt ‘smoko’ or lunchtime breaks with discussion of business unless absolutely necessary and then only within the last few minutes, and that it was ‘best’ to have a union representative go into the ‘smoko’ room or work area with any visitor, and have them introduce the visitor to the group. The induction process was seen as inadequately preparing new staff members to understand such protocols and the workplace culture.

On the other hand, long-term employees spoke of the importance of their role in helping new employees to adapt to the rigours of working in a noisy, smelly environment, and explained that while some handled it better than others, it was often the case that people became aggressive or left suddenly. Similarly, an informant (#21) signalled the strength of people's commitment to each other by speaking of times in the past when shift workers had elected to cover for waylaid, possibly intoxicated young employees by staying on to complete a second 12-hour shift. Life at Tasman, as it appeared to have been seen by a number of participants, was summed up in the expressive words of one interviewee (team leader #10):

This is a great place to work. It's very dynamic and it can get in people's heads and really mess them around. But, if you're mentally tough enough, then it's a great place to be.

#### **4.5 Significance of employer's social performance for new employees**

In order to establish whether or not the company's social performance had been a factor taken into account by employees before taking-up employment at the Mill, participants were asked to comment on their initial expectations of the company as an employer, and whether or not their expectations had been met. In view of the changes in corporate ownership structure over the years, this required some distinction between employees' original expectations and their more recent expectations under the new structure. For the purposes of informing the reader, relevant contextual information is first provided against which some evaluation may be made of participants' responses.

Since the Tasman Mill's establishment in the early 1950s, it has maintained a strong presence within the community, and consistently provided financial support for many local organisations and projects. Some of the first projects to be supported by the company, as identified by local historian, Ken Moore (2004), are shown in Table 4.2.

**Table 4.2: Social initiatives supported by the Tasman Pulp and Paper Company Ltd in the 1950s and 1960s**

- 
- Sir James Fletcher memorial Trust Awards and Scholarships for local students
  - £1,000 free-of-interest housing loans for employees
  - local charities
  - children's parties
  - Board of Commissioners for the town (provided representation)
  - recreational events in the Tarawera Valley
  - Tasman in-house clubs and end-year staff functions
- 

In addition to the above formally recognised forms of support, the company was also known to have allowed employees to access equipment and timber for private fencing and other projects, and to use the Mill's heavily subsidised cafeteria both when on and off-duty (#21). The Tasman Mill's generosity within the community was well known and many groups and organisations came to rely on the company for support.

In terms of the company's environmental performance, for four decades special legislation under the Tasman Pulp and Paper Enabling Act 1954 gave the company "immunity from water and soil legislation, the Health Act, and any other laws prohibiting water pollution or nuisance effects from industrial waste" (Ministry for the Environment, 1997). Consequently, all the Mill's discharges were originally left untreated and within months of the Mill's opening, trout and other fish species vanished from the discoloured water of the lower Tarawera River (Ministry for the Environment, 1997). While discharge limits were imposed in the 1960s, they were frequently exceeded and it was not until the 1970s that the company began to improve its discharge practices.

Since its special legislation expired in the mid 1990s, the company has invested millions of dollars into the reduction of its harmful or nuisance air and water discharges. Consequently, it has gained recognition for improvements in its environmental performance from a number of organisations, including the Bay of Plenty Regional Council, under whose jurisdiction it now falls (CHH Tasman, 2003). While the Mill's environmental practices have been the subject of much criticism locally and further afield by such groups as Greenpeace and Millwatch, improved practices and more open public

discussion on the performance of New Zealand mills is “gradually changing perceptions of the industry as being environmentally bad” (Sligh, 2001).

Despite its renowned generosity within the local community and its once notoriously poor environmental performance, few participants identified either as having figured in their expectations or as having influenced their decision to take up employment with the company. In most cases, the primary expectation of new employees under both the current and earlier ownership structures had been that as the company was a large employer and, reputedly, an “exceptionally good payer”, they would have access to a wide range of resources and training opportunities, and be very well paid. Those who claimed to have considered the company’s social or environmental performance prior to taking-up employment were all younger, well-qualified employees with prior work experience.

The following comments are representative of the range of comments made in relation to people’s expectations under various ownership structures:

That it’d provide me with a weekly wage – just like my Dad who worked here for 32 years as a shift worker. Typical guy back then – didn’t have great expectations but they developed after a few years when I began to realise that there were definite advantages to working here (employed under the Tasman Pulp and Paper Co. Ltd ownership structure).

Considered myself fortunate to get a job with the Tasman Pulp and Paper Co. Ltd [as opposed to working for a contractor] as better wages and conditions. There was a company housing scheme at the time (we don’t have now) which I took advantage of (employed under Tasman Pulp and Paper Co. Ltd ownership structure).

I knew that they had quite a big commitment to health and safety and I’d read some things on the internet about their environmental performance before I started, so I knew they were quite committed to the environment (employed under Fletcher Challenge ownership structure).

I did actually think about it [the company's social and environmental performance] before I joined and it's what they asked me [about] in the interview (employed under the Norske Skog Tasman ownership structure).

Expected it to be a big corporate environment – probably quite slick. Lots of resources and that sort of thing (employed under CHH Tasman ownership structure).

Often people's expectations were based on their perceptions of CHH's performance at the Kinleith Mill where it was thought that employees were not so "well-treated" and where environmental problems were not as well controlled (#13). One informant admitted that she had had reservations about taking-up employment at the Mill, and that there were those amongst her fellow graduates who took a strong stand against working in the industry because of its poor environmental performance. This informant, who was originally from outside the local area, had found herself pleasantly surprised at the environmental standards maintained by the Mill, and equally as surprised at how much the company did socially.

Both those employed under the new CHH ownership structure and those employed under earlier structures, had been uncertain as to what to expect of their new employer. It was suggested that employees had since found that of the various corporate structures experienced at the Mill, CHH was "the least accommodating or aware of actual people requirements or people needs", and was "very much corporate-driven, rather than focused on production" (#5). Other participants had expected CHH to be better organised (#1; #4) and to have good systems and structures in place (#5), and had since been pushing for some of the model practices in place at the Tasman site to be adopted throughout the organisation.

Participants generally acknowledged that although the current round of restructuring was of great concern, they had been 'looked after' financially and provided with good conditions of employment both in the past and in more recent years. Similarly, although the company's environmental performance hadn't figured widely in participants' original expectations, some reported being pleasantly surprised at Tasman's environmental performance and impressed at the extent of its interactions with schools, community

groups and individuals. Some participants (#1; #2; #16) also commented favourably on the company's tendency not to promote its social initiatives, or make an "issue" of what it did for employees or the community.

#### **4.6 Employees' awareness of social policies and initiatives**

Seeming to signal that the company did, indeed, tend to downplay its social initiatives, was the fact that approximately 50 per cent of participants (primarily operators) were unaware of the range of initiatives supported by their employer and left unprompted, could only recall a few examples. Yet, it was found that details of the company's environmental initiatives, employee and community support programmes were listed in the widely circulated and readily available 2002 Annual Report, on the company's website, and in staff newsletters from time-to-time.

In order to ensure that this lack of awareness did not stem from any unfamiliarity with the terminology used by the researcher, terms used were explained and examples given of the nature of activities sometimes pursued by companies. On the other hand, those who knew of their employer's initiatives (mostly employees in some kind of leadership or technical role) claimed to be very aware of what the company did and commented on first-hand experiences in relation to the wide range of initiatives in place.

Table 4.3 lists these initiatives, and various other social initiatives or sponsorships currently or once supported by the company, as identified by participants during interviews. While the list includes the majority of major sponsorships made by the company, it is based on the recollections of participants and is, thus, incomplete.



**Table 4.3: Corporate social initiatives as identified by participants**

<b>Sponsorships</b>
<ul style="list-style-type: none"><li>• Whakatane volunteer coastguard's CHH Tasman rescue vessel</li><li>• Youth education (DARE - Drugs and Alcohol Resistance Education, and Books in Homes Programmes at two Kawerau schools)</li><li>• Environmental initiatives (Environmental Enhancement Fund, Eastern Bay of Plenty Eco Fest, Riverbank Restoration Project and Tasman Wetland Restoration Project)</li><li>• Community events (National Woodskills Festival, Christmas in the Park Concert, the Annual "King of the Mountain" Race, and fishing tournaments)</li><li>• Tasman Brass Band</li></ul>
<b>Sponsorships and employee volunteer programmes</b>
Eastern Bay of Plenty Young Enterprise Scheme
Mentoring of secondary school students' business projects
Eastern Bay of Plenty Science and Technology Fairs
School demonstrations/talks on paper-making and environmental safety
Tasman Cultural Day
<b>Stakeholder management devices (SMDs) and employee initiatives</b>
SMDs (Employee assistance programme, "Getting to Zero" safety initiative, Environmental Greenline, Ethics Hot-line offering a formal "speak-out" process)
Employee initiatives (subsidised superannuation medical care, health and disability insurance, fitness testing and training, and employee cultural learning and professional development)

The SMDs and employee initiatives in place were acknowledged by only three participants in the context of social initiatives supported by the company. The company's strong focus and substantial investment in health and safety both on and off-site was similarly referred to by only a few participants in the context of a 'social initiative'. However, its health and safety initiatives were clearly held in high regard and often acknowledged later during interviews as having substantially influenced employee behaviour both on and off-site.

Other than brief reference made by one participant to Project Crimson, a major charitable conservation Trust sponsored by Carter Holt Harvey in partnership with the Department of Conservation, and the acknowledgement by two participants of the 'inspirational' stories published in the June 2004 issue of the *Carter Holt Harvey Treehouse Newsletter* about some of the initiatives pursued by other employees, no further reference was made to projects supported by the company's head office or other subsidiaries. Project

Crimson, which aims to protect New Zealand's native Christmas trees (the pohutukawa and rata), involves the contribution of funding, executive leadership and hands-on involvement of employees in tree plantings and other events (Staff, 2004).

A member of the Communications Council Sponsorship Committee confirmed that there was a general lack of awareness of social initiatives supported by the company. This participant suggested that “most of the chaps out there” wouldn’t know what the company does, and that “it is always the same people who gravitate towards helping out with these sorts of things” (#5). It was suggested that the sort of thing most likely to prompt these employees to recall that the company was involved with the community in some way was a photograph of the chief executive with a member of the local police on the front page of the local newspaper.

While several interviewees did mention seeing newspaper reports of donations or sponsorships to local clubs and schools, it was pointed out by one participant (#14) that it was not always obvious from the reporting whether the corporate concerned was CHH Tasman or Norske Skog Tasman.

It was of concern to a few “on staff” participants that a large proportion of the general public still saw CHH Tasman and Norske Skog Tasman as one and the same company. Their concern stemmed from their perception that CHH Tasman’s community efforts were going unrecognised and that all the ‘mana’ (respect) was going to Norske – the larger of the two companies:

Makes you wonder. They’re putting all this money into these things and they’re all worthwhile - the education, children’s stuff – but where’s the payback? (#9).

The researcher’s analysis of issues of *The Kawerau Voice*, a local paper with a circulation of 3000, revealed that while Norske’s community activities were regularly reported by the company itself or in reports of events in the town during the 2003/2004 year, CHH Tasman’s social and other activities were reported on in this paper on only a few occasions. It was also noted that some community events, while advertised by Norske, went under the banner of “Tasman” – for example, the “Tasman Community and

Cultural Day” and the annual “Tasman Mountain Race”. Thus, it was not easy to identify whether or not one or other or both companies were in fact supporting these events.

Despite around 50 per cent of interviewees being relatively uninformed of the social initiatives supported by their employer, it was generally acknowledged that there was enough communication on social and environmental issues, and that there were no barriers to finding out what was going on for those who were interested (#4; #18; #19).

## **4.7 Communication and consultation processes in place**

### **4.7.1 Methods used to inform employees of social initiatives supported**

In order to gain an indication of some of the systems used to inform employees of their employer’s social policies and initiatives, participants were asked to explain how they first learnt about such matters, and how they had been kept informed of them since.

Internally, a range of mediums including the company’s weekly, on-line bulletins accessed via the intranet, its widely circulated annual report, the CHH Tasman website, company brochures left in its reception area, and all-staff emails, were used to convey information on the employer’s environmental initiatives and employee and community support programmes. Also widely circulated was the *Carter Holt Harvey Treehouse Newsletter* established for the purposes of helping to “create a wider understanding of Carter Holt Harvey’s community and environmental contribution” (Staff, 2004, p.1). Several participants were also aware of a limited amount of information on the company’s social policies being conveyed to new employees during the general site-wide induction process.

Despite the finding that only around 50 per cent of participants (primarily shift workers) were aware of the range of social initiatives supported by the employer, there appeared to be no barriers to finding out about the company’s social initiatives. In particular, the intranet appeared to provide a useful means of keeping abreast of what was happening in the company, especially for staff working the night shift.

Two participants had learnt of the company’s social policies and initiatives after having been invited to participate in Communications Council Sponsorship Committee meetings (#5; #6). However, this Council had been in recess for over six months, and it was the

perception of members that “the whole corporate community thing (had) fallen flat” in the last 18 months or so (#5). According to one committee member (#6), the Council had been put on-hold while the company looked at where it sat within the community, but funding was still being allocated to various beneficiaries at the discretion of “the bosses”. Another view was that the “community facility” had been disconnected and moved from Tasman where it was visible and into the hands of the Corporate head office personnel who “wouldn’t have the foggiest idea of what the community’s needs were” (#5).

The lack of impetus in-house, and the lowered profile of the company within the community over the last year or so, was thought to stem from the departure of a particularly active community affairs person and the uncertainty experienced by her replacement afterwards during months of structural reorganisation (#1; #9; #3). This position was disestablished a few months after the researcher’s visit. The role was taken up by a new community affairs person appointed at the Kinleith Mill, whose role it was to oversee community affairs at both sites.

#### **4.7.2 Employer-employee consultation on social initiatives and other issues**

Participants were asked for their views on the way in which the company consulted with different work groups or ethnic groups represented on staff in terms of the social initiatives supported.

While the majority of participants had never been invited to comment on such decisions, they were generally unconcerned about this as it was their view that those who had been invited to participate in meetings of the Communications Council Sponsorship Committee were acting on their behalf. Only two participants (both operators) felt that that there needed to be wider consultation in order to “get a fairer idea in terms of the average person’s thinking” (#14; #19).

Participants were also generally aware that a standard process was followed by the committee in the approval of sponsorships and that every staff member had the right to apply to the committee for support of a community project (#4; #2; #16). People were less aware of the three main criteria against which sponsorship decisions were made - “youth, education and welfare” (CHH Tasman, 2003). It was also suggested that there

were no processes in place to encourage employees to come up with proposals the company could support (#16). Another advised that it was possible to by-pass the Communications Council Sponsorship Committee and go directly to top management with a proposal (#1).

