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AN ANALYSIS OF CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (CSER) AND SUSTAINABLE DEVELOPMENT IN SOUTH AFRICA

By

Henry Mushonga

2012

Thesis submitted in fulfilment of the requirements for the degree

Doctor Litterarum et Philosophiae

in

Development Studies

University of Johannesburg

Supervisor: Professor Leila Patel

Co-supervisor: Professor Thea de Wet
Declaration

I, Henry Mushonga, declare that this thesis is my own unaided and original work conducted under the supervision of Professors Leila Patel and Thea de Wet. Any assistance, sources, quotes that I have received has been duly indicated and acknowledged in this thesis by means of complete references. This thesis is submitted in fulfilment of the requirements for the Doctor Litterarum et Philosophiae degree at the University of Johannesburg. It has not been previously submitted or is being submitted for any degree or examination at this or at any other University.

Henry Mushonga

Place

25/02/2013

Date
“For only by becoming involved in what we are studying, can we fix upon the thing itself, become aware of it, experience it and obtain ‘knowledge of’ as well as ‘knowledge about’ it.”

- Derek Phillips
ACKNOWLEDGEMENTS

Embarking on this long, seemingly unending, arduous lonely journey has had consequences in the entire spectrum of my life. There were instances when one had to question the value and material relevance of this unenviable task. Lurking in the deep shadows of my intuition was the urge to succeed and attain the elusive integrity and status which accompany such a high level of educational attainment.

This journey started soon after my arrival in South Africa in 1992, after having been head-hunted in Zimbabwe for a professional football coaching position in Durban, South Africa. As a young man at that time, I was beginning to understand the world around me and the adventurous instinct made me ready for this opportunity to move. I felt that I was educationally highly qualified to function in the host country. This turned out to be an illusion since most of my peers had degrees in my new environment. Strategically I opted to coach football on a part-time basis and resorted to my calling to teach in high school for the rest of the time. The comfort zone I was in was pulled from underneath my feet as I discovered that my teaching colleagues in the sugar cane fields of the Umbumbulu rural area South of Durban were in fact highly qualified. I was rescued by my fluency in English due to the high educational standard in my country of birth. This was an oxymoron. My vision told me the only way to gain upward mobility in this rapidly competitive environment was to develop a concrete strategy. This culminated with an unprecedented move to Gauteng in 1995 and by good omen found myself being appointed as a sports manager at the Rand Afrikaans University which was opening up its doors to the new dispensation in South Africa after 1994. This could not have come at a more opportune and appropriate time. I immediately registered with the new employer for an undergraduate degree in Development Studies. This hunger for academic achievement saw my completion of Baccalareus Artium (BA); BA Honours; and Magister Artium (MA) in Development Studies, all in record time. By the year 2000 the yearning for more accomplishment persisted and I realised that being too narrowly focused within the Social Sciences would result in self-containment. I then embarked on a bridging course in Business Management so as to get entry into a Masters in Commerce (MCom) in Business Management in 2001. Whilst pursuing this path, the urge to reach the zenith cropped up again and I felt the need to conceptualise a research topic which could fit equally within the Social Sciences and Commerce fields for
my Doctoral studies. In getting advice from mentors, I was encouraged to gain international exposure and register with a university abroad in order to avoid the perception of ‘inbreeding’ and diversity in my scope of thinking. In following this advice, I was accepted at the Institute of Development Studies (IDS) at the University of Sussex, Brighton in the United Kingdom. This became the baseline for the development of my PhD research topic under Professor Raphael Kaplinsky, a well-known economist and fellow at IDS. After the presentation and defence of my topic at the Sussex University, reality dawned on me that self-funding in this highly developed environment wasn’t going to be sustainable. The strategic solution was to terminate my studies and rather move back to South Africa to complete the remaining third of the Masters in Commerce degree in Business Management and simultaneously register for my PhD at the university as my academic benefits were still intact. These circumstances resonated in the proverbial expression ‘don’t burn your bridges’ as I was warmly welcomed in the department and in the wider institution of the ‘new’ University of Johannesburg.

The most significant part in this journey was the fact that my children were growing and inadvertently that fatherly part was missing. My only solace was that they would soon realise my sacrifices and that my achievement would serve as an example to them of dedication and a high work ethic as the most noble way to achieve integrity and secure an astute future.

I am indebted to many people who need special mention in this journey. Without their support and assistance this study would not have been possible.

First and foremost, my utmost gratitude and appreciation is bestowed on my main supervisor Professor Leila Patel, former Head of the Department of Social Work and current Director of the Centre for Social Development in Africa at the University of Johannesburg, for her unflinching insistence and academic prowess on raising the quality of this thesis. Her rigour, experience, patience, firmness, knowledge and guidance in this thesis made me to exert all my scholarly acumen and energies in ensuring that this research became a truly contributor to CSR knowledge. Her acceptance to be my supervisor was a great honour and I instinctively knew that I was on the right path to academic excellence in this research.

Special mention is accorded to my co-supervisor, Professor Thea de Wet, the Head of the Department of Development Studies and Anthropology and former Vice Dean in the Faculty of Humanities at the University of Johannesburg. She became my pillar and source of support in this journey. I was quite humbled by her desire for me to succeed
as exemplified by a courtesy visit to my residence in the United Kingdom to see how I was coping with my studies during my leave of absence from the university. It was really humbling to observe that such values still exist in this highly competitive world.

I wish also to thank Professor Raphael Kaplinsky, a fellow at the Institute for Development Studies (IDS) at Sussex University, UK, for seeing a potential in me to pursue my academic studies at this renowned international institution. His initial guidance in the development of this research was indispensable in understanding the complexities and debates related to CSR.

Professor Peter Kuzvinetsa Dzvimbo was my lecturer at Belvedere Teachers’ College in Zimbabwe. Circumstances ended up by him becoming a colleague at the Rand Afrikaans University and we continued to meet again at the new University of Johannesburg. His admiration of my academic progress and motivation on the importance of attaining a doctorate served as a source of energy to continuously focus on this goal.

I am indebted to the corporations who provided me with access to interview them and extend the research to their communities, projects and confidential material. The permission to use pseudonyms with reference to data analysis was maintained and no inferences made which could compromise that understanding of confidentiality. Government, Business, Tripartite institutions and NGO officials who provided invaluable information on this subject from their personal and organisational perspective also deserve thanks.

Special mention must be made of the community project beneficiaries and leaders who generously provided their time and space at sometimes awkward times and circumstances.

I express my gratitude to all my associates in the labour movement for providing me with the space to attend international and many national forums. This association provided the opportunity for networking with international, regional and national stakeholders on a one-to-one basis. It also made this research easier in terms of access and richer for data collection and understanding of global contemporary issues, debates and dynamics pertaining to CSR.

Lastly, I would to extend my gratitude to Professor Eleanor Ross and Gerette Erasmus for their unstinting technical and editorial expertise.
Special Dedication

This thesis is dedicated to:

My mother, Rowesayi Maria Tuhwe, who has become the inspiration for keeping my late father’s dream alive in ensuring that the family bond is maintained.

My wife, for her patience, endurance and perseverance when this thesis sometimes stood at the epi-centre of family life and my will to complete the study.

My brothers and sister, for sharing in my achievements and difficulties.

My special mention to my children, Munyaradzi, Miguel, Melissa, adorable flame-lily Tatenda for temporarily missing my attention and fatherly company during this long drawn out exercise.
ABSTRACT

Corporate Social Responsibility (CSR) is a growing field in South Africa with companies dedicating substantial financial and human resources to social, economic and environmental development. However, limited research has been conducted of CSR as an emerging field of enquiry and practise in Development Studies and of its contribution to social and sustainable environmental development. The aim of the study was to gain knowledge and understanding (verstehen) about how CSR is conceptualised and implemented in South Africa with the view to making recommendations that could grow CSR as an integral component of sustainable development in society.

In order to achieve this, a qualitative research design was adopted for the study which was of an applied nature as the findings were to inform theory and practise. The study was undertaken through the use of a non-probability purposive sampling method which entailed study and analysis of ten multi-industry listed companies in South Africa. The companies were selected based on pre-determined criteria and involved both nationally based and subsidiaries of multinational companies. In view of the fact that CSR involves active engagement of a diverse range of stakeholders, the perspectives of internal and external stakeholders were solicited. Internal stakeholders involved CSR managers and practitioners while external stakeholders identified were representatives from trade unions, NGOs, Tripartite institutions, government officials, community leaders and the actual beneficiaries of the companies’ CSR initiatives. In total, thirty (30) respondents were selected from the different stakeholder groups that were made up as follows: ten (10) respondents from the companies, ten (10) from the external stakeholders which included representatives from the following sectors: government, Non-governmental Organizations (NGO), trade unions, Tripartite institutions and Business and lastly, ten (10) representatives which comprised the community beneficiaries of the CSR programmes.
Data collection was expedited through a comprehensive reconnaissance of the CSR landscape. This was supplemented by first an extensive documentary study of company annual reports, sustainability reports, documents on company website, media articles, company publications, advertorials and other pertinent print materials. Second, semi-structured interviews were conducted with company officials and the external stakeholders identified. Data was analysed according to the research aim and objectives and a thematic approach was used.

The study concluded that different terminologies were used by the ten companies with varying interpretations; hence the concept still remains an elusive one. In South Africa, CSR has been influenced by the legacy of apartheid and is now directed by the contemporary government philosophy of a developmental state which advances state intervention through legislation, social dialogue and a partnership approach to development. It was concluded that CSR is increasingly being understood and defined as a micro-development practise which combines economic, social, environmental, legal and ethical responsibilities. Thus an integrated approach to CSR is conceived of which is set out in a conceptual framework referred to as the CSR Diamond, a descriptive device that illustrates the interconnection between the various components of CSR. The data provided insight into the different ideological meanings associated with CSR between the companies and between them and their stakeholders about the role of business in society. These views ranged from an accommodationist stance at the one end of the spectrum to a more sceptical and critical at the other end. The key external drivers promoting the growth of CSR were the regulatory environment, national development priorities, pressure from communities and trade unions. Internal to the companies were the economic sector in which they operated, the company’s values, ethos and leadership.

In regard to the implementation of CSR, companies in the study had the necessary policies to guide CSR, structures, staff and budgets. The ten companies contributed ZAR
1.2 billion to CSR based on a formula of 1% after tax profits. Focus areas and programmes included education, health, social and community development, environmental development, social enterprises, infrastructure development among others. It was concluded that CSR programmes are becoming increasingly developmental. Partnerships with local authorities and NGOs and communities were widely used including support for innovation. Programmes were monitored and evaluated although monitoring of impact remained a problem. Since CSR is set to grow in future, companies need to build their capacity to deliver appropriate and effective CSR programmes. Recommendations made include the need to grow CSR conceptually and as a practice modality informed by multiple disciplines in the Social and Management Sciences, Development Studies and in local level development planning. The importance of giving voice to the beneficiaries of CSR programmes to improve their responsiveness and as part of a people-centred approach to development is crucial including future research to grow CSR as a field of enquiry. National research studies on the role and contribution to social and sustainable development are also needed.
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LIST OF KEY ACRONYMS

AMD - Acid mine drainage
B-BBEE - Broad-Based Black Economic Empowerment
BLSA - Business Leadership South Africa
BOP - Bottom of the Pyramid
CC - Corporate Citizenship
CSEG - Corporate Social and Environmental Governance
CSER - Corporate Social and Environmental Responsibility
CSR - Corporate Social Responsibility
CSI - Corporate Social Investment
CSP - Corporate Social Performance
EEA - Employment Equity Act
GEAR - Growth Employment and Redistribution
GRI – Global Reporting Initiative
HDI - Human Development Index
HDSAs - Historical Disadvantaged South Africans
HSEC - Health, Safety, Environment and Community
ICT- Information Communication Technology
ICCSR - The International Centre for Corporate Social Responsibility
ICMM - International Council on Mining and Metals
IDP - Integrated Development Plan
ILO- International LABOUR Council
JSE- Johannesburg Stock Exchange
LED – Local Economic Development
MDGs - Millennium Development Goals
MNCs - Multi-National Corporations
MPRDA - Mineral Petroleum Resources Development Act
NBI - National Business Initiative
NEMA - National Environmental Management Act
PPPs - Private-Public Partnerships
SD - Sustainable Development
SOEs - State Operating Enterprises
SRI - Social Responsibility Index
TBL - Triple Bottom Line
WBCSD - World Business Council for Sustainable Development
WSSD - World Summit on Sustainable Development
UNGC - United Nations Global Compact
UNFCCC - United Nations Conference on Climate Change
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CHAPTER ONE

ORIENTATION TO THE STUDY

1.1 INTRODUCTION

Due to the immense challenges and complexity of achieving sound sustainable development outcomes, the contemporary social development paradigm in South Africa has shifted in favour of a more pluralistic approach which entails the pooling together of the resources of the state, market and civil society in addressing the country's developmental realities. As a result, corporations are also beginning to be conceived of as social partners and social change agents promoting integrated social and economic development and environmental sustainability. In this context, the now popularised concept and practice of Corporate Social Responsibility (CSR) is being mooted as having the potential to make a significant contribution to sustainable development in South Africa.

President Jacob Zuma at the Wesgro Investor Forum breakfast briefing in Cape Town on the 23rd November 2011, sounded the call for companies and trade unions to come to the aid of government in pooling together their varied capabilities and resources to alleviate runaway unemployment, poverty and inequality. In this context, the case is made for CSR as a developmental intervention which could potentially assist in poverty alleviation, the building of human capacity and protecting the environment for the sustainable development of vulnerable South African communities (Blowfield, 2005a:515-524). Even though the state still remains the custodian of national development articulated in the Reconstruction and Development Programme of 1995 (ANC, 1994) and the more recent discourse of the developmental state, government

acknowledges that the state needs to work in collaboration with civil society organisations, trade unions and corporations (Patel, forthcoming 2012; Department of Welfare and Population Development, 1997) to address past and contemporary challenges. The complementary role of the market as a major stakeholder in social development is gradually becoming more visible in present day South Africa.

Consequently, CSR is gradually being embedded and institutionalised in some South African companies although this process commenced during the apartheid era as a result of pressure from opposition movements. CSR is now mandated by various sectoral charters, Black Economic Empowerment legislation of 2003 and the Broad-Based Black Economic Empowerment Codes (B-BBEE) Codes of Good Practice of 2007. These charters and policies were adopted by corporations and government to deracialise the ownership and control of the economy, promote affirmative action, employment and economic growth that would benefit South African previously historical disadvantaged groups, rural communities and particularly women, youth and the physical challenged who are among the most excluded groups in the society. Mandatory reporting on the socio-economic and environmental performance of companies has become an annual priority. In this regard, The King II (2002) and III (2009) Reports on Corporate Governance set out a wide range of criteria, guidelines and recommendations to encourage companies to act ethically and to promote the highest standards of corporate governance including the achievement of the Triple Bottom Line (TBL) also referred to as People, Profit and Planet. Thus the importance of non-financial benefits to the company as well as social benefits to society and the environmental aspects are considered crucial to South Africa’s development agenda (Trialogue, 2010).

It is against this background that a study on how CSI is conceptualised, understood and practiced in post-apartheid South Africa as part of the country’s approach to integrated development is timely. This is also occurring at a time when there is growing pressure from the youth structures in the ruling party, the African National Congress, for the nationalisation of the mines and the quest for economic freedom. There has also been
increased pressure from communities for more efficient and effective delivery of public services and employment among others. This is occurring against a background and backdrop of persistent and grave human development challenges facing the country eighteen years after a democratic society was instituted.

While government is advocating for companies to make their contribution to sustainable development, the role and contribution of CSR to development is contested with many stakeholders such as trade unions and civil society organisations remaining sceptical about the motivation of corporations to contribute to the common good. This study attempts to gain insight into how various stakeholders in the corporate environment view CSR and to determine what companies are actually doing to embed CSR in their endeavours in the South African context. It also considers whether the economic, social and environmental goals of companies can be reconciled given the fact that various stakeholders have different philosophical views about the contribution of CSR to national social development. Based on the study findings, I hope to make recommendations for CSR as a strategy to promote sustainable development in South Africa.

1.1.1 CSR in a global context

CSR is not only receiving attention in South Africa, but increasingly it is recognised by global development actors as having a role to play in sustainable development. This is particularly pertinent in the context of the global economic crisis which is mainly attributed to a flawed global financial model with the blame being put on the doorstep of the market (Balchin, 2009:12-15). The net effect of this phenomenon has been general negative socio-economic impacts which have resulted in the most vulnerable segments of society being at the receiving end of this unprecedented economic upheaval. A myriad of socio-economic and environmental problems have been associated with the effects of globalisation on human security. These problems include among others rising unemployment, income inequalities and disparities, the emergence
of new forms of vulnerability and rapid climatic change (Prahalad and Hammond, 2002:48-57). This scenario has inadvertently shifted and refocused the spotlight onto the activities and behaviour of companies as it relates to their role in society in the pursuit of meeting their economic and social objectives.

At a variety of sustainable development forums, discourse has been punctuated by debates on the relevance of ‘capitalism’ as an appropriate human development and environmentally sustainable paradigm. The subsequent resolutions at different international forums, for example The World Summit for Sustainable Development (WSSD) (2002); World Economic Forum (2011); World Business Leaders Forum (2010); United Nations (UN) Global Compact (2008); Group of 8 (G-8) and Group of 20 (G-20); UN Conferences on Climate Change namely the Conference Of Parties (COP) 16 (2010) and COP 17 (2011) all reflected similar sentiments on the need for companies to mitigate and respond to social and environmental challenges. These forums also highlighted the importance for companies to be good corporate citizens through voluntary adoption of both social and environmental codes which enhance their participation in the communities in which they operate. At international and national levels different governments and institutions have used different mandatory legislative and voluntary instruments, incentives, codes of conduct and non-statutory policies to encourage companies to embark voluntarily on CSR initiatives (De Cleene, 2000; Bendell, 2004; Utting, 2005: 375-388). As a result, the Triple Bottom Line (TBL) and Global Reporting Initiative (GRI) have been instituted as international frameworks for companies to use when reporting not only on their financial but also on their social and environmental performance.

Civil society groupings like Non-Governmental-Organizations (NGOs), pressure groups and community based organizations have also brought the issues of CSR to the centre of the international and national agenda (Bendell, 2005:362-374) which has been reflected through their lobbying and criticism of the ‘laissez faire’ practices of some companies. The latter perceive the socio-economic and environmental problems to be a direct
consequence of globalization which is assumed to be the result of the unintended
effects of this market-oriented ideology. As a result of these endemic problems,
governments have found themselves confronted by huge social and environmental
challenges. The response to these challenges has been the introduction of increased
regulatory frameworks by governments although these have been difficult to realise.
Collective environmental campaigns by civil society movements, anti-globalization
analysts and activists and government regulation was introduced to curb some of the
activities of companies that are deemed to be detrimental to human development,
poverty alleviation and environmental sustainability (Newell, 2005:541-557).
Consequently, proactive and risk averse companies have adopted voluntary codes of
conduct and increased their participation in CSR activities (Jenkins, 2001).

Extensive international research has reflected on the contribution and significance of
companies in social development (Sethi, 1995; Mirvis and Googins, 2006; Prahalad,
2005). There is a generally agreed assumption that although there is significant
improvement in the gross domestic product (GDP) of some of the developing countries,
especially in sub-Saharan Africa, their governments are losing the traction on these
social challenges in terms of directing sustainable social development programmes to
achieve the desired outcomes (Oxfam, 2008:12).

Consequently, civil society organizations and companies are, within their means,
gradually bridging and filling this vacuum. Although the extent, impact and
comprehensiveness of the social and environmental responsibility of companies could
be debated (Newell, 2002:91-100), there is growing recognition of the potential role of
CSR in promoting sustainable development (UNRISD, 2010).

1.2. CSR AND SOUTH AFRICA’S DEVELOPMENT CHALLENGES

Post-apartheid South Africa is mired in high levels of poverty and inequality, which is
further exacerbated by the prevalence of HIV and AIDS (Nattrass, 2003; Everatt and
Solanki, 2005; UNDP, 2008). The Social Development department estimates that 50% of the population, which is estimated at 24 million people, could be considered poor and living in abject poverty. This figure includes children, the elderly, the unemployed and caregivers of children. The gap between the rich and the poor is among the largest in the world. This inequality is exemplified by the Gini co-coefficient in South Africa which has risen from 0.57 in 2000 to 0.67 in 2010 (Statistics South Africa, 2010). Increasingly the government has found itself constrained in meeting its socio-economic developmental goals and obligations. The failure to attain some of the social developmental goals has been attributed to the government’s bureaucratic processes as well as issues which relate to governance and accountability, more specifically the lack of management capacity by bureaucrats and generally their corrupt tendencies (Public Service Commission, 2010). This scenario has inadvertently led to widespread and sporadic service delivery protests across different communities in South Africa which has become a common feature in print and local media and is mainly being targeted at local government level. These protests have been fuelled by the demand for basic services ranging from sanitation, to bulk infrastructure provision such as water, electricity, roads and housing and socio-economic deprivations. This is attested by Habib et al (2008) who indicate that “given the effects of the global economic crisis, the prediction is that societal demands could escalate to protests for basic necessities like food, access to education and employment opportunities”.

Resource limitations and incapacity have led to the government forging partnerships with civil society and companies as social development partners. In order to expand social interventions, the South African government has introduced several legislative...
instruments directly and indirectly as a way to channel and direct the companies’ resources towards assisting in poverty alleviation. This situation has to a large extent influenced companies to gradually move towards community development and more social engagement, despite their lack of experience to implement social goals. In the pursuit of managing these social and environmental challenges, companies have attempted to streamline and institutionalise what they deem to be appropriate CSR strategies and programmes. This practice has resulted in differentiated approaches of CSR leading to varying degrees of success or complete failure (Zadek, 1997; May, 2000; Fig, 2003; Campbell, 2007:946-967). Varying outcomes have also been attributed, among other issues, to different philosophies and conceptions of CSR, the nature and type of companies, the values being expounded and type of economic sector in which the companies fall. In addition, policies and strategies adopted by the companies are quite diverse and are interpreted differently by varying stakeholders, often leading to inconsistent implementation in practice. As a result, companies have formulated diverse intervention approaches to addressing the intersection of economic, social and environmental imperatives. The dynamics inherent in CSR may also have a bearing on how companies understand their mandate. Companies may also face particular difficulties in integrating all aspects of CSR simultaneously. This needs to be better understood particularly how the different companies respond and reconcile these seemingly conflicting demands. For instance, different companies are now grappling with what type of community development projects they should roll out as part of CSR programmes of action. In South Africa many companies’ CSR programmes are directed by their core business; thus an extractive industry like mining tends to place a strong focus on ‘environmental stewardship projects’ while a services inclined industry tends to focus on social issues, for example what is termed ‘soft projects’ like HIV/AIDS Awareness and Education Campaigns. Hence there is a need to gain an understanding of how these tensions and issues are currently being addressed by local corporations.
With regard to environmental challenges, the pre-1994 South African pattern of industrialization and land use had significant implications for the environment and the effects were mostly felt by the poor (Ngobese and Cock, 1997). Corporate behaviour was controversial and irresponsibility was rife, especially in the mining sector which generated huge amounts of solid waste and little obligation to workers and the immediate communities (Fig et al, 2005). In the post-1994 dispensation, legislation has been passed and elaborate compliance systems have been established, environmental challenges remain one of country's major developmental challenges. Acid Mine Drainage (AMD) in the Witwatersrand river basin and the defunct abandoned mines in the West and East Rand areas caused by gold mining during the apartheid years in Gauteng have become both a human and environmental tragedy which the government has to contend with.

The constantly changing legislative environment and national development priorities in South Africa have put pressure on the accountability of companies to communities in which they operate as part of the promotion of a broader notion of corporate citizenship. These unprecedented demands on companies have in some instances impacted positively by adding recognition to their image and reputation which in turn may have resulted in the improvement of their financial bottom line and in giving direction to CSR initiatives. On the negative side, companies' lack of responsible behaviour and non-compliance with regulations has in some instances led to cases of litigation and failure of CSR programmes not being dovetailed with these wider objectives. For these reasons, different approaches adopted by selected companies in South Africa and how they are implementing and mainstreaming CSR in their activities is considered important.

1.3 JUSTIFICATION FOR THE STUDY

CSR has surfaced as one of the most debated development strategies in corporate, governmental and academic spheres. The on-going debate has been partly due to
differing and varying philosophical positions, the contested theoretical and disciplinary underpinnings of CSR and the lack of knowledge about the potential contribution this practice is perceived to make towards the broader sustainable development agenda. Academic contributions to this subject in South Africa have tended to focus mainly on philosophical concerns at the expense of suggesting knowledge and practice modalities, which could contribute towards making the field more relevant for sustainable development. While companies could be pursuing CSR, it may not be integral to their mission as it may not be considered to be their core business and area of expertise. Halal (2000); Malini (2006:20-22) Boyle and Boguslaw (2007:101-120) contend that the tension between a company’s goals and wider societal goals complicates the potential role that CSR is supposed to make towards social and environmental development.

There is a further lack of consensus as to whether one can reconcile a company’s goals on the one hand with social and environmental goals on the other hand. Halal (2000) argues that neo-liberals, with their adherence to free-marketeerism, subscribe to the view that the economic responsibility of companies is to use its resources to make profit. As such, any deviance from this primary objective or reconciling it with social developmental goals would render it non-viable and an anathema to the shareholder’s interest. In contrast, the Marxian school of thought proposes a statist intervention model in development to regulate the unprecedented negative effects of the market on society and the environment. The state is viewed as the custodian for the formulation and implementation of social developmental and environmental goals. Consequently, the regulatory framework to foster sustainable development is perceived to be achieved through deliberate state policies and legislation.

Emerging from these polarised viewpoints is a paradigmatic shift, in which Social Developmentalists acknowledge these tensions but contend that a pluralist approach is a viable way forward to promote more equitable development with the state playing a leading role as a facilitator, enabler and in proactively directing development (Edighiji, 2010; Patel, 2005; Midgley, 2004; Rondinelli, 1997; Schmitter, In Jessop, 1990). Whilst
acknowledging the leading role of the state in sustainable social and environmental
development, developmental thinkers accept the notion that companies do have a role
to play in promoting equitable and sustainable development provided that the tensions
referred to above can be mediated. However, to date, research of this nature has not
been conducted in the local context. Given these different perspectives, there is the
challenge of understanding how companies conceptualise CSR in relation to the above
discourses and tensions and how they actually align social, economic and environmental
imperatives in practise. It was postulated that research that could provide insight into
these issues and questions could make a contribution to the broader sustainable
development agenda in South Africa.

The United Nations Global Compact (2008) and The Millennium Development Goals
(2006), highlight to an equal degree the significance of CSR in social development, but
fall short in suggesting a more developmentally appropriate framework to cater for
variations in spatiality, context and level of economic and social development of the
concerned society. It was hoped that the current research would provide the lens to
facilitate understanding of how different companies respond to and integrate these
aspects in their CSR practices.

Although CSR can be traced to earlier philanthropic interventions by South African
companies, in 1966 CSR began to be recognised by South African corporations due to
the campaigns of Timothy Smith, an anti-apartheid activist (Bezuidenhout et al, 2005).
Also at the height of apartheid in 1977, the Reverend Sullivan, an anti-apartheid
campaigner, advocated for USA companies operating in South Africa to uphold human
rights and improve the quality of life of the communities in which the American
companies were operating. As CSR evolved since these times, various terms are being
used and as yet there is no definitional clarity. The terms commonly used locally include
Corporate Social Investment (CSI), Corporate Citizenship (CC) and Corporate Social
Responsibility (CSR). There are many definitions and terms used to relate to CSR. Thus
the study attempts to gain insight into how CSR is defined and what the preferred terms
and how they are being used by some of South Africa’s leading corporations that are actively involved in CSR.

One of the other factors which motivated this investigation is embedded in the notion that CSR is viewed as a "borrowed practice". The general philosophical understanding is that CSR was a Eurocentric concept which has been adopted by companies and other constituencies in South Africa. Some observers and practitioners indicate that these imported models do not sufficiently factor in local South African conditions and context (Visser, 2005; Middleton, 2006). They argue that borrowed conceptions of this kind neglect or discard the history, cultural factors, level of development, and scope and extent of poverty in the country. A study of local CSR initiatives could thus provide insight into these debates.

The South African government led by the African National Congress (ANC) has adopted a developmental state philosophy approach to facilitate national socio-economic development. Since the inception of the democratic dispensation in 1994, a range of social and macro-economic policies have been formulated and legislation has been enacted to promote sustainable social and environmental development. These are, among others, the Bill of Rights (1996); the Broad-Based Black Economic Empowerment (B-BBEE) Act (2003 & 2007); the Skills Development Act (1997); the National Environmental Management Act (1998); Department of Trade and Industry (DTI) Codes of Good Practice (2009) and a range of poverty reduction programmes such as social assistance; Unemployment Insurance Act (2001); the Employment Equity Act (1998) and the Labour Relations Act (1995). The Mineral and Petroleum Resources Development Act, 2000 and the revised Mining Charter 2011 are dominant pieces of legislation in the South African mining industry. The latter mentioned have become prescriptive for the mining industry in which companies through the Social and Labour Plans commitments are forced to ensure that they contribute towards the communities and environmental concerns. Furthermore, South African companies have implemented other international and national industry specific codes of conduct like the Global Reporting Initiative (GRI),
and Triple Bottom Line reporting in which the companies are expected to report on their social and environmental performance, in addition to reporting on financial results. While companies need to comply with these mandatory requirements, they also need to address the past legacy of neglect of basic services and environmental degradation arising from the apartheid era. It was therefore important to assess how companies monitor and evaluate the implementation of these mandates as well as address the legacy issues referred to above.

Limited research has been conducted to document and analyse the South African experience of CSR from an integrated social development perspective. The current study assumed a social development lens in understanding how CSR was implemented by different companies by putting people and the environment at the centre of their strategies. Perusal of the South African Studies Nexus Database suggested that most of the research undertaken in South Africa and listed on this database has focussed predominantly on economic motivations and benefits and general descriptions of the emergence of this practice as part of broader corporate strategy and identity as well as how CSR can be used as a defensive policy. Werther and Chandler (2006:54) indicate that most of these approaches and studies are based on an economic argument and as such are in academic programmes e.g. Masters of Companies Administration (MBA) programmes which tend to be dominated by conventional notions of management practices and meeting the financial bottom line. This bias in CSR research was corroborated by Visser (2010), a leading expert on CSR in South Africa, who conducted a publication and citation analysis and found that most of the CSR publications in management journals were predominantly quantitative in nature and focussed on environmental issues, management, economics and ethics. The following studies indicated a deliberate focus on CSR from a marketing perspective (Kotler and Lee, 2005); legal point of view as well as from a company management and environmental stewardship standpoint (Hamann, 2003; Leoka, 1990; Roodt, 1988). For example, Van Rensburg (1992) argued in favour of the companies’ case for CSR; Rossouw et al (2002)
analysed corporate governance and Roodt (1994) investigated the significance of CSR as a public relations tool and Mann (1991) analysed the rise of CSR in South Africa.

Other studies on CSR in South Africa have been conducted by academics in the field, namely, Fig et al (2007); Visser (2009); Friedman et al (2005); Hamman et al (2005); and Freemantle (2005). The latter have attempted to bring the social factor in their studies. Annual publications by the BenchMarks Foundation a critical faith based organization and handbooks by Trialogue on CSI of South African companies have presented a rich, informative, descriptive and statistical snapshot of the general CSR landscape. A study by Ntsime (1997) on CSR and the Reconstruction and Development Programme (RDP), is one study closely linking social and economic dimensions of the role of companies in social development, but does not seem to address the environment in the development equation. The latter study provided an overview of the historical development of CSR and its relationship to RDP. The overview was achieved through an analysis of the provision of housing and small companies’ development as part of the RDP. The importance of this research is that it assisted in building the historical development aspects of CSR and to a limited extent identified ways in which certain aspects of CSR could be factored into a development programme. Therefore the current study endeavoured to extend the analysis further, by investigating the gaps which exist in terms of conceptualization, understanding the dynamics of CSR as it pertains to stakeholder perceptions and its linkage to sustainable development among others. Other research on CSR by Sonnenberg (2004); Malan (2005); Fourie and Eloff (2005) addressed CSR reporting and assurance. Studies by Cronje et al (2008) have primarily focussed on the impact of mining on local communities. However, a limitation of most of the aforementioned research studies is that they did not incorporate a multi-sector industry analysis which the current study endeavoured to address.

In summary, the lack of a social development oriented approach to understanding CSR, limited research on multi-sectoral industry CSR programmes and the complexity in reconciling the tensions and nexus between companies, social and environmental goals,
presented a rich topic for this research. This study intends to make a contribution to the understanding of CSR and how it can be used to promote sustainable environmental and social development in South Africa. The currency of CSR as a developing practice provided further justification for an in-depth study of this phenomenon. This currency was also evidenced by the interest in the theme by different social development and environmental practitioners and thought leaders at different academic and company forums where informal discussions were initiated by myself. Moreover, the debates on the contribution of CSR to sustainable development, especially in the aftermath of the World Summit for Sustainable Development (WSSD, 2002) in South Africa and the changing legislative regime in South Africa appeared to make it an appropriate research area. The justification is also that an exploration of the dynamics and intrinsic motivations behind the companies' actions and views of its stakeholders was likely to inform CSR practices from a participatory developmental perspective. It was also anticipated that in-depth understanding of how economic, social and environmental goals can be married together and incorporated in the broader sustainable development agenda for South Africa, might be an appropriate undertaking as many countries are searching for ways of appropriately engaging the private sector in development.

1.4. AIM AND OBJECTIVES OF THE STUDY

The broad aim of the study was to gain knowledge and understanding of how CSR is conceptualised and practised as part of sustainable development in South Africa. A study and analysis of ten (10) selected listed South African and multi-national companies was undertaken with the view to making recommendations about how CSR initiatives may address the issues and challenges faced by South African companies and be more effectively aligned with the country's national social and environmental development agenda. This was triangulated with 20 respondents from external stakeholders.
The main objectives of this study were:

1. To document and analyse the CSR activities of ten (10) South African companies in relation to the following:
   i. Conceptualization and philosophies informing CSR in terms of preferred definitions, motivations, theoretical positions and models adopted;
   ii. Nature and scope of CSR policies and strategies adopted by the selected companies;
   iii. Organisational arrangements and implementation mechanisms used by the companies for CSR programmes;
   iv. Monitoring and Evaluation of the performance of the companies' initiatives.

2. To identify the issues and challenges facing companies in relation to the aforementioned objectives.

3. To draw conclusions and highlight recommendations on how CSR can meaningfully contribute to the broader Sustainable Development agenda in South Africa.

1.5 CONCEPTUAL APPROACH TO THE STUDY

For the purposes of this study the social development approach as espoused by Patel (1993; 2005) and Midgley (1995) was used to inform the orientation of this study. The social development approach seeks to link social and economic policies, within a state-directed development process, involving civil society organizations and companies in promoting social goals. The theory argues that economic growth without social benefit to society and redistribution of resources will lead to inequitable and distorted development. The approach takes an empowerment and people centred view of development and places people at the centre of development efforts; it is pro-poor, participatory and involves partnerships in promoting development with the state
playing a leading role in the process. Effective macro public policies are crucial to social development although mechanisms are needed to bridge the divide between macro and micro-level interventions at local community level. Social development practise is therefore informed by these broad tenets and these in turn shape practise. This approach currently informs South Africa’s welfare policy (Department of Social Development, 1997) which also notes as a principle that development should be environmentally sustainable and that the well-being of the population is a national collective responsibility that involves all stakeholders including the private sector. Social development according to the White Paper for Social Welfare (1997) is an inter-sectoral responsibility across various governmental functions, this aspect of the policy and its implementation remains under-developed. Attempts to conduct a synthesis of the social development approach and CSR have not been previously conducted.

The theoretical underpinnings of CSR are not well defined due to the multi-disciplinary nature of the concept and the ambiguity in the way the term is used. The theoretical basis of CSR is drawn from a variety of disciplines namely Commerce and the Social Sciences. Some of these include Sociology; Social Work; Development Studies, as well as Organisational and Management Studies. CSR is not a homogeneous concept and over time different labels have been used to describe its nature and scope. It has also undergone various modifications based on changing times and variations. Several international attempts to provide a theoretical framework for the definition of CSR have been proposed in the form of different models of corporate social performance, but with varying degrees of success (Fig, 2002:81-85; Garvy and Newell, 2005:389-404). A spectrum of these terminologies includes Philanthropy, Corporate Responsibility (CR), Corporate Social Performance (CSP), Corporate Accountability, Corporate Sustainability and Sustainability. In the South African context, CSR is regarded as being in its infancy and in the process of definition (Rossouw, 2002; Malan, 2005; Fourie and Eloff, 2005; Visser, 2007). This scenario is reflected in the lack of consensus with regard to its contrasting conceptualizations, inconsistent use of the term in national legislative
frameworks and often convoluted plethora of labels which include Giving (Friedman et al, 2005); Grant making (Tshikululu Social Investments, 2004); Corporate Social Investment [CSI] (Trialogue, 2005); Socio-Economic Development [SED] (Department of Trade and Industry Codes, 2002); Corporate Citizenship (Kapelus, 2004); and more recent references to Sustainable Development (SD) and Sustainability (Visser, 2004). Lohman and Steinholtz (2003, in Hermansson and Olofsson, 2008:16) suggest that CSR should be seen as a combination of many areas or fields which include corporate governance, ethics, accountability, sustainability and human rights. This is discussed further in Chapter 2. Despite these short-comings it is nevertheless necessary to define the term for the purpose of the study. Hermansson and Olofsson’s (2008:17) and the European Commission’s summarised definition of CSR is therefore useful for this purpose:

"a heterogeneous practice which is actioned by an enterprise to integrate social, environmental, ethical and human rights concerns in their companies operations and core strategy in close collaborations with their stakeholders with the aim to improve community wellbeing whilst meeting the companies' economic objective".

The term community is often used loosely to refer to either a geographic community or a set of common features or identities that define it. In this study the community is defined as encompassing all stakeholders, both internal and external to the companies, which are impacted by its operations at both geographic and a functional levels. The common denominators regarded as central to CSR are the economic, social, environmental, ethical and legal dimensions that define the architecture of CSR which is outlined in Chapter 2 and is referred to as the CSR Diamond. The elements of the

Finally, the term sustainable development is one of the central themes of this research. Here again the boundaries of the term are not well defined. The definition of this concept was first popularised by the Brundtland Commission (1987) which explained it as, “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987:43). This skeletal definition has been open to varying interpretations by different groupings and has also become an “essentially contested concept”. The main critique has been directed at its simplicity in approach and the obscurity of underlying complexities and contradictions (Desai, 2002:275). Environmental groups and social formations on the political left emphasise the “sustainability” aspect by prioritizing the ecology; limiting wanton consumption patterns in a market economy, returning to community values and devising ways to share the world’s wealth more equitably (Muttagi, 2000; Sen et al, 2006). These critics also question whether capital accumulation and the maintenance of ecological systems can ever be compatible. Economic planners and groups on the right emphasise the “economic development part” from a perspective that there are no limits; growth comes first and the global market economies will create all the wealth needed for ecological and social security (Taylor, 1991).

In view of some of these wider contestations about the Brundtland Commission’s (1987) definition of sustainable development provided in the preceding discussion, I have taken a normative and a broader view of sustainable development as referring to the interrelationship and interaction of social, economic and physical (ecological) environment goals in the achievement of social development with the aim of achieving inter-generational equity, human well-being and in meeting human needs in the present and the future (Daly & Cobb, 1994; Barrow, 2006).
Diamond are not organised in rank order but are considered to be inter-connected and all are needed to promote sustainable development.
1.6 METHODOLOGICAL ORIENTATION AND RESEARCH DESIGN

This study was aimed at exploring and understanding how CSR can contribute towards sustainable development in South Africa. This entailed the documentary analysis of the companies sustainability reports, websites, other related company literature and the interviewing of company officials, organisational stakeholders and the community beneficiaries. As such, in order to gain this understanding the research design selected for this study was essentially qualitative. The choice for using a qualitative research design is motivated by Henning (2004:20) who stresses that the researcher has to look at different things and places in order to understand phenomena. The suitability of this research design is further explained by De Vos et al (2005:74) wherein they state that qualitative research elicits participant accounts of meaning, experience, perceptions and written data. Mouton (2005) confirms this by emphasizing that the qualitative method delves in depth into complexities in order to understand phenomena. The motivation for the qualitative design is that it assumes a non-positivist approach and is interpretative in nature. The latter approach is relevant for the study as the main thrust of this research was to ultimately interpret data gathered from the documentary evidence and interviews of the study population. This approach assisted in gaining a holistic, in-depth understanding and knowledge of the phenomena of CSR activities of the companies and varying views of the different stakeholders and community beneficiaries in the study. This also provided the opportunity and scope for more extensive varieties of data, the underlying meanings of the responses and different sources, thus enhancing the process of triangulation.

