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31. Factors influencing discretionary ICT corporate social responsibility decisions made by financial services organisations

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Abstract
Information and Communication Technologies for Development (ICT4D) promotes the use of technology in development. Business organisations are realising that ICT solutions can be used to solve certain developmental issues and businesses are deciding to invest into these kinds of technology solutions as part of its Corporate social responsibility (CSR). The purpose of this paper is to evaluate this intersection of these two concepts (ICT4D and CSR) by identifying the factors that influence ICT4D CSR decisions made by South African financial services organisations. This evaluation is performed by interviewing representatives of financial services organisations that participate in CSR projects as well as by analysing corporate websites and documentation on these organisations’ CSR strategy and activities to identify major factors that influence ICT CSR decisions. These factors when grouped into categories highlight that businesses are searching for the projects that align with the business organisation’s corporate strategy, projects that make use of solutions that the business consider the most appropriate and projects where businesses can partner with the correct partner. This research paper proposes a new theoretical framework that combines elements of the Strategic IT decision making (SITDM) model with the Technological organisational and environmental (TOE) model with which to identify the factors that influence ICT CSR projects.

Keywords
Corporate social responsibility, ICT4D, CSR, TOE, Strategic IT decision making, Information and Communication Technologies for Development, and Technological organisational and environmental model.

1. Introduction
The role that information and communication technologies (ICT) can play in accelerating growth and development has been accepted widely by development organisations like the United Nations and World Bank (United Nations. Economic and Social Council, 2000).

The phrase “Corporate social responsibility” (CSR) or Corporate Social Investment (CSI) refers to a business organisation’s responsibility towards the development of its stakeholders; a responsibility to avoid any negative impacts that its normal business activities could have on its stakeholders (Muthuri & Gilbert, 2011). Another definition of CSR is that it represents the projects that a business participates in that are outside of its normal business activities and that have an impact on society (Moloi, Oksijutycz-Munyawiri, & Ndung, 2014). There have been many studies, such as the studies conducted by Muthuri & Gilbert (2011); Brammer & Pavelin
(2005) and Knox & Maklan (2004) that have tried to identify the reasons why businesses invest in CSR. The objective of this study however is not to try to identify why financial services organisations participate in CSR; it is the objective of this paper to identify the factors that influence CSR; particularly those factors that influence the decision making regarding ICT CSR projects made by South African financial services organisations. For the purpose of this paper ICT CSR can be defined as any CSR project where ICT has either been donated or invested into so as to improve the condition of the individual, the community or the society receiving the CSR investment.

The focus of this research will solely be on discretionary or voluntary social investments made by business organisation in South Africa, so as to identify the specific factors that influence ICT CSR decisions other than the mandatory or regulatory factors. These regulatory factors or licence to operate conditions are present in sectors such as the mobile telecommunications sector and the resources sector (Trialogue, 2013). This is another reason why this research concentrates on the financial services sector as this is one sector in South Africa that does not have any obligatory CSR requirements (Jokonya, Kroeze, & van der Poll, 2012).

2. Literature review

2.1 ICT4D - Information and communication technologies for development
The United Nations Millennium Declaration was signed in 2000, in which 8 development targets known as the Millennium Development Goals (MDGs) were outlined (United Nations. General Assembly, 2000). The Millennium Development Goals that were to be met by 2015 were; (1) the eradication of extreme poverty and hunger, (2) the promotion of universal primary education, (3) the promotion of gender equality and the empowerment of women, (4) the reduction of child mortality, (5) the improvement of maternal health, (6) the combating of HIV/AIDS, malaria and other diseases, (7) the guarantee of environmental sustainability and (8) the development of a global partnership for the development. The Millennium Declaration went on to state that an important part of meeting the MDGs was to promote the type of information and communication technologies (ICT) that were promoted by the ministerial declaration of United Nations Economic and Social Council (ECOSOC) (United Nations. General Assembly, 2000). In it the ministerial declaration of 2000 stated that they accepted the popular belief that ICTs are important to the creation of a global knowledge-based economy and that ICTs can play a role in accelerating economic growth (United Nations. Economic and Social Council, 2000). The role of ICTs in development is a debated topic with some stating that ICTs alone cannot solve the world’s developmental issues (Andersson, Grönlund, & Wicander, 2012), but rather an integrated solution where ICT is used in support of other processes can be successful in promoting development. (Clarke, Wylie, & Zomer, 2013).

