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AN INTEGRATED APPROACH TOWARDS CORPORATE
SOCIAL INVOLVEMENT IN A NON-APARTHEID
SOUTH AFRICA

BY

JAKOBUS JOHANNES VISAGIE

DISSERTATION IN COMPLIANCE WITH
THE REQUIREMENTS FOR
THE DEGREE

MAGISTER COMMERCII

IN

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AT THE

FACULTY OF ECONOMIC AND
MANAGEMENT SCIENCES

OF THE
RAND AFRIKAANS UNIVERSITY

MAY 1993
JOHANNESBURG

STUDY LEADER: PROF N LESSING
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Completing this dissertation would never have been possible without the support, assistance and endurance of family, friends, colleagues and mentors. The nature of a study involving the socio-economic and socio-political dynamics of a society requires vision, lateral thinking and insight far beyond the capacity of one specific individual. It therefore gives me pleasure to sincerely thank the following people who deserve credit for their valuable contribution:

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- The staff of the RAU library for their professional assistance.
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- My secretary, Sandy Dennison, for many hours of typing and re-typing.
- Theresa Vogel for editing figures and diagrams.

On a more personal level, I am greatly in debt with my wife, Susan, and two children, Lize and Jaco. After many years of support and patience while I enriched myself through academic studies, the last three years have been particularly difficult. Not only did this study claim most of the little time usually allocated to them, but they also had to endure the many frustrations, late nights and long periods of absence that accompanied the development and implementation of an integrated CSI-programme for Gencor.

Last but not the least, I am especially grateful to our Heavenly Father who provided me with the opportunity to study and grow as a person.

---00000000---
"South Africa finds itself in a moment of rare opportunity:

the past is rapidly fading; the future is not yet in place.

People and organisations have a chance to re-draw the lines of our social architecture in a way given seldom to societies and nations."

Bobby Godsell
Anglo American Corporation
<table>
<thead>
<tr>
<th>CHAPTER</th>
<th>TITLE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ORIENTATION</td>
<td>1-1</td>
</tr>
<tr>
<td>2</td>
<td>STAKEHOLDERS IN CORPORATE SOCIAL INVOLVEMENT IN SOUTH AFRICA</td>
<td>2-15</td>
</tr>
<tr>
<td>3</td>
<td>AN ANALYSIS OF THE SOCIO-ECONOMIC AND SOCIO-POLITICAL REALITIES IN SOUTH AFRICA AFTER 2 FEBRUARY 1990 IN A NON-APARTHEID SOUTH AFRICA</td>
<td>3-51</td>
</tr>
<tr>
<td>4</td>
<td>THE ELEMENTS OF AN INTEGRATED APPROACH TOWARDS CORPORATE SOCIAL INVOLVEMENT</td>
<td>4-87</td>
</tr>
<tr>
<td>5</td>
<td>AN INTEGRATED MODEL FOR CORPORATE SOCIAL INVOLVEMENT IN A SOUTH AFRICAN CORPORATION</td>
<td>5-114</td>
</tr>
<tr>
<td>6</td>
<td>CORPORATE SOCIAL INVOLVEMENT - QUO VADIS?</td>
<td>6-160</td>
</tr>
<tr>
<td></td>
<td>BIBLIOGRAPHY</td>
<td>173</td>
</tr>
</tbody>
</table>
AN INTEGRATED APPROACH TOWARDS CORPORATE SOCIAL INVOLVEMENT IN A NON-APARTHEID SOUTH AFRICA

CONTENTS

SUMMARY (x)

OPSOMMING (xii)

CHAPTER 1 ORIENTATION

1.1 BACKGROUND 1-2
1.2 STATEMENT OF PROBLEM 1-9
1.3 STUDY OBJECTIVES 1-11
1.4 RESEARCH METHOD 1-12
1.5 SCOPE AND LIMITATIONS OF THE STUDY 1-13
1.6 STUDY PLAN 1-13

CHAPTER 2 STAKEHOLDERS IN CORPORATE SOCIAL INVOLVEMENT IN SOUTH AFRICA

2.1 INTRODUCTION 2-18
2.2 MAIN AREAS OF INVOLVEMENT 2-19
2.3 RESOURCE DOMAIN 2-21
2.4 IMPLEMENTATION DOMAIN 2-36
2.5 RECIPIENT DOMAIN 2-39
2.6 SUPPORT DOMAIN 2-45
2.7 IN CONCLUSION 2-48

CHAPTER 3 AN ANALYSIS OF THE SOCIO-ECONOMIC AND SOCIO-POLITICAL REALITIES IN SOUTH AFRICA AFTER 2 FEBRUARY 1990 IN A NON-APARTHEID SOUTH AFRICA

3.1 INTRODUCTION 3-54
3.2 UNDERDEVELOPMENT - A REALITY 3-55
3.3 DEVELOPMENT AND THE RECONSTRUCTION OF SOCIETY 3-57
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.4</td>
<td>SOCIO-ECONOMIC REALITIES OF SOUTH AFRICA</td>
<td>3-59</td>
</tr>
<tr>
<td>3.5</td>
<td>SOCIO-POLITICAL SCENARIO</td>
<td>3-74</td>
</tr>
<tr>
<td>3.6</td>
<td>SOCIO-POLITICS AND SOCIO-ECONOMICS</td>
<td>3-84</td>
</tr>
<tr>
<td>3.7</td>
<td>IN CONCLUSION</td>
<td>3-85</td>
</tr>
</tbody>
</table>

### CHAPTER 4

THE ELEMENTS OF AN INTEGRATED APPROACH TOWARDS CORPORATE SOCIAL INVOLVEMENT

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>INTRODUCTION</td>
<td>4-91</td>
</tr>
<tr>
<td>4.2</td>
<td>EXPECTATIONS</td>
<td>4-93</td>
</tr>
<tr>
<td>4.3</td>
<td>THE CORPORATE ENTITY - AN INTEGRATED SYSTEM</td>
<td>4-105</td>
</tr>
<tr>
<td>4.4</td>
<td>CSI-NETWORKING</td>
<td>4-111</td>
</tr>
<tr>
<td>4.5</td>
<td>IN CONCLUSION</td>
<td>4-113</td>
</tr>
</tbody>
</table>

### CHAPTER 5

AN INTEGRATED MODEL FOR CORPORATE SOCIAL INVOLVEMENT IN A SOUTH AFRICAN CORPORATION

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>INTRODUCTION</td>
<td>5-118</td>
</tr>
<tr>
<td>5.2</td>
<td>THE GENCOR DEVELOPMENT TRUST, ITS STRUCTURE AND ITS MISSION</td>
<td>5-121</td>
</tr>
<tr>
<td>5.3</td>
<td>AN INTEGRATED STRATEGY</td>
<td>5-128</td>
</tr>
<tr>
<td>5.4</td>
<td>THE ADMINISTRATION OF AN INTEGRATED CSI-PROGRAMME</td>
<td>5-155</td>
</tr>
<tr>
<td>5.5</td>
<td>IN CONCLUSION</td>
<td>5-158</td>
</tr>
</tbody>
</table>

### CHAPTER 6

CORPORATE SOCIAL INVOLVEMENT - QUO VADIS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>INTRODUCTION</td>
<td>6-162</td>
</tr>
<tr>
<td>6.2</td>
<td>THE FUTURE ROLE OF THE PRIVATE SECTOR AS EMPLOYER</td>
<td>6-164</td>
</tr>
<tr>
<td>6.3</td>
<td>THE FUTURE ROLE OF CSI</td>
<td>6-165</td>
</tr>
<tr>
<td>6.4</td>
<td>IN CONCLUSION</td>
<td>6-170</td>
</tr>
</tbody>
</table>

BIBLIOGRAPHY | 173 |
AN INTEGRATED APPROACH TOWARDS CORPORATE SOCIAL INVOLVEMENT IN A NON-APARTHEID SOUTH AFRICA

LIST OF TABLES AND FIGURES

Figure 2.1 Diagramatic presentation of the main areas of involvement of the major role players in CSI-SA. 2-20
Figure 2.2 Existing institutional framework for the Government's contribution to development. 2-23
Figure 2.3 Summary of the role players in CSI in South Africa. 2-48
Figure 2.4 External influences affecting CSI-programmes. 2-49
Figure 3.1 The forces driving community development. 3-58
Figure 3.2 South Africa's population (excluding TBVC-states with a population of 6.9 million in 1990). 3-61
Table 3.3 Relations between population growth and standards of living. 3-62
Figure 3.4 Enrolment in primary and secondary education as percentage of the total number attending school in 1990. 3-66
Table 3.5 Education profile of the respective population groups (percentages), 1990. 3-66
Table 3.6 Comparison of pupils/classroom and pupils/teacher ratio's amongst race groups, 1991. 3-67
Figure 3.7 Per capita expenditure on school pupils by race: 1991/92. 3-73
Figure 3.8 Statutory structures created by government. 3-75
Figure 3.9 Alternative structures created by the community. 3-77
Figure 3.10 The phases of the socio-political scenario. 3-79
Figure 3.11 Development of a civil society. 3-80
Figure 3.12 Civil society, the synthesis of history. 3-80
Figure 3.13 Economic ideologies and civil society. 3-82
Figure 4.1 An integrated approach: interphases with other organisational functions. 4-107
Figure 5.1 The Gencor group of companies. 5-119
Figure 5.2  The CSI-programme of Gencor.  5-123
Figure 5.3  The ideal CSI-structure for Gencor.  5-124
Figure 5.4  The three areas of corporate social involvement.  5-128
Figure 5.5  Maintenance of society.  5-130
Figure 5.6  Support to development initiatives.  5-141
Figure 5.7  The Integrated Development Process.  5-149
Figure 5.8  Empowerment of communities.  5-151
Figure 5.9  Dialogical intervention.  5-152
Figure 5.10  Social infrastructure developing through dialogue.  1-154
Figure 5.11  Percentage of dividends allocated to CSI.  5-157
AN INTEGRATED APPROACH TOWARDS CORPORATE SOCIAL INVOLVEMENT IN A NON-APARTHEID SOUTH AFRICA

LIST OF ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACAT</td>
<td>African Co-operative Action Trust</td>
</tr>
<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
</tr>
<tr>
<td>ANC</td>
<td>African National Congress</td>
</tr>
<tr>
<td>BMI</td>
<td>Business and Marketing Intelligence</td>
</tr>
<tr>
<td>CAST</td>
<td>Civic Association of Southern Transvaal</td>
</tr>
<tr>
<td>CBM</td>
<td>Consultative Business Movement</td>
</tr>
<tr>
<td>CHASA</td>
<td>Community Health Association of Southern Africa</td>
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<tr>
<td>CIVICS</td>
<td>Civic Associations</td>
</tr>
<tr>
<td>CP</td>
<td>Conservative Party</td>
</tr>
<tr>
<td>CSI</td>
<td>Corporate Social Involvement</td>
</tr>
<tr>
<td>CSIR</td>
<td>Council for Scientific and Industrial Research</td>
</tr>
<tr>
<td>DBSA</td>
<td>Development Bank of Southern Africa</td>
</tr>
<tr>
<td>DET</td>
<td>Department of Education and Training</td>
</tr>
<tr>
<td>DP</td>
<td>Democratic Party</td>
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<tr>
<td>ECSG</td>
<td>Employee Community Support Groups</td>
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<tr>
<td>GDT</td>
<td>Gencor Development Trust</td>
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<tr>
<td>HIV</td>
<td>Human Immuno Deficiency Virus</td>
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<tr>
<td>HRD</td>
<td>Human Resource Development</td>
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<tr>
<td>HSRC</td>
<td>Human Sciences Research Council</td>
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<tr>
<td>IDC</td>
<td>Industrial Development Corporation</td>
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<tr>
<td>IDP</td>
<td>Integrated Development Process</td>
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<tr>
<td>IDT</td>
<td>Independent Development Trust</td>
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<tr>
<td>IMP</td>
<td>Institute of Personnel Management</td>
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<tr>
<td>IR</td>
<td>Industrial Relations</td>
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<tr>
<td>JET</td>
<td>Joint Education Trust</td>
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<tr>
<td>KOSH</td>
<td>Klerksdorp-Orkney-Stilfontein-Hartebeesfontein</td>
</tr>
<tr>
<td>MK</td>
<td>Umkonto we Zizwe</td>
</tr>
<tr>
<td>NECC</td>
<td>National Education Co-ordinating Committee</td>
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<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
</tr>
<tr>
<td>NP</td>
<td>National Party</td>
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<tr>
<td>NPI</td>
<td>National Productivity Institute</td>
</tr>
<tr>
<td>NUM</td>
<td>National Union of Mineworkers</td>
</tr>
<tr>
<td>PAC</td>
<td>Pan African Congress</td>
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<tr>
<td>PRISA</td>
<td>Public Relations Institute of South Africa</td>
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<tr>
<td>PSI</td>
<td>Private Sector Initiative</td>
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<tr>
<td>READ</td>
<td>Read Educate and Develop</td>
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<tr>
<td>RSC</td>
<td>Regional Services Council</td>
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<tr>
<td>SACBC</td>
<td>South African Catholic Bishops Conference</td>
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<tr>
<td>SACC</td>
<td>South African Council of Churches</td>
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<tr>
<td>SAPC</td>
<td>South African Communist Party</td>
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<tr>
<td>SADF</td>
<td>South African Defence Force</td>
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<tr>
<td>SAHT</td>
<td>South African Housing Trust</td>
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<tr>
<td>SAIF</td>
<td>South African Institute for Fundraisers</td>
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<tr>
<td>SAIRR</td>
<td>South African Institute of Race Relations</td>
</tr>
<tr>
<td>SA-TBVC</td>
<td>South Africa, Transkei, Bophuthatswana, Venda and Ciskei</td>
</tr>
<tr>
<td>SBDC</td>
<td>Small Business Development Corporation</td>
</tr>
<tr>
<td>SECC</td>
<td>Soweto Education Co-ordination Committee</td>
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<tr>
<td>STC</td>
<td>South African Development Trust</td>
</tr>
<tr>
<td>TBVC</td>
<td>Transkei, Bophuthatswana, Venda and Ciskei</td>
</tr>
<tr>
<td>UDF</td>
<td>United Democratic Front</td>
</tr>
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<td>UF</td>
<td>Urban Foundation</td>
</tr>
</tbody>
</table>
SYNOPSIS

NAME: VISAGIE, J.J.
DEGREE: MCom. (Strategic Management).
TITLE: An integrated approach towards corporate social involvement in a non-apartheid South Africa.
UNIVERSITY: Rand Afrikaans University.
STUDY LEADER: Prof. N. Lessing.
DATE: May 1993.

The volatile and politically challenging climate in which business has to operate during the period of transition to representative government and a subsequent non-apartheid political dispensation in South Africa calls for a new innovative approach towards corporate social involvement. The challenge posed is no less than to make a visible and adequate contribution towards the socio-economic and socio-political reconstruction and development of the country. The ultimate purpose of this involvement by business in development is to create an environment which will be conducive to economic growth and profitable business.

The socio-economic realities of the South African society dictate the focus and direction of corporate social involvement programmes, but the perceptions and opinions of the major stakeholders in development - including the political and social role players within the recipient domain - are also to be recognised.

For a social involvement programme to be effective and efficient, three major areas of involvement have been identified. As a corporate citizen a company has a responsibility to assist in the maintenance of society through grants and donations to non-governmental organisations and development agencies. It also has an obligation to render support to existing development projects and to create appropriate support mechanisms and programmes to facilitate development. In the process the private sector provides a delivery system for the transfer of technology from its source to appropriate recipients.

One of the most significant obstacles preventing accelerated development is, however, is the lack of institutional capacity within local communities. The private sector, therefore, must also focus on
people centered development and the establishment of appropriate processes to enhance socio-economic as well as socio-political development. With all the resources vested within the company - not in the corporate social involvement function only, but also in other disciplines - business has a substantial contribution to make.

This study focuses on the development of an integrated approach towards corporate social involvement, including the integration of internal and external resources within the influence sphere of the company. It also endeavours to develop an integrated development process to bring about synergy between traditionally opposing sides of the socio-political arena in South Africa. It departs from the central premises that people who depend on each other for economic survival and growth, have to co-operate, regardless of the political, cultural or religious differences between them.

Research has been based on experience in the workplace and interaction with a wide variety of practitioners in the corporate social involvement field.

The study concludes that South Africa needs to address the issues prohibiting real economic growth, including the socio-economic and socio-political deficiencies, with vigour if the country is to become a strong contender in the world economy. The private sector can only make a substantial contribution through its social involvement programmes if an integrated approach is followed to empower the programme. This does not imply unnecessary increases in social budgets during periods of economic decline. Through the integrated development process which is developed in the study, the expertise, organisation, financial resources and facilities of all the role players - external and internal to the company - are mobilised to accept joint responsibility and ownership for the development of their own destinies.
Die veranderlike en polities veeleisende klimaat waarin die privaatsektor gedurende die oorgangsperiode na 'n verteenwoordigende regering en die daaropvolgende non-apartheid politieke bestel in Suid-Afrika moet funksioneer, vereis 'n nuwe, inoverende benadering tot korporatiewe sosiale betrokkenheid. Die uitdaging wat aan die privaatsektor gerig word, is om 'n sigbare, dog voldoende bydrae tot die sosio-ekonomiese herstructurering en ontwikkeling van die land te lewer. Die uiteindelike doel van hierdie betrokkenheid is om 'n omgewing te skep wat ondersteunend tot werklike ekonomiese groei is.

Die sosio-ekonomiese werklikhede in die Suid-Afrikaanse samelewing dikteer die fokus en rigting wat korporatiewe sosiale betrokkenheidsprogramme inslaan, maar die persepsies en menings van die mees prominente belangelinge is ook in berekening gebring.

Om werklik doeltreffend en doelmatig geïmplementeer te kan word is vier hoofterreine van betrokkenheid vir 'n sosiale betrokkenheidsprogram geïdentifiseer. As 'n korporatiewe burger het 'n maatskappy die verantwoordelikheid om hulp te verleen ten opsigte van die instandhouding van die samelewing deur skenkings en donasies aan nie-regeringsinstellings en ontwikkelingsagentskappe. Daar rus egter ook 'n verpligting op die privaatsektor om ondersteuning te verleen aan bestaande ontwikkelingsprojekte. Verdermeer kan die daarstelling van ondersteuningsmeeën en -programme 'n groot ontwikkelingsbydrae lewer. In die proses bied die privaatsektor 'n fasiliteit om tegnologie vanaf die bron na ontvangergemeenskappe oor te dra.
Die gebrek aan institusionele vermoe binne plaaslike gemeenskappe word as een van die belangrikste struikelblokke beskou wat versnelde ontwikkeling verhoed. Die privaatsektor moet derhalwe ook aandag skenk aan mens-gesentreerde ontwikkeling en die vestiging van toepaslike prosesse om sosio-ekonomiese sowel as sosio-politieke ontwikkeling te bevorder. Met al die hulpbronne wat binne die maatskappy gevestig is - nie net in die korporatiewe sosiale betrokkenheidsfunksie nie, maar ook in ander dissiplines - het sake-ondernehmenings 'n belangrike bydrae te lewer.

Hierdie studie fokus op die ontwikkeling van 'n geïntegreerde benadering tot korporatiewe sosiale betrokkenheid, insluitend die integrasie van interne en eksterne bronne binne die invloedsfeer van die maatskappy. Daar word ook gestrewe om 'n geïntegreerde ontwikkelingsproses te ontwikkel om sinergie tussen tradisioneel opponerende elemente binne die sosio-politieke arena in Suid-Afrika tot stand te bring. Die sentrale veronderstelling van die studie is dat, indien mense van mekaar afhanklik is vir hulle ekonomiese welvaart, hulle behoort saam te werk in die stryd om ekonomiese oorlewing en groei, ongeag hulle politieke, kulturele of godsdienstige verskille.

Navorsing is gebaseer op ondervinding binne die werksituasie en interaksie met 'n wye verskeidenheid uitvoerende beambtes in die korporatiewe sosiale betrokkenheidsveld.

Die studie bevind dat Suid-Afrika die faktore wat werklike ekonomiese groei beperk, insluitend sosio-ekonomiese en sosio-politieke tekortkominge, daadwerkelik moet aanspreek indien die land sy regmatige plek in die wêreldekonomie wil inneem. Die privaatsektor kan alleenlik 'n beduidende bydrae deur sy sosiale betrokkenheidsprogram lewer indien 'n geïntegreerde benadering gevolg word om die program se doelreffendheid te verhoog, eerder as om sosiale spandering te verhoog tydens ressesierende tye. Die geïntegreerde ontwikkelingsbenadering wat in hierdie studie ontwikkel word, maak voorsiening vir die mobilisering van die kundigheid, organisasie, finansiële bronne en faciliteite van al die rolspelers - intern en eksterne tot die maatskappy - om gesamentlike verantwoordelikheid en eienaarskap vir die ontwikkeling van hulle eie toekoms te aanvaar.
CHAPTER 1

ORIENTATION

INDEX

1.1 BACKGROUND 1-2
   1.1.1 An historic view 1-2
   1.1.2 South African development 1-4
   1.1.3 Defining the role of the corporate sector 1-6
   1.1.4 Status of CSI in South Africa 1-7

1.2 PROBLEM STATEMENT 1-9

1.3 STUDY OBJECTIVES 1-11

1.4 RESEARCH METHOD 1-12

1.5 SCOPE AND LIMITATIONS OF THE STUDY 1-13

1.6 STUDY PLAN 1-13
CHAPTER 1
ORIENTATION

1.1 BACKGROUND

While the involvement of the corporate sector in the social dimensions of its environment is not a new subject, recent developments in social, political and economic dispensations throughout the world have created a new awareness for the role industry should play in uplifting and normalising disrupted and de-stabilised societies. South Africa is not only one of the present day focus areas of the world as far as dynamic changes and reform are concerned, but also an extreme example of a diversified society with - due to historic causes - the minority of its population living in first world conditions while the majority maintain third world living standards. The socio-economic development process is therefore extraordinarily challenging and all role players - including private sector - are required to co-operate in an effort to address the priority needs of society in the most cost effective and time-efficient way.

1.1.1 An historic view

The involvement of the corporate sector in community projects and the maintenance of welfare structures is not a new concept. During the eighteenth century the technology of the industrial revolution in England was geared towards coal-fuelled machinery which was employed in factories. With it came extensive air pollution problems. The critical exposure of conditions in the factories and cities and of the circumstances of life in general by authors such as Charles Dickens did much to induce comprehensive changes in the social relationships of the industrial life of the time. Similarly, in the present century, with the decline of Taylorism, we have seen important technological progress and shifts in the social involvement of companies.

Public awareness dictated to a large extent the social spending programmes of companies. Involvement was, however, without exception aimed at reactive response to the perceived disorders brought about by industrial development in society - an "offence" for which
industry had to pay increasingly more and more in an effort to earn the esteem of the community.

This trend has, however, not gone by unnoticed. Milton Friedman (1963: 138), the internationally known economist who won a Nobel Prize (Economy) in 1976, criticised businessmen when he stated that business has only one social responsibility and that is to use its resources and energy in activities designed to increase its profits - as long as it stays within the rules of the game, i.e. to engage in open and free competition without deception and fraud. His slogan "The Business of Business is Business" became very popular at the time. According to him very few trends could so thoroughly undermine the very foundations of a free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their shareholders as possible. The solution to social problems should be left to government agencies and concerned individuals.

Curran (1970: 586) softens the Friedmanite view a little, but nevertheless states that "modern privately owned corporations may be a convenient vehicle through which social goods can be produced and non-market activities such as higher education subsidised, but to depart from the maximising goal in favour of social responsibility is to forsake a more basic duty, that of allocating resources efficiently".

Friedman's view, however, has since been faulted on a number of counts. Corporations can simply not evade their social responsibility, because their own actions have caused or exacerbated many of the problems with which society is now grappling. As Davis (in Stoner, 1978: 77) has phrased it, there is an "iron law of responsibility which states that in the long run those who do not use power in a manner that society considers responsible, will tend to lose it".

Gast (1952: 187) describes the organisation as a social activity that is taking place within the framework provided by the community in which it operates. Social and political stability in society is therefore a prerequisite for economic growth and a business-friendly environment. Furthermore, the socio-economic welfare of the community is a determining factor in business success in that the organisation has a very
specific vested interest in the well-being of its host. Ignoring the limitations and opportunities offered by the community's framework is therefore not only ignorant and foolish but also dangerous and a potential threat to the synergy between the organisation and its environment.

1.1.2 South African development

In South Africa business progressed through three distinct phases in their thinking about their role in society: Philantrophy, Good Citizenship and Corporate Social Legitimacy. Each phase has been characterised by a specific set of norms and values, closely related to the political development that took place over the years.

Dissimilar to the Friedmanite view, the underlying justification for business involvement with socio-economic development in the nineteen sixty's, early seventy's was based on the philanthropic character of Christianity. A popular premise, which is still supported by some businessman is that business has a perceived moral obligation towards the underprivileged. As responsible corporate citizens, organisations have to contribute towards the social upliftment of less fortunate members of society, since the latter are the casualties of the very same capitalistic system that created the rich and privileged. The poor is therefore a by-product of capitalism and thus the sole responsibility of the administrators of capitalism. This view is still particularly popular amongst the so-called "oppressed people" in South Africa and their popular leaders and is founded in the principals of a socialistic economic approach.

The "good citizenship" approach was introduced indirectly by the social justice drive, commencing in the late seventy's, early eighty's in South Africa. The term "corporate social responsibility" became popular when business realised their responsibilities as corporate citizens in a country where violence and rebellion became a reality as a result of the perceived oppression and unfair political dispensation experienced by the majority of the population.

The very same approach has been followed by American companies in
an effort to justify their continued economic investment in South Africa while the world was asking for sanctions and disinvestment. In 1976 the Rev Leon Sullivan outlined specific principles for American based companies to adhere to. Then on the Board of the Ford Foundation, Sullivan designed the Sullivan Code which forced the signatories to help the black population in South Africa. His coercion of many US companies, at first reluctant to play a role in improving the socio-economic circumstances of the communities involved, had a profound effect on corporate social spending in South Africa.

The Sullivan Code led to a management mind-set change. More than just improving physical conditions, Sullivan ignited white "non-political consciousness", helping many realise that one does not have to join the revolutionaries to bring about significant change.

Synonymous with the Sullivan hype is the derisory term "brownie points". In time this measurement system began calling for "sweat equity", an Americanism for "money alone is not enough". Hand-outs had to stop and real social involvement became generally accepted.

Following the good citizenship era, the South African corporate sector is now accepting a corporate social legitimacy approach. Business does not deny its philanthropic role, its corporate citizenship or the related responsibilities, although it is not prepared to admit co-responsibility for the agony of the deprived in the South African society. Political systems and processes and not business, are to be blamed for the social status of society. Business therefore started to object to the term Corporate Social Responsibility, claiming that it implies admission of guilt for a sin not committed. It opted for the term Corporate Social Investment, stating that, with legitimate self-interest, it is attempting to invest in the country's healthy future existence. This implies a proactive intervention, although based on a paternalistic view of the strength of business, as opposed to the perceived weakness of the recipient communities.

With the increased focus on the corporate world's contribution towards the creation of a New South Africa, the legitimacy of this perceived paternalistic view is being challenged by several constituencies.
participating in the public debate on reform. Adjustment is demanded to keep up with the dynamic changes in the South African society.

1.1.3 Defining the role of the corporate sector

To avoid the pitfalls of nomenclature the private sector's all inclusive contribution to society in the socio-economic sphere has for the purpose of this study, been termed Corporate Social Involvement (CSI) rather than responsibility, investment, responsiveness or spending. It implies a corporate commitment for whatever reason, without getting embroiled in the intertwined debate on intentions or hidden agendas.

CSI could objectively be defined as a company's response to the outcry from the broader society in which it operates with the aim to address certain constraints placed on the corporate entity by society. These constraints are of three fundamental types. One comprises the body of legislation that affects the practice of business; the second concerns the general attitude of the consumer/community to the company and the willingness to support or otherwise the company through the purchase or boycott of its products and services. The third constraint is the socio-political environment of the society as a whole. It is virtually impossible to generate sustainable profits in a society that has itself degenerated into a state of disorder, chaos and anarchy.

From a corporate point of view, the true purpose of CSI is therefore to assist, through socio-economic involvement, in the development and maintenance of a socio-economic and socio-political environment that is conducive to the pursuit of real economic growth.

The turbulent transformation that South Africa is engaged in since 2 February 1990, offers unique opportunities for the pursuance of such an environment, although the corporate sector as a whole finds itself in a somewhat unenviable position in the process of transformation. The large number of variables playing a significant role in creating a future South Africa makes strategic planning a difficult and risky exercise. The major political role players are disagreeing profusely on a future economic dispensation and the status of big business in such a dispensation. Furthermore, a large proportion of the generation which
is to provide the back bone of the future economy is uneducated and unemployed, while the provision of training and job opportunities has become, although essential, a major drain on financial resources. Violence and unrest have a detrimental effect on foreign investments and business finds it hard to control the risk factors in the market place.