1.6.1. Population sample

The sample size for this study comprised of thirty (30) respondents who were reflective of the companies' management, organisational stakeholders and community beneficiaries of CSR. The total respondents were composed firstly of ten (10) company officials who were interviewed and these entailed senior company executives and
officials working in the Corporate Affairs or similar departments and those who were heading the companies’ Foundation or CSR Trust. Secondly, the cohort of organisational stakeholders’ respondents were trimmed to ten (10) and these were mainly government, NGO and Trade Union federation officials. Also in this category, were officials from the Tripartite institutions and a representative from a Business organization. The former mentioned Tripartite forum was ideal as it was the platform in which business, government, labour and community representatives engaged in social dialogue and debates on national issues which have a parliamentary significance with regards social policy formulation in the country. Information obtained provided first-hand insights into some of the dialogue within the Tripartite forum. Under the government stakeholders, interviews were held with officials from the local municipalities responsible for the Integrated Development Plan and national government departments responsible for social and natural resources issues. Thirdly, the last group of interviewees was also central to the study and related to the ten (10) beneficiaries who were the main recipients of the CSR interventions of the companies. Within this cohort of respondents were the direct participants in the community projects and some community leaders who were related to the specific community and were directly or indirectly involved in the projects. In some instances it was difficult to control this official number due to increased interest by other project participants during site visits, which allowed for a broader and deeper understanding of some of the community issues and dynamics involved.

1.6.2. Data collection methods

It should be noted that data collection is an on-going process in any research study and cannot be clinically phased in at a certain point in the research process. For the purposes of this study and for logical sequencing, this section details the overall data collection and gathering methods used. Initial background information on the practice of CSR was gathered at a variety of local and international symposiums and informal conversations with individuals who were either involved in the practice or were also
contributing knowledge in the area. A documentary case study analysis of the companies profile was collected through websites, sustainability or annual reports and other documentary evidence pertaining to the company. Furthermore the systematic supplementary data collection technique employed entailed face-to-face, in-depth, semi-structured and unstructured informal interviews and recording of field notes. Interviews were undertaken with a range of individuals in government, trade unions and NGOs on specific topics to gain in-depth perspectives on relevant issues. Audio-tapes were used, especially with company executives and officials, to prevent me from missing out on crucial information and to avoid the inconvenience of incessant note taking during such interviews. Use of a tape recorder mostly depended on the permission of the respondents being interviewed. In cases where permission was not granted, memos of field notes were used. The range of these data collection techniques to a large extent provided an in depth understanding of the companies under the study. They also assisted in couching the different companies CSR approaches and interpretations of the practice of CSR by organisational stakeholders and community beneficiaries. Further discussions on the methodology employed in the present study are discussed in more depth and detail in Chapter 3.

1.6.3. Data analysis

i. Open coding

Open coding was employed and it assisted in isolating key issues from the categories under study.

ii. Constant comparative method

The approaches used to synthesise the data included those of Lincoln and Guba (1994) and Huberman and Miles (1994). The Lincoln and Guba (1994) approach is a constant comparative method which was effective in the continuous comparison of different
perspectives on the conceptualization and strategies of CSR by the companies identified for the study.

1.7. LIMITATIONS

The companies selected for the study were identified with regard to their prominence in CSR and as such the findings and conclusions drawn cannot be generalised to the entire corporate sector in South Africa. Another limitation is the possibility that some of the respondents may have furnished socially desirable responses, despite efforts on my part as the researcher to encourage candid and honest responses.

1.8. ETHICAL CONSIDERATIONS

As this research was aimed at studying international and national companies, a high level of confidentiality and accountability was pivotal for the protection and confidentiality of the information provided. A confidentiality declaration was made to all the companies, government, community, NGO and trade union respondents in order to conduct the study in an ethical manner. Most companies viewed their CSR activities as a competitive advantage, therefore it was important to secure letters of informed consent to gain entry and sign-off clauses of confidentiality. In line with the principles of research ethics, the rights of the respondents were recognised and pseudonyms were used for the companies that participated in the study.

1.9. STRUCTURE OF THE STUDY

The thesis is structured as follows:

1.9.1. Chapter One: Orientation to the study. The chapter provides an overview of the study, namely the context of CSR both globally and locally, the justification of the study, aim and objectives including the conceptual framework, research design and method. Additional key concepts are also defined as a precursor to the study.
1.9.2. Chapter Two: Literature review and conceptualization of the study. This chapter commences with a review of CSR historically and in the contemporary period. The practice of CSR is firstly interrogated from an international perspective by giving insights into how this term has been conceptualised in different regions of the world. This discussion is followed by a focus on the development of CSR in South Africa. Insights into the discourses in this field are discussed followed by the conceptual framework informing the study.

1.9.3 Chapter Three: Methodology. This chapter provides a detailed explication of the research design and methodology used.

1.9.4. Chapter Four: Results Part I: Conceptualization of CSR. In order to streamline and provide a more extensive data analysis of the voluminous data gathered from the study, the data analysis chapters have been divided respectively into two chapters, that is, part 1 and II. This first section looks at the secondary data analysed from the annual sustainability reports of the ten (10) companies' websites, publications and other relevant literature complemented with interview data gathered from the respondents. The findings are discussed with reference to the research aim and objectives. Chapter 4 focuses on the conceptualization of CSR.

1.9.5. Chapter Five: Results Part II: Implementation of CSR. This chapter focuses on the practise of CSR drawing on both the interview and secondary data. It reports on the profile of the companies' officials, nature and scope of CSR programmes, organisational arrangements and implementation mechanisms as well as monitoring and evaluation.

1.9.6. Chapter Six: Summary of the findings, recommendations and conclusions. This chapter focuses on detailing the key findings and explanations on the importance and relevance of the knowledge gained on CSR and its practise in South African companies. The chapter ends by providing recommendations and possible future areas of research in the practice of CSR.
CHAPTER TWO

LITERATURE REVIEW AND CONCEPTUALIZATION OF THE STUDY

2.1. INTRODUCTION

This chapter traces the evolution of CSR from its early beginnings rooted in cultural and religious practices that predates the industrial development of societies. The evolution of CSR is briefly discussed in order to highlight how this phenomenon has developed, transformed and significantly spread across the globe. The advent of industrialisation provided the impetus for companies to formally acknowledge their social and moral contribution through charitable giving also known as corporate philanthropy. Attempts by societies, governments to regulate the social and even the environmental impact of business operations emerged over centuries in order to protect citizens from any adverse effects. This protective stance illustrates the regulatory role of the state despite dominant ideologies that favoured a free market with limited interference of the state in the market economy in the 19th and first half of the twentieth century. CSR was an adjunct to business operations and not an integral part of these operations.

The debate regarding the manner in which CSR should be conceptualised continues today and received particular impetus during the post-World War II periods when there was a heightened interest in the social responsibilities of businesses. A further driver of CSR and sustainable environmental development is largely due to the impact of economic globalisation which has had far reaching implications for people's lives. Increased regulation of global businesses, a growing focus on human rights and civil society and trade union activism among others have all contributed to an acknowledgement of the wider responsibilities of businesses to the societies in which they operate. Despite these developments, CSR is still not clearly conceptualised and there is no general agreement among authors of its boundaries. In the field of Development Studies, this literature review has identified a limited focus on CSR as a
development intervention although sustainable development is a key area of interest. In this chapter, the literature is reviewed to gain insight into the development of CSR internationally and in South Africa where CSR has been shaped by both the political landscape of apartheid and the economic and social challenges of a post-apartheid society in a changing global context. Two contending theoretical approaches are identified, namely, how traditional classical economic theorists view CSR and the integrated approach that attempts to connect CSR, social, economic and environmental development. This latter approach shapes the conceptual model that guides the study.

The chapter is structured in five sections. In the first section the roots of CSR are traced to pre-industrial societies, industrialization and the post-war periods. In section two, contemporary international developments are considered including the drivers of CSR that encompass economic globalisation, increasing international regulation of corporations and global and local demands for responsive businesses. Section three outlines the two key theoretical approaches that continue to shape the CSR debate and finally a conceptual framework is posited to guide the study.

2.2. THE ROOTS OF THE IDEA OF SOCIAL RESPONSIBILITY

According to Carroll (2010: 85-105), the idea of social responsibility has been around for many centuries. This view is also supported by Lee (2008: 53-73), who maintains that social and environmental concerns have a long history dating back to pre-industrial societies. The Judeo-Christian and Muslim belief systems have traditionally regulated livelihood activities to promote the common good in communities. Judeo-Christian beliefs condemn the charging of interest on debts, and Jesus in some of his parables, such as the Prodigal Son and the Good Samaritan, exemplified the sharing of wealth and the fostering of a sense of community (Brass Centre, 2007. Asongu (2007:10) views social responsibility as a Christian idea whereby religious teachings require those who are more privileged to share their resources with those who are less fortunate than themselves. As a devout Roman Catholic, I acknowledge the social teachings of the
Catholic Church regarding the social responsibility of societal institutions for the poor and underprivileged, a belief system which has continued from biblical times to the present. Similarly, the Islamic practise of Zakaat requires Muslims to donate a portion of their income to the poor and these practises continue both formally and informally in many countries around the world today. Oriental belief systems and other faiths and cultures also promote the value of providing for the poor. According to Chandler (2006:11), ancient Chinese, Egyptian and Sumerian writings often deliberated on rules for commerce to facilitate trade and ensure that the interests of the wider public were considered.

Lee (2008) contends that the history of social and environmental concerns of business is as old as trade and business itself. The Brass Centre (2007) illustrates how principles of CSR were embedded at different times and in different ways in various societies:

'Commercial logging operations for example, together with laws to protect forests, can both be traced back almost 5,000 years. In Ancient Mesopotamia around 1700BC, King Hammurabi introduced a code in which builders, innkeepers or farmers were put to death if their negligence caused the deaths of others, or major inconvenience to local citizens; in Ancient Rome senators grumbled about the failure of businesses to contribute sufficient taxes to fund military campaigns; while in 1622 disgruntled shareholders in the Dutch East India Company started issuing pamphlets complaining about management secrecy and self-enrichment'.

According to Asongu (2007), hunters in the Southern Cameroons, as well as other parts of Africa were expected to bring part of their catch to the chief (traditional rulers) for distribution to those in need. Farmers in Eastern Nigeria (Igboland) brought their first harvest to share with the community at the "New Yam Festival". Also, professional craftsmen were the custodians of artworks which were kept in the palaces of the chiefs. Since this artwork was considered to be a contribution to the culture and prosperity of their communities, they were not paid for such pieces of art. Other professionals such as
traditional doctors were not allowed to charge exorbitant fees for their services. These examples also illustrate the fact that in traditional African societies, a wide range of social practices were adopted to promote social solidarity and that regulated the activities of those who were more privileged. Similar practises were documented in other parts of the world such as in India where merchant charity can be traced to the 1800s. Here it took various forms, such as a treasury chest for the needy, providing relief in times of famine or floods, animal care, tree planting, the building of temples, water tanks and wells, and support for traditional schools of art and culture (Mohan, 2001:107-117).

The concerns about the environment and its importance to the social and economic fabric of life can also be traced to pre-industrial societies (The Brass Centre 2007). For example, the deliberate use of fire to clear land began thousands of years ago. As human civilizations arose, so the impact of economic activity on local environments became an important issue. Deforestation and soil erosion caused the decline of many ancient cities and civilizations. By the time of the Greek and Roman empires, there were new concerns that had arisen about issues such as pollution and occupational health. The sustainable use of environmental resources has therefore been around for centuries according Steurer et al (2005) where there were legal constraints on logging in German forestry as early as the 17th century. The rule was to cut trees at a rate which enabled forests to renew themselves over time, that is, to utilise timber in a responsible and sustainable way.

Thus, early forms of social solidarity existed across different societies that were shaped by religious and cultural beliefs and practices as well as a concern with limiting the impact of environmental degradation on the economic and social life of the communities. Traditional systems of governance also intervened to promote equity between the privileged and the under-privileged and to protect the natural resources on which all communities depended. Some of these practices have survived and continue in present-day life, while some have become obsolete and others have been refashioned.
However, these social challenges were aggravated by the advent of industrialization which gave rise to corporate philanthropy dating back to the nineteenth century.

2.2.1 The industrial revolution and philanthropy

Industrialization in the nineteenth century gave rise to capitalism based on the free market economy, the rise of the factory system, and industrial employment that was accompanied by large scale social change. With the advent of industries there was immigration to the new industrial areas from rural outlying areas. According to Spector (2008), this phenomenon led to the transition from feudal societies to an industrial economy and reconfiguration of economic and social relations. The massive exodus of people from rural outlying areas during this period altered community and family structures, and spawned a new class of industrial capitalists. This extensive industrialization had both positive and negative consequences for the social fabric of societies and the environmental sphere.

According to writings by Carroll et al (2008) and Frederick (2008:522-531), the rural to urban migration resulted in an increased demand for housing, amenities and other social services. The authorities could not cope with this demand. Corporations driven by the need to run factories and business enterprises became involved in service provision of some sort in order to maintain labour supply and productivity within the local vicinities where employees resided. With industrialization, the impact of business on society and the environment assumed an entirely new dimension. Philanthropy, as it was called by then, became an important practice. In order to mitigate these new challenges, the corporate leaders of the late 19th century used some of their wealth to support philanthropic ventures. As early as the 1920s, discussion about the social responsibilities of business had evolved into what could be recognised as the beginnings of the “modern” CSR movement (Asongu, 2007). According to Spector (2008), in 1929, the Dean of Harvard Business School, Wallace B. Donham, in an address delivered at North Western University commented that, 'business in its new form was now being
forced to broaden its scope due to its new social significance and as such had to learn how to handle these changes and recognise the magnitude of its responsibilities for the future of civilization’. This statement points to the need for 19\textsuperscript{th} century entrepreneurs to recognise their responsibilities towards society and the environment.

Freeman and Liedtka (1991) indicated that the idea of corporate social responsibility has its roots in the writings of Andrew Carnegie and others of his generation in the United States. Carnegie, who founded U.S. steel, articulated two principles that he believed were necessary for capitalism to work. Firstly, the charity principle required more fortunate members of society to assist their less fortunate members, including the unemployed, the disabled, the sick, and the elderly. These “have nots” could be assisted either directly or indirectly, through such institutions as churches, settlement houses, and other community groups. Secondly, the stewardship principle required business and wealthy individuals to see themselves as the stewards, or caretakers, of their property. Carnegie’s view was that the rich hold their money “in trust” for the rest of society. However, he also indicated that it is also a function of business “to multiply society’s wealth by increasing its own through prudent investments of the resources that it is caretaking” (Asonu, 2007). This philosophy by Carnegie resonates with the popularised adage of ‘caring capitalism’.

Other relevant historical examples of corporate philanthropy in Britain that were influential at this time included initiatives by Joseph Rowntree, George Cadbury and the Lever Brothers who were active in community building in the nineteenth century while Henry Ford and Johnson & Johnson were prominent in the United States. The Kellogg Company founded in 1906 is an example of how CSR has been practiced by a modern company for over a hundred years and has been conscious of its social responsibilities since its inception. The company’s founder, W.K. Kellogg, stated that he sought to invest his money in people, and that legacy continues to guide the company and its people in present times (Mackay, 2007). However, it is evident that CSR in Europe has never been as influential as it has been in the USA (Matten & Crane, 2005).
2.2.2. The post-World War II period (the 1950s up to 2000)

CSR as a social and an environmental development strategy by business has been changing over time. From the late 19th century to the 1950s its outlook had been one of 'corporate philanthropy' driven by the philosophy of 'charitable giving'. A general analysis of the literature indicates that CSR as a phenomenon continued to develop as the power of businesses increased and became highly visible and as the state increasingly recognised it as a critical vehicle for societal development. Marais (2010:52) indicates that the first comprehensive approach to modern era CSR was ushered in during 1953 with the publication of Howard R. Bowen’s book ‘Social Responsibilities of Businessmen’. According to Rowe (2005), Carrol (2008), and Lee (2008), the United States of America (USA) emerged as a global hegemonic economic actor after the Second World War. This role was fuelled by the mega development of corporations boosted by the increased production of goods for the domestic market and the participation of corporations in the European economic recovery after the war. The post-war era according to Gilpin (2001) resulted in the rise of Multinational Corporations (MNCs) that became the symbols of American economic power across the globe. Whilst benefiting the American public in general, the weakness of this strategy only emerged in the 1960s and early 1970s as the gradual translocation by corporations led to mounting domestic unemployment due to European and Japanese import penetration and capital flight as American plants, factories and jobs shifted to the developing world. Rowe (2005) mentions that the American trade unions, consumer safety, environmental protection, social justice groupings and governments from the developing world increasingly questioned the power, flexibility and unaccountability of MNCs operating at home and abroad and advocated the regulation of their activities.

Although CSR is a contemporary usually considered to be a construct that evolved in the USA, its influence has, for the most part, not been limited or confined to the USA (Vogel, 2005). In fact, Epstein, in Rowe (2005) states that the scrutiny of MNCs came mainly from developing countries which were requiring social and environmental responsibility
measures as pre-conditions for the setting up of business operations in their countries. More outspoken were the Latin American countries that, through the struggles for independence, directed their protests against poverty and drew attention to the superexploitative role of multinationals located in their countries. This period was characterised by the literature on dependency theory (Amin, 2003; Escobar, 1994) that argued that industrial development in the developed world was occurring at the expense of the under-development of countries in the developing world. This approach became the basis for resistance and calls for the MNCs to be socially and environmentally responsible. As a consequence of this drive, different MNCs in developing countries embarked on social welfare interventions and environmental stewardship. Extractive industries especially in mining and oil exploration became prominent in these service provisions and this prominence was manifested through their involvement in projects like construction of housing, and provision of social amenities such as clinics, roads, recreational facilities and schools within the communities in which they operated. The period of the 1960s to 1970s in the development of CSR is well captured by Carroll and Shabana (2010:85-105) as the era of ‘CSR awareness, social consciousness, responsiveness and recognition of overall responsibility’.

The period of the 1980s is described by Van den Ende (2004:23-24) as a period where there was a pendulum swing by companies in attempting to balance their social and economic roles. This era was characterised by the emphasis on different elements of CSR. According to Frederick (2008) alternative CSR themes and variants became more pronounced and included corporate public policy, business ethics, corporate social performance and stakeholder management which are discussed in the following section. There was a dramatic increase in empirical research aimed at understanding the business case for CSR. Lee (2008:58) suggests that much academic research during this period was directed at trying to understand the link between CSR and financial performance and how CSR might contribute strategically to improving the brand of the
company, and its legitimacy among various stakeholders while simultaneously contributing to human well-being.

Literature indicates that this trend continued into the 1990s and the early twenty-first century and according to Frederick (2008), this period became known as the era of global citizenship. The latter mainly referred to the fact that CSR’s development had taken on a global outreach and business came to be personified as a citizen. The notion that corporations should conduct their affairs as responsible citizens with rights and duties in the same way as individual citizens has increasingly begun to hold sway.

In conclusion, there were several watershed events which punctuated the development of CSR during this era and that further shaped the outlook of CSR today. According to the Sustainability website the 1980s and 1990s saw communism collapse, globalization emerge and the information revolution change the way the world did business. As globalization intensified, so did environmental awareness and the emergence of responsible business practices. Some of the agents of change, key institutions and policy frameworks which developed during this period were the Gro-Brundtland Commission Report on Sustainable development (1987) which highlighted the importance of the physical environment, the formation of the World Business Council for Sustainable Development and the United Nations Global Compact to mention a few. The theme of sustainable development found its roots in CSR during the latter decade and saw many companies starting to produce annual reports on their performance in terms of social, economic and environmental activities. This period also saw the emergence and reinforcement of civil society movements as a countervailing force for corporate activities. In the next section, the contemporary perspectives of CSR are discussed.

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5www.sustainabilitysa.org; (accessed 11 June 2011)
2.3. CONTEMPORARY INTERNATIONAL PERSPECTIVES OF CSR

A growing body of theory and practice in the field of CSR is currently advocating that companies need to behave in a socially responsible manner through corporate self-regulation, voluntary community initiatives and environmental consciousness (Jenkins, 2005). The motivation for this view is that sustained business growth is indispensable to societal development, poverty alleviation and the sustenance of the environment for future generations. Since the 1990s, the nature and scope of CSR experienced a metamorphosis in terms of focus and approach. Its sole focus on corporate social responsibility has changed to also include environmental responsibility and hence the term ‘Corporate Social and Environmental Responsibility’ (CSER) is increasingly used. In addition, there has also been an emphasis on the need for stakeholder engagement with communities and partnerships with other developmental role players (De Beer and Swanepoel, 2006). CSR is fast becoming an important issue for civil society, the state and corporate leaders (Martinussen, 2004). The free market spirit that predominates in today's global economy has led to globalization from 'above', as is exemplified by corporate influence in trade and economic policy, and from 'below', by the emergence of powerful civil society, grassroots movements and non-governmental organizations (NGOs) as countervailing forces which has resulted in grassroots development (Willis, 2005) and Korten's (2005) people-centred development approach (De Beer and Marais, 2005; Ul Haq, 1995). These approaches placed the focus of development on meeting people's basic needs (Hettne, 1995), empowerment and grassroots participation in development (De Beer and Swanepoel, 2006; Chambers, 2007:20-25) which are considered to be crucial aspects of people-centred development. Companies are increasingly adopting community development strategies which sit well with the grassroots development and community participation, defined by Davids et al (2005) as 'the involvement of the community in development projects whereby communities take the initiative to formulate objectives involving changes in their living conditions'. Furthermore, the state has also emerged as an important actor, playing the role of
facilitator and legislator in managing the interaction between companies, communities and the environment (United Nations Institute for Research and Development, 2010).

The period from the 1990s to the present has cast a global spotlight on the behaviour and actions of the corporate world and other institutions deemed not to be delivering on social and environment-related issues (Elkington, 1997). The pressure being exerted on the corporations by external stakeholders is forcing them to become more accountable and transparent in their activities, and to report not only on their financial performance, but also on their social and environmental involvement. This trend is evidenced by the popularization of the Triple Bottom Line (TBL) approach that requires corporations to find a better balance between people, profit and planet (Mcintosh, 1998). More recently and in view of the negative impact of globalisation on human security, there is increasing pressure for companies to be part of promoting inclusive development through CSR (UNRISD, 2010) although more critical observers view this shift as simply trying to portray globalisation with a human face.

There has been much research considering business and its social and environmental responsibilities in recent decades (Sethi, 2003). According to Sastararuji and Wottrich (2007:13), a number of studies have addressed differences in CSR practices between countries, focusing mostly on the situation within Europe, the USA, Asian countries, North America, Latin America and other regions. Maignan and Ralston (2002), in Sastararuji et al (2007:14) found that companies in different countries differed in managerial practices, emphases on stakeholder issues and reporting on CSR activities. Existent studies suggest different regional patterns concerning the way CSR is viewed and implemented. Based on these regional reviews, it is apparent that CSR is also tied to localised needs and issues that are shaped by cultural traditions at country level, religious beliefs and historical events, all of which suggest that CSR is diverse in its various activities (Baughn 2007; Sastararuji and Wottrich, 2007; Welford, 2005; Chapel and Moon, 2005; Welford, 2004; Ang and Leong, 2000). The advent of globalization has also led to the development of global CSR policies, guidelines, codes of conduct and
benchmarks as the practice is being embraced across the globe. These policies provide for voluntary compliance with CSR while in some instances governments have directly and indirectly promulgated legislation which aims to enforce compliance by businesses to integrate CSR within their core business and strategies. According to UNRISD’s (2010:238) review of contemporary CSR initiatives, CSR seems to vary by region, country, industry and firm. The main variables which influence the nature of CSR are the institutional context and regulatory frameworks of both home and host countries depending on the ownership of the business. The differences may also be attributed to the political and economic environment in which a company operates. Key drivers have been identified that continue to shape the contemporary scope of CSR. These drivers are discussed in the following section.

2.3.1 Globalization as a driver of CSR

Globalization is not a new phenomenon. Its characteristics, which are steeped in the notion of a borderless economy and transnational transactions may be traced to earlier periods such as during colonialism and imperialism. The uniqueness of the current mode of globalization is that it is more amorphous, unrestricted and far-reaching. This extensive economic globalization, besides offering opportunities for economic growth, has also given rise to a number of interrelated concerns in the social and environmental realms (Prahalad, 2002) with a growing focus on poverty, unemployment and inequality including new forms of vulnerability arising from environment changes. In this respect Banarjee (2008:51) contends that some multinational corporations’ activities are externalizing environmental costs onto future generations. This externalization is due in some instances to weaker states that are not able to enforce environmental standards while other states are pandering to the dictates of global capital (Pieterse, 2009).

The global financial markets turmoil emanating from the banking sector has resulted in a questioning of the role of big business, more especially the capitalist system itself (Mail & Guardian, 2010). The implications of the economic recession have been
unprecedented inflationary pressures which have resulted in an acute rise in food prices, unemployment due to closure of companies, high indebtedness of consumers and declining livelihoods of the poorest sectors of society as they have been the hardest hit (Frynas, 2009:12). These realities have resulted in a vibrant debate about the role of transnational corporations in the social, economic and political life of countries.

2.3.2. Institutional Regulatory Frameworks

Increased scrutiny of the behaviour of companies in their business pursuits has led to the emergence of political and social regulatory frameworks. These new developments have seen the rise of a myriad of institutions, conventions, codes of conduct and guidelines aimed at embedding CSR in business and promoting best practice. As CSR has taken the global centre stage, the United Nations (UN), through its directorate of Human Development, designated the year 2000 as the year of ‘Globalization, Business and Social Responsibility’ (UNDP, 2000:4). A follow-up to this theme has been the formation of the UN Global Compact, which is a voluntary set of principles and standards to promote a legally binding regime for corporate codes of conduct (UNCTAD:2001). The nine codes cover issues pertaining to labour standards, human rights and environmental protection. Onor (2007:57) indicates that although CSR could be viewed as a body of ethical rules which are often voluntary and unenforceable, these ethical rules are often translated into legal rules.

In response to the above, corporations are now resorting to creating measures to promote trust and legitimacy of their activities through voluntarily compliance with preferred benchmarks, standards, codes of conduct and guidelines on CSR (Elkington, 1997). The following table highlights some of the voluntary codes, standards and guidelines which have become universal and recognised by many corporations.
### Table 1: Codes, Standards and Guidelines for CSR Practice

<table>
<thead>
<tr>
<th>CODES, STANDARDS AND GUIDELINES</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>Organization for European Cooperation and Development (OECD), Guidelines for Multinational Enterprises</td>
<td>These are voluntary guidelines for companies based or operating in OECD member countries. They provide consistency in codes of conduct across member nations. They not only cover social and environmental issues but also a wider range of other areas including taxation, employment and industrial relations.</td>
</tr>
<tr>
<td>Social Accountability (SA) 8000</td>
<td>This international certification on social responsibility is aimed at guaranteeing workers’ rights in such a way that there is a win-win situation for the Tripartite alliance that is labour, business and government.</td>
</tr>
<tr>
<td>Global Reporting Initiative (GRI)</td>
<td>This multi-sectoral and stakeholder independent body is aimed at ensuring that uniformity is attained in reporting on the triple bottom line by companies.</td>
</tr>
<tr>
<td>International Standard Organization (ISO) 14001</td>
<td>This voluntary standard is primarily concerned with environmental management. The series provides voluntary environmental standards, systems and operating practices to enhance the ability of companies to manage environmental impacts and risks.</td>
</tr>
<tr>
<td>International Standards Organization (ISO) 26000</td>
<td>This guideline was the first standard which focused on CSR and was published in 2010. It provides policy, management guidance on CSR concepts, definitions.</td>
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</table>
and methods of evaluation particularly related to operationalizing social responsibility, identifying and engaging with stakeholders and social responsibility reporting.

| Dow Jones Sustainability Indexes (New York Stock Exchange) and FTSE Good Index (London Stock Exchange) | These are investment indices set up to track the performance of companies defined as socially responsible or sustainable in one way or the other and supporting human rights. |
| Accounting (AA) 1000 SERIES | These were developed by Accountability (UK) and consist of the Assurance Standard (a standard for assurance providers covering the full range of an organization’s disclosure and associated performance); the Stakeholder Engagement Standard (a framework for designing, implementing, assessing, communicating and assuring the quality of stakeholder engagement) and the Accountability Principles Standard (which allows for broader organisational application of the principles of inclusivity, materiality and responsiveness which underpin the AA1000). |
| United Nations Global Compact | This guideline was published in 2000 by the United Nations as a broad set of principles that applies to all industries and projects at all stages of operation. It is aimed at making businesses align their strategies with the ten universally accepted principles and the Millennium Development Goals. |

Source: Canadian Business for Social Responsibility (CBSR, 2009).
There has been criticism and scepticism from different stakeholders, especially the NGOs, with regard to the effectiveness and relevance of the various instruments as many are not enforceable and are open to different interpretations as they are mostly normative and provide non-binding recommendations depending on the company which has adopted them. These frameworks are considered to be weak as they do not require accountability from the companies. Nevertheless, many MNCs have adopted them either due to shareholder activism or the demands brought by civil society groups.

2.3.3. Global and local social demands

According to Benn *et al* (2007:189-213), corporations are now confronted with the challenge of managing the expectations of society in relation to the social and environmental risks associated with economic development. As a result of pressure from governments, global social lobbyists and groups like international NGOs, industry regulatory bodies and the need to comply with internationally accepted norms and values, many corporations are recognizing the importance of being socially and environmentally responsible. Jenkins (2007) emphasises that in a globalizing world, CSR becomes more complex, especially for businesses due to the myriad demands and frameworks with which they need to comply. This complexity is enhanced by the phenomenon of globalization which is expanding the set of stakeholders far beyond the immediate community in which a business operates, thus making it vulnerable to compliance to measures in different countries. For example, the listing of South African companies in Europe or the United States has exposed them to compliance with far more diverse social and environmental prescriptions.

Besides supranational codes e.g. United Nations system, civil society has risen as a countervailing force against the hegemony of corporations that are not complying with global norms. Mobilization and pressures from the ‘bottom’ are being organised by transnational NGOs, trade unions and individual activists. The impetus and speed with which these pressure groups respond to perceived corporate irresponsibility has been
aided by the spread of the internet. At a micro level, pressure on corporations has been primarily exerted by local community groups that are demanding that companies must earn their social license to operate. According to McIntosh (2004), the most notable MNCs being targeted are well known brands like Anglo American Plc., McDonalds, Monsanto and Royal Dutch / Shell Oil Company, to mention a few. The socio-environmental issues include labour-related matters for example, low wages, the offering of minimal social and health benefits, depleting rain forests, using unsafe pesticides, bio-engineering of agricultural crops and collusion with violent and repressive regimes in the pursuit of their business objectives (Klein, 2000). The protests at the Seattle World Trade Ministerial conference in 1999; Davos World Economic Forum; the annual World Bank/IMF meeting and the Barcelona Group of seven gathering of industrialised countries and Cancun (Mexico) in 2010 are testimony to growing civil society concern. The collapse of Enron and WorldCom and their auditor, Arthur Andersen, due to dubious accounting practices which rendered people’s savings void, has also led to the increased scrutiny of large companies. This scrutiny has sought to curb the risks emanating from people investing their life pensions in these institutions. The milk scam in China in 2007, which led to the deaths and maiming of many infants, and the raising of human rights issues associated with resettlement, grave relocations and mining related health problems of many mining communities, is also testimony to growing civil society activism. Litigation brought by civil society movements on behalf of communities, typify the growing pressure for accountability by corporations. Allegations of exploitative labour, human rights abuses and challenges by Unions of big brand name corporation like Nike, Gap, Wal-Mart and Starbucks Coffee have resulted in many corporations rethinking their CSR activities and obligations in order to avoid confrontations with the pressure groups and to protect their images (Hopkins, 2001).

The sustained pressure on companies, both from below and above, is forcing them to become more transparent in their decision-making structures and processes (Prahalad,
This move has resulted for instance in increased corporate reporting on sustainability while CSR issues are receiving increasing attention by the governing boards of large corporations. Many sustainability reports are reflecting the companies' stakeholder engagement strategies and plans. These platforms are necessary for participatory decision-making, inclusion and engagement of local communities. While some corporations are now beginning to take CSR more seriously, this shift in thinking presents all actors with the opportunity to reshape CSR initiatives in a changing global environment.

2.4. CSR IN SOUTH AFRICA

South Africa’s history of colonialism and apartheid laid the basis for institutionalised racial segregation and discrimination in all spheres of economic and social life. Not only were Black people denied the franchise; they were also economically and socially excluded from benefiting from the fruits of economic growth. The mining industry was the initial driver of economic development which was built on the migrant labour system and the super-exploitation of black labour. Later the economy diversified but economic ownership and control remained in White hands. Over the years, South African corporations have been severely criticised for their role in creating and maintaining an unjust social and economic order.

It is against this background and increasing resistance to apartheid that CSR began to emerge. Different scholars like Hamman, Fig and Bezuidenhout (2003) concur that CSR was popularised in 1966 by Tim Smith, an anti-apartheid activist. Hamman et al (2003: 255-270) and Van den Ende (2004:83) in their historical analyses, contend that CSR was raised formally in the 1970s by Meyer Feldberg in an inaugural lecture as the first professor of business administration at the University of Cape Town on ‘Business profits and Social Responsibility’. The lecture concluded that, ‘while enlightened self-interest was a critical element of business, it should also be acknowledged that CSR should also be seriously considered to serve the needs of society’. Philanthropism or charitable-
giving was largely the approach many of the bigger companies adopted as a response to the growing demands by society and resistance to apartheid. Kapelus, et al (2004) point out that while these philanthropic gestures were commendable, they achieved little but merely increased community hostility and were perceived as patronizing. During that period, corporate South Africa was under scrutiny as to whether it was benefitting from the existing political status quo, and its role in the establishment and maintenance of apartheid was increasingly scrutinised.

According to Fig (2002), the 1970s were characterised by high political instability and imbalances in the South African society. The African National Congress (ANC), the main Black opposition movement, and the trade unions gained growing political influence during the on-going discrimination against the Black majority and gave rise to internal resistance (Chahoud, et al 2010). This resistance led to violent riots, for example the student riots in Soweto in 1976 which highlighted the evils of the apartheid education system and imprinted the issue in the minds of Western countries, civil society and politicians, as well as workplace grievances and international sanctions campaigns against apartheid. The plight of the Black majority was highlighted, especially limited or no access to basic education, health amenities, and decent work opportunities which resulted in abject poverty. A key feature of this turbulent period was the high visibility of foreign companies operating in the country despite these conditions. Most foreign multinational companies mainly American and European based, were perceived to be making profits at the expense of the Black majority such as Coca Cola; General Motors, Ford, Firestone and Goodyear.

In an attempt to redress some of these issues and especially to correct the role of business, the Sullivan principles were developed by Reverend Leon H. Sullivan, an American anti-apartheid activist in 1977. The Sullivan principles represented a compelling code of conduct with which American businesses had to comply which was a defining moment in the development of CSR in South Africa. For other non-American companies, adherence to the code was voluntary, but anti-apartheid lobby groups kept
a close eye on the compliance of companies with the principles. The principles went further by calling for companies to divest from South Africa as an active form of condemnation of apartheid. Trialogue (2003:7) indicates that American companies had to spend against a pre-determined formula up to seven percent of payroll to justify their presence in South Africa, which was essentially a license to operate. As a result, some companies set up voluntary initiatives in the communities and ensured their workplaces practised fair labour relations. The Sullivan Principles became a turning point for CSR in South Africa (Fig, 2002: 81). According to Spivey (2009:3), out of nearly 200 American companies doing business in South Africa, 127 subscribed to the principles within 10 years. Further down the line, the instrumental role of the Sullivan Principles in the demise of apartheid is highlighted by Mangaliso (1997:219-238) in his article, ‘South Africa: Corporate Social Responsibility and the Sullivan Principles’ from *Journal of Black Studies*. He asserts that the Sullivan Principles had the effect of ultimately causing some multinational companies to withdraw from South Africa.

Fitzgerald, *et al* (1995:41) notes that the period extending from the 1970s to 1980s was dominated by a radical neo-socialist economic rhetoric mostly fomented by the ANC, Trade Unions and other left leaning political parties. National based companies, especially those in the mining industry, for example De Beers were also under scrutiny. Through a realization of the deterioration in the Black Townships of Soweto the Urban Foundation was formed by prominent entrepreneurs, Harry Oppenheimer and Anton Rupert of Rembrandt (Alperson in Bezuidenhout *et al*, 2003). These initiatives were mainly community investments aimed at addressing urban development issues, particularly in the volatile political environment in the townships. Several other initiatives such as charitable trusts and education institutions were set up in the following years. Van den Ende (2004:84) presents a different view on the motives of such interventions by stating that the setting up of such charitable trusts was partly also to accommodate returns on tax rebates. This motivation also highlights the self-interest imperative which has been traditionally viewed as the main driving force for business.
2.4.1. CSR in a democratic dispensation

As indicated above, the political landscape had a profound influence on the development of CSR in South Africa and more so in the 1990s following negotiations, a political settlement and the creation of a democratic society. Denton and Vloeberghs (2003) in Van den Ende (2004:85) point out that the 1990s marked not only a new environment for business with the advent of a constitutional democracy, but also a stronger trend towards expanded CSR programmes.

During the political transition from apartheid to democracy in the early 1990s, there was a rise in CSR and investment programmes in the country. Corporate South Africa was unsure of the general direction the new government would take with regard to policy. There was speculation that since the new democratic dispensation had been ushered in by the ANC and its alliance partners that had a more communist, socialist and Pan-Africanist ideology, a new socialist oriented policy would emerge and this prospect caused restlessness with the investor and business community. Nevertheless, many corporations changed their CSR strategies to adapt to the new political imperatives.

Since the post-democratic elections there have been constant shifts in South Africa with regard to the path for overall macro socio-economic development policy and strategy by the ANC leadership. The continuum of policies, legislation and structural changes resulted in deliberate public action to enlist the support of the private sector for national policies to promote the transformation of the society at every level. These policies are well documented but for this purpose selected policies are briefly discussed as they provide the national developmental policy and legislative environment for CSR. Many companies attempted to align their CSR activities with the various policy frameworks.
2.4.2 National policy and legislation and its implications for CSR

The Reconstruction and Development Programme (RDP) set the wider social and economic development framework for the country. According to the ANC’s (1994) RDP document, the six basic principles of the socio-economic philosophy underpinning the RDP were: an integrated and sustainable programme; a people driven process; peace and security for all; nation building; linking reconstruction and development; and democratization of the state and society. The key programmes of the RDP were aimed at meeting the basic needs of the people as a priority and included the provision of water, employment opportunities, land, housing, electricity, health-care, a healthy environment, education and training, nutrition and social welfare. Other programmes went on to focus on women, developing and encouraging industrial development to grow the economy and ensuring that the Bill of Rights as part of the new Constitution was paramount in democratizing the state and society. The developmental agenda behind the RDP was conceived in the context that economic growth, development, reconstruction and redistribution can all co-exist and their integration can result in eradicating the socio-economic ills left by the apartheid system. This philosophy was cross-cutting and incorporated classical, neo-liberal and neo-Marxist principles with an emphasis on the state’s role as facilitator to ensure that the market participated in social development. The RDP clearly carved out the role of the corporate sector in the implementation of the envisioned programmes. Umanyano (1994:142) reiterated the need for the harnessing of the financial contribution of the corporate sector as the government realised that it could not singlehandedly accomplish the depth and breadth of the South African developmental challenges.

The RDP became a collective national responsibility for government, civil society and the corporate world. As an incentive for corporate participation, the RDP introduced the rationalization of company tax breaks for health, education, housing and other expenditure. Financial institutions were channelled to assist in funding individual programmes to meet basic needs, especially housing backlogs and by improving services
to Black communities. This goal was realised in the emphasis on de-racialization of business through the creation of policies and legislation to accelerate ownership through affirmative action policies such as Black economic empowerment, creation of small medium enterprises to harness development in the large informal sector, participation of workers in decision-making and for the corporate sector to accept social development challenges as part of their core business.

Many companies gradually started adopting these government priority areas as part of their CSR strategies. During this time, CSR projects became popularly known as the Presidential Lead Projects (PLPs) or "RDP-projects" and companies became involved in the construction of community infrastructure like schools, clinics and other social facilities. Unlike the popular critique that the RDP was a failure, the opposite is likely to be true as all the objectives it sought to address still form the basis for government, civil society groups and business social development agendas today. The focus on 'People' as the centre of development has been enshrined since these early times and currently the popularization of the theme 'Batho Pele' (People First) reigns supreme as a common phrase to reflect organizations' commitment to poverty alleviation. According to Fitzgerald (1995:44), the main flaws in the successful implementation of some of the development areas of the RDP were the legacy of the apartheid government which had a huge external debt to service and lack of institutional arrangements for effective implementation. These weaknesses to a large extent compromised achievement of some of the goals of the programmes; hence the government sought an alternative to fast-track these goals by introducing a more market-oriented national development strategy which saw the establishment of the Growth Employment and Redistribution strategy (GEAR) in 1996. Some critics have alluded that this strategy could also have been a manifestation of the internal ANC political ideology contestations of those in favour of a laissez faire or market approach and those with a neo-socialist orientation.