Others, including one participant who had forwarded senior staff members details of a new process that he claimed had the potential to effectively and efficiently reduce the amount of effluent colour in the river, had been disappointed at the lack of response received. It was this employee's perception that the company tended to be somewhat closed-minded when it came to listening to new ideas. On the other hand, the researcher was aware that the company was actively seeking to address this environmental problem after having observed first-hand an experiment being carried out in the Environmental Department's laboratory, and learning that major projects were in place to meet new discharge consent requirements effective from 2006 (CHH Tasman, 2003).

Many participants were dissatisfied with the employer-employee consultation that had taken place in relation to the various restructurings. The perception was that the company had just "gone through the motions" consultation-wise, in order to avoid ending up in an employment court arguing the process:

There were lots of meetings and lots of apparent listening, but there was no apparent change to what I believe was a *fait accompli* ... They learnt a good lesson from Kinleith<sup>2</sup> – you just hold a whole lot of meetings and make sure that people go to them, and when you get into an employment court or arguing the process, then as long as the process has been there ... then that's it (#9).

There was also the perception that certain 'personalities' had often been allowed to control the consultation process, and that stricter guidelines should be followed by management in order to reduce the level of shock and fear experienced by employees:

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<sup>2</sup> Reference is made in the above statement to the Court of Appeal's decision to uphold the Employment Court ruling that CHH had unlawfully prevented access to the workplace by union officials during a strike at the Kinleith Mill in 2002, and was in breach of its obligation to act in good faith under two of the more controversial aspects of the Employment Relations Act 2000 (Shieff Angland, 2002).

They came in here and said this is how we want to see the place and you stood there and you looked at an [organisation chart] ... to see if your job was there or not. I believe they should have sat down with the people ... individually, or, sat down with the union and just said “okay, can we work together on achieving something here that’s not going to push too much stress or heartfelt emotions on the workers?” I genuinely believe that if they had worked with the union to develop something, they would have come up with a lot better acceptance from the people on the floor. That was D-day – people walked out of here just broken (#13).

According to several participants, some employees had been left in limbo for many months after this August 2003 “restructure from hell communications-wise” - wondering whether their jobs were safe or not. The general feeling amongst participants was that the manner in which the company had gone about the restructuring process demonstrated that the company was more concerned with looking after its shareholders than its employees, and that more focus was needed on developing better relationships internally (as opposed to externally via social initiatives), as “their own staff [were] the community”.

The results of the 2002 Gallup Workplace Training Survey (a survey used by many companies throughout the world to measure employee engagement), similarly showed some dissatisfaction with employer-employee relationships and the level of consultation. For example, it was reported that while CHH Tasman employees generally felt that they knew what was expected of them at work and were given the necessary resources to carry this out, they felt that they had more to offer the company than was being asked of them, did not always understand the mission and purpose of the company, and that they were not always listened to (CHH Tasman Annual Report, 2002). The results of the 2003 survey showed an overall decrease in score from that achieved in 2002, and “highlighted areas of employee communications and some aspects of training and development that needed improvement” (CHH Tasman, 2003).

On the other hand, it was generally thought that there were now more employer-employee consultation opportunities than there had been 10 to 15 years ago, but that with the steadily diminishing rapport between management and employees that had occurred

with frequent changes in management in recent years, the quality and outcomes of these discussions had changed for the worse:

Management don't seem to stick around long enough to develop a relationship and get to trust you and know that you're on their side and want things to [work] (#12).

It was also felt that there was not the opportunity for employees working in certain areas of the plant to mix with management and other employees, and that there would be benefits from getting together socially from time to time:

We used to have this profit-share thing where if the company did well financially, we did well financially too. Then one year they had a record production run and they had a shout down the footy club. I reckon they achieved more from that shout than they did from the profit share-out. Beer's a good lubricant and everyone just had such a good time ... kind of just building a team spirit (operator #12).

I think from a personal and team perspective, we don't celebrate together away from work. We've had one occasion where we all went on a fishing trip together. That was possibly three years ago now. I think that happens at management level, but I don't think it happens with the guys on the floor. Many, many years ago it used to happen. It used to be quite common (coordinator #6).

#### **4.7.3 Company-community consultation on social issues**

While on the whole, the perception was that the company liaised well with the outside community, albeit with ulterior motives:

They do because we're putting nasties into the atmosphere and filth into the river. That affects the community, so the community's going to be involved. We have to apply for a license to do that, and there's a lot of pressure from the community for it to be cut to a minimum. Every time the licenses run

out - the air licenses or the water – Carters have to negotiate effectively with the community (#13).

others believed that the process of consultation no longer had the same profile that it once had (#6; #9; #20; ), and that any consultation that took place was now mostly on environmental issues:

I think it's [on] an annual basis. We go around all the various iwi and we hold public meetings to advise of our resource consent applications, and that's primarily done by the environmental team (#1).

Employee perceptions as to the extent of company-community consultation appeared to differ from reality. In 2002, CHH Tasman held a series of approximately 20 widely-advertised meetings in surrounding local districts aimed at keeping interested members of the public up-to-date with its business and environmental performance, in addition to consent consultation meetings (CHH Tasman Annual Report, 2002). Less specific details were given in the company's report for the 2003 year.

## **4.8 Employee involvement in community initiatives**

### **4.8.1 Recruitment of employee volunteers**

All participants involved in social initiatives had been individually approached by a more senior staff member about the possibility of participating in a specific programme. This confirmed the earlier advice of an informant that employees were encouraged to get involved in voluntary work through an informal grapevine. Apart from one participant (#9) who had “politely declined” a colleague's request to get involved, those participants who were not involved in any voluntary programmes had received only company-wide emailed messages about projects.

In terms of the encouragement and support given to volunteering employees, it was said that there was always an incentive given, such as a different sort of jacket “to present the image of the company”, and practical support for people needing help with developing a presentation or their public speaking skills. The latter was available through an active chapter of the Toastmasters New Zealand Club on site (#1). At the same time, it was left



very much to the individual to decide whether or not they wanted to volunteer their services, and this was seen as the best way to go:

I mean I would tend to push back if the company kept saying “you’re going to go here, you’re going to go there”. You might like it for a little while but after a while it would become ho-hum and you wouldn’t want to be doing it (#1).

In most cases, participants felt they had been well supported by their employer while engaging in these voluntary activities. One participant involved as a mentor at a local school explained:

They released me for the time that it took me to go – most Monday afternoons for about seven months. They were fully supportive. Allowed me to use my PC for doing stuff for the kids – completely supportive (#6).

Fifty per cent (10) of the case study participants had been or were about to become actively involved in one or more of the various employee/community initiatives supported by the company (Table 4.4). While the employees who participated in these initiatives worked in different areas of the Mill, the vast majority held some kind of leadership role or were involved in a technical capacity in the environmental area. It should be noted that Table 4.4 presents data on participants involved in initiatives only, and that actual numbers of employees involved will differ.

**Table 4.4: Participants involved in initiatives by gender and role**

Social Initiative	Male (of 7)	Female (of 3)	Managers/ Team leaders	Operators	Technicians/ Coordinators	Support staff
Young Enterprise Scheme	2	2	2		2	
School talks on environmental safety	3	1	1		2	
Science and Technology Fair	3	1			4	
Communications Council Sponsorship Committee	2	2	1		2	1
Kawerau's 50 <sup>th</sup> year anniversary celebrations	1	1			1	1
Books in Homes Programme	1	1	1		1	
Drug, Alcohol Resistance Education (DARE)	1				1	
Supporting a student gaining work experience	1	1			2	
Wetland Restoration Project		1	1			

Further validating a participant's suggestion reported earlier in this chapter that it was always the same people who gravitated towards helping out with these sorts of things (#5), several of the employees who participated in the initiatives listed above, were also actively involved in supporting community groups outside their normal working hours. Activities engaged in ranged from being members of school boards of trustees, to the development and maintenance of a community website for the town of Kawerau. One participant explained her involvement as "a way of giving back" and claimed that she would be doing voluntary work anyway, but was glad to be able to do it during work time (#2).

Apart from two exceptions, the remaining 50 per cent of case study participants were neither actively involved in any of the community initiatives supported by the company, nor actively involved in community work outside working hours. Nevertheless, this group appeared to approve of the commitment their volunteering colleagues made on behalf of the company, suggesting for example that "the ones that get involved in the community seem quite positive (people) anyway (#7), or that "He's a 'Christian', and he likes doing good, I think (#12).

Just one participant (#9) acknowledged overhearing the odd snide remark - “oh yeah, bloody 15 of them have gone to the science fair today”, but did not believe that there was any real venom behind such comments. The same employee had, however, noted people taking a more cynical view of the whole “total engagement thing” and becoming more cautious about the use of their own discretionary time, after colleagues who had spent six or seven weekends a year supporting the company outside working hours, had since lost their jobs.

#### **4.8.2 Perceived barriers to involvement**

Five interviewees (all operators) suggested that they were not “high up the ladder” enough to represent the company out in the community, and that managers were more suited to such a role. While these participants were open to being asked to participate in the company’s social initiatives, they appeared to doubt their ability to perform effectively in such a role:

If I could do it as well as him (a colleague) then I would. Whether it’s a confidence thing, or a practice thing, I don’t know (#12).

I don’t think the school kids would want to hear us anyway (#18).

These employees were aware that mentoring help was available for anyone interested, and that they could access the necessary training through the company’s training annexe, Te Whāre Ako (#19).

The most common reason given for not volunteering to participate in any of the community initiatives supported by the company, especially by operators, was that there were not the resources in their work area in terms of people to allow such activities to occur during work time. The same employees often found it difficult to find the necessary “spare time and energy” to participate in community group activities outside work time. On the other hand, one operator claimed that he would like to “show a bit of community spirit” and get involved in something if the company would allow him to, but needed a “kick start” (#19).

### 4.8.3 Recognised outcomes of involvement for employees

In order to identify what employees saw as the outcomes of their involvement in social initiatives, participants were asked to explain what they themselves or their volunteering colleagues had learned or gained from their participation experience. They were also asked to explain how what they or others had learned or gained had affected the way in which they carried out their work or felt about their employer.

As shown in Table 4.5, employee volunteers saw themselves, or, in the case of senior staff members, others, as enjoying a range of positive outcomes from their participation experience, including the development of certain technical and human skills and attributes.

**Table 4.5: Outcomes associated with the participation experience**

<i>Skills</i>
Public speaking skills
Skills in time management
Networking skills, including getting oneself “known” out in the community
“People” skills, including the ability to deal with people from different backgrounds
The ability to run meetings effectively and to influence negotiations
<i>Attributes</i>
Greater self-confidence and a higher personal profile
Pride in the company as a result of acting as an ambassador for the business
Greater respect for colleagues, particularly those who made the participation experience possible
Greater insight into how other industries, companies and schools operate and their level of professionalism
<i>Other Positive Outcomes</i>
A “break” away from the daily routine
The enjoyment of interacting with children and other people out in the community
The satisfaction of giving something back to the community through the sharing of knowledge and skills
The building of “synergies” between new leaders on staff and youth leaders out in the community

Table 4.5 also shows that just as employee volunteers appeared to have gained personally from their involvement in the company’s community initiatives, so too had the company in terms of the rich array of human resource benefits accrued. For some participants who had been involved in community initiatives, the personal satisfaction of knowing that there were still young people in the community with “positive innovation” (#1), and the

excitement of interacting with them and helping them grow their enthusiasm and zeal (#5), was the most significant outcome of their involvement. Despite the personal satisfaction gained, these people believed that their experience in the community had had less of an effect on them than it had had on the young people they were working with. They also believed that they were passing on, rather than gaining, new skills as they engaged with the community.

Similarly, those who had not participated in social initiatives held the view that their colleagues gained personal satisfaction from involvement – “most probably makes them feel good helping the community, especially when they’ve been here for a long time” (#18). It was also thought that involvement in such activities helped people to build new skills and develop confidence:

It’s probably something I could benefit from. Yeah, one guy I know you couldn’t get “boo” out of him. Now he’s on the board of trustees at the local primary school and he’s all over the place being seen and heard (#14).

I do it because I like it. I used to hate (public speaking) when I was younger, but as you get older you get a bit of practice and everyone tells me I’m good at it (#10).

When I’ve done it in the past ... it’s always a bit nerve-racking, but you just do it and I think each time you do it, you develop confidence. It’s kind of like riding a bike – the more you do it, the better you become (#4).

An informant confirmed that while the individuals concerned might never have been made aware of it, some employees had been encouraged to get involved in community schemes for the specific purpose of building their levels of confidence. Another reason new managers, in particular, had been encouraged to get involved in community initiatives was to help them get out and meet as many people as they could in the shortest time possible, before they got bogged-down in work activity and became “unknown” (#1).

The benefits of the networking that occurred as a result of their community involvement were also acknowledged by volunteers:

I met other people from Bay Milk and other organisations there that I had a chat with. I suppose indirectly that's networking value – that every now and again you can pull out of the back drawer if you need something done somewhere else. I wouldn't put a dollar value on it (#20).

Gives you an insight into how other industries, companies and schools operate and their level of professionalism. I think it has to add to me holistically. My career's been developing over the last three years ... it's certainly added to my own personal development (#6).

Another participant (#9) commented on both the value of networking (getting “known” so that you no longer have to explain who you are – “all part of living in Kawerau where everyone knows everyone else's affairs and who's doing what to who”), and the various “people skills” brought back and applied to good effect in the workplace. The same participant had observed others developing useful skills from their community involvement, such as public speaking skills and the ability to run meetings effectively.

The potential to build “synergies” between new leaders on staff and youth leaders out in the community was also recognised:

We're going to give some First-Aid kits to the patrol leaders that are going to the jamboree as a leadership gift from new leaders to youth leaders. That's building those synergies (#1).

Participants often spoke of the sense of pride they felt when acting as ambassadors of the company, and how much they enjoyed working with young people and meeting other members of the community:

I guess there's a certain sense of pride when I go there and start talking about Tasman and describing the people that work there ... I probably do feel a bit stronger about the people I work with [as a result] (#16).

You do feel good at the end of the day when you've been part of marking all of the projects and selecting a winner (#15).

It was good. I've never had to do any community work before and it was good for me. I met a few teachers and the policeman and stuff like that. We got a polar fleece shirt to wear. Half the judges were Tasman and all these green shirts were running around this school hall. It was just fun (#17).