1.1.4 Status of CSI in South Africa

In 1991 the CSI field in South Africa is characterised by a number of distinctive features. In analysing the CSI environment, the following can be identified as typical characteristics of the field:

- The CSI field in South Africa is burgeoning and more and more middle-sized and small companies are becoming involved.
- CSI appears to be providing a third alternative - a compromise between capitalism and socialism.
- As Sullivan funding wanes with American withdrawal the slack is taken up by Afrikaans businesses.
- However much business spends it will never provide anything but "seed money" enabling black communities thus empowered, to carry on under their own steam. Alternative ways of utilising resources will have to be found.
- The phenomenon of Trusts and Foundations is becoming firmly established. It provides mechanisms for imposing separate managerial and financial disciplines upon the disbursement of CSI funds.
- Social "entrepreneurs" are growing in numbers. Not-for-profit, non-governmental organisations, launching and managing developmental initiatives, allow donors to channel funds into well-functioning enterprises.

70-75 Percent of all CSI funds go to educational programmes. In descending order of expenditure follow health and welfare, housing, art and culture and environment.

- CSI is becoming a strategic concern of business. The political and ideological aspects of project-funding become matters of serious debate and CSI decision-making has moved upwards in many boardrooms.
- Donors become directly involved in projects and non-financial
help is increasingly considered to be growing in importance.

- CSI is inevitably an Industrial Relations (IR) issue. Unions perceive CSI with suspicion and are ambivalent about accepting CSI money. Joint decision-making is on the negotiation agenda.
- Companies are beginning to see themselves as being inextricably enmeshed with their society rather than outside it.
- Very few companies communicate with their employees about CSI.
- Rural development is largely overlooked by CSI-programmes.

Together with the dynamic and ever changing socio-political and political realities in South Africa, the lack of trust and understanding between those who want to help and those who need to be helped in the South African society is probably one of the most explicit threats to economic equality in South Africa.

In a survey done in 1990 amongst black community leaders by Interface Africa (1990a : 2) comments constantly elected by respondents included statements such as "Business are the worst citizens of South Africa ... They do not care about the material needs of their fellow citizens. They have participated in and supported a crime against humanity". These comments illustrate an apparent ignorance about the way in which business functions and the way in which growth is generated, but it is still a view held by many influential leaders in South Africa and cannot be ignored.

Another key player in South Africa, organised labour, perceive CSI as propaganda for private enterprise; support for community activities drawn from worker profits (stealing money from the workers); an attempt to make capitalism work in a society where it is under threat and not contributing at all to fundamental change.

Business on the other hand is acknowledging the need for increased social involvement and several ad hoc initiatives are launched by individuals or alliances. Productivity and efficiency of resource allocations seem however, to be disregarded in an effort to please their identified target/interest groups. Paternalistic, sometimes ignorant views on CSI are still being tabled in board rooms and own interest appears to
be dictating in many cases.

If this is considered together with the unrealistic expectations held by the majority of black citizens (see chapter 3) for a post-apartheid society and the growth requirements of the economy, the scene is set for a new, innovative approach towards CSI which will facilitate economic growth and will allow for the utilisation of all available resources to the benefit of South Africa and all its people.

1.2 PROBLEM STATEMENT

To become a strong participant in the world economy and especially the African economy, South Africa needs to address the issues prohibiting real economic growth aggressively and without delay. One of the major problems facing this country is the socio-economic status of the majority of its citizens. Unemployment figures are rising exponentially as more and more people are retrenched and less job creating new businesses are founded. More than half the adult population is functionally illiterate while by far too many children of school-going age are running the streets with no contribution to make in the creation of a future South Africa. Population figures are increasing at an alarming rate. According to the South African Institute of Race Relations (SAIRR) (1992: 5), 50 percent of the black and 89 percent of the white population is already urbanised with rural-to-urban migration still taking place while a lack of adequate accommodation in the cities has become a serious problem. Violence and disruption of all social infrastructures has become a real threat to personal safety in many cases.

All the above tendencies eventually contribute to the most alarming statistic of all: at the present GDP growth rate the number of households below the poverty line was already 42 percent in 1991 and is still growing (SAIRR, 1992: 1).

The call for redistribution of wealth is therefore not totally unjustified and should not be discarded as merely a socialistic slogan. For conventional market powers to rectify inequality will take time - time South Africa does not have. The redistribution of wealth in a fair and just manner therefore remains a high priority for the success of a future
South Africa. However, even if all available wealth in South Africa is redistributed equally amongst all, the underprivileged will not be relieved from their misery. It is therefore essential to redistribute the opportunities to create wealth rather than to redistribute wealth itself. A substantial increase in the economic growth rate must however, be achieved in order to fund the process of providing opportunities for individuals to become self-sufficient and economically active.

In an effort to achieve both these objectives, a dualistic economic system to replace the variation of capitalism currently employed appears to be gaining support amongst all stakeholders in the South African economy.

Without having to debate the different economic models, it is clear that an apparent contradiction derives from a simple, dualistic economic system. To ensure economic growth, entrepreneurs are to be encouraged to develop their enterprises. Incentives to encourage them, are however, almost unaffordable if the bulk of the wealth created by them is to be employed for the socio-economic upliftment of the underprivileged society.

One of the very few possible solutions to the problem is to become more productive in the allocation and utilisation of all resources available in South Africa. It implies inter alia the co-ordination of socio-economic development initiatives in a major national strategy to ensure optimal effectiveness and efficiency. If this could be achieved, the need for intervention by the state to redistribute assets and profits could be minimised, providing that an integrated approach is followed by responsible businesses whereby all opportunities provided by normal business processes are fully utilised to create jobs and wealth for more people. If succeeding, this strategy could safeguard the essentials of a free market economy as well as fulfilling the socio-economic needs of the country.

Although the corporate sector in South Africa has been active in social responsibility activities and community development for a number of years, an evaluation of the corporate sector’s involvement reflects that,
with the exception of a few leading organisations, most corporations do not view such involvement as an integral part of their strategic business strategy and either undertake it for philanthropic reasons, to illustrate its good citizenship - or because they consider it a legitimate vehicle to promote their business interests. Tax relief motives are sometimes the sole reason for involvement. By integrating company strategy and community needs, the interests of both parties could be solved optimally.

This research paper is therefore an attempt to develop an integrated approach, taking all variables and contradictions in the present-day South African society into consideration, towards effective and efficient corporate social involvement as required for economic survival in a non-apartheid South Africa which will inevitably follow on the post-apartheid era in which the country finds itself since 2 February 1990.

1.3 STUDY OBJECTIVES

The objective of this study is to establish the need for reconsidering existing CSI-practices and to define the role CSI could play in strategic management. In doing so the study attempts to develop and refine an integrated model for CSI in South Africa with a non-apartheid society as premise. To achieve this objective the following goals were identified:

1. To provide an overview of the development of CSI from the early industrial revolution to the present-day South Africa with specific emphasis on the South Africa scene.

2. To identify all the relevant role plays in socio-economic development in South Africa in an effort to evaluate their relevance for a future dispensation and to determine the specific nature of their interaction in an integrated CSI approach.

3. To appraise the socio-economic and socio-political realities in South Africa since 2 February 1990 while identifying the threats and opportunities it offers to the CSI-function in a non-apartheid society.
4. To analyse the different elements of an integrated model for CSI, the relative inter-relationships and intra-relationships applicable to these elements and the importance of an holistic approach towards CSI on micro as well as macro levels.

5. To develop an integrated CSI-model for a South African Corporation, using Gencor Ltd as an example of a typical conglomerate of companies.

1.4 RESEARCH METHOD

Since the emphasis of this study is on the South African scenario, very little has been published to provide adequate reference material on CSI in South Africa. CSI has not been acknowledged as a self-sustaining discipline in management science yet, and has thus not been researched with a view on the development of a management model for exclusive application in national and multi-national conglomerates.

Much of the research done is therefore based on experience in the workplace, interaction with a wide variety of practitioners in the South African CSI-field and the results of market surveys done by external agencies.

Since CSI is so closely inter-related to political development in South Africa, it is an extremely dynamic field which is changing on a daily basis. The involvement of foreign role players such as development aid programmes by European governments and potential investors in South Africa as well as the increased involvement of the state in socio-economic development, which is once again confined to the government of the day, are factors essential to this study. These are, however, impossible to research in any other way than personal observation, critical evaluation and analysing of relevant practices, initiatives and developments. Where applicable, survey research has therefore been done, relying predominantly on unstructured personal and telephonic interviews and literature studies of recent articles and press releases by CSI-practioners or business leaders.
1.5 SCOPE AND LIMITATIONS OF THE STUDY

The main objective of the study is to develop and refine an integrated management model for CSI. It is therefore no attempt to research the history and nature of CSI, the factors influencing the development of CSI up to now or the dynamics of the socio-economic needs of the South African society. Neither is it an effort to analyse business management practices or South African business ethics in any event.

The study is therefore limited to an analysis of the present day need for reconsidering the existing CSI-practices and, taking all relevant factors into consideration, to develop an appropriate CSI-model for a non-apartheid South Africa. These factors include the different role players influencing CSI, the current and future socio-economic environment in which corporations are to operate and the individual elements that should be integrated to develop an approach toward CSI that will serve as a management model for corporations that are economically active in South Africa.

It is also clear that several critical issues regarding CSI remain unaddressed in this study and should be researched in further studies. These include the measurement of the success rates of CSI-programmes; the role of business in a normalised society with a first world self-sustaining economy in operation versus its role in a third world economy relying on external aid for survival and the role of business in the facilitation process and dialogical intervention in community participative development.

This study, as indicated, does not attempt to address these issues although the necessity for the mentioned critical issues to be incorporated in a CSI-strategy is implicated throughout the study.

1.6 STUDY PLAN

To ensure the achievement of the well-defined study goals the study will be categorised to address the key factors and analyse the appropriate data required to develop a management model for CSI.
The individual role players, their inter- and intra relationships, their relevance to the CSI discipline and their specific dynamics in the socio-economic development process will set the scene in chapter 2 and identify the population groups CSI-functions must consider in strategic planning.

The environment in which these role players are operating will be analysed in chapter 2 in an effort to create an awareness for the complexities CSI has to deal with and a sensitivity for the ambitions and aspirations of the individual role players. Since South Africa is in an indisputable transitional phase with regards to social, economical and political dispensation, it implies a very dynamic and ever-changing environment that requires a flexible CSI-policy. To pin down the scope of the study it is therefore imperative to also define a socio-economic scenario for South Africa in a non-apartheid, post-transitional phase, based on the indicators available in the current dispensation. This is, however, a difficult if not a risky task and only broad assumptions will be defined in chapter 3 to provide the guidelines within which a CSI-strategy can be formulated.

Given the role players and the socio-economic environment in which CSI-management takes place, the process to develop a management model, including policy and strategy, is being addressed in chapters 4 and 5. The different elements of an integrated approach towards CSI are being identified and analysed in chapter 4. The data obtained will be utilised to develop such an integrated approach towards CSI, taking cognisance of all relevant stakeholders, the environment and the dynamics of the process involved. In chapter 5 the individual elements are put together to formulate a CSI-management model for a South African corporation. In conclusion, the question is asked in chapter 6 as to where CSI is heading in South Africa, given the political, economical and social realities within which CSI-companies have to operate.
CHAPTER 2

STAKEHOLDERS IN CORPORATE SOCIAL INVOLVEMENT IN SOUTH AFRICA

INDEX

2.1 INTRODUCTION 2-18

2.2 MAIN AREAS OF INVOLVEMENT 2-19

2.3 RESOURCE DOMAIN 2-21

2.3.1 Primary element 2-21
  2.3.1.1 Government sources 2-22
  2.3.1.2 General public 2-26
  2.3.1.3 Private sector 2-27
2.3.2 Secondary element 2-32

2.4 IMPLEMENTATION DOMAIN 2-36

2.4.1 Government organisations 2-36
2.4.2 Non-governmental organisations 2-38

2.5 RECIPIENT DOMAIN 2-39

2.5.1 Social needs 2-40
2.5.2 Economic needs 2-42
2.5.3 Socio-political needs 2-43

2.6 SUPPORT DOMAIN 2-45

2.6.1 Academic fraternity 2-45
2.6.2 Private consultants 2-46
2.6.3 Service organisations 2-47

2.7 CONCLUSION 2-48
CHAPTER 2
STAKEHOLDERS IN CORPORATE SOCIAL INVOLVEMENT IN SOUTH AFRICA

SYNOPSIS

All stakeholders with a vested interest in a stable and prosperous South African society resulting in an optimal environment for unfettered economic growth, have a distinct influence on corporate thinking with regards to social involvement.

These stakeholders are categorised in four main areas of involvement, reflecting the respecting functional phases of the multi-faceted socio-economic development process in which each stakeholder is operating.

The investors in development find themselves in the resource domain from where capital, knowledge, expertise and support facilities are made available. The primary element of this domain, providing its available resources from own sources, includes local and foreign governments, the general public and the private sector. The secondary element provides similar resources, but use external financial resources on behalf of primary investors. Included in this element are state subsidised and state funded initiatives and private institutions such as churches and academic institutions.

The implementation domain from where development initiatives are initiated and implemented, include several agencies directly involved with development on an operational level and NGO's, focusing on specific needs in society.

The recipient domain can be defined according to the needs of society. The social, economic and socio-political needs determine the nature of the activities in the recipient domain and dictate the application of resources from other domains.

The expertise required by the development process is not always vested in people directly involved with development. The support domain therefore provides ad hoc resources as and when required and
comprised inter alia statutory institutions, professional consultants, academics and researchers.

In developing an integrated approach towards CSI, the dynamics between the different stakeholders in the identified domains, the purpose of each role player and the support each could render to the other are of utmost importance. Duplication and conflict in interests result in wasted energy and resources - a luxury South Africa cannot afford.
CHAPTER 2
STAKEHOLDERS IN CORPORATE SOCIAL INVOLVEMENT IN SOUTH AFRICA

2.1 INTRODUCTION

Considering the purpose of CSI as defined in chapter one of this study, the development and maintenance of a socio-economic and socio-political environment in which business has to operate is regarded to be the prime aim of CSI. To succeed, all the architects of this environment must therefore be recognised and taken into consideration in developing CSI programmes. Included are political organisations (extra- as well as intraparliamentary); alternative socio-political organisations; opinion leaders; labour unions; church and cultural organisations; development organisations (governmental as well as non-governmental); the business community, its employees, shareholders and client base and, most important, the members of the broader society themselves. In short, all stakeholders with a vested interest in a stable and prosperous society resulting in an optimal environment for unfettered economic growth will influence corporate thinking on social involvement.

Even though at first sight therefore, CSI simply appears to be a transaction between the corporate sector and recipient organisations in the different spheres of the development field, it would be irresponsible to disregard the dynamics of the socio-political and socio-economic processes taking place in South Africa and the impact of the different CSI stakeholders on these processes.

Although CSI has been the subject of much debate over the past decade very little systematic attempt has been made to include this broad range of political and social role players in the debate. To a large extent the debate was especially conducted without the opinion of the people CSI is ultimately supposed to benefit. This glaring omission justifies a thorough analysis of the character and spirit of these groups and a study of their inter and intra relationships. In developing an integrated approach towards CSI, proposed policies and strategies should
subsequently include the views and aspirations of all the different stakeholders.

2.2 MAIN AREAS OF INVOLVEMENT

Socio-economic development is a multi-faceted process with several well-defined functional phases. As a rule a specific actor will accept responsibility for only one of these phases, although some role players find themselves active in more than one facet of the process.

The first phase of the socio-economic development process is the field of the investors in development. It is the resource domain, often referred to as grantmakers, from where capital, knowledge, expertise and support services are made available for development. This domain has a primary element, which provides its available resources from own sources as well as a secondary element providing similar resources, but using external financial resources on behalf of primary investors to implement their programmes.

The second phase of the process entails the implementation of development initiatives. The role players active in the implementation domain include the agencies directly involved with development on an operational level and non-governmental organisations (NGO's) focusing on specific needs in society. Grants and donations from the resource domain are often the only source of income for the activities in this domain. Members of the resource domain are, however, increasingly getting involved in the implementation field as well, although some services are extremely specialised and non-specialists will seldom be able to successfully introduce and maintain the relevant programmes.

The recipient domain includes the traditional needy communities and community based grassroots organisations and represents the socio-economic and socio-political needs of society at any given period in time. The success of any development programme should therefore be measured in terms of success in this domain. The application of resources is dictated by the needs of the recipients and providers of resources can not disregard these in their own strategies. The latter is
not entitled to prescribe the utilisation of resources unless it coincides with the real priority needs of the society as expressed by the recipient bodies.

Most of the above role players from time to time need the expertise of certain specialists not involved in the development field on a full time basis. A support domain, comprising statutory institutions, professional consultants, academics and researchers, therefore provides services and a data base without which development could not take place. The support domain often facilitates complicated development processes, brings major role players together and provides the required unbiased dimension to the process.

The main areas in which the role players are involved are presented diagrammatically in figure 2.1.

Figure 2.1. Diagrammatic presentation of the main areas of involvement of the major role players in CSI-SA

Source: Own research

The stakeholders in the individual domains represent certain specific constituencies or interest groups. A role player and its interest groups are not always in harmony and it is often necessary to consider the views and opinions of the relevant interest groups in developing strategies for involvement by the role players themselves. An outreach program managed by academic staff of a university may for instance
consider a school building to be a priority for a certain rural community while the community itself prioritises the development of water resources. A company may invest in a new pre-school facility for its employee-children while the labour union representing the employees prefer the company not to retrench any more employees, rather than spending money on school facilities. A local government body controlled by a specific political party may face the conflicting options of either staying within the policy of the party or implementing measures that will benefit the majority of its followers.

2.3 RESOURCE DOMAIN

Since the issue of CSI deals primarily with the resource domain and its relationships with other role players, the dynamics of this domain need to be thoroughly analysed. As mentioned before the members of the resource domain can be categorised in two sub-domains i.e. a primary element and a secondary element.

2.3.1 Primary element

Three major role players represent the main body of this element of the resource domain and by virtue of the vast constituencies they represent and the power vested in the resources they hold, these role players are - from an institutional point of view - perhaps the most dominant in the development field. The bulk of the financial resources available for development in South Africa derive from Government sources - both local and foreign - and although the broader public is considered to be the origin of Government resources, the government is ultimately responsible for managing these resources on behalf of the public. The individual members of the general Public are also contributing directly by means of financial resources or through time and expertise offered to voluntary service organisations. The third member of this element, the Private Sector, is making its contribution via a variety of alternative initiatives, some of which are created and maintained by themselves.
2.3.1.1 Government sources

Local government

The creation and maintenance of the social infrastructure and services in any society are generally considered to be the responsibility of the State although support from external sources are often required to develop and maintain essential programmes. The South African government is expected to invest between R10 milliard and R20 milliard in development during the 1992/93 financial year.

To fulfil this perceived duty of the State, a range of statutory structures such as regional and local government bodies and welfare organisations are traditionally created to facilitate the services rendered by government departments. The South African Government, in addition to the above, also established its own parastatels - development agencies such as the Bantu Investments Corporation, later called the Corporation for Economic Development and currently operating as the South African Development Trust Corporation (STC). As part of a decentralisation policy, all the self-governing regions (Kwandebele, Kangwane, Lebowa, Gazankulu, Qwaqwa and Kwazulu) and the so-called independent states (Transkei, Bophuthatswana, Venda and Ciskei) also established their own Development Corporations.

In addition development agencies such as the Industrial Development Corporation (IDC), the Small Business Development Corporation (SBDC), the Development Bank of Southern Africa (DBSA), the S A Housing Trust (SAHT) and others were established over time. The latest of these is the Independent Development Trust (IDT), established by a government grant in 1990. The majority of these institutions, however, operate in the secondary element of the resource domain or in the implementation domain, acting as development agencies for the State.

The perceived inability of these structures to successfully address the developmental needs of South Africa led to the De Loor report which will be published soon. Several shortcomings in the current dispensation are emphasised by the report. The most important of
these are the duplication that occurs and the unco-ordinated ad hoc implementation of development initiatives.

The inability of the government to manage, control and co-ordinate the huge number of institutions and organisations spread over three levels of government is considered to be an important critical issue in development.

Figure 2.2 illustrates the complexity of the existing institutional framework for development within the government. This complexity can to a large extent be blamed on the government’s policy of separate development.

Figure 2.2 Existing institutional framework for the Government’s contribution to development

Source: Own research
Foreign governments

Ever since 1948 when "apartheid" policies were adopted by the National Party who came to power in that year, South Africa found it difficult to gain external support for the much needed social development programmes required to sustain its ever growing population in spite of the elaborate institutional framework built by the central government.

Furthermore, many of the Government's development initiatives were fundamentally based on their segregation policies and thus not acceptable to foreign governments. Hence the apparent paradox of a major shortage in school facilities for black children while foreign governments refuse to invest in classroom facilities.

This apparent lack of support for Government initiatives, especially from multi-national business and foreign Governments, had a distinct political rationale since the legitimacy of the so called "Apartheid Regime" was questioned by the relevant institutions. Along with economic and other sanctions also came an unwillingness to participate in any joint social venture with the South African Government.

Even some local companies, in an effort to position themselves, joined their multi-national colleagues, leaving the government practically in isolation in yet another dimension of its governmental task. As a result of this isolation process and the declining economy since the late 1970's, the government has fallen behind in providing the essential infrastructure and services while only limited support was offered from other members of the resource domain. Where resources were actually available, statutory bodies found it difficult to get access to the deprived communities, since the communities rejected Government intervention as illegitimate.

The significance of this process as one of the so called pushing factors contributing to the eventual decision of the South African Government to commence with their radical reform process as announced on 2 February 1990, although not quantifiable, should not be underestimated.
The South African Government's relationship with foreign governments also changed dramatically since 2 February 1990 with a subsequent increased willingness from their side to invest in social development in South Africa. In the years preceding this historic event, the foreign aid mainly came from limited embassy budgets, US Aid and the Kagiso Trust, established and maintained by the European Community.

For many years foreign governments funded projects which they believed were working towards peaceful change and social justice in South Africa. All of these, however, functioned within very specific parameters, only supporting the so-called alternative organisations or people's organisations and institutions publicly declaring their disassociation with the South African Government and government supported structures. The majority of these programmes focused on institution building, education and social justice. In addition, major development aid programmes outside South Africa were undertaken by some governments. These include funding for external graduate scholarships and non-degree training, the development of institutional linkages and research in Southern Africa. Micou (1990c:15) in her research done for the Institute of International Education listed brief descriptions of the activities and guidelines adopted by thirteen different foreign embassies involved in socio-economic development in South Africa since the 1980's.

The extent to which foreign concerns invest in the socio-economic development of South Africa is unfortunately not known since information in this regard is considered to be confidential. Newspaper reports recently speculated that the actual monetary figure of foreign support is far less than generally accepted. However, since much of this support went to so-called alternative organisations and institutions which are not liable to report in public, the impact of foreign support is difficult to assess. Bonbright (1993 : 1) speculates that approximately 12 percent of the social spending (excluding government sources) in South Africa is contributed by foreign concerns.
2.3.1.2 General Public

The general public is an important contributor towards the maintenance of the social infrastructure in society. The bulk of the public's contribution is made indirectly via the various tax structures in use. This contribution is entrusted to the state for responsible allocation to social and welfare services, educational programmes, developmental initiatives and maintenance of society.

A distinct privileged section of the general public, i.e. the shareholders of companies are also contributing substantially towards companies' CSI-programmes, as large corporations usually deduct their CSI-budgets from the profits made by the company before shareholders' dividends are allocated. They are therefore sacrificing some of the return on their investments for this purpose. This is yet another indirect way of contributing towards the social welfare of the country.

Many individuals as members of the general public are, however, offering their time, energy and experience to become involved in selected NGO's. The majority of the NGO's in South Africa are not only controlled by volunteers, but also rely heavily on voluntary workers to execute their strategies. The National Cancer Association, for example, employs approximately 40 000 voluntary workers during their annual information and fund raising drive, the "Toktokkie" campaign.

Direct fund raising aimed at the general public, has become a major industry in South Africa since the early 1960's. It is estimated that approximately 74 percent of the total budget of R10 billion raised for philanthropic purposes - excluding government sources - has been contributed directly to various charities by the South African public during 1991. However, this is an area almost completely untapped by NGO's. Going by patterns in other countries with more reliable data, it is reasonable to assume that half of the total amount of R7.4 billion flows to religious organisations.

This division of charitable income between individual contributors and institutional donors is not unlike that of the USA, where 89 percent of charitable income derives from individuals, with only 11 percent from...
corporations and foundations (Bonbright, 1993: 5).

Various innovative fund raising schemes have been developed and implemented to encourage the public to contribute towards worthy causes. Ithuba, Red Nose Day, Viva Trust, Going for Gold (Operation Hunger) and Isambulela Trust are examples of well-known, imaginative national campaigns making use of the electronic media, mass fun, scratch cards, competitions, telephone-computers and related facilities.

Fundraising has become a professional career during recent years and the professional fundraisers of South Africa established the South African Institute for Fundraisers (SAIF) in 1986 to represent the interests of the industry.

In a declining economy while the socio-economic needs of society are increasing exponentially, a decrease in individual contributions is, however, inevitable. It is therefore not a reliable resource and many charities have to develop a multi-faceted fundraising approach to include more than one resource.

On a more substantial scale, several family trusts, local as well as foreign, have been established to facilitate relief programmes for the needy. These trusts are usually run by boards of trustees and funded by specific individuals/families or bequests from such individuals or families.

2.3.1.3 Private sector

The Private Sector - both local and multi-national - has been contributing towards socio-economic development for many years with motives varying from self-centred marketing incentives to a sense of responsibility and a sincere exercising of its corporate citizenship.
Foreign companies

Foreign companies often contribute via established multi-national Trusts or Foundations. During the years of disinvestment many of the companies left the country, leaving their CSI-programmes behind to focus especially on social justice and black advancement. The Sullivan Code which was introduced in 1976 by Rev Leon Sullivan, made development aid to black people in South Africa compulsory for all American signatories. Social spending thus became the norm for all foreign companies operating in South Africa.

Micou (1989a : 30) listed at least fourteen USA-related Corporate Trusts involved in South Africa, focusing on projects to promote change towards a non-racial democracy. Some of the better known Trusts are the Ford Foundation, Kellogg Foundation and Mobil Foundation, recently renamed Energos Foundation. Many foreign investors, especially those not disinvesting, never considered it necessary to establish Foundations or Trusts. American companies such as Eli Lilly maintained dynamic CSI-programmes from their local headquarters right through the years of disinvestment. Several European companies followed the example of their USA counterparts and are still playing a substantial role in the socio-economic development field in South Africa.

The extent of the contribution by foreign companies is, once again, difficult to establish since information in this regard is considered to be confidential. In South Africa, contrary to the USA, information on CSI need not be made public and available information is hard to verify.

Local business

As far as local companies are concerned, CSI was historically left to the mining houses, large corporations, the media and some enlightened business houses. This has, however, changed substantially over the last couple of years. An initial groundswell of goodwill has matured into the focused and structured CSI thrust of the nineties with a clear aim: to help build a better future for all.
Business and Marketing Intelligence (BMI) published a survey on "The role of business in education and training in South Africa in the '90's" (BMI, 1991) which found that South Africa's corporate sector spent an estimated total of R840 million (8 percent of the total spending on development, excluding government sources) on social upliftment programmes during the 1990/91 financial year. This figure was confirmed by the Innes Labour Group (Innes Labour Brief, 1991: 3) who stated that CSI spending by South African companies had risen from R100m in 1982 to R200m in 1985, R500m in 1987, R600m in 1988 and R800m in 1990. By the end of the decade, the 35 largest business concerns, which supply 51 percent of the private sector's contribution were disbursing anything between 2 and 5 percent of after-tax income (0.5 - 1 percent of pre-tax profits) - about the same as their US counterparts. The bulk of this money has been voted for educational projects. It must, however, be stressed that financial assistance is only one of several resources made available by private companies.

Community engagement by the private sector has thus become a growth industry despite the more serious economic recession since the 1980s, unfavourable taxation and the disinvestment of some 500 foreign subsidiaries. (It was claimed in 1989 that American retraction alone had meant a loss of up to R100m in social responsibility funds released in South Africa.)

It is, however, also true that several surveys by independent market research companies (Interface Africa, 1990b; BMI, 1991; Innes Labour Brief, 1991) exploded the comfortable corporate myth of CSI as a relevant and vital intervention in the broader South African society as seen by black political and community leaders. According to these studies, the fundamental issue to the representatives of the black majority of South Africa is rather the political implications of CSI, the underlying premises and intent. The perceived motivations inherent in CSI-programmes, especially during the period of liberalisation, has led to a profound mistrust of corporate motives by extraparliamentary groups and individuals. Rather than an implicit acceptance of CSI, a deeply ingrained suspicion is aroused (Interface Africa, 1990b: 15), since it is seen as:
a direct response to increased pressure emanating from the labour unions and political organisations within the country and the sanctions lobby abroad

a marketing/public relations tool to enhance the corporate image and bolster profits

an attempt to win cudos with the disenfranchised masses and their leaders, thereby ensuring the corporate sectors own long-term interests in a post-apartheid society.

Businesses on the other hand, enhanced this perception through burgeoning debates about free enterprise as against socialism, paternalistic top-down development policies and a perceived insensitivity for the limitations of the social structures in many communities. Although the slogan "development with the people and not for the people" became popular during the late 1980's, very little of this has been put to practice.