The Growth, Employment and Redistribution (GEAR) strategy was a sequel to the RDP but with greater focus on economic growth through creating a more conducive
environment for private sector investment, prudent monetary policy to create jobs and redistribution of economic gains to those in poverty. The emphasis on economic growth was perceived by the Left leaning school of thought as a paradigmatic shift towards a more neo-liberal ideology which was favourable for the market. They contended that this policy was a return to the ‘trickle-down’ economics which only serve the interests of the elite and further impoverish those already living in poverty. These views were mainly expressed by the labour movement and political parties with a socialist or communist philosophy. To a large extent, GEAR as a national development strategy was instrumental in influencing CSR interventions by companies in South Africa. This influence, for example, resonated with procurement policies where companies were expected to declare their Black Economic Empowerment (BEE) status as well as comply with scorecards as dictated by various charters if they were to receive lucrative tenders from government and operate as profitable businesses in South Africa.

With time, government eventually appealed to business to assist in initiatives such as tourism promotion, development of the inner cities, as well as the fight against crime. Corporations were encouraged to invest more ‘strategically’ by setting up funds that would be self-sustaining and be used to fund CSR initiatives (Visser, 2004). South Africa’s re-admission into the international arena also compelled its corporations to adopt global standards and codes, in an effort to be more visible and rated as the best among their peers. These are some of the major drivers for international companies that have had to demonstrate their conformity with global norms and standards.

In order to overcome some of the developmental challenges associated with poverty, unemployment and inequality, the South African government has embarked on a targeted and more hybrid co-regulation and voluntary commitment strategy (Chahoud et al, 2010:36) in order to solve the socio-economic and environmental challenges facing the most vulnerable groups. This strategy has been implemented through either compulsory or voluntary commitments by the companies and forged through tripartite agreements between government, labour and business partnerships. Honke et
in Chahoud (2010) indicates that spending for social and community issues by companies as a requirement makes South Africa the exceptional case of a country in which various policies, charters and codes indirectly enforce companies to commit to CSR. Utting (2005:11) notes that the mere threat of mandatory regulation at both national and international levels has long been a crucial driver of voluntary CSR.

South Africa’s rights-based approach to social development (Patel, 2005) is set out in the Constitution of the country which also requires business and other social groups to ensure that the rights enshrined in the Constitution are upheld. These rights are elaborated in the Bill of Rights which emphasises the socio-economic rights of persons. The company is treated as a legal persona and thus is expected to adhere to the stipulations in the Constitution, whether they relate to human, environmental or any other rights, in the pursuit of conducting business.

In addition, key legislation that provides an enabling environment for CSR is first the Mineral Petroleum and Resources Development Act 28 of 2002. This legislation requires mining companies to develop social and labour plans that are a prerequisite for the license to operate and make it compulsory for companies to contribute to local social and economic development in the areas where they operate. Second, a range of environmental laws have been passed to control environmental degradation. In this regard the Constitution (Section 24) gives all persons the right to an environment that is not harmful to their health and well-being and the pursuit of ecologically sustainable development. Third, health and safety legislation requires all companies, particularly mining companies to reduce the number of fatalities and injuries and fourth, legislation promoting freedom of access to information and provisions under the Companies Act (61 of 1973) promotes disclosure and transparency in the governance of the companies. Fifth, a range of affirmative action policies have been passed to address historical disadvantage of Black people, women and people with disabilities (Schneider, 2008; M’Paradzi, 2006 cited in Chahoud, 2010). Finally, social development, health and
education policies among others provide the policy frameworks that facilitate a collaborative partnership between CSR initiatives.

2.4.3 Industry charters, sector codes and reporting requirements

Various industry charters, sector codes and reporting in accordance with local and global requirements have been adopted to promote economic transformation many of which have a direct bearing on CSR. The charters differ depending on the sector in which the company falls. Although government lacks capacity to ensure full compliance, sectoral charters, laws and codes have turned the CSR arena around in South Africa in a profound manner. According to Schneider (2008:67), transformation charters can be developed by industry sectors to show their voluntary commitment to transformation and to itemise their sector specific intentions and goals. These have promoted a better alignment of companies' CSR socio-economic development programmes with the relevant sector charters despite some challenges. Some of the examples of charters which have been developed include the Mining, Financial, Petroleum and Liquid Fuels, Construction and ICT Charters.

The King III Report could be seen as South Africa's roadmap to good CSR. The newly revised King III version was brought into effect by the Institute of Directors of South Africa (2010). The report put forward The Code of Corporate Practices and Conduct which recommends 75 principles relevant for South Africa. These principles are all aimed at ensuring that sustainability is embedded in the company through good corporate citizenship; compliance with the laws, codes and standards governing stakeholder relationships and integrated reporting and disclosure. All companies listed on the Johannesburg Stock Exchange (JSE) have to comply with the codes of conduct set

6 www.iodsa.co.za (accessed 11 June 2011)

7 SustainabilityServices.co.za (accessed 11 June 2011)
out in the King II Report on Governance for South Africa as a requirement for listing. In addition, listed companies that are registered with the JSE Social Responsibility Index (SRI) are required to report on their performance according to the triple bottom line.

The Global Reporting Initiative (GRI) has become an international tool and methodology on reporting on a company's social, economic and environmental responsibilities. It is a voluntary commitment and is now perceived to be a good benchmark for a company which is serious about its CSR. The GRI has been adopted by many companies to report on sustainability. These integrated reports comprise an overall picture of the triple bottom line elements of economic, social and environmental performance of the company. This information has become important for companies as a way of showing commitment as a good corporate citizen and also for transparency.

In addition, many MNCs and other nationally based big companies have embraced the UN Global Compact as a way of steering their CSR programmes. A discussion of this voluntary code was covered under the international frameworks in the preceding section. Lastly, the United Nations Millennium Development Goals also provide a marker for many companies reporting on CSR. The MDGs are focused on eight goals, each with specified targets and indicators. According to Willis (2005:1), the eight goals are the eradication of extreme poverty and hunger; achievement of universal primary education; promotion of gender equality and women empowerment; child mortality reduction; combating of HIV and AIDS, malaria, and other diseases; ensuring environmental sustainability and developing partnership in the pursuit of achieving these goals. A synopsis of most of the CSR projects in South Africa which are designed and implemented by the companies talk to these elements.

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This review suggests that most of the larger companies’ CSR programmes are aligned or are required to be aligned with the South African national development agenda and other international standards.

2.4.4 Current CSR trends in South Africa

According to Tralogue (2010:53), CSR initiatives are most prominent in the mining sector which accounts for 35% of CSR initiatives followed by financial services (18%), retail and wholesale (18%), state-owned enterprises (11%), manufacturing (10%) and information communication technology (8%). Over the past six years, Tralogue (2011:37) reports that companies have spent close to R6.1 billion on CSR. This is a substantial complementary contribution to government’s contribution to social development amounting to R15.8 billion between 2005/06 and 2009/2010 (Republic of South Africa, National Treasury, 2009). However, spending seems to be concentrated in the urban province of Gauteng (29%) with the poorest provinces with large rural populations receiving much smaller allocations such as Kwazulu-Natal (9%), Eastern Cape (7%) and Limpopo (5%). This finding suggests that their programmes are not aligned with addressing the needs in the poorest areas in the country. Of all the CSR programmes that are funded, education received the largest allocation followed by health and social and community development. Environmental development received the fifth largest budgetary allocation. Other programmes that received smaller allocations in rank order include enterprise development, food and agriculture, sports development, arts and culture, safety and security and housing and living conditions (Tralogue, 2010:38-41).

2.4.5. Summary

These reviews of CSR in South Africa demonstrate how South Africa’s political landscape provided the impetus for the development of CSR and that the activities of companies increased significantly and were realigned with the development priorities of the government in a new democratic dispensation. These alignments were made to
promote CSR spend in line with national development priorities. Extensive governmental policies exist and are being implemented to promote CSR as well as the regulation of the social and environmental responsibilities of companies. Thus strong state regulation shapes CSR in South Africa which is in keeping with the country's approach to social and economic development whereby the state plays a leading role in development in collaboration with private sector partners, civil society organizations and communities.

2.5. THEORETICAL PERSPECTIVES OF CSR

The dichotomy between business and societal goals are at the core of any attempt to theorise CSR. Different perspectives prevail on whether these contending goals can be reconciled as they also touch on the respective roles of the state and the market in the development process. The traditional classic approach associated with market capitalism conceives of a lesser role for CSR in social and economic development while those who argue for an integrative approach have devised CSR modalities that form an integral part of the country's social, economic and sustainable environmental development. The latter perspective has given rise to various modalities such as the triple bottom line that incorporates all three dimensions which is associated with the approach adopted in this study. The dichotomy between business and societal goals underpins the conflicting views which characterise the debate on the role of the market and state in sustainable development (Halal, 2000). This contestation of sustainable development is reflected in the significant variations in how countries, at different times have arranged interactions between the state, market and civil society (Martinussen, 2004). These variations extend from market and statist approaches to a mixed economy that includes both liberal, conservative and corporatist perspectives.

The multidisciplinary nature of CSR brings together a variety of disciplinary theories that provide scientific explanations for what the field of CSR entails. These disciplines range from the fields of Sociology, Development Studies, Social Work, Management Sciences,
Law, Environmental Management, Economics and Political Science to mention a few. Thus, CSR may be approached from diverse theoretical and philosophical standpoints, which may account for the lack of consensus about what demarcates the field of CSR and how it may be operationalised. In this regard, Frynas (2009) purports that the CSR field has deep analytical limitations and methodological shortcomings and there is a dearth of academic literature on the subject (Habib et al, 2008).

In the next section the theories and models that have evolved are reviewed.

2.5.1 The traditional classical perspective

The classical economic perspective is based on the arguments advanced by free marketers such as Milton Friedman who argued in an article in the New York Times (1970) that there is only one responsibility of a company – that is to use its resources to engage in activities designed to increase its profits. Levitt (1958: 41-50) contends that businesses are owned by their shareholders and that companies should not act as proxy governments in meeting social and environmental needs. Although the traditional classical approach to CSR acknowledges philanthropy of some sort, the commercial or business imperative is predominant. Classical economists see firms as closed systems only concerned with their shareholders and any social problems that needed to be resolved could be achieved by the unfettered workings of the free market system (Carroll et al, 2010:85-105). The latter further suggests that should the market fail to do so, the responsibility falls not upon business, but upon government and legislation to do the job. Friedman (1970) supports this viewpoint by arguing that CSR is a subversive doctrine which undermines the foundations of a free society. He advocates that organizations should rather engage in activities designed to increase profits that is, invest in the core business of the company that will yield a direct economic return. He insists that the government is the only legitimate vehicle for addressing social concerns; hence companies should be left to do what they know best.
These classical views were all based on the European context and experiences and Friedman’s perspectives were based on the ideas propounded by Adam Smith in the seventeenth century. According to Willis (2005:34), Adam Smith in his book ‘An Inquiry into the Nation and Causes of the Wealth of Nations’ emphasised the importance of the non-interference by the state in the workings of the market. This idea had far-reaching consequences as it gained popularity and led to the unprecedented and unfettered expansion of companies and in wealth creation for the benefit of a few (Zadek, 2000). These developments have also accelerated in modern times and are driven by economic globalization also associated with neo-liberal thinking that shaped development discourse in the 1980s and 1990s. Midgley (1995:73) contends that the classical economics paradigm with its sole focus on economic development is not consistent with social development and creates a severe imbalance between economic and social prosperity for the societies they were meant to develop.

Other views advanced against CSR from a classical economic perspective are that it diverts profits from business owners that are likely to dilute the effectiveness of the business (Frederick, 2008:522-531). Also, CSR is seen as encouraging a system of paternalism, which will lead to over-dependence on business (Warhust, et al 2002) rather than governments. Other critics raise concerns about the ethics of CSR because companies are spending resources that belong to shareholders and they hold that CSR erodes dividends and leads to the lowering of wage rates (Spector, 2008). Henderson (2001:28-32) also suggests that social involvement by companies may have a detrimental influence on the competitive ability of the organisation due to the time spent on it and the costs involved. In a similar vein, Davis, (2005:105-113) makes the point that company managers have no broad public legitimacy and therefore no right to force their opinion of the public interest on society. For Moon (2005), Griffin (1997:5-31) and Freeman and Liedtka (1991), CSR does not accept the prevailing business language of capitalism which simply relates to either ‘love (embrace) it or leave it’. Literally this
idea refers to the attitude that business is by its nature a competitive enterprise where
the financial bottom line is the main goal.

Although strong sentiments exist against CSR from the traditional classical perspective,
some companies although subscribing to the classical view do accept that they have a
moral or a philanthropic responsibility to the communities in which they operate and to
help those in need (Carroll, 2008). This recognition has given rise to the establishment of
philanthropic foundations and charitable trusts of companies that are engaged in wide
ranging support for social development activities. Critics of charitable giving or
corporate philanthropy point out that the motives of companies are suspect based
largely on their self-interest to maintain a healthy workforce and to promote the brands
and reputation of their companies rather than to promote the well-being of the broader
community as an integral part of their mandate.

The traditional classical approach to CSR is depicted in the graphical illustration.
Illustration 1: The traditional approach to CSR

Source: Adapted from Corporate Citizenship International (Logan D, 1997)
Over recent decades, the establishment of philanthropic foundations and trusts, often supported by public policy incentives, epitomised best-practice in the industrialised countries and are increasingly part of the landscape in many developing countries. However, the function of ‘charitable giving’ or corporate philanthropy was generally separated out from the core business activities of the companies and could be introduced or disestablished at the behest of the company and which, in some instances, was criticised for being exploitative. Illustration 1 above shows a clear division between the commercial and the social responsibility or the moral imperative of the company. The commercial imperative in this classical model focuses on the provision of goods and services to society which is the core activity of the company.

The traditional classical model resonates with the position of modernization theorists (Pieterse, 2009 and Huntington, 2004) which emphasise materialistic or the economic outcomes as the only end goal. For them, economic investments will automatically lead to social improvements in people’s lives. This view has been widely criticised by development scholars as inequitable and has resulted in the under-development of societies on the periphery (i.e. developing countries) at the expense of the development of industrial societies (Wallerstein, 2004; Escobar, 1994).

Development is viewed as a mechanistic process which should follow a certain path and economic growth by itself is recognised as the panacea for development. This approach also does not take account of other social variables in the external environment which are also necessary and that influence development outcomes such as human capital and an investment in people and in the social dimensions of development (Hall and Midgley, 2004). In addition, the traditional classical approach, did not take account of the complex conflicts of interest that may arise over time and amongst different stakeholders regarding what constitutes an efficient use of resources and of how the benefits of economic growth might be shared including improved social outcomes such as the eradication of poverty and inequality, improved income, living standards, health and education among others. These realities are fuelling discontent in societies and...
currently in South Africa, the call for nationalization and land claims on the properties of mine owners is rising (BenchMarks Foundation, 2009) as communities are conscientised in terms of the short term nature of mining operations and the consequences of mine closures for poor communities after the operations come to an end. Finally, the traditional classical model of CSR adopts the view that any meaningful engagement in CSR takes the profit motive as the baseline from which all other activities will be implemented with CSR being merely an adjunct to company activities and a moral imperative that companies are at liberty to adopt if they so choose.

2.5.2 CSR as part of social and economic development

The belief that business has a socio-economic responsibility is not a new proposition. Peter Drucker, a well-known sociologist, argued in his book *The Future Industrial Man* (1942) that Friedman's objections to CSR, stems from an inaccurate paradigm. He contends that companies have both a social as well as an economic purpose. According to Daft (2008:40), the classical perspective of management which emerged during the nineteenth and early twentieth century emphasised a rational, scientific approach to the study of management that sought to make organizations efficient operating machines devoid of the social aspect. Drucker (1998) argues that organizations are members of society and inextricably linked to it. Porter's ideas on strategic management, first developed in the late 1920s exerted a great deal of influence over CSR management theory and practice. This approach espoused the view that the company's success depends on the external competitive environment (Moon, 2002: 385-408). The motivation for CSR involvement is premised on the fact that businesses take resources from society for their own use; therefore they have a responsibility to return to society the value for these resources. Society should be able to determine the nature of the value to be returned and there are expectations that commercial organizations should assist in solving social and environmental problems. Robert (2002: 249-265) are of the opinion that executives possess the competence and authority to pay attention to community problems as they are members of society and have
knowledge and experience of wider social concerns. In this regard, Robert (2002: 249-265) hold that companies construct their social reality and they do not stand apart from the wider society. Following on from the interconnectedness of business with the wider society, management theorists further point to the importance of fostering of positive community relationships as these communities grant businesses the mandate or the 'licence' to operate (Fig, 2007).

Increasingly companies are now recognised as open structures whereby the perspectives of both internal and external stakeholders are increasingly influential particularly in relation to the direction that CSR activities should take (Freeman et al, 1991). Companies are also impacted by external factors such as global warming, high poverty levels and inequalities, all of which have an impact on a company and its prosperity. CSR provides companies with the opportunity to address these externalities. In this regard, Matten and Crane (2005:166-179) state that CSR has become more important as society expects business to confront issues not considered by the government and that companies should accept CSR as an integral part of the overall mission of the organization. By instituting CSR programmes, the latter authors maintain that the advantages of the free enterprise system can accrue to a greater number of people and lead to sustainable development and will be to the long-term benefit of the companies involved. Profitability and growth of an organization is dependent upon a stable community. The capital that is invested in CSR programmes, for example community health and wellness programmes, and community skills development training will eventually result in value creation for the organisation and could also have a positive effect on the share price of a company (Fourie and Eloff, 2005:75). World Business Council for Sustainable Development (2000) indicates that research has shown that socially responsible companies create more value by their character than companies that do not embrace this philosophy.

Further motivation for CSR is provided by Shrivastava (1995: 936-960) who notes that companies are generally more flexible and in a better position than the government to
address social and environmental problems without resorting to burdensome bureaucratic systems and red tape. This attribute is important as it enables companies to implement projects in shorter lead times than government processes which have to go through different structures and procedures prior to gaining approval.

There is also recognition that the increase, extent and influence of corporations across the globe are generally viewed as being greater than that of weaker states (Sethi, 2003). The profit margins which some of the large MNCs recoup is noted by different interest groups to be even more than the gross domestic products of some of the smaller countries in the world (Korten, 1997). Although CSR programmes may be viewed with suspicion in some country contexts because of the past track record of many companies, their contributions as development partners in communities does not seem to be disputed. In this regard the UNRISD (2010:233) states that recent times have generated fundamental changes in relations among state, society and business actors. On the one hand, there is increasing regulation of corporations to mitigate the negative impacts of unfettered free market activities and on the other hand, there is growing recognition that CSR could play a significant role in partnership with governments, communities and civil society in promoting social, economic and environmental development and in achieving social stability in societies.

While the popularity of CSR within the business and international development community has increased, there is little systematic research into what has been achieved (UNRISD, 2010) as well as what the roles are of the respective actors in integrated development. While companies espouse community and people-centred development strategies at local level, limited research has been conducted regarding the achievements and challenges of these initiatives in reconciling the various elements of promoting people, profit and the planet simultaneously as envisaged by the proponents of the Triple Bottom Line Approach (TBL). This review also suggests that there is scope for the theoretical development of CSR in the field of Development Studies and particularly where CSR and sustainable environmental development are an
integral part of the national social and economic development framework of a country as is the case in South Africa. The strong interventionist role of the South African state in the economy and society in relation to corporate social investment is contrary to the traditional classical free market model discussed above.

There is need for greater clarity of the concept and a definitive conceptual framework to guide CSR (Da Piedade and Thomas 2006; Kotler, 2005; Matten and Crane 2005) and in demarcating the boundaries of the field. The need for greater conceptual clarity is supported by a survey of CSR education in Europe where it was found that 50 different competing, complementary and overlapping labels for CSR programmes and numerous CSR synonyms and variants. It was for these reasons that I attempted to gain greater insight into how CSR and sustainable environmental development are defined, conceptualised and to ascertain what values inform CSR in South African companies and how these conceptions shape their CSR programmes and interaction with various stakeholders in government, communities and in the companies themselves.

2.6. TOWARD A CONCEPTUAL FRAMEWORK FOR THE STUDY

In this section Carroll's widely cited CSR model, which is adapted for the purpose of the study, is discussed and critiqued. The adapted model known as the CSR Diamond offers a more holistic approach to conceptualising CSR and sustainable development in the South African context.

2.6.1. Carroll's CSR Pyramid

Carroll’s CSR Pyramid first introduced in 1979 is premised on four tiers or levels of social responsibility namely, economic, legal, ethical and philanthropic responsibility. This model was further reformulated in 1991 to include the notion that the CSR firm should strive to make a profit, obey the law, be ethical and be a good corporate citizen (Pedersen et al, 2005). Apart from the myriad variations in CSR definitions and approaches, Carroll’s model has been the most durable and widely cited in the CSR
literature and top management journals (Crane et al, in Pedersen, 2005). Other motivations for its popularity have been its simplicity, logical sequencing and easy comprehension; it has been empirically tested and largely supported by several research findings (Auperle, et al 1985:467-469; Pinkston and Carroll, 1996:196-206) and its ability to incorporate and assimilate other CSR themes, for example stakeholder engagement.

The model is illustrated and explained below.

Illustration 2: Carroll's CSR Model (2004)

According to Carroll (2004:114-120), CSR is best explained as being ordered and weighted from the base of the pyramid with the economic level as the primary focus and then legal aspects and a later concern for the ethical and philanthropic or discretionary aspects. The economic aspects are based on the notion that in order for business to survive or undertake any activity it needs to first meet its financial bottom line. All the other activities are then dependent upon this fundamental factor and foundation. This element stands as the cornerstone for any CSR activities. Pedersen et al
(2005) accepts this position by asserting that, 'economic performance undergirds all else in corporate performance'. The second layer emphasises the legal aspect, where the corporation has the responsibility to obey the law. The organization is personified as a citizen (hence reference to good corporate citizenship) and therefore operates within society by following a code of good conduct in its behaviour. The laws can either be written or unwritten in the form of a social contract between the company and society. Last but not least, the ethical responsibilities encapsulate the need to act in a fair, just and correct manner in the organization's activities. Onor (2007:3) suggests that Carroll’s (2004:114-120) inclusion of companies’ ethical responsibility which involves doing what is right for society or the common good. This is also akin to promoting sustainable development which refers to the maintenance and usage of natural resources in a responsible way (Barrow, 2006). Philanthropic considerations and responsibilities are regarded as those humanitarian values and acts of benevolence through which the organization as a good corporate citizen should exercise discretion to act for the benefit of society. These responsibilities could entail resource contributions to the community in order to improve the quality of life of the people.

As a head-start Carroll’s model presents a sound foundation for conceptualising CSR but nevertheless poses certain limitations particularly in relation to developing countries such as South Africa. The fundamental flaw of the model lies in the prioritization and hierarchy of the last three levels, namely, the legal, ethical and philanthropic levels. Most of Carroll’s (1979: 497-505; 1991: 39-48; 2004) empirical studies were based on European corporations' research and as such the ordering and weighting reflect the values of a Euro-centric society’s expectations from business engagement in CSR. For example, the empowerment of European consumers and their scrutiny of the behaviour of corporations, tends to force organizations to be legally compliant; hence the emphasis of CSR activities on this aspect. Therefore the model cannot be universal as there are many factors which could affect it like culture, the nature of the organization, environmental issues and the type of ideological position of the government including...
public opinion about the way in which the corporation operates. A major omission of this model is the issue of sustainability, especially at the current time when there is a global focus on environmental management. CSR focus has now moved towards the integration of socio-economic and environmental aspects in the popularly stated Triple Bottom Line (Elkington, 1997; Visser and Sunter, 2002). Matten and Crane (2005:166-179) concur that the model fails to capture the complexity of CSR in practice, more especially the fact that the levels are all interlinked and cannot be viewed as stand-alone elements. This view is supported by Hamman (2004) who prefers the complexity theory approach in understanding CSR practices especially in South Africa with its changing socio-economic environment and its huge development challenges. Complexity theory or what is commonly referred to as chaos theory is defined by McMillan (2004) as being based on the notion that there is constant fluidity of socio, economic, political and environmental factors in any given context. Therefore to accurately interpret, describe or understand these complex conditions in the systems that are experiencing rapid or unpredictable change does not require the traditional linear pathways or lens to development. It rather requires diverse tools and thinking out of the ‘box’ methodologies and creative solutions to tackle developmental challenges.

2.6.2. The CSR Diamond

The fundamental principle of the CSR Diamond is that all facets of CSR are interrelated and cannot be viewed as stand-alone dimensions. Even though economic responsibility forms the most important aspect, it is only a necessary condition for CSR to take place. Neglecting to realise the ethical, legal, environmental and social factors including stakeholder perspectives can adversely affect CSR programmes directly or indirectly as well as overall company performance. Therefore the CSR Diamond illustrated below explains the integration, interrelatedness and interdependence of the different elements which constitute CSR. The idea that CSR should contribute to social, economic and political development of the society that will produce tangible improvements in people’s living standards, social-well-being and in wide participation in the society is
advocated by Hall and Midgley (2004) and resonates with development thinking in the South African context. Development thinking in the South African context has been premised on the adage of a 'developmental state' which seeks to enhance the role of the state in facilitating a development agenda which will alleviate the now proverbial popularised 'evil triplets' (ANC, 2011) of Poverty, Inequality and Unemployment. The achievement of this goal is seen to be driven by a pluralistic intervention which calls for Public-Private mix models in which the state, private sector and civil society movements pool resources together to attain the national development priorities. The study is guided by Patel’s (2005) conception of social development in South Africa. Five features are identified as constituting this approach. Briefly these features are: first, the notion that social development is informed by a rights-based approach which includes civil, political and social rights. Second, the interconnection between social and economic development is recognised which resonates with the integrated approach to CSR. An omission to these first two features is the recognition of ‘environmental rights’ which have increasingly come to be in the forefront of all local, national and global development agendas. Traditionally the issue of the environment has in general been often regarded as an add-on and as a peripheral issue. A third feature advocates participation of citizens in development and empowerment while the partnership model is a fourth feature. The partnership approach resonates with stakeholder theory in the CSR field and acknowledges the contribution of a wide range of role players in social and economic development. A final feature involves the need to bridge the micro-macro divide which resonates with the grassroots development approach espoused by Willis (2005). This approach also emphasises the direct focus on ‘People’; hence in South Africa the popularization of the ‘Bathe Pele’ principle which literary means People First. De Beer and Swanepoel (2006:39) refer to this bridging of the macro-micro divide as a process in which ordinary people, who are usually poor, play the leading part with government, elites and experts only playing a facilitating role.
This perspective needs further analysis insofar as the different elements are concerned and are discussed below.

Illustration 3: THE CSR DIAMOND

2.6.2.1 Economic responsibility

As mentioned earlier, economic responsibility remains the cornerstone of CSR activities; nevertheless, one needs to caution that it cannot exist in isolation but is an integral aspect of other activities. In South Africa the financial bottom line of a corporation is highly prized as this aspect is viewed as providing direct investment into the economy thereby creating a multiplier effect in terms of job creation for communities, initiation and support of small, medium and micro enterprises to create income, as well as infrastructural and institutional development. According to Matten and Crane (2004), in Pedersen (2005) this focus is at a tangent with the American and European focus where
economic responsibility is ‘strongly focused on profitability and returns to shareholders’ only. Another reason could be the relative affluence of developed societies. As indicated in the earlier discussion, economic growth and economic development by itself will not automatically lead to social benefits. There has to be an interconnection between the two where the benefits of growth reach the majority of the population and where positive social investments in human capital development for instance contribute directly to economic development. The two concepts are therefore interconnected which is espoused by various development scholars such as Midgley (1995), Patel (2005) and Mkandawire (2004).

2.6.2.2 Social responsibility

Philanthropy as indicated in the first section of this chapter is generally defined as benevolent giving or charity to the community and dates back to pre-industrial times. It is rooted in social, cultural and religious practices which continue to the present period. This concept, however conjures up notions of paternalism, ‘passive’ individuals and communities and for some it is also associated with dependence for survival on the corporation and the state. Philanthropy is at times also marked by unequal power relations between the company and the communities being served and notions of individual and collective empowerment of communities is not always a part of the thinking of mainstream corporate philanthropy although there have been some exceptions. For the purpose of this study the term philanthropy is therefore substituted with ‘social responsibility’ as the preferred term, since many of the needs, issues and challenges that are being addressed are within the social realm of society and reflect the myriad socio-economic challenges and imbalances in communities in which business operate. Companies’ social contributions are in the main for social and community development programmes and in projects that build human capabilities through educational investments, empowerment of individuals and communities, improved health, human capital development, rural development, the building of sustainable livelihoods, arts and culture and in the protection of the environment. These
interventions are referred to by Hall and Midgley (2004) as the social dimensions of development. This trend has inadvertently forced the corporations to gradually take on a more social and community developmental role as partners with other stakeholders in tackling social problems and issues. Corporations are therefore considered to be important facilitators of local level development and may be identified as development actors along with other development agencies such as civil society organisations, faith-based organisations, community-based organisations, and development practitioners among others (Habib et al. 2006; Patel, 2005). Therefore the social responsibility component is critical in the South African context as it embodies the relationships of all stakeholders who are influenced by the corporations. Stakeholder theory (Waddock 2002:20-21) acknowledge the involvement of not only shareholders, investors, governments at national and transnational levels, employees and trade unions, but also the crucial role that local communities and civil society, including development practitioners play in the sustainability of a company and in shaping development.

2.6.2.3 Legal responsibility

The South African Bill of Rights as enshrined in the Constitution upholds the human rights of all citizens and corporations are meant to embrace these rights in their CSR programmes. While these rights exist, there have been instances where companies may have flaunted such policies and legislation. Visser (2008) and Trialogue (2004) attribute this limitation to the government’s lack of capacity for enforcement which reduces the effectiveness of legislation as a driver for CSR. Despite some of these shortcomings, the legal framework has developed to an extent that CSR has now become a legislative requirement directly or indirectly. As previously discussed in this chapter, legislation like the Codes of Good Practice as part of B-BBEE, the Mining Charter and other sectoral charters all indicate the growth of CSR related legislative requirements. The legal responsibility of companies needs to be taken seriously as companies are increasing
exposed to class action law suits and litigation. The latter is a case in point as revealed\(^9\) that several hundred South African former miners have launched court proceedings against Anglo American Plc. in London, the latest in a wave of lawsuits and compensation claims over lung disease that could cost the gold industry billions of Rands.

### 2.6.2.4 Environmental responsibility

According to Martinussen (2004), the environment as a development issue and a problem inserts itself at the intersection between business and society. The interrelationship between the environment, the economy and society is in most cases only paid lip service. In most of the debates on CSR the element of environmental responsibility has not been adequately posited. In most cases it is embedded or only considered as an add-on within the legal and ethical responsibility elements thus making it secondary within traditional CSR practice. With the advent of the World Summit on Sustainable Development (2002) in Johannesburg in South Africa, this scenario produced the 2003 Johannesburg Declaration on Sustainable Development\(^10\). This Declaration helped maintain widespread interest in the ‘environment’ as core element of the popularly referred concept of Sustainable Development (Barrow, 2006). The aspect of environmental responsibility has become key to any CSR endeavours; hence my addition of this element to the CSR Diamond. The narrow definition of environmental responsibility has focused on the sustenance of the physical environment in which the corporation is directly operating, especially in mining and other extractive industries which mainly impact on the environment and are prone to cause ecological degradation. Contemporary environmental responsibility extends to the activities of the

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\(^9\) [www.mineweb.co.za](http://www.mineweb.co.za) (accessed 23 November 2011)

value chain of the organization as it exerts an influence in curtailing any irresponsible behaviour by its suppliers and value chain. Environmental concerns stretch from the actual processes of manufacturing; usage of hazardous materials; environmental impacts of products and services; effluents and waste generation (Barrow, 2006). For the purpose of this study environmental responsibility refers to the corporation–environment interactions which seek to ensure that consumption of the latter is conducted in such a way as to achieve sustainable human development without compromising future generations.

2.6.2.5 Ethical responsibility

According to Rossouw (2005:94-106) and the Benchmarks Foundation\(^\text{11}\), the term 'ethics' derived from the Greek word 'custom' emanates from the branch of philosophy which attempts to understand the nature of morality to distinguish that which is 'right' from 'wrong'. This philosophy is further explained as the process of determining how one should balance the interests of various stakeholders taking into account moral values or principles. For this study, ethical responsibility is defined according to Benchmarks Foundation (2011) which explains the concept as 'the integration of core values such as honesty, trust, respect and fairness into the policies and practices of decision making by a company. The scope of ethical responsibility for the study encompasses the companies' actions with regard not only to how it treats its employees and obeys the law, but also to the value and quality of the relationships it wishes to have with its stakeholders. Some of the ethical issues which confront companies include conflicts of interest, financial and accounting integrity, corruption and bribery. The latter issues in South Africa and even globally have had a major spotlight cast upon them. In South Africa, these are being monitored through legislation like the Whistle Blowing Act of 2001 (Republic of South Africa Government Gazette, 2000) but this Act still has

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\(^{11}\text{www.benchmarksfoundation.co.za (accessed 18 July 2010)}\)
Ethical responsibility is gradually assuming more influence on the CSR agenda for mostly big companies in South Africa due to some of the requirements for listing on the JSE Social Responsibility Index (SRI) (Matten and Crane, 2005; Ackers, 2009). The King III Reports on Corporate Governance in CSR issues have become benchmarks and their emphasis on accountability and reporting on economic, social and environmental issues have made ethical responsibility assume greater importance. According to Eiselen and Van Vuuren (2006:22-28), the King paradigm is built on the premise that governance is not only an ethical imperative but also that ethics can be governed. The King Report on South Africa's Code of Good Corporate Governance and Principles (Consultancy Africa Intelligence, 2011) focuses on ethical leadership, corporate citizenship, governance of risk, internal auditing, governing relationships and integrated reporting and disclosure. The only downside is that it is mostly big companies that are embracing it as evidenced by Trialogue (2004). For example, of the 200 companies listed on the JSE only 60% claimed to have already fully adopted the requirements of King III, while more than 90% claimed they would be fully compliant in the future.

2.7. CONCLUSION

In this chapter extensive discussions were undertaken pertaining to the historical development of CSR at the international and local South African levels. This analysis tried to capture the most salient points which have a bearing on the study. The contemporary nature of CSR was also considered with reference to global and national legislative, institutional and policy frameworks. Regarding the theoretical development of CSR, two perspectives were identified, namely, the classical free market approach and the integrated social and economic development. Guided by the latter approach, a conceptual framework referred to as the CSR Diamond was devised that incorporates
the various elements of CSR in a national context where there is significant state regulation and enabling social and economic policies to guide CSR in a developing country milieu. The CSR Diamond is part of a pluralist approach in which the state plays a leading role in partnership with the private sector and civil society organisations in promoting development. It is this conceptualization of CSR and the key concepts that were defined in Chapter 1 that guided the study.
CHAPTER THREE

RESEARCH DESIGN AND METHOD OF THE STUDY

3.1. INTRODUCTION

This chapter starts with the research design of the study and the method employed. This is followed by a discussion of the research action plan and procedures at the commencement of the study which is structured in three phases. Phase one relates to the reconnaissance of the field of CSR while phase two deals with the process and criteria used in the selection of companies and phase three involved the selection of the respondents. A detailed description of the companies that formed part of the study and the stakeholder is also given here. This section is followed by a discussion of the data collection process and data management and analysis. Finally, the trustworthiness of the study is reflected on as well as the limitations of the data.

3.2. A QUALITATIVE DESIGN AND METHOD

The research design was of a qualitative nature. With this research I hoped to gain an understanding (verstehen) of how CSR is conceptualised and implemented (De Vos, Strydom, Schulze and Patel, 2011:8). Unlike quantitative research designs that are based on the assumption that Social Science phenomena can be studied objectively as in the Natural Sciences, a qualitative approach to the study allowed for the analysis and interpretation of diverse perspectives of various actors in the real world. Gaining insight into how corporations perceived their social responsibility to society and their engagement with their actors with different interests that may be in conflict with each other, could best be achieved through the employment of a qualitative research design. I was also interested in gaining insight into the meaning that corporations and their stakeholders attached to social responsibility. A quantitative approach would not have enabled me to explore the philosophies of the different actors and how these were
understood and translated into action. Thus the qualitative research design proved to be most appropriate for the purpose of the study as it allowed me to gain insight into corporate philosophies, policies, strategies and actions and to make sense of meanings and interpretations that they give to a company's CSR initiatives. An interpretivist paradigm therefore guided this research which according to Schurink (1998:246-247) allows the researcher to gain an understanding of the real world of an organisation or institution "by means of a systematic, interactive methodological approach". It is also influenced by, and interacts with, social contexts and attempts to capture how knowledge frameworks known discourses of different actors drive societies (Henning, 2004). It is also about how people in large institutions and their associates think and talk about CSR and how it works in a company in reality. The approach is therefore suited to the type of study being undertaken.

Further, this type of research design provides for greater latitude to look at different aspects or elements of the research problem in order to understand the phenomenon under study. I was therefore able to explore complex issues in greater depth and to delve deeper into these issues as well as to explore aspects which are hidden or not easily identifiable. The suitability of this research design can also be further explained by the fact that it enabled me to elicit respondents' accounts of meaning, experience, perceptions and written data. This allows for detailed descriptions and explanations of the issues being explored and also assists in setting the context. The fact that a qualitative design cuts across complexity and brings out responses from different angles and situations and enables the researcher to be able to interpret and triangulate the different perspectives, is a further justification for the use of this type of design. This in turn made it easier to identify concepts in the form of salient themes, motifs, recurring ideas and generalizations and also data in the form of patterns, contrasts and similarities which is discussed below. Such an interpretative and non-positivist approach was therefore more relevant for this study.
Furthermore, qualitative research allows for the use of a range of methods of data collection such as documentary studies of reports and records of organisations, participant observation and interviewing of research subjects among others (Fouché and Schurink 2011; Henning, 2004). The choice of the methods used therefore needs to be consistent with the research design. In this study, the documents of ten companies were studied and analysed and 30 interviews were conducted with the company officials and range of stakeholders of the companies. The rationale for the documentary study is that companies have extensive records in the form of reports, policies, strategies and media communication among others from which one might glean what CSR means to them and how it is implemented. Since this documentation is easily accessible and could provide insight into how the companies conceptualised CSI and of the underlying philosophies informing their approach, I then decided to conduct a study of company documents. It was thought that this material could also provide valuable information which could be probed in greater detail with company stakeholders for example, what their different perspectives on CSR are.

Ten national and multinational listed companies operating in South Africa with substantial CSR programmes were purposively selected according to predetermined criteria. A total of 30 respondents were purposively selected and interviewed using semi-structured interview guides (see annexures A, B, C and D). The stakeholders were made up of internal company representatives such as senior managers and CSR officials and representatives from NGOs, CBOs, beneficiaries of CSI, trade unions, government, business and tripartite structures made up of labour, business and government. The aim was to obtain the perspectives of the different parties about CSR. I was able to draw on information gathered from the documentary study during the interviews with the various stakeholders that allowed for a rich dialogue and exchange of views. The research plan, process and procedures followed are outlined in detail below.
3.3. RESEARCH ACTION PLAN AND PROCESS

To enable a systematic and logical recording of the research process, I report on the process of commencement of the study which may be divided into three phases namely, the reconnaissance of the field, selection of the companies and the respondents. The actions followed in each of the phases are outlined below.

3.3.1. Phase one: reconnaissance of the CSR field

After conceptualizing the research through bibliographic evaluations of relevant literature and general discussions with academic colleagues and other experts in the field of CSR, the next step was to concretise the study. As part of Phase One, I needed to conduct a reconnaissance of the field. This phase entailed problem analysis, project planning and logistics with reference to identification and accessing the companies and other relevant stakeholders which formed part of the research target group. The main objectives of this phase were to understand the material conditions, dynamics and macro environmental landscape of CSR in the context of debates on local, global trends of social, political, economic and environmental development.

During this stage, the main purpose was to set the scene for the study. The reconnaissance of the field of study was carried out mainly through a review of local and international literature on the subject of CSR. The purpose of this review was to identify preliminary, recurring themes, provide an overview of the field and establish a framework to set parameters for the study. In order to compile all this information, I explored and examined literature on CSR, sustainable development, corporate citizenship, environmental management, and corporate governance ranging from historical perspectives to contemporary debates. This literature scan revealed current thinking, critical debates, research gaps in studies and scope for further research which was documented in Chapter 2. Three methods were used during this stage of the study, namely:
A systematic internet search of the academic and professional literature on CSR, as well as keyword searches of the key terms referred to above. This approach led to the retrieval of myriad articles from company sponsored websites, international CSR research institutions, repositories, online journals and blog sites.