2.2 CSR - Corporate social responsibility
Business organisations have evolved from solely caring about the interest of shareholder to also caring about the social needs of all stakeholders (Galan, 2006). In South Africa during 2013 R7.8 billion was spent on CSR. This value includes both discretionary (or voluntary investment) as well as non-discretionary or mandatory social investments. Non-discretionary or mandatory social investments are social investments that are made as part of an organisation’s licence to operate obligations or part of some regulatory social investment requirements that exist within various industries in South Africa (Trialogue, 2013). Some recent research has attempted to
demonstrate a linkage between a business organisation’s CSR activity and its financial performance as a reason for participating in CSR (Brammer & Pavelin, 2005). The economic view of CSR is that businesses participate in socially responsible activities so as to satisfy the interests of all its stakeholders (Bo, Li, & Toolsema, 2009). Although not directly leading to an increase in performance, these activities lead to good relationships with its stakeholders, for example its employees, suppliers, government agencies and customers, which in turn increases performance (Bo, Li, & Toolsema, 2009). The social role aspect of CSR, as mentioned by Muthuri & Gilbert (2011), define CSR as a business organisation’s role and responsibility within a society and its duty towards its stakeholders. CSR is how a business organisation deals with the social and economic issues that may exist within a society (Leonard & McAdam, 2003). CSR can also be defined as the projects that a business organisation participates in that fall outside of their normal business activities that have an impact on society (Moloi, Oksiutycz-Munyawiri, & Ndong, 2014).

2.3 IT decision making

When an organisation invests into a CSR project, it is making a strategic decision to allocate resources to that project (Berry, 2010). Strategic decisions are those important decisions that shape the direction that a business organisation decides to follow (Eisenhardt & Zbaracki, 1992). Decision making is an essential process that every business organisation has to perform and it impacts every single level within a business organisation (Akdere, 2011). One reason for the importance of strategic decisions is the devastating effect a bad decision can have on a business organisation (McKenzie, van Winkelen, & Grewal, 2011). The strategic IT decision-making (SITDM) model (Tamm, Seddon, Parkes, and Kurnia, 2014) explains the factors affecting strategic IT decision making. Figure 1 presents this model which separates the factors into three main elements namely, decision context, top management and decision specific characteristics. These elements influence both the decision making process as well as the actual decision being made (Tamm, Seddon, Parkes, & Kurnia, 2014).

![Figure 1: Strategic IT Decision making model SITDM](https://example.com/figure1.png)

For the purposes of this research, the elements regarding outcomes and implementation are not considered as this paper is focused on ICT CSR decision making and not the outcome or implementation of such decisions.

2.4 Technological organisational environmental framework

The decision to adopt a technology could potentially have far reaching consequences on a business organisation (Karahanna, Straub, & Chervany, 1999). Technology adoption research has made use of numerous theoretical frameworks; the technology, organization, and environment (TOE) framework being common in studies of organisational adoption (Oliveira & Martins, 2011). The TOE framework has decision to adopt, which fundamentally is a decision, as the dependent variable and the independent variables being technology, organisation and environment factors (Masrek, Jamaludin, & Hashim, 2009). Given that the decision to adopt a technology is a decision, the Technological-Organisational-Environmental can be extended to be used as decision making model, and in the context of this research as a model to evaluate ICT CSR decision making. This is accomplished by equating a strategic decision to adopt a technology to that of the decision to invest in an ICT CSR project.

The technological context relates to the technologies that are available both internally and externally to the organisation (Oliveira & Martins, 2011). The focus of the technological context is how the characteristics of the technology can influence the decision (Chau & Tam, 1997). The organisational context refers to the characteristics of the business organisation and how these characteristics influence the decision made (Chau & Tam, 1997; Masrek, Jamaludin, & Hashim, 2009; Pan & Jang, 2008). Lastly the environment context describes the external environment that the business organisation conducts business in (Chau & Tam, 1997). The TOE framework allows for an examination of how various factors within these contexts influence the ability of businesses to make to ICT CSR decisions.