Since 2 February 1990 when the State President of South Africa announced his government's intended reform process, the socio-political emphasis of CSI-programmes, no matter how well intended, is once again perceived as furthering their own hidden agenda. This extraparliamentary ambivalence to the corporate sector is reinforced by the latter's perceived refusal to adopt a clear political stance while claiming that their CSI-programmes do address the issue. Although many companies have for the first time been forced to openly support reform during a highly publicised and controversial, yet all decisive referendum on 17 March 1992, CSI is still perceived to be a substitute and justification for avoidance of overt political involvement in social and development issues. The so-called "alternative movements" are still claiming that business is using CSI for diverting attention from the political nature of certain business practises such as union-bashing and mechanisation.

It is, however, also true that a new breed of CSI-practitioners developed within South Africa since the mid 1980's. CSI managers accept that they have to gain benefit for their companies through socio-economic development programmes, but justify the latter in terms of stability in the socio-economic environment which is considered to be a pre-condition for
a growth economy. They also agree that the competitive edge between CSI-companies is not vested in the size of the individual budgets, but rather in the creativity and innovation applied in implementing development projects and programmes. A great deal of co-operation and sharing of information therefore occurs between many companies.

During September 1980 Gencor, through its CSI-programme, the Gencor Development Trust (GDT), for example, made an effort to establish an informal CSI-network. Seventy-five representatives, mainly from the PWV-area, attended a workshop to discuss the feasibility of such a network. One hundred and thirty seven additional companies also indicated an interest in the initiative. Although consensus was reached on the need for such a mechanism for co-operation and communication, the practical implications are still to be worked out. Meanwhile Warner Lambert initiated a similar attempt in Cape Town for companies based in the Western Cape. This initiative is considered to be a reasonable success especially from a communication point of view. In Johannesburg a core group of the larger private concerns and representatives of several foreign embassies are meeting regularly on a monthly basis.

The aim of these initiatives is to share information on different development initiatives, thereby saving energy and time during the appraisal process, and to share CSI successes and failures in an effort to accelerate the socio-economic development drive in South Africa.

Although CSI-companies have successfully co-operated on a more formal basis with the creation of the Urban Foundation (UF), the Consultative Business Movement (CBM) and more recently (during 1991), the Private Sector Initiative (PSI) for which R500 million had been collected and which led to the establishment of the Joint Education Trust (JET), the most successful joint ventures were implemented on an informal level where grassroots community development projects are jointly supported by CSI-companies. Co-operation between the private sector and several labour and political groupings has also been illustrated for the first time in the development field with the creation of the PSI.

The majority of CSI-practitioners representing major companies, strive to be pro-active and solution orientated. However, an increasing number of
requests and appeals are received every year. The GDT registered just over 14 000 new applications during 1991 and all indications are that this figure could be doubled during 1992.

Two important interest groups the corporate sector cannot ignore in developing their individual CSI-programmes, are the shareholders and the employees of the company. The expectations of the shareholders whose profits are ultimately used for CSI-programmes and the needs of the employees as defined by their labour unions or other representative bodies, are often in conflict. If the perceived needs of the recipient domain are furthermore considered and if it is accepted that many of the acquisitions of extraparliamentary groups with regards to the intentions of CSI-companies are true, CSI-practitioners find themselves torn between the demands of their various interest groups. A very specific, focused approach is therefore required and effective communication becomes an important element of CSI.

In general it could be stated that CSI departments are understaffed, overworked and crisis driven. All too often it is restricting the creativity and innovation required to be successful in modern day CSI - South Africa.

2.3.2 Secondary element

The secondary element of the resource domain concerns the institutions and organisations involved with socio-economic development, making use of the expertise and knowledge vested in them, but drawing from the financial sources in the primary resource domain. Examples already mentioned are state subsidised or fully funded organisations such as the IDT, headed by Mr Jan Steyn, the different Development Corporations in self-governing and independent states and service orientated development agencies such as the IDC, SBDC, DBSA and the SAHT.

According to press releases the IDT has allocated R2 billion, dispersed R700 000 million and unlocked an additional R1,45 billion from other sources since its inception in March 1990.

The IDC's 1991 balance sheet shows total funding of nearly R5,4 billion and an operating income before tax of R466m. This is not surprising if it
is considered that the Corporation was already established in 1940 and is holding considerable stakes in Sasol, Mossgass and others. The SBDCs capital and reserves were R659 million by the end of 1990. Since it's conception in 1981 strong participation by the private sector safeguarded the SBDC against becoming a politicised bureaucratic empire. The DBSA, founded in 1983, employs in capital R4 811 million, development fund R2 901 million, capital market loans R994 million and development loans R4 234 million, 1992 figures (Financial Mail, 1992 : 26-28).

Apart from these parastatels and statutory bodies, several less formal and smaller private institutions are active in the secondary resource domain. Amongst them are churches and initiatives based on religious principles; universities and specific outreach programmes from individual faculties; concerned organisations raising funds for development work in South Africa and various others. Many of these are foreign concerns, although local organisations and institutions are also pulling their weight. In the United States of America alone 45 church-related groups, maintaining 247 projects in South Africa, have been identified (Micou, 1989b : 3). Thirty one different USA support organisations are raising money for South African causes (Micou, 1991a : 2) while 126 USA colleges and universities are involved in 761 different initiatives in the country (Micou, 1988 : 3). The aim of most of these initiatives is to facilitate change. In addition seventy-five USA Foundations are funding 341 programmes in South Africa (Micou, 1990a : 2).

A similar exercise could be done for Europe and South Africa itself. Suffice, however, to indicate that the secondary resource domain makes a substantial contribution to the pool of resources available in South Africa. Even primary resource domain role players sometimes create their own secondary institutions to concentrate skills not readily available within its own structures. The UF, established by several private sector companies in a joint venture and Kagiso Trust, funded by members of the European Community, are typical examples.

Partly because of the dynamics of global popular support for the ANC-led campaign to isolate the South African government, the 1980's saw European governments (and some other international donors) seeking to legitimise their funding for positive social change through credible and
independent South African leaders and institutions. The three best known, and largest, are the already mentioned Kagiso Trust, the Southern African Catholic Bishops Conference (SACBC), and the South African Council of Churches (SACC), which collectively channelled R436 million rand from foreign sources in 1991 - mostly for the European Community, but also from Japan, church-related development agencies, private philanthropists and anti-apartheid solidarity organisations (Bonbright, 1993 : 3).

A number of other foreign donors have sought to South Africanise significant aspects of the grant making process with respect to their grants in South Africa. Interfund channelled some R24 million in 1991 for a consortium of Scandinavian, British and Canadian funding agencies that themselves access both private and public funds. The Cape Town-based Social Change Action Trust and World University Services have developed carefully considered grant programmes depending entirely upon skilled South African professional staff under the governance of senior South African trustees and advisors who serve in a voluntary capacity. At least three new South African trusts have been set up to extend this trend by raising funds from international and local sources to channel for social development: the Matla Trust (voter education), the Phumelo Foundation and the Pula Foundation (Micou, 1991b : 2).

To be comprehensive, we should add the local bursary agencies that channel foreign funding, including the Equal Opportunities Council, the Education Development Trust, SAIRR and a number of others should be added. Collectively, in 1991 they award foreign-sponsored bursaries valued at R40 million (Bonbright, 1993 : 3).

According to Bonbright (1993 : 3) this category of South African philanthropy is literally at the interface between South Africa and the $50 billion annual global "aid industry". The staff and trustees of these institutions have the near impossible task of mediating between local needs and demands for development finance and the public international development agencies. Until now, because of wide international support for the anti-apartheid struggle, South Africa has been able to obtain extremely favourable terms from foreign funders. As the country moves into the post-apartheid era, the challenge is to shift the direction of this funding towards sustainable long term development without losing the right
and the ability to define locally what development means.

The 1980's saw the creation of at least 20 independent grantmaking trusts by mostly American corporations, and most often as an element in their disinvestment from South Africa. The best known of these are:

- the Energos (formerly Mobil) Foundation (Engen)
- the Equal Opportunity Foundation (Coca Cola)
- the Human Resources Trust (Xerox)
- the Hexagon Trust (Union Carbide)
- the Reiger Park Trust (Cynamid).

These grantmakers are distinguished from CSI by their independence from the corporations that created them but which, in many cases, continue to be their sole source of funding. Collectively (and excluding the JET) these trusts make annual grants in the range of R40 million. Their staff and trustees have accumulated a wealth of experience in grant making for development over the past five years and, together with the full-time CSI practitioners, constitute the core of professional philanthropy in South Africa (Bonbright, 1992 : 4).

The resource domain, excluding government, can according to Bonbright (1993 : 6), be summarised as follows:

- direct foreign funding
- independent local channels of foreign funding
- CSI
- independent channels of local funding
- government funding
- corporate-created independent grantmaking trusts (foundations)
- media lotteries and games of chance
- individual giving.

Many of the secondary resource domain role players are also active in the implementation domain.
2.4 IMPLEMENTATION DOMAIN

The number of active roleplayers in the Implementation Domain has increased at an unbelievable rate since 2 February 1990. Both local and foreign resource funds are becoming more readily available and opportunists see the undisputable socio-economic needs of South Africa as a golden opportunity to be exploited for personal enrichment. The responsibility to prevent fly-by-night operators from redirecting development resources into their own pockets rests with both the resource and recipient domains.

In spite of this tendency, the implementation domain developed over time into one of the most effective and best researched industries in the world. South Africa receives credit throughout the world for being at the forefront as far as appropriate development technology is concerned. The roleplayers in the implementation domain could be divided into two categories: Government initiatives and NGO's.

2.4.1 Government organisations

The Government organisations in the implementation domain include the development corporations in the self-governing and independent states within the boundaries of the SA-TBVC countries (South Africa, Transkei, Bophuthatswana, Venda and Ciskei). Although some of these can be seen as secondary resource role players - vehicles for the distribution of Government funding - the grassroots development initiated and implemented by the development corporations within their individual geographical areas can not be disregarded. Even though the corporations have been accused of extreme paternalism and a lack of successful community empowerment through their initiatives, a substantial number of jobs have been created and much has been done to improve, amongst others, the quality of life of deprived rural communities.

Other service departments of the Government also contribute directly to socio-economic development although, to a certain extent, on a more reactive basis than the development corporations. The role of for instance the Departments of Health and Population Development, Development Aid
and others deserve to be mentioned. The Department of Education and Training (DET) could also be considered a member of the implementation domain. The building of schools, provision of books and other equipment and allocation of teachers to schools provide an important service in communities.

However, as with many government bodies, the above members of the implementation domain suffer from a lack of acknowledgement and recognition by the communities they are to serve and very little cooperation is offered by the recipients of services and aid.

A little further removed from the Government, but still perceived to be part of the so called "establishment" are the tertiary education institutions and their outreach programmes. Almost all academic institutions are entertaining institutes, bureaux or programmes aimed at socio economic development. Some of the better known and most successful initiatives of this nature include the Institute for Natural Resources of the Natal University, RAUCALL of the Rand Afrikaans University, Institute for Advanced Education of the University of Port Elizabeth and several community health projects by Medicos at Medunsa. The programmes are often scientifically well founded and executed with the help of senior students and academic staff.

A lack of funds, however, is a major constraint since no state subsidies are offered for outreach programmes. Recipient organisations are often suspicious that these programmes are primarily research orientated and not directed towards the real needs of the communities. Leaders therefore sometimes discourage members of their constituencies to employ these programmes since they refuse to be the guinea pigs of the "establishment".

Another group of implementation role players who are traditionally so heavily subsidised by the Government that they as well suffer from a lack of perceived legitimacy is the National and Local Welfare Organisations. Numerous national councils for almost all physically and mentally disordered people have established themselves over the years. They are, however, seen to be inclined to favour the needs of whites and not spending the bulk of their resources in the black communities where the greatest needs are. Apart from the lack of support by the communities
they have to serve, several other problems hamper these organisations. Very often the conflict between national councils and their regional and local associations are counter-productive. This conflict is often the result of poor leadership and a lack of consensus on role definitions. Managerial expertise is often lacking and politics play an increasing role since the reform process commenced. Several individual organisations have opted to sacrifice their government subsidies in an effort to reposition themselves politically and should therefore rather be seen as NGO's.

In spite of all these constraints, the welfare infrastructure in South Africa is fairly sophisticated and well equipped. Major changes will, however, be required during the transitional phase in the South African history and thereafter.

2.4.2 Non-Governmental organisations

Probably the most effective and efficient implementation domain roleplayers are the numerous community driven NGO's operating on the grassroots levels of society. The Rural Foundation, African Co-operative Action Trust (ACAT), Read, Educate and Develop (READ), Operation Hunger, Get Ahead, and several others are but a few of the NGO's focusing on specific needs in the socio-economic sphere. A major shortcoming in this area, is the unco-ordinated fashion in which programmes are driven, often leading to a duplication of resources and facilities. One of the aims of an integrated strategy for CSI would therefore be to integrate the services rendered by the individual NGO's, assisting them in reaching synergy in their own efforts.

The corporate sector established and maintain several organisations such as the UF, the PSI, and, in a joint venture with the Government, the SBDC, IDC and others to act as their implementors in the development field. Many of these, however, are due to political and economic circumstances not as effective as could be expected.

Certain programmes initiated by individual companies such as the Sunflower Project by Murray & Roberts, are considered to be very successful, although on a smaller scale.
The members of the implementation domain share one major problem. Due to the absence of appropriate institutional structures, capable of accepting full responsibility for sustained development in their relevant communities, recipients of assistance and aid very often become dependent on the implementation organisations rendering a service to them.

The communities therefore never accept full responsibility for their own development and development agents have to remain involved, utilising scarce resources which are in fact needed to commence self-sustaining projects in other communities.

These organisations very often have to work under difficult circumstances in remote areas where infrastructure and support services are non-existent. Appropriate technology (not always the most productive) are employed more often than not and financial resources are limited. Language barriers exist in some remote areas and the development agencies are often understaffed. Progress is therefore, in most cases, slower than what is needed.

The implementors of the development process tend to enhance the tendency of communities to remain dependent since hardly any effort is made to identify, educate and maintain an institution building process on grassroots level. Skills development rather than institution building often constitutes the entire human resource development module of the development process - a strategy that derives from the old saying: "Give a man a fish and you satisfy his hunger, teach him how to fish and he will never be hungry again". Unfortunately the man must also be taught to solve problems related to fishing. He needs to know how to solve, manage and overcome the problems in his everyday life himself.

An holistic, integrated approach towards development should therefore start with an institution building process, empowering the recipient communities.

2.5 RECIPIENT DOMAIN

Abraham Maslow, in his needs hierarchy, identified physiological needs, safety needs and association needs as the basic requirements for quality of life (Hersey & Blanchard, 1979: 30-50). The recipient domain deals
specifically with these needs of man. However, even the higher order needs, esteem and self-actualisation, are important in the creation and maintenance of a stable society. All of these, therefore, are to be found in the spectrum of needs of recipient communities.

The recipient domain dominates the entire socio-economic development process, although it could be considered the most unstable domain in society. The socio-economic needs and priorities of people are changing on a regular basis as they enter and leave the domain. Several external factors such as the economy, nature and politics have an influence on the state of the recipient domain at any given time. The strategies of all other role players are therefore dictated by the needs as defined by the role players in this domain.

It is, however, critical to establish who the legitimate representatives of the members of the recipient domain are. Many well intended and potentially successful programmes were marginalised due to the inability of leaders to achieve a mandate from their constituencies for accepting the programmes. Conflict amongst community organisations such as the Civic Associations and the National Education Co-ordinating Committee (NECC) and their political counterparts often jeopardises the development effort. Depending on the nature of the aid and assistance required, the members of the recipient domain could be divided in three distinct categories: those with social needs, those with economic needs, and those with a need for socio-political development. These needs should, however, never be seen in isolation since programmes to address the needs are integrated and multidisciplinary.

2.5.1 Social needs

The social needs of communities are usually concentrated in the fields of education, housing, health, social services, security and quality of life. Many of these are of course related to the economic inability of communities to develop or sustain the required facilities, but as can be seen in the socio-economic analysis to follow in chapter 3, even communities with financial resources often experience a severe need for social facilities in their communities.
Included in the quality of life needs of people is the drive to conserve nature and the environment, to develop and foster cultural needs, to create a healthy community social life, opportunities for sport and recreation and to establish a pride in membership of society.

The educational needs of the South African society varies from functional literacy training to advanced academic education and from pre-school stimulation to adult education. The so-called "lost generation", thousands of children who dropped out of school as a result of political circumstances and who are now unemployed and uneducated, poses a major challenge to those involved in education.

Since the scrapping of the influx control legislation in 1984, a major urbanisation process resulted in the migration of thousands of people from rural to urban areas. Squatter camps appeared over night and people are living in the most appalling circumstances. Housing emerged as one of the country's priority social needs. As a result of several efforts by the State, the IDT, SAHT and the UF, the process of land development and urban planning improved substantially over recent years. At the moment the most critical aspect of the housing issue is a lack of financial facilities for potential low-cost home owners to buy their own property.

Together with the intensive urbanisation process and enhanced by economic decline, the health care facilities and services in South Africa deteriorated over the last few years. Funds are scarce, hygienic conditions in some townships very poor, population increase out of hand and Acquired Immune Deficiency Syndrome (AIDS) spreading at an alarming rate while the inequality in the rendering of medical services has not been addressed yet. Organisations such as the Community Health Association of Southern Africa (CHASA), the Unity Health Forum of the African National Congress (ANC) and several professional and private initiatives are addressing these and many other related issues.

The different statutory bodies rendering welfare services in communities are at present all experiencing a shortage of funds and people and many disabled people, street children, old people, and socially deprived people are not receiving the care and attention they require. Certain changes in the social habits of South Africans also contribute to the increasing need
for social services. Children are not, as was traditionally done by certain ethnic groups, prepared to take care of their elderly parents and parents are thus not prepared or available to take care of their grandchildren any more. Both modern day fathers and mothers are working, leaving children to themselves. With AIDS entering society, fears of the disease results in the rejection of Human Immuno Deficiency Virus (HIV) carriers by their communities and funds for hospice facilities are lacking. Hospital facilities can not cope with the demand for their facilities and staff are underpaid and overworked.

Violence is almost unavoidable in any society in transition from one political dispensation to another, especially if political transition is accompanied by a severe economic recession. South Africa is no exception to the rule and unemployment, poor education and social inequality led to a serious threat to the safety of citizens. Although difficult to achieve, peace is considered to be a pre-condition for economic growth and stability in society.

The above-mentioned are only a few of the many social needs society has to address in an effort to maintain the economically active population of the country and, in the process, stabilise society.

2.5.2 Economic needs

Many of the social and socio-political needs of society derive from inadequacies in the economic sector, leading to extreme poverty in a vast proportion of South Africa's population. However, the most essential economic needs of man include the need to earn an income, to eat and drink and to protect and shelter himself and his dependants.

The biggest threat to stability in the South African society during the period of transition to a new political dispensation is the declining economy accompanied by an extremely high level of unemployment. The majority of unemployed people are also uneducated and have had no skills training. A lack of income leads to malnutrition, crime and, perhaps most importantly, loss of self-esteem and dignity. These are all social causes of the problems which need to be addressed, but job generating projects and the development of small and medium sized businesses in the informal
sector are essential for development and growth. Several major projects by the IDC and others, for example Mossgas, have been developed at an extremely high capital investment cost, but measured in terms of permanent job opportunities created, these projects were less successful. More labour intensive development projects are required to address the problem. The closing of a single gold mine could neutralise all the efforts to date to create more jobs through industrial development.

A national job retaining strategy will have to be adopted to bring about a positive score on the employment balance sheet.

A variety of feeding schemes, varying from soup kitchens for street children to elaborate schemes by organisations such as Operation Hunger, are joined in an effort to feed the victims of poverty and unemployment. Although it is often the intention to teach the recipients to fish rather than to give them fish, reality has it that these people are often living so far from the fishing waters that they simply cannot survive without direct support. Many rural communities, especially in the drought stricken areas are also experiencing a shortage of drinking water and several water supply schemes are implemented to solve the problem. These are the very basic needs of people - problems deriving from poverty.

Many people without employment end up finding it difficult to feed their families and often these families lose their homes or families urbanising find it impossible to obtain a home. The number of people in South Africa having to find shelter in shacks and squatter huts is increasing at an alarming rate. In 1991 the number of informal shacks exceeded the number of conventional houses by approximately 20 percent.

The lack of self-esteem associated with economic and financial problems is generally underestimated as a factor in an individual’s effort to make a contribution to the economy of the country. Those in need of self-esteem building and personal development should, therefore, be prioritised.

2.5.3 Socio-political needs

The socio-political needs of members of the recipient domain derive from a political dispensation within which many community leaders never had
the opportunity to develop sophisticated leadership and management skills. These skills are essential not only in the community life, but also in business. Black advancement programmes and equal opportunity programmes in companies apparently had very little impact. Only since 2 February 1990 did political freedom on and the realisation that a new political dispensation will follow on the other, urge community leaders, employers and employees to equip the important role players for the challenges and demands lying ahead.

Within the workplace, employers were prepared to allow the shop stewards of unions to organise their members in work time while being paid by the employer. Extensive programmes for returning exiles, leadership development and training for youth leaders, mass movement leaders and political leaders, and with the help of overseas concerns, development programmes for potential managers through in-service training at companies in the USA and Europe, were introduced to help develop the human potential of the country.

Organisations like the Institute for Democracy which has been founded by Dr Oscar Dhlomo to train the politicians of the future, and others like the SAIRR which is doing research and survey analysis on the political realities of the South African society, depends to a large extent on financial support from the corporate sector for survival.

A cry for social justice is also often heard from the black majority in South Africa. Rectifying the so-called wrongs of the past, rather than one-introducing black advancement, affirmative action or equal opportunity and acceleration programmes, has become a popular concept. What was previously considered to be paternalism is now redefined as rectification measures.

Although the private sector - local and foreign - contributed substantially towards pressure groups lobbying for legislative changes to discriminatory laws and measures such as the Group Areas Act and influx control, these issues have become less relevant since the political reform process commenced on 2 February 1990.
The fluctuating situation in South African politics, however, often demands direct involvement from the private sector in party politics - ANC leaders wanting to attend the Davos summit in Switzerland but not having funds; National Party peace initiatives requiring financial support or the Conservative Party needing money to maintain the "Suid-Afrikaanse Buro vir Rasse-aangeleenthede". The private sector seldom gets involved in direct political funding but, if considered to be of strategic importance, CSI-facilities are often employed to do this.

2.6 SUPPORT DOMAIN

The support domain is a body of expertise and experience, the members of which are not only involved in socio-economic development, although the skills they hold are often employed to facilitate and enhance the development process.

Once again, these support domain role players can be categorised in three distinct groups: the academic fraternity, professional consultants and service organisations founded to make expertise and knowledge available.

2.6.1 Academic fraternity

Since early days the academic institutions in South Africa are considered to be the centres of knowledge and together with the Human Sciences Research Council (HSRC) and the Council for Scientific and Industrial Research (CSIR), almost all comprehensive research and relevant data collection in South Africa were conducted by these institutions. With the financial pressure put on tertiary educational institutions through rationalisation programmes and a decrease in government subsidies, the involvement of academics in socio-economic development, especially as far as applied research and appropriate technology are concerned, increased substantially.

As is the case with any other discipline, the socio-economic development has to be based on scientific principles, verified by research and the fundamentals of the science. In this regard Economics, Applied Economics, Social Science and the Management Sciences are specifically
playing an important role while appropriate technology as developed by the engineers and related sciences provide an essential technical resource.

Research programmes are often geared towards specific elements of the development field and the information made available by these programmes is of great value for practitioners. Representative examples are the work done by Ann McKinstry Micou for the Institute of International Education in New York and the experience gained by the Institute of Natural Resources at the Natal University.

This sector of the support domain could, however, become more relevant and make a more substantial contribution in future. A major paradigm shift will be required though. As South Africa moves into a new social order, the emphasis will probably also shift from high technology to survival technology. With it the academic institutions will have to change their own emphasis as well.

2.6.2 Private consultants

Private Consultants play a major role in the socio-economic development field. Consulting groups such as BMI, Interface Africa and Integrated Marketing provide a constant flow of information on public opinion, needs analysis and perceived priorities through surveys conducted into these issues. As indicated before, CSI-strategies are dictated by the needs of the recipient domain and the intelligence provided by such surveys on issues like housing, education, small business development and others, is therefore essential in developing a CSI-programme.

Since the development of people and empowering of communities require a great deal of training and development, private consultants provide a very important support mechanism with specialised training packages and development programmes. NGO's and recipient communities often need training ranging from basic management principles for field workers and community leaders to the most advanced and sophisticated management techniques to run multi-million organisations or local and regional governments.
Together with training programmes, strategic planning and awareness programmes are significant interventions, securing the investments made by the resource domain through appropriate organisation development and proper strategic management. Consultants are employed to sensitise recipient communities for this need and to facilitate the development process. They often play an important role in analysing the needs of recipients accurately and in developing appropriate development programmes. Consultants, therefore, often act as the agents of their employees from the resource domain.

Of course, the expertise of professional consultants is often used to provide technical detail for specific development programmes. Educationalists, sociologists, agriculturists and other technical professional are always required to ensure a high standard in every programme implemented.

2.6.3 Service organisations

Service organisations established to render a supportive service to inter alia development activities could be statutory institutions such as the CSIR or HSRC, private initiatives with a philanthropic motive, sometimes affiliated to specific political groupings and sometimes - although not often - with a profit motive. Several examples can be quoted. The Farmers Foundations, built on a concept called Agrilink and the Development Resource Centre are typical philanthropic initiatives borne out of an intense awareness of the magnitude of the problems facing black small farmers. Plan-Act and the Rural Advice Centre on the other hand could be considered sound support mechanisms driven by a specific political ideology.

These service organisations provide expertise and knowledge direct to grassroots organisations and communities and act as agents for these communities in fundraising and support mobilisation. Holistic planning and integrated development are propagated by them and often the extrinsic potential within communities are unlocked by these service organisations.
2.7 IN CONCLUSION

Although the individual domains are not always clearly ring fenced and the relationships between members are sometimes very complex as illustrated in figure 2.3, every single role player identified in this chapter is making a very specific and substantial contribution to the socio-economic and socio-political development process in South Africa.

Figure 2.3 Summary of the role players in CSI in South Africa

Source: Own research
The private sector, being but one of the major role players, stand in a distinct relationship to each one of the other stakeholders and its strategies and programmes are influenced by their thinking, priorities, successes and failures. In developing a CSI-programme, it is therefore imperative to take cognisance of the abilities, capacities and short comings of every single role player contributing to the whole picture. The diversity of the influences dictating CSI-programmes, as seen in figure 2.4 often places tremendous strain on CSI-infrastructures and requires specialised management.

**Figure 2.4 External influences affecting CSI-programmes**

*Source: Own research*
The specific relationship between state controlled and statutory role players and alternative organisations is at present very dynamic and changes almost on a daily basis. With a new political dispensation likely to develop from the negotiations currently taking place, a new government will probably be a popular choice with much more legitimacy in the eyes of the majority of the population. It will empower the government and related institutions in their development efforts, but at the same time there should be no illusions with regards to the economic realities that will face any new government in South Africa.

Although the stakeholders in the South African society are thus changing, the needs of the recipient domain will probably increase even further in future and will not simply be solved by political reform processes.
AN INTEGRATED APPROACH TOWARDS CORPORATE
SOCIAL INVOLVEMENT IN A NON-APARTHEID SOUTH
AFRICA

CHAPTER 3

AN ANALYSIS OF THE SOCIO-ECONOMIC AND SOCIO-
POLITICAL REALITIES IN SOUTH AFRICA AFTER 2
FEBRUARY 1990 IN A NON-APARTHEID SOUTH AFRICA

3.1 INTRODUCTION 3-54

3.2 UNDERDEVELOPMENT - A REALITY 3-55

3.3 DEVELOPMENT AND THE RECONSTRUCTION
OF SOCIETY 3-57

3.4 SOCIO-ECONOMIC REALITIES OF SOUTH
AFRICA 3-59

3.4.1 Violence and destabilisation 3-59
3.4.2 Demographic analysis 3-60
3.4.3 Employment 3-63
3.4.4 Education 3-64
3.4.5 Urbanisation and housing 3-68
3.4.6 Living standards - the real socio-economic
issue 3-70

3.5 SOCIO-POLITICAL SCENARIO 3-74

3.5.1 Statutory structures and its alternatives 3-74
3.5.2 Civil society 3-79

3.6 SOCIO-POLITICS AND SOCIO-ECONOMICS 3-84

3.7 CONCLUSION 3-85
CHAPTER 3

AN ANALYSIS OF THE SOCIO-ECONOMIC AND SOCIO-POLITICAL REALITIES IN SOUTH AFRICA AFTER 2 FEBRUARY 1990 IN A NON-APARTHEID SOUTH AFRICA

SYNOPSIS

The future of business in South Africa is inextricably linked to the welfare of the communities in which they operate. Depending on the extent to which firms can construct and implement a strategy which actively contributes to reconciliation and reconstruction, both business and the community can benefit from CSI.

Development can, however, only be successful if all parties involved accept co-responsibility for the outcome of the development process. Therefore CSI must become an integrated, inclusive process, involving the communities it strives to benefit.

Underdevelopment has become a reality in South Africa. Unemployment and low productivity, limited educational opportunities and a perceived poor attitude towards work led to a decreased standard of living and deterioration of quality of life.