We give out company gifts like school bags or pencils or water bottles, sometimes T-shirts and the reaction from the kids is really neat (#3).

For one participant, the primary reason for volunteering was that it had brought him many "positive thoughts" about being part of the organisation. It was also suggested that the daily routine could get pretty tedious and that his community involvement gave him "a break away from the system" (#5). Another spoke passionately about the school visits being the highlight of her career and how much she loved taking part in them, and how important it was to do so for both the company and the community:

I love doing the school visits – they're a complete buzz ... it was 150 kids that we were talking to about Tasman and the environment and health and safety and paper making, and it was exhausting, but I loved it ... I'm quite wary of the fact that these kids might have heard sort of negative things about Tasman, so it's really encouraging to be invited into those schools to go and say "Hey, this is what we do and we're a big employer. If you work hard and stay at school, you'll maybe get a job with us. This is what we do environmentally" (#16).

The same participant spoke of having developed "the confidence to deal with people from different backgrounds and to not be afraid to give things a go", as well as skills in "time-management, running meetings, influencing negotiations, and that kind of thing". Several participants commented on how grateful they were for the opportunity to take part in community initiatives, and how highly they thought of the people who had allowed them to do so. The general view of these participants was summed up in the words of one individual:

I personally feel happy that I'm working for them. It is a bit of a sense of pride. I think that all businesses have a social responsibility and obviously depending on the size of the company and whatever, but it's how you implement that. But I personally know I'm working for a company that really is making a difference (#4).

## **4.9 Perceived purpose and outcomes of the company's investment in social initiatives**

### **4.9.1 Company's performance versus its competitors**

When considering the company's social performance in relation to other similar organisations, Norske Skog Tasman, CHH Tasman's close neighbour and the larger organisation in terms of full-time equivalent employees (723 in 2002), was the company participants most often referred to. Socially, Norske was perceived as having "its nose out in front" in terms of its social initiatives and its profile within the community, especially after seizing the initiative and working with unions in the development of the recently established National Centre of Maintenance Engineering Excellence – a facility designed to provide training for young local people and practical experience for maintenance engineers. This initiative, which received \$2 million from New Zealand Trade and Enterprise's Partnership Programme, represents a major joint venture between government, the community, industry, education and training providers, and employee organisations, and a genuine partnership between business and unions (Fookes, 2004a).

Norske was also perceived as having the benefit of a strong underlying infrastructure which allowed the company to be more "outward-looking" in terms of its community relations (#4; #5; #9;), while CHH Tasman was thought to be suffering the effects of extensive restructuring and internal change and to have a more "inwards-focus".

Environmentally, CHH Tasman's performance was thought to be either equal or superior to that of its competitors. That is, Tasman was seen to be just as "on the ball" as Norske in terms of what it did to minimise its environmental impact, and to be "cleaner" than the Kinleith site. Evidence obtained from secondary sources confirmed that Norske and Tasman Mills did, indeed, work to the same high environmental standards. In some areas, such as the management of water and waste services, this was attributable to the



joint venture operations between the two companies. In other areas, the two companies had simply both opted to support environmental projects, such as the scientific study of the impact of wastewater discharges on aquatic life in the Tarawera River, and the restoration and enhancement of two hectares of river margins along Fletcher Avenue (Norske Skog Tasman Ltd, 2002).

Participants were aware that CHH Tasman consulted with local iwi on environmental and other business performance issues:

I know that they really do listen to the iwi, the Māori community. I know the Kaumātua ... he works [here]. If he has any questions, they'll answer [them] and they won't take it for granted. I've witnessed that and that was good. This is only as I see it. Perhaps, iwi see it differently (#17).

However, Norske was generally thought to be leading the way in terms of communication with iwi on environmental issues (#2, #9). Evidence obtained from secondary sources, including the annual community reports of both companies and local press reports, appeared to indicate that Norske was inclined to be more proactive in its approach to the development of relationships and cultural understanding with local iwi. For example, Norske encouraged its employees and their families to participate in regular marae-stays; ran monthly cultural and welfare forums in recognition of the broad spectrum of values of its diverse Mill workforce; and also contributed towards the maintenance of local marae. As suggested by Fookes (2004b), Norske's custom of taking overseas visitors onto marae to be introduced to Māori culture and customs gives some indication of the bond that exists between Norske Skog Tasman and local iwi.

While Norske Skog Tasman was generally seen as having a stronger social performance than CHH Tasman, one participant looked at the issue from a corporate perspective and favourably compared CHH's performance with other New Zealand organisations:

It does ten times more than any (other company I have worked for) but it doesn't publicise the fact that it does. A classic example for Carter Holt was Project Crimson. It had been going on for years but nobody knew about it,

and just recently they've started to promote the project. There's been thousands and thousands of Pohutakawas planted and that's fantastic (#1).

#### **4.9.2 Perceived purpose of investment in social initiatives**

Participants were asked what the employer was trying to achieve through its investment in social initiatives. It was often perceived that the employer was mostly concerned with improving its public image. Suggestions as to why the company would want to improve its public image were mostly centred on the idea that this would ultimately benefit the business:

It's creating a favourable impression in the minds of people who are going to be voting, and people who are looking for jobs, and people who may be community leaders in the future. So, it's building up ... a groundswell of support out there (#9).

In line with this view, the company's emphasis on promoting youth education was seen by many as sending a subliminal message to youngsters that CHH Tasman was an attractive place to work, and that it was necessary to achieve well at school if you wanted to work there (#2; #4; #9).

While it was often the case that the company was perceived as focusing on the potential payback from a raised public profile, this was not necessarily regarded unfavourably by participants:

The \$10,000 that they give to the (the coastguard rescue) is probably small bickies compared to the benefits that they receive from that. I think they do conduct initiatives like that fairly and honestly and I think quite a bit of time and thought goes into (what) they're going to (fund) ... but I think they also consider "Well, what mode will give us the greatest publicity, the most effective publicity". I'm sure they consider that (#16).

Another participant suggested that strategically, such investments made good business sense (#9). It was furthermore suggested by one participant that in supporting those

initiatives that were in line with the company's vision and values, the "philosophies of CHH Tasman (were) being spread" throughout the wider community (#1).

According to an informant, many of the social initiatives supported by the company were set up under a previous chief executive who was passionate about "the environmental side of things" and the company being a sustainable business, as well as giving something back to the community (#3). However, while the motives underlying the company's support of social initiatives were generally not questioned, the need for public support on environmental issues was often seen by participants as prompting action (#7; #8; #18). For example, it was suggested that:

If the public rallied together tomorrow, they could shut this place down if they wanted to. So, they've got to try to appease the public to a certain degree. Come time for the licenses, there'll be people out there that say, "They helped me out with this – I'll give them my support for that" (#13).

In particular, the level of concern within the community as to the state of the Tarawera River, was thought to be a major issue for the company. At the same time, it was generally thought that the company was trying to "keep the lines of communication" open with the outside community through such initiatives as its Environmental Greenline (an 0800 number). It was also the perception that the company was showing "responsibility" in this respect, and not trying to "get away with" anything (#17):

We're not in the business of wanting to brainwash people and what we're saying is totally honest, and I've always felt that view (#16).

Just to make the general public more aware of the company's efforts and promoting safety, and probably more so, environmental concerns ... I mean they really have gone a long way towards cleaning things up. It's more about creating an awareness – that's what I think it is. So, therefore, more acceptance ... we don't have Greenpeace flying over us any more (#19).

### 4.9.3 Perceived outcomes of investment in social initiatives

In order to gain an indication of the perceived success or failure of social initiatives, participants were asked to comment on the positive or negative spin-offs of the initiatives supported, and whether they thought the company was “getting things right” or needed to be doing things differently.

In terms of the company’s image, the perception was that there had been a gradual shift in people’s attitudes towards the company, and that people no longer thought “badly” of the company out in the community. However, attitudes were thought to vary greatly depending on the community group concerned:

You’ve got the Business Association who want these two companies up here to survive because it keeps them in business; you’ve got iwi focus groups ... and they’re looking out for their ancestral lands; and you’ve got other isolated little groups who just want money whenever they ask (#9).

According to some participants, there was a need for such groups to stop regarding the company as “Uncle Tasman” and to recognise that the focus of the company was working within a “triple bottom line” (#1; #9; #20). Similarly, the concern was raised that while the company “was not overdoing things by any means”, it ran the risk of appearing to be trying to bring itself into favour with the local community in order to cover up a problem, and needed to proceed with caution so as not to appear as overly generous (#7; #8).

At the same time, it was recognised that people involved in certain initiatives, such as the YES programme, were “giving it everything they could” and, as a result, were representing the company well. This was seen as giving the outside community a positive impression of the people who worked at CHH Tasman (#6). Others, however, expressed concern about the loss of contact with the outside community as the company had shifted its focus with all the restructuring that had gone on (#4; #5, #9). In particular, the loss of valuable outside contacts a previous employee had worked hard to establish over the course of three or four years, was seen as a threat to the ongoing success of the company in building and maintaining its public profile.

On the other hand, the company's investment of "millions and millions of dollars" in trying to improve its environmental performance and rid itself of the "terrible reputation" it once had, was seen to have paid off in terms of an improved reputation both locally and further afield (#6). While tougher legislation was seen as driving this investment by some employees, it was also the perception that the company had become extremely proactive environmentally, and that the company's practices were "at least one-step ahead" of any new legislation (#4; #16; #15; #17). In this respect, the fact that people would consciously stop production when there were environmental problems, was praised by one interviewee, along with the "very, very high" level of environmental awareness amongst operating, maintenance and production staff (#5).

The company was perceived as providing well for employees in terms of financial rewards, health and other personal benefits, and as having a highly successful programme of safety which had resulted in improved behaviour becoming "embedded in the way you think" (#2). In terms of the latter, it was suggested that considerable effort had been invested in making employees aware that it was their responsibility to look out for their own personal safety, and in entrenching the view that you would "die in the same knickers you wore when you walked in the gate" if you did not take this responsibility seriously (#9).

The initiative taken by the maintenance department's safety council in having outside providers give monthly talks on safety, was also seen as a worthwhile investment. While these talks were often on non-work related topics such as chainsaw safety, boating safety, firearm safety, and road safety, the decision to include them was based on the "fundamental belief" that:

If someone gets killed when their boat gets dumped on the bar, they're as worthless to me as if they fell-off the digester. Blood's blood! Whether you're hurt outside of work or at work – it's still being spilt (#10)

#### **4.9.4 Social initiatives and their influence on employees**

In order to explore in more depth the possible outcomes of the company's investment in social initiatives, participants were asked whether any of the social policies or practices

they had been exposed to in the workplace had affected them personally, and influenced them to make changes in the way they did things either at work or at home.

Fifty per cent of participants acknowledged having become more safety-conscious both on and off-site as a result of the company's health and safety policies and practices. Others suggested that it was the other way around and that they had influenced others through the company's social policies and practices (#1; #5; #20, #5, #15). At the same time, the mutually supportive roles played by the employer and its "influential individuals" was readily acknowledged:

I think in some ways the community has probably developed the attitude, but the company is giving me the tools to work with it and hopefully, make things better (#14).

Several participants reflected on what had been a gradual shift in thinking and behaviour as a result of the company's safety policies and practices. The following comments represent main points made:

Probably 15 years ago, we didn't used to wear hard hats on site. Now, without them on, you feel undressed. When you come to do something at home, no matter how big or small it is, I always make sure that I've got safety glasses on or ear protection when you mow the lawns. All those sorts of things. So there has been a change in my own appreciation of protecting myself (#6).

I'm probably more safety-conscious on certain things. Just by seeing how fast things go off in the lab, even under controlled conditions ... you might have eye drops which are supposed to expire a month after opening and you keep them for like six months. Now I know it's a bit dodgy to use that sort of thing (#15)

Definitely safety. Just the nature of being at work around a dangerous area, and stuff like noise pollution and that ... it's different than if I was just working in an office (#17).

Almost fifty per cent of those interviewed (but not necessarily the same employees who had been ‘influenced’), spoke of feeling more positive about their employer as a result of the “good things” done for the environment and the community. One such participant suggested that the more the company did for the community, the higher his opinion would be of it (#14), and another explained that it “feels quite encouraging to know that I’m not just working for a big industry that doesn’t care about it’s surrounding inhabitants” (#16). Two relatively new employees spoke of the pride they felt knowing that the company was involved in community initiatives, and of the effect this had had on their attitude:

It’s good to know that our company’s involved in things like that. It makes you ... quite proud of your company that they’re involved in initiatives like that (#8).

You think “Oh, I’m being really cheap for not using my time effectively”. It does make you think about how much you can utilise your time, so whether it’s a result from here I’m not sure, but it certainly happens (#7).

Other longer-term employees spoke of “empowering” others within the outside community through the leadership skills they exercised when involved in community initiatives. Representative of the comments made was the following statement:

A lot of the schools I’ve been to here and running the school board. I mean leadership is leadership no matter what you’re doing, and my preferred style, especially outside of here, is one of [consensus] leadership, where I prefer a very open and honest discussion. I’m quite happy to empower people and let them receive the glory that they deserve in doing a good job (#10).

Other participants believed that they had been “empowered” by their employer to achieve a high degree of self-actualisation in their lives:

I’m [at an age] where I want to really get on with my career. I’m transitioning to a new job in the [work area] team. I’m studying [career-

related subject] and I'm actually glad I'm doing that. And it's been through the company and their helping me out with the training (#17).

Because I have a good job, I have a good income, I live in a nice place. I get home from work and I'm happy because I've got a good job. My kids are probably as happy as I was when I was a kid. My dad [who also worked at the Mill] had a good job too (#11).

#### **4.10 Issues perceived as needing to be addressed**

In order to further confirm that the social initiatives supported by the employer were in line with what employees actually wanted to see addressed and to further validate the points raised by participants in earlier discussion, at the end of the interview participants were asked if there were any social issues or initiatives they felt their employer needed to address.

The issue most often raised was that of their discontent with the employer-employee relationship and the way in which change had been managed in recent years. Also of concern, was the future well-being of the town of Kawerau and other surrounding communities, particularly with regard to the education, training and employment of the young. Less frequently mentioned were environmental issues, and the need for employees to be culturally aware and to value diversity in the workplace.

A number of suggestions were made by employees as to what extra the company might be doing to support its various communities. As these suggestions do not add to this study (other than by confirming that the company is, in fact, already largely acting on issues employees want to see it address), details are not included in this thesis. However, a full outline of participants' responses will be included in a practitioner report to be produced for the company.