2.5 Proposed theoretical framework

The SITDM and TOE models both have similar elements which influence the decision making, strategic in the case of SITDM and adoption in the case of TOE. Table 1 demonstrates how these two models can be combined, with the TOE model providing a way to rearrange the SITDM model into a model that can be specifically used for ICT CSR decision making.

<table>
<thead>
<tr>
<th>SITDM</th>
<th>TOE</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Environment</td>
<td>Environment</td>
</tr>
<tr>
<td>Organisational Characteristics</td>
<td>Organisation</td>
</tr>
<tr>
<td>Team-level Characteristics</td>
<td>Organisation</td>
</tr>
<tr>
<td>Decision maker characteristics</td>
<td>Organisation</td>
</tr>
<tr>
<td>Decisions matter characteristics</td>
<td>Technology\Organisation\Environment</td>
</tr>
<tr>
<td>Informational factors</td>
<td>Technology\Organisation\Environment</td>
</tr>
<tr>
<td>Analytical Strategic Decision-making</td>
<td>Decision making process</td>
</tr>
<tr>
<td>Intuitive Strategic Decision-making</td>
<td>Decision making process</td>
</tr>
<tr>
<td>Political Strategic Decision-making</td>
<td>Decision making process</td>
</tr>
</tbody>
</table>

Table 1: SITDM and TOE
The proposed theoretical framework as shown in Figure 2 below when combining TOE and SITDM models depicts how technology factors, environment factors, internal and external organisation factors influence both the decision making process as well as the final decision that is made.

![Figure 2: Proposed ICT CSR Framework](image)

3. Research objective
The primary objective of this research is to gain an understanding of what factors influence the discretionary ICT corporate social responsibility decisions made by financial services organisations. As mentioned previously in the introduction, this refers to the CSR projects where a financial services organisation decides to invest, donate or contribute towards ICT that will be used by an individual, community or society to improve their current condition.

In order to gain this understanding the specific research question that is being asked is, “What are the factors that influence discretionary ICT corporate social responsibility decisions made by financial services organisations?”

By understanding what these factors are a business organisation will be able to make these decisions in such a way that will benefit not only the business organisation, but all the stakeholders involved. For the potential recipient having an understanding of these factors will provide them with relevant insight into what factors businesses are influenced by when making the investment decision.

Further objectives of this research are to:
1. Highlight the reasons why business organisations are investing in ICT CSR projects
2. Identify what type of ICT CSR projects are being invested into
3. And lastly, identify the criteria used to determine who the recipients of ICT CSR are

4. Research methodology
4.1 Research philosophy
The research investigates the factors that influence a business organisation’s decision to invest in ICT initiatives for development. Each business organisation could possibly have their own
interpretation of the reality regarding the development needs that exist in the country as well as their own opinions on how best to identify and assist in areas that require development. It is for this reason that the philosophy of this research is interpretivism. Business organisations are both unique and complex, and understanding these decisions from the business organisation's point of view can be extremely useful to researchers (Saunders, Lewis, & Thornhill, 2009).

4.2 Sampling
The target population was financial services in South Africa that invest in CSR projects aimed at improving the wellbeing of individuals or society. Individuals involved in the investment decision, as well as the implementation of investment decisions were targeted. A non-probability, purposive sampling technique was used. This allowed the researcher to subjectively select financial services organisations based on their ICT CSR activity that fell into the financial services sector (Saunders, Lewis, & Thornhill, 2009). Although numerous financial services organisations were approached, interest in participating in the interviews was only received from 5 financial services organisations. These Interviews were held in 2014 with 7 individuals comprising of senior executives, managers and staff members from these 5 financial services organisations.16 financial services organisations were evaluated utilising secondary data and interviews were held with representatives of 5 organisations (Table 2).