Development is generally conceptualised as a process of directed change leading to economic growth, political autonomy and a broad basis of social reconstruction. The lack of a capable social infrastructure, however, is a major constraint in the process of development. CSI should, therefore, focus on both the socio-economic and socio-political dimensions of the development process.

The socio-economic realities of South Africa dictate the direction of the CSI-process. Violence and destabilisation are perhaps the most counter-productive of these. However, violence should be seen as the result of a destabilised society and not the cause thereof. An extremely high population growth rate, low employment, inadequate education, poor housing and urbanisation are all contributing to the perceived socio-economic crisis South Africa is experiencing at present.
Economic growth, redistribution of the opportunities to create wealth, a re-think of the spending of state revenue together with the more productive allocation and utilisation of all available resources will have to receive urgent attention if the socio-economic needs of the country are to be addressed constructively.

The socio-political dispensation in South Africa is typified by the high level of sophistication and measure of resources available in the statutory structures controlled by government in contrast with the lack of capacity and resources in the alternative structures founded by the community. The alternative structures, however, are perceived to be legitimate by the black majority while statutory organisations, on the other hand, find it difficult to gain access to the recipient domain.

The ideal would be to bring about synergy between all the different stakeholders, utilising the resources vested in each to the benefit of all. In doing so, a new civil society, empowered to protect itself against any unwanted external intervention, could be established. Capacity building through people centered development, will ensure the establishment of a strong civilised society with the inherent ability to sustain itself.

CSI-programmes can make a substantial contribution towards creating a new civil society through investment in socio-economic development and facilitation of integrated development processes, and the empowerment of the local and regional social infrastructure.
CHAPTER 3

AN ANALYSIS OF THE SOCIO-ECONOMIC AND SOCIO-POLITICAL REALITIES IN SOUTH AFRICA AFTER 2 FEBRUARY 1990 IN A NON-APARTHEID SOUTH AFRICA

3.1 INTRODUCTION

For many years the South African society has been typified by an unequal distribution of political power and material wealth in favour of the white minority. Many explanations have been offered as to why the development of the "apartheid" policies were necessary, mostly in search for an understanding of the complexities of the South African society. In the process race relations in South Africa have been strained beyond the breaking point and a violent and hostile society has been cultivated. For very long the black majority of the country's population had very limited, if any, say in the legislative matters ruling their every day lives. The so-called struggle for freedom and liberation therefore intensified over the years and the pressure build up as the political energy generated within the black communities was contained by firm political and social control measures introduced by the exclusive white government. Black unions, political parties and pressure groups were forbidden while pass laws, restriction on trading areas, the group areas act and job reservation for whites only were inter alia introduced.

The power and control over the destinies of whole communities were vested in the hands of authorities outside these communities. Since they had limited say in their own economic, social and political affairs, the communities rejected much of the assistance offered to them by the authorities controlling their lives. Only when control has been returned to the communities and they have accepted full responsibility for their own development as well as the consequences of their own actions, can co-ownership and partnerships on an equal basis develop between the different stakeholders. Joint ventures will ensure that development initiatives are driven by real socio-economic needs and sustained by the real owners of the process - the people who stand to benefit (Visagie, 1991 : 14).
To understand the dynamics of the socio-economical and political processes in South Africa - a prerequisite for steering a CSI-programme to affectivity and efficiency - it is essential that an analysis be undertaken of the economic situation, the demographic realities, the need for reconciliation and reconstruction, and the status of the social infrastructure supporting development in this country. The outcry for "social contracts" from individual socio-political leaders needs to be assessed and an effective strategy to address these issues must be defined.

3.2 UNDERDEVELOPMENT - A REALITY

Economic and socio-economic factors are contributing substantially to the state of underdevelopment threatening the South African society during the transition from one political dispensation to another. During the years of economic and political isolation the local industries to a large extent focused on internal needs and requirements, such as the huge arms industry which has been developed to support the defence forces during the war in northern Namibia. What was once a major advantage for South Africa - its relatively cheap labour force - lost its competitive value since competition on the world markets was not possible. Labour unrest and demands by organised labour further contributed to the development of a strategy by industrialists to focus on technologically advanced processes and techniques rather than labour intensive methods. A dependency on foreign, labour-saving technologies developed with an ever-decreasing investment per capita as a result. The subsequent low labour demand, together with a growing labour supply, led to increasing unemployment and underemployment in the country since 1991.

The high labour supply in South Africa is enhanced by externally introduced mortality control and extremely high fertility, a natural tendency amongst low income societies. Unemployment again, leads to low labour-force productivity and low income, poor health and malnutrition amongst citizens, and a poor attitude towards work which further enhances low productivity.
Low income furthermore contributes to limited education and educational opportunities, inadequate managerial skills and, therefore, also impacts on productivity. The entire process becomes a self-destructing sequence of events, all intended to make the economy survive but not succeeding in increasing labour productivity and individual income.

Although it therefore initially appeared as if South Africa would survive the economic sanctions posed on her, it soon became clear that it was only the momentum of an initially strong economy and the inherent energy in local industries that carried the economy over the short term. The damage done to the economy now appears to be far more severe than initially thought.

As a result of the declining labour productivity and low individual income, the standards of living of individuals and whole communities are rapidly decreasing and the quality of life of all citizens is still deteriorating. Large sections of the South African society live in absolute poverty with insufficient access to life-sustaining goods and no means to purchase those. Health, education and other social services are insufficient and low motivation levels and poor attitudes towards life are unavoidable. In comparison with other nations life as a South African is perceived to be unsatisfactory and even unacceptable by the majority. The transfer of international material values together with low motivation and poor attitudes cultivated a society with a low self-esteem, lack of own identity, dignity, respect, honour and pride. Very little recognition is ever experienced and over time a willingness to be dominated and to be dependent developed.

The low standards of living make the country extremely vulnerable in terms of the economy, technology and culture. A general sense of limited freedom of choice and freedom from external influence and dominance is already established in the South African society. This feeling is of course enhanced by the low self-esteem of the nation and reflects further on the dynamics of the international power relationships in which the country is currently involved.
In this state of underdevelopment in which the majority of the people in the country exist, it is natural to find almost no opportunity to make decisions on material gain, leisure, contemplation or lifestyle, resulting in limited control over their own quality of life. Simultaneously, their lives are dominated by external influences in terms of trade and technology, education, values and norms, resulting in limited control of their own destinies. This in itself can only enhance the already existing poor self esteem of the South African society.

If this analysis of the socio-economic dilemma of South Africa is viewed with the demographic realities of the country, the magnitude of the challenge facing CSI and other development initiatives is clear.

3.3 DEVELOPMENT AND THE RECONSTRUCTION OF SOCIETY

In spite of three decades of intensive development research, numerous problems still exist in the concept of development. The majority of disciplines dealing with the development problem depart from an overwhelming Western ontological, epistemological and methodological basis. As a result the Third World has never really fallen within these disciplines’ field of study (Coetzee, 1989 : 6-7).

Development is generally conceptualised as a process of strategically directed change leading to economic growth, political autonomy and a broad basis of social reconstruction (Varma, 1980 : 15). Social reconstruction as an over-arching concept makes provision for principles such as freedom, equality, fraternity satisfaction of basic needs and a general process of community growth. In all this, the improvement of the human condition is held to be the underlying motivation. The advancement of human well-being as an ultimate goal is often given such a prominent position that the gradual erosion and even destruction of existing social structures happen unnoticed.

In the South African context, this very same lack of capable social infrastructure is considered to be a major constraint in the way of development. The ability of local communities to administer their own
development processes is limited and therefore not really contributing to the reconstruction of society.

The perceived lack of legitimacy of the official local authorities in so-called black communities together with the limited resources available to the alternatives structures which has never been tested for representativeness, re-inforces this limitation.

Until recently very little has, however, been done to empower local communities through capacity building programmes. The major focus of development was aimed at the socio-economic needs of society, rather than the socio-political dimension of the development process.

Development can only be effective if the two forces driving the process - socio-economic needs and socio-political reconstruction - are receiving attention, as indicated in figure 3.1. Since the latter has been neglected to a large extent and most of the resource domain's energy was focused on the socio-economic development, the capacity within needy communities to accept full responsibility for their own development, has never been developed. Hence the perception that CSI-money is often dumped in a bottomless pit. Communities were expected to accept ownership for the product of social investment programmes without the opportunity to empower themselves through the process of development.

Fig 3.1 The forces driving community development

Source: Own research
The socio-political dimension of development comprises a process of progressing from talk shops, through a phase of power play between different role players to dialogue which leads to social reconstruction and legitimacy while the socio-economic dimension deals with the physical infrastructure and services required to facilitate development.

The socio-economic and socio-political parameters within which development in South Africa should take place provide the guidelines for any sincere development effort. This is especially true for the period of transformation prevailing in the country at present.

3.4 SOCIO-ECONOMIC REALITIES OF SOUTH AFRICA

3.4.1 Violence and destabilisation

Mass actions and boycotts have been the only weapon of the extraparliamentary groups against their perceived oppression and social exploitation since the National Party came to power and implemented its apartheid policies. Frustration and dissatisfaction were expressed through a display of solidarity and co-operation. The conflict mode in which the government and these groups found themselves often dictated the process of interaction between them. Aggressive resistance against suspension of mass actions often led to bloody riots and violence. Unemployment, a declining economy and increasing political frustration enhanced the intensity of public unrest and disruption. Sporadic outbursts of violence for reasons varying from protest against Afrikaans as language of tuition in 1976 to objection against self-governing territories and its governments which led to a massacre in Ciskei in 1992, resulted in almost a whole generation of young people hardly attending any school or educational institution.

Since the historic speech of president FW de Klerk on 2 February 1990 when the political opposition of the government was unbanned and released from jail and the negotiation process commenced, the black majority of South Africa's population broke free from their perceived restricted society with a dramatic increase in conflict and public protest.
against the "system" introduced by the establishment. As political rivalry developed, the ANC and Inkhatha - with primarily Xhosa and Zulu supporters respectively - entered a period of bloodshed and violence aimed at each other. The government's police and defence forces are often blamed for being responsible for the conflict (as was the case in an incident in Boipatong during September 1992) and a so-called "Third Force" is speculated to be involved in promoting the violence. Expressionists in the black community became more militant and retaliatory activities resulted in a sequence of senseless murders aimed at railway commuters, taxi wars and violent attacks on hostels and from hostels in communities. The public display of traditional and often not so traditional weapons became part of the powerplay political and socio-political roleplayers engaged in since the commencement of the liberalisation process.

Violence is at present destabilising the South African society to such an extent that a culture conducive to crime and violation of the law is being fostered. Competition for access to resources and political power together with perceived deprivation and the effects of apartheid as the main causes identified by political and community leaders for an unstable society. Not only are all development efforts jeopardised by this unfortunate situation, but all hopes for economic recovery through new foreign investments and local business confidence, are crushed in the process.

The National Peace Accord, signed on 14 September 1991 by most of the major political and socio-political leaders in the country and the appointment of the Goldstone Commission in 1992 are considered to be extremely sincere efforts to restore peace and tranquillity in society. Towards the end of 1992 very little success has, however, been recorded and violence and disruption continues on a daily basis.

3.4.2 Demographic analysis

The term "demography" was initially called "political accountancy" (Mostert et al., 1988 : 69). In South Africa this is perhaps a true reflection of the demographic realities of the country since many political decisions have been made in compliance with the geographical
distribution of the different ethnical groups represented in the population. At present the country is divided into nine development regions based on political factors and economic sustainability.

Since 1904 the South African population (including the TBVC-states) has grown from just over 5 million to 38 million in 1989 (NPI, 1991: 86). The population doubling time for the entire population is about 28 years at present (DBSA, 1992: 1) which means that South Africa’s population could grow to 80 million people within half a generation. Figure 3.2 illustrates the dilemma of a growing nation with the poor multiplying and the rich stabilising in numbers.

The 38 million South Africans need to make a living on 1,22 million square km - a population density of 31,2 per square km. However, in development region H, representing the PWV area, the density is about 290 people per square km and the doubling time only 22 years, not taking migration into consideration (DBSA, 1992: 1).

**Figure 3.2** South Africa's population (excluding TBVC-states with a population of 6,9 million in 1990)

![Graph showing population growth from 1970 to 2010](image)

*Source: Economist, 1992: 19 (adapted)*
The functional urbanisation rate of South Africa was about 66 percent in 1990 and has been increasing ever since. The average life-expectancy of South Africans at birth is 64 years while the infant mortality rate is approximately 49 per 1000 live births. The average fertility rate is 2.6 percent (DBSA, 1992: 1). It is also significant that two fifths of the black population are under the age of 14 and two-thirds under the age of 27 (Economist, 1992: 19).

Although the figures make interesting statistics it needs to be compared with the situation in other countries of the world if it is to be of any significance. In most first world countries (Europe, Australia, Japan and North America) the population growth rate has already almost come to a standstill while Africa, South America and others maintain a growth rate similar to South Africa's 2.6 percent (NPI, 1991: 87).

It is ironic that the growth rate is almost always the highest in the poor countries of the world. What is, however, relevant is the relation between population growth and the economic factors dictating the standard of living of people as indicated in Table 3.3

### Table 3.3 Relations between population growth and standard of living

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Population growth rate percent</td>
<td>3.3</td>
<td>2.9</td>
<td>2.6</td>
</tr>
<tr>
<td>Growth rate of people employed percent</td>
<td>4.2</td>
<td>0.7</td>
<td>0.1</td>
</tr>
<tr>
<td>Economic growth rate percent</td>
<td>5.8</td>
<td>3.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Increase in per capita income percent</td>
<td>2.5</td>
<td>0.9</td>
<td>1.6</td>
</tr>
<tr>
<td>Government spending and national income percent</td>
<td>15.0</td>
<td>19.0</td>
<td>23.0</td>
</tr>
<tr>
<td>Tax and national income percent</td>
<td>6.2</td>
<td>19.4</td>
<td>25.0</td>
</tr>
</tbody>
</table>

Source: Greyling (as quoted by Jordaan, 1991: 4)

Even more significant are the consequences of population growth and urbanisation. While the doubling time of the country's population is about 28 years, the population of the PWV area (region H) will almost triple in the same period of time. Since 1985 the population of this region has already grown from 6.1 million to 9.5 million (DBSA, 1992: 1).
To accommodate the increasing population, South Africa needs 400,000 additional houses per year. The effects of underdevelopment, however, disable individuals to buy their own homes and it is expected that about 2.8 million houses would be needed by the year 2000 to provide all families with homes of their own (Jordaan, 1991: 16).

3.4.3 Employment

Although the potential labour force of South Africa amounts to 16.5 million people, more than two million (15 percent) are officially unemployed. According to Sadie (Jordaan, 1991: 18), a further five million people are employed in the informal sector of the economy and have no job security. During the past fifteen years the average number of new jobs created decreased from 103,333 to 34,200 per annum. Schoeman (Jordaan, 1991: 18) calculated that the South African economy will have to grow at approximately six percent per annum to generate enough jobs to accommodate the unemployed. If compared to the 1989 growth rate of -0.1 percent (NPI, 1991: 79), this seems to be almost impossible.

In addressing the socio-economic needs of the country it should therefore be a high priority to involve the two million unemployed in economic activities, not only to encourage the generation of a personal income but also to enhance economic growth. Alternative opportunities will, however, have to be explored since, according to DBSA (1992: 1), the absorption capacity of the formal sector is only 48.7 percent.

From the perspective of the black majority it is perceived that equal opportunities in the employment market still do not exist. It is claimed that white bias causes disparity in the distribution of job opportunities. Some even claim that an integrated workplace frequently stops at the doors of the rest rooms and cafeteria and that "equal pay for equal work" is more a slogan than reality. Training programmes have been too small in number and too hard to get into. And most frequently, they note that progress up the corporate career ladder has been very slow for blacks. In 1989, according to the South African Department of Labour, of the 5.8 million blacks in the workforce only 4,400 were
in managerial positions and of that number only 570 were women (Holmes, 1991).

Another depressing reality of the South African labour market is the huge percentage male absenteeism in some areas. Family life suffers extremely since fathers and husbands often only come home once or twice a year. The lack of role models for young children and the poor influence of fathers have a detrimental effect on the development of a sound work-ethic amongst young South Africans.

3.4.4 Education

Education has become a fashionable "solution" to all South Africa's problems. When someone wants to do something for peace, he demands "peace education", for a clean environment, "ecological education and for responsible citizenship, "voters education". As a result education is offered to people in every age group, in every life situation and at every level of society. Toddler education, senior citizen education, school education, in-service education, special education for the retarded and the gifted, mass education and elite education are but a few of the many examples (Brezinka, 1981 : 2).

As far as South Africa is concerned, several additions could be added to the list: "freedom education", "affirmative education", "people's education", "alternative education", and "own education". Applying education in this popular fashion, however, does not solve any of the perceived educational problems of the country. These problems include:

- too high expectations with regards to education
- a substantial annual increase in the number of pupils
- unaffordability of education
- insufficient facilities
- under-qualified teachers
- educated unemployed people
- inappropriate curricula
- doubtful educational standards
• disparity in education.

South Africa is a nation of children with 50 percent of the black population being under the age of 21. Many of these children are not attending school and current facilities could accommodate no more than 16 percent to matric level. In addition the schools of the townships are smouldering with discontent. Amongst the adult population almost 50 percent are illiterate, 25 percent or more are unemployed and South Africa's productivity is amongst the lowest in the world (Langschmidt, 1989: 1).

Findings published in a report by BMI (1991: 111) titled "The Role of Business in Education and Training in South African in the 90's", shows that the private sector has put R550 million into education during the 1990/91 financial year. This figure represents a R297 million increase since 1987. Even with this increase to a level of 66 percent of the total private sector spending on CSI, the financial support for education is still insufficient and insignificant considering the need. The government's budget for education exceeded R15 milliard during 1992. R5,8 milliard of this budget had been spent on white education (Basson, 1992: 13). And yet, due to the young age structure of the South African society, an additional approximate R4,8 milliard will be required to bring about parity in education, according to the Department of Health and Population Development (Schoeman, 1992).

During the course of 1991, the private sector announced an initiative to involve several political and labour union organisations in a JET. R500 million has been allocated by several private sector companies for this programme. The JET will primarily focus on measures to bring about parity in education.

It is, however, significant that of all private sector spending on education, the lion's share is still spent on secondary and tertiary education, while the majority of children in South African never reach secondary levels of schooling as illustrated in figure 3.4.
Despite its higher education rate, South Africa is compared less favourably with Great Britain when it comes to attendance to universities - 7,8% compared to 7,3% - it is clearly a misleading figure in the local context. The education profile within the respective population groups (Calitz, 1992:18) indicates an unequal distribution of students amongst the different levels of education. Arguments for affirmative measures to bring about parity in education are based on the realities indicated in table 3.5, regardless of the causal reasons for the unfortunate situation.

Table 3.5 Education profile of the respective population groups (percentages), 1990

<table>
<thead>
<tr>
<th>POPULATION GROUP</th>
<th>Asian</th>
<th>Blacks</th>
<th>Coloured</th>
<th>Whites</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>None and unspecified</td>
<td>11,34</td>
<td>34,46</td>
<td>15,50</td>
<td>7,84</td>
<td>28,36</td>
</tr>
<tr>
<td>Primary</td>
<td>21,82</td>
<td>45,17</td>
<td>32,57</td>
<td>10,30</td>
<td>38,43</td>
</tr>
<tr>
<td>Secondary</td>
<td>60,33</td>
<td>19,79</td>
<td>48,88</td>
<td>56,41</td>
<td>28,68</td>
</tr>
<tr>
<td>Tertiary</td>
<td>6,51</td>
<td>0,58</td>
<td>3,05</td>
<td>25,45</td>
<td>4,53</td>
</tr>
<tr>
<td></td>
<td>100,00</td>
<td>100,00</td>
<td>100,00</td>
<td>100,00</td>
<td>100,00</td>
</tr>
</tbody>
</table>

Source: Calitz, 1992:4
Another challenge facing the government in this regard is the poor pupils/teacher and pupils/classroom ratios in black schools. Bot (1992 : 3) compares the ratios amongst population groups as indicated in table 3.6.

Table 3.6 Comparison of pupils/classroom and pupils/teacher ratios amongst race groups, 1991

<table>
<thead>
<tr>
<th>Race Group</th>
<th>Pupil/Teacher</th>
<th>Pupil/Classroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHITE</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>BLACK</td>
<td>40</td>
<td>47</td>
</tr>
<tr>
<td>COLOURED</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>INDIAN</td>
<td>20</td>
<td>28</td>
</tr>
</tbody>
</table>

Source: Bot, 1992 : 3

The surge for adequate pre-school education is just as highly prioritised by parents and educational authorities. While cultural traditions in the past provided for elderly black people to stay with their children when they grow old and at the same time accept responsibility for pre-school children when mothers and fathers are working, these traditions are changing and urbanised families do not have the luxury of "live-in child minders" anymore.

Since 1976 when the first mass action was launched with the education system as cause for dissatisfaction, education has become the focus point of the Black Conscience Movements and other political organisations. According to Mohajane (1986 : 5), chairperson of the Soweto Parents' Crisis Committee - which later became the Soweto Educational Co-ordinating Committee - the "student revolts of 1976 and school boycotts of 1980 heightened certain characteristics of student action that were to become an integral part of the students' rejection on the state education system ever since. The inadequacies of the State's racists educational system were seen as short term demands while the national struggle for liberation - and therefore the linkage to broader community and political issues - became an important element of the students' educational struggle". This perception led to the now famous slogan: "liberation now, education later".
As a result of the rejection of the educational system, an extremely aggressive and violent culture developed amongst radical elements of the school attending youth. Schools were burned down, teaching staff intimidated and long periods of school boycotting were orchestrated by the highly politicised youth. Teaching aids and school books were often destroyed or prevented from reaching the schools. During the most recent school boycotts (May 1993) pupils were protesting against examination fees and the delay in the process of forming a national education forum. Most alarming though, is the fact that even the leadership of the black political movements has to admit that students are not responding to authority anymore.

Against this background no renewal strategy for education - as announced by the government in 1991 - will be accepted unless all the stakeholders - parents, students, teachers and political roleplayers - are granted the opportunity to contribute to its development. Organisations such as the NECC and others have positioned themselves to represent the so-called deprived communities in the creation of a new education structure. Excluding them, even in the conceptual phase, will be detrimental.

Amongst all this, CSI-programmes have to find a niche to accelerate the process of educational development without leaving important stakeholders behind.

3.4.5 Urbanisation and housing

Already seven years ago De Vos (1987: 19) came to the conclusion that "... the housing situation in South Africa is indeed unique. The anomalous state of affairs in which simultaneous shortages and surpluses of housing are experienced is a direct consequence of the restrictions imposed by the Group Areas and Influx Control legislation on the natural expansion of residential areas, the downward trend in the economy, the lowering of real incomes and the decreasing demand for white housing".

Since the restrictive legislation controlling the migration of people has
been changed in 1991, the situation has, however, changed dramatically. Urbanisation on a large scale led to a major housing crisis in metropolitan areas. The ever-growing population and increasing poverty further contributed to the overnight appearance of squatter camps. The controversial decision by government to move people from squatter areas to "more appropriate" locations put the housing issue - as with almost all other social issues in South Africa - right in the middle of the political battlefield.

Several development agencies were established to focus on the urbanisation and housing issue. The UF, created by the private sector, initially aimed at the restrictive legislation and its urbanisation policies, while the SAHT emphasised provision of housing and the IDT embarked on a programme to service 100 000 sites within 3 years.

Although approximately 400 000 houses will have to be built every year until the year 1995 to address the need (SAIRR, 1992: 2), the ability of the building industry and the availability of land is not necessarily the limiting factor in the provision of affordable houses. The ability of prospective home owners in the low income category to buy their own houses is, however, a major obstacle. Low income wage earners do not receive subsidies from employers, do not have access to other sources of finances and are considered to be a high risk for banks and building societies. The issue is complicated even further by the history of rent boycotts and bond repayment boycotts as a means to express dissatisfaction with the services received and inequality in the allocation of land and facilities.

This issue of hostel accommodation and the redistribution of land also became highly politicised. Hostels are considered to be unacceptable by many political organisations due to the central role hostel dwellers played in political conflict and township violence during the last few years, but also because living standards in most hostels are considered to be appalling. Many employers strive to provide adequate facilities to enable their employees to buy their own homes and move out of the hostels. Organisations such as the Squatter Association of South Africa have the same objectives in mind, although they represent the unemployed people living in informal accommodation.
The Less Formal Township Establishment Act (Act 113 of 1991) and the Upgrading of Land Tenure Rights Act (Act 11 of 1991) passed by parliament in July 1991 gave full ownership rights to all people holding 99-year leasehold rights and allowed inter alia for the provision of basic services in informal squatter areas. These and other measures already made a substantial contribution to address the most pressing needs in the housing arena.

Once again, CSI-programmes have to find its way through this turmoil of political and economical realities in a society torn apart by its own historic development.

3.4.6 Living standards - the real socio-economic issue

Since apartheid was a political as well as an economic system, South Africa's black people were not only voteless during the era of apartheid. They were also poor. With political equality on the horizon, black economic expectations are, therefore, also very high. However, many are doomed to disappointment. Their dreams of prosperity will certainly prove harder to satisfy than their hopes for political rights.

The case for change is undeniable. It is true that some black politicians have raised hopes to unrealistic levels and some of their followers blithely imagine that economic rights are no different from political rights. But it is also true that by denying blacks equal political and economic opportunities and by restricting them to second-class jobs (with reference to job reservation as was found in the mining industry), apartheid ensured that they had less opportunities to create wealth than their white counterparts. Some redistribution of national income (as opposed to redistribution of individual earnings) is therefore unavoidable and remains a high priority for a future South Africa. A substantial increase in economic growth is, however, a pre-condition for these initiatives to be implemented successfully.

In an effort to achieve both these objectives, a dualistic economic system appears to be gaining support. Without having to debate the different economic models, it is clear that an apparent contradiction
derives from a dualistic economic system. To ensure economic growth, entrepreneurs are to be encouraged to develop their enterprises. Incentives to encourage them are, however, lacking if the wealth created by industry is to be employed for the reconstruction of society rather than for the growth of the industry itself.

One of the very few possible solutions to the problem is to become more productive in the allocation and utilisation of all available resources available. It implies, inter alia, the co-ordination of socio-economic development initiatives in a major national strategy to ensure optimal effectiveness and efficiency. Intervention by the state to redistribute assets and profits could be minimised, providing that an integrated approach is followed by responsible businesses to ensure that all opportunities offered by normal business procedures are fully utilised to create jobs and generate wealth for more people.

The poor, encouraged by their political leaders are, however, not looking primarily at economic growth to deliver their inheritance. Their vocabulary is full of words like "entitlement" or "redistribution". This is not surprising in a country where 86 percent of the land is reserved for the white minority, where dams were built for white farmers while blacks carried their water in buckets and where high-voltage cables taking electricity to white towns were strung above African's huts lit by paraffin (Economist, 1992: 19). In short, while South Africa is rich in minerals and agricultural land and while it has an advanced economy - at least by the standards of Africa - or although it is ranking above Argentina and Malaysia in income per capita, the country's wealth is concentrated among the few and poverty abounds. In 1980 it was found that 5 percent of South Africa's people owned 88 percent of the wealth (Economist, 1992: 19).

To improve the quality of life of the majority, however, is not an easy task and definitely not only a matter of redistributing wealth. Should the tax system be used to squeeze the "haves" to give to the "have-nots", it would undeniably reduce economic growth. In 1990 the South African government's revenue, mostly from taxes, already accounted for 30 percent of the country's GDP. All income tax is paid by 25 percent of the population (Economist, 1992: 20).
Privatisation appears to offer the prospect of some extra cash for the government, even if only as a once-off income. Over the years state intervention in South Africa has been strengthened by economic isolation. The state developed industries to mine steel, provide arms, produce fuel and electricity, often in an effort to replace imports hit by international sanctions. These could be privatised. The idea is, however, not popular with any of the candidates for a future government - for different reasons, though. Power remains the basis of political control and it includes economic power. The ANC is therefore rather obsessed with nationalisation rather than privatisation.

Borrowing is probably the easiest way of raising money, although sanctions lessened South Africa's ability to raise capital abroad. Economising is therefore a pre-requisite for economic survival and the state has a major challenge in that. It is, however, estimated that even with massive savings on military budgets and the ending of the duplicated bureaucracies that apartheid entailed, no more than 3 percent of GDP could be added to the 4 percent gleaned from extra revenues (Economist, 1992 : 20).

It is, therefore, clear that a new government - however popular and representative - will find it hard to spend much more on the mostly black poor, unless it spends a lot less on the mostly white rich and even then, it could hardly meet the needs of the black majority. The state already spends heavily on welfare, health and education. Welfare (pensions included) takes two percent, health 2,7 percent and education 6,2 percent of the GDP and adds up to more than 20 percent of the entire expenditure budget. If no racial discrimination is applied anymore, and even if spending on whites is lowered and that on blacks increased to the level of spending on coloureds, an extra 4 - 5 percent of GDP will be needed to make ends meet (Economist, 1992 : 19).

The inescapable conclusion is that if spending to improve the standard of living of all South Africans were to be equalised it could only be achieved at a pretty low level.
As an indication of the dilemma facing the government, figure 3.7 illustrates the vast differences in state spending on education.