Bibliographic searches of databases and library catalogues using similar keywords as indicated above.

An extensive review of grey literature in the form of CSR advertisements, newspaper articles which were strictly not academic in nature and which showcased CSR in different print media. Periodic publications on CSR were also used.

Apart from this approach, I also undertook wide ranging interactions at local, national and international levels in order to become acquainted with the themes, debates and knowledge development regarding the subject of CSR. Attendance at local and international conferences on this subject enhanced understanding of contemporary perspectives, debates and discourses on CSR. The following list is not exhaustive but highlights some of the platforms and forums I engaged in on a continuing basis.

- My attendance at and presentation of the conceptual paper for PhD Thesis' at the Institute of Development Studies (IDS), Sussex University (Brighton:UK, 2002) where I initially enrolled for the doctoral study, added quite profound value in the earlier stages of preparation and refining of this thesis topic. Inputs by other international doctoral students, research fellows and former supervisor Professor Raphael Kaplinsky at IDS provided much needed direction and insights into the study, especially the latter's experience and knowledge of global CSR issues and the South African industry landscape.

- The United Nations World Summit on Sustainable Development held in South Africa from 26 August to 4 August in 2002 at the Sandton Convention Centre, Johannesburg where the global community engaged in discussions on
Sustainable Development issues affecting the globe. This podium provided insights into understanding the nuances and positions articulated by different constituencies which informed the identification of the main research target groups for the study. Attendance of parallel and side events organised by the Business (Industry) Forum at Sandton provided an opportunity to interact with leading global business people and helped me to get a handle on significant issues and approaches to CSR by different countries. The Civil Society Global Forum which convened at NASREC Expo Centre entailed side events and presentations by Indigenous communities, Trade Unions, and Women and Youth and this diversity of inputs provided a window into the positions and issues regarding CSR as a sustainable development intervention. Moreover, the views of local and national governments at their side events completed the holistic understanding of the main stakeholders involved in sustainable development. Although not part of the reconnaissance, I subsequently accessed and attended similar United Nations forums in the form of the United Nations Framework Conference of parties on Climate Change (referred to as COP) in Cancun, Mexico, November – December 2010 and Durban, South Africa, November – December 2011. Continuity and exposure to further knowledge pertaining to sustainable development as articulated by business, research institutions, communities, governments and NGOs and Trade Unions at these forums also provided a much needed stimulus to this study.


- The International Conference on Corporate Social Responsibility held at the Greenwich University in London, United Kingdom: where I presented paper on Corporate Social & Environmental Responsibility in South Africa and was published online as part of the proceedings of the conference. (2004)
• The successive National Business Initiative (NBI) Conferences held at the Wanderers in Johannesburg, South Africa (2004; 2006; 2008).

• The International Labour Organization (ILO) Conference held in Turin, Italy on Decent Work and Social Dialogue in October (2007).

• The Southern African Development Community Ministerial meeting in Lusaka, Zambia, on Social Partners and Dialogue in August 2007.

• The Corporate Social Investment (CSI) Toolkit Workshop held at Bryanston, South Africa (2008).

• The International Conference on Post-Mine Closure and CSR held at the Indaba Hotel, Fourways, South Africa in 2008.

• The Global Reporting Initiative (GRI) Workshops organised by the German Development Fund (2005; 2008).


• Several Roundtable Social Partners' on-going discussions which took place at the National Economic, Development and Labour Council (NEDLAC). I was the labour representative of FEDUSA (2004 -2011) and attended the deliberations of the Trade and Industry and Development Chamber at NEDLAC.

These gatherings provided data on the debates, discourses and trends in this rapidly emerging field. This information enabled me to acquire expert understanding and informed knowledge about the issues and challenges of CSR. The process of reviewing and appraising the information gained from these gatherings was essential in identifying and providing a broad view of the CSR landscape both at a micro and macro level. This also served to frame the research question, the research design and methods employed.
In this regard, Delport, Fouché and Schurink (2011) and Shank (2006) point out that this is an acceptable strategy in qualitative research as the more we know about the topic, the better one is likely to proceed in planning the research and in sharpening the research question to be answered. The reconnaissance phase thus served an important purpose.

3.3.2. Phase two: identification of the companies

The scope and extent of CSR practised by companies vary. It was therefore important to identify companies according to specific criteria. This study was self-funded and had a low research budget; hence I opted to target companies within his geographical area and in close proximity to his workplace. Companies therefore had to be located in and around Johannesburg in the Gauteng province. This is however the geographical location of most of the companies' head offices. Only companies that demonstrated a substantial commitment and involvement in CSR matters were selected. This level of commitment was identified by selecting the large companies whose CSR expenditure exceeded thirty million South African Rands per annum (ZAR 30 million). It was felt that selecting small emerging companies whose CSR expenditure was minimal would not provide the quality and depth of data and stakeholder engagement that is required for this purpose.

Only companies that operated within the territorial borders of South Africa and that were in operation consistently for the previous eight years were selected. This criterion was considered important as it eliminated selection of new entrants into the CSR field that did not have a track record of involvement in CSR in South Africa. Company ownership in terms of local or international shareholding was also used as an additional criterion. If the company had a local majority shareholding, then it qualified as a nationally based company for its historical involvement in CSR. Multinational companies were defined as those which had majority foreign ownership and were headquartered overseas but had subsidiaries operating in South Africa. The importance of using this
criterion was motivated by the fact that the dynamics of CSR in South Africa, which is an emerging economy, is influenced by both local and international trends as well as regulatory and legislative frameworks.

In order to elicit diverse views on CSR, it was important to have a mix of companies from a range of industry or economic sectors. For example, the communities served by mining companies differed from those in which retail companies mostly based in urban cosmopolitan areas are likely to implement their CSR activities. Similarly, there were differences in CSR activities between financial companies and state owned enterprises.

The visibility of a company’s CSR activities was a final criterion which I then used. This element was defined according to the popularity of the brand of the company in South Africa. The popularity of the brand was based on research conducted by leading South African market research companies like the Markinor/Sunday Times research survey on brands in South Africa\textsuperscript{12}. Based on these surveys, the top 500 South African’ Best Managed companies and the TNS Research survey of Famous Brands in South Africa were used to select the companies. Due to the level of brand awareness, companies identified tended to advertise what they stood for due to the general understanding that they were household names. Consequently, they tended to portray their commitment to social responsibility as important in order to protect their image. In this regard, company surveys and ratings by external organisations such as the Social Responsibility Index (SRI), the Corporate Social Investment (CSI) Handbook by Trialogue and the JSE listings also guided the selection process.

With these criteria in mind, as a first step in the selection of the companies, Trialogue’s CSI Handbooks dating from 1999 to 2005 were analysed and ten companies which had higher ratings over the eight year period were selected. Their publications presented

\textsuperscript{12}www.represent.co.za?p=455 (accessed 10 March 2007)
the consistently CSR committing companies on an annual basis, which helped with the initial selection. The Handbooks’ criteria provided a comparative analysis in terms of companies’ annual financial contributions to CSR, perception surveys of companies regarded as committed to CSR by different stakeholders, those with a high level of involvement in CSR as determined by the number of programmes they implemented and lastly those perceived to have a good reputation in this field. Given the different criteria used in the Handbooks, companies differed on the log scoring from year to year depending on the aspect on which they were being rated. My selection was based on the frequency with which the company attained a log position between one and ten and its frequency of featuring on the different criteria.

The second step was to check whether the selected companies featured on the Social Responsibility Index of the JSE. This step was considered to be quite important as the Social Responsibility Index has fairly strict criteria which are more relevant especially considering that the index uses companies’ policies and practices assessed against both global and locally relevant corporate responsibility standards. The CSI Handbook’s general criteria for selection are weak in this regard as they depend on perception surveys and financial contributions which may not necessarily translate into better CSR implementation, but are helpful with regard to an overview of the companies’ CSR programmes and what stakeholders say about them. On checking on the top forty companies on the Social Responsibility Index, it emerged that one of the Multinational subsidiaries was not listed on the JSE, but it was still included based on its consistent role in CSR programme implementation in South Africa and the willingness of the company management to grant permission for me to conduct interviews with them.

In this way, a total of ten companies were selected using the criteria above. All companies selected had to grant permission for me to conduct the research. Three of these were multinational companies that had their head offices located across the globe while the other seven were mainly national companies based in South Africa. The remainder of the companies selected mainly comprised of larger corporations involved
in CSR in South Africa which were national based although some had subsidiaries operating in other countries. Before conducting any interviews, I collected information pertaining to contact details, including work numbers, email addresses and names of the relevant company officials who dealt with CSR matters within the company. Table 2 represents the number of companies and the sector categories from which they were selected as categorised by the Statistical Services of South Africa (StatsSA), Sector Industrial Classification of All Economic Activities (SIC).13

Table 2: Industry Sector sampling of companies (as per StatsSA SIC Codes).

<table>
<thead>
<tr>
<th>Industry sector</th>
<th>No of companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>2</td>
</tr>
<tr>
<td>Retail</td>
<td>1</td>
</tr>
<tr>
<td>Mining</td>
<td>3</td>
</tr>
<tr>
<td>Information Technology &amp; Communication</td>
<td>2</td>
</tr>
<tr>
<td>Energy</td>
<td>1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1</td>
</tr>
</tbody>
</table>

3.3.3. Phase three: selection of the respondents to be interviewed

The reconnaissance phase was also critical as it provided preliminary information on some of the most pertinent stakeholders involved in CSR or associated with company

programmes. The main emerging stakeholders in CSR discussions as exemplified in the United Nations global forums I attended were predominantly from business, government and civil society which entailed groupings of communities, NGOs and Trade Unions. These became the main reference groups for identifying the respondents. Consequently, for the purposes of this research the respondents were categorised into five groups, namely, the company officials, government, NGOs, Trade Union officials and the communities who were the beneficiaries of the programmes of CSR.

The selection of the respondents comprised two categories which were mainly internal to the company and those who were external. The internal respondents included the company senior management and CSR officials who were tasked with executing the programmes. External to the company, were the organisational stakeholders who were made up of the NGOs, government, trade union federations and two other institutions committed to CSR practice. The other cohort of external respondents was the community beneficiaries and leaders in the respective communities where the CSR programmes were being hosted. The internal and externally identified respondents were the actual individuals who could corroborate my interpretations based on the documentary study. The views of external organisational stakeholders to the company and community beneficiaries were considered relevant as they acted as a barometer to confirm or disconfirm some of the assertions made by the company officials.

The respondents were identified as follows:

- The first category entailed the focus on company executives and officials; in total ten (10) respondents were selected from this category.

These were the primary targets for the research as they had first-hand understanding and information about their company's vision, mission, policies structures, processes and procedures and CSR strategy. In order to accomplish this goal, senior executives or equivalent level personnel and officials responsible for CSR were identified through
information provided on their websites. In cases where this information was not available, telephonic enquiries were made. Five senior company executives were personally interviewed as it was difficult to schedule appointments with a larger number of them due to pressure of commitments and their availability. Five officials working in the Corporate Affairs departments or who were heading the company Foundation or Trust of the company or any equivalent nominated official involved in CSR who had been assigned to respond to the interview were interviewed. The questions in the interview schedule directed at the senior company executive and CSR officials were adapted depending on information available on each company. The line of questioning was meant to achieve the confirmation or disconfirmation of the different statements or positions which were being stipulated in the publications and also to seek clarity on issues presented in the company literature. Furthermore, this category of respondents was essential for the acquisition of new information pertaining to the company's CSR activities, expansion of aspects mentioned in the literature which were not clear to me and lastly to triangulate the information with other literature sources.

- The second category related to external institutional respondents who directly or indirectly had a vested interest in the behaviour and activities of companies in the social and environmental space. In total ten (10) officials were interviewed. These were mainly the government, and civil society groups which were NGO and Trade Union officials. Also in this category, I included data gathered from officials from the Tripartite forum in which business, government, labour and community representatives engage in social dialogue and debate on national issues. Officials from the local municipalities responsible for the Integrated Development Plans of the municipalities and national government department were also interviewed in order to provide more breadth to the study. The NGO officials included in the study were those with a focus on community development as it relates to partnering with companies in these initiatives.
The breakdown of this group of external institutional respondents thus entailed three (3) government officials at national and local levels involved in departments relating to socio-economic and environmental issues. This group included two (2) officials from the national and provincial government departments respectively and one (1) from a Local Municipality, IDP and LED unit. One (1) senior executive of the Tripartite institution, one (1) senior executive of the Business organization, and two (2) senior Federation Trade Union officials. Lastly, three (3) officials from Non-Governmental Organizations (NGO) working on matters relating to community development and that had partnerships with corporations were interviewed.

• The third category of the interviewees was made up of direct beneficiaries of the interventions of the individual companies. Within this cohort of respondents, participants in the community projects and community leaders who were directly involved in the projects were selected. Thus ten community members who were beneficiaries of CSR programmes were selected from this third category. After having gained permission from the company CSR official responsible for projects, a request was made to have interviews with some of the beneficiaries and site visits to projects which they identified. I was cognisant of the ‘gatekeeper bias’ which the CSR officials could bring in by only identifying those projects they perceived to be their success stories. Neuman (1997:351) cautions on this by warning that ‘dealing with gatekeepers is a recurrent issue and a gatekeeper can shape the direction, conduct and channel towards existing networks of friendship and development of the research. The contact people and logistical arrangements for setting up interviews of these projects were then arranged by the company CSR official prior to my visit. Neuman (1997:352) aligns to the importance of preparatory work and having a flexible strategy and plan of action before entering the field. Therefore before going on site visits, I made courtesy calls with the identified community beneficiaries as follow up and confirmation to the company CSR arrangements.
I used this opportunity to briefly explain the purpose of my site visit and upfront agreed the rules of engagement with the respondent. This was important in order to break the ice and ensure that the respondents were at ease with my impending site visit and planned interview. Neuman (1997:352) terms this the negotiation phase as it is important in stabilizing and normalizing the forthcoming social interaction and to reduce hostile reactions. Introduction letters were provided by three companies for the site visit and interviews just as a precaution of possible delayed acceptance. The others were all informed through telephonic arrangements and this also related to other external stakeholders like identified government, NGO, and Tripartite partners.

3.4. DATA COLLECTION

Two data collection methods were used namely a study of the company documents and interviews with key stakeholders as mentioned previously. In this section I start with a brief description of the documentary study and then I proceed to discuss the interview process and tool used to collected the data.

3.4.1. Documentary study

In the reconnaissance phase discussed above, I became aware of the wide range of company documents that were available such as company brochures, newsletters, minutes, CSI handbooks, presentations, policy statements, advertorial materials and pamphlets. Creswell (2009:175) acknowledges this fact by highlighting that access to multiple sources of data provides more scope to enrich the research. The information was collected over a number of years and archived as hard copies. The time series for this documentary data collection commences from year 2000 till the time of final write-up of this thesis in 2012 as research is a 'live' process. The motivation for the conceptualization of CSR as the area which I wanted to specialise in at Doctoral level was a natural progression necessitated by marrying my Masters' degree in Development
Studies and Masters in Commerce in Business Management. The field of CSR to me made a compelling intersection of linking a Social Science and commercial discipline. Electronic information was also accessed on company websites. I also followed up companies that advertised or sponsored programmes that were relevant to the study. I also scanned the major national newspapers, business and government documents, industry specific literature and other CSR-related reports. Reference to media sources as regards CSR was important as stated by Wilson et al (2011:215) that these sources are useful indicators of societal trends and opinions, which are often of interest to researchers who want to investigate the way in which the 'mainstream' represents various issues. This allowed me to compare and contrast the various ways in which CSR was being dealt with by different companies and understood by external stakeholders and the rhetoric which they used. All this preparatory work laid the basis for the selection of the documents to be studied and analysed in-depth. Although this variety of documents provided more data, Silverman (2011:77) warns that documents are not neutral or transparent reflections of what the organization seeks to purport. With this in mind, I was quite conscious of the fact that what was provided in the documents whether electronic or print still needed to be interrogated in the interviews which ensued. This process of triangulation was critical in the study in order to make informed conclusions and recommendations. The purpose of the above section is not simply to list a few indicative types of documents used but rather to reinforce the pervasive significance of documentary study. More specifically the company annual or sustainability reports were studied and these were accessed through internet search of the company's website and supplemented by printed copies which were provided by CSR officials. These were quite significant as they provided an overall picture of the company's aspired values, mission, organisational structure, performance statistics as per the triple bottom line, and highlights. Systematic analysis of these reports was quite important as explained by Silverman (2011:107) who suggests that we need to focus on how documents are assembled and how they are used. The annual reports content was supplemented by textual material from company brochures, media articles on the
company's CSR initiatives, mission, policy statements, monthly and quarterly reports, project monitoring and evaluation forms, procedure manuals, case studies of the projects, public information documents especially government policy statements, speeches and opinion pieces by external stakeholders and records. These documents assisted in giving a picture of what was going on in the company.

Internet research was not only conducted on the company's website but also included seeking information pertaining to the topic of CSR as it was discussed by different institutions and stakeholders. For example, there were organizations like the United Nations Global Compact, Business Corporate Social Responsibility and a plethora of sites which had numerous online articles on CSR and presented their own philosophies on how they understood this practise and how implementation should take place. Chat rooms, podcasts and blogs on CSR opened new avenues and cleavages to understand the general trends and views emerging on this practice. Wilson, et al (2011:212) accepts this conclusion by specifying that the 'internet is a gold mine of data for qualitative researchers as the data is specifically focussed on a particular topic and can utilise various capacities and interfaces available to augment traditional qualitative methods'. In the same vein the author above warns that this wealth of potential data can also be a drawback as it requires the researcher to spend considerable time searching for the appropriate material to be used and risks being overwhelmed.

The documentary study provided valuable insight that was used in the design of the interview schedule which consisted of both semi-structured and unstructured questions that are contained in Annexure A. In addition, the interview schedule was also based on the research objectives and questions. The focus of the research questions was to obtain respondent views on company philosophy, policies, strategy implementation, stakeholder engagement strategies and practises, monitoring and evaluation procedures and finally, issues and challenges in relation to their CSR initiatives.
Preliminary telephonic contacts with previously established networks of personnel from some of the identified companies were pursued in anticipation of formal interviews. These contacts had been established during the many CSR Conferences and forums attended by myself described in the reconnaissance phase above. This was quite important as attested by Neuman (1997:372) by indicating that field interviews occur in a series over time. Letters assuring companies of confidentiality and seeking permission for access and use of electronic equipment like a tape recorder for data collection was obtained. Appointments were set up with the interviewees at times convenient for them. Most of the interviews were conducted during business hours, especially in the afternoons, as most participants explained that by that time most of their daily business schedules, activities and meetings would have been completed. Interviews mostly took place at the premises of the company and, in certain cases, breakfast meetings were convened at public places like the cafeteria. Interviewees who could not make it during working hours were provided the latitude to select their own time and location. This aspect was quite important as explained by Briggs (1986) that the interview's meaning is shaped by its 'Gestalt' that is the setting and specific context.

At the beginning of every interview session, the respondents were assured of privacy in disclosure of information and a condition of anonymity agreement entered into with them prior to the interview. This was a critical part of the study as pseudonyms in the form of alphabets used for companies and numbers used for reference to respondents. This was in keeping with upholding the moral obligation and confidentiality as I committed to the respondents. Additional efforts were made to explain the purpose of the study and to assure them that they could refrain from answering questions with which they were not comfortable and to give them an opportunity to ask questions which they felt needed clarification.

The duration of the interviews was communicated to the interviewees as being about thirty minutes, which invariably extended to a range of forty-five minutes to one hour, thirty minutes, as I employed probing and prompts opened more issues for clarification.
or the interviewee gradually opened up and was excited by the subject. As a point of entry, I used a variety of introductory cues as ice-breakers; for example, general and brief discussions about the economic climate and how the company was responding to it, or forthcoming national events in South Africa. Aspects relating to academic background, occupation and other demographic information were requested at the beginning of the interview. These non-threatening questions were used to set the tone for the rest of the interviews. This approach is recommended by Wilson, *et al* (2011:376) by highlighting that interviews are social interactions and initial rapport should be established to avoid apprehension and nervousness by the interviewee. The frame of reference for the interview was then presented by emphasizing the objectives of the research, the relevance and significance of the study and its potential benefit to society. This approach proved to be an important precursor to the interviews as it made the respondent aware of the importance and level of engagement. The interviews started with relatively easy questions and progressed to more complex and sensitive ones. This gradual development allowed for an in-depth understanding of the company’s values, conceptions, organisational arrangements, structures and decision-making processes pertaining to CSR. It also allowed for personal opinions, beliefs and feelings to be expressed. Coolican (2008) endorses this interview strategy by noting that the interview is a joint production of the interviewer and respondent and the latter are active participants whose insights, feelings and cooperation are essential parts of a discussion process that reveals subjective meanings.

In most instances, company respondents responsible for, or having authority with respect to CSR, displayed a great deal of passion and were prone to easily direct the interviews. I allowed them to do this, and re-focused the flow of questioning to accommodate the most important elements of the interview. This approach prevented the establishment of rigidity and monotony of the interviews. Grinnell (2005:25) states that interviews allow for more flexibility than other data collection techniques. In engaging with an interviewee, areas which might be difficult to frame in specific
questions can be explored and probing questions can be used to give responses greater depth. Mischler (1986:82) also defends and promotes this technique by stating that ‘the interviewer’s presence and form of involvement – how she or he listens, attends, encourages, interrupts, digresses, initiate topics and terminates responses – is integral to the respondent’s account’.

The line of questioning in the interviews followed a deductive approach, moving from broad, general aspects to more narrow, sensitive and specific aspects. This approach to the interviews was strategic as it acted as an ice breaker during the interviews with company officials as they felt that there was acknowledgement of their interventions. Wilson (2011:203) accepts this method by describing that it is good practice to begin with more general questions before moving to specific ones as it allows for the respondent to loosen up. I was cautious about asking the officials about aspects of CSR already in the public domain in the form of the company sustainability reports as this could have been an uneconomic use of my limited time with the respondents. Though, Willig (2001) in Wilson, et al (2011:203) advises that ‘a good way of getting information from interviewees is to express ignorance. A naive interviewer assumes no prior knowledge and so the respondent is sometimes required to “state the obvious”, which can reveal interesting information about the way how he or she views the subject under discussion’. The interviews were relaxed and did not follow a rigid format as indicated above; however the interview schedule enabled the interviews to become more precise and to ensure that data was consistently collected across the various respondent groups. In view of the fact that different stakeholder groups were interviewed, I had to adapt the questions as community beneficiaries had different issues and concerns to say senior company managers. The prioritizing and ranking of the different aspects covered in the interviews proved to be a challenge as the respondents often digressed and I had to allow this digression in order to get incidental information which could not otherwise have been obtained.
During the interviews, I was able to adapt the sequence and timing of questions and could also identify questions which could be rephrased and eliminated if they proved to be irrelevant. Wilson (2011:204) expresses this as the dynamic process of semi-structured interviews as it allows the interviewer to “think on his or her feet" and respond to what the interviewee is saying in a relevant and appropriate way. As the interviews progressed, I fine-tuned some of the questions. In addition, the researcher probed specific aspects with each company that he gleaned from the documentary study. This was done by way of clarification of the data derived from company documents and to explore particular aspects more fully. The techniques of interviewing changed as the interviews progressed, were adapted from company to company but without losing the main objective of the study. These changes were mainly influenced by the level of experience and position in the company of the individual or respondent being interviewed. The interviews with the external stakeholders sought to corroborate and understand their perceptions, views and justifications for CSR from their perspective. The art of questioning avoided guiding them towards particular viewpoints on CSR but aimed at probing them to conceptualise the practise in their own context and how they were experiencing it. Therefore as interviewer I avoided asking questions that use evaluative language for example ‘Why are some companies CSR programmes immoral?’ Doing so could have been misconstrued to direct the respondents towards reinforcing such a position and thereby get only negative responses which are not balanced. Neuman (1997:349) advises that the researcher does begin with or use questions which seek to test hypotheses. Wilson (2011:204) further states that the interviewer should endeavour to stay neutral on any sensitive issues although this must be balanced with avoiding appearing too critical to the subject of the study. As the research entailed having interviews with community beneficiaries which were closely tied to the CSR programmes of the company and trade union and government officials who were critical of CSR, I was cautious to ensure that the interviews did not turn into shaming, bashing the companies or dispute, grievance and conflict resolution forums. Van Maanen (1988) In Neuman (2007:348) suggests that the researcher whilst involved
should be detached but still examine social meanings and grasp multiple perspectives. Even though neutrality is illusory, I endeavoured to ensure that the feedback provided was not influenced by my involvement in the corporate world, Tripartite forum and trade union movement which actually presented a more balanced understanding of the dynamics ensuing in the discussions on CSR.

As mentioned previously, audio-tapes were used to record the interviews especially with company executives and officials, to prevent me from missing out on crucial information and to avoid the inconvenience of incessant note taking during such interviews. Use of a tape recorder mostly depended on the permission of the respondents being interviewed. In cases where permission was not granted, I took notes during the interviews. The tapes were transcribed and the data was managed and analysed as set out below.

3.5. DATA MANAGEMENT

As data management and analysis is a continuous exercise and process during research, I maintained a documentary filing system and maintained a constant recording of preliminary findings as the research process unfolded. For ease of data management, I classified the data collected according to the following filing system. A master file was created and it contained all field notes collected at conferences and the multiple gatherings attended during the course of this research. Summaries and transcriptions were also placed in this file. A corporate file was also created of the documentary materials acquired on the 10 companies that formed part of the study. The filing system in the corporate file classified the information under the history of the company, ownership, organisational structure, policies, budgets, CSR projects and other relevant company documents. As this information was in most instances quite voluminous, due to the size of corporate sustainability reports, I had to create individual company files. The contents of the files provided a good general synopsis of the type of documentation the companies were keeping. Lastly, a separate green file was devised to contain new
information on current debates, issues and trends taking place within the CSR practice. This information included newspaper cuttings and more relevant website addresses pertinent to CSR.

The transcribing of the tapes was undertaken by an academic staff member from the University of Johannesburg's School of Nursing who is a skilled, professional scribe. All original tapes were archived for record purposes and repeat researcher transcriptions and data verification. In addition to the professional transcripts, I listened and had repeat playing of the tapes and made notes and commentaries in order to compare the accuracy of the transcripts and also for quality assurance purposes. This process also helped in reminding the researcher of relevant information that needed to be probed further with the respondents.

3.6. DATA ANALYSIS

Data analysis is an approach which entails reducing the vast data corpus, interpreting its meaning, presenting the data in appropriate format and drawing the conclusions based on the data (Neuman, 1997; Mouton, 2007 and Silverman, 2011). Babbie (2007:378) specifically defines data analysis as focussed on discovering underlying meanings and patterns of relationships. The following section describes the data analysis methods and process followed in both the documentary study and in the analysis of the interviews with the respondents.

Open coding was employed and it assisted in isolating key issues from the data. According to Henning (2004), open coding refers to a process of “working the data”. It involves reading the material i.e. the documents and the transcripts of the interviews, keeping notes, identifying codes as I read through the data. The purpose of coding was to highlight and recognise recurring themes, statements and phrases from the documents and the interviews by means of colour coding. These were then classified under each colour code and collated. This coding was important as it served to identify
the similarities and differences between the different stakeholder responses. An example of a documentary data analysis and transcription is attached in annexure E and F, which is based on insights from De Vos, Fouche and Schurink (2011:410) in which systematic categorizing of research data is suggested. This voluminous data set was analysed and interpreted and classified into two broad categories that are directly related to overall aim and objectives of the study. The first category focused on the conceptualization of CSR which included the terminologies used to describe CSR; philosophies/values of CSR; translation of values into action; dimensions of CSR; and what the drivers of CSR policy and strategies were. The second category focused on the implementation of CSR namely, the organisational arrangements, staffing, budgets, focus areas, programmes and strategies and the assessment of the impact of CSR programmes.

The constant comparative method of Lincoln and Guba (1994) and Huberman and Miles (2002) were used to synthesise the data. The continuous comparison of different perspectives on the conceptualization and strategies of CSR by the companies and their stakeholders proved to be a useful method. It was relatively easy to compare and contrast emerging themes within the categories identified above. I used colour coding to identify the similarities and differences for both the company level data derived from the documents and the interview transcripts. The views articulated by the external stakeholders were also easy to identify and analyse. Owing to its simple steps, the data analysis method used allowed for flexibility and openness to variations. Its main feature was the ability to allow and encourage inductive reasoning from the data gathered. Mouton et al (1990:102-3) suggest that inductive reasoning assists in unravelling complex phenomena through a systematic close scrutiny of textual data. Through a manual process involving creative and analytical thinking, I was able to identify salient themes which constituted the conceptualization of CSR according to the various perspectives of the respondents; recurring ideas from the respondents which highlighted and identified the critical issues and challenges of CSR.
3.7. TRUSTWORTHINESS AND ETHICAL ISSUES

According to Henning (2004:147), trustworthiness is concerned with “asking the question whether we are measuring what we are supposed to be measuring. Put more qualitatively, we ask the question whether by using certain methods, we are investigating what we say we are investigating”. The data collection methods allowed for triangulation of different sources of data with the view to building an understanding of CSR in the companies. The interviews particularly with external stakeholders, enabled me to explore the voices of respondents who are outside the mainstream of large corporations which would not have been possible if only company representatives were interviewed. Interpretations were also compared with secondary data and literature sources from other studies and perspectives on CSR. In addition, trustworthiness was ensured through standardised use of research tools and in the data analysis process through continuous checking of the codes, categories that were developed and by means of theoretical interpretation of the data. Dependability as defined by Guba (cited in De Vos (2011) is concerned with minimizing bias in the results of the qualitative analysis. I attempted to minimise bias in the selection of the companies and respondents by applying the selection criteria consistently. There were no extraneous changes which might have impacted on the study findings. No changes had to be made in the research design and method set out in the research plan which had a bearing on the dependability of the findings.

The companies selected for the study were identified with regard to their prominence in CSR and as such the findings and conclusions drawn from this non-probability purposive sample are not reflective of the field as a whole. Thus, the data may be a reflection of the best performing companies only. It therefore provides limited insight into those companies that may be less committed to CSR.
Another limitation is the possibility that some of the respondents may have furnished socially desirable responses, despite efforts on my part to encourage candid and honest responses.

I ensured that ethical concerns were addressed by obtaining informed consent from all the parties involved in the study; assured the confidentiality of the data collected by not disclosing the names of the respondents and the companies involved in the study. In this way no harm could be done to the subjects/companies engaged in the study and the privacy of the subjects was assured. Thus I am of the opinion that I complied with accepted ethical rules and procedures for conducting research (Skinner, 2011).

3.8. CONCLUSION

This chapter provided a detailed discussion and theoretical motivation for the qualitative design and research methodology adopted for this study. Thereafter, the actual processes and procedures used in the planning and execution of the research plan were described. The research strategy adopted for the study and the various data collection tools and techniques used were explained in detail in order to reflect how the aim of the study was operationalised. The chapter also outlined the data management and analysis procedures which was used to derive the findings, recommendations and conclusions. The limitations, trustworthiness and ethical compliance were also addressed. In Chapters 4 and 5 which follow, the in depth analysis of the data gathered from the research is discussed.
CHAPTER FOUR

RESULTS PART 1: CONCEPTUALIZATION OF CSR

4.1 INTRODUCTION

Due to the extensive nature of the information gathered for this study, the data analysis chapters are divided into two parts: Chapter 4 considered how companies conceptualised CSR while Chapter 5 discusses the implementation of CSR across the ten companies. For this purpose, company websites, sustainability reports, annual publications and other related company literature are analysed which is triangulated with the data gathered through interviews with stakeholders.

This chapter is organised according to six sections in which key themes emerging from the study are discussed. In section one, the conceptualization of CSR from the companies' perspective is considered including the terminologies, definitions and the rationale for using these concepts. These are then juxtaposed against the perspectives of the different stakeholders. In the second section, the company values that inform CSR are examined. The implementation of these values and the subsequent dilemmas which emerge from this process are also considered. In section three the company commitments and actions in regard to the social, economic and environmental dimensions of sustainable development are distilled from company literature and data while section four focuses on the identification of drivers influencing CSR policy and strategy. In section five stakeholder engagement is reviewed and finally followed by a summary and conclusions of the chapter.

4.2 CONCEPTUALIZATION OF CSR

Academic contributions on the conceptualization of CSR were noted in Chapter 2 (Bezuidenhout and Hamman, 2003; Fig, 2005; Sethi, 2003 and Bond, 2008; Carroll, 2010). Due to the amorphous nature of CSR, different interpretations have emerged in
the past. Amba-Rao (1993); Friedman (2005); Middleton et al (2005); and Utting (2007) refer to a lack of consensus regarding a precise definition of CSR. This lack of agreement may be attributed to CSR terms being used that are value-laden and susceptible to ideological interpretations. The content of CSR remains a diffuse field without boundaries; it is a constantly evolving field with changing concepts (HSRC, 2008; Bernstein, 2008 and Cronje, 2009). In light of this background, I considered the question of how CSR was conceptualised by the companies and stakeholders in the study.

An analysis was conducted of the terminologies used to define CSR. It was evident from the data that a plethora of terms were identified referring to the companies’ activities and their contribution to society and the environment. The following selected extracts from five company websites and annual reports, represent the different ways in which CSR was defined by them.

Company A (manufacturing sector): ‘Corporate Social Investment (CSI) is part of the broader sustainability approach of the company primarily looking into social performance’.

Company B (mining sector): ‘Sustainable development is the internalization of environmental and social responsibilities into the core business strategy’.

Company C (state owned enterprise): ‘Social Investment is good Corporate Citizenship based on the philosophy that companies have a prime accountability for the social and environmental impacts on surrounding communities’.

Company D (financial services sector): ‘Sustainability means a number of things to us...among them ensuring financial prosperity, stability for investors and staff, integrating social and environmental responsibility’.
Company E (retail sector): ‘Our Corporate Social Responsibility focuses on investment in communities, with the aim of making a meaningful and sustainable difference in the minds of the public’.

The other five (5) companies’ conceptualisation of CSR could best be described in terms of the similarities and differences between them. These were captured from the websites of the remaining companies. The common understanding showed that CSR has to do mostly with serving external stakeholders, more particularly, civil society. Three of the companies in this cohort were more specific about their relations with the communities surrounding their operations and identified these as the beneficiaries for social development interventions of the company. The other two companies emphasized their employees as the main targets of their CSR interventions. The latter mentioned companies also emphasized the importance of maintaining their reputation and brand through using CSR as a vehicle. The terminology used to refer to CSR included Sustainability, Sustainable development and CSI. One of the companies specifically emphasized that the environment takes precedence as part of its CSR approach.

Other commonly used terms that emerged from the literature study such as ‘Grant Making’ (Trialogue, 2002; National Business Initiative, 2003; Kapelus, 2004) which was more popular in the late 1990s and more recently the term ‘Giving’ is being used (Friedman et al, 2005), but these terms did not feature in the terminology of the companies’ statements.

The commonly mentioned terms across the ten companies included Corporate Social Investment (CSI), Sustainable Development (SD), Corporate Social Responsibility (CSR), Social and Environmental Responsibility, Corporate Citizenship and Sustainability. The analysis of all ten companies suggests that the concept remains imprecise; the interviews and company literature did not provide a clear definition of what CSR means for them. However, most agreed that CSR is part of sustainable development; and that
companies have a social and an environmental responsibility to society beyond profit maximization which is further elaborated on below.

Three mining companies, one manufacturing and two state-owned enterprises in the energy and telecommunications sectors predominantly referred to Sustainable Development as the operative word of their corporate action in meeting their triple bottom line. Two of the financial sector companies interchangeably referred to Corporate Social Investment and Sustainability as the common operative words. Although company documents did not define these terms, I inferred from the latter analysis that their meaning of these terms resonate with the Corporate Governance Framework Research Institute's (2011:5) definition of sustainability as the capability of a company to 'endure and withstand [adverse impacts]' and to the 'the long term business success [of a company,] making a positive contribution and irradiating negative impacts toward economic and social development and maintaining a healthy environment and a stable society'. Thus, not only social responsibility but also environmental sustainability is beginning to receive currency in the nomenclature of the companies and some South African authors such as Bezuidenhout, Hamman and Fig (2003) tend to favour the use of the term Corporate Social and Environmental Responsibility (see also Hopkins, 2007 and Zadek, 2008).

Even though emphasis on environmental sustainability is increasingly receiving attention, this emphasis was most prominent with the two mining companies in the study, an energy parastatal and a major telecommunications company. The quotations below also point to the dilemma of their current reliance on development strategies based on non-renewable energy sources while developing alternatives simultaneously.

**Manufacturing company A:** 'We do understand that our operations can cause environmental damage that is why we focus the major part of our CSI on environmental responsibility projects for the community and on research and development'.
Mining company B: 'As a responsible and legally complying company, we ensure that the environment comes first and our business cannot be sustainable if we do not do anything about the landscape which we damage'.

Energy parastatal: 'A lot has been said about the pollution caused by how we generate electricity...we maintain that in the long run we will be able to get alternative sources which will lead to environmental sustainability like we are now doing with establishing a solar park to assist the community'.

Telecommunications company: 'Our infrastructure linking different areas in the country cannot be said not to affect the environment, but we work with communities in areas where we put our masts and do environmental conservation projects as part of sustainable development'.

In defining CSR, the question of investing in CSR with the view to obtaining 'a return on investment' (profit maximization) was more pronounced with two companies in the financial services sector, one in the retail sector and a manufacturing company. This is captured below in the statements by the CSR Director of a financial services company and the Corporate Affairs manager of a leading retail company:

Financial services respondent: 'Our CSI programmes are focussed on investing in well-defined initiatives that are strategically aligned to business needs and this is reflected in our products and services to take to the market...products that are designed to accompany the individual in their journey through life...we target those points in the system that have the potential to deliver to the community, ourselves and government'.

Retail company respondent: 'Our in store CSI promotions and the community programmes we sponsor are [targeted] towards families as we believe these are the main consumers of our products and promoting this segment makes business sense for sustainability'.
Given these statements it shows that CSR in some companies is aimed at achieving a return on economic investment in the sense that it reaches a particular captive market for their business which in turn contributes to growing the company’s market share. The approach is one where the economic objective underlies their involvement in CSR. I now turn to discuss the views of the external stakeholders which are equally diverse.

4.2.1 Stakeholder views

In reinforcing the above assertion, an NGO official interviewed in the study further states that:

‘from experience in community development, very few companies would just provide CSI funding without asking the question, what is in it for them?’

This could be interpreted in different ways depending on the perspective of the individual. One angle could point to exercising social responsibility which aims to genuinely aspire to achieving outcomes that are mutually beneficial to the community and to a company. The other angle may be one which views CSR as being driven by the ‘self-interest’ motive of the company only. The latter view takes a more critical stance of the role of CSR as being motivated solely by businesses interests to grow their profits.

A trade union respondent from a socialist oriented trade union federation, highlighted this critical stance by stating that:

‘many businesses see CSR as a function of a good annual report rather than a function of making an impact on society, as long as they pocket more and use two pence to show their kindness on their glossy reports, they are not worried’.

From the perspective of the trade unionist, CSR has a negative connotation associated with the self-interest of business which is used as a way of projecting a positive image for the company. In this regard Middleton and O’Keefe (2003) take the view that self-interest is not always a bad thing as long as it is enabling a larger justice to prevail.
Thus, where self-interest is viewed as a ‘win-win’ situation for both society and the company, it might well be beneficial if recognised to be valuable by the recipients of the intervention and society at large. This balancing act is surprisingly supported by another trade union official who was interviewed in the study from a more liberal union federation who suggests that:

‘there is a need for partnerships and business has a role to play in stimulating growth and in ensuring there is redistribution in the economy and job creation...CSR of business to us therefore means partnership with all stakeholders to ensure continued existence’.

In bringing the voices of the actual CSR beneficiaries to the fore, the following quotes by three community members in the study reveal their perspectives of CSR:

**Community member A:** ‘Through their CSR programmes, the company is helping us change our lives for the better as they provide education bursaries, income [generation] projects, HIV/AIDS awareness...they are like a small government to us as the community’.

**Community member B:** ‘What the company is doing is very good for now, but at our community meetings people ask, for how long are they going to be here? Is it going to be the same like what happened to the other mine village? So CSR to us is making the best now’.

**Community member C:** ‘When the company does its CSR there is always something they want to gain at the end. For example, at the start we thought their programmes to teach us how to become small business people was good, but when they started saying the money we make should be banked at their branches people started not having interest in their projects, because we have cheap accounts at the Post Office’.
The above responses suggest ambivalence on the part of community beneficiaries. On the one hand, there is recognition that CSR is beneficial and good practice (community member A), while on the other hand the role of the company is taken to be equivalent to that of the state (community member B). This comment also indicates an expectation of the state to provide services and support and that the company is stepping in where the state does not do so. The other views of community beneficiary B and C suggest that CSR is perceived to be a short term intervention and that their communities cannot entirely trust them to be there in the long term. The latter respondent also expressed mistrust and concerns about the hidden agenda of companies. This also resonates with the views expressed by the socialist trade unionist in the previous discussion.