#### **4.11 Conclusion**

This Chapter has presented a detailed analysis of a workplace. It has also summarised a broad range of historical, attitudinal and behavioural issues associated with the way in which employees perceive and react to their employer's approach to corporate social



responsibility and support of social initiatives. By incorporating participants' words into this analysis, an attempt has been made to capture the essence of messages conveyed, and to give the reader a strong sense of the context.

In the next chapter, the findings that have been presented will be discussed in relation to the literature reviewed in Chapter Two.

# CHAPTER FIVE: Discussion

## 5.1 Introduction

As discussed in Chapter One, the primary aim of this study was to explore the workplace of a large NZ firm and, in particular, employees' perceptions of and reactions to the firm's exercising of its responsibilities in relation to its various communities. While focus has been maintained in this direction, a number of related issues that surfaced during the data collection and its analysis have also been explored in addressing the research questions central to this thesis.

The discussion in this Chapter draws together the findings of the study and the theories presented in the academic literature to provide insights from which major conclusions may be drawn. In the process, the research context, the research questions, their associated objectives, and scholarship around corporate social responsibility and the social initiatives taken by business, have been examined.

This Chapter begins with a discussion of significant contextual factors influencing the way in which employees regard their employer's social initiatives. The remainder of the Chapter is organised around the following key issues and themes that also guided the study:

- Awareness of and attitudes towards the employer's social initiatives
- Communication and consultation on social policies and initiatives
- Outcomes of the participation experience for employees
- Perceived purpose and outcomes of the company's investment in social initiatives for the employer

## 5.2 Key contextual factors

As reported in the findings of this study (Chapter Four), participants often focused on the employer-employee relationship, the workplace culture, and their concerns in relation to the local community when asked for their views on the employer's approach to CSR and support of social initiatives. Of particular concern to employees was the employer's management of a major restructuring exercise, and a subsequent deterioration in the employer-employee relationship.

The timing of the field trip, shortly after the announcement of approximately 130 lay-offs, was such that some focus on this aspect of the employer's performance was not unexpected. On the other hand, given the company's long history of supporting a range of employee and community initiatives, and its sustainable business award-winning status, a stronger focus on the firm's achievements in this regard was expected. It was only after gaining a clearer understanding of the interrelated nature of certain contextual factors and of the way in which they worked together to shape employees' perceptions, that it was possible to fully appreciate the basis and logic of this tendency not to view the company's social initiatives in isolation but to adopt a much broader focus that took into account other aspects of organisational life.

The contextual factors identified fell within three broad categories – the workplace culture, the employer-employee relationship, and employees' concern for the community (Figure 5.1). These factors were found to be significant in terms of their potential to both influence, and be influenced by each other, and to mutually influence employees' perceptions of their employer's social initiatives in turn.

Figure 5.1 shows the interrelated nature of key factors (mechanisms) influencing employees' perceptions at the time of the study, and the realist approach relied on in the interpretation of employees' perceptions (effects). As shown, this approach seeks to identify and analyse the generative powers and liabilities of a particular structure which may be activated under certain time- and place-specific conditions.

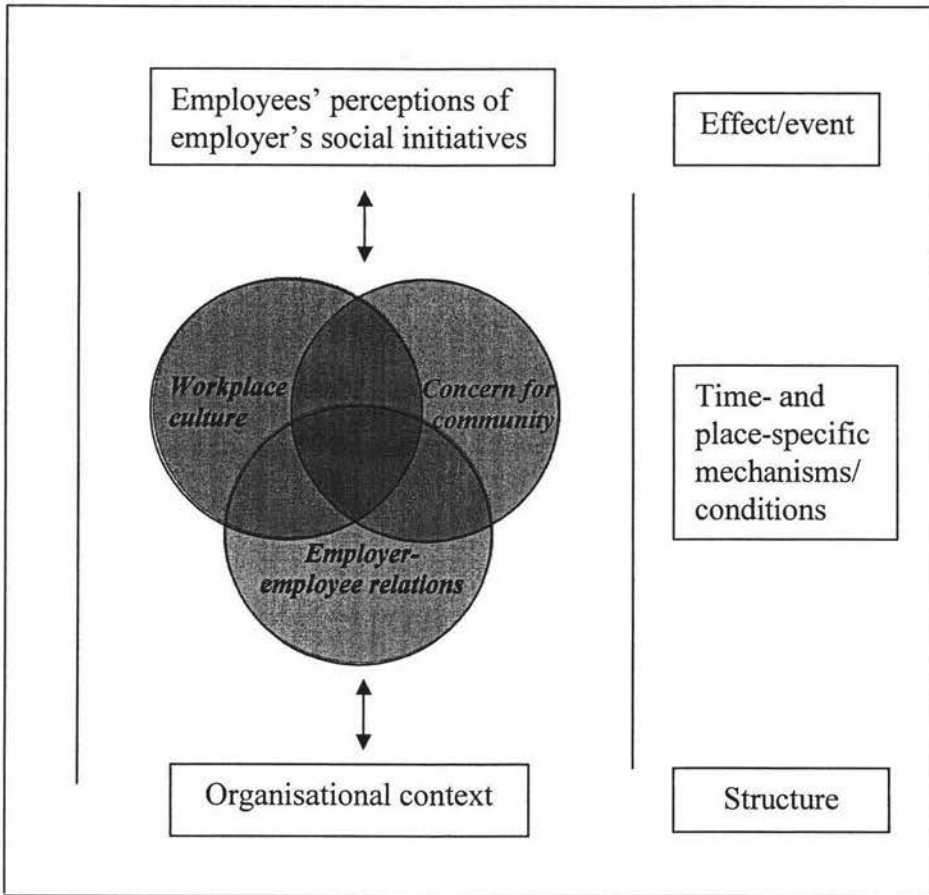


Figure 5.1: Key factors influencing employees' perceptions of their employer's social initiatives from a realist perspective

The discussion that follows highlights the interrelated nature of factors influencing employees' perceptions, and exposes their mutually influential causal powers. The rationale for presenting this discussion is to alert the reader to both the unique aspects and/or similarities of this situation to other situations studied.

### 5.2.1 The employer-employee relationship

As identified in the literature review (Chapter Two), major policy changes aimed at improving NZ's economic strength and competitive advantage during the 1980s and early 1990s transformed the country's economic and social fabric, and resulted in perceptible changes in management culture and workplace relations (von Tunzelmann & Cullwick, 1996; Allan et al., 1999; Knuckey et al., 2002). The researcher's analysis of documentary and oral accounts confirms that changes that took place in the case study

organisation in and around the 1990s were consistent with those that occurred in many other NZ organisations.

Most notable amongst these changes was the transfer of power from employees to the employer with the passage of the Employment Contracts Act in 1991 after years of industrial action affecting the Mill's continuity of production and earnings during the 1980s. Coinciding with this shift came the restructuring and downsizing of the workforce and the division of surviving employees into many small, self-managing function-based groups on substantially revised contracts. Along with these changes, came a gradual shift in culture as information and decision-making power was more widely dispersed throughout the organisation, and employees took responsibility for their own work unit's success.

Employees interviewed in this study acknowledged that the workplace had changed for the better as a result of these workplace reforms in terms of improved employee communication, the broadening of responsibility, and expansion of opportunities for individual and work group capacity-building through work-based training. However, there were fears that some of the changes that had been introduced, such as the greater level of autonomy enjoyed by teams and improved employer-employee consultation on issues, would be reversed under the Mill's most recent ownership structure (Carter Holt Harvey). Certainly, participants had observed a gradual deterioration in relations after months of uncertainty in relation to the future employment of many of the Mill's employees, and the accumulated effect of years of restructuring and downsizing. The situation observed was one in which relationships were strained and lacking in trust. It was often suggested that employee morale was at an all time low.

Restructuring and downsizing processes are known to affect morale, create ill-will, and to lead to a lack of trust between workers and the employer (Lee & Teo, 2005), especially when the need for changes is not fully understood (Minnick & Ireland, 2005). Those who experience an organisation's downsizing are rarely satisfied with how it is managed. Providing a clear justification for any staff cuts and solid support for surviving employees can minimise both short and long term damage (Macky, 2004).

While the Mill's employees were clearly unhappy at the downsizing and outsourcing of the workforce that had occurred and was continuing to occur at the time of the study, both the operators and managers interviewed claimed that they fully understood the need for change. Consistent with the information presented in press statements released by the company, it was explained that the most recent strategies had been adopted as a means of enhancing the company's capacity to survive the 'reality' of having to compete globally in tough economic conditions. Instead, participants attributed their dissatisfaction to the way in which the restructuring and downsizing strategies had been determined and implemented by the employer.

Employer-employee communication and employee participation in consultative processes had fallen well short of employees' expectations over the last two years or so, and this had resulted in some confusion as to employees' roles and the employer's expectations. Some of the managers interviewed were also of the view that there had been a serious lack of effort on the part of the company's new corporate head office-based owners to gain a clear understanding of the Mill's operations since their take-over of the business in 2001. Senior management at Corporate Head Office was furthermore perceived by a few members of this group as being more concerned with safeguarding the firm from any legal wrangles during the restructuring process, than with having any real desire to act in good faith and encourage employer-employee dialogue on issues<sup>1</sup>.

The operators interviewed were similarly dissatisfied with the employer's handling of the restructuring and downsizing process. For example, it was perceived that there had been no real opportunity to work alongside management in finding workable solutions to the Mill's problems, particularly with respect to looking at alternatives to the option of downsizing the workforce. Indeed, comments often made in passing seemed to signal that both the 'victims' of the restructuring and their colleagues felt 'betrayed' by the employer's decision to proceed with the latest round of redundancies.

Participants saw as exacerbating the problem, the employer's tendency to appoint externally-hired work group leaders who had little empathy with workers, over the

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<sup>1</sup> Management at Corporate Head Office has not had the opportunity to respond to these criticisms as data gathering in this study was limited to the one site. It may be useful to examine relations between the two sites as part of a follow-on study.

promotion of suitably-qualified, existing employees. Lee and Teo (2005) argue that the appointment of new, externally-hired managers during periods of change may contribute to lower levels of trust and work satisfaction, and that a supportive environment under the leadership of a newly promoted manager can mitigate the problem of declining work satisfaction when extensive change is required. Such an approach would seem to have the potential to alleviate the sense of loss and betrayal felt by employees during the downsizing process.

The sense of betrayal often felt by employees during the downsizing process is explained in the literature as arising from a breach of implicit psychological and social contracts between managers and their employees (Van Buren, 2000). In this case, it appeared that the sense of betrayal felt by some participants also had links to the breach of an informal contract or 'agreement' made between the Mill's owners and the tangata whenua in the early 1950s to continue to provide jobs for the tangata whenua and their descendants in return for the use of land over which local Maori exercised customary authority.

Minnick & Ireland (2005) have found that a more intense emotional response to downsizing is likely when both affected employees and members of their family before them have been deeply loyal to the company. In this case, almost 75 per cent of participants had worked at the Mill for more than 20 years, and approximately fifty per cent were found to have had an even longer family association with the Mill, having been introduced to its operations and culture by their fathers who had also been employed at the Mill.

Against this backdrop of concern for the 'victims' of the impending outsourcing of staff, dismay at the perceived deterioration in employer-employee relations, and dissatisfaction with the employer's management of the restructuring process, few participants were inclined to view the employer's social initiatives in isolation. Instead, a much broader focus that took into account other aspects of organisational life was generally adopted. This did not necessarily indicate that the employer's social initiatives were being viewed unfavourably. Rather, it signaled that the employer's performance in this regard had been overshadowed by other aspects of its performance in the volatile workplace environment that existed at the time.

Other studies have similarly identified that the existence of contingent influences in the workplace that will shape employees' perceptions of their employer's social performance (Chapter Two, 2.5.1). For example, it has been established that when faced with staff layoffs or periods of poor performance employees will be less concerned about an employer's discretionary performance (Maignan & Ferrell, 2001), and that it is only after people's primary needs are met that employees will value that their employer appears to share their social values (Tuffrey, 2003).

While there was some variation amongst participants as to the extent to which the employer's social initiatives were valued, not once was it suggested that the company's support of social initiatives should be reviewed on the basis that the business had no other responsibility than to comply with the law, as is suggested in the 'economic account' (see Chapter Two, 2.4). On the contrary, participants often looked favourably on the initiatives supported, and shared a deep sense of loyalty towards the company that had taken a leading role within the local community over the years. Rather, the extent to which social initiatives were valued at the time appeared to have been influenced by a perceived need for greater focus on the development of closer and more co-operative relationships amongst employees.

### **5.2.2 The workplace culture**

The workplace culture was also found to be significant in terms of its influence. Corporate culture is defined by Nellhaus (2004, p.116) as "a totality of ideas, values, beliefs, images, feelings and attitudes that develops historically and in dynamic relations with various social structures", and explained by Schein (1991, p.15) as providing "group members with a way of giving meaning to their daily lives, setting guidelines and rules for how to behave, and, most important, reducing and containing the anxiety of dealing with an unpredictable and uncertain environment".

A strong sense of 'family' pervaded the workplace. Whether related by birth or not, all employees were said to belong to, and to experience a certain sense of pride in belonging to, the "Tasman whanau". The experiences shared by many employees who had grown up together in the once thriving local community appeared to have led to the development of this family-style cohesiveness. An effect of this family-oriented culture was that it had occasionally presented hurdles for the uninitiated, and made it more



difficult for management to facilitate change in the workplace. For example, relatively new staff members had experienced awkward situations after inadvertently failing to observe certain protocols or unwritten rules governing workplace behaviour, and encountered barriers when trying to stimulate greater levels of accountability. A perceived lack of success in this respect had resulted in some frustration amongst employees and bitterness on both sides of the employer-employee relationship. For example, managers were in some cases critical of what was explained as a culture of 'expectation' and employees who had, it was suggested, been 'spoon-fed' for years. In return, operators were often cynical of the tactics used by management to transform the existing culture.

On the basis of Schein's (1991) finding that organisational cultures are strongly influenced by shared experiences during a firm's early history and, once established, can be difficult to change, the evolution of this culture of expectation was traced back to the early years of the Mill's operations when the employer developed a paternalistic reputation after taking a leading role in local government during Kawerau's development. The promise of future employment thought to have been made to the tangata whenua in the 1950s in return for the use of land over which Māori exercised customary authority, may also have contributed towards the development of what was perceived as a sense of entitlement amongst employees. So too, might the perceived 'largesse' on the part of the company during the late 1970s and early 1980s.

Prior to deregulation, many of NZ's large corporations, and in particular its government departments, were similarly criticised for their inefficiencies, excessive waste and lack of productivity. On the other hand, the company's 'excesses' in the Mill's early years may reflect management's determination to succeed in attracting and retaining skilled employees at a time of low unemployment, and efforts- to maintain production – given that the economics of newsprint manufacture were such that it was more profitable to maintain production than to take a strike at the Mill.