In this regard statistics are, however, contaminated by the fact that remuneration of educational staff comprises the bulk of the expenditure budget and disparity in the qualifications of leaders at black schools are generally substantially lower than those of, for example, white teachers - hence the disparity in par capita spending.

Figure 3.7 Per capita expenditure on school pupils by race: 1991/92

![Bar chart showing per capita expenditure on school pupils by race: 1991/92](image)

*Source: Centre for Cognitive Development, 1993: 14*

To restrict the debate on the need to improve the quality of life of all South Africans to a mere racial argument, would be irresponsible. During the past five years the proportion of black households living in poverty was found to have diminished while the proportion of poor white households had increased (SAIRR, 1992: 3). The quest for economic growth therefore includes all South Africans.

Although parity between all population groups is essential in the state's expenditure budget and a certain measure of redistribution of state income is therefore unavoidable, the emphasis will have to be placed
3.5 SOCIO-POLITICAL SCENARIO

The current extremely fluent political situation in South Africa has catapulted the debate concerning the role of the private sector in the country to the forefront of the political process. At the moment business occupies the economic high ground by virtue of its role as the source of wealth and job-creation, while the extraparliamentary "left" holds the political high ground as the apparent heirs to the legacy of black resistance to apartheid. An holistic CSI-programme could be a means of facilitating the necessary synergy between the two sides.

3.5.1 Statutory structures and its alternatives

Since 1948 when the National Party came to power - and even before that - the political, economical and social control of South Africa was in the hands of the white minority. To administer and govern the social infrastructure in society, the government developed an institutional framework serving the perceived needs of all citizens (figure 3.8).

On a political level parliament culminated in a three chamber statutory structure with representatives of the white, coloured and Asian South Africans in three separate houses of parliament. Black South Africans were, however, not represented and not allowed to form any political party, but for in the independent and self-governing territories allocated to them as part of the central government's policy of separate development. On government level several national, regional and local structures were created to implement government policies and to orderly manage community life. Local structures in white communities were also politicised and although elections were held for black management councils in the townships, the participation by black people in elections was so marginal that very few - if any - of those bodies could be considered representative. The role of intimidation in these elections is, however, difficult to establish. Nevertheless, the
apparent rejection by black South Africans of the government’s effort to involve them in local politics while no intention of any similar involvement on national level was indicated, resulted in a diversified black society - those willing to participate (apparently the minority, considering the participation in elections) against those opposing the government's effort.

Even the "homeland" policy of the government, introducing self-government and independency to certain ethnical groups, was met with limited enthusiasm by the majority of the inhabitants of the relevant regions.

Figure 3.8 Statutory structures created by government

![Statutory Structures Diagram]

*Source: Hölsher, 1992b*

It is for quite some time already that the statutory structures, therefore, find it extremely difficult to be effective and efficient in exercising its duties. Boycotts, civil disobedience and even violence aimed at individuals contributed to unrest and disruption in black townships. Over time it became apparent that the majority of the people for whom these structures were created rejected the legitimacy of its authority and therefore did not provide a mandate for the functions of the statutory structures.

Since the economy entered a recession, lack of funds also hampered
the government's effort to manage the welfare and social infrastructure in society. The once mighty government machine is slowly but surely grinding to a standstill. Recent discoveries of fraud and unethical activities of government officials - including self-governing and independent state governments -, suggesting suspected murder and mismanagement of public funds, discredited the government even further.

As suggested by Karl Marx, the people of any society have a tendency to develop their own equal but alternative structures to manage their lives the moment the administration forced down on them is considered to be illegitimate (figure 3.9).

True to this ideology, the black majority in South Africa established their own political organisations which, although illegal at the time, grew into powerful, representative bodies such as the ANC, PAC, and IFP. The community also developed their own alternatives for government structures. For the DET, they formed the NECC; for the SA Defence Force (SADF), Umkonto we Zizwe (MK) and others; for the Department of Justice, peoples courts. During the eight years prior to the unbanning of black conscience movements, the United Democratic Front (UDF), considered by the government as a non-militant movement, was the only organisation permitted to organise itself. Since its inception in 1983, 720 subsidiaries were affiliated to and co-ordinated by the UDF.

The black communities also created their own alternatives for the unpopular local management structures in the form of the Civic Associations (Civics) which were, although not democratically elected, accepted by the majority simply because the movement was born from the struggle and continued to oppose the system on behalf of the people (Roopa, 1993).

These alternative structures, however, also experience serious problems in rendering effective support services in their respective communities, hampered by financial constraints and limited resources, including the expertise and knowledge required to administer the social infrastructure in a community. Although the political struggle has
entered a different phase since the process of negotiations was announced by President FW de Klerk on 2 February 1990, the political leaders are still locked in a major battle to win as much political ground for their constituencies as possible. The supporters of the Civics and others are, however, putting pressure on the alternative structures to start delivering solutions to their social problems and not their political aspirations only. Furthermore, the reluctance of the traditional stakeholders in the resource domain - with the exception of a few foreign donor bodies - to financially support the alternative organisations, resulted in an almost impossible situation of a perceived political mandate without material means to accept the responsibilities of the mandate.

Figure 3.9 Alternative structures created by the community

![Diagram of statutory and alternative structures]

Source: Hölscher, 1992b

Traditionally, the statutory and the alternative structures were locked in a conflict mode fighting each other on every single political issue in South Africa (figure 3.10) As in all wars through history, the winner took all and the losers were driven underground. The ANC and other so-called liberation or freedom organisations were declared illegal and sent in exile, the SADF and MK got entangled in an ongoing guerrilla war and the government did not recognise or communicate with the alternative organisations. In this period of conflict, the reactive energy wasted on fighting each other, reached critical level.
Esterhuizen (1991) drew a parallel between this stage in the political history of the country and a pressure cooker with all the black aspirations and drive for political and economic freedom inside the cooker. The pressure was building up and only at an extremely high cost - both monetary and in effort - could the pressure cooker be held in tact. All the energy was directed at either breaking free or containing the content of the cooker - a very reactive process.

When President FW de Klerk came to power, he had to consider letting the lid off the cooker, reducing the risk of a pressure cooker exploding in his face, but accepting the risk that the energy which has been contained for so long might bring about its own turmoil when suddenly released. In his speech of 2 February 1990 at the opening of Parliament, he accepted the challenge of letting black aspirations out of the pressure pot, levelling the playing field and entering a competition mode (figure 3.10), rather than a fighting mode. In a competition some matches are won and some are lost - but at least no one side loses all as is the case in a war. This decision resulted in the negotiation process which culminated in multiparty talks which are still continuing. The competition phase is characterised by a far more pro-active approach by both sides. Although the process is periodically interrupted by foul play on both sides, it is still heading towards a new political dispensation.

Considering the purpose of CSI as defined earlier, however, it is still a challenge for the business sector to make a visible and adequate contribution towards the reconstruction of society. The volatile and politically challenging climate resulted from the socio-political development and in which business has to operate during the period of transition to representative government, calls for creativity in managing CSI. The quest is therefore for further development in the socio-political scenario - a phase of co-operation and synergy (figure 3.10).

Both sides - the statutory and the alternative side - have valuable resources to offer - resources that are needed for the reconstruction of society. Those resources without which a new civil society cannot be developed. Only co-operation - without having to sacrifice political
power or autonomy - could bring about such a new society.

Figure 3.10 The phases of the socio-political scenario

Source: Hölischer, 1992b

3.5.2 Civil society

If the state is considered to be the largest social structure in society and the individual, in family context, the smallest possible element, all structures in between the state and the individual could according to the sixteenth century philosopher, Montique, be considered civil society (Hölischer, 1992a: 5). Civil society comprises those structures over which the state has no direct control - structures such as the church, sport, culture, labour, business, academy and others. It forms a buffer between the state and the individual. The dynamics of the economic drive of any society is according to Adam Ferguson - the father of the free market system - to be found in the civil society (Hölischer, 1992a: 5). The ability to produce, the market for supply and demand and all economic activities are initiated in this stratum.

The political parties, freedom movements and social pressure groups form part of the civil society, but position themselves close to the state, since their ultimate aim is to become the government of the state. One or more of them are therefore always part of the state sector, as is the case with the National Party since 1948 (figure 3.11).
History is considered to be the result of the tension between two opposing poles, which Hegel (s.a.: 120) defines as thesis and anti-thesis. He views the state as thesis and the freedom of the individual as anti-thesis. Synthesis, a civil society, is born from the tension between thesis and anti-thesis (figure 3.12).

Source: De Jager, 1992
Karl Marx, however, held an opposite view. According to him, civil society is the stratum of society where all that is evil is being born. In civil society the individual is being stripped of his dignity and pride as a result of the conflict between different classes. Marx refers to the withering away of the state, meaning that, through socialism, the state overtakes civil society until a new, oppression free civil society, guaranteeing equality to all individuals, is formed whereafter the state will destroy itself (Hölscher, 1992a: 6).

Marx, however, did not take cognisance of the role of power in this process. The power vested in the state before the ideal of individual freedom was reached, led to state bureaucracies and even dictatorships as developed by Stalin.

In South Africa, the Afrikaner developed a strong civil society outside of the political structures during the 1930's. This process was driven by the social and economic disadvantaged position the Afrikaner found himself in during that era. The Osswabrandwag, Gryshemde and several cultural organisations led the way and eventually culminated in acquiring political power in 1948. At that stage, the cultural organisations, church, youth movements and even Afrikaner business found themselves very closely associated with the state, being the National Party. Most of these organisations, however, withered away since 1948 - so much so that the Afrikaner focused cultural organisations found themselves in a vacuum of fulfilled expectations by the end of the 1980's. Since then the economic and political drive was left to the state who accepted full responsibility for it on behalf of especially the white citizens of the country.

In the mean time, however, since the mid-1970's, black civil society also grew substantially. Most of the alternative structures mentioned before, were born in this period. The aggressive way in which the state dealt with alternative movements during the conflict phase, made it difficult for it, however, to grown to its full destiny. Since conflict was replaced by competition by President FW de Klerk, it became apparent that the interests represented by white cultural organisations could no longer be trusted to the state alone and rate payer
associations, Die Stigting vir Afrikaans and several cultural organisations were actively revamped again since 2 February 1990.

Empowering the civil society is considered to be a measure to protect society against undemocratic practices by any potential new government. As is the case with "black" civil society organisations, "white" civil society initiatives see themselves as the watchdogs of the individual and his family - once again forming a buffer between the state and the individual. It is therefore in the interest of all to build the capacity of the entire civil society and to bring about synergy between the different constituencies within the society.

The interests of the state and the individual could also be seen as the extreme poles of a civil society (fig 3.13).

Figure 3.13 Economic ideologies and civil society

Source: De Jager, 1992

According to this model the effect of the most prominent economic ideologies on the roles played by the state and the individual respectively, is clear. Everything to the left of the middle indicates a decreasing individual interest and increasing state interest in society. All the systems at work in this stratum are mutations of socialism, varying from total communism or fascism with the state in full control,
through Trotskyism, with the emphasis on the worker, to Marxism and Leninism. Just short of the middle, democratic socialism will come in to play as illustrated in Czechoslovakia in 1968. This system is also known as "socialism with a more human face". The turning point would probably be a system of social democracy as applied in Sweden, also known as "welfare capitalism".

To the other side of the middle as the interest of the individual grows towards anarchy when the state has no influence, social democracy will develop into a free market system, capitalism and a laissez-faire system.

Civil society operates in the area of individual interest - that is civil society weakens towards the left and gets stronger towards the right. In a totalitarian state a minimum of civil society will be found while a minimum state influence will be found in an anarchy. Modern societies have a tendency towards the right as was illustrated by "Thatcherism" in Britain and "Reaganomics" in the USA. Tax rates are often used to determine the position of a specific country on the scale between communism and anarchy. South Africa with an individual tax rate of 43 percent is according to this norm, a social democracy - welfare capitalism.

If a country positions itself towards the right with minimum state intervention and a strong civil society, as is the case in Japan, civil society grows into a civilised society. In Japan even the most basic function such as law enforcement is privatised. This is, however, only possible in highly developed communities. The more underdeveloped a community, the more the tendency towards totalitarianism. South Africa is therefore simply not ready for a strong civil society since the state is burdened by an enormous welfare and development responsibility (Hölscher, 1992a: 9).

The private sector is the heart of a strong civil society and should therefore invest in the development of a civilised society. CSI has it as its task to facilitate this process.
3.6 SOCIO-POLITICS AND SOCIO-ECONOMICS

In South Africa the tension between the alternative structures and the system implemented by the statutory bodies for many years confined the political debate to the conflict mode as illustrated in fig 3.13. The government spent a lot of reactive energy to wipe out the ANC, PAC, SACP and associated organisations. The alternative side tried to destroy both the government and the socio-political system it implemented.

As a result an enormous amount of reactive energy was released in society. Development initiatives by the state and civil society organisations associated with the state (private sector included) were rejected with suspicion. Schools built in good faith by the DET were burned down and the education system as a whole was rejected as "Bantu Education". Black town councils were driven out, boycotts implemented and mass actions initiated - an inexhaustible source of reactive energy.

President De Klerk's announcement on 2 February 1990 was actually an acknowledgement that this conflict will never end and neither of the two sides will ever achieve their goals unless the rules of the game are changed.

Moving closer to a civil society, President De Klerk levelled the playing field and shifted the emphasis from the fighting mode to a competition mode. Although the aim is not to destroy each other anymore, the two sides are still trying to con each other and to win as much as they possibly can for their respective constituencies.

The point of contact has thus been moved from the battlefield to the political field, with different rules. The energy released is far more pro-active since all the parties involved realise the need to be seen as presenters of a better quality of life for all citizens if they want to win an election. The option of a power struggle on the battlefield - conflict again - is however still existing and the alternative groups keep this option open until they are satisfied with the new rules of the game and convinced that they can trust the players to stick to the rules.
The struggle for power on the political terrain, however, has a distinct influence on the socio-economic arena where civil society is being formed. As a result, important services such as education, housing and health services are often politicised and almost no development - however critical - is taking place.

It is thus clear: the current phase of transformation in South Africa demands a socio-economic development strategy that takes cognisance of the socio-political realities of society. However, it is also true that the socio-economic development process cannot wait for the political situation to stabilise - the needs of society are too severe. The development process must be led by a delicate balance between the socio-political and socio-economic forces in society as illustrated in figure 3.2.

Synergy is required if South Africa is to survive as a civilised nation and CSI-programmes can make a substantial contribution to this effect.

3.7 CONCLUSION

Several converging factors suggest that South Africa is entering a new era of pragmatism, offering opportunities for companies to forge new linkages and partnerships with the broader community.

The environment in which CSI is to be implemented is dictated by the socio-economic and socio-political realities in society. The dilemma of the South African society - highly diversified in terms of inter alia politics, culture and religion - is, however, typified by a variety of individual perceptions and convictions, based on the perceived socio-economic needs and socio-political ambitions of the country's people.

It will be detrimental to allow the differences between individual constituencies and stakeholder to dictate development in South Africa. Regardless of the differences in opinions of legitimacy, representatives and equality in society, synergy is required to integrate the resources vested in all the stakeholder in one consolidated effort to reconstruct the South Africa society - economically as well as politically. CSI-programmes have the potential to be a facilitator of this process,
focusing on both the socio-economic and the socio-political dimensions of development and aiming at social stability and economic growth.

History is, however, still fresh in the memories of people and any initiative intended to bring about synergy will have to be transparent and sincere. During transition reality will often be shadowed by perceptions. The challenge for CSI-programmes is to successfully manage these perceptions until pragmatism is in force again.
CHAPTER 4

THE ELEMENTS OF AN INTEGRATED APPROACH TOWARDS CORPORATE SOCIAL INVOLVEMENT

4.1 INTRODUCTION

4.2 EXPECTATIONS

4.2.1 Management: The ultimate employer of CSI

4.2.1.1 Return on investment
4.2.1.2 Cost effectiveness
4.2.1.3 Controversial issues
4.2.1.4 Employee involvement
4.2.1.5 Marketing

4.2.2 Society: The recipient domain and its friends

4.2.2.1 Social justice
4.2.2.2 Social responsibility
4.2.2.3 Reconstruction of society

4.2.3 Alternative opinion

4.2.3.1 Corporate conscience budget
4.2.3.2 Stealing from employees to enhance corporate image
4.2.3.3 Manipulation of communities
4.2.3.4 Abuse of social needs for own interest
4.2.3.5 CSI is important
4.3 THE CORPORATE ENTITY - AN INTEGRATED SYSTEM

4.3.1 Support by CSI

4.3.2 Support to CSI

4.4 CSI NETWORKING

4.5 CONCLUSION
CHAPTER 4

THE ELEMENTS OF AN INTEGRATED APPROACH TOWARDS CORPORATE SOCIAL INVOLVEMENT

SYNOPSIS

An integrated approach towards CSI requires an effective facilitation process, mobilising all the external and internal resources which could enhance the process of socio-economic and socio-political development needed to stimulate real economic growth. To accept this facilitation role, the CSI-practitioner must be empowered through involvement in the strategic management of the company and the CSI-discipline must be granted the status it deserves amongst the management sciences.

Of all the role players in the four domains involved in socio-economic development, a few key constituencies are of particular importance to the CSI-function.

Management as the ultimate employer of CSI expects CSI to deliver an appropriate return on its investment in society at a cost effective price. At the same time management is particularly sensitive for controversial issues such as environmental controversies and -especially during transition from one political dispensation to another -political issues. To safeguard itself against criticism from the community, management has a distinct preference for employee involvement in CSI, also seen as part of a participative management policy. Retail companies and companies manufacturing consumer goods also expect CSI to utilise all the marketing opportunities created by community involvement, although this should always be seen as a secondary purpose of CSI.

Society, as the ultimate beneficiary of CSI, has distinctly different expectations as far as CSI is concerned. It is, however, difficult to define society as one entity in a country as diversified as South Africa. In general a quest for social justice has become fashionable during recent years and CSI is expected to enhance corrective steps addressing
the so called wrongs of the apartheid era. Furthermore, companies are expected to be socially responsible in exercising the CSI-programme.

Certain extraparlimentary groups, however, have a deeply ingrained suspicion of the underlying motives of business with CSI. CSI, is nevertheless, still perceived to be an important resource for creating a new society - even by those opposing the corporate sector and the economic order it represents.

It is the task of CSI to integrate the aims and objectives of management and those of the - sometimes hostile - elements of the broader society.

Within the company CSI has access to several resources vested in other functions. The efforts of a CSI-programme can be multiplied tenfold by integrating these resources with the development efforts of CSI-practitioners. At the same time CSI could support and facilitate several traditional functions of the company. It can be of particular value during a declining economy when retrenchment of employees is unavoidable.

Networking with other role players in the resource, implementation and support domains is essential for an integrated approach towards CSI. The magnitude off South Africa's social problems compared to the limitations of the resource domain necessitates collaboration - even between traditional competitors in the market place.

Given the socio-economic realities of the South African society and the specific elements impacting directly on CSI, an integrated process has become the only feasible approach to ensure effective and efficient involvement by the corporate sector in spite of the complicated environment in which CSI is exercised.
CHAPTER 4

THE ELEMENTS OF AN INTEGRATED APPROACH TOWARDS CORPORATE SOCIAL INVOLVEMENT

4.1 INTRODUCTION

The volatile and politically challenging climate in which business has to operate during the period of transition to representative government, calls for a new, creative approach towards CSI. The challenge posed is no less than making a visible and adequate contribution towards the socio-economic and socio-political reconstruction of society.

A significant part of this challenge could be met by an integrated approach towards CSI, drawing employees as well as community organisations and their leaders into participation. An integrated approach implies optimal utilisation of all resources - internal as well as external - to achieve the goals and objectives defined for the programme. It also implies that the relevance of the perceptions, opinions and expectations of the stakeholders in the implementation and recipient domains, including the major political concerns involved in shaping South Africa's future, cannot be ignored.

Positioning the CSI-programmes within the company structure in such a way that access to and the integration of all relevant resources inside and outside the company are possible, is therefore essential.

CSI has never reached its full potential as a mechanism to reposition companies strategically, probably because it is often still perceived by management only to be a donations fund which protects the chairman and board against fundraisers. CSI-managers, therefore, are seldom involved in the strategic management activities of their companies. The integration of company resources into CSI-activities has thus become a pipe dream and the potential role of CSI-programmes in strategic decisions, especially those involving employees and the communities in which they live (e.g. retrenchments, closing of business units or new projects developed), is generally underestimated.
Integration of CSI into the strategic management processes of a company could, however, contribute substantially to the survival of the company during the period of political and social transition to a new society if the programme is employed to soften the blow of the company's response to the economic and social dynamics of the environment in which it operates.

Another of the many constraints hampering the CSI-function from developing to its full potential is believed to be the isolation of CSI as a discipline. It is not considered to be an integrated part of any established management discipline, nor is it recognised as a discipline in its own right. The Public Relations Institute of South Africa (PRISA) does address CSI from time to time in their seminars and training sessions but since the promotional value of CSI is limited and always considered to be a secondary purpose of CSI, the topic is seldom perceived to be appropriate in terms of PRISA-members' interests. The Institute of Personnel Management (IPM) also has CSI on its agenda, but once again CSI can only be a support function in this field. The reason for the above institutions' interest in CSI is to be found in the traditional home of CSI within companies. But for a few larger corporations, human resources or corporate communications practitioners - or even marketing divisions and company secretaries - were traditionally commissioned with the CSI task - once again an indication of the underestimation of the potential contribution CSI can make to strategic management.

The socio-economic and socio-political realities in the South African society, however, forced CSI to the fore and the discipline is currently developing in a multi-disciplinary science which will be able to take up its rightful place in the ranks of the management sciences. The limited literature on this topic - mostly written by either economists or communicationists - will have to be expanded through proper research and documentation of case studies.

To enhance the development of a fully integrated approach towards CSI a pro-active strategy will have to be introduced to establish the status of the discipline beyond all doubt. The focus of such a strategy should be
on the two major constraints identified - recognition of CSI as a strategic management resource and establishment of CSI as an independent multi-disciplinary function within the management sciences.

The establishment of an autonomous professional organisation for CSI-practitioners could contribute substantially to the development of the discipline. Not only could such an organisation promote the strategy to establish CSI amongst the decision-makers in business and the academic fraternity, but it could also through accreditation and certification - similar to programmes by PRISA, the IPM and others - set the standards for professional CSI-practitioners at a level which will reflect the rightful status of the discipline. The development of curricula for formal and non-formal training of CSI-practitioners and business managers will also enhance research and the publication of relevant material to facilitate the growth of the discipline.

Integration of a company's CSI-effort, however, goes beyond the acknowledgement and utilisation of CSI as an important management resource. For CSI-programmes to be effective and efficient in terms of its contribution to the company's mission, it has to be an integrated part of the system driving the company. Too often CSI-activities are measured only by the size of the official budget allocated for this purpose, rather than by the sum total of the resources mobilised by the programme and the impact the entire effort has on society. The executive of the company who has accepted the position as board member of the UF, as chairman of Keep South Africa Beautiful, as president of the Wild Life Society or as treasurer of Bophelo Impilo - all NGO's serving the community - is also exercising the social responsibility of the company, devoting time, energy and expertise to the cause.

4.2 EXPECTATIONS

The existence of CSI is justified by a few key constituencies: the company and its mission, culture and capacity; the society and the communities in which the company is operating, including the company's employees; and the political and socio-political structures
relevant to the company in terms of its present and future position and relationship with legislative and administrative authorities.

In developing a CSI-policy, the expectations, opinions and perceptions of these constituencies are forming an essential part of the many variables to consider.

4.2.1 Management: The ultimate employer of CSI-programmes

It is true that management still under-estimates the value of a well-structured CSI-programme in their strategic management efforts. It, therefore, came as no surprise when the Private Sector Initiative (PSI), which culminated in the R500 million JET, was announced that, with the exception of Anglo American Corporation, none of the participants concerned involved their CSI-practitioners. The issues at stake in this initiative are the very same issues CSI-programmes have to deal with on a daily basis. Notably the requests and appeals are the very same as those received and appraised by individual CSI-programmes. The experience of CSI-practitioners could therefore have been extremely valuable in the formulation of policies for JET and in the subsequent decisionmaking processes. Management, however, never utilised the resources residing in their CSI-functions.

It therefore appears CSI has outgrown the expectations of management without management realising it.

CSI-practitioners are, however, also to be blamed for this lack of acknowledgement by management, especially since communication from CSI-practitioners to management is the sole responsibility of the practitioner.

Nevertheless, in developing a CSI-programme, the existing needs and expectations of management has to be integrated into the programme. These include the quest for a quantifiable return on investment, efficiency and effectivity, avoidance of controversy and lately, employee involvement. In some instances CSI is still expected to also facilitate the promotional efforts of the company. As the perceived status of CSI improves, management will probably also realise the full
potential of CSI to assist in socio-political and socio-economic intelligence and alliance forming.

4.2.1.1 Return on investment

Although it is extremely difficult to quantify the results of a CSI-programme - often it is to be found in attitudes, cognitive development or mind sets of people - management expects accountability and measurable yardsticks are to be developed for this purpose. The obvious successes of a programme such as the number of jobs created, number of literacy programmes conducted or number of food gardens established are rather easy to report on. Others, however, require innovative techniques to measure success.

Which ever success criteria are employed, it must be accepted and sanctioned by management. Disparity between what management expects and what the CSI-practitioner thinks should be done, often leads to conflict and dispute. The mission statement of the company is therefore always an appropriate guideline to follow. If the CSI-programme supports one or more of the strategic goals identified for the company, synergy between management and the programme is likely to follow. The impact of the programme on the company's efforts to achieve its goals can then be measured and reported on.

4.2.1.2 Cost effectivity

Why should CSI "give away" the company's assets while all other company efforts are geared towards earning the same for the company's shareholders, is a question often asked by management and employees. However, in spite of this critical question by uninformed officials, CSI is indeed accepted as a necessity, but management is generally extremely sensitive for the cost of "giving away" money. The relative cost to administer the programme, compared to the CSI-budget is monitored carefully. As a rule overhead costs are therefore kept very low and staff components are, almost without exception, very small - too small. Not only is the quality of the people attracted to CSI as a career affected by this approach, but the quality of the
programmes and productivity are also jeopardised by the lack of capacity.

The expenditure budget of CSI-programmes is often used as a norm to determine the operational budget of the programme. This norm, however, is inappropriate and not justifiable. In reality a CSI-programme such as the GDT received 17 650 appeals and requests during the 1991/92 financial year - each one of which had to be considered, appraised and responded to, even if turned down. The GDT had an expenditure budget of approximately R20 million. If 10 percent is used as a norm, management would have allowed the Trust a R2 million operational budget and approximately 8 people could have been appointed to man the Trust.

In reality, company B, only having R1 million to spend and therefore only having R100 000 (10 percent) for overheads, would have received the very same or nearly the same number of requests to consider, appraise and respond to. In this case however, one person would have had to man the programme.

In order to meet management's quest for cost-effectiveness, an integrated approach is imperative. Employees could be utilised on a voluntary basis to accept responsibility for certain activities, other in-house disciplines could be involved to make a more substantial impact and a philosophy of fewer but bigger programmes could be adopted. In the case of the GDT, management has been persuaded to allocate the salary of one additional field officer from the expenditure budget rather than making it available for donations. The field officer could bring a far better return on investment than what one donation of the same size could ever have achieved, providing the field officer is directly involved in community development and training. A donation of R60 000 to any NGO would achieve the esteem of the small number of officials managing the NGO while a salary of R60 000 could maintain a field officer for a full year, facilitating self-help schemes and development programmes in numerous communities.
4.2.1.3 Controversial issues

No business can afford bad publicity - especially not if it concerns the highly politicised upliftment of the deprived communities in society.

In this regard CSI-programmes must be extremely sensitive for what they do support or do not support. Both can have a detrimental effect on the company's image. Turning down many of the requests received is of course unavoidable, but how it is done is perhaps more important than in any other discipline.

It is management's intention to achieve the esteem of the communities in which they operate with their investment in CSI. Since CSI is so closely related to many other, often controversial issues, management is acutely aware of the risk CSI intervention entails. Housing involves the highly emotional land issues; health involves primary health care while the bulk of the state budget is spent on first world medicine; education has become a controversial issue in its own right and small business development runs into the free market versus socialism debate.

CSI can, however, not avoid these issues simply because of its high political profile. Practitioners should be sensitive for management's needs in this regard while considering the real needs of community. The CSI-practitioner therefore often finds himself in the difficult position between his employer on the one hand and the real needs of society on the other. The challenge is to maintain a neutral position in all controversial development issues without avoiding the issues.

4.2.1.4 Employee involvement

Participative management has become a popular practice in recent years. CSI-decisions are no exception to the rule and both management and employees insist on employee participation in decision-making. Furthermore, management requires a focused approach - aiming at the communities in which the company's employees are living. The argument is that, given the limited budget available and the magnitude of the task, the company's efforts could just as well be focused on
those closest to home - the employees.

Integrating employee involvement in the management structure of the CSI-programme has several advantages, including shared responsibility, co-ownership, decentralised work load and access to expert opinions on the real priorities within communities. It also has a co-benefit in that individuals who become involved, develop a sense for individual social responsibility far beyond the requirements of their company involvement. It brings about a paradigm shift and cultivates a sense for understanding, sharing and rendering a helping hand.