Other external stakeholders in the study indicated knowledge and awareness of the concepts used and expressed concern about the confusion that is created by the use of different terms. In the definitions of some of the respondents namely the Tripartite institution and government, the need for companies to be good citizens by contributing to the larger good of the society, was emphasised. Some of these views are reflected below:

**Official from Tripartite organisation:** ‘Corporate citizenship is a broad term which involves what a company should be in a country...when we talk about ‘Ubuntu’, that is good citizenship and the term explains it all’.

**Local Municipality IDP Manager:** ‘Most companies preach about their CSI programmes but because our area is a mining town with all these international companies we notice the repeated use of sustainable development in their project presentations’.

**Government official:** ‘Companies should adopt the national development agenda and referring to CSI is not good enough but should be long term focused...sustainable development is a holistic approach they should have, remember we need to meet millennium development goals and that is all sustainable development’.
NGO official: 'In South Africa if you talk of CSI everyone knows what it is...we haven't developed that far to talk about sustainable development'.

Community leader: 'It's very confusing when they talk about all these words and our communities really don't care what they call it, what is important is that the company should be socially responsible'.

In summary, the company documents reviewed by myself and follow up in the interviews revealed that companies used multiple terms to describe their social responsibility initiatives. Different terms were also used by national and foreign owned companies with South African national companies using the term CSI while subsidiaries of foreign owned companies subscribed to CSR and SD. This is in keeping with Fig's view (2005) that in South Africa the term CSR is often used interchangeably with Corporate Social Investment (CSI) and Corporate Citizenship. Differences in interpretation about the role of business in society were also discerned between internal and external stakeholders, some of whom held more critical views of companies who were perceived to be motivated merely by self-interest or economic returns rather than social goals. These sub-themes cut across the different sub-sections in this chapter.

4.3. VALUES INFORMING CSR

The following section provides a deeper understanding of the values that influenced and informed the companies' approaches to CSR. In addition, I also wished to gain insight on how these values are translated into action through various organisational processes. Lastly, some of the ethical dilemmas that emerged for practitioners in implementing company programmes and stakeholder positions in relation to these issues are explored.

The most common values identified by most of the companies in the study included integrity, responsibility, honesty, transparency, accountability and passion. Integrity and responsibility emerged as the most dominant values espoused by most of the
companies' respondents. These represented the normative beliefs undergirding their businesses. The values were mostly located in the preambles, vision, mission statements and business principles of the companies. Four of the companies in the study referred to these values explicitly in their vision and mission statements. For the remaining companies, social responsibility featured less prominently, but it may be inferred from their vision, mission, principles and goals which constitute their overarching approach to business and society. Company values and overall strategic intent were also mostly displayed at entrances to buildings and were placed in key areas where it was visible to the public. The displays were mainly targeted at employees and other external stakeholders in order to project a commitment to the values and principles for which they stood. At most of the mining sites, these values were graphically represented in pictorials in order to make a visual impact and to communicate the company's stance in an accessible manner. The aforementioned displays also pertained to Health, Safety, Environment and Community (HSEC) programmes of the companies. For most of the companies, values were regarded as the moral beacon or conscience on which the character of the company was based.

The marketing of the products of the companies were often used to portray their commitment to human well-being. These are illustrated below.

**Respondent A (manufacturing sector):** 'We maintain our value of integrity by ensuring that we do not use genetically modified foods'.

**Respondent B (retail sector):** 'Our range of margarine spreads are in keeping with our value of 'responsibility' by manufacturing low cholesterol products'.

**Respondent C (manufacturing sector):** 'Our cosmetics are manufactured in keeping with our value of 'respect' for the environment. We do not use animal experiments'.

**Respondent D (retail sector):** '[We are] accountable to contributing to a healthy society through supporting family health programmes'.
The above statements also signify the persona that a company wished to portray or the kind of corporate citizen that the company aspires to be. In order to embed these values in the company, codes of conduct were developed in some cases setting out the expectations of employees and the norms that they were expected to abide by. This approach was also extended to the value chain, especially for suppliers who had strong business relationships with the company. Eight of the companies developed guidelines for their suppliers in order to mitigate reputational risks arising from the violation of the code of conduct of their suppliers.

For example, one of the leading retail food chain companies emphasised the need for a healthy lifestyle and this approach was used to promote the healthy products they sold to their consumers and the importance of the upkeep of the labour laws of the country. The food chain CSI Manager indicated that:

'Our vegetable suppliers are bound by the commitment that they only supply us with organically grown produce as our consumers are sensitive to healthy lifestyle living'.

'We ensure that the highest ethical work standards are abided by our suppliers with regards the working conditions of their workers'.

A further insight that emerged from the study was that the individual convictions of company leadership (executives and managers) are important in shaping the values and policies espoused by the company. This is in keeping with Liedtka's contention that executives and managers play a key role in promoting company values (Liedtka, 1991). Values need to be clearly articulated in order to foster rational decision-making and have become central to understanding business phenomena (Agle & Caldwell, 1999:326 387). Furthermore, Sethi (1995) asserts that value convictions of individuals play a critical role in shaping CSR policies and programmes and in promoting good corporate citizenship. A senior manager’s personal history can also shape the moral and
philosophical grounding of a company’s values. An executive manager of a State Operating Enterprise (SOE) said the following in this regard:

‘I believe that by virtue of my being in this position, I’m obliged to plough back into the community in a manner that will not make them feel patronised.... because I’m one of them, and I tell them that I used to go to school like you, with no shoes, with no teachers, with no resources but somehow here I am.’

In the above instance, the CSR manager was motivated by his/her personal experiences and the belief that it is important to do something for the community motivated by his own experience of being disadvantaged in the past. Miles (2000:195-205) advocates that decisions about social strategy and the social values to be embraced by a company and its CSR initiatives are likely to be strongly influenced by top management philosophy and values. One of the study respondents, a senior executive in a global mining company commented that:

‘Most of my peers in the industry accept the fact that commitment to CSR starts with them and I personally have set up my own fund to assist the community where I came from and this I also do in the company by making sure we stay involved in social upliftment activities’.

The researcher also explored the opinions of the respondents about whether the racial background of the CSR manager or practitioner had a bearing on their approach. Some respondents indicated that this had an impact on their motivation as indicated in the above quotations. However, Abedian in Habib (2008) cautions against assumptions that Black CSR managers are more knowledgeable and attuned to community needs simply because they are Black. This view is also supported by three respondents who were community beneficiaries who indicated the following:

Respondent A: ‘The CSI practitioner when she discusses with us she thinks she already knows what our problems are because she thinks she is black like us’.
Respondent B: ‘Our people (referring to Black people)...once they are working in the big companies, think they know everything and can now tell us at this age what to do about development’.

Respondent C: ‘It’s not true that the White manager does not understand some of our problems, at least when he comes we tell him everything and he listens and keeps to his promise...he always says I will do what I can and not promise what I cannot do’.

The documentary evidence suggests that company values on CSR in some instances were positively associated with the senior manager’s identification with the needs of people and the conditions in local communities. Some senior executives were champions of corporate values and consensus builders on issues of corporate citizenship and CSR. However, critics cautioned against leadership driven CSR that were an ‘indulgence in executive whims’ (Friedman, et al, 2007:161) and that resulted in projects that were sometimes not viable but were influenced by the preferences of these executives. However, this can have positive benefits when such commitments are aligned with community needs and where these initiatives receive strong support from stakeholders. Some of the executives also took their personal commitments into the global arena by associating themselves with global organizations spearheading sustainable development. In fact, two senior chief executives of MNCs and one leading retail company have taken their personal involvement into the global arena which has placed their companies at the forefront of CSR internationally. In interviews with two of the latter CSR managers on how their senior executives are involved in CSR they explained the following:

CSR Manager (retail sector): ‘The whole retail chain business has been grown as a family business and our senior executive as the owner; having grown the business from humble beginnings, all our CSR programmes are founded on the concept of supporting the family as an important unit in society...that is why our programmes are successful’.
CSR Manager (mining sector): ‘Our senior executive having struggled under the apartheid era has made it his responsibility to assist in poverty alleviation and this is always a point of discussion in our CSR meetings...all our employee volunteer programmes are held in the townships and we all are now enjoying it’.

It is evident from the company documents that sought to institutionalise CSR values and beliefs through various internal organisational structures comprising among others of audit and ethics committees, the idea of the company’s social and moral obligation to society was the guiding idea that informed their CSR programmes. These were reflected in statements suggesting support for values such as ‘Ubuntu’ (Humanness) and ‘Batho Pele’ (placing People First in development); which represented the ethos of their approach to CSR.

4.3.1 Stated values and actual practise

As discussed earlier, the commitment to CSR in many of the companies in the study was captured and exhibited in strategic areas on the premises of the companies which were visited. These were visually distinctive and were either located in a public space or it featured prominently in their electronic media, on notice boards, in internal and external newsletters, on company websites, via internal and external advertisements and in their annual and or sustainability reports. The extent and use of these different media varied from one company to another and depended on the type of sector in which the company was located. For example, two companies in the financial sector and a state-owned enterprise used television advertising widely as a medium to show their commitment to CSR unlike the three mining companies that instead used community newsletters and billboards in local community public spaces to communicate their commitment to CSR. Thus all the companies in the study expressed a high level of commitment to CSR in written and visual formats.
However, what organisations say and what they do is not necessarily the same. Consequently, it is important to look beyond the words and stated intentions to get an idea of how their values are put into action. Levy (2004:126-147) indicates that tensions and contradictions may arise between competing values which was evident between the communities and the mining companies at the time of the study. An increase in rights claims by indigenous communities where mining operations are occurring on land formerly owned by these communities, were noted. Some communities also claimed a stake in the operations of mining companies in these areas. In some instances these claims have resulted in violent clashes, for example, in most mining community townships in South Africa and further afield in Latin American countries where indigenous tribes have clashed with government forces in protest against opening up of their lands for oil exploration.

My interviews with community leaders also suggested a lack of compliance by the mining companies with their Social and Labour Plans. In this regard, a community leader said the following of a MNC mining company:

'[We are] dissatisfied with the mine as it was not complying with its Social and Labour Plan commitments of creating local employment through the establishment of local enterprises and preferential procurement'.

Trade union, NGO and Tripartite representatives interviewed pointed to the tensions between company values and their actions. This is captured below in the statements of these stakeholders.

Trade Union official: 'It's always the case [where] government sides with these big mining houses as they always get favours somehow and do not implement what they commit to...for example look at the amount of money they make compared to the poverty levels in the areas next to them and the pollution of our streams where our cattle and goats drink from'.
Trade Union official: ‘The company gives with one hand and takes with the other especially when they give us loans to start our small business projects and they start demanding their loans before we even make profit’.

NGO official: ‘Sometimes business needs to acknowledge that they are not experts in social development and mostly use consultants who are even worse and only create mistrust and a big risk for the company’.

Tripartite official: ‘Everyone needs each other and there cannot be a situation of winner takes all because working together we can do more’.

These statements are also indicative of the different ideological perspectives between labour, civil society and business. Labour and civil society representatives took a more critical stance and was more suspicious of the relationship between government and business while the respondent from Tripartite institution took a more neutral position which sought to reconcile the opposing positions based on the mutual interests of beneficiaries and companies.

It also became apparent from the interviews that the monitoring of compliance of the values of companies could not only be internally focused; companies also needed to monitor compliance of their suppliers in the value chain. In this regard a retail company in the study which specialised in the sale of fresh produce pretended to be oblivious of the socio-economic conditions of the farm workers and their families who were involved in producing their stock. This was criticised by a trade union federation official who I interviewed when he stated the following:

‘These farm workers and their families work long hours and their income is below a living wage but the profits churned by the retailer are quite high. But they preach family values!...This is typical, the consequences of capitalism and why we will continue to strive for decent jobs for all workers...it is the
responsibility of the company to ensure that the farm owners are regularly inspected otherwise if this continues we will start boycotting all its shops'.

The above example illustrates the importance of also taking cognisance of how CSR values are applied in practise by a company’s suppliers and contractors. Doing business with a supplier who does not respect the values and ethics associated with decent work and human rights can reflect poorly on a company’s CSR strategy.

4.3.2 Ethical concerns

Ethical concerns were also raised by one of the external stakeholder respondents who questioned why one of the MNCs in the study continued to operate in Zimbabwe, a country with a poor human rights record. When this question was put to a manager of the company, he said:

‘Oh! our involvement in Zimbabwe...But the position we’ve taken is that we believe by disinvesting we’d create more harm at this stage than anything else, coz we’ve got a very skilled employee workforce. They would lose their jobs and livelihoods. So we wouldn’t be contributing to anything positive’.

The above views are reflective of a long standing debate on whether companies should operate in countries that have human poor human rights records and whether companies should disinvest from these countries to pressure governments to change. This campaign proved to be fairly successful in the struggle against apartheid where it was part of a wider opposition movement in the country and internally.

The discrepancy between stated values and how these are implemented in practice can present CSR practitioners with ethical dilemmas. This may be illustrated by the account of a CSR practitioner employed in a retail company who indicated his discomfort with his company’s involvement in a Foodbank project in a poor rural community. A warehouse was established in the latter community to distribute donated food that had expired to
vulnerable households, especially child-headed households. Most of the food distributed is acquired from large food industries and retail stores and some of it is genetically modified food (GMOs). During the interview, the CSR practitioner felt it was immoral for the company and for her to continue distributing the food while being aware of the side-effects of GMOs and the health implications of serving food that was about to expire.

Another practitioner involved in the resettlement of communities said the following about the ethical dilemma that she faced in giving effect to the company's strategies which conflicted with her own beliefs.

'If I had my way I would not allow these poor people to be moved to a new area when they have lived there for many years...their forefathers are buried here and this is the only place they have known as home' (CSR practitioner A).

Instances also occurred where CSR practitioners were aware of company intentions to cut back on programmes which were confidential and could not be shared with community beneficiaries involved in the programmes. A CSR practitioner described the ethical dilemma that she faced as follows:

'There is talk in that some of the projects will be cut down due to the financial position of the company and I know the first step will be to cut down on non-core activities of the company, obviously the CSR section is the easiest to target...the problem is that I know this will happen and the poor community people are giving their level best to the project but don't know what is coming their way...this is a problem for me as a person who works constantly with them'

These examples point to the ethical dilemmas that CSR practitioners faced where company actions were contrary to their stated values. But there were instances where CSR practitioners were confronted with community stakeholder perspectives that were
contrary to company values. In this regard, a community leader complained about the imposition of values by the company which he believed conflicted with his socio-cultural beliefs. This is what he said:

'The mine manager is forcing us to include women as equals in the enterprise projects which they are planning for us and this is not good for our culture'.

This statement illustrates the different beliefs about gender that may be prevalent among different stakeholders in a patriarchal society where women are not considered to be at the same level as that of their male counterparts. This statement also illustrates how a company’s CSR strategy to promote social inclusion in a community could be perceived as inappropriate by its external stakeholders.

4.3.3 Summary and discussion

The predominant values identified by the ten companies suggest a strong commitment to CSR and to values of social responsibility and integrity. However, ideological differences were noted between companies and their stakeholders about the role of business in society. These views ranged from those who held a more accommodationist stance, to one which is more sceptical and at the other end of the spectrum, there was the anti-capitalist stance articulated by one of the trade unionists who viewed engagement with business as part of a wider class struggle against capitalism.

Company values were institutionalised in company and management processes and were communicated to both their internal and external stakeholders. While these values were laudatory the data also illustrated the tensions that exist between stated values and actual practice which were highlighted by both community and trade union representatives and also by the observations of CSR practitioners. These presented CSR practitioners with ethical dilemmas in regard to situations where their own beliefs conflicted with company practices. In addition, instances also emerged where there was a lack of alignment between company perspectives and socio-cultural beliefs of
community leaders. It is also evident that companies need to be vigilant about the social responsibility commitments of other companies that they do business with or where they locate their businesses particularly in countries with poor human rights track records.

The data also illustrated the tensions that arise between a company’s self-interest to realise its profits while simultaneously attempting to address the needs and interests of others (Rossouw, 2005). This presented CSR practitioners with significant ethical dilemmas as some of the companies applied their values more selectively depending on how it impacted on their core financial purpose. Values and ethics have been widely debated in the corporate world in recent times. This is due to the proliferation of scandals caused by the unethical conduct of companies which has resulted in company values being questioned at a global and national level. Classical examples from the United States include the Enron scandal, the oil spill in the Gulf of Mexico and closer to home there is the Bread and milk price fixing in South Africa; and acid mine water drainage on the East Rand gold mines which is threatening biodiversity and domestic fresh water supplies. The values and ethics published in sustainability reports, websites and the media have attracted the scrutiny of advocacy groups. The class action suit brought by the Black Sash, a South African NGO, against companies involved in bread price fixing and its impact on the poor, is a notable case. Companies are increasingly subject to public scrutiny by external stakeholders who are contesting the incongruence between stated values and actual practise. CSR programmes are therefore influenced by the contestation between its internal and external stakeholders who may be able to cast a critical eye on company programmes and to hold company’s accountable to their stated social and economic commitments.

4.4 DIMENSIONS OF SUSTAINABLE DEVELOPMENT

In this section the documentary evidence of the ten companies was analysed with reference to the three key dimensions of sustainable development namely, economic,
social and environmental. The analysis was based on the vision, mission statements or business principles of the companies in the study. The purpose was to gain a better understanding of how the companies conceptualised these dimensions of sustainable development.

The following section sets out the analysis and resultant deductions.

4.4.1. Economic dimension

The importance of the 'financial bottom-line' or profitability was the main objective of a company's sustainable development strategy. This was a common dimension mentioned by all the companies in the study. The primacy of the economic dimension in company strategies was evident in their mission statements and objectives and was captured in their Sustainability Reports. Profitability was presented as the main outcome of the business. The achievement of a sustainable financial bottom line was regarded as the platform from which other activities emanated and was regarded as the overarching principle. Statements like, 'Creating and maintaining profitability while doing well' resonated with the importance placed on profits first. 'Doing well' was interpreted in different ways by the companies. Some of them perceived it as their contribution to social involvement while others linked it to the maintenance of a better environment depending on the nature of their business. In the study, it emerged that primary industries like mining whose activities had large environmental footprints tended to perceive 'doing well' in the context of mitigating the risks associated with their core business. For those companies whose products impacted negatively on societal well-being, for example those in the food industry, 'doing good' was mostly achieved by promoting healthy lifestyles and social projects with the objective of promoting general societal wellness. Although the companies subscribed to the view that the economic dimension was their primary objective, the above analysis also suggests that they acknowledged how it was inextricably linked to a moral or social imperative. This viewpoint was expressed by most of the company statements, suggesting a symbiotic
relationship between capital and society which is contrary to the neo-classical view that conceives of corporations as closed systems that are only concerned with accountability to shareholders and a belief in the unfettered workings of the free market (Carroll et al, 2010).

However, a more pessimistic view about the intentions of corporations that advocate a more integrative approach between social and economic development is articulated by Middleton and O'Keefe (2003) and May (2005). The latter authors argue that actions by businesses that extend beyond the economic sphere are merely an insurance against societal risks such as poverty and crime, and how these risks may affect the long-term financial sustainability of a company. This was most pronounced in the mining and manufacturing sectors which placed a greater emphasis on company relations and interaction with local communities in the immediate surroundings of the company. For the manufacturing companies, especially the ‘Fast Moving Consumer Goods’ sector, capturing the mass market is a business prerequisite; hence the need to ensure that consumers continued to accept the legitimacy of the company and its products. The political debates about the nationalisation of the mining industry in South Africa is considered to be a high business risk which may act as a catalyst for the mining houses to seek this “license to operate” in the communities where their operations are located. One senior CSR official emphasised the importance of recognizing the community as core to the sustainable development of business operations by retorting that:

‘ultimately it is our communities that will vouch for us as business, not that we tell them that we are a responsible corporate citizen, but because they can actually see the difference we make’.

Cooke and Kothari (2001) refer to the shift of a power balance from the top to the grassroots as the new determining force in the development lexicon. To reinforce the importance of community perceptions to the company, a trade unionist interviewed responded by saying:
'you don't get your license to operate by going to a government ministry...it requires far more than money to become part of the community in which you operate'.

Company literature reviewed also indicated a concern with the reputational risks if company brands were perceived negatively by consumers and local communities where they operate.

The emphasis on a good reputation is also associated with branding, communication and marketing of company products. Use of electronic media in communicating company values and a wider social commitment was also evident in the documents. Reputation was viewed as an intangible asset that was considered important in maintaining the sustainability of the company.

Eight companies in the study developed guidelines for their suppliers in order to protect them against reputational risks by ensuring that suppliers are not in violation of environmental laws or act contrary to the company's social commitments. The other two companies did not seem to prioritise this. In this regard Korten (2002) notes that the latter mentioned approach is short-sighted and detrimental to the sustainability of the business as consumers now question who the company does business with. Examples are provided in different countries especially in the manufacturing and agricultural sectors where issues of child labour, sweatshop conditions, disregard of employee human rights and health and safety of products is put under scrutiny (Jenkins, 2004; Nolan, 2007; Barrientos and Smith, 2007).

These issues are therefore crucial to not only securing the viability of the company but also in ensuring that the company secures the consent or the 'license to operate' from their staff, consumers and other stakeholders. Although the economic dimension was their primary goal, there appeared to be greater awareness and action about the
interconnection between the economic and other dimensions that have a bearing on sustainable development among the companies’ in the study.

4.4.2. Social dimension

The social references in the companies’ statements that were analysed were generally aimed at issues dealing with societal justice and the development of communities. The definition of community was quite broad as it included the companies’ customers, employees and the supply chain. A strong emphasis on mitigating the social impact on the companies was also highlighted as a general commitment by most of the companies. These social commitments were articulated as part of their business principles, missions and strategies.

The idea of ultimately ‘giving back to society’ as an end product of a business, resonated with most of the statements from the different sources and literature which the companies used to showcase themselves. Conducting business was viewed as being of reciprocal benefit to both the company and society in general. Companies viewed this contribution as part of their moral mandate and this was exemplified by phrases like, ‘we are driven by our moral values as a business to contribute to the South African society’. These statements while well intended still need to be juxtaposed with the companies’ actions in practise and are interrogated further in the next Chapter S. All of the companies expressed the view that as a way of entrenching this social commitment, they had integrated social concerns within their business strategies. In three of the companies this was done through setting social involvement and spending targets for each department and this was included as part of the annual formula for determining bonuses of CSR managers and officials. In two other companies monthly and quarterly awards are given for the departments which excel in community development volunteer programmes. In the rest of the companies, reporting of their social activities occurred in sustainability publications which are independently audited by industry specialists. Such
measures are used as indicators to assess a company's commitment and contribution to social goals.

All the companies that participated in the study indicated a bias towards serving the immediate or local communities in which they conducted their business. Extension of this support was more localised and in some cases was determined in relation to the proximity of the community to its actual operations. Within the mining sector, there was an extension of programmes to support labour sending areas which included the countries and provinces from which workers migrated. One of the mining companies in the study specified that its aim was to:

'Make a meaningful life-changing contribution towards the well-being, upliftment and development of stakeholder communities'.

As indicated in the preceding statement the 'stakeholder communities' could also, not only refer to the immediate surrounding areas of company operations but also to those which were situated far from the mine. In this context the definition of community was far reaching. Areas identified as labour sending areas by some of the mining companies included references to neighbouring countries such as Lesotho, Mozambique and Swaziland.

Four of the companies' criteria for local support were aimed at assisting the communities in which their workforce's families were located. Such a strategy was employed by one leading retail company whose focus was mainly on the families residing within the vicinity of its supermarkets. This approach was strategically aligned to its broader business vision of using the family unit as the basis for furthering its financial objective. The motivation for this objective was that retailing as its core business depends primarily on a family's sustained purchases of goods and services offered by the business. Therefore it made financial sense to target this market base for the sustainability of the company.
A theme running through some of the statements referenced by the companies was the ultimate creation of sustainable communities in the areas of their business operations which was referred to above. This goal was achieved through empowering communities via sustainable projects and job creation. The companies adopted varying social intervention initiatives to achieve this end, ranging from providing educational capacity building to health promotion in order to have a skilled and healthy society and labour force, which in turn ensured the sustainability of the business.

A contrary view to the above is that companies are more concerned with creating stable environments which could then curtail social and community instability in the form of strikes and protests against the company. Most of the companies, especially those in the mining industry face extensive risks associated with the immediate communities in which they operate. The HIV and AIDS scourge threatens the availability of a healthy workforce and as such it becomes a strategic business decision to assist the communities where they operate in ameliorating the consequences of the disease. If not addressed, they contend that the disease can impact adversely on their profitability and productivity could be negatively affected.

All the companies alluded to the need to provide support to those who are Historically Disadvantaged South Africans (HDSAs) due to deprivations arising from the country's apartheid legacy. HDSAs are defined in various government policies as African, Coloureds and Indians and in the case of affirmative action policies, it also includes women and people with disabilities. While some companies classified the HDSAs in different ways for example, employment equity, procurement and the like, others emphasised their main focus to be on women, children, vulnerable groups in society like the youth, physically challenged and the aged. The focus on HDSAs is a popular term used in almost all the statements of the companies in the study and could be attributed to the legislative and regulatory environment in South Africa and the identification of priority target groups (see Section 4.5 below). In general, most of the companies emphasised improvement in the quality of life and the empowerment of disadvantaged
communities. Statements like ‘supporting the poorest of the poor’ were used by some companies to denote the level of their social focus. Such statements could also be perceived to be a strategic adaptation of businesses to the current political environment and by using the accepted terminology; they are attempting to convey a connection with local communities and are attempting to project a genuine or compassionate response to challenges facing these communities.

4.4.3. Environmental dimension

All the companies in the study concurred on the importance of the environment and its relevance to the companies’ overall business strategy but to varying degrees depending on the nature of the industry in which they operated. There was a general understanding that the companies themselves were the major contributors to the environmental challenges facing societies and hence were integral to the solutions. This idea was summed up by some companies’ references to statements such as ‘integrating environmental issues in our business strategy’; ‘using our natural environment in a sustainable manner for the continued existence of our business’ and ‘preservation and protection of our planet into the future’. The environment was represented as the third pillar in the sustainability model of the businesses. This belief was emphasised by all of the companies’ statements which recognised that their long term economic viability also depends on the astute management of the ecology.

Eight of the companies highlighted the existence of environmental management policies and structures as part of their governance framework to manage the environmental impacts of their businesses. Only one of the companies reported on the sustainable use of resources such as energy, water usage and the disposal of waste. The latter company which operated in the financial services also regulated borrowing to infrastructure projects that minimised environmental risks. The Financial services companies expressed compliance with The Equator principles which are the main tools used to assess the financing of development projects. The Equator principles state that funding
or provision of loans to companies that undertake large infrastructural projects should be premised on the extent to which the projects are socially responsible and reflect sound environmental management practices and standards.\textsuperscript{14}

The companies' statements in most cases elaborated on the actions they tended to take to achieve sustainability. Depending on their industry sector and the environmental impact of their businesses, companies in their statements indicated the adoption of different strategies in tackling environmental issues. These were identified in the opening statements of some of the companies as the 'implementation of comprehensive climate change strategies to fight global warming' and 'commitment to responsible stewardship of natural resources and the ecological environment'. The different environmental issues which were generally mentioned varied according to the type of industry and included the use of raw materials, energy, impacts on land, water usage, design and type of buildings, carbon emissions, waste management, appropriate products and services and other indirect impacts like the environmental impacts of the supply chain.

Climate change was commonly cited as a sustainability issue by most of the companies. This could to a large extent be driven by global consensus and pressure on companies to review their business activities and their perceived impact on the environment. The emphasis on global warming was identified in the commitment statements and were associated with resource stewardship especially by companies with a significant footprint on the environment, for example those in the mining and large infrastructural development sector.

All the companies in the study emphasised the use of recyclable resources as part of their production and services offerings and viewed this strategy as a contribution to the

\textsuperscript{14}http://www.equator-principles.com (accessed 21 August 2010)
efficient use of present and future natural resources. This aspect was mainly highlighted by companies in the manufacturing, retail and finance sectors. Companies in the extractive industries like mining and manufacturing mainly referred to 'zero harm to the environment' in their statements, which is an attempt to mitigate the impacts caused by the nature of their businesses. A critical analysis of this statement indicates that it is plausible on paper to portray such high moral ideals but in reality it is not easy to implement as discussed in Chapter 5. Some of the companies in the study were rather wary of making such commitments and referred to 'minimizing the harm to the environment' which on the face of it is more realistic, as one cannot totally avoid impact on the environment.

I became aware of how the term 'environment' was used by the respondent companies namely; a wider definition was used by some of the companies. Environment seemed to be explained in the context of its connection to the socio-economic status of communities. For example, in some of the companies' statements, 'preservation of the environment' was viewed as important and directly linked to alleviating poverty, especially for rural communities whose livelihood is dependent on a healthy ecosystem. The evolving emphasis on the environment has led to them embracing new popular terms which are characterizing the way business responds to these new trends. For example, I noted that some of the companies in the study referred to being part of the 'green culture'. They claim to achieve this goal by focussing on providing 'sustainable solutions' that would preserve and protect the environment. Sustainable solutions were indicated as being executed through minimizing the use of both renewable and non-renewable natural resources and ensuring that better technologies were used in the production of goods.

The discrepancy between stated intentions and actual practise may be illustrated by the following example of the construction of a coal-fired power station. An editorial in one local newspaper reported on protests by civil society groups and an international environmental lobby group who staged a sit in at one of the company's new sites; the
protesters were subsequently arrested. This particular coal company has also been the site of community protests which on many occasions resulted in property damage and negative publicity for the company. Community groups, political and youth formations challenged the company about its lack of sustainable investment in the community whilst they continued to extract raw materials from their community which resulted in environmental degradation.

These criticism have been echoed by other individuals and organisations in a leading newspaper publication who have expressed grave concerns about 'the poor environmental record of particularly mining companies who are not addressing problems of acid mine drainage that is affecting the water aquifers on which the urban populations of Gauteng depend'. This was further reiterated by one leading Faith based NGO official who indicated that 'much of the mine waste contains heavy metals. Radioactive waste washes off the mine dumps into streams that flow through heavily populated areas such as Soweto. The air from the mine dumps is weathered during windy months into the areas next to the plants and this air dust contains silica and radioactive waste'. Another example cited in the local press refers to the commissioning of new coal-fired power stations and its impact on pollution.

4.4.4 Summary

All the companies appeared to have strong statements indicating their commitment to an integrative approach to social, economic and environmental sustainability. One may infer from this these statements that sustainable development is a stated goal of all the companies in the study. The degree and the extent to which this was evident depended first on whether sustainable development was integrated as a core strategy of the company and second on the nature of the industry. A greater focus of these issues was evident in the extractive industries that were part of the study. Other sectors like the retail, financial and manufacturing sector also had their own social and environmental focus areas which differed from the extractive companies. While companies presented
positive statements and commitments to social and environmental sustainability, their
track record and the discrepancy between reality and actual practise was placed under
scrutiny by external stakeholders like communities, the media and NGOs.

4.5. DRIVERS INFLUENCING CSR POLICY AND STRATEGY

A variety of factors were identified in the documentary study and in the interviews that
shape the approach, nature and scope of CSR and its practise in the companies that
formed part of the study. Seven sub-themes emerged in the analysis of company
documents; these were reclassified into drivers of CSR policy and strategy, i.e. the
factors that were significant in promoting CSR across all ten companies. These were
first, how the different ideological perspectives and discourses about CSR served to
influence the nature and scope of CSR initiatives. Second, the national government
philosophy of the creation of a developmental state appears to have acted as an
impetus for CSR. Third, the role played by legislation, regulation and compliance in CSR
while a fourth driver relates to national development imperatives and goals followed by
a fifth driver which is associated with the role of external stakeholders in driving CSR
agendas. The last two identified drivers are on reputation and brand positioning and
lastly the role of senior management as a driving force of CSR.

4.5.1. Ideological discourses of CSR

While company statements reflected a strong commitment to CSR and sustainable
development, it is evident from the data presented thus far that the different
stakeholders hold different ideological perspectives which illustrate the tensions
between business, government, trade union and community stakeholders. Debates in
companies about the value of CSR to the company's share price, what its business case
is, how it is aligned with the company's core business, image and reputation or of CSR as
a tool to promote profitability reflects the tension between profit maximization and
social causes. Many business respondents in the study were concerned with these
issues as they reflected on the approach of their respective companies. It appears that despite commitments made to sustainable development, company representatives interviewed struggled with how compatible CSR was with their economic performance. In this regard one of company’s CSR officials interviewed stated that:

‘The difficulty lies in the process of quantifying the value of CSR on a company’s share price...The qualitative nature of CSR makes it difficult to [make] tangible the value which accrues from its practice hence the attitude towards the subject, by rightist managers and extreme profiteers’.

Some managers were not convinced by the business case of CSR and argued that it is a cost to or company rather than a return on investment. A counter argument from one community beneficiary on this point was that the approach of some companies was short-sighted due to a lack of recognition of the fact that development is a process and quantification of value can take a long time to demonstrate. This type of thinking is founded on the idea of short-term economic gains which is referred to as the utilitarian perspective by Swanson, et al (2001:104). From this point of view, CSR is merely a tool to achieve profitability. CSR is therefore viewed in an instrumental way and for some companies the alignment of company strategy with the wider social and environmental goals of sustainability, is merely a way of meeting their primary financial objectives, improving their reputation and positioning. This approach resonates with the free-market approach of Milton Friedman and his followers who place the emphasis on using company resources to increase profits only. Logan’s traditional model of CSR (1997) discussed in Chapter 2 is more in keeping with this line of thinking where CSR is a moral imperative in keeping with philanthropy and where CSR is positioned to derive financial benefits for the business.

However, this view was mediated by a senior executive of a mining company who emphasised the connection between profitability and the principles of the company.
'Without profitability, no company can sustain principles and without principles no company deserves profits'.

Welford (2005) argues that the 'moral uprightness' or 'social consciousness' (2005) of a company is crucial to profitability. However, O'Dwyer (2003) cautions that these beliefs need to be consistent with how companies actually behave as indicated above.

Upholding moral values in the pursuit of making profit was criticised by one of the Trade Union officials, a respondent who commented that:

'Moral failure by companies will destroy capitalism and as you can see this is already happening...in the USA and European countries like Greece, many people lost their properties because of greed of the banks and this is now affecting even South Africa, because people cannot now afford to pay for their houses and even the cost of living has gone up for the poorest people in our country...the government grants and pensions are not sustainable'.

Another trade unionist commented on the limits of the free market in achieving sustainable development, a critique which resonates with the Marxist standpoint. I inferred from the comments that the labour representative who come from a left leaning trade union federation that posits socialism as its alternative to a capitalist development model, was referring to the limits of the free market system in achieving social goals. For him, CSR is merely palliative and cannot address the real issues of poverty and inequality.

The market will not deliver on the promise of sustainable development as they are focused on short-termism by focusing on immediate returns and profit making.

The palliative or reformist nature of CSR was articulated by the above mentioned trade unionist respondent who said:
At the end of the day the companies were engaging in these activities as a way of pacifying possible critics and ensuring a stable environment for continued profit making and as some insurance for societal risks.

Since the trade unions were also representatives of company employees, they were particularly critical of the way in which companies are oblivious to the conditions of their employees residing in areas from where their labour pool comes from or the families of their employees.

This idea was encapsulated in the response of a trade union respondent who commented:

‘Often CSR programmes are hatched within communities with a disregard of employees and companies forget that the same employees are the same household heads of those communities’.

Consequently, many of the companies in the study had initiated employee volunteer programmes and used employees to initiate community projects. Employees were used as ambassadors of the company and in this way showcased the goodwill of the company. This approach has been criticised by an NGO official who stated:

‘Companies use this as a way of branding themselves at no cost and as a desire to head off regulation’.

A similar view was also advanced by another NGO respondent who mentioned that:

‘Employee involvement is a subtle strategy to disempower the workers as they know that workers have the power and by involving them they seek to have a reason when things are down’.

The aforementioned views seemed to be indicative of the suspicions that emanate from the trade union movement regarding the activities of business. In South Africa this
attitude is manifested in the influence of the labour movement in shaping legislative reform pre and post-apartheid. The alliance between the labour movement and government has propelled companies to integrate national imperatives into companies’ CSR policies. The trade union movement has raised critical issues relating to unemployment, B-BBEE, poverty, socio-economic and sustainable development and placed these matters on the agendas of company CSR programmes. Also, companies perceived not to be toeing the line or not recognizing the need to redress these problems, have been publicly named and shamed by leaders from the labour movement.

The above ideological discourses and pressures from below have had a significant impact on shifting the nature and scope of CSR activities of the companies in the study.

4.5.2. National government philosophy of the developmental state

Other drivers of CSR are directly related to the government’s national imperative to redressing the poverty and developmental backlogs created by the apartheid era. This is one of the key reasons why CSR policies were aligned with national priorities such as in education, health, violence and crime, infrastructure and environmental issues which are all part of the strategic intent of CSR policies and strategies. The data in the preceding sections on company values and commitments, CSR dimensions and engagement with a diversity of external stakeholders do suggest that most of the companies are attempting to shift from a philanthropic and charity approach to a more developmental one. This change of focus has to a large extent been influenced by the government’s philosophy of a developmental state and its regulatory frameworks which are discussed below. These are other drivers of CSR in the local context.

The South African government’s philosophy of a democratic developmental state conceives of the state as a key driver and leader of economic and social development with the active participation of citizens and in partnership with other societal actors.
such as the private sector (Edigheji, 2010:14-16). The focus of developmental states according to Mkandawire (2004) is on developing human capabilities and redistribution, production, reproduction, protection and the promotion of human well-being. From this perspective, developmental states are not only concerned with economic growth but also with developmental social policies that are integral to the idea of such a state. Consequently, the developmental state philosophy appears to have shaped many of the companies’ CSR policies.

The motivation for embracing a developmental state is captured in a Centre for Development Enterprise panel presentation by a senior political and former trade union official who stated that:

'Companies only commit themselves to uplifting communities in a limited way. Many businesses see CSR as more a function of a good annual report rather than a function of making impact on society. A proper evaluation of whether social interventions by business are actually making an impact is not inherent in how we do business in South Africa. Therefore the role of the state is necessary to ensure the delivery of social products and make sure business profits are equitably distributed to reduce the gap between the rich and the poor for the accomplishment of an egalitarian society'.

This is also supported by a community leader, a respondent in the study who suggested that:

'If it was not for our government we would not have had companies coming forward to genuinely assist us to move away from poverty. Because the government has the power now all the companies are excited about being seen doing something in the community'.

In the study many companies based their policies on the public–private mix as evidenced by the emphasis on partnerships. The importance of social dialogue as a
process of aligning with this developmental philosophy was highlighted as a key factor by some of the companies, especially those in mining where legislation governing their activities emphasise robust stakeholder engagement with the communities in which they operate. This also concurred with the outcomes of the Global Chief Executive Officers survey (2010) which identified effective communication, consultation and collaboration with external stakeholders as one of the keys to successful CSR. The tripartite arrangement where the state, market and society are essentially partners in development, was generally identified as a cross cutting sub-theme underpinning CSR policies of most of the companies that participated in the study. On the issue of partnerships, respondents from the Tripartite institution, government and NGO officials acceded to the following:

**Tripartite official:** *The reason why we formed the Tripartite institution was to fill the gap where the government, civil society especially the trade unions and business did not see eye to eye. Through co-operation of all the parties and having consensus on issues this has helped especially business to understand the importance of social involvement and how this makes it easy for a successful CSR programme*. 

**Governmental official:** *The President’s vision that “together we can do more” shows how as government we want everyone to join hands together for a better South Africa*. 

**NGO official:** *All over the world there is an understanding that collaboration always works and the state needs to be actively involved as at the end of the day people will look at it, and to a lesser extent, to companies*. 

The ideas of a developmental state are however contested as business representatives perceive this to be a threat to the free market due to fears of increasing state intervention in the economy and through increasing regulation. In this regard Bernstein (2010) reflected on the challenges facing a development state especially from two ideological positions: there are those who want to limit the role of the state as well as
those who want to extend it. The former relates to those who believe in a market driven approach and are challenged to show how they will improve human development outcomes in the society. The latter are the proponents of an interventionist state and are advised to present compelling arguments of how such outcomes could be achieved in a society with overloaded state institutions. The issue of a lack of state capacity is often raised in debates about the viability of a developmental state in South Africa. Developmental states achieve some of its objectives through increasing state regulation which may provide for either voluntary or involuntary compliance. The variety of legislation adopted by the South African government that promotes social and environmental responsibility of companies is an expression of the idea of a developmental state.