While most of the managers interviewed were critical of what they perceived as a culture of expectation amongst workers, operators were often critical of the support given the outside community by the employer on the basis of their perception that the employer's 'own house' was far from in order and that employees had not been well-treated during

the restructuring process. The potential flow-on effects of this situation, including increased employee tension arising from a discrepancy in perspectives, the withdrawal of goodwill (Corley et al., 2000), and an overall decrease in the workplace benefits said to accrue when a good match exists between a firm's corporate culture and its "social mission" (Tuffrey, 2003), highlights an issue of concern for the employer.

### **5.2.3 Employees' concerns for the community**

Employee volunteers appeared to be more concerned about the local community and to have a stronger social orientation than their non-volunteering counterparts. Carroll (1999) defines the term social orientation as the importance an individual assigns to the social responsibilities of the firm, while Backhaus et al., (2002) suggest that corporate acts of social responsibility are more meaningful to particular individuals.

Certainly, it was found that the employee-volunteers interviewed had strong views on the social responsibilities of the firm and were also more likely to be involved in community work outside working hours than their non-volunteering colleagues. They were also often regarded by their colleagues as being well-suited to supporting others in the community because of their especially 'Christian' or caring nature, and the obvious satisfaction they gained from such activities.

The results of numerous studies including Gavin and Maynard's (1975) early identification of a link between positive perceptions of an employer's social performance and satisfaction of Maslow-type needs, and the subsequent extension of this link to show a strong association with such variables as an employee's willingness to change and higher levels of organisational commitment (Riordan et al., 1997; Peterson, 2004), show the potential that exists for an organisation's overall performance to be enhanced through the active recruitment of employees with a strong social orientation.

A further factor that appeared to affect the extent of an individual's concern for the local community, but not necessarily their involvement in the employer's social initiatives, was their place of residence and/or personal association with members of the community. Most concerned about the Kawerau community and the company's responsibilities in relation to the community, were the minority of participants who continued to live in the town or had close relatives living in the town. Less concerned were the majority of

participants who had left the town in the 1980s and 1990s to live in lifestyle blocks, and other more affluent districts in the area.

Coinciding with this exodus of employees from the town, the company had extended its community focus to include other areas and groups within the region. While this was seen as a natural progression by those who had left the town, participants who had remained in Kawerau saw this change in focus as a further blow to the community, given that the departure of relatively well-off employees had already led to its economic and social decline. Kawerau was seen by these participants as deserving of special treatment because of its close proximity to the Mill, the impact the Mill's activities had had on the town, and the town's historic association with the Mill.

The community issue seen as most deserving of the company's support was the education, training and employment of youth. While the company specifically targeted areas of youth, education and welfare for receipt of funding each year as part of its Community Support Programme, it was the view of many of the operators interviewed that the employer could have been more proactive in providing training for local youth and in looking at ways of reversing the trend away from trades training in NZ.

The company's perceived lack of action in this respect, along with its downsizing activities and the consequent fears held by employees for their future employment, had led some employees (primarily operators) to regard the employer's social initiatives with some cynicism. In particular, concern was expressed at the mixed messages being sent to youth. On the one hand, current employees were telling their families that there was no longer any surety of jobs at the Mill while, on the other hand, the company was promoting the possibility of future employment opportunities for young people during its school visits. In direct contrast, employee volunteers saw the school visits as a valuable opportunity for the company to fulfill its obligation to raise awareness within the community that while there was no longer any guarantee of employment at the Mill, there were opportunities at the Mill for those who studied hard and gained qualifications.

The above discussion highlights the interrelated nature of key factors influencing employees' perceptions of the firm's approach to CSR. The influence of these factors was such that employees viewed the firm's social initiatives in many different ways.

This difference was most evident between management and operators. While some participants were critical of the community's reliance on the company, others were either relatively indifferent or deeply concerned about the difficulties faced by the local community, and saw room for expansion of the company's support.

In the section that follows, the significance for employees of the employer's social initiatives and other aspects of its social performance, both prior to and after taking-up employment, is examined.

### **5.3 Awareness of and attitudes towards the employer's social initiatives**

#### **5.3.1 The perspective of prospective employees**

Very few participants were influenced in their decision to join the company by the employer's reputation for supporting a range of social initiatives. Only two participants claimed to have been encouraged by the employer's commitment to health and safety and its social and environmental performance. However, another had had strong reservations about taking-up employment at the Mill because of the industry's historically poor environmental performance. All other participants claimed to have been solely concerned with the company's reputation as an "exceptionally good payer" and its capacity as a large employer to provide access to a wide range of resources and opportunities.

This finding contrasts with the results of earlier studies (Chapter Two, 2.5.1) that have explored the relationship between corporate reputation and employer attractiveness and found that a job seeker will use a prospective employer's social performance, over and above the compensation package offered and prospects for advancement, as a guide to gauging its concern for employees and the trustworthiness of the organisation (Greening & Turban, 2000; Turban & Greening, 1997; Riordan et al., 1997), and that environment, community relations, and diversity dimensions will have the most significant effect on attractiveness ratings (Backhaus et al., 2002).

Possible reasons for this variation in findings include that NZ job seekers may be more economically, and less philanthropically-oriented than the American university students who took part in the Greening & Turban (2000) study; that the studies cited may be in the

context of labour markets where people have more choice in the selection of an employer; that job seekers, both local and from outside the area, may not have been aware of the company's social initiatives or may have become so accustomed to the extent of support given the community that its social performance was taken for granted; or that job seekers may have had few other employment options available to them in the region when they joined the company. This study's finding that approximately 50 per cent of participants (mostly operators) were unaware of the range of initiatives supported by their employer, along with Albinger and Freeman's (2000) finding that an employer's corporate social performance will only be of concern when job seekers have high levels of job choice, highlights the potential validity of at least two of the above propositions.

### **5.3.2 The perspective of current employees**

Although the employer's social initiatives had rarely been taken into account by prospective employees, some participants acknowledged that they had been pleasantly surprised to discover the extent to which the company interacted with schools, community groups and individuals through its support of social and environmental initiatives. These participants appeared to support, in principle, the employer's social initiatives and, in a few cases, to take great pride in knowing that they were working for a company that was "really making a difference" within local communities. The same participants, who were often actively involved in the employer's social initiatives, claimed to have gained either a sense of satisfaction or "positive thoughts about being part of the organisation" as a result of knowing what the company was doing for the community. The non-volunteering colleagues of these participants often acknowledged that employee volunteers were gaining such benefits from their involvement.

The finding that employees will take pride in their association with a company as a direct result of their approval of its social performance mirrors that of a number of other studies that have examined the effect on employees of their employer's favourable image and reputation (Dutton, Dukerich & Harquail, 1994; Riordan et al., 1997; Gioia et al., 2000). Similarly, Lawrence and Collins' (2004) finding that the adoption of social and environmental practices is more often attributed by owners or chief executive officers of NZ businesses to the perceived attractiveness of these practices to employees (47%) and the perceived impact of these practices on reputation and brand (46%), than to the need to comply with government legislation (16%), suggests that there is widespread

recognition of the value NZ employees place on this aspect of their employer's performance, and that firms are generally willing to take into account the personal values and beliefs of senior management and possibly other employees.

Other than in the case of employee volunteers, the finding of a link between knowledge of an employer's involvement in social initiatives and the satisfaction of employees' Maslow-type needs, as reported by Gavin and Maynard (1975), Riordan et al. (1997) and Peterson (2004), was not generally supported. Negating the link in this case, were certain contextual factors discussed earlier in this Chapter (5.2.1). In particular, the deterioration in the employer-employee relationship that had occurred as the employer took measures (including the laying-off of staff) to improve its performance under difficult economic trading conditions, appeared to have been responsible for stemming the tide of satisfaction normally derived from simply 'knowing' of an employer's social initiatives.

### **5.3.3 Attitudes towards the promotion of social initiatives/performance**

It was perceived that the company tended not to promote its social initiatives and success as a sustainable award winner. Views were mixed as to the merits or otherwise of the employer's low – key approach, with employees actively engaged in the community as employee volunteers amongst those most likely to favour the approach adopted. An informant later explained that the company did not promote its social initiatives on the basis that it did not publicly promote other initiatives that also made good 'business sense'.

This finding appears to contradict Dutton and Dukerich's (1991) finding that employees will be especially concerned with their employer's image (the way they believe others view the organisation, and use this as a basis for gauging how outsiders are judging them). On the other hand, it is possible that Dutton and Dukerich's (1991) focus on the perspectives of management and members of task forces or teams directly involved in the implementation of social initiatives, may account for the difference in results. That is, it seems fair to suggest that managers and members of task forces and teams engaged in social initiatives will be more likely than other employees to see the way others view the

organisation as a reflection of their own performance, and thus be more concerned about the image projected by the firm, and what is done to promote this image.

It is also possible that employees of large-sized enterprises will be less likely to be concerned with and react to changes in organisational image than employees of small and medium-sized organisations. As one participant suggested, in a corporate situation, managers change on a regular basis and there is not the same sense of ownership, focus on the bottom-line or threat to livelihood as that experienced in a small business. Then again, the company's reputation within the community or its position of power as one of few large employers in the region may have been perceived by the majority as strong enough not to need extra bolstering.

Given the finding that participants perceived that the company stood to gain financially from its investment in the community through the development of an enhanced reputation, a further proposition that the employer was perceived as deserving of respect for not seeking to exploit every opportunity to enhance its reputation seems plausible.

The complexity of the issue is further highlighted in the suggestion made by two participants that caution needed to be exercised in the implementation and promotion of social initiatives so as to ensure that the company did not appear as overly generous or as if trying to cover up a problem. This comment was discovered in further discussion to have stemmed from both a sense of loyalty to the company and a desire to see its "best interests" protected, and from a desire to avoid the embarrassment of being seen to be associated with a company that projected an unfavourable image. These participants clearly saw their employer as acting responsibly in the management of its environmental impact and the ways in which it supported the community, but were aware that certain groups within the community, including close relatives who had originally disapproved of their decision to take up employment at the Mill, remained suspicious of both.

Concerns raised by the few participants who did not support the company's low-key approach, included that much of the "mana" due to CHH Tasman was going to Norske Skog Tasman – the larger of the two companies, and that the company might be missing out on the "payback" due from its investment in the community if its actions were going unrecognised. While few other participants appeared to share these concerns, they align

more closely with the widely-held view that employees will be concerned with and influenced by the image and reputation of their employer.

The differences in perception outlined above, expose a need for further research that clarifies the implications for organisations that chose to promote their social initiatives or any other aspect of their social performance in front of external audiences.

## **5.4 Communication and consultation on social policies and initiatives**

### **5.4.1 External and internal communication**

Further evidence of the employer's generally low-key approach in relation to the external promotion of its social initiatives was produced by means of analysis of a range of in-house and external documentary evidence. In particular, a review of local newspaper items revealed that CHH Tasman lagged some way behind its close neighbour, Norske Skog Tasman, in terms of the frequency of information published about the company, and its prominence as a sponsor of various community events. On the other hand, it was found that the company had subjected its operations to close public scrutiny in producing both financial and environmental reports since 1996, and sustainability reports on the environmental, social and economic aspects of the business (Triple bottom Line reports) since 2002.

According to the 2002 sustainability report's auditor, such reports help "to build trust with staff and external stakeholders by being very transparent about future commitments and progress towards achieving these" (CHH Tasman Annual Report, 2002, p.30). However, the researcher's study of these reports revealed that their value for external audiences might well be enhanced with the inclusion of such detail as some of the workplace benefits being accrued from the firm's support of social initiatives; an indication of some of the key challenges facing the industry, and details of any outsourcing or other strategies proposed in response. The disclosure of such information would clearly go some way towards achieving a greater degree of transparency about future commitments, and effectively promote mutual understanding, trust and ownership of problems and their solutions.



The company's entry in the large business category of the Sustainable Business Awards 2003 had also exposed its operations to considerable scrutiny. Despite winning this award, the company did not acknowledge its success in the local press or on publicly accessible parts of its website. While this may reflect the temporary absence of a community relations function at the Mill, it does seem consistent with the company's tendency not to promote its discretionary achievements.

Internally, a range of mediums were used to convey information on the employer's environmental initiatives and employee and community support programmes.

Despite the finding that only around 50 per cent of participants (primarily operators) were aware of the range of social initiatives supported by the employer, there appeared to be no barriers to finding out about the company's social initiatives. In particular, the intranet appeared to provide a useful means of keeping abreast of what was happening in the company, especially for staff working the night shift.

While participants appeared to be satisfied with the range of mediums employed and the extent of communication in-house and externally in relation to the employer's social initiatives, it was of concern to participants "on staff" that the role of the community relations manager had become uncertain under the latest round of restructuring. In particular, participants 'on staff' feared that the internal and external community links forged by a very active and well-respected past community relations manager, might be at risk if the role was moved into the hands of the Corporate.

Some months after the field trip, the role of the community relations manager was in fact disestablished and a community affairs person appointed at the Kinleith Mill to oversee community affairs at both sites. While it was not possible to extend this study to explore the effects of this change, early misgivings raised by participants suggest that some evaluation of its impact may be worthwhile.

#### **5.4.2 Internal consultation on social initiatives**

It was of concern to those participants who were aware of the fact that the Communications Council Sponsorship Committee had been in recess for some months and that the visible and trusted processes followed by the Committee, including its

standard application process, would be lost if this function was moved into the hands of the company's corporate head office. Giving rise to this concern was the perception that the members of this Committee knew what the community's needs were and could be trusted to act on their behalf in determining which sponsorship requests and community projects the company should support. The Corporate, on the other hand, was neither trusted nor perceived as having "the foggiest idea of what the community's needs were".

The above situation raises several issues worthy of consideration:

- the potential for the loss of a well-established and trusted structure, such as the Communications Council Sponsorship Committee, to be accompanied by a decline in employee-commitment towards the programme the Committee was established to support in the first place
- the potential for the loss of such a visible, stakeholder management device to lead to some imbalance in focus if the majority of remaining structures were those geared towards staying attuned to the perceptions and moods of external audiences rather than those of employees
- employees' apparent lack of confidence and trust in the Corporate.