<table>
<thead>
<tr>
<th>Code</th>
<th>Business Organisation</th>
<th>No of employees</th>
<th>Size</th>
<th>Research Conducted</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Business Organisation 1</td>
<td>0 - 100</td>
<td>Small</td>
<td>Interview and secondary data</td>
</tr>
<tr>
<td>B</td>
<td>Business Organisation 2</td>
<td>1000+</td>
<td>Large</td>
<td>Interview and secondary data</td>
</tr>
<tr>
<td>C</td>
<td>Business Organisation 3</td>
<td>0 - 100</td>
<td>Small</td>
<td>Interview and secondary data</td>
</tr>
<tr>
<td>D</td>
<td>Business Organisation 4</td>
<td>1000+</td>
<td>Large</td>
<td>Interview and secondary data</td>
</tr>
<tr>
<td>E</td>
<td>Business Organisation 5</td>
<td>1000+</td>
<td>Large</td>
<td>Interview and secondary data</td>
</tr>
<tr>
<td>F</td>
<td>Business Organisation 6</td>
<td>1000+</td>
<td>Large</td>
<td>Secondary data only</td>
</tr>
<tr>
<td>G</td>
<td>Business Organisation 7</td>
<td>1000+</td>
<td>Large</td>
<td>Secondary data only</td>
</tr>
<tr>
<td>H</td>
<td>Business Organisation 8</td>
<td>1000+</td>
<td>Large</td>
<td>Secondary data only</td>
</tr>
<tr>
<td>I</td>
<td>Business Organisation 9</td>
<td>1000+</td>
<td>Large</td>
<td>Secondary data only</td>
</tr>
<tr>
<td>J</td>
<td>Business Organisation 10</td>
<td>100 – 1000</td>
<td>Medium</td>
<td>Secondary data only</td>
</tr>
<tr>
<td>K</td>
<td>Business Organisation 11</td>
<td>1000+</td>
<td>Large</td>
<td>Secondary data only</td>
</tr>
<tr>
<td>L</td>
<td>Business Organisation 12</td>
<td>100 – 1000</td>
<td>Medium</td>
<td>Secondary data only</td>
</tr>
<tr>
<td>M</td>
<td>Business Organisation 13</td>
<td>0 - 100</td>
<td>Small</td>
<td>Secondary data only</td>
</tr>
<tr>
<td>N</td>
<td>Business Organisation 14</td>
<td>100 – 1000</td>
<td>Medium</td>
<td>Secondary data only</td>
</tr>
<tr>
<td>O</td>
<td>Business Organisation 15</td>
<td>100 – 1000</td>
<td>Medium</td>
<td>Secondary data only</td>
</tr>
<tr>
<td>P</td>
<td>Business Organisation 16</td>
<td>100 – 1000</td>
<td>Medium</td>
<td>Secondary data only</td>
</tr>
</tbody>
</table>

Table 2: Business organisation participants and size based on employees

4.3 Data analysis
The transcribed interview data was analysed so as to understand the factors that influence ICT CSR decisions (Bhattacherjee, 2012). The data analysis employed was thematic. This also allowed the researcher to group the questions according to this framework. Once all the transcribed interview data was gathered, a thematic analysis was performed on the data with the intention of identifying the specific factors that influence ICT CSR decisions and how these fit inside of the proposed theoretical framework. These themes combined with the proposed theoretical framework were used to formulate a final theoretical framework.
4.5 Limitations
One major limitation was the limited number of businesses participating in ICT CSR projects. Identifying financial services organisations that participated in ICT was extremely difficult as none of the businesses identified mentioned explicitly that they invest in ICT CSR projects. The researcher was only able to verify the nature of the CSR projects during the course of the interview. Many of the interviewed businesses had very few projects that could be classified solely as an ICT CSR project. Certain projects had an ICT aspect to it due to it utilising ICT as part of a larger solution and was not necessarily classified as ICT CSR by the business organisation. This supports the ICT4D literature that identifies ICT as a part of an integrated solution where ICT is used in support of other processes which promote development (Clarke, Wylie, & Zomer, 2013).

5. Data Findings and discussion
5.1 Data Findings
The following major themes surfaced based on the data received from the interviews held as well as from the documentary analysis performed. These themes are grouped according to the categories defined by the proposed model.