4.5.3. Legislation and regulation of businesses

In Chapter 2, the regulatory frameworks governing socio-economic and environmental development in South Africa were documented. These regulations are intended to incentivise companies to contribute to sustainable development; it also regulates the use of environmental resources to promote social development. Compliance with these laws is monitored by government. An analysis of CSR policies of companies in heavily regulated industries like mining and manufacturing, revealed a greater emphasis being placed on compliance with legislation. Policies of companies in the mining industry referred to the Mineral Resources Development Act (MPRDA) no 28 of 2002, the Mining Charter, 2004 and the Environmental Management Act (NEMA) no 8 of 2004 which were considered important in shaping their CSR strategies. These laws are the drivers behind the adoption and implementation of CSR policies; in the promotion of a developmental role in communities; and in the protection of the physical environments in which companies operate.

Companies in the financial services sector indicated compliance with the legislation and in embedding the Financial Services Charter requirements in their CSR policies. Those in
the Information Communication Technologies (ICT) sector indicated that the focus of their CSR policies was on the industry ICT Charter. All the companies' CSR policies tended to emphasise adherence to the Department of Trade and Industry’s B-BBEE Codes of Good Practice.

4.5.4. National development imperatives and goals

State Owned Enterprises (SOEs) or parastatals that were part of the study were independent entities established and accountable to government and most of their CSR policies and strategies were aligned with national government imperatives and goals. This is understandable, given the fact that the government is the main shareholder of SOEs and therefore has the power to shape CSR policies, strategies and courses of action of these enterprises. The Department of Trade and Industry’s BEE Codes of Good Practice and B-BBEE Scorecard introduced in 2007, stated that it is mandatory for companies to contribute towards socio-economic development (SED) which is an element of the B-BBEE Code. Procurement from government is only possible if companies meet the latter requirements; thus, CSR is an indirect mandatory requirement for those companies which deal with or depend on government business. The response of many companies in the study to these regulations was to increase spending on education and entrepreneurial development of communities and to ensure that they complied with the legislation as failure to do so would impact negatively on the prosperity of their businesses in the future. This was affirmed by two SOEs Foundation Executive officers who indicated that:

**SOE Executive A:** ‘We are subsidised by the government and as such we ensure that we align to national development objectives’

**SOE Executive B:** ‘As a state operating business, the government is the major shareholder and as a result we have an obligation to serve the development goals of the country’.
As previously mentioned, the MPRDA 2002, legislates that in order for a mining company to obtain a license to operate, its Social and Labour Plan needs to be approved by government. The SLP should stipulate how the company will address local economic development (LED) in communities and labour sending areas. This precondition has had significant impacts on CSR budgets of mining companies. Overall, company documents indicate that CSR policies and strategies were mostly shaped by the latter regulatory framework; mechanisms to monitor compliance of environmental policies and strategies were also instituted as well as in meeting reporting requirements set by government.

All the companies in the study revealed a conscious alignment of their CSR policies and strategies with government’s national development priorities and imperatives. These priorities are identified by various Ministers and departments responsible for specific functions and some companies have consciously attempted to align their CSR programmes with national priorities. This is evidenced by one company official from a financial institution who pronounced that:

'I think being seen to respond to the social strategies of the government of the day...is important'.

For some of the companies in the study, this was also understood to be part of their contribution to national reconstruction and development of the country and by assisting in service delivery. The strategies for the implementation of their programmes also took the form of partnerships with relevant government departments, NGOs and community-based organizations.

For instance, company data indicated that in the ICT and Finance industries more emphasis was placed on the teaching of Mathematics and Science and thus such programmes were funded by companies as they too require a pool of skilled personnel in these fields. In this way they invested in such programmes to meet national needs
and to address the company's need for skilled human resource capacity in the future. Companies in the mining sector made substantial contributions towards HIV/AIDS awareness and treatment programmes. The justification for such involvement could stem from their interest to stabilise their labour capacity which is necessary for the sustainability of their business. In addition, some of the companies especially those obligated by legislation, incorporated aspects of provincial or local development strategies into their CSR activities. The mining houses in particular were obliged to use local Integrated Development Plans (IDPs) developed by local authorities to guide their selection of CSR projects and to align them with provincial and local authority development plans.

The downside of this approach was that creativity and innovation by some of the companies was compromised. In some instances these development priorities are not entirely in sync with local conditions. In this regard, one of the NGO respondents mentioned that:

'Some companies are close to the action on the ground and understand the needs of their communities as this is also brought to their attention by employees'.

This suggests that some of the companies were vigilant about ensuring that their CSR initiatives are indeed responsive to the actual needs of communities and this may require that some autonomy and flexibility be given to companies to decide on their own interventions based on local realities.

Companies appear to be concerned about being embroiled in local level conflicts due to political volatility in communities arising from protests about service delivery failures. Alignment with local Integrated Development Plans (IDPs) can also be used for ulterior political motives by local authorities for electioneering purposes by using the companies to invest in their constituencies simply to gain political mileage. My experience in this
context within the mining industry and interaction with local municipalities has been that the local political elite tend to endorse the implementation of specific programmes in order to gain political support when it comes to the election of ward councillors in local government council elections. This is exemplified in the following statements that were made by a community member and an NGO official:

**Community member:** 'Now that the local elections are around the corner, our local councillor has now become very active to organise several meetings because the ANC Youth League has also appointed someone to compete against him'.

**NGO Official:** 'The main problem is that this community is vulnerable to the ambitions of these office bearers and feel cheated by promises made, that is why they threatened to burn down the house of the current councillor'.

Another concern that emerged from the interviews with stakeholders pertains to the duration of CSR programmes or interventions. Government developmental plans in general have long term time lines while businesses often make short term commitments to development projects depending on the availability of CSR budget allocations which are based on the profit margins of corporations. This issue is discussed further in the next chapter.

In order to address these short coming, companies in the study indicated that they concentrated on gaps which were not identified as national priorities but which were needs expressed by communities at provincial and local levels. In some cases, programmes were therefore devolved to the local level by some of the companies in order to increase their responsiveness. Some of the companies indicated that they conducted local baseline needs analyses in the areas in which they operated so as to inform them of how to respond effectively to national development priorities and local needs.
4.5.5. Community stakeholder demands

Extractive and high impact industries like mining and manufacturing mostly recruited employees from their immediate communities and their CSR policies and strategies were designed to meet these local needs. Companies in the ITC sector tended to concentrate on those communities, in which their technological equipment was located, for example telephone lines, cables and digital high masts. Some of the companies indicated that concentrating on the communities surrounding their operational units helped to involve local employees in their own communities and also made it easier to identify issues that needed to be addressed. However, this presented some of the companies, especially mining houses, with a dilemma as their proximity to local communities made them more susceptible to be pressured by local groups to meet a range of social and economic demands which companies do not believe should be their responsibility alone. For example, the issue of local employment and an ownership stake in the mines are common demands made by local community groups.

Overall, it was evident from the documentary data that companies that were in a similar industry sector e.g. manufacturing, resources, financial services, tended to have similar CSR policies and strategies. For example, support for environmental projects which focussed on rehabilitation and maintenance of derelict areas by mining companies was a common feature. Companies in this category emphasised enterprise development (ED) and skills development strategies in the communities; these were obligatory requirements set out in their Social and Labour Plans that guaranteed their mining rights. Those in the food services sector emphasised policies and strategies which focussed on community health and wellness.

In summary, external stakeholder demands particularly from local communities were therefore also important drivers of CSR programmes and the particular community oriented approach that was evident in some companies.
4.5.6. Image, reputation and brand positioning

The research data indicated that companies in the financial services, ICT and manufacturing sector emphasised the importance of using their CSR activities as part of brand enhancement and also to project a good corporate citizenship image. Moreover, they aggressively promoted their CSR activities in different media, as evidenced by the plethora of advertisements which they tended to flight in the mainstream media during peak audience times, especially in the electronic media. The other media identified in the research included the use of billboards, radio, sustainability reports, pamphlets and other print outlets such as special previews and inserts in newspapers. Most of these companies’ CSR functions were intertwined with either their communications, marketing or public relations departments. The involvement in CSR activities of this nature may be explained in terms of their need to promote economic returns derived from their CSR investments.

4.5.7. The role of senior management as drivers of CSR

An important finding that emerged from the data was that all companies mentioned the role of senior management and the board as the driving forces in shaping the policies for CSR in their respective companies. Such a high level of commitment at senior management level assisted in the leveraging of company resources and mitigated any risks which could arise from non-involvement in CSR activities. Company respondents indicated that they had a central role in decision-making in relation to policy and strategy formulation for CSR. The role of a CSR according to Friedman (2005) is a wide ranging one and senior executives of corporations are not parliamentary democracies: the CEOs are despite accountability to shareholders, expected to exercise far wider prerogatives than those meant to be afforded to elected politicians, they are expected to take charge of decisions and to be judged by their results.'
The CEO therefore has overall oversight of company CSR initiatives with different organisational arrangements which is considered in Chapter 5. The purpose of strategic management of CSR in most of the companies studied was to keep the CSR agenda on the company's strategic agenda. A CSR practitioner interviewed affirmed this by stating that:

'Had it not been for the enthusiasm of our Chief Operating Officer we would not be getting the financial support we require as other senior managers think that our CSR budget is money going down a big hole'.

CSR strategies are also perceived by some companies as providing them with a competitive advantage in the market place and serves to differentiate companies from one another based on their niche areas. This seemed to create tension between the CSR programmes of the various companies which resulted in competition with some negative consequences. This approach was criticised by one respondent who is a senior company official who commented:

'While companies compete on most levels, CSI shouldn't be a competitive space but rather one in which lessons learned should be wisely shared. I'm not arguing for a conformity of practice which could undermine the very innovation that South Africa needs, but I am suggesting that we shouldn't be territorial when working for the national good'.

Senior executives and CSR managers therefore have an important role to play in addressing tensions of this kind, to lead innovation and to create a collaborative culture and learning environment in their companies. In one of the companies in the study, an external advisory team of experts was established which acted as a think tank to advise senior management on CSR risks and opportunities. This approach resulted in the provision of training to senior management on CSR matters in order to broaden their understanding of the field. Some of the websites studied provided examples of senior...
management and leadership commitment to CSR by advertising their key note speeches on their websites and by the inclusion of summaries of their programmes to mention a few.

4.6. STAKEHOLDERS ENGAGEMENT

CSR initiatives appear to have refocused South African companies on a wider range of issues and relations. Andrionf et al (2002) points out that neoclassical economists conceived of companies as closed systems only concerned with shareholders' interests. The refocusing of company missions on their wider social responsibilities has resulted in a shift from a narrow to a broader focus on company-society relations which has paved the way to a greater concern with their social context and its reciprocal impacts on business outcomes. Waddock (2002) argues that stakeholder relations are multi-faceted and complex especially as boundaries are unclear, but they are nevertheless considered to be the prime targets and source of influence for companies particularly in relation to their CSR initiatives (Pava and Krausz 1996). In this section, I report on the diversity of stakeholders that companies engaged with and how they perceived them including community and beneficiary perspectives of CSR.

The different companies identified their various stakeholders as their beneficiaries or as important partners in their CSR activities. These were mainly referred to as the following although not in particular order of importance: communities; suppliers; customers; employees; shareholders; trade unions; community based organizations (CBOs); non-governmental organizations (NGOs); international institutions and agencies and local, provincial and national government. Communities were the most commonly mentioned stakeholders and were specifically qualified in most statements to refer to Historically Disadvantaged South Africans (HDSA); poverty-stricken communities or groups; the poorest of the poor; disadvantaged rural poor people; women; the disabled; vulnerable children and the elderly.
The companies in the study also identified their internal or external stakeholders as beneficiaries of their CSR programmes. Internal stakeholders included employees and their families, suppliers and customers. Stakeholders external to the company were not part of the mainstream business activity and were cited as including local communities, NGOs; CBOs; local, provincial and national government; international agencies; NGOs, business institutions and other organisations.

The spatial location of the stakeholders was also highlighted by some of the companies in their statements. For example, some companies referred to rural communities, communities from the labour sending areas, remote communities in the different under-resourced provinces of South Africa and mining communities. Only a few of the companies highlighted employees as important stakeholders in their CSR statements. In general, employees are part of the community and some companies them to be part of the general community.

The relationship with stakeholders was reported to be based on partnerships. In most of companies’ statements where these were indicated, the motivations were related to the impact of the programmes, resources, expertise and the legitimacy derived from such a relationship. Many of the companies reported interacting with several stakeholders, suggesting that a multi-layered engagement approach was employed. The implication was that the companies responded to a wide range of stakeholder interests. The disadvantage of this approach is that it could result in conflicting or competing interests between the parties. In general most of the companies in the study appeared to have adopted an outward looking CSR strategy and philosophy with regard to stakeholder engagement.

Partnerships as a way of facilitating collective responsibility for socio-economic development were commonly mentioned as the preferred mode of engagement. Partnerships with NGOs and different government structures and levels were emphasised in some of the company statements. The emphasis on partnerships was
found to be more common with mining houses, large scale infrastructure development projects with local authorities, and other government departments. While the motivations of companies to engage in public private partnerships may be due to their need to find new business opportunities, co-responsibility of this kind also serves to mitigate the risks of "going it alone". External pressures such as the regulatory environment which was discussed earlier on appeared to provide the impetus for the various companies to engage in a range of partner arrangements. The shareholders as owners of the company were repeatedly mentioned as the main beneficiaries of the company's performance. In order to enhance profitability, CSR was used as the vehicle to attract more investors. This was done through annual reporting of the companies' performance on the economic, social and environmental dimensions.

4.7. SUMMARY AND DISCUSSION

Different terminologies were used by the ten companies in the study with varying interpretations. This use of multiple terms by the companies indicates that CSR as a practise is not homogenous and indicates a lack of consensus regarding a precise definition of the term, hence the concept still remains an elusive one. The most commonly mentioned terms across the ten companies included Corporate Social Investment (CSI), Sustainable Development (SD) and Corporate Social Responsibility (CSR). In general most of the companies referred to Sustainable Development (SD) as the more embracing term and considered other terms as only a part of the whole. It was apparent from the data that the choice of a particular acronym used by an organization was also influenced by either the industry sector in which it was located, or the company profile. The study revealed that most South African national companies used the term CSI while subsidiaries of foreign owned companies subscribed to CSR and SD. In defining CSR, 'a return on investment' was more pronounced in all companies and this emphasis on the economic objective was mostly viewed as the sine- qua- non to CSR. The profit motive acted as a catalyst to broader sustainable development which in turn would benefit other stakeholders in the society. Other aspects like the social and
environment dimensions were perceived as secondary to the economic pillar by some of the companies. In companies which are heavily regulated like the manufacturing, energy and mining industries, the environmental and social dimensions were given more preference. For all the companies there was acceptance of the importance of the triple bottom line reporting as being significant to acquire the social license to operate. Also there exists differing views of what CSR should be as expressed by varying stakeholders who held different ideological positions about CSR. These perspectives ranged on the one end of the spectrum from free-market approaches with limited interest in CSR as it is viewed as a drain on company profitability. A centrist view that may be termed an accommodationist or integrative approach to CSR attempted to reconcile social, economic and environmental development goals. And, at the opposite end of the spectrum, a critical view of CSR was adopted where it was viewed as a ploy by capitalist institutions to appease the poor whilst they generated super profits and exploited the natural environment. Stakeholders therefore held different ideological views of CSR and its positioning in society which had a bearing on the nature and scope of their engagement in CSR activities.

The most common values identified by most of the companies in the study included integrity and responsibility. Values were identified as signifying the persona or the ethos of what the company stood for. This was meant to portray the normative aspects of what it means to be being a good corporate citizen. These values were also considered as the cornerstone of how the companies wished to be perceived by their external stakeholders. Company values were also embedded in codes of conduct, internal processes, procedures and structures and were targeted at both employees, the value chain, especially for suppliers who had strong business relationships with the company, and its external stakeholders. However, a gap was identified between the stated beliefs and actual practise in companies. In these instances it also resulted in value and ethical dilemmas for CSR officials and it exacerbated tensions between internal and external stakeholders.
A variety of drivers influencing CSR policy and strategy were identified. These were the different ideological perspectives and discourses about CSR as expressed by the companies’ understanding of CSR and the varying stakeholders’ ideological perspectives. The growing call by the post-apartheid government to implement a developmental state philosophy as a vehicle for promoting sustainable and equitable development in South Africa was an important driver shaping CSR practises of companies in the study. The idea of a development state is also being executed through increasing regulatory frameworks governing socio-economic and environmental development. This has resulted to a significant extent in the realignment of company CSR programmes with legislative requirements and the envisioned national development imperatives.

While the above approach is a prescriptive one which was criticised by some organisations in the study, attempts are being made to find a balance between responding to national priorities and local needs with many companies positioning their programmes in niche areas which addressed gaps in social provision, economic development namely employment and livelihoods activities and in environment development. The influence and power of external stakeholders especially the trade unions, communities and beneficiaries directly impacted by the operations of the companies have shaped the nature and direction of CSR programmes. Civil society organisations are also casting a critical eye over corporate social investment and represent a critical voice about the role of business in society. The power and influence of these groups is likely to determine the direction and scope of CSR in the future.

In the next Chapter 5, I turn to the actual implementation of CSR in practise.
CHAPTER FIVE

RESULTS PART II: THE IMPLEMENTATION OF CSR

5.1 INTRODUCTION

The previous chapter provided insight into the terminologies used by companies in conceptualising CSR, the values and dimensions that inform their approach and strategies including the nature of company-society relations and the drivers that influence CSR in these organisations. The interview material also provided insight into the diversity of perspectives of stakeholders and how their beliefs shape the direction and discourses about the role of CSR in sustainable development.

The present chapter is aimed at understanding how CSR is implemented in practise. Hellriegel and Slocum (2007) define the concept of implementation as the process of carrying out a policy and turning it from a written [company] policy statement, law or guideline into “action on the ground”. Lindgreen, et al (2010) points out that successful strategy formulation does not guarantee successful strategy implementation. It is always more difficult to do something (strategy implementation) than to say how one is going to do it (strategy formulation). For Kerr (2006:30-39), implementation is primarily an operational process which requires leadership skills and coordination among people.

The success of CSR strategies according to Lindgreen, et al (2010) is dependent on various factors such as social and environmental risk assessments, overall company profits which determine the size of CSI, the quality of human resources, the nature of public participation and stakeholder engagement, senior management commitment to CSR and monitoring and evaluation systems used to measure CSR impacts. Other factors that are pertinent to the success of CSR programmes are related to organisational arrangements, clearly defined responsibilities of CSR managers and staff to avoid role confusion and turf battles between them in dealing with CSR matters.
In light of the above, the focus of this chapter is on a descriptive analysis of the organisational arrangements, staffing, budgets, CSR focus areas, implementation strategies and the monitoring and evaluation of CSR in the various companies in the study. This review of the implementation of CSR suggests that CSR is an emerging field of practice which does not appear to have received much attention in the literature in Development Studies. This is possibly because of the ambivalence of various role players about the potential contribution of CSR to sustainable development and also because of its multi-disciplinary nature. CSR does however feature more in the field of business management.

The chapter is structured as follows: section one examines the organisational arrangements of CSR; section two discusses staffing; budgets are considered in section three; CSR focus areas and implementation strategies are outlined in section four; and the final section examines the monitoring and evaluation approaches and strategies of the companies in the study. In each section, focus is on a descriptive analysis of what the current situation is in these organizations as well as the issues and challenges that it represents for the implementation of CSR.

5.2 ORGANISATIONAL ARRANGEMENTS

Chandler (2007) advocated the notion that "structure follows strategy". Simply put, the organisational structure should be designed to facilitate the implementation and accomplishment of an organisational strategy. According to Kerr (2006:30-39), it must be acknowledged that strategy and structure operate in a feedback system. Strategy influences the resulting organisational structure, but the existing structure can and does influence the variety and type of strategic alternatives available to the organization.

Daft (2008) also indicates that generally the strategy and structure must be properly aligned if the organization is to be successful in achieving its objectives. Organizations can seldom veer substantially from its current strategy without major alterations in its
structure. Most of these studies suggest that the relationship between strategy and structure is highly complex. Enough evidence exists confirming that a chosen strategy cannot be effectively implemented without developing an organisational structure that complements and that supports the strategy. Appropriate strategies and organisational arrangements are needed to respond to the development challenges facing communities.

A CSR official from a multinational subsidiary alluded to this challenge when he stated that:

'Some of the CSR strategies passed on to us are not feasible as they do not take into consideration the extent of the poverty levels of communities in our area, for example we cannot support fine arts like an opera house when there is high unemployment and crime'.

The types of structures that were implemented by the companies were either of a bureaucratic nature or were flatter organisational structures which allowed for faster decision making and devolved authority. This however depended on the characteristics of the different company particularly if they were MNCs. The boards of management were the main decision makers regarding CSR strategy and some of the issues regarding structure and decision making are discussed below.

5.2.1 Role of management boards, types of CSR structures and decision making

In general, all the companies in the study identified the Management Board as the main central structure vested with the overall CSR decision-making and strategy formulation responsibility of the company. The organisational structure and composition of the board differed from one company to another depending on the ownership. Three of the Multinational Corporations (MNCs) exhibited vertically bureaucratic structures where CSR decisions were taken at global headquarters and then devolved to national management boards before being cascaded down to the relevant business unit
responsible for CSR implementation. In the case of the mining industry, the MNC subsidiaries were then assigned the role of implementation within the framework provided by the parent company. The Chief Executive officer was considered in all companies’ documents as the most important individual with regard to CSR decision-making. In this regard Zadek (2004) makes the point that the size of some of these MNCs coupled with extensive procedures and policies created by them are impediments to timely delivery of CSR programmes.

The hierarchical approach was considered to be problematic by one of the senior employee respondents responsible for CSR who commented that:

"This hierarchy is cumbersome and stifles creativity as we need to wait for budget approvals and go ahead on projects by people overseas who are far removed from the problems we have in South Africa. My staff become despondent and it makes it difficult for me to motivate them, worse still with community members who have high expectations about us as a mining company".

This was typical of the global mining houses in which some of the CSR staff indicated that response times to requests for funding took long as decision makers in the parent company’s headquarters schedule meetings on a quarterly basis on CSR matters. In some instances when approvals were finally provided, the situation on the ground could have changed, thereby creating a misfit between projects and responsiveness to needs. Slow decision making was interpreted by community beneficiaries as a lack of commitment and good will by company officials who were constantly making excuses for non-delivery on their promises. This was articulated by one of the community beneficiary respondents in the study who said that:

"Every time the mine community officers come to address us, they always protect their management saying the board has not yet met!....the board is still going to mee...! and we have told them that we now want to talk to the board not them".
One of the CSR practitioners reflected on the pressure that they face from communities due to management inefficiencies:

‘Our main problem and downside is that accountability is forced to the top management and can result in poor delegation of authority and delayed implementation of CSR activities which agitates the community as they require answers from us and they think we are protecting the board’.

These situations highlight the dilemmas and tensions confronting community CSR practitioners in the face of volatile communities, especially in South Africa where high unemployment and poverty is often on the doorstep of companies and government. The distance of decision makers from grassroots needs and issues only exacerbates the problem.

While management boards are attempting to be more professional in their approach to the allocation of CSR resources, community beneficiaries also expressed concerns about how these decisions are made. For instance, concerns have been expressed about instances where the Chairman of the Board or in some cases the Chief Executive Officer allocates resources based on their own inclinations rather than company strategy. Mahuma (cited in Habib, 2008:165) cautions against these approaches to decision making and intervention that are directed by what is often referred to as the ‘whim’ of those who run the boards. Hence there has been a clarion call from interest groups like NGOs for the regulation of the powers of the board with regard to CSR decision making. In discussion with an NGO official, a respondent in the study, she noted that they have less influence on board decision making than say trade unions that have greater power in the business environment.

‘As the voice of the people on the ground, our biggest hurdle is to make the board of directors understand the urgent need to assist the poor community...this is
always snubbed at but when the trade union people talk they are listened to because this is where it hits their pocket...if the employees strike'.

Three of the national companies in the study reported that they had adopted flatter CSR structures through their involvement in employee programmes which made it easier and more economical to reach communities. The devolution of power, especially by financial services organisations (more specifically the banking companies in the study) and retail companies, through provincial implementation of CSR functions ensured a more effective distribution of projects at local level. It also allowed for greater responsiveness to stakeholder perspectives about the direction of CSR initiatives.

The community, government and trade union interviewees mostly concurred with the idea that it was better to have decentralised CSR structures and decision making; it also allowed for a diversity of opinions on CSR matters than a reliance on the views of a select few which could impact negatively on the legitimacy of company initiatives. In this regard a community leader reiterated that:

‘Our slogan which we now use when we are talking with the company is...nothing for us, without us’.

However, company managers were of the view that this proximity to stakeholders increased grassroots pressure for CSR initiatives and promoted a culture of dependency. One of the managers in the study articulated this view as follows:

‘We have a big problem in this country where the culture of entitlement is ruining self-reliance of the community and soon we will be having a begging society’.

This discourse about dependency and the undermining of self-reliance in communities through CSR was reiterated by other respondents. This is also reflective of wider societal discourses about the country’s extensive social welfare provision in the form of social
grants and other public services. These views are contrary to evidence on the benefits of social protection programmes, such as Child Support Grants, on social wellbeing (Patel et al, 2012). Also pressures which are placed on companies by communities with regards to employment opportunities and the current demands represented in slogans by the ANC Youth League such as 'Economic Freedom in our Lifetime' (City Press, 13 November, 2011) serve to increase pre-existing negative discourses that CSR would encourage entitlement and dependency.

5.2.2 Internal organisational structures and role of CSR practitioners

According to Kerr (2006), no organisational structure is applicable to all situations. This realization has led to the emergence of the contingency or situational approach to organizing CSR. This approach holds that the most appropriate organisational structure depends primarily on the organization's objectives but is also influenced by the extent of growth of the organization, and the environmental conditions which affect the organization. In the study, different companies had adopted a variety of internal organisational structures to implement CSR based on the aforementioned factors.

Eight (8) of the companies indicated that the structure of CSR has graduated from being a unit which caters for a discretionary pool of funds which is held by the senior management or what is referred to as the traditional Chairman’s Fund to one which is characterised by set policies, strategies, processes, procedures and criteria for the determination of areas to support. It was evident from the review of the company documents that all companies had established standing CSR Committees whose primary responsibility was to assess and approve the applications which were addressed to the company. In eight of the companies the CSR committee had responsibility for the final decision while in the other two companies its role was only to assess applications and senior management subsequently validated and approved the applications. The companies therefore had appropriate structures and systems of decision making and control in place to manage the adjudication and approval of funds to the applicants.
According to Lindgreen et al (2010), different types of organisational structures are created by companies such as functional, divisional, and strategic business units (SBU) some of which are either autonomous units or mainstreamed CSR into the core business of the company. The data showed that the three types of internal management structures exist to deliver CSR: Firstly, two (2) companies had separate autonomous units to run CSR activities. Secondly, only one (1) company outsourced CSR functions to other consultancy companies specializing in CSR and finally, seven (7) companies integrated CSR activities into their core business. All the companies in the latter category such as financial services, manufacturing and in the mining sectors, the CSR departments were a stand-alone department with a dedicated senior manager tasked with the implementation of the strategy of the company. The two (2) retail companies in the study had their CSR functions integrated into the Human Resources departments. The rationale for including CSR in the human resources department seems to be due to the fact that employee involvement programmes are the dominant focus points of CSR activities for these types of companies thereby justifying this organisational arrangement. The foreign owned companies' CSR structures seemed to be similar across the entire business group regardless of the country in which they operated. This blueprint structure was replicated in all operations for purposes of achieving uniformity.

The debate about the authenticity of structures that are relevant to local realities was articulated by a trade union official who complained that:

'**These multinational corporations are actually imposing their home structures and philosophies on us and we just watch them and government says nothing about it and when the social programmes fail they blame the CSR officials whereas it's their imported models which cause the confusion**.'

CSR structures and interventions that are driven from the perspective of the benefactor only were criticised by trade union and community respondents. Thus internal CSR structural arrangements need to be organised in ways that will allow for the voices of
external stakeholders and promote local development of communities. De Beer (2005) suggests that social interventions for community development are effective if there is consultation, empowerment and participation from the beneficiaries. How best to give effect to these principles in how CSR is structured remains a key challenge. Some companies have formalised stakeholder engagement forums. However, there are limitations with such mechanisms as it is often not clear what the constituency of some of the community stakeholders are which may in turn not be reflective of the views of community members. Also, it is evident from the aforementioned discussion that external stakeholders do have some power and influence over the responsiveness of companies to social needs, it seems that they were less successful in shaping decision making about how CSR operations are structured internally. This might be because these are considered to fall outside the domain of external stakeholders as it is perceived to be the prerogative of the company. While this may be the case, structures that are efficient and responsive to local development realities could go a long way in the delivery of effective CSR programmes.

Different terms were also used to describe various CSR structures across the ten companies which resulted in some CSR programmes not being easily identifiable. For example in the mining sector, CSR was delivered by staff responsible for health, safety, environmental and community issues. Staff members responsible for CSR were referred to for example, as the Sustainable development manager, Community superintendent, Community Manager, Community or Public Affairs. On the operational side, dedicated community development practitioners or community liaison officers were engaged to implement CSR. The latter’s role was to interact with communities at grassroots level and the practical implementation of CSR activities and programmes. Varying descriptions were mentioned by company CSR manager respondents pertaining to the role of the CSR implementers. They described them as the ‘foot soldiers’; ‘eyes and ears’ and ‘face of the company’. This functional role could be viewed as being one of acting as early warning systems in identifying the risks, opportunities and mood of the
communities in which the company operates. Though this function could be value adding to CSR, it could also be detrimental especially where the roles and relations between community officers and external stakeholders such as beneficiaries, community groups and employee organisations.

On further assessing the role of the community practitioners in the community, one company CSR officer interviewee stated:

‘Our job is like being thrown into the battle front - the community is just angry and consider the company to be government - all service delivery problems are put to us - we end becoming the psychologists, social workers and they expect us to perform miracles - sometimes it is risky’.

The discussion on the role of community development practitioners in CSR programmes may suggest that the role of community development workers is not well defined and that in practise their role is understood to be a social control function and mediation function with less of a focus on their widely accepted roles such as facilitators, enablers, educators, planners and advocates (Lombard, 2000; De Beer and Swanepoel, 2001 and Weyers, 2011).

In contrast to the mining companies, the financial and retail sector companies often made reference to the terms Head of Foundation, General Manager, Chair of the Trust and CSI Manager, Executive Corporate Affairs and Corporate Sustainability Manager with respect to the senior staff members tasked with the CSR component. These were senior positions within the company and such candidates were part of the company’s executive management committee. CSR staff played a strategic role in implementing the company’s CSR strategy. The Corporate Affairs’ functions also included the communications or public relations and marketing related business units. An analysis of the functions of the business units within the corporate affairs department indicated that some of the responsibilities of these units tended to overlap and were inter-
related. This type of structure was consistent with the traditional approach of associating "softer" non-core issues with marketing and human resources. Habib and Maharaj (2008) indicate that the latter is consistent with companies that did not position CSR as central to their core functions but as an after-thought.

The Human Resources (HR) Department featured in one company as the location for CSR activities. On being asked why CSR had been located in the human resources department, a company official in one of the leading retail companies with a chain of supermarkets indicated:

‘Our CSR activities are mainly employee driven and we take the philosophy that employees are from the community, live there, are our consumers and know better than us what are the problems and issues...so it makes business sense to have the Human Resources department to manage this portfolio’.

Da Piedade, et al (2006) suggests that softer issues of business in South Africa have traditionally been assigned to the human resources department, but due to increased specialization and legal obligations which go with CSR, the practice has now carved its own niche in the corporate lexicon.

5.2.3 Foundations, Trusts and CSR outsourcing

Due to the large number of core business units in national and MNCs, some organizations have found it difficult to control and manage all their activities. As a result, not all companies have elected to adopt the strategic business unit structure where CSR is integrated into the company’s core business as mentioned above. The documentary analysis revealed that the establishment of Trusts, Foundations and outsourcing has gained greater popularity in South Africa for CSR implementation and management. Two (2) State Operating Enterprises in the energy and telecommunications sectors and one (1) telecommunications company have established a Foundation and one (1) MNC mining company created a Trust Fund to implement their CSR activities. In another
mining company, its Trust was given a vernacular name to portray what the trust seeks to achieve and emulate in the society namely, ‘Zimele’. The term literally means ‘independence’, and denotes a philosophy which moves one away from being dependent on the benefactor to striving for economic independence. Only one (1) company outsourced its CSR function.

The foundation structure adopted by the three (3) companies were considered legal entities and were registered as NPOs in terms of the Non for Profit Organizations Act NO 71, 1997 or as a Section 21 company in terms of the Companies Act, 2008. They had their own governance and organisational structures, even though in some areas, the main company still exercised an oversight role through an elected Board of directors or representation by a senior manager of the company. The management board of the Foundation or Trust also consisted of independent board members and the senior executive of the entity. Registration as an NPO or section 21 company means that these organisations are defined as operating in the public interest and therefore qualify for tax deductions for the donations that they make.

The Trust Fund established by the MNC mining company in the study had similar management and governance structures to the Foundation structure, except that the parent global company prescribed the protocols and procedures to access funds and the nature of development areas which could be sponsored. The Trust Fund in the latter case is considered an independent body where the trustees appointed a chairperson in consultation with the senior executives from the different business units. The trustees' role was of an oversight nature and a way of ensuring that the disbursement of funds was in compliance with the set governance protocols. The Trust Fund served as a central repository of contributions by the different business units made in terms of the company’s adherence to allocating 1% of Net Profit After Tax (NPAT). In the interviews it emerged that the company also appointed independent professionals with good credentials to participate in the trustee’s meetings as a way of ensuring that good corporate governance was exercised and general oversight provided.
As mentioned earlier, only one of the companies outsourced their CSR functions to an external service provider. When asked about the motivation behind the strategic decision to outsource the CSR component, a company official’s response was encapsulated in the following statement:

'It makes business sense to have our implementing partner do this for us as they are experts in the field and this minimises our risk to make mistakes in what we are not good at and we decided to have an independent partner who could assist us to identify sustainable projects and ensure accountability for our CSI funds and bring social return on investment'.

An NGO official respondent also defended the position of outsourcing as the correct model by stating:

'A sustainable approach is to separate CSR from business imperatives like marketing and branding as these subvert sound CSR, so that it can work for the long term horizons of real community change'.

In an interview with two (2) junior CSR officials about the role of similar consultancy work they commented that:

**Respondent 1 (Mining company):** 'Our mine is throwing money away by duplicating what we should be doing and this causes confusion in the community as different messages are going out. Now there is talk about retrenchments and the first people HR targets is us in the public relations...the money they are paying for management fees to consultants should be going towards the community'.

**Respondent 2 (Financial services company):** 'The use of consultants is now a norm in the industry, look how many CSR companies are out there conducting conferences, running company CSR budgets and formulating systems for companies.'
The above quotes illustrate the various arguments for and against using external contractors to deliver CSR. It is my opinion that CSR officials who are closer to communities and the needs that are being met are in a better position to do so than intermediaries. These sentiments are supported by Logan and Tuffrey (2000, in Habib, 2008) who cited a trade unionist in their study who stated that ‘Brokering for social development can be likened to the colonial history in which we have seen of the damage caused by development missionaries who in the name of salvation imposed their social experiments on communities and subjected them into further poverty’.

This view was widely held by most CSR practitioners who were interviewed. For them of course there are issues of employment security which worry them.

A government respondent took the following view on this issue:

‘It is not whether the project is a good idea or not, but whether the people behind it will be able to make it work- this is what CSR technocrats miss. If you lose sight of the people, and especially those who are supposed to be beneficiaries, then you lose everything’.

In a similar vein, Fig, et al (2005) object to this approach and criticise contracting out as a way of ‘externalizing the negative costs’ of companies, it brings distance between a company and the people it intends to serve and it could result in companies reneging on their responsibilities. In an editorial column of a national newspaper one NGO critic suggests that CSR programmes are more effective if they are located in the ‘internal structures’ of companies that report directly to the Chief Executives. This is premised on the notion that Chief executives of companies have the power and can determine the social strategy which the company follows.

In light of the above debates it is crucial that companies carefully consider the advantages and disadvantages of contracting out their CSR functions.
5.3. STAFFING OF CSR PROGRAMMES

This following section outlines the CSR staffing profile across all the companies in the study with reference to race, gender, age, position occupied by CSR officials in the organisations followed by work experience in the practice of CSR and lastly their educational background and qualifications.

5.3.1 Race, gender and level of employment of CSR staff

The statistics provided by the ten (10) company officials (respondents) indicated that in total there were forty two (42) CSR officials employed in the CSR departments across the companies who responsible for the actual implementation of CSR. The information below (see table 3) shows the overall composition of CSR officials according to race, gender and the level of seniority they occupied in the organisations. Overall, 64% of CSR officials were female as compared to just over a third (36%) who was male. However, males were over-represented in senior positions (75%) compared to females (25%). As expected fewer senior positions exist across all the organisations of which slightly more were white males than Blacks; a similar distribution was evident between white and Black females at this level.

Among the junior officials who made up 71% of the total number of staff across the ten organisations, two thirds were female and were mainly Black females. In total, 85% of the company officials were Black of which 52% were Black females. Black female junior CSR officials were more dominant at 66% compared to White females who were only 5%.
Profile of CSR Officials

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
<th>Female White</th>
<th>Male White</th>
<th>Female Black</th>
<th>Male Black</th>
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<tbody>
<tr>
<td>Senior Officials</td>
<td>4</td>
<td>8</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>4</td>
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<tr>
<td>Junior Officials</td>
<td>20</td>
<td>10</td>
<td>1</td>
<td>0</td>
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<td>9</td>
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<tr>
<td>Total</td>
<td>24</td>
<td>18</td>
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<td>5</td>
<td>22</td>
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Table 3: Profile of CSR officials across the companies (N=42)

Based on this evidence, CSR appears to be a female dominated profession across the ten companies in the study. The reason for this could be attributed to the general stereotype that CSR is a non-core function and is regarded as a ‘soft-issue’ which is peripheral to the business with men being considered to be more suited to executing the core functions of the business. This may also be in keeping with the perspective advanced by Patel (2009:20) who argues that ‘the sexual division of labour in the domestic sphere is often transferred to the public sphere whereby certain jobs are considered to be best performed by women. Thus, gender divisions in the care professions and services are more prominent among women’. This argument may well be applicable in the private sector to explain the trend toward the feminisation of CSR functions across the companies which are considered to be associated with social services and development.

Of the five (5) women respondents who were part of the sample of ten (10) company officials interviewed for this study, two were in the mining sector, one in the manufacturing sector and two were from state-operated enterprises (SOEs). A deduction from this is that the mining and SOEs seemed to have more females being
employed. SOEs are essentially an extension of government which may account for greater compliance with affirmative action policies. Similarly mining companies are obligated to advance the 'women in mining' policy as part of their license to operate which may be a reason why they are making more progress in this area. The financial services companies especially the banks also had a total of eleven (11) female CSR officials out of a total of twenty-two (22). It is mandatory for all companies to comply with national employment equity policies but this is implemented to varying degrees of success across the companies.

As earlier indicated for most of the operational activities which entailed community engagement and project implementation more women and fewer men were employed as CSR project implementers and facilitators of community stakeholder engagement. On being interviewed what they thought the reasons were for their selection to fill such roles, the female CSR practitioners gave varying responses that are captured below:

**Respondent A:** 'Well, the company thinks we are empathetic and can understand household and family issues in the community'.

**Respondent B:** 'I like my job because as a woman I can relate to the day to day problems the communities are having and I know these'.

**Respondent C:** 'Some of our male managers think this is a woman's job and they should be involved in more manly physical occupations in the company'.

**Respondent D:** 'I think it's a problem with all men about insecurity if we work with them in management'.

Similar gender stereotypes were identified by Patel (2009) in her study on gender and care in voluntary welfare organisations in South Africa. Zulu (2007:216) concurs that women's share of top management positions in executive bodies of companies is less than 10%. This discrimination is affirmed by Hofmeyer, et al (2012:1276-89) who
Not all the Black respondents in the study held the above views. One of the respondents took a more neutral stand:

'Whether a CSR professional is black or white, it doesn’t cut that his or her race can then determine competency and understanding of beneficiaries’ need. It all depends on the individual communication skills of that official, ethnic grouping is only an advantage'.

Habib et al (2008:223) contends that racial identity does not necessarily play a role in shaping CSR decisions. He however points out that Black practitioners are generally responsible to predominantly white Boards and senior management and their decision-making is therefore likely to be tailored to the preferences of those for whom they work. The notion that race can be used as a determinant of identifying issues within one’s cultural or ethnic group and that poverty is a concern of black people only is prejudicial to the communities being served and perpetuates racial stereotypes. The data however illustrates the challenges faced by companies in the staffing of CSR divisions and in giving effect to affirmative action policies. Given the pressure that companies face to meet their Employment Equity targets, there is the danger that only Black people and men will be considered to be appropriate for CSR appointments.