Svensson and Wood (2004) highlight the perilous situation that organisations may find themselves in if they neglect to read the mood amongst employees and fail to give due consideration to prevailing circumstances in decision-making (Chapter Two, 2.4.2). As a means of building trust and seeking the commitment and loyalty of employees, they recommend the use of well-developed business practices and structures (Svensson & Wood, 2004). Given that corporate social responsibility is increasingly being "embraced by top managers as an integral component of their executive roles" (Pearce II & Doh, 2005, p.30), it seems fair to suggest that senior management-employee collaboration on a set of flexible, ill-defined goals that are seen as "worthy, socially beneficial and making good business sense" (Walker, 2003, p.205), may pave the way towards the restoration of trust and the development of more fruitful workplace relationships.

Forums, such as that until recently provided by the company's Communications Council Sponsorship Committee, would appear to represent an ideal opportunity for such management-employee collaboration, development of interpersonal skills and simultaneous development of trusting and fruitful relationships. The collaborative processes facilitated by the Committee would also appear to provide an important opportunity for employees to gain a sense of ownership of the work they do as they see how their work relates to important business and social outcomes. In turn, this may add some momentum in the move away from the perceived paternalistic environment of the past, to one of self-management and ownership as employees become more engaged and develop more productive employment relationships – a goal aspired to by management (CHH Tasman, 2003), and one of the intended outcomes of Employment Relations Act 2000 (Rasmussen & Lind, 2003). Certainly, the results of the internationally recognised Gallup Workplace Survey administered by the company in 2002 and 2003 show that employees feel they have more to offer the company than is currently asked of them, and that there is room for improvement in some areas of employee communications and training and development (CHH Tasman, 2002; 2003).

With its membership naturally comprising employees who were also members of local and surrounding communities, the Communications Council Sponsorship Committee was perceived as a legitimate forum for making informed decisions about the community's needs. Close-alignment found between the range of initiatives supported by the company and those employees were generally more concerned about and wished to see addressed, serves to verify the accuracy of this perception. However, the suggestion of two operators that there needed to be wider consultation in order to “get a fairer idea in terms of the average person's thinking”, highlights the potential value in not only seeing the Committee revived, but in also examining its membership with a view to ensuring representation of a more diverse range of employee groups.

#### **5.4.3 External consultation on social initiatives**

Views differed as to the extent of consultation in place with the local iwi groups and other members of the local community. While it was generally the perception that the company liaised well with the outside community, albeit with the ulterior motive of paving the way towards the facilitation of resource consent approvals, others believed that the process of consultation with the three local iwi groups and other members of the

local community no longer had the same profile that it once had, and that its close neighbour, Norske Skog Tasman, was out-ahead in terms of its community relations. CHH Tasman's lowered profile was attributed to a loss of underlying infrastructure as the company had undergone extensive restructuring and internal change.

Information presented in CHH Tasman's Annual Report for 2002 confirmed that a substantial number of meetings (20) had been held in the local district in 2002, but that these were geared more towards keeping the public up-to-date with the company's business and environmental performance than towards encouraging open-dialogue and consultation on a wide range of social issues. While short on detail, information contained in Norske Skog Tasman's Community Report for 2002 seemed to suggest a stronger, more proactive approach, especially in terms of its consultation with local iwi groups (Norske Skog Tasman Limited, 2002).

Just as employees tended to perceive there to be ulterior motives driving the company-community consultation process, it is possible that the nature of the company-community consultation process was such that community members also tended to see the company's actions largely as an attempt to garner short-term positive goodwill. This seems unfortunate, given participants' favourable perceptions of the company's environmental performance and their generally positive perceptions of its track record of investing material resources, employees' time, talents, and services into the welfare and development of the community through its social initiatives. After all, it might well be argued that what makes the company's social initiatives so attractive is the benefit they bring to both the company and the community groups receiving support through the ongoing exchanges amongst participants. As suggested by a key informant (a former director of the company and a prominent business person), a company's success hinges on management keeping its "eye on the bottom line", and it would be irresponsible of management to allow its commitment to social responsibility to divert its attention from the achievement of broad strategic goals.

Pearce II and Doh articulate the challenge facing management as knowing "how to meet the company's obligations to all [its] stakeholders without compromising the basic need to earn a fair return for its owners" (2005, p.38). In their studies of "dozens of social responsibility initiatives at major corporations", they conclude as integral to the success

of any social initiative, that it be developed on the basis of and supported by a well-defined corporate social responsibility strategy, and be characterised by a collaborative approach - “a form of engagement in which companies provide ongoing and sustained commitments to a social project or issue” (Pearce II and Doh, 2005, p.31).

As discussed earlier in this section, and shown below in Figure 5.2, the Communications Council Sponsorship Committee would appear to provide an ideal mechanism for facilitating a collaborative approach, as an integral component of a locally-based structure designed to manage the flow of information and the process of consultation between internal and external stakeholders associated with CHH Tasman’s programme of social policies and initiatives.

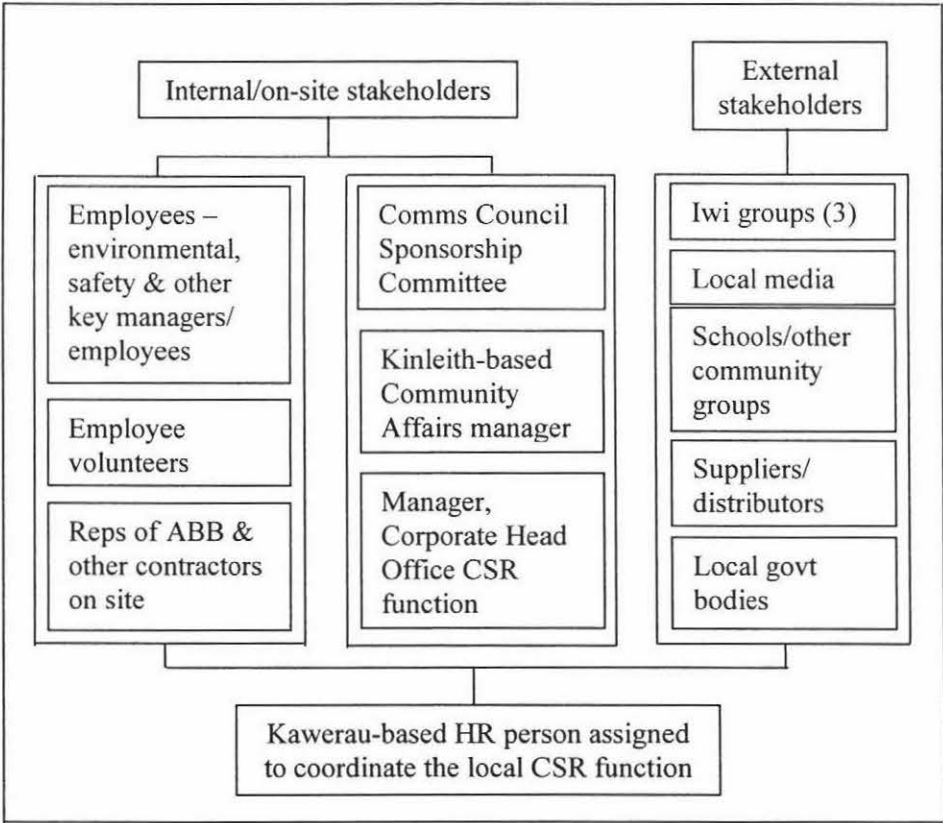


Figure 5.2: Proposed structure for managing the flow of information and the process of consultation between internal and external stakeholders

Figure 5.2 also shows the information and consultation processes being coordinated by an employee as part of the human resource function, working in conjunction with key staff including senior managers currently involved in recruiting employee volunteers and participating in social initiatives themselves, managers and coordinators of different work groups (such as the Environmental Department which was found to play a leading role in

involving its staff in community initiatives), the Kinleith-based Community Affairs manager and the Auckland-based manager of the CSR function at Corporate Head Office.

This role is proposed on the basis of research findings that show enlightened human resource practices, such as those facilitated by employee participation in a company's programme of social initiatives, may bring immense benefits in terms of increased levels of employee morale, commitment and motivation (Tuffrey, 2003). For example, local research shows that providing opportunities for employees to develop skills and to influence workplace decision-making will help to build trusting relationships, loyalty and overall job satisfaction (Haynes & Boxall, 2003), and that teamwork and other skills developed as a result of the community-volunteering experience will help to develop good all-round employees (Lee, 1999).

A further justification for expanding the role of the human resource function in this way is that such personnel are likely to have the necessary training and resources needed to effectively coordinate the volunteer programme, in terms of assisting others with what is already done to recruit employee volunteers from different departments, and liaising with staff able to provide the necessary training, support and resources for inexperienced volunteers.

Worthy of note in concluding this subsection is Tzafrir, Harel, Baruch and Dolan's claim, based on their examination of the consequences of emerging human resource management practices, that it is important for human resources managers to foster a climate of open communication within their organisations as this may reduce fear of the unknown effects of change; reduce anxiety stemming from ambiguity; enhance the "feeling of belonging to an organisational community", and ultimately increase employees' trust in their managers (2003, p.640).

#### **5.4.4 Recruitment of employee volunteers and barriers to involvement**

As the findings of this study presented in Chapter Four show, the majority of employee volunteers interviewed were found to hold some kind of leadership role or to be involved in a technical capacity in the environmental area. Their involvement was often prompted by a formal approach made by a team leader.

It was the view of these individuals that they had been well-supported by their employer as they engaged in the company's community initiatives. A key informant confirmed that support was always given to volunteering employees, and that this included both moral support and any practical support needed in developing a presentation or improving public speaking skills. Incentives, such as company-branded clothing, were also given.

In most cases, employees who did not participate perceived that they had not been encouraged to participate, despite receiving emailed invitations to participate in school visits and other community activities. It was often suggested that there were not the support systems in place to allow them to be released from their usual work activities. This was especially the case for operators who saw the long hours they worked (12-hour shifts) as a real barrier to participation. It was perceived by this group, that they did not have the necessary skills to contribute, and that managers were more suited to such a role. Nevertheless, a number of individuals within this group claimed to be open to the idea of participating in the company's social initiatives, if given the right 'push' and necessary support in terms of training and cover for normal work duties.

## **5.5 Outcomes of the participation experience for employees**

Employee volunteers and non-volunteers attributed a range of positive outcomes to the participation experience, including the development of certain technical and human skills and attributes.

While there was wide agreement about the sense of satisfaction associated with the participation experience, senior staff members were more inclined to see themselves as merely passing-on, rather than learning new skills and knowledge themselves, from the volunteering experience. However, this did not appear to detract from the sense of excitement and satisfaction these employees gained from helping young people grow "their enthusiasm and zeal".

Some employee volunteers spoke of "empowering" others within the outside community through the leadership skills they exercised when involved in community initiatives, while others, including both younger, well-qualified employees and more mature, highly-

experienced staff members, acknowledged that they themselves had been “empowered” through these activities to achieve a high degree of self-actualisation in their lives. Clearly, the company had also gained in terms of various human resource benefits accrued. Given the passion with which some of the volunteers spoke of their experience, the human resource benefits accrued look likely to be sustained for as long as the employee-volunteer programme is continued.

The potential for employee capacity-building highlighted above sustains the argument presented in the preceding section that a local human resource person may appropriately be assigned a pivotal role in the coordination of the company’s programme of social policies and initiatives. This argument is strengthened further still by the identification of some consistency in findings between this study and the few other academic studies that have attempted to base their findings on objective data gathered from both managers and other employees. For example, other studies have similarly found that employer-supported volunteering schemes will be perceived as producing a range of employee capacity-building benefits including improved team working ability, improved communication skills, improved leadership skills and, to a lesser extent, enhanced project management skills (Peterson, 2004; Tuffrey, 2003), while also bringing about a range of other human resource-type benefits including improved morale, a sense of satisfaction and raised self-esteem (Lee & Higgins, 2001), and a greater knowledge of the community (Zappala, 2003).

As the employee capacity-building potential of community volunteering schemes becomes more widely recognised, practitioners and theorists alike are urging that there may be value in the human resources function playing a significant, if not pivotal decision-making and implementation role, in the management of an organisation’s programme of social initiatives. Zappala and Cronin (2002) recommend HR involvement in such a role on the basis of the potential for employee involvement in community schemes to generate greater levels of employee motivation and performance, while Lockwood promotes the potential for an organisation to gain competitive advantage through the development of innovative programmes, policies and practices that engage the organisation and its stakeholders in the value of corporate social



responsibility “by focusing on communications, employee relations, health, safety and community relations” (2004, p.5).

As Kanter (1999) suggests, the innovation inherent in such schemes constitutes a strategic business investment in research and development, rather than charity, especially when effort is able to be sustained and replicated in other places.

## **5.6 Perceived purpose and outcomes of investment in social initiatives for the employer**

### **5.6.1 Perceived purpose of investment in social initiatives**

The employer’s investment in social initiatives was generally perceived as being based on a desire to generate a groundswell of support for the company’s business activities by creating a favourable impression of the company in the minds of future voters, job seekers, and community leaders. In particular, it was thought that management was trying to change public perceptions of its environmental performance and, to a lesser extent, its focus on safety, and to have a positive influence on youth in the region.

While the employer’s motives were regarded with some cynicism by a few of the operators interviewed who believed tougher legislation to be the primary driving force behind the employer’s investment in social initiatives, others generally saw the company’s actions as honourable and as making good business sense – frequently suggesting, for example, that the company was showing responsibility by its actions, and not trying to get away with anything.

The results of earlier studies show that as businesses have come under closer public scrutiny from consumers, producers and governments with the emergence in and around the 1970s of national and international pressure groups, they have increasingly faced restrictive legislation and often, as a result, explicitly linked their social practices to their stated goals and strived to demonstrate a good environmental record (von Tunzelmann & Cullwick; Eden, 1996). Certainly, CHH Tasman is known to have encountered the wrath of Greenpeace at some of the detrimental effects of its past operations, and to have faced tougher legislation and higher compliance costs with the introduction of the Resource Management Act 1991 (Gautier, 1997; Edlin, 2004). The introduction of the Act is also

thought to have prompted change in decision-making and to have led to more consultative processes both within companies and in the public arena (von Tunzelmann & Cullwick, 1996), as business has been exposed to lengthy delays and, in some cases, 'corporate blackmail' type obstacles and objections (Gautier, 1997; Edlin, 2004).

Von Tunzelmann and Cullwick (1996) have also found that as industries have moved from a low-skilled to a highly technological orientation, employers have supported education initiatives in order to secure an appropriate workforce for the future. This situation appeared to be reflected in CHH Tasman's support of 'youth' and 'education' initiatives as two of three main sponsorship priority areas, and in its decision to downsize and outsource as changes in technology had occurred over the years. Certainly, the message was being conveyed to youngsters that the company was a great place to work, but that it was necessary to achieve well academically to have any chance of securing a position at the Mill.