CSI-programmes can, however, not focus exclusively on employee communities. The environment determining the conditions needed for the pursuit of profitable business stretches beyond own employees' and their neighbourhoods. Provision should therefore be made for CSI on a national scale as well.

4.2.1.5 Marketing

For companies in the retail business the temptation to use CSI-budgets for marketing and promotion of specific products is often present. Sponsorships for sport events and TV-programmes are extreme examples of activities which could easily be justified in "developmental" terms but where the focus is primarily on the promotional value of the company's involvement.

Although CSI should never be abused in this regard, it is essential to take cognisance of management's need for CSI-programmes to maintain a high public profile, in spite of the fact that it is considered to be a secondary objective of CSI. Being devoted developmentalists, CSI-practitioners often underplay the promotional value of CSI-activities and although direct advertising and marking of CSI as such should not be considered, many opportunities to create an awareness for the company's social concern and sincere contribution to social development and reconstruction, arise from CSI-activities - opportunities which should be utilised more aggressively.

It is the task of the CSI-practitioner to maintain the balance between a
healthy public awareness and counter-productive direct advertising which could display an inflated self interest in CSI.

4.2.2 Society: The recipient domain and its friends

One of the major challenges for CSI-practitioners is to clearly differentiate and then integrate the aims and objectives of management and those of the community. Involving the communities in the design and implementation of community development programmes has become the norm in recent years. If not, programmes and projects are perceived to be paternalistic, beaurocratic and business' way of easing its conscience.

However, it is also true that the experience and expertise of many local communities - especially those in rural areas - are limited and if the resource organisations do not insist on accountability and financial control or employment of certain processes and mechanisms to ensure cost-effectivity, scarce resources are likely to be wasted.

O'Dowd (1992) in his capacity as chairman of the Anglo American and De Beers Chairman's Fund, suggested that most pro-active programmes initiated by CSI are paternalistic purely by nature, since the community has not had the opportunity to identify its own needs. Hence the Chairman's Fund's emphasis on responding to requests and appeals, rather than initiating new projects.

The ideal however, would be neither to respond re-actively to the community's appeals, nor to initiate pro-actively according to own perceptions, but to define and generate development projects in collaboration with each other. It implies a synergistic approach with resource organisations and recipient organisations both co-operating in identifying the need, designing and implementing the project and evaluating the impact of the initiative.

In general, society expects CSI-programmes to be fair and responsible, contributing to the reconstruction of a new civil society.
4.2.2.1 Social justice

For many years the black conscience movements and associated organisations and individuals only called for social justice as the golden threat running through all the suggested solutions to the entire socio-political problematique of South Africa. Apartheid and all its laws and by-laws were considered to be unjustified, illegitimate and of course extremely unfair. Over the years society expected CSI-programmes to involve itself with rectification programmes, countering the effects of the perceived illegitimate measures applied by government to control certain sections of society. Many foreign organisations and institutions - especially the signatories to the Sullivan Code and embassy funds - indeed got themselves directly involved with anti-apartheid movements and campaigns. Local businesses were more hesitant to demonstrate its support or opposition for these initiatives. Some, however did follow their foreign counterparts in not supporting any initiatives or organisations affiliated to or receiving support from the so-called illegitimate government.

Since the beginning of the transitional process, certain sections of society continued to expect CSI-programmes to support those activities that will bring about social justice in society. The emphasis is, however, now on focused support for deprived communities - deprived being rather narrowly defined as those who were deliberately disadvantaged by apartheid and its consequences.

In the United States of America legislation that enforces social involvement by all private sector concerns has been implemented and certain minimum levels of expenditure apply. Public statements on the allocation of these funds are compulsory. The ANC already indicated that they would support similar legislation - just another form of tax - for South Africa and Cosatu, in its effort to persuade foreign governments to accept its proposals for a new economic order in South Africa, also included compulsory CSI in their policy document. The rationale behind this lobby is, once again, a drive for social justice and the so-called rectification measures to assist the deprived.

As the process of liberation progresses, however, the emotional phase
of transition is being replaced by a great deal of realism. As a result society's expectations with regards to CSI is also changing.

CSI is expected not to further favour any constituency, but to be fair in its approach. A growing awareness of the economic realities of the South African society tends to change the mind of even the most radical elements in society from an almost obsessive fixation with rectification - which could be seen as a form of reversed apartheid - to a more pragmatic acceptance of the need to maintain the social and welfare structures in society, regardless of the character of the beneficiaries.

4.2.2.2 Social responsibility

As a corporate citizen, society expects a social contribution from the private sector. Even more important, though, is the demand to act responsible in exercising its CSI-programme Companies who are considered not to be socially responsible have been rebuked openly in public for not responding to the needs of society. Apart from semi-political issues, environmental issues are perhaps the most frequent to feature in publicity of this nature. The recent attempt by Richards Bay Minerals to mine St Lucia dunes serves as an example of the power of society in this regard.

Above all, CSI-programmes should therefore also be the social responsibility programme of a company.

4.2.2.3 Reconstruction of society

The term "community development" is often perceived to be to simplistic and narrowly defined to be a true reflection of the social requirements of the South African society. In the aftermath of apartheid, communities need not only be developed from where they are, but an entire new civil society has to be created. It implies a complete paradigm shift in all South Africans and the reconstruction of the entire social infrastructure in society. Neither the existing statutory bodies, nor the alternative structures created as a counter-act for governments effort to control society, are considered to be empowered enough to represent the needs of all South Africans. The knowledge
and expertise of the one lack the legitimacy of the other and the representativeness of the other lacks the resource base of the one.

Society needs a reconstructed civil order (as discussed in Chapter 3) and CSI-programmes have to integrate this need into its strategy.

4.2.3 Alternative opinions

While management and society primarily focus on the more technical aspects of CSI such as priority investment areas, funding mechanisms and means of intervention, the extraparliamentary groups place its emphasis on the political implications of CSI. The motivations inherent to the rise of CSI as a business strategy - especially during the period of emergency rule - has led to the perception on the part of some extraparliamentary groups that CSI is a lost cause with regards to their socio-political goals and objectives. Rather than an implicit acceptance of CSI, a deeply ingrained suspicion of the underlying motives of business is to be found amongst the so-called alternative or progressive opinion leaders. This suspicion is premised on the corporate sector's perceived complicity in the creation and maintenance of the apartheid system.

Although both sides have observed a rather uneasy truce until recently, the battle lines have emerged more clearly around the burgeoning debate about the merits of socialism as against free enterprise since the political situation has to some extent been liberalised. Furthermore, the corporate sector is being accused of using CSI as a substitute for and a justified avoidance of overt political involvement and an effort to divert attention from the political nature of certain business policies. Union-bashing, mechanisation, unjustified retrenchments and others which are perceived to be innately hostile to the extraparliamentary groups and its constituencies are presented as examples.

Since the corporate sector often perceive these structures as illegitimate and as a threat to their interests and since it finds it difficult to understand the mechanisms and mode of operation of these structures, a fundamental lack of communication between these two sides still occurs.
The opinion of these alternative groups are therefore to be considered seriously in developing CSI-programmes. That will ensure all possible opportunities are utilised to facilitate a better relationship between the parties involved and avoid conflict where synergy and co-operation is required for the successful delivery of development resources.

### 4.2.3.1 Corporate conscience budget

In an effort to implicate the private sector as partners in crime with the government and its apartheid policies, business is often blamed by alternative groups for the deprivation of blacks in South Africa. It is thus suggested that business owes society something in return for this suffering and CSI-budgets are seen as conscience money. Society, it is argued, has the right to draw from these budgets and should actually have control over it.

Involving community leaders on boards of trustees, control boards or advisory boards, is therefore often considered. With the South African society as diversified and highly politicised as it is at present, it is, however, extremely risky to involve any specific individual representing an unknown constituency of his own. Even the involvement of employees - some unionised and some not - poses its own problems, although less than the involvement of external individuals.

The private sector obviously does not accept the notion that its CSI-budget is guilt money and still holds the conviction that CSI is practised only with good intent, to the benefit of all members of society. CSI-practitioners, however, can expect to encounter this hostile attitude in dealing with the leadership of some communities.

### 4.2.3.2 Stealing from employees to enhance the corporate image

Amongst the labour unions and its affiliates it is often heard that employers are stealing the money of employees - money that could have been invested in salaries and wages - to spend on community projects which will be used to promote the image of the company. This perception is especially popular when the economy is in a decline.
and employees are retrenched while CSI-programmes continue.

The relationship between management and labour unions is always vulnerable and CSI-practitioners have to be extremely sensitive not to damage this relationship. During retrenchments, the emphasis could for instance be on assistance to retrenched members of the union, rather than on the employee communities in general or on national projects. Joint ventures with unions often help to establish better relationships and prevent accusations such as these.

4.2.3.3 Manipulation of communities

Another opinion held by some political and community leaders is that the private sector is using CSI-budgets to buy the goodwill of communities and to make them dependent on the grants and donations from business. In doing so, it is argued, the big companies ensure continued loyalty and create an opportunity to indoctrinate the followers of the opposition.

Grants and donations without any requirement for some form of counter performance by the community, easily cultivates this perception. It is further enhanced by the opinion held by CSI-practitioners that their efforts should not end up in people's pockets but rather in their minds. Although the latter is meant to be an educational concept rather than a paternalistic one, it could easily be misinterpreted as a statement indicating the intention to indoctrinate and manipulate people.

4.2.3.4 Abuse of social needs for own interest

The impression that companies flourish on the hardship of the socially deprived people has been enhanced by an excessive desire by private sector organisations to use their social involvement programmes for publicity and advertising campaigns. Huge cheques, names on buildings or the use of CSI-projects in corporate advertising has led to this opinion. Although the private sector always argues that nothing is free and some return on social spending is thus justifiable, it is understandable that critics of CSI-programmes might argue differently.
To avoid misperceptions on the motives of business, counter-performance by recipients should rather be aimed at self-sustainability and skills enhancement, rather than on publicity and advertising for the donor or resource organisation.

Many recipient organisations, however, insist on giving publicity to donors, unaware of any politically inspired motives by external community leaders. Good judgement and diplomacy is, however, needed.

4.2.3.5 CSI is important

Despite all the reservations, a surprising degree of importance is attached to CSI by extraparliamentary groups and individuals. Given the scale and the scope of the problems created by apartheid, it is recognised that the private sector, through CSI-programmes, have an important role to play in addressing basic development needs. In this view, it is only possible, however, if the corporate sector begins to seriously address the issue of inequality in opportunities in an integrated, holistic way.

4.3 THE CORPORATE ENTITY - AN INTEGRATED SYSTEM

The competitive edge in CSI has never been and should never be in the size of individual budgets. An innovative and creative approach to optimise the impact of individual efforts should rather be the aim. And yet, the impact of CSI-programmes is often restricted by the limitations of its budget - a tendency originated from the days when grants and donations were the only contribution the private sector had to offer. Utilising all the resources within the company can, however, empower the CSI-effort substantially without having to increase monetary contributions substantially.

CSI interphases with almost every single discipline within the corporate sector and although it is generally accepted that it cannot replace any of these disciplines, it is also true that it cannot be replaced by any.
Corporate communications/public relations, human resource development and marketing/advertising are popular hosts for the CSI-function. If an integrated approach is followed, CSI and the mentioned functions are, however, distinctly different in role and function and could not be amalgamated. The same applies to all other disciplines in the corporate structure.

The interphase between CSI and the rest of the company is of such a nature that CSI renders a supportive service to many other functional disciplines and, at the same time, could utilise the expertise and knowledge vested in many of these in implementing its own external projects (figure 4.1). It is, however imperative that all support to other organisational functions should be secondary to the developmental aims and objectives of the CSI-programme. It should not be a decision criteria, but once a decision to support has been made - based on CSI-criteria - all opportunities to complement other line functions should be considered.

4.3.1. Support by CSI

Corporate communications/public relations is responsible for marketing the image of the company and many of the CSI-projects provides an ideal opportunity to enhance the company's profile. The esteem of the communities in which the company operates could be achieved through socio-economic development programmes and projects and through direct involvement with communities, the company is introduced to key role players within those communities.

All joint ventures with employees and their representative organisations also provide the opportunity to introduce the soft side of the company - its heart - to constituencies who tend to believe that business is heartless.

When a company specialises in consumer goods, marketing is an essential function, not only to sell the produce of the company, but also to promote the image of the individual products. Sport and other sponsorships are often used to establish brand names and develop public awareness. Many of the developmental activities of CSI-
programmes involve vast numbers of people. Training courses, workshops, educational projects and others provide exceptional marketing opportunities.

Figure 4.1 An integrated approach: interphase with other organisational functions

Source: Own research

Advertising, especially corporate advertising aimed at the company's image, is often looking for a soft edge, trying to portray the human side of the company. The achievements of the CSI-programmes, especially when it involves employees and their families, could be
utilised for this purpose with great success.

Many companies, with specific reference to those involved in manufacturing and mining, are extremely sensitive for the environmental impact of their activities. Companies also implement their own rehabilitation programmes and invest vast amounts of money in the prevention of pollution and littering. CSI-programmes support major conservation programmes, including research, conservation and education. The outcome of these programmes could be of great value to the private sector.

Most companies have their own purchasing departments, responsible for the procurement of goods required by operating divisions. CSI-programs include support to small business development initiatives and often provide a buffer between the small businessmen supplying to "big business". The latter can only buy from small suppliers if quality, quantity and punctuality is guaranteed. Small businessmen need training advice and support - apart from bridging finance - to put them in a position to meet the requirements of big business. CSI-programs can provide such support, ensuring successful trading between big and small.

Universities and other research institutions receive substantial financial support from CSI-programs. Companies could, to great effect, use the results of fundamental and applied research to their own benefit. It should, however, be clear that contract research required by operational units should not be funded by CSI, but by operational budgets. Facilities at these institutions are developed and expanded with the support of CSI and should therefore be better equipped to adhere to specific assignments by companies. Bursaries granted to students also indirectly benefit in that educational institutions are assisted in developing the facilities and equipment, ensuring quality training and education. In securing this quality, the pool of skills from which the private sector has to draw its manpower is also improved.

CSI-programs focus on low-cost housing and appropriate technology, including job-creation projects and the transfer of skills in the building industry. The housing strategy of a company can
therefore benefit from the development work done by CSI and CSI-efforts in this regard can be integrated with company policy.

Schools, tertiary educational institutions and technical institutions are amongst the regular recipients of CSI-support. It inevitably leads to the development of a partnership between the institutions and CSI-companies. Recruitment at these institutions is thereby individualised and simplified to a large extent. Furthermore, CSI-programmes often deal with gifted children from deprived communities and educational projects identify children with an exceptionally high potential at an early stage. Long term strategies for recruitment could benefit undoubtedly from this information.

The retrenchment of employees is often unavoidable during an economic decline. Job creation, retraining and support programmes conducted and supported by CSI could soften the blow of retrenchment substantially. When business units are closed down, the impact on the communities in which the units were operating is often more severe than realised by management. CSI-programmes once again, could support such a community through integrated development programmes.

CSI is involved with several literacy and adult education initiatives - initiatives that could benefit the employees of a company or could be employed by the company. In empowering those, the pool of resources available to the company is enlarged and upgraded.

Training products developed for development projects might be of some priceless value to the company's own training requirements. A prime example would be a training programme developed by CSI for community leaders, including modules on conflict resolution and facilitation but also basic management skills. These could be extremely appropriate as part of a life skills programme for employees.

The list of inter-disciplinary interaction between CSI and other functions within the corporate structures is endless. If CSI is administered in isolation, all the benefits of the integration could be lost.
4.3.2 Support to CSI

It is just as important to realise the value of all the expertise and experience locked up within the company's other functions for CSI. Products developed for the company - literacy, training, research, conservation, and others - most frequently are applicable in the recipient domain as well. An empowered CSI-programme is supported by all the resources available within the company. Only an integrated approach could bring this about.

Perhaps the most important challenge for CSI-practitioners is to coordinate the transfer of facilities, expertise, technology and information available within the company to facilitate socio-economic development in external communities. The recipient domain can be empowered significantly through access to these resources.

The nature of the resources and the extent to which these resources are available, depend entirely on the character of the CSI-company. However, it requires a policy decision by management to allow inhouse resources to be applied in non-productive areas external to direct company interest. This process is often hampered by specific company procedures, based on cost centres or profit units, which prescribe cost recovery for all services rendered. If this policy applies and CSI-funds have to be paid to internal cost centres, it is often easier to acquire the services of external consultants in the support domain than to mobilise in-house resources. If co-ordinated properly, in-house resources can, however, be utilised during slack periods without having an effect on productivity while meeting a real need in external communities.

The services of engineers, architects, accountants and auditors, training specialists and even geologists and public relations officers are but a few of the many which could be employed to great effect in CSI-programmes. Although the time and expertise of professionals in the company is in most cases required, the technology available within the technical divisions often could be applied without direct involvement by company employees. An example would be the research done by geologists on the utilisation of mine slag for alternative purposes such as the manufacturing of bricks. Once the right formula is found, the
technology can be used by small builders with great success.

Companies often possess facilities not fully utilised - equipment, buildings or land - which could be used to serve the needs of community organisations. A true example was set by a gold mine which has been closed down in 1992, transferred a hostel complex to an educational trust in the community to be transformed in an educational town. Both the mine and the community benefited from this grant since the company save the cost of demolishing the facility while the recipient did not have to erect a new facility.

Senior official's of CSI-companies often serve in the control structures of NGO's and development agencies. The managerial skills made available to recipient organisations through this involvement, is highly appreciated and does indeed empower these organisations.

Furthermore, some companies find it to be a better return on investment to make company products rather than money available to the recipient domain. Computer companies, food processors and suppliers of building materials are especially known for this policy. In service orientated companies - for example banks and auditors - it is often slightly more difficult, although not impossible. Many auditing firms make services available at reduced prices to NGO's and banks could consider favourable interest rates - via CSI-programmes - to development agencies.

If prepared to involve all functional disciplines in CSI, the integrated approach towards CSI could substantially multiply the impact of a company's CSI-programme.

4.4 CSI NETWORKING

South Africa cannot afford the unnecessary duplication of any development work. Neither can it afford an unbalanced approach towards development. Resources are scarce and the economy over-extended. The need for role players in the resource domain to collaborate and co-operate is undeniable. Without having to sacrifice
autonomy or control over own programmes, co-operation could save many hours. Investigations into the credibility of recipients need not be duplicated, research into the feasibility of potential projects could by shared and successes and failures could become valuable case studies for others. Specialisation could take place and a more focused approach would be possible. Within regions, specific preferences of companies could be established to ensure a balanced, yet holistic development approach within the region without harming the autonomy of grantmakers.

The database developed in this process would assist newcomers to the CSI-industry and facilitate in the approval of new projects. The learning curve of new CSI-practitioners could be cut in half through contact with experienced practitioners.

Apart from these benefits of CSI-networking, the moral support and mutual understanding for the complexity of the CSI-world, offers a distinct comfort zone for practitioners.

Networking should, however, include the members of the support and implementation domains as well. The support domain must be sensitised for the development needs and the priorities of recipient communities. Through structured involvement, the support domain develops the same terminology and a sensitivity for the community needs. A multi-disciplinary approach would bring the different role players in contact and provide the opportunity for co-operation.

All effort to formalise CSI-networking in the past, however, failed dismally. Reasons for this failure include the lack of spare capacity within CSI-portfolios to drive the network, resistance due to the feat that autonomy could be sacrificed, small companies' inability to contribute and bigger companies' perceived indifference and self-sufficiency.

However, even if only on an informal basis, regular contact and interaction with fellow CSI-practitioners does have value beyond all doubt.
4.5 CONCLUSION

The extremely volatile environment within which CSI aims to create and maintain a stable society conducive to economic growth, often leads to a situation where the perceptions of people rather than reality dictates the development process. The position of the CSI-programme - the link between the company and external communities - requires a great deal of diplomacy and sensitivity to ensure the continued involvement of all relevant role players. An integrated development process can only succeed if ownership for the process as well as for the outcome of the process is accepted by those who stand to benefit. It implies real participation by all the role players in the four domains involved in socio-economic development. The perceptions of the different stakeholders, therefore, are essential if co-operation is sought and should be considered thoroughly when a strategy for CSI is developed.

It would be rather easy for the private sector to fall back on the paternalistic approach, doing what is considered to be the right thing regardless of the opinions of anybody but its own control structure. This approach, however, would not enhance synergy and co-operation. It is therefore imperative for CSI-managers - in spite of the rather hostile opinions and attitudes of many implementation and recipient domain role players - to seek the common ground and focus on participation rather than on long standing differences and conflict.

Given the socio-economic realities of the South African society and the diversity of the elements influencing CSI, an integrated strategy is the only feasible approach to ensure optimal utilisation of corporate resources in creating an environment conducive to real economic growth, in spite of the complicated environment within which CSI has to operate.
CHAPTER 5

AN INTEGRATED MODEL FOR CORPORATE SOCIAL INVOLVEMENT IN A SOUTH AFRICAN CORPORATION

5.1 INTRODUCTION 5-118

5.1.1 Gencor, its structure and its business 5-119
5.1.2 The Gencor mission 5-120

5.2 THE GENCOR DEVELOPMENT TRUST, ITS STRUCTURE AND ITS MISSION 5-122

5.2.1 The structure of the GDT 5-122
5.2.2 The mission of the GDT 5-127

5.3 AN INTEGRATED STRATEGY 5-128

5.3.1 Function, focus and involvement 5-128
5.3.2 Maintenance of society 5-129

5.3.2.1 Policy guidelines for the GDT 5-131
5.3.2.2 Rules of the GDT 5-135
5.3.2.3 Networking 5-137
5.3.2.4 Employee involvement 5-138
5.3.2.5 Empowerment of recipients 5-139
5.3.2.6 Loan facilities 5-139
5.3.2.7 Political contributions 5-140

5.3.3 Support to sustainable development initiatives 5-141
5.3.3.1 A case study: Re-employment of retrenched mineworkers

5.3.3.2 Support mechanisms

5.3.4 The Integrated Development Process

5.3.4.1 Community resources

5.3.4.2 Dialogical intervention

5.3.4.3 Institution building

5.4 THE ADMINISTRATION OF AN INTEGRATED CSI-PROGRAMME

5.4.1 Registration of a trust

5.4.2 Contributions to the trust

5.4.3 Financial management

5.4.4 Administration

5.5 CONCLUSION
CHAPTER 5

AN INTEGRATED MODEL FOR CORPORATE SOCIAL INVOLVEMENT IN A SOUTH AFRICAN CORPORATION

SYNOPSIS

To integrate all the variables influencing CSI, the purpose, goals and objectives of the CSI-programme must be clearly defined, taking cognisance of the character of the host company, the environment and its impact on the company, as well as the specific limitations posed by the nature of the company’s business, its structure and its capacity to implement a CSI-programme. The mission of the company is a compulsory starting point for developing a mission for such a programme. In conglomerates or bigger corporations, the structure of the company also prescribes the structure of the CSI-programme. Ideally the structure should provide for optimal autonomy and control over own CSI-funds by subsidiaries, but rationalisation and synergy as far as scarce resources, expertise and administrative services are concerned.

An integrated approach should provide for specific areas of involvement, utilising all available resources and covering both the socio-economic and socio-political dimensions of development. The areas of involvement could usually be categorised in three distinct functions: the maintenance of society through grants and donations to the recipient domain; support to existing development initiatives through investment in specific projects and facilities with the focus on support mechanisms and facilitation; and an integrated development process to facilitate the process of institution building in communities through people centered development and process development.

One of the numerous problems encountered by CSI-practitioners is the difficulties involved in determining which of the many requests and appeals received deserve financial support. Very specific guidelines and rules provide appropriate parameters to simplify this process of decision making. Employee involvement further offers a wealthy resource of information and knowledge about specific communities to facilitate
decision making on CSI-spending.

Through the employment of innovative support mechanisms and acceptance of a facilitation role CSI could become extremely effective without spending vast budgets. This is possible through the integration of existing resources in well co-ordinated, focused programmes, utilising the technology vested in traditionally first world suppliers such as the CSIR and universities.

Where social infrastructure is lacking in specific communities, the integrated development process provides a vehicle to empower the leadership through dialogical intervention and institution building.

However, this extremely complex and challenging approach towards CSI requires a sound financial and administrative management system to ensure continued control. Bearing in mind the sometimes hostile criticism by extraparliamentary groups regarding CSI and the expected public focus on CSI in the immediate future, only sound management systems can safeguard CSI-practitioners against unjustified criticism.

An integrated approach provides the practitioner with a comprehensive strategy, addressing the majority of the CSI-company's needs.
CHAPTER 5

AN INTEGRATED MODEL FOR CORPORATE SOCIAL INVOLVEMENT IN A SOUTH AFRICAN CORPORATION

5.1 INTRODUCTION

Against the background of the defined purpose of CSI, the different stakeholders with an interest in development and their individual roles, the socio-economic and socio-political environment within which business has to operate and the different disciplines, roleplayers and constituencies to be considered in developing a CSI-strategy, a well-structured and professionally administered CSI-programme could make a substantial contribution to the transitional process from a post-apartheid to a non-apartheid society in South Africa.

The GDT is the official CSI-programme of the holding company Gencor (Ltd). During the course of this study, an integrated approach towards CSI has been developed with Gencor serving as a living laboratory. The approach has been resolved and applied as it was developed and since 1990, it became the official CSI-strategy of the GDT. The experience gained by the GDT will be used to develop an integrated model for CSI. However, certain structural and organisational realities are difficult to control in the work place and a more ideal dispensation - where it differs from the GDT approach - will also be considered in this chapter to illustrate the advantages and disadvantages of the GDT-programme.

For a better understanding of Gencor's CSI-programme, the structure of the company, the nature of its business and its mission will have to be understand. The need for this already poses the first learning point in developing a CSI-strategy: every CSI-programme will differ from the next - depending on the culture of the company, its structure and its business. No blue print is thus possible. The positioning of the CSI-programme within the company structure and the interphase between the rest of the company and its CSI-programme have to be established even before the approach to CSI can be defined.
5.1.1 Gencor, its structure and its business

Gencor, although listed as a mining house on the Johannesburg Stock Exchange, is an industrial conglomerate of a diversity of business concerns. The group is committed to real growth, as spelt out in its mission statement. Since Mr Derek Keys became chairman in the mid-eighties Gencor has preferred to maintain a high level of liquidity rather than to rely on borrowings. Through two rights issues and a number of development projects since 1988, Gencor's market capitalisation has increased from R4,5 billion to R14,95 billion in 1992. Engen's increased refinery capacity, participation in the Alba Oilfield in the North Sea, Samancor's acquisition of Middelburg Steel and Alloys as part of the Columbus project, Malbak's enlarging portfolio through Sancorp's rationalisation programme, Genmin's Oryx Mine and the new Hillside Smelter at Alusaf are but a few of the major investments Gencor made during the last few years.

The structure within which Gencor finds itself could best be illustrated as in fig. 5.1:

**Figure 5.1 The Gencor group of companies**

![Gencor Group of Companies Diagram]

*Source: Own research*
Unbundling of the group is at present being considered as a distinct alternative for the existing structure. Justification for this step is to be found in a variety of arguments including the discount at which Gencor shares are trading, the size and autonomy of the Gencor subsidiaries and political pressure.

5.1.2 The Gencor mission

The mission statement of a company is implicitly the point of departure for developing a CSI-programme. Not only is management the ultimate employer of CSI, but the mission is also the true reflection of a company's culture. It provides a mandate for CSI and it legitimises the activities of the programme, if exercised within the parameters of the mission. Should the mission not allow for the role of a CSI-function, the implementation of such a programme will have to be reconsidered seriously. The mission indicates the commitment of management and its inclination to include social reconstruction in the company's business plan.

In this mission statement the business of the company and its specific goals are clearly spelt out. It also defines something of the company's culture when it refers to Gencor's style. The reason for Gencor's extremely diversified structure is to be found in this style. Independency, however, does not mean in isolation. Co-operation and participation is still possible through the holding company.

From the point of view of the GDT, the mission statement provides sorely needed direction, even whilst posing some very difficult challenges. The direction is implicit in the mission's overall aim of real growth in everything Gencor does, coupled with its goals of achieving the esteem of the communities in which the company operates and an identity of interest with employees. The challenge lies in finding appropriate ways of interacting with employees, their organisations and their communities and particularly in translating the concept of "participative management" into an operational strategy.
The Gencor mission, as developed under the leadership of Mr Derek Keys, reads as follows:

**Gencor's Aim**

Real Growth

**Gencor's Business**

Starting or acquiring major business ventures, and Accelerating the development of our existing businesses.

**Gencor's Goals**

To achieve
- the esteem of the communities in which we operate,
- an identity of interest with our employees,
- the admiration of our customers and suppliers, and
- a higher than average return for our shareholders.

**Gencor's Style**

We encourage the creation and development of independent, entrepreneurial and participative managements to whom we delegate responsibility for their share of our mission.

This mission of the company already focuses its CSI-programme even before the GDT's own guidelines have been developed. It goes a long way towards defining who the CSI-programme should aim at - i.e. who the recipients should be. The employees of the company and the communities in which Gencor operates, broad as the latter may be, are clearly identified. It also poses the difficult challenge to reposition the company's community involvement from straightforward, unilateral giving to participative, integrated giving. This calls for mastery of the difficult art of partnership in decision making.