5.3.2. Work experience

Figure 1 below indicates that the majority of CSR officials 48% had between three to four years’ experience followed by 28% who had between five and six years and 12% had between seven and ten years’ experience. Finally, 12% had the least experience i.e. between one and two years. Thus almost half of the officials had a fair level of experience with a smaller number at entry level. Almost a quarter of the officials had between five and ten years’ experience. This suggests that the field is growing slowly and consistently over a ten year period.
Work Experience

![Pie chart showing work experience distribution](image)

**Figure 1: CSR work experience of company officials (N=42)**

### 5.3.3. Educational qualifications

The majority of the officials which constituted 90% held a university qualification. A breakdown of the disciplinary background of the officials who had at least a Bachelor’s degree was as follows: human resources (30%); marketing (30%); social work (20%) and 10% respectively in Development Studies and finance. CSR officials with Human resources and Marketing qualifications are the dominant employees managing CSR programmes. This may be changing as companies realise the need for Social Science expertise to manage this business unit (Da Piedade, et al 2006).
When asked how they were recruited to these positions, the following responses were provided by the CSR officials:

**Respondent 1**: 'I was actually head-hunted from my company by a consultant and she told me someone had referred my name to her company'.

**Respondent 2**: 'This is a small industry and people know each other and what is happening in other companies, so I was advised to apply by someone within the company'.

**Respondent 3**: 'Our Human resources department looks after CSR and they advertised internal for staff who had interest in working with communities...because of my passion for community [issues] I got the job'.

**Respondent 4**: 'It was a tough process of selection as there many candidates who applied and I made the last screening and got the job'.

The responses indicate a mix of recruitment methods ranging from referrals, internal processes and mainstream corporate recruitment processes. The former mentioned...
method aligns with current trends of recruitment in the corporate world as companies now need experienced people and in-house training is costly. Closely related to training, the CSR officials were also asked to provide information about whether they were trained in CSR more specifically. The following responses were solicited:

**Respondent 1:** ‘I learnt the job whilst doing it as I was always assisting the senior Human resources manager during his community projects.’

**Respondent 2:** ‘At the university I did Social Sciences and my other subject was Community Development, this was an advantage but when I started working I realised that this is really practical and did not know much about CSR’.

**Respondent 3:** ‘We are all attending seminars, workshops on CSR in order to understand the job better’.

A summary of the responses above indicates that CSR as a practise is still developing with officials learning on the job through on the job training and mentoring programmes. A lack of Social Science knowledge is certainly a disadvantage in light of the goals of CSR. The need for training is highlighted by Godsell who pointed out that special training is required to graduate as a CSR professional (HSRC, 2008). There is increasing awareness that CSR is a growing field and that there is need for the professionalization of the field. According to Adele Thomas, a professor of management at the University of Johannesburg (Business Day, 15/07/2010), ‘community awareness and social responsibility should be built into the curriculum of every subject’. Thomas makes an argument for mainstreaming CSR in various academic programmes to grow professionals who will promote corporate citizenship as a way of contributing towards a better and sustainable society. Such training will ultimately contribute to a future pool of CSR practitioners. Academic institutions such as the University of Stellenbosch’s Business School, the University of the Witwatersrand’s MBA Programme, Pretoria University’s Gordon Institute of Business Science (GIBS) and University of South Africa’s
Centre for Corporate Citizenship have included CSR in their academic programmes. These are however, all management programmes and it appears from my review of the websites of academic institutions that none of the institutions have included it in Development Studies or cognate disciplines such as social work. Given the diverse responsibilities of CSR practitioners and the multi-disciplinary knowledge required by them, careful consideration should be given to what knowledge, skills and values are needed to be an effective CSR practitioner.

5.3.4. Age

The age distribution of respondents reflected in Figure 3 below seems to suggest that the CSR officials in the majority of cases were between 30-35 years (47%) which may suggest that some work experience is an advantage. This was followed by 24% who were in the 30 years and below bracket; thus a small pipeline of potential candidates exists across the companies. Those between 35-40 years were only 17%, and lastly, the cohort of 40 years and above were 12%. The smaller numbers of CSR officials in the 35 years and above bracket may suggest that these are the more experienced senior managers who operate at strategic levels in the company.
Age composition

Figure 3: Age distribution of respondents (N=42)

When two of the senior CSR managers were asked to explain whether age is a factor in CSR, the following responses were provided:

**Respondent 1:** 'You see the person who you appoint to take on CSR duties should be mature, experienced in life matters and be a good judge as she/he has to communicate with different stakeholders, manage social risk and is the face of the company'.

**Respondent 2:** 'Young people do not stay in one job and can be a risk to the business that is why we need a steady person who the community can respect and build a relationship with'.

It is evident from the above responses that the job requirements point to more mature and skilled staff in working with people. However, if adequate training is provided, companies may be able to grow a group of skilled people who are qualified to perform these functions. It would also be important to develop career paths in businesses for CSR practitioners.
5.4. CSR BUDGETS: A TOOL FOR IMPLEMENTATION

Overall, the CSR budget was identified as the most important tool for the implementation of programmes. Companies in the study were found to be using varying formulae and funding criteria to determine the budget allocation for the different development sector focus areas which is presented in Section 5.5 below. All the companies used the guideline for contributions to CSR of one percent (1%) of net profit after tax (NPAT). This guideline therefore determines the actual allocation that companies make to CSR and it was mentioned in all of the sustainability and financial reports of the companies. When one senior company official was asked to speculate on the reason for this uniformity among companies’ contributions, she explained:

‘You see the corporate world works like this - we benchmark what is happening out there. In this case 1% NPAT is the trend so we follow suit. There is no company which will want to erode its financial bottom line because you want to be number one (1) - you will close shop’.

Based on available data for the ten (10) companies for the financial period 2007 – 2011 showed an increase in the amount budgeted by the companies (See Figure 4 below). The acceptance of this guideline is also captured in the Department of Trade and Industry (DTI) CODE 700 of the Black Economic Empowerment (BEE) Codes which clearly stipulates that companies should spend 1% NPAT on Socio Economic Development (SED). The guideline varies depending on the sector charters e.g. the Financial Sector Charter provides 0.5% of NPAT. However, one needs to consider that the one percent NPAT contribution is only one way that companies respond to legislation. Over and above the 1%, the companies contribute other non-financial aspects like time, expertise, resources and equipment and so forth and if quantified, it could be much higher than the mandatory 1% NPAT. However, this data was not available in six (6) sustainability reports of the companies reviewed. Trialogue (2011) reported that 82% of companies
nationally indicated that they made additional allocations over and above their CSR spend.

The multinational companies also used the same formula although some also allocated funds based on other variables, for instance the level of poverty and its geographical distribution in the areas where their different subsidiaries were located or based on the financial performance of a particular type of commodity at an international level. For example, a global coal company bases its CSR contribution to its South African operations on the earnings of the coal price for a particular year. By virtue of the extent of poverty and the strategic interest of MNCs in South Africa, companies sometimes allocate funds based on other factors. Apart from these internal formulae and guidelines, the legislative requirements also have a bearing on the allocations. Some of the companies indicated that as a result of these demands, they created separate CSR budgets to cater for legislative requirements for reporting purposes; these would be separate from their normal CSR budgets.

An interviewee from one company also added:

‘Due to the extent of poverty levels which we need to deal with, our 1% CSR contribution is not enough so we are partnering with like companies and also assisting our community project beneficiaries to source funding from institutions like the Independent Development Corporation (IDC) and the National Youth Fund’.

The acknowledgement that business cannot do it alone, as suggested in this quotation, seemed to be a growing trend within the CSR field.

An NGO respondent in the study questioned the continued use of a standardised formula by companies as this has become more fashionable even though the conditions in communities are constantly changing due to macro and micro socio-economic and environmental factors. She referred to the impact of the current global recession which
is resulting in shocks and stresses in society and is also impacting on the profit margins of companies which could result in the contraction of CSR budgets.

5.4.1. Company CSR budget spend

The total allocation to CSR by the ten companies in 2008/2009 was ZAR 616 million and this increased to ZAR 648 million in 2010/2011 which is a five percent increase over the previous year. Total spending by all companies nationally was estimated by Trialogue (2011) to be ZAR 5.1 billion in 2008/2009 and ZAR 6.2 billion in 2010/2011 which is a 17.7% increase. Thus the ten companies in the study made up 12% of the total national CSR spend in 2008/2009 and declined to 10% in 2010/2011. As a proportion of national CSR spend, the companies in the study’s contribution declined by two percent over the period under review. CSR budgets have however increased by 77% over the past ten years from ZAR 2 billion to ZAR 6.2 billion (Trialogue Handbook, 2011:35-36). The contribution of companies nationally to social development is significant as CSR budgets made up 62% of total government spending on welfare services of the Department of Social Development provincially in 2008/2009 and 55% in 2010/2011. The decrease is due to the fact that government spending on social welfare services has increased significantly over the past five years and is set to increase to ZAR 11.6 billion in 2010/2011 (National Treasury, 2009).

CSR spend among the companies in the study was disaggregated by the industry sector in which they operated. These figures are presented below.

The largest contributor to CSR was in the mining industry where the respective companies contributed an average of ZAR 65 million (see mining companies A, B and C in figure 4 below) in the financial years 2008/2009 to 2010/2011. Mining company A’s contribution of ZAR 165 million in the year 2010/11 and was double that of the other mining companies. This is so because apart from its mainstream CSR portfolio it also has a Chairman’s Fund which is an extra portfolio meant for CSR activities. During the same
period, mining company B and C spend on CSR increased from ZAR 78 million to approximately ZAR 115 million signifying a 47% increase. The high expenditure by the mining companies is driven by the scope of social development focus areas which are determined by legislation namely the Minerals and Petroleum Resources Development Act 2002 (MPRDA). This is due to the legislation governing the mining industry namely the Mining Charter and the Social Labour Plans that companies are obligated to contribute to socio-economic and infrastructure development which form part of the Local Economic Development programmes in areas where mining companies operate. Consequently, these requirements have resulted in high financial contributions in order to maintain their licence to operate. Also, the consideration of the 1% NPAT contribution is another reason for the high levels of expenditure if one considers the high profit margins which the mining industry accumulates per annum. Financial services sector company F exhibited the second largest contribution to CSR. During the financial year 2008/2009, the CSR contribution was at an average of approximately ZAR 90 million and this increased to ZAR 130 million during 2010/2011 financial year. This indicates a 44% increment. It is evident that the legislative and regulatory environment has played an important role in the performance of companies in the financial services - the Financial Charter compels companies to make a 0.5% NPAT contribution towards Socio-economic Development which is part of the wider scope of CSR. The other financial company J had ZAR 35 million in the 2008/2009 year and increased to ZAR 38 million indicating a small increase. The differences between the two aforementioned companies with regards to CSR spend could be because company F has a multinational shareholding and its spread in the country is quite extensive as compared to company J.

Three Companies I (Energy), G (Information Communication and Technology)(ICT) and E (Manufacturing) which are all State-owned Enterprises (SOEs) were the third largest contributors if their CSR spend is combined. Even though the energy company G had a decrease of 22% in 2010/2011 in their CSR spend, still the total spend of the three SOEs was still high. In the 2008/2009 financial year the combined SOEs spend was ZAR 210
million for the three companies and this increased substantially to ZAR 214 million in 2010/11 indicating a 2% CSR spend increment. This might be due to the fact that the government is the largest shareholder of a SOE and as such a high priority is placed on CSR. The ICT company H had a CSR spend of approximately ZAR 78 million in 2008/9 and this rose to ZAR 83 million in 2010/2011, thus indicating a 6% increase. Company D a leading retail company showed that in the 2008/2009 financial year it spent approximately ZAR 60 million and in 2010/2011 about ZAR 55 million indicating a decrease of 8% decrease. This could be due to the economic and financial crisis which has hit retail companies due to lower spending power of consumers thereby leading to lower profit margins and hence a smaller contribution to their CSR portfolio.

**CSR Budgets**

Figure 4 Annual CSR budgets for companies in the study (N=10)

![Graph showing CSR budgets](image)

Source: Compiled by the researcher drawing on data supplied by companies’ Websites, Annual/Foundation/Sustainability reports of the sample of companies in the study.
5.4.2 Summary

The following points can be made by way of summary. First, CSR spend of the companies in the study is significant as they contributed between 10% and 12% of the total spend on CSR nationally. Overall, the CSR budgets augmented government social development budgets by between 55% and 62% between 2008/2009 and 2010/2011. Second, the sectors which had a legal obligation to contribute towards socio-economic development like the mining, financial and state-owned companies showed a growing commitment to CSR spending and these companies were mostly motivated by the need to comply with legislation, industry charters and B-BBEE scorecards. Even though companies are compelled to contribute to CSR financially, many do go beyond compliance by providing extra funding to socio-economic development programmes through cash donations, equipment, time and employee involvement in community upliftment programmes. There is need for companies to estimate the value of these additional contributions.

Third, the CSR percentage increase for sectors like the financial, ICT, SOEs and retail has not been substantial in the 201/11 financial year and this may be attributed to the impact of the global financial crisis on the local economy. Thus, CSR budgets are dependent on the profit margins of the companies and macro-economic conditions do have an impact on the availability of funds. However, some economic sectors have experienced a rise in resources profits on a global level as well as increased demand by countries in Asia, which in turn has benefited CSR spending.

5.5. CSR DEVELOPMENT FOCUS AREAS

The following is a descriptive analysis of the CSR development focus areas which are prioritised by the companies in the study. The focus areas will be presented with reference to the industry as these have a bearing on the types of programmes that the companies are implementing. Only the salient points will be raised in the discussions.
Mining companies A, B and C, social responsibility programmes focused on the development areas of education, HIV and AIDS, welfare development, infrastructure development, health, arts and culture, sport, heritage, enterprise or SMME development, job creation, housing, policy and advocacy. Though companies A and C did not specify the percentage contribution of each focus area, the deduction was that those focus areas which had a bearing on legislative requirements were prioritised. These included education, HIV and AIDs, community development, SMME development and job creation, health, housing and the environment. Company B endeavoured to prioritise these by providing the budget allocation for each development area such as, education (36%), SMME development and job creation (23), HIV and AIDs (14%), Community development (12%) health (10%) and housing (5%). The financial companies F and J also prioritised education (40%), enterprise development (30%), health and wellness (20%) and employee community involvement (10%). The inclusion of employee involvement featured as a new dimension in this sector as compared to the mining sector companies. Motivation for this could be that this is a client based industry and the involvement of employees in CSR programmes could be beneficial in bridging the gap in particular areas of need and in the marketing of the services of the company to the wider community. The SOEs’ namely company G (energy), I (ICT) and E (manufacturing) also prioritised education, job creation and poverty alleviation. These focus areas are aligned to the government’s national priorities of addressing the ‘evil triplets’ as coined by President Jacob Zuma (State of the Nation Address, Parliament, 9 February, 2012) of poverty, inequality and unemployment. Company I was more specific by stating that it focused on funding information and technology in disadvantaged schools. Though company I is an SOE, its approach reflects an element of self-interest as it was interested in increasing its future pool of employees and also the national imperative of promoting the industry in the country. Lastly company D in the retail sector had a plethora of focus areas which entailed education, enterprise development, health support which focused on primary health care, cancer, the disabled, the vulnerable groups like orphans, street children, feeding schemes, HIV and AIDS
programmes, road safety campaigns and affordable housing and employee volunteerism.

The above description of the focus areas of the companies convergence with the focus areas identified by the CSI Handbook (14th ed)(2011:136), which is a comprehensive national guide on CSR in South Africa. The guide in its field research conducted with a sample of 97 companies, indicated that Education receives 36.8% of CSR spending which is supported by 92% of the companies interviewed. Social and community development follows with 15.5% of CSR spend and was supported by 78% companies. Health is the third focus area that was prioritised with 15.2% of CSR spent and supported by 68% of the companies. This is then followed by environment which receives 6.5% CSR spend and supported by 53% of companies. Food security and agriculture is one area which is now receiving more focus and allocated 5.9% of its funds and was supported by 42% of the companies. Enterprise development receives 4.9% of CSR spend and is supported by 38% of the companies.

The CSR programmes of the companies in the key focus areas are discussed in greater detail below.

5.5.1. Education

From the study it emerged that the companies concentrated on a wide spectrum and different levels of educational intervention as part of their CSR programmes. Companies that participated in the study selected one or two educational levels ranging from early childhood development through to post-matric levels. The support and funding of the education development sector was carried out mostly through financing of equipment, infrastructure, subject materials, as well as capacitating learners, teachers and management. In general, most of the companies in the study highlighted their funding of CSR as being mainly externally directed. The funding of company employees was considered as part of their core business development with the aim of adding value to
the human resources component of the company. One CEO of a financial company raised the need for caution with regard to the overall implementation of educational interventions when he indicated that there was a need for patience by companies when they implemented educational programmes. The official elaborated on this aspect by emphasizing that ‘improving the quality of education cannot happen overnight but takes many years to achieve’. The different levels which the companies engaged in are discussed in the next section.

Different areas of support within the secondary education sector were identified by the companies in the study. The most common focus was on the teaching of Mathematics and Science, commonly indicated by companies in the financial services, ICT and mining sectors. It seemed that the focus on certain types of subjects by the companies could have been motivated by vested interests and a strategic business case. Focussing on those skills which were relevant for the industry or sector ensured a future educated pool of human resources thereby resulting in the sustainable development of the companies concerned. This focus was complemented with skills development in the teaching of these subjects. The research also identified rural areas as the main location of these interventions as well as other provinces regarded as not performing well in their matriculation examinations. The teaching of information technology was also highlighted by most of the ICT companies in the study and was mostly targeted at rural communities and disadvantaged urban schools with the sole emphasis on assisting to close the gap in the digital divide. Language and curriculum development were other areas highlighted in the research as being fundamental in facilitating the teaching of the different priority areas.

All the companies in the study indicated that they used partnerships as a way of supporting the different levels of education in conjunction with the government mainly the Department of Education at the local and provincial levels. There was an indication of partnerships with different implementing agencies. Financial company F in the study used the mainstream national electronic media, especially the South African
Broadcasting Corporation (SABC) to flight the Mathematics and Science educational programmes it supported. This medium had the advantage of reaching a wider audience and ensured a captive market for their core business. Another ICT company in the study had created Science hubs and school connectivity projects across the country to enhance access to information and technology for learners from disadvantaged communities. Other companies in the study embarked on career guidance and offered practical training and exposure for secondary learners as a way of creating interest in the different skills required by their industry.

Within these sectors the companies indicated that their involvement was mostly in the form of bursaries, scholarships and funding of research related to a specific area with potential benefit to their core business. Some of companies were associated with institutional departments with links to their business. For example, some of the mining companies indicated that they funded chairs at leading institutions like the University of the Witwatersrand’s mining department and others renowned business schools in the country. There was an indication that some of the companies in the study aligned themselves with certain further education and training institutions by making available their technical departments and offering learner-ships in order to expose students to vocational practice.

The analysis of the data revealed that companies supported the socio-economic issues which related to early childhood development in different ways. This goal was achieved through education, supplying learning materials, support for curriculum and infrastructure development, sports development programmes, and provision of training and mentoring of care givers and other staff who manage children. The companies involved in this category primarily indicated a focus on vulnerable and disadvantaged children. There was also an indication that the companies’ intervention within this category was influenced by the country’s legislation in terms of the Children’s Act, UNICEF’s Convention on the Rights of the Child and the UN Millennium Development Goals which focus on the achievement of access to education for all children by 2015.
This area has become quite important as a government priority as indicated by Lakela Kaunda, the Director General in the Presidency of South Africa (Business Day, 01/03/2011). She recommended that ‘resources through subsidies should be harnessed to assist children from poor households as early childhood education is an important foundation’.

Whilst Adult Basic Education (ABET) is an important element of education, the research indicated that most of the companies seemed to have placed less focus on this category. During the post-apartheid era adult education was a major focus area for most companies as there was a drive from government to contribute towards this goal. However, with changing priorities and given the dysfunctional nature of the school system, attention seems to have shifted to funding early childhood development and further education as these are regarded as the future resources for the sustainable development of the country.

5.5.2. Health

All the companies’ health programmes were implemented through partnerships with the government departments of Health and Social Development and the channelling of financial support through different institutions like NGOs, hospices and other associations with a medical background. The health sector as a developmental focus area was mainly mentioned in relation to the provision of primary health care, HIV and AIDS interventions and infrastructure and facilities development. All the companies focused on HIV and AIDS within the health category. The reason is that this condition receives a high priority from government and also because of its impact on the businesses especially with regards to employee well-being and productivity. All the companies in the study had in-house interventions relating to the provision of treatment to employees. The mining houses and the financial services companies had extensive programmes in this regard. This is corroborated by the Trialogue survey (2011:174) which estimates that 45.4% of CSR spend on health goes to HIV and AIDS and
related interventions. The same survey indicates that 20.5% of CSR spend on health is allocated to infrastructure development, 12.2% to healthcare education and training and 11.3% to wellbeing initiatives

5.5.3. Social and community development

Within this category companies managed most of their programmes which dealt with improving the social and economic backlogs hindering the sustainable development of the communities in which they operated. Issues mentioned by the companies in this category related to the provision of infrastructural development projects for example, the construction of community multipurpose centres, utility services infrastructure in water and sewer upgrades; safety and security concerns like crime prevention, assistance of vulnerable community groupings, like the elderly, the destitute (homeless persons) orphaned HIV and AIDS children and the physically challenged. Other companies indicated involvement in awareness campaigns on social issues for example cancer awareness, autism and issues with regard to animal rights and protection. The training and skills development as part of capacity building was also a major component of social and community development. The Trialogue survey (2011:166) categorises the CSR spend as follows: infrastructure, facilities development has the highest allocation of 42.2%, organisational development 24.2%, preventative programmes 20.8% and other interventions 12.8%.

5.5.4. Enterprise development and job description

The high levels of unemployment in the country and the resultant social and economic insecurity that it leads to including its potential to create social and political instability are the driving force behind this focus area. Companies in the study, especially those in the mining, manufacturing, financial services, SOEs, mining and ICT highlighted the importance of enterprise development as part of creating jobs which was considered a priority for their CSR involvement. All these companies are mandated by the different
charters relevant for their sector and the Department of Trade and Industry (DTI) B-BBEE Codes of Good Practice 2003 to contribute towards socio-economic transformation of the communities in which they operated or had business commitments. It was noted that the companies embarked on entrepreneurial development through development of business skills in order to create the capacity for the businesses to be successful. In general, the companies indicated different interventions in this category. Interventions mentioned included the outsourcing and procurement from community small businesses, establishment of small, medium and micro enterprises (SMMEs), provision of seed capital, incubating and mentoring support for emerging businesses, and infrastructure and equipment provision. As part of their LED commitments the mining houses indicated that through Integrated Development Plans (IDP) of municipalities and infrastructure development, they were able to create short-term jobs for local people through contractors. The maintenance of IDP facilities was viewed as a long term sustainable way of creating jobs.

5.5.5. Environment

The companies which emphasised the importance of the environment as a key developmental focus area were mainly those in the mining, ICT, manufacturing and food and beverage industries. Most of these companies’ activities had a large footprint in terms of environmental degradation as well as their impact on the immediate communities in which their operations were located.

These companies were found to support projects with a more environmental focus in the varying categories of environmental education awareness, waste management and recycling, rehabilitation maintenance, urban greening, preservation of water as a scarce resource and conservation programmes. Water management was highlighted as an important issue by the manufacturing and mining companies. Involvement in the waste, water and rehabilitation projects in most cases was primarily prescriptive due to environmental legislation with which companies were required to comply. Other
companies in the study which did not have a mainstream impact on the environment indicated that they integrated social and environmental stewardship into their businesses. They accomplished this goal by ensuring that their core business offerings complied with core social and environmental principles. For example, one financial company indicated that its CSR policy relating to the granting and provision of capital for large scale projects to a company was based on compliance with the Equator principles. These principles emphasise that loans are lent to the borrower on the proviso that the projects’ social and environmental impact assessment is taken into consideration and that the project will not be detrimental to the people and the environment.

5.5.6. Arts, culture and recreation

Few companies in the study identified arts and culture as an important development focus area although companies in the manufacturing and financial sector indicated a strong focus in this area. The main focus areas in this sector were investments in programmes associated with developing artistic abilities in arts and crafts for commercial purposes and sport development. The former programmes were mainly located in rural communities and were used as a vehicle for local community employment and to generate local tourism. Sponsorship of performing arts like theatre and cultural dance was provided as a supplement to manufacturing of crafts and curios. Companies in the study also reported that they supported competitions and awards in performing arts like music, theatre and dance; visual arts and fine arts; language and literature; and national festivals. Sports development was a major area of focus of one manufacturing and financial company in this category. The main sport that was sponsored was football (soccer) with other categories such as rugby and less popular individual games being funded to a lesser extent.
5.5.7. Discretionary or ad-hoc contributions

Most of the companies in the study acknowledged having a contingency fund to sponsor activities on an ad-hoc basis. This discretionary portfolio catered for non-cash and cash donations or equipment, for example funding of functions. From the interviews it emerged that these ad-hoc contributions could either be governed by rules or were open-ended without qualifying what could and could not be sponsored. Friedman, Hudson and McKay (2005) reported that one of the respondents in their research cautioned that these discretionary budgets which were once the domain of the ‘chairman’s whim’ were in danger of being replaced by the ‘whim of CSR professionals’ under the pretext of good governance.

Discretionary funds are sometimes used to fund partisan interests and groups. The annual reports of two of the large mining houses in the study indicated that they did not fund political parties, religious organizations and individual employees or their families. The other eight companies in the study were silent on the matter. The funding of political parties and the initiatives of political figures in the country is contested. An interviewee in a study conducted by Friedman et al (2005) suggests that ‘corporate involvement becomes part of a patronage system if tied to politicians and their desires’. In the same study, an example is given of the rush by many companies during Nelson Mandela’s presidency to become involved in the funding of the Madiba Schools Project in remote rural areas. Most of these projects were quite flawed and became ‘white elephants’ due to either a lack of teachers or being constructed within locations where there was a small catchment of students to populate the classrooms. Thus the critics regarded such funding as being politically expedient and to appease Mr Mandela as a national icon. In contrast, Godsell (2004 cited In Friedman et al 2005) posits a counterview in which he contends that when CSR interventions comply with company policies and regulations and follow predetermined criteria, it should not be construed to be unethical. Nevertheless, the criteria used by companies and the reasons why and how they choose their development foci remain complex.
With regard to the exclusion of employees, one company executive explained the reason for this as follows: ‘This could be misconstrued as a benefit by unions and could lead to hidden costs’.

One of these mining house representatives went even further by excluding sports sponsorship as this category was deemed to create an internal conflict in terms of which sport to support over others without becoming entangled in the politics of stakeholder preferences. The other regulatory principle adopted by one of the companies was to set the minimum and the upper limit of discretionary allocations as well as the delegation of authority in terms of what level of management was required to sign off on a cash donation. As mentioned previously, the size, rules and form of discretionary contributions varied from one company to another.

When asked how the discretionary budget was determined a company official indicated:

‘We don’t really have a set rule, but we see what a reasonable amount is and sometimes we base it on historical factors or just an escalation of 5%’.

5.5.8. Employee voluntary involvement programmes

It emerged from the company data that the Financial Services and one leading retail chain-store involved their employees in their CSR activities. The companies supported communities from which their employees came. In this case the retail store supported communities where their chain stores were located. The employees were involved in giving their time during non-working hours and the companies provided them with the resources needed to execute their preferred projects. As part of their involvement in communities, one of the companies described the importance of employees as drivers or ambassadors of the internal values and philosophy of the company. A mining company indicated that it provided the expertise of its employees during work-time in order to assist with technical inputs into local municipality infrastructure projects which the company sponsored.
The other companies in the study did not consider employees as part of their CSR strategy. This approach could be due to the fact that employees were considered a key business resource, unlike external stakeholders such as communities which were not considered to have a direct influence on business operations. The employee programmes mentioned in the company websites and other materials included campaigns for specific causes, and collection and donation of goods and services to specific communities, charities or organizations. An official from a National NGO motivated for employee volunteerism by indicating the benefits of such interventions, namely, that it leads to increased staff retention rates, more development opportunities, the forging of relationships with local communities as well as building reputations as good corporate citizens. A trade unionist in the study presented an opposing view by insinuating that employee volunteerism was a low-cost and a highly beneficial way for companies to meet their social obligations. This idea was also viewed as a cost mitigating factor, especially considering the economic recession which was impacting on the profitability of companies at the time of the study.

5.6. CSR IMPLEMENTATION STRATEGIES

In general, all the companies in the study used different mechanisms to accept requests for funding and sponsorship. The different ways of accessing CSR funding by external stakeholders was through the electronic media that is, online applications on the company websites; and applications received through the postal services; telephonic enquiries; walk-in enquiries by applicants at the company premises or by referrals from different stakeholders. The common method used was applications which were received through the postal services, followed by online and telephonic enquiries.

All the companies published on their websites their funding guidelines and criteria, the process for applications, provided downloadable application forms and indicated the feedback processes for either successful or unsuccessful applications. The challenge of
using the online application method was highlighted by two (2) community members and one CSR practitioner who noted:

**Community respondent A:** ‘Most of us do not have access and cannot use computers, so applying for funding through this discourages us’.

**Community respondent B:** ‘It’s difficult to know when we will get the reply and who to talk to after applying on the computer’.

**CSR official respondent:** ‘Applicants always use this online application to side step us as the people responsible for CSI and send the applications to senior management and this paints a bad picture as if we are not doing our job’

Companies used different methods to support enterprise development initiatives. One financial and mining company and the SOEs used soft loans or grants to fund beneficiaries requesting support. The complexities of such financial assistance were highlighted by one company official who indicated:

‘We have discovered that providing loans to these small medium enterprises is quite problematic - once the loan is secured the business operates for a short period of time and the capital is exhausted. We cannot as a company recoup the money as we are not a registered finance house’.

‘When we provide a grant for a short term project, our experience has a general tendency of the beneficiaries to get involved on an ad hoc basis and for long term projects of 5 to 10 years. There has been more ownership and this makes it worthwhile for sustainability, impact and lasting relationship’.

An implementation method commonly adopted by all the companies except the retail company, was the use of flagship programmes. These were often identified in line with national development and strategic company imperatives. For example, the ICT, financial and mining companies within the Education focus area, adopted the teaching
of Mathematics and Science as flagships. One financial and manufacturing company had environmental conservation and education as the basis of their flagship projects. Instead of spreading funding across a diverse range of projects, some companies also used this method to concentrate their funding on a specific intervention. In response to a request to motivate why the company was so keen on flagship projects, a CSR practitioner commented:

'Most of my other colleagues constantly complain that managing too many small projects is tiring as we have to deal with too many issues and the company requires us to make these programmes a success every time we report at month-end. The flagships are much better. You can see that they are going to be sustainable'.

This line of reasoning was confirmed by all of the company officials who were interviewed. Some of the companies used vernacular expressions for their flagship programmes for branding purposes. This approach was supported in an interview with a community investment manager of one of the leading banks in South Africa who explained:

'Community investment is no longer as simple as giving a grant on request, it is also consideration of business objectives and investing in innovative, sustainable community development initiatives. With the youth forming an integral component of the bank’s overall customer base, we have embarked on flagship projects focussing on the development of this sector of society through various skills development and job creation programmes’

To corroborate this position a company official in the manufacturing sector explained:

'Our flagship CSI initiative focuses on generating a pool of those with technical expertise in the fields of engineering, commerce, marketing and IT. This benefits
the company itself. Our belief is that if you don’t have it, you grow it, so we are growing our own timber for the sustainability of our business.’

Other companies that had adopted this policy and strategy indicated that their flagship projects were geographically focussed, for example with a bias towards rural development. This focus was mainly mentioned by companies involved in large infrastructural projects such as the SOEs. Some MNCs and companies in the financial services, especially the financial services sector such as banks in the study indicated an involvement in programmes with a national footprint or impact. They emphasised the nature of their business and service offerings which were consumer-driven as a motivation for embarking on CSR projects with national spread. Financial services were not localised to specific geographic areas but had a national spread in order to achieve greater market share of their service in different geographic locations of the country. Reputation was also a major contributing factor towards these national flagship projects.

5.6.1. Partnerships

All the companies revealed that their CSR policies and strategies involved and acknowledged the importance of building strategic collaborations and partnerships with different stakeholders. These partnerships were identified as being formed through complementary efforts either with companies in the same sector, with government departments at either the local, provincial or national level, community based organisations, NGOs, NPOs, civil society institutions and international organizations. Some company representatives in the study mentioned that they had partnerships with prominent NGOs at both national and international level. At an international level mention was made of various UN organs, for example all the mining companies indicated compliance to the UN Global Compact, UNAIDS, UNICEF and being signatories to UN Declarations like the Voluntary Principles on Human Rights, UN Water Mandate, WWF, ICMM and GRI as institutions relating to their CSR policies and strategies.
The basis or reasons for partnerships were identified by all the companies as being mainly for the pooling of resources, collective funding, sharing of expertise in implementation and monitoring capacity in order to have concerted leverage in the implementation of projects. Partnerships were also enhanced with government departments were mainly in the Health and Education sector. The difficulty and complexity of partnership implementation was raised by one company official respondent who mentioned:

‘The difficulty of pooling resources together especially the monetary part, is that how are we going to report in order to achieve our B-BBEE scorecard points?’

A trade union official respondent opposed this line of argument by claiming:

‘This view highlights the veiled objective of companies seeking competitive advantage rather than genuinely contributing to social development. All they think of is profits’.

5.6.2. Replication of projects

Data analysis revealed that most of the companies in the study had over time implemented specific models of CSR programmes in specific development sectors. As a result of the success of these programmes, they were replicating them with alterations to suit different contexts. Some financial services and ICT companies had set up interventions in the education sector over time and some of these had been successful and they were now rolling them out in different geographical areas. For example, the ICT and SOEs indicated that the setting up of computer service hubs which started in disadvantaged urban schools has now been rolled out to rural areas. In addition, it emerged that mining companies in the study had replicated some project concepts because they had proved successful within the industry and they simply tweaked them to suit the local conditions. For example, the setting up of agricultural projects involving
hydroponics in rural communities was an industry wide project adopted by most of these companies.

5.6.3. Community participation

The mining multi-national companies indicated the adoption of SD Toolkits and Frameworks which assisted them in participatory planning, identification, implementation and evaluation of the development focus areas. The manufacturing and financial companies reported that they had corporate social involvement plans which they used in order to establish community forums and these determined the frequency of interaction with different stakeholders. These community consultative forums were used to facilitate communication with the communities and different stakeholders in order to reach gain inputs on the type, scope and magnitude of projects to support. The research revealed that it was through these forums that the identification of credible partnerships with local government authorities, CBOs, NGOs and NPOs were forged. When asked to comment on the efficacy of community consultative forums, community leaders representing different companies indicated the following viewpoints:

Respondent A: ‘The problem is that we all attend and decide on issues with the company officials but after the meeting things change and it’s always promises and promises and we do not trust a word they say’.

Respondent B: ‘The meeting always ends up without a decision because everyone wants his or her point to be heard’.

Respondent C: ‘Mr M talks all the time and the local councillor only listens to his point of view and he wins. We are deciding with another group to change the councillor’.

Respondent D: ‘Sesithole ukuthi abanye bethu bayasidayisa, ngoba bakhuluma nabameli be company ngosese’. (Literally translated into English to mean: We heard that
the company has secret meetings with some of the talkative members so that they can agree on the project which all of us are not happy with).

Messages from these interviews indicate the dynamics and challenges associated with community participation in decision-making for CSR related programmes. Willis (2005) emphasises that participation can be an elusive concept as the involvement of local people in the hope that this involvement will ensure empowerment, decentralization of power and decision-making and lead to ownership of projects, can be difficult to achieve as evidenced in the aforementioned comments by community beneficiaries. The challenges and criticism of the participatory approach are viewed by Chambers (2009: 243-246) as mainly related to the issue of power relations whereby dominant groups tend to extend and impose their decisions on the rest of the groups; a process which is compatible with “top-down planning systems” (Chambers, 1995:173-204). Cooke and Kothari (2001) refer to participation being the new “tyranny” as this buzzword is included in all developmental work but the hidden implications have not yet surfaced. These issues and dynamics of participation are not always considered in the process of implementation. The issues referred to include the time and energy required for local people to participate; and the heterogeneity of local populations so that “community participation” does not always involve all sectors of the population. Simply being involved does not necessarily lead to empowerment that could lead to a failure to recognise much wider structures of disadvantage and oppression.

5.7. MONITORING AND EVALUATION (M&E) OF CSR PROGRAMMES

In this section the data is based on how the companies understood monitoring and evaluation of their CSR commitments and why this was important for them. This is then followed by a description of the monitoring and evaluation systems they used and the issues and challenges they faced with those systems. Although monitoring and evaluation of CSR projects was carried out by the companies, comprehensive details were not reflected in the secondary material which in most cases contained scant
summaries in the websites, annual or sustainability reports of the companies. Nevertheless, field work interviews conducted with company officials assisted in clarifying some of the gaps which needed explanations. All the company officials interviewed agreed that M&E was necessary for CSR implementation but gave varying reasons for this.

On being asked why their companies monitor and evaluate their CSR interventions, several reasons were provided and included the following responses:

**Respondent A (Manufacturing company):** ‘We need to see tangible returns on our CSR spend otherwise we just throw money into a big hole’.

**Respondent B (SOE):** ‘It’s good to know what difference we are making to people and the planet, even though it can be difficult to measure some of these things’.

**Respondent C (Mining company):** ‘There is an increased demand by a variety of stakeholders, for example the local ANC Youth League and some NGOs on what we are doing about jobs’.

**Respondent D (Financial services company):** ‘If we do not show the evidence of improvement of our social projects other companies will be seen as being better than us by the same community which we all serve’.

The deduction drawn from the above indicates that M&E is being pursued for different reasons. Primarily there is the issue of seeking a social return on investment, the need to really make a change in society, risk mitigation especially by pressure groups and also the business case of enhancing the competitive edge of the company. The manufacturing, ICT and financial services company officials emphasised the need to benchmark their projects in order to ensure that they achieved sustainability and were regarded as the best in their industry sector. This resonated with the importance of achieving a competitive advantage. Bezuidenhout, Fig and Hamman (2003) explain this
view by stressing that 'enlightened self-interest' will always remain the cornerstone of business, which inevitably leads to resources being devoted to improving their corporate citizenship profiles.

5.7.1. Tracking CSR projects

All companies indicated that they track the implementation of their CSR projects but use different methods to arrive at this. The financial services, mining sector and SOEs mostly indicated that they conduct regular site visits to projects using their internal CSR officials and this is often coupled with the robust stakeholder engagements they undertake with the communities. Checklists and project site visit templates are mostly used to record the status of the projects. The retail company preferred to use an independent firm to conduct these tasks as they felt this brings credibility to the process. All the company CSR officials indicated that there are set templates that are used to record the performance and outcomes of projects. These are designed to capture narrative and financial data with the quantitative being the most dominant method used. The information which is registered was mentioned as relating to the logging in of statistics for example, the number of beneficiaries, demographic categories, amount of CSR expenditure and other quantifiable output and input variables which were used as indicators for measuring project accomplishments or non-compliance. A strong emphasis was placed on CSR spend as a major factor when it came to the element of assessing the level of achievement. This expenditure was mainly premised on the proverbial return on investment (ROI), which aligns with the economic thinking that views the tangible material outcome as the best measure. Narratives were indicated by all companies as being used to explain the qualitative outcomes of projects. The issue of using statistics or quantifiable indicators to measure CSR project outcomes is consistent with the classical economics paradigm which argues that there should be 'clearly identifiable strategic and critical variables that should be measured and constitute the necessary and sufficient conditions for change and transition to a qualitatively new stage' (Willis, 2005). Blowfield, et al (2005:499-513) also argues that some of the
problems in implementing truly participatory development projects come from the pressures of the so-called development industry. The author further indicates that ‘the need for rapid, quantifiable results encourages project managers to focus on certain forms of projects with tangible outcomes, rather than addressing deep-rooted inequalities which cannot be easily measured’. The issues and challenges with regards the different methodologies used for measuring CSR project outcomes received varying interpretations from company officials, trade union, community beneficiaries and government respondents.

A company official indicated:

‘In business, we believe in the principle and golden rule that, “What gets measured, can be managed”. This is the way we can only know what is our return on investment. I understand they talk about qualitative measures, but these are abstract and not objective’.

The trade unionist responded by saying:

‘The problem with business is that they treat people as objects and are too materialistic and they lose their conscience because of the need for material accumulation. As labour we value the quality, dignity and decent living conditions for people and not to have a head count of how many people have become millionaires’.

One of the community beneficiaries from a small scale jewellery and craft centre indicated the following:

‘Into nje mina engiyifisayo yikubona umsebenzi lo esiwenzayo uma uzongiphilisa ngoku letho ukudla kumndeni wami lokukhokela ugesi’ (Literal translation to English being: ‘to me as long as this project provides my basics like paying for
my children’s food and my pre-paid electricity coupon, I will keep on coming here.’