The potential for employee capacity-building and other human resource-type gains was not generally acknowledged as a driving force behind the company's investment in social initiatives. This finding is consistent with the results of other local studies. For example, Lee and Higgins' case study of a large NZ organisation shows the provision of "a tangible and visible expression of corporate citizenship" as a key objective of management (2001, p.84), while Lawrence and Collins' survey of 811 NZ businesses finds the "beliefs and values of senior management" as key to the adoption of sustainability practices (2004, p.4).

While such benefits are not generally acknowledged, senior management's awareness of the potential for employee capacity-building and other human resource-type benefits to be accrued, and of their subtle use of social initiatives toward this end, was indicated in the statement of a key informant that while individuals might never have been made aware of the fact, employees were sometimes encouraged to get involved in community schemes for the specific purpose of building their levels of confidence. Senior management's awareness of the potential for such benefits was further highlighted in the claim that new managers, in particular, were encouraged to get involved in community initiatives to help them get out and meet as many people as they could in the shortest time possible, before they got bogged-down in work activity and became 'unknown'. On

the other hand, a senior executive at the company's head office suggested that the employer was largely unaware of the human resource benefits able to be accrued through such activities, and could not be given credit for actively seeking to develop employees and bring benefit to the organisation in this way.

It seems plausible that the above legislative and labour market forces and internal capacity and profile building-type needs may have exerted considerable pressure on the organisation and have been at least partially responsible for prompting some of its social initiatives. However, the findings of an extensive, longitudinal study carried out by Clarkson (1995), suggest that it is neither relevant nor possible to determine whether an organisation and its management are motivated by high standards of ethical behaviour, enlightened self-interest or common sense, and that it is performance, which can be measured and evaluated, that counts.

### **5.6.2 Perceived outcomes of investment in social initiatives for the employer**

In terms of the employer's reputation, it was generally believed that there had been a gradual shift in the way in which the company was perceived by its external audiences. This shift was attributed to the efforts of employee volunteers and the company's investment in its environmental performance. For example, it was perceived that through their commitment to such initiatives as the YES programme, employee volunteers had given the outside community a very favourable impression of the company's employees. Similarly, through the company's substantial investment in improving its environmental performance, it was thought that the business had rid itself of the terrible reputation it once had, and had earned an improved reputation both locally and further afield. Certainly, it was perceived as having become very proactive environmentally, and as having successfully inculcated a very high level of environmental awareness amongst operating, maintenance and production staff.

The company was also perceived as providing well for employees in terms of the various financial rewards, health and other personal benefits available, and as having a highly successful programme of safety in place which had, in effect, embedded improved behaviour in employees' way of thinking. Evidence of the embedded nature of employees' thinking about safety was gleaned from actual examples of changed

behaviour offered by the many participants (50 per cent) who believed that they had become more safety-conscious both on and off-site as a result of the company's health and safety policies and practices. The remaining 50 percent of participants saw themselves as having always been conscious of health and safety issues, and as leading the way for others, rather than being influenced by the employer's policies and practices.

As discussed earlier (section 5.5), it was thought that individuals often brought benefit to the workplace through the development of a diverse range of skills and attributes from the participation experience. Less tangible outcomes included participants feeling more positive about their employer as a result of the "good things" the firm was doing for the environment and the community, and the triggering of a desire to make the most effective use of one's time.

## **5.7 Conclusion**

This Chapter has examined the findings of this study in relation to the literature and theories presented in Chapter Two. As part of this process, the dynamic nature of the context within which this study took place and the generative powers of certain time- and place-specific factors have been highlighted.

Employees were particularly concerned about the climate of uncertainty that pervaded the workplace, and the poor state of employer-employee relations. Consequently, the firm's support of social initiatives was overshadowed by other aspects of the employer's performance in the volatile workplace environment that existed at the time. This did not necessarily indicate that the employer's social initiatives were being viewed unfavourably. On the contrary, while some employees were critical of the extent of support given the outside community, others looked favourably on the employer's social and environmental initiatives and identified a number of internal benefits that were being accrued by both the company and employees as a result of its actions.

In the next and final Chapter, the conclusions and recommendations arising out of the discussion in this chapter will be presented. The limitations of this study will also be discussed, and specific and general suggestions made for future research.

# CHAPTER SIX: Conclusions

## 6.1 Introduction

In this Chapter, the conclusions arrived at in relation to the research objectives specified in Chapter One are presented. The limitations and implications of the study are then discussed. The Chapter closes with some company-specific and more general suggestions and recommendations for future research and practice.

## 6.2 Conclusions in relation to the research objectives

### 6.2.1 Awareness of and attitudes towards the employer's social initiatives

The first of three objectives was to gain an understanding of a workplace in which CSR is exercised, and to assess employees' levels of awareness of and attitudes towards the firm's exercising of social responsibility and support of social initiatives.

The workplace situation was one in which there was a climate of high uncertainty as the company took tough measures to cut costs and improve productivity while trading under difficult economic conditions. There was a high level of dissatisfaction with the employer's handling of change in the workplace, and employee morale was low. The poor state of employer-employee relations was one of three mechanisms found to be having a strong influence on the way in which employees perceived the employer's exercising of social responsibility and support of social initiatives. Two other significant influences identified were the strong family-orientated workplace culture, and employees' concern for the precarious situation faced by the local community.

The influence of these factors was such that employees viewed their employer's social initiatives in many different ways. That is, some employees were critical of the extent of support given the outside community on the basis of their perception that the employer's 'own house' was far from in order, while others saw room for expansion of the employer's support. Employees involved in the employer's social initiatives were more inclined than other employees to view the employer's involvement in the community favourably.

While the employer's focus on the external community was often criticised, this did not necessarily indicate that the employer's social initiatives were being viewed unfavourably. On the contrary, the employer's support of social initiatives was widely perceived as making good business sense. Rather, it was apparent that this aspect of the employer's performance had been overshadowed by other aspects of its performance in the volatile workplace environment that existed at the time.

In line with other studies that have similarly identified the existence of contingent influences in the workplace, the results suggest that employees will be less concerned about an employer's discretionary performance when faced with staff layoffs or periods of poor performance. The results also suggest that during periods of high uncertainty, an employer will often be expected to first demonstrate its commitment to securing the future of all its employees, before extending its focus to the external community. It may also be concluded from the results that employees tend not to view their employer's social initiatives in isolation, but to adopt a much broader focus that takes into account other aspects of organisational life.

Few employees had taken into account before joining the company any aspect of the company's social performance, other than its reputation for paying high wages, and its capacity as a large employer to provide access to a wide range of resources and opportunities. This was despite the industry's historically poor environmental performance on the one hand, and the company's long history of supporting a range of social initiatives on the other. This finding is in direct contrast with the results of other studies. Possible reasons for this lack of similarity in findings are raised in the discussion in Chapter Five (5.3.1). Further research that exposes how the different dimensions of a firm's performance may influence NZ job seekers' selection choices may be of value to local employers.

The deterioration in the employer-employee relationship and the ability of the Mill to continue as a major employer in the area, were the most pressing concerns for employees. The future well-being of the town of Kawerau and other surrounding communities - particularly with regard to the education, training, and employment of the young, was also important, as was the Mill's environmental impact on the Tarawera River. The

social initiatives supported by the firm were largely in-line with the community issues employees wanted the company to address.

### **6.2.2 Communication and consultation on social policies and initiatives**

A second objective was to explore employees' perceptions of the employer's management of its programme of social initiatives in terms of the communication and consultation processes in place.

It was perceived that the company tended not to promote its social initiatives and success as a sustainable award winner. Views were mixed as to the merits or otherwise of the employer's low-key approach, with employees actively engaged in the community as employee volunteers amongst those most likely to favour the approach adopted. Given the mixed response to the company's low-key approach, and the growing tendency of other NZ organisations to promote their social performance publicly, further research that explores in more depth the effects of image-management tactics on both internal and external audiences may be useful.

Employees were satisfied with the range of mediums employed and the extent of communication internally in relation to the employer's social initiatives. This included the employer's use of the intranet. Also viewed favourably were the internal and external links forged by a past community relations manager. However, there were fears that the links forged would be lost if the on-site function was disbanded and transferred to the company's head office.

The Communications Council Sponsorship Committee was perceived as a legitimate forum for making informed decisions about the community's needs. Members are all drawn from the workplace and it was believed that as members of local and surrounding communities, these individuals understood the issues concerning the wider employee population. However, just as it was believed that the links forged by a past community relations manager were at risk, it was similarly feared that the visible and trusted processes followed by the Communications Council Sponsorship Committee would be lost if this function was also disbanded and transferred. This suggests that the success of any programme of social initiatives may depend to a large extent on the use of visible and

trusted processes and, in particular, the involvement of employees with local knowledge, in its management.

Views differed as to the extent and quality of consultation in place with the local iwi groups and other members of the local community. There were those who believed that the company liaised well with the outside community. Others were of the view that the process of consultation no longer had the same profile it once had. The company's close neighbour, Norske Skog Tasman, was perceived to be out-ahead in terms of the attention it gave to community relations.

### **6.2.3 Outcomes of participation for employees/barriers to involvement**

Employees involved in social initiatives typically claim benefits for themselves. Almost all those employees in the sample who participated in the employer's social initiatives attributed the acquisition of a range of professional skills and other positive outcomes, including high levels of satisfaction, to their involvement. Others, notably more senior employees, saw themselves as passing on, rather than learning new skills. These employees similarly linked their involvement to the gaining of a strong sense of satisfaction. However, employee volunteers were often reluctant to link the satisfaction gained from their participation experience to changed attitudes and practices in the workplace. They saw themselves as being committed, highly motivated individuals in the first place.

For those employees not directly involved, the employer's support of social initiatives seemed not to affect their job satisfaction. Negative perceptions of the employer's performance during an extended period of restructuring and downsizing had diminished the extent of interest in and satisfaction derived from knowing what the company was doing to support its communities. Nevertheless, it was perceived by these employees that their volunteering colleagues did, indeed, develop new skills and gain a sense of satisfaction from their participation. Employee volunteers were furthermore perceived as being prompted to action by a genuine interest in community well-being and involvement, and as being well-suited to the role because of their especially 'Christian' or caring nature.



This may signify the selective impact of social initiatives, in that people who have a stronger social orientation will be more likely to value their employer's social initiatives, be drawn to participate, and associate positive outcomes with their involvement. The further finding that employee volunteers were more likely than their non-volunteering colleagues to be actively involved in supporting community groups outside normal working hours appears to support this conclusion. Given the range of human resource benefits attributed to employee volunteers' involvement in the firm's social initiatives, it would appear that the potential exists for an organisation's overall performance to be enhanced through the active recruitment of employees with a strong social orientation.

Employee volunteers had often been prompted to participate in the employer's social initiatives by a formal approach from a more senior colleague in the first instance. Thus, it is also possible that employee volunteers went on to acquire a stronger social orientation as a result of their participation experience, and to subsequently associate positive outcomes with their involvement.

Management was not perceived as equally encouraging of all employees in its recruitment of employee-volunteers. The majority of employee-volunteers interviewed held some kind of leadership role or were involved in a technical capacity in the environmental area, and had been personally invited to participate by a more senior colleague. Those who had not volunteered were mainly operators who had received only company-wide emailed invitations to participate. These people believed that there were not the support systems in place to allow them to be released from their normal work activities. While it was generally the perception of these employees that they lacked the necessary skills and attributes to represent the company externally, a few expressed interest in participating in the employer's social initiatives in the future.

This finding indicates a degree of selectivity in participation and supports the view of employees that the employer was using its corporate social initiatives for public relations purposes, rather than focusing on their potential to promote learning for all employees.

#### **6.2.4 Perceived purpose and outcomes of the firm's support of social initiatives**

The final objective was to identify what employees saw as the purpose and outcomes of the employer's investment in social initiatives.

The employer's investment in social initiatives was generally perceived as arising out of a desire to improve its public image. In particular, it was thought that the employer was trying to change public perceptions of its environmental performance and, to a lesser extent, strengthen its reputation for safety. Some operators believed tougher legislation to be the primary driving force behind the employer's concern with its public image. Other employees, particularly those involved in social initiatives, saw tougher legislation as less of an issue for the employer and its social initiatives as a genuine attempt to make a real difference for the community.

Environmental and community initiatives were thought to have rid the company of its poor reputation. Employees involved in the implementation of these initiatives claimed to feel more positive about the company and their colleagues as a result of the "good things" the employer was allowing them to do for the environment and the community. Employees not directly involved were clearly more concerned about whether or not the employer was doing all it could to retain employees and secure the future of the business.

While few employee-volunteers linked their more positive feelings about the company and colleagues to changed attitudes and behaviour in the workplace (believing themselves to be committed, highly motivated individuals in the first place), they believed that a variety of human resource-type benefits had been accrued by the employer as a direct result of their acquisition of skills and attributes during the participation experience. Their non-volunteering colleagues often confirmed that they had observed volunteers acquiring new skills. The employer was largely unaware of the internal benefits able to be generated through use of this mechanism (employee involvement in social initiatives).

The results highlight the potential for organisations to accrue human resource benefits from employee-involvement in social initiatives. They also provide a sound basis on which to promote the idea that in order to maximise the potential for human resource

benefits to be accrued, the human resource function be assigned a leading role in their implementation. However, further research is needed to clarify some of the implications of HR involvement in social initiatives and, in particular, any impact an emphasis on internal benefits may have on voluntary participation.

The employer's strong focus on health and safety was not always recognised as part of the employer's programme of social initiatives. Nevertheless, this aspect of the employer's performance was positively perceived by all participants and linked almost unanimously to the development of more safety conscious behaviour both on- and off-site.

### **6.3 Limitations of the case study**

There are a number of potential limitations associated with this study. For instance, there are many questions that this research does not answer. It is not known, for example, whether the skills and attributes believed to have been acquired by employees who participated in the employer's social initiatives resulted in changed performance in the workplace, and whether changes in performance had affected team productivity. While no negative effects were perceived and performance gains seem likely, further analysis would be of value to management, especially if formal measurement of such outcomes was included.

Feelings of fear and uncertainty at the employer's intentions amongst groups of employees at the time of the study, and their surprise at the timing of the field trip, raises the possibility that employees may have suspected some kind of hidden agenda on the part of the researcher, and self-censored their comments accordingly. While an attempt was made to assure employees of the independence of this study, this possibility cannot be completely discounted.

The views of an important group were excluded from this study when, in the interests of protecting the researcher from a potentially volatile situation, access was not given to a large group of 130 employees whose positions were in the process of being disestablished. While the decision of the employer was respected and the need to also be

sensitive to the situation faced by these employees was appreciated, the inclusion of this group in the sample would have added an important dimension to the study.