"Achieving the esteem of communities" likewise sets a test. It has to be
determined who the communities are and what constitutes their esteem. The definition of "communities in which we operate" ranges, in the case of Gencor, from the local environment - human and natural - to the country as a whole within which the company operates as a major corporate citizen and even extends to the international business fraternity where Gencor is recognised as a significant roleplayer.

It is thus clear that the mission statement of the company already provides a mould specific to the company in which the CSI-programme could be given a distinctive shape.

5.2 THE GENCOR DEVELOPMENT TRUST, ITS STRUCTURE AND ITS MISSION

5.2.1 The structure of the GDT

The GDT was established in 1971 as a donations fund and in 1983 as an official trust, although the past chairmen of Gencor all made ad hoc grants and donations to deserving causes ever since the inception of the company. At present it represents one of the largest corporate social involvement programmes in the country. However, it is substantially less effective than what it could have been had the group been successful in creating a more synergetic approach amongst the CSI-programmes of its subsidiaries.

The GDT administers CSI on behalf of the holding company, Gencor, and one of the subsidiaries, Genbel. Engen, Sappi and Malbak, however, implemented their own autonomous programmes. Genmin, the mining house, also established its own trust in 1990, but commissioned the GDT to administer the programme on its behalf. It immediately ensured greater continuity and co-ordination between the two CSI-programmes. Within the Genmin group, Samancor also founded its own trust in 1991, the Samancor Foundation - autonomous and not attached to either the GDT or the Genmin Development Trust. Alusaf and Richard Bay Minerals are in the same position.
The present structure is therefore extremely diversified as illustrated in figure 5.2. While there is a national quest for co-operation, an uncoordinated effort within the Gencor group is, of course, debatable.