5.1.1 Technology
**Demand driven solutions:** As mentioned by all of the respondents, none of the CSR projects were specifically intended to be an ICT CSR project. Although every business organisation that participated in the interviews viewed ICT as an essential part of their business organisation, ICT CSR was not a focus area. Where ICT provided a solution to the particular problem that the CSR was attempting to address, ICT was utilised but only if it was the best solution and the benefits that ICT could provide were understood. Participant Y, Participant U and Participant T stated that where technology made sense as a solution it was utilised.

**Potential of IT:** All interviewed respondents stated that they were excited by the potential that IT could offer CSR. Although none of the 16 businesses evaluated specifically focused on ICT CSR, all mentioned that ICT can be used where it is identified as the best solution to the problem at hand. Participant V stated that, “ICT allows them to reach communities in smarter ways using technology.”

5.1.2 Organisation
**Significance of CSR:** Every interview respondent as well as business organisation analysed in the secondary data analysis stated that CSR is an important aspect of their business. In 4 of the 5 interviewed businesses the CSR is reported directly back to the top senior executives of their organisation. CSR has the support of the highest level of these organisations and is considered a vital feature of their organisation. Businesses that have established sub committees that are responsible for CSR have board representatives on their social and ethics committees. Participant X stated that that CSR was very close to their heart.

**Skilled partners:** Partnering with the “right” partner is a theme that was expressed by all of the respondents. Phrases such as “track record”, “history”, “governance”, “credibility” and “experience” were used when describing what business organisations look for in potential partners. Participant Z stated that, “Partnering with an established organisation with a strong
reputation and track record is essential”, while Participant Y stated that partnering with the “right” partner is vital because it is important that both parties understand each other. Company I only partners with registered partners, while Participant U stated that having good financial management is important.

5.1.3 Environment

**National deficiencies:** - All of the businesses evaluated both in the interviews and documentary analysis identified education as a key focus area. In all except one of the cases education was the number one focus area for that organisation. Participant T stated that their organisation wanted to “remain aligned with national goals and priorities and education is one such priority.”

**Regulatory observance:** - None of the respondents stated that the reason their business is participating in CSR was due to legislative or regulatory purposes. All mentioned that they are aware of the advantage that CSR provides in terms of regulations, e.g. broad-based black economic empowerment (BBEE), but none stated this was a decisive factor. Participant V highlighted that to be recognised in terms of BBEE the minimum allocation was 1%, and only one of the interviewed businesses allocated more than this minimum.

5.1.4 Decision making process

**Benefits and costs:** - Understanding the benefits that technology can bring to a project is as important as knowing the cost of the technology. Technology is merely an instrument that can be used to solve a problem, and understanding how technology will be used and how it will solve the problem is vital. Participant Y stated that the ability to accurately measure the impact of a project is the challenge that needs to be overcome. Participant T mentioned that the future costs of technology could be an inhibiting factor. Technology may be costly but as Participant U stated the potential to be scalable makes technology a very exciting prospect.

**Robust processes:** - All of the respondents except for the one CSR stated that their decision making process is well formulated and documented. Participant Z stated that their organisation only recently began participating in CSR and is in the process of documenting their processes. All the employees involved in CSR decision making are fully aware of the process, and in the case of Participant U’s business organisation all employees involved have the authority to reject a proposal if they believe that it does not align with the business organisation’s CSR strategy. All respondents stated that their decision making process is reviewed often and where necessary adjustments are made.

5.2 Minor themes identified

Other minor themes identified by this research that could be explored further were Dimension or Size, Strategic alignment to corporate strategy and Long term partnerships (Organisation themes); Competitive awareness (Environmental) and the ability to monitor and evaluate CSR project (Decision making process).

5.3 Discussion of findings

The implications that these factors have on ICT CSR can best be understood if reviewed within these proposed categories.

The implication of the technological factors that this research has highlighted are that:

- ICT CSR is not a focus area for businesses, but that ICT CSR occurs as a result of analysing the problem that is being addressed. Only in the cases where technology
provides the most suitable solution is it utilised. In the cases where technology is purported to be the solution, an understanding of the benefits of that particular technology and how it will solve the problem needs to be understood.