## **6.4 Implications of the study for research and practice**

A growing body of research supports the view that a company's investment in social initiatives can benefit the business. However, the results of these studies are often based on the perceptions of management and exclude any examination of context. This study incorporates the perspectives of managers who may have a vested interest in the way in which the firm's exercising of social responsibility is perceived, as well as other employees who, it might well be argued, will tend to adopt a more objective perspective. This enhances the validity of results and the study's value for both practitioner and academic audiences.

The use of a realist approach assisted in the identification of a number of possible mechanisms operating with the structural and cultural context that were affecting employees' perceptions and reactions to the firm's exercising of social responsibility and support of social initiatives. Accordingly, the account produced is propositional in nature, but time- and place-specific in terms of its interpretation of events. This should allow easy identification of unique aspects and/or similarities of this situation to other situations studied. The simple model created (see Chapter Five, Figure 5.1) may also be applied in other research situations where employees' perceptual frameworks are to be considered.

The explanations presented are based on the researcher's interpretation of events occurring within a unique and complex social structure. While the validity of these explanations may be assessed on the cogency of the theoretical reasoning that informed the data collection and its analysis, their generalisability should be determined by readers judging for themselves how similarities between the given context and others they encounter allow the drawing of parallel conclusions.

## 6.5 Areas for future research

As identified in this study, employees' views were influenced by both past and present employer-employee relations in the midst of change, the organisational culture, and the unique relationship the company had with the local community. Employees working within a more stable structure, in an urban context where the community's future is less dependent on the firm's survival, may view their employer's social initiatives quite differently. A comparative study would be of value in confirming or refuting the likelihood of any differences in perception.

Given the finding that employees who participated in social initiatives often reported the acquisition of a range of skills and attributes, research that measures how the skills and attributes acquired during the participation experience may impact on individual performance and affect team productivity, may be of interest to both practitioner and academic audiences. Such a study might also explore how forums, such as firms' sponsorship committees, may act as a mechanism for the generation of more trusting and fruitful relationships as management and employee groups collaborate on social initiatives.

Rank Group Investments Limited, a privately-owned NZ company headed by Graeme Hart, has recently acquired over 80 per cent of shares in Carter Holt Harvey. A longitudinal study that traces the transition in the workplace culture and in employees' perceptions, at a later point in time under any new ownership structure, may be of value to management.

Given that employees in this study and in other NZ manufacturing firms continue to face great uncertainty as changes in ownership and in industry continue to take place, such a study might also incorporate the perceptions of maintenance workers made redundant and subsequently employed by on-site contractors.

Some months after the field trip, participants' fears were realised when the role of the community relations manager was disestablished with the appointment of a community affairs person at the Kinleith Mill to oversee community affairs at both sites. Early misgivings raised by participants suggest that some evaluation of its impact may be

worthwhile in a follow-up study. Such an evaluation might explore how the dual-site role has enhanced or reduced the effectiveness of the community affairs function at both sites, and whether employees perceive that the company's CSR programme has gained or lost momentum either internally or externally as a result of the change.

It would also be useful to explore how business (CHH Tasman and Norske Skog Tasman) has interacted with the three different local iwi groups and other members of the community since the establishment of the Tasman Pulp and Paper Company Ltd in the 1950s, and how both the separation and sharing of social and cultural values has influenced the evolution of the various business-community relationships and the nature of social initiatives supported, over the years. Such a study might also trace whether the original commitment made by the Mill's first owners to local iwi was transferred to subsequent owners, and how different groups have benefited from different social initiatives supported by the Mill under various ownership structures.

Lastly, a follow-on study that examines in-depth how the employer's social initiatives are perceived and responded to by its various external audiences may also be of value. Such a study would effectively extend the survey feedback on community perceptions obtained by the company through its 2002 community survey, as well as through its ongoing consultation processes.

## **6.6 Recommendations**

As a means of raising levels of awareness, it is recommended that the company's triple bottom line reports be extended to include more detail in relation to the outcomes associated with the company's investment in social initiatives for the company, and the various employee-volunteers and work groups concerned. The quality of any triple bottom line report may also be enhanced with a clearer indication of the challenges facing the industry within which the organisation operates; details of any outsourcing or other strategies proposed in response; and how the effects of these strategies on the company, employees and the local community might be managed.

In view of the variation in levels of awareness of and participation in social initiatives amongst employees, it is recommended that the company-wide induction programme be

extended to include information on the various social initiatives supported by the firm, and opportunities for involvement. Given the awkward experiences sometimes encountered by new employees, this programme might be further enhanced with the inclusion of some introduction to the organisation's many cultural and behavioural norms – for example, what a “shout” really means; the expectation that everyone will pitch in when the pressure is on; and the different cultural and other protocols observed in the workplace. Such an approach might also be appropriate for other large organisations with formal employee-participation programmes in place.

Given employees' satisfaction with the visible and trusted processes followed by the Communications Council Sponsorship Committee and the suggestion that there needed to be wider consultation, it is recommended that the Committee be revived, and that its membership be examined with a view to ensuring representation of a more diverse range of employee groups.

## **6.7 In Conclusion**

This single case study has examined how employees may perceive and react to their employer's approach to CSR and support of social initiatives. The study exposes how prevailing conditions may affect employees' perceptions and reactions, and highlights some of the challenges and rewards that may arise when an organisation supports social initiatives.

The findings go some way towards supporting the claims made by business leaders that an organisation's support of social initiatives will align with the innate values of its employees, and produce significant internal benefits. At the same time, the findings show that the complexity of the workplace situation is such that support will vary amongst employees, according to how favourably other aspects of an employer's performance are perceived at any particular point in time.

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## **APPENDICES**

Appendix I: Interview Schedule

Appendix II: Conceptual Framework

Appendix III: Information Sheet

Appendix IV: Consent Form

## APPENDIX I

### Interview Schedule for semi-structured interviews

The purpose of this interview is to gather information that will help me to better understand some of the factors influencing the work environment at CHH Tasman. First, I will be asking you a few questions about your own work situation. I will then ask for your views on your employer, and CHH Tasman as a business organisation operating out the local area.

<p>What is the nature of the work that you do? Job requires special qualifications? Length of service? Prior employment? Always lived locally?</p>
<p>What expectations did you have about CHHT when you first came to work here? What's different about this workplace to others you've experienced? (Company's approach towards employees, the environment / local community?)</p>
<p>What information or training on the company's social or environmental philosophy or values did you receive when you joined the company? Anything since? What are your views on the company's responsibilities in relation to employees and the local community? Are there any employee or community problems you'd like to see the company act on?</p>
<p>Have you ever had the opportunity to be involved in any activity related to helping the local community as an employee here? What did you gain or learn from the experience? (Know of anything others or the company does/observed any changes in behaviour?)</p>
<p>Do you feel any differently about your work or the people you work with as a result of what you / others or the company does? (eg motivation, morale, satisfaction, culture, skills/problem solving capability). Has this led to any change in the way you work or what you have achieved in your work? (eg more committed/engaged, led to new ideas, improvements, innovations)</p>
<p>What do you know of/think about the way in which the company consults with different ethnic or work groups represented on staff in terms of what it does for staff or the community/socially and environmentally? (eg local iwi)</p>

## APPENDIX I

What do you think the company is trying to achieve through the things it does for the community?

Are these things happening or are there things you feel the company should be doing differently?

In your view, do CHHT's social policies and activities bring any positive/negative spin-offs for the business?

In your opinion, should employees feel any responsibility for the company's social/environmental performance?

How does CHHT's social performance rate in relation to its competitors/other local businesses?

Have any of the policies or practices you've been exposed to in the workplace affected your personal life or the way you do things at home?

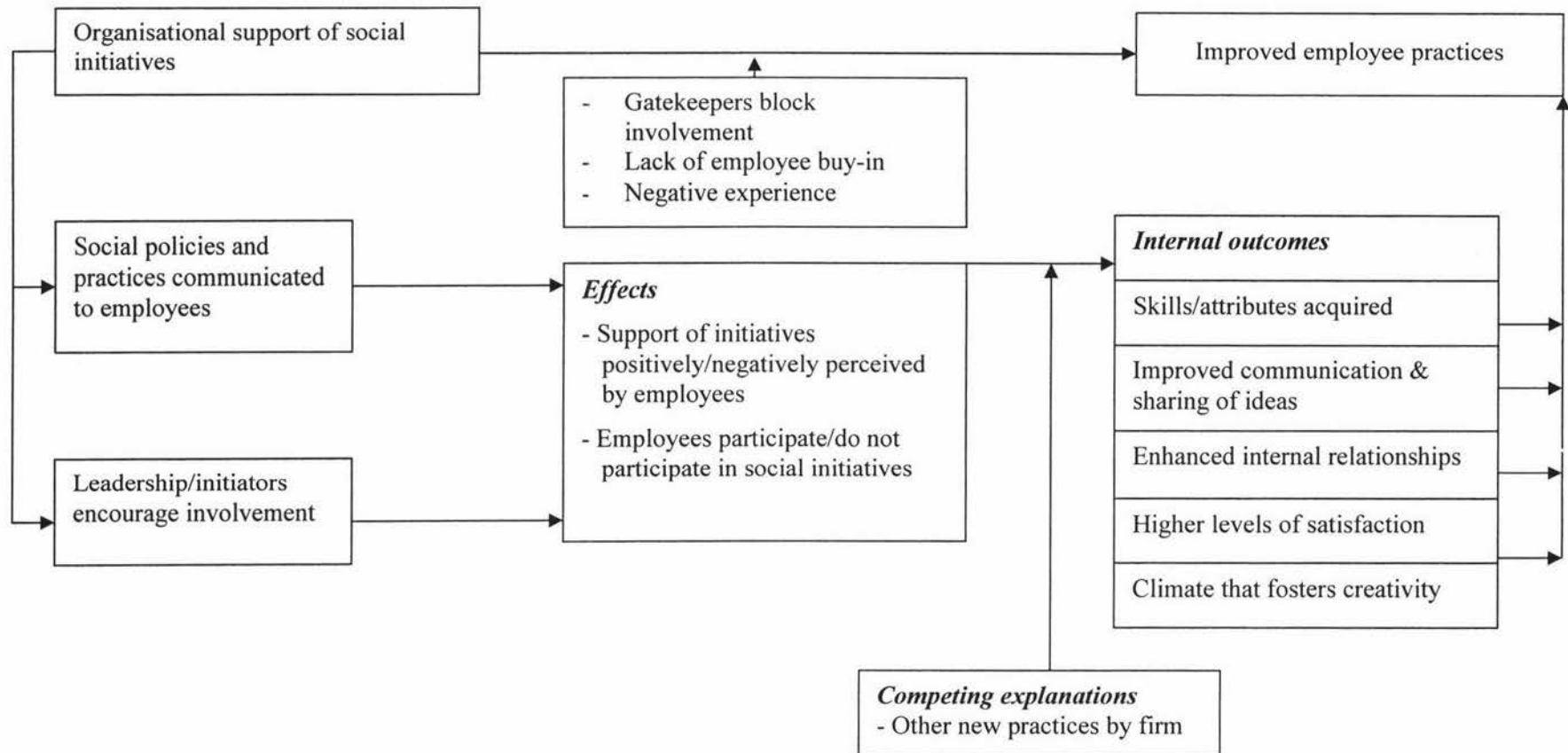
In general, what is it that most influences the way you feel about your employer/employment at CHH Tasman?

## Conceptual Framework for Study

How is one firm's exercising of SR and support of social initiatives perceived by a sample of employees?

How do employees' interactions with the workplace influence the way in which they perceive the firm's support of social initiatives?

What internal outcomes are perceived to arise from the firm's support of social initiatives?



Department of Management &  
Enterprise Development

*Businesses taking the social initiative:  
An analysis of the influence on the internal environment*

**INFORMATION SHEET**

To help me assess how an organisation's socially and environmentally responsible business practices influence employees and affect the workplace, I would like to conduct interviews with a sample of employees at Carter Holt Harvey Tasman.

The data collected will be used to highlight issues needing to be worked through by Carter Holt Harvey Tasman and other organisations concerned with their social performance. It will also be used to establish how the company's response to social issues is perceived by employees.

The information you supply will be held securely in my office and treated with complete confidentiality until the conclusion of the study, when it will be destroyed. If audio tapes are used during any interviews, they will be transcribed by me and held securely until completion of the study when they will also be destroyed. No respondent will be identifiable in the reporting without their permission.

I anticipate that both the focus group meeting and the individual interviews will take approximately one hour each. If you have any queries about this study, please telephone me on (04) 801 2794, ext 6362, or email me [M.N.Ashby@massey.ac.nz](mailto:M.N.Ashby@massey.ac.nz). Alternatively, you may contact either one of my supervisors, Dr Martin Perry, telephone (04) 801 2794, ext 6815/email [M.Perry@massey.ac.nz](mailto:M.Perry@massey.ac.nz); Associate Professor Andrea McIlroy, telephone (04) 801 2794, ext 6631/email [A.McIlroy@massey.ac.nz](mailto:A.McIlroy@massey.ac.nz).

Please note that if you should decide to participate, you will have the right to:

- refuse to answer any particular question/s asked during the interview and/or ask for the audio tape to be turned off at any time during the interview
- withdraw from the study before results are finalised at the end of November 2004
- ask any questions about the study at any time during participation
- provide information on the understanding that your name will not be used unless you give permission

## APPENDIX III

Everyone interviewed individually will have the opportunity to review and confirm the transcript of their interview. In addition, access will be given to a summary of the findings when the study is concluded.

The results of this study will be of value to Carter Holt Harvey Tasman and other organisations concerned with their social performance. Your participation is also important to me in that this study forms part of my own post graduate studies in management.

If you would like to assist me in this study, please complete the attached Consent Form.

Mary Ashby

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Private Bag 756  
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Tel: 64 4 801 2794, extn 6362  
Fax: 64 4 802 0290  
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***Businesses taking the social initiative:  
An analysis of the influence on the internal environment***

**CONSENT FORM**

THIS CONSENT FORM WILL BE HELD FOR A PERIOD OF FIVE (5) YEARS

I have read the Information Sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I understand that I have the right to withdraw from the study at any time before the results are finalised at the end of November 2004, and to decline to answer any particular questions.

I agree to provide information to the researcher on the understanding that my name will not be used without my permission.

I agree/do not agree to the focus group meeting/interview being audio taped.

I understand that I have the right to ask for the audio tape to be turned off at any time during the interview.

I agree to participate in this study under the conditions set out in the Information Sheet.

Signed: .....

Name: .....

Date: .....