**Figure 5.2 The CSI-programme of Gencor**

```
+-----------------------+          +-----------------------+          +-----------------------+          +-----------------------+          +-----------------------+
| GENCOR               |          | GENBEL                 |          | GENMIN                 |          | SAPPi                  |          | ENGEn                  |          | MALBAK                 |
| CSI                  |          | CSI                    |          | CSI                    |          | CSI                    |          | CSI                    |          | CSI                    |
| GENGOLD              |          | IMPLAte                |          | TRANS-NATAL            |          | SAMANCOR               |          | ALUsAF                 |          | CSI                    |
| CSI                  |          | CSI                    |          | CSI                    |          | CSI                    |          | CSI                    |          | CSI                    |
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*Source: Own research*

The critical need to optimise available resources, prevent unnecessary duplication of resources and co-ordinate development efforts, justifies a much more integrated approach. Although the autonomy of individual business units and their CSI-programmes are considered to be priceless and not negotiable, and although it is still the popular view that CSI should primarily be used for promoting the image of the company, the dynamic and extremely volatile society in which business have to survive, demands a group effort that will empower the individual CSI-programmes of all the group members.

The ideal CSI-structure for the Gencor groups of companies would have allowed for total autonomy, yet co-operation and synergy (figure 5.3).
The entire group's effort could be rationalised if expertise, facilities, management services and the information database are centralised, while decision making and operational control are decentralised. The central management team can act as secretariat, database, strategic development centre, co-ordinator of joint ventures and information network. The centre should allocate full-time officials to each of the company portfolios and should allow company officials to be directly involved with Trust activities. The trustees of the individual CSI-programmes will be responsible for integrating other company resources and for involving other disciplines as and when required. They should develop their own strategies and guidelines, based on relevant information provided by the centre, and dictated by their individual missions.

Advantages are numerous. Cost effectiveness, specialisation and development of expertise, continuity, full control by companies, direct access to other company disciplines and the potential to involve employees are all incorporated in the proposed structure.

Justification for such an integrated focused structure is to be found in
the following:

- the nature and extent of the socio-economic needs of the country require a focused, integrated approach towards development to make a significant impact

- the declining economy demands rationalisation on all levels, including the administration of a social involvement programme

- the autonomy and independency of group companies must also reflect in their social involvement programmes

- the growing awareness of the private sector's contribution - or perceived lack thereof - to socio-economic reconstruction and economic empowerment demands a high level of specialisation and expertise in implementing corporate social involvement programmes

- the quest for the repositioning of companies - inter alia - in the political and labour arenas - calls for a focused, yet individualised approach, aimed at specific target populations relevant to respective companies

- the diversified nature of socio-economic and socio-political development requires a wide variety of skills within the social involvement programmes of companies

- the new structure has the capacity to accommodate the outcome of possible unbundling, regardless of the nature of the exercise.

In such a structure the centre will be autonomous and will render a comprehensive service to all the group companies. Group companies become individual clients of the centre, each with its own board of trustees, policy and strategy. Gencor, the holding entity, will also be a client and the centre will have no jurisdiction over the development activities of the individual clients, other than those assigned to it by the clients. The centre will provide:

- a trustee member for each client (pre-requisite)
- a full time manager/account executive to adopt the identity of the client (business card, letterheads, public profile)
- complete financial and administrative services, representing
individual clients' public image
- strategic policy formulation with regards to socio-economic and socio-political development
- specialised expertise on all aspects concerning corporate social involvement
- a "proven" financial management and control system
- evaluation, implementation, monitoring and assessment of all appeals, requests and projects
- networking, internal and external
- co-ordination and integration of group activities if and when required
- a comprehensive information system
- identification of opportunities for joint ventures and co-operation.

At present Gencor and Genmin cover the overhead expenditure of the GDT. To ensure autonomy of future clients and at the same time implement a reasonable cost structure, it is suggested that a management fee be charged which could be paid from trust funds by individual clients. Gencor and Genmin's allocation to their respective Development Trusts should therefore be supplemented with the existing overhead expenditure budget. (The perceived total spending by the two Trusts will accordingly become more competitive.) This implies consolidation of all costs related to social spending, but separate accounting and total autonomy for each client. Budgeting will be critical since a shortfall will not be covered by any specific client.

The advantages of this proposal include:

- guaranteed autonomy and personalised service
- rationalisation with respect to administration and expertise
- co-ordination if and where required
- experienced operational staff
- continuity in case of staff changes
- access to expertise and experience
- comprehensive information base - socio-economic and socio-political
- appropriate structure even if unbundling should be implemented
- cost effective
- time saving
- individualised integrated socio-economic programme to facilitate the respective missions of clients
- integration of expertise without duplication of scarce resources
- career opportunities for staff
• cross pollination between client's trusts
• informed submissions to relevant boards and forums in client companies.

5.2.2 The mission of the GDT

Having considered the environment (both socio-political and socio-economical) the expectations, opinions and needs of the important constituencies influencing CSI and; the specific guidelines provided by the Gencor mission, the GDT defined the purpose of its existence as follows:

To promote the development and maintenance of a socio-economic and socio-political environment conducive to the pursuit of economic growth.

To this end the GDT strives to:

• reflect a true image of the Group in the communities relevant to its business operations
• contribute towards the positioning of the Group in a changing socio-political environment.

The GDT aims to:

• improve the quality of life of the employees through involvement with employee communities
• create opportunities for employees to become involved in the socio-economic development of their communities
• develop a commonalty of interest with other participants in the socio-economic and socio-political domain in South Africa
• create and sustain a positive development climate within a changing society
- facilitate the activities of line management in support of these aims.

5.3 AN INTEGRATED STRATEGY

5.3.1 Function, focus and involvement

The defined mission of the GDT narrows the focus of the Trust down to three performance areas, covering both the socio-economic and the socio-political dimensions of development and the reconstruction of society, yet confining itself to a size and scope which brings it within reach of the GDT (figure 5.4).

**Figure 5.4 The three areas of corporate social involvement**

![Diagram of social involvement]

*Source: Own research*

The first function is the maintenance of the social infrastructure in society. The focus of the GDT is on specific implementation domain and recipient domain roleplayers involved in welfare and social services. Involvement is primarily in the form of grants and donations with the sincere belief that the recipients will be effective and efficient in serving the communities they represent.

This function constitutes the direct link between resource and recipient stakeholders and focuses primarily on the social dimension of development.

The second function is a support programme through which
investments in development projects and facilities are made through development agencies and support mechanisms. Support to successful initiatives by other roleplayers and the co-ordination of development activities are included in this function.

In this case liaison is mainly with other resource domain and implementation domain roleplayers, but also with recipients. Emphasis is placed on the economic issues of society.

The third function is an Integrated development process (IDP), focusing on institution building and people centered development within communities. Although this process is employed in both the other two functions as well, the emphasis is in this case on process development and facilitation of the respective processes, rather than on a specific product.

This function involves the support domain, as well as the implementation and recipient domains and focuses on the socio-political dimension of development.

Through these functions the GOT strives to add momentum to the national development drive. Not a single aspect of socio-economic development (figure 3.2) is excluded and the process of legitimation, from talk shops to synergy in a legitimate socio-political dispensation, is particularly well served by the IDP.

5.3.2 Maintenance of society

The traditional role of CSI (grants and donations) aims at the very essence of a normalised society: the state of its welfare and social services. As corporate citizens, the private sector has a responsibility to contribute towards the development and maintenance of an effective and efficient social infrastructure which will have the capacity to serve society (figure 5.4). In doing so, the expectations of society are met while a substantial contribution is also made to an environment conducive to economic growth.
The challenge, however, is to find ways and means to make grants and donations without being paternalistic and prescriptive, yet in an effective and efficient manner. The GDT received more than 17 000 requests for assistance during the 1991/92 financial year. Many of these had enough merit - both in development terms and managerial capacity - to justify support. However, only 1 200 - less than 10 percent - could be supported. What to support and what to turn down, becomes one of the most difficult questions in the CSI-profession.

A company the size of Gencor has no option but to include almost every aspect of the development field. The emphasis is, however, shifted from time to time, dictated by the ever-changing socio-economic realities in the environment. In general, the GDT focuses on rural and agricultural development, small business development and job creation, education and training, health care, community development, enrichment and cognitive development and conservation and environmental issues.

These are, however, including almost all dimensions of society. The GDT has therefore adopted an approach whereby the expertise available within the Trust is being used to help determine the specific areas of involvement. This approach is justified by the philosophy of the GDT to seek personal involvement and direct inter-action with projects and communities, rather than financial contributions only. With the reconstruction of society and the creation of a new civil society as aim, all requests are appraised in terms of its potential contribution to bring about peace and stability in society.
5.3.2.1 Policy guidelines for the GDT

To focus even more, the GDT developed certain policy guidelines to steer the programme.

- The GDT follows an holistic development approach which implies that projects are not considered in isolation, but that the broader need is evaluated before involvement is considered.

- An integrated approach is followed and financial assistance is often merely a component of the development aid offered. By mobilising the skills available within Genmin as well as drawing on external expertise, all available resources are utilised to achieve the aims of the Trust.

- When community development or welfare projects are undertaken, preference is given to communities in which employees are living or where the families of migrant workers live.

- Although the image enhancement implications and potential of every GDT project is considered and optimally utilised, it is considered a secondary criteria during decision-making. Image enhancement is seen as a Corporate Communications function, whilst the GDT fulfils its role supplementary to this function.

- Donations by other companies and groups are not used as a yardstick for motivating donations by the GDT. However, when sensitive and/or controversial projects are supported, the involvement of other groups is taken into account. For the sake of image enhancement implications of a project, the magnitude of the contributions by other supporters is also taken into account. Liaison with the social investment managers of other groups is nevertheless actively promoted and an information network, involving as many groups as
possible, is maintained.

- Larger but fewer projects are supported in order to ensure a meaningful influence when the GDT gets involved. Although a certain level of welfare support is unavoidable, the accent is placed on support which makes a positive contribution to the effective management of social problems in South Africa.

- Reconstruction of the civil society in South Africa is considered to be important and the empowerment of local communities to accept responsibility for their own development is a pre-requisite. The GDT therefore focuses on capacity building programmes and the establishment of competent social structures within identified communities.

- The GDT has an individual character which distinguishes it from other social investment programmes. This individuality can be ascribed to:
  
  - the focus which is concentrated on certain areas of expertise, rather than becoming involved in a broad variety of actions
  
  - personal involvement by way of input, motivation, training and influencing as a basis for support, rather than trying to solve problems with money
  
  - providing a co-ordinating role through involving organisations and individuals with certain specialised expertise in order to act more effectively and efficiently
  
  - specific planning to eventually, within a reasonable period of time, make organisations and/or projects independent and self-sufficient to a degree where financial support can be withdrawn.

- The integrated approach followed by the GDT results in the
pro-active involvement and utilisation of operational departments, during GDT activities. Image enhancement and manning strategies of the company are taken into account when considering projects.

- Purposeful employee participation programmes are launched through existing or newly-created representative structures. A significant portion of the GDT's budget is allocated for this purpose.

- Since the largest constraints in the Southern African society are perceived to be in the educational and social fields, especially with regard to infrastructure and management skills, the GDT concentrates on projects in these areas. However, caution is exercised to ensure that the GDT does not assume the State's role, and therefore specific attention is focused on projects:
  - which promote new initiatives within existing structures
  - which enhance productivity within existing structures
  - whereby Gencor employees and the communities in which they live will benefit
  - which promote a system of equal education standards for all population groups
  - which address Gencor's needs, either directly or indirectly.

- Controversial projects, which could lead to a negative image of Gencor in any community, are avoided at all costs. Active participation in activities which undermine existing authoritative structures for whatever reason, are accordingly also avoided. This leads to a knowledgeable, objective judgement being passed on initiatives and
organisations to the left and/or right of the moderate centre.

- The GDT strives to play a catalysing role by supporting initiatives that can make a real contribution to a better South Africa, especially in the educational, social, health and conservation areas.

- Any community and/or socio-economic regression which is exacerbated by unavoidable action by Gencor and its subsidiaries, such as, for example, staff reductions or environmental pollution, is countered by pro-active community-aimed projects.

- Environmental conservation is regarded as a high priority since it is considered to be a sensitive issue influencing almost all spheres of society.

- Recipient organisations have to comply to the following minimum requirements:
  - comprehensive accounting systems and procedures
  - legitimate organisational structure
  - representative of its constituency
  - submission of a viable project proposal supported by an appropriate implementation strategy
  - addressing the real socio-economics or socio-political needs of society as defined from time to time.

Through experience it was soon realised that a CSI-programme has to:

- rule involvement in certain activities out

- prevent a shotgun approach

- narrow its involvement down to prioritised areas of involvement.

Certain rules were therefore developed to assist the decision-making
process and to eliminate administrative red tape.

5.3.2.2 Rules of the GDT

Although rules for a CSI-programme should never be rigid and prescriptive, such rules could be of significant value to simplify the decisionmaking process. The GDT therefore developed the following rules:

- **Advertisements**

  The Development Trust does not finance the placing of advertisements. Requests from charitable organisations for the placing of advertisements are declined but, in cases where there could be image implications, applications are referred to the Corporate Communications Department.

- **One man concerns**

  Financial assistance to organisations and projects which are centred around one person without supporting structures are handled with circumspection and are only made in very exceptional cases.

- **Sports days**

  No requests for sponsorships of this nature are considered (e.g. golf days, horse racing days.)

- **Contract research**

  The GDT does not finance research done on contract for the operating divisions. The costs are carried by the respective divisions themselves.

- **Evangelism**

  Direct donations to individual congregations, churches or
denominations are not considered. However, contributions are made annually to selected interdenominational umbrella organisations or initiatives.

- **Conferences**

Contributions to the cost of conferences are only made if the relevant conference has a direct bearing on the GDT or if its theme is of significant importance to the country.

- **Overseas travel**

Only in very exceptional cases will the GDT sponsor foreign visitors or overseas travel by, for example, sports team, academics or persons wishing to undertake study tours or attend conferences.

- **Schools**

Contributions to individual schools are only considered on condition that the school fulfils special social or physical functions, for example for deaf, blind or physically handicapped.

Contributions to schools will normally be handled as part of the employee participation programmes.

- **Study assistance**

No applications for individual study assistance are considered by the Trust.

- **Technical colleges**

Contributions are only made to those technical colleges which are situated in areas where Gencor has substantial operational interests.
• Trust funds

As a general rule no contributions are made to the building up of trust funds or reserves of organisations.

• Tertiary institutions

Applications for financial assistance from the respective departments of tertiary institutions should be handed to the development office of that institution. Representatives from the development office would submit a list of priorities for consideration by the GDT.

It must, however, be emphasised that these guidelines and rules are only appropriate to the GDT and are based on the specific preferences of the Trust. It is the role and the function of the Board of Trustees or Control Board of individual CSI-programmes to develop appropriate guidelines for each programme.

5.3.2.3 Networking

In spite of any guidelines or rules, re-active decision-making still requires an extensive process of appraisal of all proposals with merit, including the economic, financial, technical and institutional aspects of an organisation or project. Networking with other CSI-programmes and development agencies such as the Kagiso Trust, IDT, DBSA and others, therefore become imperative. Through regular contact and frequent consultation, sharing of information substantially reduces the time and effort invested by individual practitioners.

During 1989 the GDT launched an effort to formalise the networking process amongst CSI-companies. It was soon discovered that official networking presented several difficulties since the autonomy of CSI-companies are considered to be of "high premium" and since all practitioners are overworked and under-staffed and therefore have no capacity for an additional administrative burden. The notion of a newly established bureaucracy to form a secretariat for the network was not
acceptable though, and the effort has been abandoned. A more recent effort of the Resource Development Centre, based on a computer database, appears to be more viable. It is, however, still in an infant stage and requires further development.

An informal network is, however, well-established and most of the more active CSI-programmes are in regular contact with each other. Since no competition exist between these initiatives, information is in most cases made readily available.

The Warner-Lambert Group initiated a formal network in the Western Cape which is functioning reasonably successfully. Since the number of participants are small and members are geographically within reach of each other - conditions that are dramatically different in the case of a national effort - the model can unfortunately not easily be replicated or expanded to include the whole of South Africa.

5.3.2.4 Employee involvement

In an effort to relieve the over-extended staff of CSI-programmes and to promote participative management with all its advantages - including the quality of decisions on socio-economic circumstances within communities - the employees of the company could easily be involved in CSI-programmes.

Employee participation is a priority with the GDT and all community-based programmes provide for the involvement of employees working and living in their respective communities. As a means of implementing the Gencor philosophy of partnership rather than paternalism the Employee Community Support Group (ECSG) concept has been developed and implemented. An ECSG is a group of representatives of employees (at all levels) and management who jointly decide on the allocation of funds available for socio-economic development in the communities which they represent. ECSG's have been introduced at all business units within Genmin and at the Gencor Head Office. It implies that every mine, refinery or plant has an ECSG to accept full responsibility for Gencor's social involvement in those communities where the individual business units are vested.
The GDT provides training to members of the ECSG's and monitor the programmes. A percentage of the GDT budget is allocated to the individual ECSG's and up to 40 percent of the entire Genmin contribution to the GDT budget has been spent by ECSG's during the 1991/92 financial year.

The sole purpose of the ECSG's is to serve the local communities in which employees live. The ECSG's accept full responsibility for the identification, evaluation and implementation of projects that will serve this goal. Only a few rules apply, primarily based on norms and values. Money is not to be used to enrich private individuals and the money may not be paid out in the form of wages. No political activities may be supported and no project or cause that will enhance discrimination is tolerated. A suggestion by a NUM (National Union of Mineworkers) shop steward was later included: ECSG's should not be politicised or unionised.

Twenty-one ECSG's have already been established and are functioning extremely well. Participation is good and local interests are well-represented.

5.3.2.5 Empowerment of recipients

The investment made by CSI-programmes in the recipient domain through grants and donations can be considered a risky one if not supported by an empowerment programme comprising of management training and strategic planning skills. The GDT seven years ago introduced such a programme, accommodating approximately ten NGO's or community organisations per year. The aim of the programme is to equip recipients to be as cost-effective and cost-efficient as possible, thereby securing the investment of the donor organisations.

5.3.2.6 Loan facilities

A company like Gencor cannot avoid appeals for major grants and donations to strategically important organisations and institutions. Lack
of means very often limits the ability of the GDT to make such major grants (above R1 million) available. The GDT did, however, develop a loan scheme to overcome this limitation. In principle, loan funds are made available to institutions of strategic importance only; for capital projects only; and at interest rates as low as one percent per annum. The loan amount offered is usually double the project cost to provide the recipient with the opportunity to invest 50 percent of the loan amount for the duration of the loan period - usually five years - to generate enough funds for the repayment of the loan. The GDT's actual contribution is therefore the loss of interest and the effect of inflation over the loan period, but the scheme has the advantage that funds can be rolled over and more recipients can be assisted with major grants. The tax implications, if the recipient is registered as an educational institution (article 18A of the Income Tax Act) justifies the ruling that the recipient invests 50 percent of the loan amount, rather than the donor.

This scheme is, however, still limited to the availability of funds and only a few of these loans can be granted at a time.

5.3.2.7 Political contributions

The private sector is often approached for direct contributions to political parties and organisations. To avoid any confusion between socio-economic and socio-political support to facilitate the reconstruction of society on the one hand and party political activities to enhance political power play on the other, Gencor has decided to establish an Executive Fund, not incorporated with the GDT. Only Executive Directors of the Board have the authority to spend from this Fund. All requests in this regard are therefore referred to the Executive Fund.

It is also funded from a separate source of income. The Fund is, however, administered by the GDT which provides the important link between the work of the GDT and the political involvement of the company.

The Gencor approach in this regard is simple, yet effective and can be
recommended.

5.3.3 Support to sustainable development initiatives

Through the development and implementation of innovative development programmes, utilising established implementation and support domain roleplayers, and involving outside communities, CSI can be made more effective and efficient.

Figure 5.6 Support to development initiatives

![Diagram]

Source: Own research

The GDT approach could best be explained by a specific case study as documented for a presentation at the annual convention of the IPM (Visagie, 1992).

5.3.3.1 A case study: Re-employment of retrenched mineworkers

The programme entails a joint venture with the NUM and was initiated by the destructive results of the retrenchment of thousands of mineworkers, the majority of which are members of the NUM.

The programme in itself is nothing extraordinary. It entails the provision of re-training opportunities for retrenched workers in building industry related skills. Individuals with an aptitude for management are also given the opportunity to further their managerial skills. The programme, however, does not only provide for the training of the unemployed, but also includes the creation and development of job opportunities and the provision of support mechanisms to ensure permanent employment and not merely trained, unemployed people.
The planning phase commenced in 1990. It was in the midst of serious wage negotiations and increase demands by the NUM, the emotional stages of the reform process which had at the time just been announced by the State President and a crippled economy which led to heartbreaking retrenchments at a level never experienced by the mining industry. The declining gold price did not exactly help to improve the situation.

Given these circumstances, the relationship between Genmin and the NUM was extremely fragile when the management of the GDT decided to embark on a joint venture. An earlier announcement by Anglo American Corporation to make a significant amount of money available to the NUM for programmes to support retrenched workers was met with such antagonism by the NUM that the GDT decided to opt for a different approach. The outstanding features of the programme turned out to be major learning points to be used with great success in future programmes.

The GDT, not Gencor, approached the NUM. As already mentioned Genmin and the NUM were locked in an annual wage dispute at the time, and the NUM had to be convinced that the GDT is an autonomous entity with no involvement or vested interest in the operational affairs of Genmin. It is merely the development agency of Genmin, focusing on the socio-economic needs of individuals and communities. During the course of initial discussions, the trust relationship was put to the test on several occasions, but since the position of the GDT was a sincere commitment to development, it was not too difficult to prove its trustworthiness.

A "blank paper" approach was followed to convince the NUM that they are invited to the kitchen and not to the dining room. The GDT therefore did not approach the NUM with a project proposal, but rather with a clearly defined problem statement of mutual concern. The project had to be developed by both parties.

The secretary-general of the NUM had to - in his own words - make a paradigm shift to accept joint responsibility for the project while the
dispute with Genmin was still on. But since the impact of retrenchments was a source of real concern for both the GDT and the NUM, cooperation and the pooling of resources seemed to be a logical approach.

Various scenarios had to be considered to ensure both parties' acceptance of shared risk as well as shared victory. The so-called "slow-fast" approach ensured proper team building during the planning phase. Roles were defined and all the external role players were identified. The NUM accepted responsibility for the identification of participants and evaluation of the training material while the Trust administered the programme.

The programmes' success can be ascribed to the integrated way in which it is structured. In-service training takes place, but the participants of the programmes are also introduced to their markets and eventually established in either full-time employment by an employer or as entrepreneurs in their own right. To achieve this, opportunities had to be provided, and sometimes even created, to ensure a demand for the services rendered by participants.

Contact has been established with the IDT, SAHT and other development agencies and their project management consultants who implement major building programmes (schools, community halls) to integrate the needs of their programmes with the training programmes of participants. Furthermore, the need to identify and train estate agents who can sell the houses built by the newly established building contractors has been identified and addressed. Fifteen of these agents are already fully operational.

However, in line with the free market principals, participants are encouraged to challenge the competition and no guarantees are provided by any of the above employers. The GDT therefore tenders with other shareholders for certain contracts, and although the training of novices does imply that more time is required, the programme has managed to deliver all projects on schedule so far. Quality has to be maintained to stay competitive and participants are fully aware of the cut-throat nature of the building industry.
Skills development is an on-going process and multi-skilling is taking place. Since no new facilities have been created for the programme, existing institutions and facilities have been assisted to improve and develop their own capacities. Participants are given the opportunity to enhance their skills in disciplines varying from literacy training through artisanship to cognitive skills. They progress from artisans to building contractors to fully fledged entrepreneurs before leaving the programme.

It was soon realised that local communities where projects are introduced must be involved in the planning of the projects. Great emphasis is therefore being placed on capacity building within communities. The social-infrastructure created in the process empowers communities to accept responsibility for their own development. Since the aim of the programme was to train and employ retrenched members within their own communities, the local communities soon pointed out that the programme should not be for NUM-members exclusively but should provide for all unemployed members of their communities. The programme therefore serves a wider community at present.

One of the major problems encountered was the need for bridging finance for the contractors. With the stokvel concept as point of departure, a new concept - the trustvel concept - has been developed as a support mechanism to enable contractors to negotiate collectively for funding. A similar concept is currently being considered for home buyers.

Right through this programme the communication between the two principals (the NUM and GDT) and the participants, project managers and other role players in the communities - including the communities themselves - are considered to be crucial. Effective communication provided most of the learning points and enabled the administering of a flexible and dynamic programme.

The social investment required to implement this programme amounts to approximately R900 000, but the bulk of this investment is considered to be development cost and will not have to be repeated. A certain amount
has also been made available as an interest-free loan and will be recycled as the programme progresses.

The results achieved during the 1991/92 financial year (including non-NUM participants) can be summarised as follows:

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<tbody>
<tr>
<td>Houses built</td>
<td>488</td>
</tr>
<tr>
<td>Schools</td>
<td>7 500</td>
</tr>
<tr>
<td>Community halls/clinics</td>
<td>R8,92m</td>
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<tr>
<td>Skills enhancement</td>
<td>495</td>
</tr>
<tr>
<td>Jobs provided</td>
<td>660</td>
</tr>
<tr>
<td>Entrepreneurs</td>
<td>50</td>
</tr>
<tr>
<td>Institution building</td>
<td>16</td>
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<td>Local facilitators</td>
<td>17</td>
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The power of this job creation programme compared to others is to be found in the synergy which has been established between parties who are traditionally opposing each other and between the needs of the communities and the need to re-employ people in those communities. In this specific instance the process has become at least just as important if not more important than the product. The results are there and still growing.

The support function of CSI is therefore focusing at two levels: to put together a programme of effective projects, utilising existing facilities, projects and agencies while introducing support mechanisms as and when needed and; to make facilities and funds available to successful projects already established, even if implemented by other resource domain members or implementation domain agencies. The support mechanisms, however, deserve further discussion.

5.3.3.2 Support mechanisms

Very often a development programme does not grow into a self-sustaining, community owned initiative, as was intended. In most cases limitation can be overcome by introducing an innovative new concept to bridge the gap between success and failure. Examples of these are the future schools concept and the trustvel concept developed and
implemented by the GDT in consultation with independent consultants.

- Future Schools

In building schools, it is often a challenge to ensure the ownership of the local communities for whom the schools are built. Developers and funders are usually satisfied if one or two community leaders were asked and confirmed that they want a school or if the DET indicated the school as a priority. The IDT, however, insists, on an educational trust within the community to apply for funding. This precondition to IDT funding, led to conflict and distrust within communities since the trusts that were established were not always representative and the broader community was not always consulted.

Furthermore, development agencies such as the IDT and the DET usually put school building projects out on tender - tenders almost always awarded to mega-contractors - without any input from the community with regards to the planning of the school or the opportunities created by the project.

The Future Schools concept provides for a phased programme of community involvement even before the need for a school is identified. The social infrastructure in the community is empowered and a representative body of legitimate community leaders are equipped to accept the responsibility for the development needs of the community. They act as representatives of the community in identifying the needs, applying for funds and co-ordinating job creation and training for local people to work on the project. They are the project managers, building inspectors, and guardians of the school.

Although this approach seems to be risky and time-consuming, the results proved to be overwhelming. Apart from the ownership that is established within the community, the impact of the project - a school - is multiplied by the mere fact that local community members are trained, jobs are provided and a functional social structure remains in the community long after
The school has been built.

The Future Schools concept also provides for the constructive engagement of the relevant government departments and alternative educational concerns.

• The Trustvel

The word trustvel derived from two concepts, namely "trust fund" and "stokvel". The aim of a trustvel is to combine the benefits of the formal finance world with the flexibility and controls of the traditional stokvel system. The latter is a voluntary social agreement between a group of individuals who willingly pool their resources to empower the individual members of the stokvel. The social contract is considered to be the strongest ethical bond existing.

The Trustvel concept is employed when bridging finance is required but difficult to obtain, for instance when a group of potential entrepreneurs are ready to enter the open market. The Trustvel mechanism then ensures the training and development of these entrepreneurs, the additional coaching of entrepreneurs in practice and the development of financial collateral and security through the co-operation of all concerned. The unique revolving nature of funds further ensures the appropriate application of such funds within the community of the contributors over and over again.

Although an initial sponsorship is still required to train the potential entrepreneurs, the ongoing contribution to the trustvel by the entrepreneurs themselves, make the concept viable.

The Trustvel concept utilises the perceived legitimacy of the stokvel concept and transforms it in a legal entity with access to the formal financial resources in the country.

This support mechanism has been used to establish several small business enterprises in the building industry and in the clothing
industry. It is now considered to expand the concept to potential buyers of low cost housing. Many of these buyers do not qualify for subsidies from their employers and do not have access to bond facilities to buy houses ranging from R15 000 to R25 000.

The legal standing of the Trustvel will give them the required access and the social support of the Trustvel will enable them to serve a loan from a financial institution. Training will, however, still be a pre-requisite for members of a Trustvel.

5.3.3.3 Transfer of facilities

The support function of the GDT also involves the allocation or transfer of facilities for development purposes. A recent example is the transfer of a hostel facility in the Stilfontein area to a community foundation to be transformed into an educational facility.

From a self-interest point of view, the question is often raised: what would bring the best return on investment in terms of public exposure: a calculated grant or donation to a recipient with good standing in the community, or direct involvement in and co-operation with communities? The GDT opted for the latter and for the price of one medium sized donation, a field officer is employed. This officer facilitates development projects within selected communities through close co-operation with the relevant communities. The GDT, with great success, introduced such a project in the Poortjie squatter area where the local women formed a club and started their own food gardens, knitting and sewing industries, crèches and many other community activities. The facilitator involved the relevant government departments and local leadership in an effort to utilise all available resources and the club is now almost self-sustaining.

5.3.4 The Integrated Development Process

The socio-political environment in South Africa driving the transitional period offers unique opportunities and challenges to the resource
domain.

To create a new civil society, the resources vested in both the statutory and the alternative structures governing the social well-being of the country have to be utilised to the full. Communities have developed from a re-active, conflict mode and pro-active competition mode to cooperation and synergy where conflicting parties enter working agreements to address common socio-economic issues within their communities, in spite of their differences (figure 5.7).

Synergy is not consensus, though. It is rather the balance between conflict and consensus where neither of the opposing parties have to sacrifice its original point of view, or its identity, but where both realise that they need each other to address these issues. Synergy means that together, more can be achieved than what would be possible individually.

Figure 5.7 The Integrated Development Process

![Integrated Development Process Diagram]

Source: Own research

The GDT designed an integrated development process (IDP) to assist communities in reaching synergy within their own membership. In the process a strong social infrastructure develops and the capacity of the local communities to take control of their own development is enhanced substantially.

Although the purpose of this function is to empower communities through capacity building programmes, the synergy and co-operation between conflicting parties and the newly established social structures,
provide a vehicle for many other development issues - e.g. the feeding scheme of the Department of Health and Population Development, the drought relief fund and the peace process - to become effective through community ownership. It also leads to a co-ordinated development effort within regions, since the local communities are prioritising their needs jointly.

5.3.4.1 Community resources

The underlying premise of the IDP includes the notion that people do not have to like each other to be able to work together on their shared survival plan. All resources within a community should be utilised before external assistance is considered. The approach ensures ownership and full control within the community.

Contrary to traditional definitions, the GDT simply defines a community as a group of people who depend on each other for economic survival. One specific community would therefore include both the traditional black and white townships, relying inter alia on each other for job creation, labour supply and economic demand and supply.

If defined in this way, every community has certain resources available within its own ranks, the most important of which are expertise, organisation and facilities/capital. Whether it is a teacher knowing how to transfer knowledge, a clinic sister knowing how to treat basic health problems or a bank manager knowing how to administer the finances of his bank, the expertise available is almost unlimited. An important resource often overlooked, is the existing organisation within the communities. These include organisations on both sides of the political spectrum such as the Rapportryers, the ANC Youth League, the Vroue Landbou Unie, the ANC Women's League, the Chambers of Commerce, Church groupings and many others. Existing organisations within a community provide the backbone of a future civil society.

Although capital is almost always a scarce commodity within communities, facilities are often more readily available, especially during an economic recession such as is experienced by South Africa since 1989. Even if facilities are not available for full-time occupation,
many churches and community facilities are standing idle for a great deal of time.

The challenge for CSI is to unlock these resources vested in the community and to facilitate an induction programme to bring about synergy. Through this process the communities can empower themselves and a self-sustaining attitude is being developed (figure 5.8).

**Figure 5.8 Empowerment of communities**

![Diagram of Empowerment Process]

*Source: Hölscher, 1992b*

CSI-programmes should, therefore, offer an empowerment programme together with expertise, organisation and capital to ensure the ability of recipients to effectively and efficiently administer the input from the donor.

5.3.4.2 Dialogical intervention

With an understanding of the resource base within a community and the need to empower the communities through an induction programme to unlock resources and create synergy, a process of dialogical intervention has been implemented to initiate the integrated development process. The dialogical process has been developed to bring about trust and a mutual understanding between opposing parties. Participants are - through training and a sensitising exercise - being prepared to meet each other in dialogue.
During this process an analysis of the needs and requirements of the community and the relevant relationships within the community is done to ensure optimal involvement by the communities themselves. A common terminology is also established which proves to be a major benefit in preventing future misunderstanding of each other’s intentions.

The dialogical intervention process employed by the GDT entails a seven step procedure (figure 5.9).

**Figure 5.9 Dialogical intervention**

<table>
<thead>
<tr>
<th>Process / Parties</th>
<th>Government</th>
<th>Industry</th>
<th>Alternatives</th>
<th>Churches</th>
<th>Welfare</th>
<th>Political</th>
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<td>Phase 1</td>
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<td>Identification</td>
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<td>Phase 2</td>
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<td>Phase 4</td>
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<td>Phase 5</td>
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<td>Implementation</td>
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<td>Phase 6</td>
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<td>Monitoring</td>
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*Source: Hölscher, 1992b*

All role players within a community who have a vested interest in the economic survival of the community and its immediate environment, are identified. Since the IDP is an inclusive process the statutory as well as the alternative organisations are included.

National, regional and local government organisations, commerce and industry, churches, welfare organisations, political parties, civic associations and cultural organisations are all included.

These organisations are all lobbied on an individual basis, establishing
their respective views on the needs of the community, the other roleplayers and their own role in reconstructing the community. The pro-active or re-active energy level of the organisation and its attitude towards co-operation and synergy is inter alia tested. It is furthermore important to determine whether the leadership of the organisation is blue-print minded or process minded.

The prime aim of the lobbying phase is to sensitise the individual roleplayers for the different perceptions, opinions or views existing in the community and for the socio-economic and socio-political realities that necessitate co-operation between traditional foes. An extensive database is already starting to build up during the identification and lobbying phases.

The third phase of the process allows for caucus groups with similar views and values to meet in a workshop before meeting with all the other stakeholders in dialogue.

Conflict is not avoided in the process of dialogical intervention. It is often constructively used to steer the process of dialogue and to emphasise the need to allow reality to dictate the development process. Right through this process the emphasis is placed on the socio-economic requirements needed by the community to develop and grow, rather than the individual differences.

5.3.4.3 Institution building

Through the process of dialogical intervention the critical social issues of the community are identified and interest groups develop around these issues. This process leads to the formation of voluntary regional and local development structures with the emphasis on socio-economic priorities (figure 5.10).

The social infrastructure created through this process often calls for very specific empowerment programmes. The GDT for example found that, although the civic associations within communities usually have a clear mandate and are therefore perceived to be legitimate, they
often lack the capacity to meet the expectations of their followers. To level the playing field, the GDT often renders assistance to those organisations who need self-development.

Figure 5.10 Social infrastructure developing through dialogue

![Diagram showing social infrastructure]

Source: Hölscer, 1992b

The socio-political dimension of development is specifically addressed by the IDP and a legitimate social structure develops from it. The GDT has extremely successful programmes in the Western Transvaal, Free State Goldfields, Witbank and the Highveld/Ermelo area and is introducing similar programmes on the West Rand and in Rustenburg.

In the Western Transvaal the Klerksdorp-Orkney-Stilfontein-Hartebeesfontein (KOSH) programme is the most advanced and valuable lessons have been learned.

The structure established in the KOSH-area is representative of all organisations right across the political spectrum. Many successful job creation, educational and health projects have been implemented by the communities themselves. Resources are mobilised from within the community and local facilitators are fully equipped to guard the programme in future.
The local dispute resolution committee of the Peace Accord use the facilitators of the IDP during conflict situations, drought-relief funds have been distributed through the agricultural forum, feeding scheme funds through the health forum and the technology of the IDP will be used by local dispute resolution committees in other areas.

The role of CSI, in an integrated approach towards development is clearly that of a facilitator. Honest brokering is a pre-requisite for successful facilitation and the CSI programme should be perceived as an independent catalyst rather than one of the parties with a vested interest.

The success of the IDP can be attributed to the measure of resource integration that takes place during implementation - integration that is only possible as a result of the synergy that has been created. The IDP succeeds in empowering local communities while the so-called illegitimate statutory resources are "legitimised" through the process.

Resources employed during an IDP-programme include the CSI-companies' inhouse resources (resource domain), resources from within the community (recipient domain) and resources provided by academics and professional consultants (support domain). During the implementation phase, all available implementation domain members were employed by the community themselves. The community becomes its own resource domain as a result of the IDP.

Very important, though, is to realise that the role of CSI has shifted from that of a financial resource to a development facilitator, focusing on institution building. Although it may appear as if the process has become more important than the product itself, it proves to be the most effective mechanism to assist communities to become self-reliant.

5.4 THE ADMINISTRATION OF AN INTEGRATED CSI-PROGRAMME

5.4.1 Registration of a trust

A conglomerate like Gencor, with several subsidiaries contributing
towards a central fund - the GDT - has no other option but to register a trust or trusts to ensure optimal taxation benefits and to simplify the administration of grants and donations by all the contributing companies.

To serve an integrated approach towards CSI, flexibility in terms of the limitations put on the programme is essential. The registration of at least two trusts with the Receiver of Revenue would therefore be recommended:

- **An Educational Trust** registered under article 18A of the Income Tax Act from which contributions must be made to an institution also registered in terms of article 18A of the Income Tax Act. Tax certificates could be issued by the CSI-trust on receipt of the annual contributions from companies.

- **A Welfare or Community Development Trust** established in terms of article 10(1)(f) of the Income Tax Act. All financial assistance to institutions not registered with the Receiver of Revenue is made from this trust and although this trust is not taxable, no direct tax benefit derives from it.

The mal-distribution of funds in the educational field in South Africa - 70 percent of all private sector funds to education goes to secondary and tertiary education - is a direct result of the fact that pre-primary and primary schools, many informal and non-formal education and training programmes and several in-service training programmes do not qualify to be registered in terms of article 18A. Donors are obviously inclined to rather support institutions that offer them tax benefits.

Of all income received in any specific financial year, the receiver expects a trust of this nature to spend at least 75 percent within the year of receipt.
5.4.2 Contributions to the trust

Different norms are used by companies to determine the level of contribution to CSI-programmes. The most popular of these are percentage of pre-tax profits, percentage of after-tax profits or percentage of dividends declared. Government's inclination, as announced during the 1993-budget speech of the Minister of Finance, Mr DL Keys, to tax dividend in future, might lead to a decrease in dividends declared by companies and could marginalise dividends as a norm to determine CSI-spending. Other norms are, however, also employed. Sullivan companies, for example, used percentage of remuneration budget as a norm.

Some companies prefer to make a once-off capital amount available for CSI and to only use the interest earned by the original capital investment as a CSI-budget. Tax implications, however, have to be considered carefully in this case.

Based on a survey amongst fourteen prominent companies (figure 5.11) and supported by a guestimate by CSI-practitioners in these companies, it is estimated that the average allocation to CSI-budgets in South Africa amounts to approximately two percent of pre-tax profits.

Figure 5.11 Percentage of dividends allocated to CSI

![Bar chart showing percentage of dividends allocated to CSI for various companies.]

Source: Own research
However, many companies include expenditures which are considered by others to be remuneration in their CSI-budgets. Housing and sport and recreation are particularly controversial in this regard.

With the 1990 financial year results as basis and estimated CSI-spending as indicator, a few local companies' contributions to CSI has been recalculated and expressed in terms of percentage of dividends declared. This is, however, no accurate indicator, but rather an estimate of South African companies' involvement since the sample only includes large companies or groups of companies. The Gencor statistics are particularly misleading since the holding company and its subsidiaries are reflected separately while others reflect combined group efforts.

5.4.3 Financial management

Once the trusts are registered, separate financial accounting and reporting is required and the trusts must be audited by an independent firm of auditors. The two trusts must also be administered separately.

5.4.4 Administration

All correspondence - including requests and appeals turned down - are to be kept for at least six months. This measure is not only beneficial for administration purposes (enquiries and possible duplication) but also part of a database needed to formulate future policies.

5.5 CONCLUSION

An integrated approach towards CSI requires clearly defined goals and objectives, bearing in mind the dynamics of management, society and the political environment within which the company must survive. However, although many CSI-programmes have clearly defined mission statements, structural inefficiencies and the positioning of the programme within the company often prevents effective integration of the goals and objectives of the company and those of the CSI-programme. Furthermore, the lack of sufficient capacity within CSI-
departments generally leads to ad hoc development projects rather than integrated programmes.

To overcome these obstacles, new creative thinking is required to implement innovative procedures and mechanisms, increasing the impact of CSI-efforts without having to increase the monetary value of the CSI-budget. The integrated approach developed for the GDT since 1989, including its employee involvement facility, loan scheme, support mechanisms and integrated development process, is considered to be effective and efficient in serving the needs of both the corporation and the communities in which it operates.
CHAPTER 6

CORPORATE SOCIAL INVOLVEMENT - QUO VADIS?

INDEX

6.1 INTRODUCTION 6-162

6.2 THE FUTURE ROLE OF THE PRIVATE SECTOR AS EMPLOYER 6-164

6.3 THE FUTURE ROLE OF CSI 6-165

6.3.1 Introduction 6-165
6.3.2 Political environment 6-167
6.3.3 Structural changes 6-168
6.3.4 The integrated approach 6-169

6.4 CONCLUSION 6-170
CHAPTER 6

CORPORATE SOCIAL INVOLVEMENT - QUO VADIS?

SYNOPSIS

Southern African society certainly is on the brink of radical changes and the private sector is not likely to escape these changes. The pressure on companies to actively participate in the creation and redistribution of opportunities to create wealth is already mounting and the process of socio-economic reconstruction and development will continue for years to come, regardless of the outcome of the negotiations for a new political dispensation in South Africa. Companies will therefore not be able to escape the issue of CSI in positioning themselves for the future.

In addressing this issue, the private sector has three very distinct functions to fulfil: active employee involvement; capacity building within communities; and development of opportunities for wealth creation and distribution. It implies the involvement of both HRD and CSI-functions.

CSI could play an important role in the process of economic empowerment through the building of capable social institutions, people centred development and replication of successful models. It will, however, have to cope with the changes in the political environment, reflecting on the perceived socio-economic emphasis during transformation; the structural changes in companies due to economic and political variables; and the changes inherent to CSI, mainly as a result of the shift in emphasis from a maintenance role to a more supportive and integrated approach.

Considering all the needs and demands of a non-apartheid South Africa, an integrated approach towards CSI is considered to be the most effective way of transferring the resources available in the private sector to the recipient domain with a view on the reconstruction of a new civil society and the creation of an environment conducive to real economic growth.
CHAPTER 6

CORPORATE SOCIAL INVOLVEMENT - QUO VADIS?

6.1 INTRODUCTION

The role and function of corporate social involvement programmes in South Africa, has certainly changed quite dramatically over recent years. The volatile and politically challenging climate in which business has to operate during the period of transition to representative government, created a new awareness amongst local businessmen for the role industry has to play in normalizing a disrupted and destabilised South African society. However, this awareness has not been translated into comprehensive implementation strategies yet, although it is evident that the immediate future - dictated by political and social realities - requires increased dedication and commitment to development by all the members of the resource domain, including the private sector.

Business will, however, find it extremely difficult to allocate the required resources to socio-economic development in communities other than its own employee communities, since the declining economy and changing political environment is expected to tax the financial reserves of companies more than ever before.

From policy statements by political and community leaders, it is clear that the traditional business culture and modes operandi of South African companies will become increasingly under pressure to not only accommodate the changes in society, but to also actively participate in the creation and redistribution of opportunities to create wealth - both external and internal to the company's own rank and file.

This new focus implies a fresh look at issues such as affirmative action, participative management, profit sharing schemes and worker representation. Employee development will be high on the political and socio-political agendas in this country and multiple skilling, literacy and quality of life in the workplace will particularly receive attention. Furthermore, so-called corrective measures - rectifying the
wrongs caused by the apartheid system of the past to certain population groups - are becoming more and more the focus of community leaders' outcry in their continued struggle for economic and political liberation.

The process of socio-economic reconstruction and development will, however, undeniably continue long after a popular political settlement has been reached. As a matter of fact, it is expected that, in the period immediately after political transition, an era of transformation will follow. During transformation the different roleplayers in society will have to re-establish their mandates and alliances while the political process will consume the bulk of the energy available in the leadership of the country. Repositioning will be of strategic importance to business and politicians.

Furthermore, the impact of economic recovery, which will hopefully accompany the process of political liberation, is likely to reach the deprived, underdeveloped communities only long after the international up-swing has commenced.

Development in a non-apartheid society will therefore still be constrained by severe economic and socio-economic constraints while the capacity of the resource domain - excluding foreign concerns - is likely to decline drastically.

The biggest favour black politicians can do for their supporters today, is to warn them that, for many years ahead, liberty will still mean poverty.

It is speculated that foreign aid to the country will increase once an interim government is in place and the post-apartheid era has officially begun, but the history of other African and East Block countries liberated during recent years, does not support this view.

The local private sector, together with other members of the resource domain, is therefore expected to be stretched to its limits in the decade to come.
6.2 THE FUTURE ROLE OF THE PRIVATE SECTOR AS EMPLOYER

The integrated development process culminates into socially empowered communities with legitimate, representative structures accepting full responsibility for the development of their respective geographical areas. The experience of the GDT in the Witbank and Ermelo areas and in the Western Transvaal proved that, as soon as socio-political structures are in place and the real development issues are tabled, economic growth, rather than socio-economic needs, are identified as being the most pressing need of most communities. The emphasis shifts from social needs to economic opportunities within the recipient domain.

Against the background of the political and economic reform processes presently taking place in South Africa and the experience of the GDT's IDP at grassroots level, it is apparent that the private sector has three very distinct roles to play, now and in a future non-apartheid society, namely:

- instituting active employee development and participation initiatives which will allow employees to contribute to and to share in the wealth created by their employers
- launching capacity building programmes within communities, empowering community members to stimulate economic growth within their own communities
- the development of opportunities for wealth creation to benefit all citizens, as opposed to mere redistribution mechanisms.

The first could be considered a function of human resource development (HRD) practitioners, while the latter two are functions of a CSI-programme.

From the above it is clear that the ultimate purpose of business will
have to move from sheer profit generation for its shareholders, to one of wealth creation and real economic growth.

The inward focus of a company to empower its employees through development and participation, is a major challenge in own right and involves, in addition to management, several roleplayers such as the labour unions and professional bodies representing employees. If an integrated approach, as suggested by this study, is followed, the company’s CSI-programme will also be employed to assist the HRD and industrial relations (IR) functions in steering the company towards a new dispensation. It is, however, primarily the function of the HRD and IR departments to develop employees and CSI can only support these endeavours. Suffice to say that the window dressing exercises of the past will no longer be tolerated by political leaders and preferential treatment to black employees will become one of the most controversial issues in company politics in years to come. In some instances, a complete paradigm shift will be required by businessmen.

With the shift from profitability to wealth creation, the relationship between shareholders and management will also have to be redefined. Economic growth rather than profit generation necessitates sacrifices by all stakeholders of a private concern.

6.3 THE FUTURE ROLE OF CSI

6.3.1 Introduction

The general quest for participative management styles will also have an influence on the nature of CSI-programmes. Not only will decision-making on social spending be shared with employees and non-company trustees, but the particulars of CSI-policies, -programmes and -budgets will have to be made public. It implies transparency and honesty with regards to the intent and content of CSI-programmes.

Furthermore, the shift in emphasis in business strategies from profitability only to wealth-creation through economic growth will introduce a new relationship between CSI-practitioners and management. The expertise and experience built up by CSI-officials
through years of social involvement will be extremely valuable to management in repositioning their companies.

This support to management will especially be needed when new business ventures are started or when business is down and people get retrenched. Since the new emphasis is on economic growth, whole communities will be affected by business decisions of this nature and CSI-practitioners could render a critical service during the introduction of these plans to local communities either creating an awareness for future company involvement in the community through focused community involvement, or through pro-active preparation for the impact of company departure through the creation of competent social structures to break the dependency on the company.

This approach is even more valid in communities where large sections of the community depend on a single business operation for a living.

The most important contribution by CSI-programmes to combat the restrictive economic and political environment during the next decade or two, will be through a process of economic empowerment. This can only be achieved through an integrated development approach. The aim would be to:

- build capable social institutions within identified communities
- empower these structures through people centred development and the integration of resources and technology
- replication of successful models via national initiatives.

In addition, CSI programmes will have to shift their emphasis from the maintenance function to an integrated development approach. In so doing, the opportunities to create wealth will have to be developed and utilised to empower people who have been deprived in the past. If implemented as suggested by this study, the CSI-company stands to benefit as much from the approach as does the recipient community.
6.3.2 Political environment

The political environment in which CSI has to operate is extremely volatile and CSI-strategies will have to be revised on a regular basis - more often than ever before - if they are to remain relevant. The new political dispensation awaiting South Africa once the negotiation process has been completed, will bring new political powers into play with accompanying new preferences as regards the legislative and administrative management of society. As the strongest contender to be part - if not in control - of a new government for South Africa, the ANC's view on issues such as local government, housing, health, social welfare and education is likely to have a distinct influence on the future social order of the country. In its policy guidelines (ANC, 1992 : 10) it is stated that local government must in future be developmental in character. It should actively promote the processes of sustainable and participatory community development, addressing the issues of unemployment and poverty through local economic development and promotion of informal sector activities. In particular, local government should take care of the poor through appropriate forms of tenure, housing and access to employment opportunities.

The ANC (1992 : 20) considers housing as a right and not a privilege. Its housing policy states that housing should contribute to social equity; be a critical component of development; and community control over and participation in the housing delivery process is deemed to be of the utmost importance.

As far as its health policy is concerned the ANC (1992 : 23) considers its primary health care approach as essentially that of community development. It will aim to reduce inequalities in access to health services, promote equitable distribution based on appropriate technology and integrate all the sectors of modern life such as education and housing. Rural health services will be given priority.

The ANC is committed to an egalitarian society and rejects the dictum that the poor will always be with us (ANC, 1992 : 23). Its social welfare policy accordingly pursues welfare in the context of social reconstruction, development and affirmative action.
Emphasis is placed on the empowerment of individuals, families and communities to participate in the process of deciding on the range of needs and issues to be addressed through local, regional and national initiatives.

As for the provision of education special emphasis is placed on early childhood education, adult education and the marginalised youth (ANC, 1992: 29).

In summary, it is clear that the ANC, should they have an influence on the new political dispensation in South Africa, will place emphasis on local structures and the rights of individuals to control their own social well-being. The private sector could either stay outside the debate to find the most appropriate statutory structure in a future South Africa, or could direct its CSI-programmes to build the capacity within local communities whereby they will be enabled to accept the responsibility likely to be delegated to them in a new dispensation.

The integrated development process suggests that the latter is the more appropriate strategy. Regardless of who the political grouping or alliance in control of the South African government is, the black majority of the country's population will not be excluded from political, social and economic legislative and administrative control structures again. All constructive efforts to empower the so-called "deprived" communities, would be a useful contribution to the creation of a new civic society, conducive to economic growth in a stable socio-economic and socio-political environment.

6.3.3 Structural changes

Apart from the changes in the environment, fundamental changes in the structure of the business sector is also expected to occur during and after transition to a new political dispensation. Although nasionalisation does not seem to be high on the agendas of the major political groups any more, it is generally accepted that the extra parliamentary groups still hold the conviction that the concentration of economic power in the hands of a few conglomerates has been detrimental to balanced economic development in South Africa.
Together with certain economic realities, such as low trade volumes on the Johannesburg Stock Exchange in the shares of the conglomerates and the discount at which many holding companies are trading, this sentiment of political leaders caused business leaders to seriously consider the unbundling of large conglomerates into smaller, versatile business units.

Together with this transformation the character of CSI-programmes will also change. Individual CSI-budgets are likely to decrease in accordance with the decreased portfolios of unbundled companies. Unfortunately smaller, individual CSI-programmes cannot afford the variety of expertise required to administer complexed development programmes effectively. The balance between large, medium and small CSI-budgets will also be disturbed. Together with the loss of financial muscle to substantially impact on the recipient domain, the structure of the CSI-industry in South Africa will inevitably change.

The integrated approach towards CSI, which provides smaller programmes with access to expertise vested in other resource domain members and which propagates co-ordination and a more focused approach by individual programmes, offers a buffer against the potential disadvantages of diminishing CSI-budgets.

6.3.4 The integrated approach

Through effective and efficient social responsibility programmes, the private sector, over the years, contributed substantially to the maintenance of society and the creation of a physical infrastructure required for development in the fields of education, health and rural development to name but a few.

Since the socio-political dimension of development has, however, been neglected and most of the resource domain's energy was focused on socio-economic development, the capacity within needy communities has never been developed. It is expected of communities to accept ownership for the product of the resource domain's development programmes, without having been given the opportunity to develop
ownership through the development process.

Even more significant is the perception which has been created over time that CSI is confined to welfare and charity. The symptoms of an ill society have been treated with vigour, while the causes of the ailment - an economically dispowered and socio-politically deprived society - has not been addressed at all.

An integrated approach towards CSI could rectify these imbalances and bring about the needed changes in South African society. This has been proved beyond any doubt by the IDP of the GDT.

Not only are social problems addressed, economic growth encouraged and political tolerance cultivated, but the information gathered through this process has become an extremely valuable asset to all four domain's involved in the development process.

An integrated development approach enables the implementing company to gain the esteem of the communities in which it operates by impacting on peoples minds rather than their pockets. The rather negative image of big business trying to buy goodwill through charity and social responsibility is being replaced by an increased understanding of the power of economic development as a vehicle for improving the quality of life of individuals and communities.

It is therefore clear that an integrated approach towards CSI-offers a possible solution to the unacceptable inherent characteristics of CSI-programmes criticized heavily in the past; it addresses the potential structural changes in the business world and it positions the company best to survive in an ever changing political and social environment.

6.4 CONCLUSION

The social, political and economic predicament of South Africa cannot be solved by simplistic legislative measures, neither can it be countered by liberalisation, democratisation or socialisation processes leading to equal opportunities and justice for all. Constructive integrated
development programmes addressing the socio-political and socio-economic needs of the country though, offers a comprehensive strategy to ensure real economic growth and the redistribution of opportunities for wealth creation.

For CSI-companies it provides an opportunity to gain the esteem of the communities, in which it operates, including its employees, while contributing effectively to a stable society conducive to the pursuit of economic growth. Several business opportunities also arise from effective social involvement programmes, while CSI resources are employed effectively and efficiently.

For the recipient domain the integrated approach ensures the building of legitimate social structures adequately equipped to initiate and implement development programmes, as well as to access a variety of resources, while the support and implementation domains are fully utilised and empowered, to the benefit of all involved.

The most dynamic contribution of an integrated approach towards CSI is, however, the perceived shift from socio-economic needs to economic opportunities, as community representatives and their constituencies progress from dependency to self-sustainability. Through focused people centred development programmes and the introduction of appropriate development processes, the facilitation role of CSI-programmes complements its maintenance and supportive roles. By introducing available technology to empowered community structures, supported by appropriate mechanisms especially designed and developed for this purpose, productivity in the allocation and utilisation of all resources available in South Africa is enhanced.

Since all the resources available within a CSI-company are employed in an effort to accelerate the development process and since the company stands to benefit directly and indirectly from the social stability and economic prosperity culminating from an integrated approach, it becomes essential to include CSI as an integral part of the business strategy of the company.

In doing so, CSI will be best positioned to promote the development
and maintenance of a socio-political and socio-economic environment conducive to real economic growth.

An integrated development approach towards CSI is considered to be the only comprehensive strategy to co-ordinate and integrate the socio-economic development effort of South Africa in a non-apartheid society.


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