- All businesses are aware of the capabilities that technology possesses to reach communities and to solve development problems. Businesses are also aware of the potential that ICT has in assisting businesses to administer their CSR projects especially in the case of monitoring and evaluating CSR projects.

The implication of the organisation factors are that;
- Business organisations prefer to enter into long term partnerships.
- Larger businesses have larger budgets, and are more willing to enter into large scale projects than smaller sized businesses.
- CSR is of vital importance to all businesses and finding the most suitable kind of projects is important to that organisation.
- Businesses prefer to partner with the right kind of partners. From the research conducted organisations that practice good governance and that have a quality track record and experience are preferred.
- Businesses align their CSR activities with their corporate strategy, and any project that does not support their corporate strategy is not supported.

The environmental factors that influence ICT CSR that this research highlights are that,
- Most businesses are not aware of what their competitors are doing, while certain businesses are aware of their competitors’ behaviour and their CSR focus areas are influenced by the actions of their competitors.
- The key area that businesses are focusing their CSR into is the area that has been identified by government. Businesses are keen to remain aligned to the development areas that government are focusing on. Currently this focus area is education.
- Businesses are knowledgeable of the regulatory frameworks within which they operate, and the advantages that their CSR activities provide in terms of these regulatory frameworks are known to all of the business organisations.

This research identifies the decision making process factors that influence ICT CSR as being,
- That businesses are very interested in knowing and understanding the benefits and costs of every project. Without this, business organisations cannot make informed decisions.
- Businesses want to be aware that their investment is being utilised correctly and as intended; that the intended benefits are being achieved and that the proposed impact of a CSR project is being fulfilled. If a project cannot be monitored and evaluated businesses tend to not support such projects.
- Due to the importance of CSR to business organisations, the processes around CSR and the decision making involved is well known by all parties involved in CSR within the organisations. Processes are reviewed often, but changes to these processes are usually done less frequently and only when required.
5.4 Support for the proposed framework

The four elements that the framework proposed have been found to have a direct impact on ICT CSR decision making. This is supported by the underlying TOE and SITDM models which show that these same elements have a direct influence on the decision to adopt a technology in the case of TOE or the strategic IT decision making in the case of SITDM. There exists further alignment between the underlying factors within each of these elements as some of the factors introduced by TOE and SITDM. All of these factors agree with the findings of this research and thus provide support for the framework proposed by this research. What this research has found though is that very little impact between the elements were found to exist. This does differ somewhat from the original proposed framework and from both the TOE and SITDM models. In all three of these models the underlying elements had an influence on each other within the respective models. Given the findings of this research the original proposed framework from Figure 2 can be updated to align with the research findings. The updated proposed framework as shown in Figure 3, now only shows the direct influence of the elements on the decision made.

6. Conclusion

The main objective of this research was to identify the factors that influence ICT CSR decisions made by South African financial services organisations. The factors that emerged during the course of this research highlight the key elements that should be brought to the attention of both a business organisation as well as any outside party seeking funding or support. These factors identified by this research are by no means a comprehensive list of all the factors that influence ICT CSR, but they do provide a basis and more importantly a framework with which to evaluate the factors that influence ICT CSR decision making.

What is evident from this research is that ICT CSR is influenced by certain factors both internally and externally to a business organisation. Understanding these factors will allow business organisations to be aware of these factors and ensure that all of these factors are considered before making an ICT CSR decision. Outside parties need to be cognisant of these factors prior to approaching businesses for support or funding.

\textbf{Figure 3: ICT CSR Decision making}

Source: (Postel & Reynolds 1985)
The implications of the findings of this research are that ICT CSR projects are required to address areas where a national need exists and that the benefits and costs of both the project and the ICT solution proposed need to be known too and understood by all parties. Another implication is that when a partnership is being formed between a business organisation and an outside party these partnerships tend to be of a long term nature. These partnerships are only formed with outside parties that have a proven track record and history that practice good governance and that are transparent and allow for regular monitoring and evaluation of the project. The final implication of these findings is that business organisations only enter into projects that are aligned to the larger corporate strategy of the business organisation.

References