A senior national government official respondent stressed the following:

‘You see, development is complex and poverty levels in our country need a multi-pronged approach, we need to consider a lot of facets, we need to ensure that we meet our MDGs, service delivery of basic infrastructure, the list is endless - so how then how do you balance and suggest all these have only one set of measurement?’

These responses highlighted the complex intersection of varying perspectives in terms of how different stakeholders perceive social development and how to measure it. The company official demonstrated an economic way of defining and understanding the outcomes of social development intervention. This approach contrasted with the government official’s views which underscored the importance of a more holistic, inclusive approach to development. The latter approach is aligned with the human development approach as popularised by scholars like Max Neef (1992) and Mahbub ul Haq (1995). They defined development ‘as a process of enlarging people’s choices in a much broader sense than proposed by mainstream economists who focus on measurably materialistic achievements as the outcome (UNDP, 2000). The views of the government official were normative as compared to the company official whose comments were derived from mainstream theories which concentrated on economic facets. The community beneficiary’s comments illustrated the Basic Needs approach which according to Streeten (1995) is directed towards providing opportunities for the social life of individual citizens and civil society through provision for food, shelter, clothing, access to public services such as clean drinking water, sanitation, health and education and other necessities of daily life (International Labour Organization, 2000). A financial services company official raised the difficulty in measuring socially related outcomes, and also the quantification of CSR, for example if a project’s objective is to
promote 'empowerment and self-sufficiency' of a community. This type of objective becomes difficult to quantify. The other problematic aspect raised by a SOE representative and an NGO official was related to the measurement of long-term goals, for example 'high life expectancy'. This goal is long-term and difficult to predict.

From the literature review undertaken as part of this research, there seemed to be no agreed upon measurement system for CSR, although companies have tried to use different institutions and measurements in benchmarking their performance. Mouton (2007) indicates that there has been a move beyond traditional economic indicators, for example income, production and consumption, to a new, broad range of indicators which capture the integrated nature of the political, psychological, social, cultural, economic and environmental dimensions of development. On being asked how this issue should be addressed an NGO official respondent indicated that:

'Companies have realised the need to have social experts in this field as part of their staff complement as these are able to address and understand the social reality and meaning giving context of people and communities at grassroots level'.

The viewpoint above of the NGO official is affirmed by Mouton (2007:491) by stating that, 'it has now become apparent that the consultants and company expertise in the evaluation of programmes is under capacitated as this applied and specialised social research field entails the 'systematic application of social research procedures for assessing the conceptualization, design, implementation and utility of social intervention programmes. This is supported by Mamphele Ramphele (Business Day, 04/11/2011) who concurs that 'companies are under performing in their CSR when it comes to impact'. This under performance could be attributed to the lack of specialised capacity to measure the social impact of the programmes.
In conclusion, the issues and challenges faced by the companies in tracking their CSR programmes are manifold. According to Newell (2005:389-404), Fig (2005) and Lund-Thomsen (2005:619-633), the complex, multidimensional, interactive and holistic nature of development makes it a difficult phenomenon to measure. Nielsen et al (2005: 75-81) further indicated that ‘we know very little about the development effects of CSR initiatives and what we know raises questions about both the efficiency of CSR approaches and the tangible effects for the stakeholders’. Newell (2005) summarises the issues and challenges of CSR by pointing out that ‘CSR can work, for some people, in some places, on some issues, some of the time.’

5.7.2. CSR reporting

Companies in the financial, mining and SOEs used the Global Reporting Initiative guidelines as a standard framework for reporting their sustainability performances. In this respect there was general consensus among companies with both a national and international base. Reference was made to different standards as the main factors influencing the way they reported on CSR. Some MNCs in the study used other international standards depending on the stock exchange where they were listed. For example, the FTSE 4 Good Sustainability Index, DOW Jones were used by foreign companies and the local based used the JSE Social Responsibility Index and the King III Report on Corporate Governance. The ICMM was another institution used as point of reference by most mining houses in terms of their CSR activities and reporting guidelines. The recently released ISO 26000 (2010) had not been considered at the time of the study even though some company officials indicated an awareness of its impending release. These institutions had in fact taken on the functions of referee and assessor of the different companies’ triple bottom-line performance and made awards to the best performing corporations on an annual basis.

The research found that there were different names which were used to refer to annual reports, the most commonly used terms being Sustainability and Annual Report. These
reports featured as very important mechanisms for showcasing the companies’ annualised social and environmental performance and responsibility. They were often presented as stand-alone supplements to fiscal or financial reports and provided retrospective, historical data as well as future projections of where the company is going to. They all focussed on reporting the ‘triple bottom line’ status of the company on an annual basis. Overall the reports covered issues which related to the CSR budget, a synopsis of CSR strategy, case studies of flagship programmes and the geographical areas of operation. Glossy pictorials were a common feature used to highlight the projects being showcased in the reports.

When asked why reporting was considered important for the company, a senior manager from a global mining company explained:

‘Well, it’s a requirement by the stock exchange and we also want to be transparent about what we do as a business for our shareholders and the people and also how we can contribute towards reversing climate change challenges’.

On analysing the annual report of the company in question, I noted that what the company reported might not necessarily be what it did in the wider context. Most of the case studies which appeared in the reports all had a positive spin and in this instance the company had appeared in the media for alleged human rights violations perpetrated against its immediate community with regard to community relocation and the subsequent community burial grounds. This involvement had attracted national media coverage but was not reflected in the sustainability report. According to GRI (2008) the annual reports should be able to provide a ‘transparent view, governance structures, quality, risks, stakeholder relations and opportunities’ the company had traversed in the previous year and intended to achieve in the forthcoming year. In this context, this particular mining company could be construed as glossing over some of the issues and presenting a different picture to the public.
Apart from this isolated case, I discovered that the material integrity of some of the information published was questionable as confirmed and corroborated through interviews with community beneficiaries of projects selected for the study. For example, in two cases the company stated in their Sustainability report that the community project involving informal hawkers trading stalls, had gone through extensive community consultation which contributed to its success. On triangulation with some of the beneficiaries the reality appeared to be different. One of the hawkers who felt this was not true indicated:

‘Umasipala ne mine bakhulume nomphakati oqoqwe yikhansela, yikona manje basibukela phansi bethi asifuni impumelelo’. Literary translation of the statement means:

‘The company and the municipality officials only consulted with the group organised by the local councillor and my group is now seen as obstacles to development’.

The SD report did not adequately cover the social and environmental elements in depth which could have been due to the summary format used in these reports. The case studies of social and environmental projects presented in some of the reports mainly dealt with the successes and did not indicate instances of challenges, which if included could be perceived to be negative for the company. The project impact as well as monitoring and evaluation of the CSR projects that were showcased appeared not to be clearly covered and explained. The narratives used to explain the realization of objectives tended to be too generalised without proper use of indicators to substantiate the outcomes. One observation from discussions on the compilations of these reports was that consultants were used and independent verifiers and assurers were engaged. However, consultants were considered to be biased to the companies by some of the external stakeholders as they were employed by the company. Company reports tended to be uncritical and did not provide much by way of organisational learning.
Finally, some of the companies in the mining and financial industries had informative, extensive reports which could be attributed to their experience in reporting and the fact that most of the mining companies observed were global companies. The reports indicated that socio-economic baseline studies were a common method used by mining companies in order to go beyond compliance in identifying the needs of their immediate communities.

5.8. SUSTAINABILITY AND EXITING FROM CSR PROJECTS

Findings from the research interviews indicated a general lack of plans with regard to measures to be put in place for the sustainability of the projects once the CSR intervention from the company ceases. The issue of dependence on funding was highlighted by SOE, manufacturing and mining company officials as a cause for concern. A SOE company representative alluded to the challenge of the culture of 'entitlement' which made it difficult for them to exit from projects. This concern was reflected in the following statement by a manufacturing company official respondent who said:

'We are being held at ransom as the community knows that our social license to operate is dependent on them and once we pull out, they make it difficult for us to operate. We have already had three incidents of protests against us and this gives us bad publicity over things which we do not have control over'.

For SOEs, manufacturing and mining companies it appeared that they had resorted to partnership funding for large scale infrastructural development projects as a way of mitigating the risks of stand-alone support for CSR programmes which exposed them to risks of dependence and care and maintenance once the project is completed. As part of an exit strategy from some of the projects, the SOEs, financial, mining and manufacturing companies entered into agreements in the form of memorandum of understanding prior to inception of a project as a way of guaranteeing their withdrawal once the project was handed over.
5.9. CSR COMMUNICATION MODELS ADOPTED

The communication of CSR was found to be an important strategic objective of most of the companies. This objective was revealed through the existence of communication plans or strategies, dedicated departments (the marketing, public relations or communications units), or external communication consultants or media houses and procedures for external and internal communications. The marketing department was identified as the most preferred department for communicating the CSR initiatives through different media. Radio talk shows were also identified as growing in popularity, especially during business talk shows or at prime listening times in order to communicate the corporate citizenship image of the company. One other global mining house in the study had used a large chunk of airtime to promote its CSR activities with resounding success. When asked about the use of social media as a medium for CSR communication, a company official cautioned:

'Social media to us is still a topic under discussion and there is a fear that it can be misused by the public to name and shame what is not there....but it's unavoidable we will need to cross the bridge when we get there'.

This response reflected the perception that there is a ‘corporate veil’ which protects companies. The media mostly used for communication included sustainability reports, company websites, internal and external community newsletters, brochures, key tags, printed clothing, corporate gifts, local press coverage and television. Due to the increase in CSR visibility, some of the companies admitted to entering into award competitions in order to showcase their commitment to CSR. The respondents identified some of these competitions like the Annual NedBank Green Awards, Mail & Guardian Investor Awards, and Ethical Initiative being used as podiums to showcase and imprint the image of companies as good corporate citizens. The categories for which companies entered were socio-economic development and environmental responsibility. These were also
used by the organisers of these events purely for business purposes in order to leverage the organisers' financial objectives.

Apart from the benefits which most of the companies highlighted, one company official was of a different opinion. She indicated the following:

'We are not into bragging - we let our deeds in the community talk for themselves. The risk of visibility is when things go wrong'.

The opposite of these sentiments was also true as evidenced by one local authority official from the same company who indicated:

'There is talk among our local economic staff that this company is not there. Yes, we know they are there assisting in the community but if you ask people in the community which are the companies which they know, they will tell you we never heard of them'.

Werther and Chandler (2006) concludes that whichever way you look at it, companies need and want to influence the environments in which they operate in order to add value to their businesses as well as the communities in which they operate. The idea of letting actions talk for themselves appears to be somewhat naive, especially in the cut-throat corporate environment in which CSR is increasingly becoming a strategic tool and competitive advantage.

5.10. SUMMARY

The practise of CSR and its successful implementation is influenced by a variety of factors. These are both internal and external to the companies and need to be factored into the CSR policies and strategies. Internal to the company the values aspired for, the type of leadership and the availability of resources in the form of the quality, knowledge of CSR employees and size of CSR funding are critical elements. With regards staffing of CSR departments the study shows that females dominate at the implementation level
whilst males occupy the managerial positions. External to the company is the role and influence of stakeholders like the government, community, civil society groups for example NGOs and trade unions have a bearing in shaping the CSR policy and strategies of a company. The different philosophical views positioned by the latter mentioned greatly influence CSR implementation. Government influence in the form of legislation plays a big role as a driver of CSR and influences the development focus area and the CSR spend of which the norm has become 1% NPAT across all companies. Increasingly international codes of conduct and industry sector practices are also influential in shaping the direction of CSR and its implementation in a company. Companies all seem to focus on similar development areas with only variations in terms of priority. This being mainly determined by either the industry sector or self-interest based on the core business of the company. Lack of participation, power dynamics and adversarial relationships with stakeholders especially community beneficiaries is a challenge faced by companies in ensuring the success of some of their projects. Education tops the priority list of development focus area followed by Health. In all the broad development focus areas, companies tend to concentrate on a specific initiative rather than the whole area. Companies acknowledge the importance of monitoring and evaluation of CSR programmes and do this for different reasons. Some of these motivations are to do with social risk management, branding, securing a licence to operate and business sustainability, benchmarking and ensuring a social return on investment. A variety of tracking tools and templates are used to track the CSR projects, with mainly quantitative indicators being popular than qualitative ones. Due to the lack of internal capacity to execute the monitoring and evaluation, there is an increasing use of consultants being contracted to conduct the sustainability, impact and reporting of CSR.

5.11. CONCLUSION

In conclusion this chapter highlighted the practical and organisational aspects pertinent to the implementation of CSR with reference to the organisational arrangements, staffing, budgets, focus areas, implementation strategies including the measuring and
reporting of CSR programmes. The varying views, issues and challenges of respondents as they relate to the practical implementation of CSR were presented. The following Chapter 6 finally discusses the conclusions and provides recommendations for further areas of CSR research.
CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1. INTRODUCTION

In this final chapter, I return to the key research aim and objectives. The purpose of the study was to gain knowledge and understanding (verstehen) of how CSR is conceptualized and implemented in South Africa. Firstly, I will briefly provide key summary findings as encapsulated under the main objectives of the study in order to contextualize the discussions on conclusions and recommendations.

6.2. FINDINGS AND CONCLUSIONS

I therefore turn to a discussion of the findings, conclusions and recommendations of the study. It should be noted that the findings and conclusions are integrated in the discussion below. This section is set out as follows. In the first part the conceptualization of CSR is presented drawing on the study findings in Chapters 5 and 6. Following on from this, I turn to a discussion of the nature and scope of CSR in part two which includes the types of development programmes that companies have undertaken including the significance of the size of their budgets which provides an indication of the scope of CSR commitments of the companies. How CSR is implemented with reference to the policies, structures, management systems, staffing and strategies are outlined in part 3. The monitoring and evaluation of CSR functions, including public accountability through reporting requirements and the impact of CSR is addressed in part 4. Thereafter, the key recommendations are summarised including the identification of further research areas in part 5. An end note sets out the contribution of the study and the importance of engaging companies in poverty reduction, social and economic development, and in sustainable development.
6.2.1. Conceptualization of CSR

In present day South Africa, CSR has been shaped by both the political landscape of apartheid and the economic and social challenges of a post-apartheid society in a changing global context. Companies are faced with the challenge of addressing the varied and pressing socio-economic and environmental needs of their customers and the communities in which they operate whilst simultaneously responding to a myriad of demands from stakeholders due to the country’s legacy of past neglect of the basic needs of the people. One may conclude based on the study findings that companies have developed a variety of policies and strategies to tackle the social, economic and environmental imperatives or the ‘triple bottom line’ with varying degrees of commitment. The degree of commitment of companies can be placed on a continuum with regard to the extent to which they have embedded CSR within their mainstream business activities. On the one end of the continuum are companies that deny any responsibility to society and the environment, none of the companies in the study could be classified in this way. On the other end of the continuum are the companies that have embraced CSR and acknowledged their responsibility and obligations to the society in which they operate. All the companies in the study are pegged on the latter end of the continuum indicating high levels of commitment to CSR although this was mainly driven by national legislation and regulation.

Based on the data in Chapter 5 on the implementation of CSR, the following dimensions are considered crucial to CSR namely: social, economic, environmental, ethical and legal. There is a growing consensus in the corporate sector, in government and supported by international policies and codes of the interconnectedness of these dimensions in conceptualising CSR. The CSR Diamond is proposed as the conceptual framework that could guide CSR thinking and activities in South African corporations. The CSR Diamond is a descriptive device discussed in Chapter 2. It resonates with the integrated approach to development informed by the interconnection between the various dimensions in the CSR Diamond. Although the implementation of CSR in the South African context is
mainly voluntary, the regulatory environment strongly promotes CSR and there is great social and political pressure from government and civil society groups for companies to comply with these obligations. The repercussions for companies that do not are grave as it impacts on their legitimacy to operate as well as their formal licenses to do so particularly in highly regulated sectors of the economy. As the legal frameworks progress in their development, CSR is gradually being codified in South Africa which will in time make CSR mandatory. This will have significant implications for the growth and development of CSR in the future and companies will need to grow their organisational capability to meet these challenges.

While companies in the study focused largely on their community and environmental responsibilities, the economic imperative of profit maximization remained their primary focus. Companies viewed this as the main outcome of sustainable development and on which CSR budgets and programmes depend. Despite this primary focus and the scepticism of some company managers about the value add of CSR, it is fair to conclude that there is growing consensus about the interconnection between the three key dimensions of sustainable development. Further, this indicates that there is a shift away from the neo-classical view that conceives of corporations as closed systems that are only accountable to shareholders and a belief in the unfettered workings of the free market (Carroll et al, 2010).

It is evident from the study that the theoretical development of CSR has traversed from a classical free market approach in which philanthropy and charitable giving was central (Logan, 1997) to a more pluralist, integrated social, economic and environmental development approach based on the notion of partnership with state and non-state actors. In this latter approach the state is playing a leading role in promoting development also referred to as the ‘developmental state’ that sets the legal and policy frameworks for companies to implement. Thus, this approach to CSR is concerned with actively engaging business in a wider social and environmental agenda which is an approach that is expanding both locally and internationally (UNRISD, 2010).
partnership between government, the private sector, employee organisations, community groups and organisations also emerged as central to the South African approach to addressing sustainable development.

However, strong evidence emerged from the research findings that different ideological perspectives of CSR were discerned among the stakeholder groups. As indicated above, ideological positions ranging from the position that CSR is a drain on profitability to more integrative or accommodationist positions that attempted to reconcile economic development with social and environmental development. A more critical view akin to the Marxist perspective was articulated by some of the stakeholders. From this standpoint, CSR was simply a ploy by the owners of capital to co-opt the working class which was articulated largely by representatives of the more socialist oriented trade union federation in the study. For the trade union representatives, CSR was a site of struggle for workers to promote their economic and political rights. Thus, various stakeholder groups held different ideological views of CSR and its positioning in society which has had a bearing on the nature and scope of CSR interventions. Given the different perspectives of stakeholder groups, it is clear that managing diverse expectations of what CSR can deliver and what its role and contribution is could have far reaching implications for the practical management and implementation of CSR initiatives. Power differentials between the stakeholder groups and contending ideological views could have a bearing on the successful outcome of CSR interventions. CSR managers and practitioners therefore need to be skilled in development practise with expertise in managing a diversity of stakeholders in order to harness their respective contributions to achieve a successful outcome of their programmes.

However, critical views about the meaning and implementation of CSR came mainly from external stakeholders such as community leaders, community beneficiaries and trade union representatives. These perspectives were beneficial in shifting internal stakeholder (company) views about the direction of CSR programmes and the nature and scope of the programmes. This pressure from below was felt by companies and
illustrates the power of active citizens in shaping CSR programmes. Much of the literature on active citizenship emphasizes the role of civil society groups in keeping governments accountable and in promoting effective states (Green, 2009). This research also illustrates the power of civil society groups in ensuring the accountability of corporations which is an international trend particularly in relation to environmental issues (Bond, 2008).

How companies attempted to balance the various dimensions of CSR differed from one company to another depending on varying factors. These related to the nature of the core business of the company, the type of industry it falls into, the nature of regulatory or legislative requirements and the demands placed on the company by external stakeholders. The mining, SOEs and manufacturing companies placed a greater priority on environmental aspects and on community interventions while the financial and retail industries emphasized more interventions which focussed on employee involvement, the needs of their customer base, and skills development in varying areas of need for the identified communities. For some of the businesses, human capital development programmes (e.g. skills development) that are mutually beneficial to individuals, communities and companies were more prevalent. Companies in the extractive industries and in infrastructure development were more motivated by the ecological footprint of their activities which in turn shaped their CSR interventions aimed at environmental risk mitigation. In some of the companies, CSR was also conceived of as a strategic business initiative which was critical to the future sustainability of a company. In these instances, it was considered important to enhance the reputation of a company, its brand positioning, in the marketing of their products, for communication purposes as well as compliance with various social and legal instruments. Thus, CSR is increasingly emerging as part of the business case of some companies especially those that are highly visible in sectors like SOEs, mining, financial and retail.

The companies in the study used different terms to describe CSR which included Corporate Social Investment (CSI); Corporate Social Responsibility (CSR); Corporate
Citizenship (CC); Sustainability; Sustainable Development; and to a very limited extent Philanthropy which is associated with charity, paternalism and giving based on the moral conscience of the company. Thus, a variety of different terms and meanings emerged from the study that was used to describe CSR. I came to a conclusion that there is no universally accepted definition of CSR. This has resulted in confusion and debate in different business and research forums about which terms to use. Despite this, the evidence from this research based on the actual programmes, focus areas and strategies employed by the companies discussed in Chapter 5 suggests that there is a growing consensus about what CSR entails in practice. Views expressed by community respondents on what this practise is, indicated that to them, what was of paramount importance was the outcome of what this practise achieved more than what it is called. Therefore use of a preferred definition or term becomes a matter of choice.

Further, the choice of acronym used by individual organizations was influenced by either the industry sector in which it falls, or the company profile - whether national or a subsidiary of an international company. The adoption of a particular term by other companies was simply a case of adopting the contemporary lexicon used by companies and their stakeholders, some of which is more about using the politically correct terms rather than with its goals and outcomes. Most South African national companies used CSI as the preferred term and subsidiaries of foreign-owned companies subscribed to CSR and Sustainable development. In South Africa, the term CSR is often used interchangeably with Corporate Social Investment and Corporate Citizenship (Fig, 2005). While a pragmatic approach to deciding on which terms to use is acceptable in practise, in order for CSR to grow as a field of enquiry and practise agreed terminology and approaches are an important starting point. The research thus adds to our knowledge and understanding of different ways of conceptualizing CSR. From my point of view, the term CSR is the preferred term as it focuses on corporate responsibilities to society and awareness by companies of the social, economic and environmental impacts of business activities on local communities and societies at large. It also points to the ethical
responsibilities that companies have in the way they go about their businesses operations and the recognition that while business contribute to economic growth, they also need to contribute to a wider justice and acknowledge that the social and environmental costs to society that flow from the pursuit of profits should be effectively managed. It is at this juncture that the contribution of external stakeholders is crucial in order to promote increased accountability of corporations to local communities and society.

In this regard it is worth noting the different perspectives of the various stakeholder groups about the meaning of CSR for them. As mentioned above, trade unions were concerned about the needs of their employees and adopted a critical stance. Similarly, NGO perspectives tended to dwell on the wider community and social rights which the companies need to recognize and in the funding of those needs. From a community beneficiary’s perspective, CSR was assumed to be more appropriate if it focussed on the satisfaction of household level socio-economic needs and in supporting their struggle for survival and in breaking out of the poverty trap. The government’s point of departure was the meeting of the national development priorities set by government especially in meeting the needs of historically disadvantaged South Africans. Government is therefore interested in how CSR might complement and enhance and augment governmental social provision. Government’s views of CSR were imbued with the ideology of a developmental state and with its establishment and consolidation. In order to harness this vision, the government has been instrumental in directing state institutions and apparatuses to embrace the CSR agenda. However, companies were critical of increased regulation by the state and the imposition of its agenda. Companies and stakeholders also cautioned against the potential patronage that could flow from CSR especially where company officials collaborated with local political leaders such as councillors. These are pitfalls that companies need to be mindful of and that should be monitored by the ethics committees of corporations.
Finally, the way CSR is understood in South Africa is largely a result of the country’s political context which is mired in a history of mistrust of corporations that are seen as having connived with the apartheid regime to fund the system, hence they are now expected to redress their socio-economic and environmental legacies through involvement in CSR. This perspective was reflected in the way civil society groupings like trade unions interpreted CSR as being a way of making amends for past misdeeds, exploitation of Black people and oppression in the work place by taking responsibility for their actions. Evidence suggests that many of the old mining houses, manufacturing, financial services companies have responded to this call by embarking on extensive sustainable development programmes amongst the most marginalized and disadvantaged groups of South Africa.

6.2.2. Values

The role and personal commitment of senior management of organizations was pivotal in spearheading the effective and successful implementation of CSR in a company. Leaders with high integrity, a visionary outlook, a deep understanding of CSR and who displayed charismatic leadership were identified as being good catalysts for CSR implementation. Such attributes of the chief executive officers or the company executives and Boards were found to make for more socially-oriented decision-making, which was regarded as an important cornerstone for sustainable development. References to the philosophy of 'Ubuntu' (Humanness) and 'Batho Pele' (People First) resonated with company statements suggesting support for social values and the ethos of this approach to CSR. It is also evident from the research that companies which had successful CSR programmes were enhanced by the good leadership style, skills and competencies of those spearheading the organization.

The role of leaders or senior management and other CSR officials in guiding the company towards CSR implementation faced many complexities and dilemmas. These could be due to their religious and cultural beliefs, personal values and past experience
of disadvantage which motivated them to champion CSR in their companies. CSR practitioners identified instances where they faced ethical dilemmas with regards to situations where their own beliefs conflicted with company practices. CSR staff at the community level is largely female with mostly Black women holding these positions. Although some respondents argued that historically disadvantaged persons are better suited for CSR practise as they have knowledge of communities and competencies in African languages, caution is needed as one cannot assume that race equips one to be a more competent and effective CSR practitioner.

The values and vision of the organizations tended to be reflected in the businesses through written policies and patterns of ethical behaviour. These policies were found to assist in communicating to both internal and external stakeholders the values of sustainable development to which the company aspired. The values were also regarded as shaping the character of the company and its corporate identity and this formed the framework on which CSR was crafted. Company values therefore guided the organizations’ formulation and implementation of its programmes. The predominant values identified by the ten companies suggested a strong commitment to CSR and to values of social responsibility and integrity. These aspired values were translated into action as part of CSR policies and strategies. However, in some instances there appeared to be a disjuncture between the company’s values and its actions and it also emerged that what organisations say and what they do is not necessarily the same in some instances. This was exemplified by instances where there was a lack of alignment between company perspectives and socio-cultural beliefs of community leaders. This inevitably led to disharmony with affected stakeholders. Also another conclusion reached in this context was that multinational subsidiaries tend to be detached from the country contexts in which they operate as their operations are of a global nature. This resulted in the perception by some of the external stakeholders that they were not responsive to the local context and the needs of local communities in which they operated. External stakeholders were also critical of the way in which global
programmes of MNCs were used as blue prints in national contexts with little regard for their applicability, hence resulting in the misalignment of CSR programmes with external expectations.

The monitoring of compliance of corporate values was important from the point of view of corporate governance and was entrenched in company policies, ethical codes formulated by ethics committees and other codes of conduct. The companies listed on the JSE are expected to comply with the King III Report on Corporate Governance which promotes ethical conduct within the organization and its interaction with external stakeholders. Behaving in an ethical manner by the companies was perceived to create a favourable image in the eyes of the communities and the public at large but also reflected a corporate social consciousness. The research findings also suggests that companies need to monitor compliance of other companies in the value chain with whom they engage in business activities who may be flouting company values and ethical conduct.

6.2.3. Nature and scope of policies and strategies

The focus areas of the companies illustrate that CSR programmes have gradually become developmental in nature. Programmes are designed to improve the wellbeing of target groups and communities in conjunction with economic and environmental development.

In addition, developmental principles such as consultation and participation of communities in CSR programmes are being embedded in the way companies conceive of CSR, the way in which it is translated into policies and strategies and finally how it is implemented. The type of CSR programmes and focus areas that companies implemented were again dependent on the nature of the industry in which they operated. The focus areas of company programmes were diverse and included the following: poverty reduction, education, HIV and AIDS, health, welfare services,
community development, infrastructure development, environmental development, arts and culture, sport, heritage, employee volunteerism, enterprise or SMME development, job creation, housing, policy and advocacy.

The selection of focus areas were influenced by the following factors:

- Nature of the industry e.g. the impacts flowing from mining operations are different to information technology
- Perspectives of CSR managers, practitioners and senior executive leaders about the direction, role and contribution of CSR to sustainable development
- Customer and or employee base of the companies
- Regulatory provisions
- National (e.g. government priorities) and local level development priorities (e.g. Integrated Development Plans)
- Felt needs of communities
- Baseline surveys were used in some cases to assess needs.

Companies set their own priorities and had the necessary criteria in place to select the programmes to be funded. First, education is the most frequently cited sector nationally that received funding (Trialogue, 2011). The companies studied provided a range of educational support programmes across all levels such as Early Childhood Development, primary, secondary and tertiary education support to individuals and at the institutional level to improve the quality and quantity of education in a specific field such as teacher development. Literacy development through support for Adult Basic Education (ABET) programmes were funded and Mathematics and Science development was a common focus area.

A second popular area that was funded by the companies in the study was health. All the companies’ health programmes were implemented through partnerships with the government departments of Health and Social Development and the channelling of financial support through different institutions like NGOs, hospices and other
associations with a medical background. The health sector as a developmental focus area was mainly mentioned in relation to the provision of primary health care, HIV and AIDS interventions and infrastructure and facilities development.

Community development was the third most prominent area that was funded. The focus appeared were largely in the following areas: construction of community multipurpose centres, utility services infrastructure in water and sewer upgrades; safety and security concerns like crime prevention, assistance of vulnerable community groupings, like the elderly, the destitute (homeless persons) orphaned HIV and AIDS children and the physically challenged. Other companies indicated involvement in awareness campaigns and in capacity building. The interview data provided insight into the involvement of local communities in development initiatives but there seemed to be a limited focus on community development as a method of intervention and a process to promote participation, empowerment, and as part of an approach to people centred development (Hall and Midgley, 2004; Lombard, 2000; De Beer and Swanepoel, 2001 and Patel 2005).

Enterprise development was a forth focus area with interventions in outsourcing and procurement from community small businesses, establishment of small, medium and micro enterprises (SMMEs), provision of seed capital, incubating and mentoring support for emerging businesses, and infrastructure and equipment provision. Environmental programmes were the next most cited focus area and included environmental education and awareness, waste management and recycling, rehabilitation maintenance, urban greening, preservation of water as a scarce resource and conservation programmes. Finally, sponsorship of arts and culture programmes including sports development in disadvantaged communities.

These focus areas indicate the types of developmental programmes that companies implemented. CSR budgets are an indication of the scope of social and environmental responsibility initiatives. The CSR budgets served as an important tool in implementing
the envisaged programmes. It was noted that the size of the budget determined the scope of programmes to be implemented. Whilst the one percentage of after profit tax formula was commonly used by many companies, other regulatory instruments like the industry Charter contributions to socio-economic development also increased CSR spend by companies. One of the mining companies still calculated their CSR budget based on the board’s discretionary decision. Apart from this historical trend, it was also evident that the Chief Executive Officer remained highly influential in establishing and determining the size of the budget. Although companies contribute more than the required 1% NPAT, these inputs are not quantified and may be significant, it is therefore recommended that companies cost these contributions in order to illustrate the actual contributions that they make.

The total allocation to CSR by the ten companies between 2008 and 2011 amounted to ZAR 1.2 billion; CSR spending increased by five percent over a two year period. This amounted to an average of 11% of the national spending on CSR over the same period based on data collected by Trialogue (2011). While CSR budgets have increased significantly over the past decade, some of the companies were impacted by the economic downturn caused by the global economic crisis. CSR budgets are therefore vulnerable in times of economic recessions. Despite this, it is evident that CSR budgets significantly augment government budgets in the social and development sectors.

The largest contributor to CSR of the ten companies was the mining industry followed by the financial services sector companies. State-owned enterprises were the third largest and a leading retail company the least contributor. Conclusion reached is that, the sectors which had a legal obligation to contribute towards socio-economic development like the mining, financial and state-owned companies showed a growing commitment to CSR spend and were mostly driven by compliance to legislation dictated by regulatory instruments like the industry charters and B-BBEE scorecards. Overall the CSR spend of the ten companies has been increasing year on year.
One may conclude that CSR focus areas are aligned with government’s national development priorities and that the size of CSR budgets was significant across the ten companies which support earlier claims that there is a high level of commitment to CSR by the respective companies.

6.2.4. Implementation of CSR

The data in Chapter 5 provides insight into the internal policies guiding CSR and how the CSR functions were structured and organised across the companies in the study. The staff profile and the need for staff with the right knowledge, skills and values are crucial to effective implementation. In addition, companies were found to employ a range of strategies to give effect to their commitments. Some of the challenges are also identified. I now turn to discuss these aspects.

With regard to organisational arrangements, all the companies in the study identified the Management Board as the central structure vested with the overall CSR decision-making and strategy formulation responsibility of the company. The organizational structure and composition of the board differed from one company to another depending on the ownership structure of the company. The Chief Executive officer acts on behalf of the board and is responsible for CSR strategy formulation and implementation. These functions are executed by CSR managers who have delegated responsibility for CSR and who are ultimately responsible to a senior executive who reports to the CEO of the company who in turn, is accountable to the board. While these structural and reporting relations were typical of national corporations, MNCs however, had an added layer of management and decision making as company headquarters was the main decision makers, and subsidiaries in the different countries were responsible for country level implementation of CSR. Decision making appeared to be more cumbersome in these cases which delayed implementation. This resulted in frustration at community level, increased grassroots pressure for the delivery of services and the lowering of morale of CSR practitioners. In contrast with the more traditional
bureaucratic organisational arrangements, in some of the national companies, organisational structures were flatter. This allowed for diversity of opinions on CSR matters, for more timely decision making, and closer collaboration with external stakeholders in a more decentralised delivery system. However, devolution of CSR functions resulted in closer proximity to stakeholders and possibly increased grassroots pressure for CSR initiatives. Grassroots pressure was interpreted by some managers to be promoting a culture of entitlement at community level which is a reflection of wider social discourses about welfare dependency. However, there were stakeholders who argued for CSR programmes to be empowering and enabling of people’s efforts to improve their lives.

CSR divisions in the companies were located in the Corporate Affairs departments, mostly in the retail and finance companies; in manufacturing, it was in Community Relations; and in the SOEs and ICT sectors, autonomous business units namely Foundations and Trusts were created to run the programmes. Finally, in the mining companies it was located in the Sustainable Development department of which Community and Environment were the dedicated divisions for the management of all its external social and community relations. In some of the remaining companies, the CSR department was a stand-alone unit with a direct reporting line to the executive officer, while other companies assigned CSR functions to the Human Resources (HR) and Public Relations Departments. There appears to be a concerted move away from the traditional management structure which views CSR matters as part of the ‘softer issues’ of business which are often relegated to the Human Resources function or where it is viewed simply as a public relations exercise.

One of the companies outsourced its CSR function in view of their lack of expertise in this field which was not favoured by CSR practitioners in companies where it was an in-house function. The employment interests of CSR practitioners was certainly a factor in their opposition to outsourcing, a view that was shared by the trade union representatives and some community leaders who were sceptical of external
consultants. While increasingly companies are outsourcing CSR, the advantages and disadvantages need to be carefully considered by companies in their decision making.

The staffing component of these CSR structures indicated that the majority of CSR officials were female and occupied lower positions in the staffing hierarchy compared to their male compatriots. The mining companies and SOEs seemed to have more females being employed due to the stringent regulatory framework. The SOEs are essentially an extension of government hence it is mandatory for them to comply with national workplace policy requirements and the mining companies are driven by industry stipulations for example the Mining Charter, ‘Women in Mining’ compliance. Based on this evidence, CSR could be viewed as a female dominated profession across the ten companies. This could be attributed to the dominance and existence of a patriarchal corporate environment in which the sexual division of labour is the norm. Since CSR is viewed as a ‘soft function’ and associated with promoting human development, companies are likely to view it as women’s work which in turn justifies the gender division of labour in the workplace. Besides the regulatory environment favouring gender equality in the workplace, socio-cultural norms about gender provide additional insight into the increasing feminisation of CSR.

The majority (64%) of CSR practitioners in the companies studied were between 30-40 years with 12% being above 40 years. This suggests that CSR practitioners are older than one might have expected. Those under 30 years made up a quarter of the total number of staff. With regard to work experience in the CSR field, officials had on average only 4 years’ experience. This could be an indication of the relative newness of the field and the growing interest and focus on the practise of CSR by companies. The majority of CSR officials had either a Human resources or Marketing qualifications. This dominance is beginning to change as companies realize the need for expertise in others fields such as the Social Sciences, Development Studies, Social Work, Community Development, and Social Enterprises among others. There is on-going debate about the need for specialised training in the field to equip CSR practitioners with the knowledge, skills and
values to promote effective CSR interventions. While the practise of CSR covers a diverse range of fields such as planning and local economic development, environmental development and the like, it may not be possible to equip practitioners with specialist knowledge and skills in a single discipline and a multidisciplinary approach may be needed in this field. As CSR is a growing field, there is acknowledgement among CSR mangers that there is need for the professionalization of the field rather than to assume that anybody in the company can be trained to be a CSR practitioner. The diversity of roles alluded to by practitioners and the complexity of managing different stakeholder perspectives about the nature and direction of CSR programmes requires training in community and dispute resolution among others.

6.2.5. Implementation strategies

The implementation of CSR involves the integration of the function into the existing systems and structures of the company as outlined above. As mentioned above, all the companies had internal policies and procedures for the management of the function, criteria to select projects to fund and reporting systems to monitor implementation. All ten companies had dedicated structures, management systems and capacity to implement the function. The types of implementation mechanisms used by the companies were not universal but depended on the company’s governance systems. Various factors were pertinent in shaping the implementation strategies of the companies, some of which were mentioned previously. These were:

- The industry in which the company operated. Various industries are governed by different regulatory codes which also shaped company strategies.
- The company’s philosophy was another factor that shaped CSR strategy such as the example of a large food retail company that based its CSR programmes on supporting families and family values as this is more closely aligned to the company’s products and ethos as a family business. In the mining sector redress of the past legacy of exploitation and under-development featured prominently
in these company's strategies.

- State owned enterprises had a high commitment to CSR possibly due to the fact that the government had a large say in strategy formulation.
- The geographic location of the company particularly the urban/rural location shaped CRS strategies.
- The availability of community organisations with the capacity to implement programmes such as Non-governmental Organisations, Faith based organisations and Community-based organisations were also important in strategy formulation particularly in creating local partnerships.

The above factors therefore played a critical role in the formulation and shape of CSR strategies. All the companies in the study used different mechanisms to solicit, receive and accept requests for funding and sponsorship. The different ways of accessing CSR funding by external stakeholders included the use of the electronic media that is, online applications on the company websites; and applications received through the postal services; telephonic enquiries; walk-in enquiries by applicants at the company premises or by referrals from different stakeholders. The common method used was applications which were received through the postal services, followed by online and telephonic enquiries. The challenge with these approaches to soliciting funding was that smaller organisations with limited capacity particularly in proposal writing and project management were disadvantaged by these methods. More support is needed to assist such organisations to secure CSR funding and technical support.

Communication of CSR activities was regarded as a strategic objective by most of the companies. The ‘raison de être’ was mainly for the protection of the organization’s reputation, values promotion and marketing through the publication of successful case studies and best practices of CSR. It emerged that companies assigned their communication functions to both external and in-house public relations, marketing, corporate affairs and the communications departments/agencies. Company annual
reports, in-house newsletters and local press releases were some of the frequently used mediums of communication with the public and external stakeholders. The internet and other specialist publications, for example National Business Initiative, CSI Handbook and the Business Trust publications, were used as reference literature for analysing the CSR performances of different companies against which they benchmarked their performance. Internal communication with employees and management was conducted through the intranet, internal newsletters, management presentations, e-mail newsflashes and company policy briefs. External communication with enterprises in their value chain was mainly through newsletters, tender briefing specifications, supplier/procurement guidelines, billboards, event sponsorships and CSR open days. Sustainability reports which covered CSR components were popular with most companies. The findings also noted that some of the companies were gradually embracing social media like face book, and other blogs to survey the perceptions and attitudes of the public in relation to their social and environmental performance. Communications strategies are a double edged sword: on the one hand it projects a company in a positive light while on the other, it tends to gloss over the company’s negative impacts as such reporting could harm a company’s reputation.

Some of the companies selected strategic programmes such as flagship programmes that demonstrated innovation such as new models, good practise, impacts, and incubation of social enterprises among others. In these cases, the companies also evaluated the programmes with a view to identifying best practise which could lead to replication of innovation. This is particularly important as new ideas in the development field are not supported by government as it could be considered to be a high risk investment. Companies do have the flexibility to encourage and support innovation in the development field.

A popular strategy was to form collaborative partnerships with community leaders, local community organisations, NGOs and CBOs including local authorities to share resources, knowledge and expertise and in the case of NGOs to implement programmes. These
partnerships proved to be highly beneficial in programme implementation. In addition, companies encouraged community participation in the development of CSR, Corporate Social Involvement Plans and in Social and Labour Plans among others. Consultative forums and consultations with community leaders were used to inform policies, strategies and plans. Monitoring and evaluation are a crucial component of programme implementation is discussed below.

6.2.6. Monitoring and Evaluation of CSR performance

Most of the companies in the study had adopted risk management as an important business tool to better manage and evaluate their CSR performances. It was noted that the companies offered some form of report to their members, shareholders and the public on a regular basis. This practice was found to take the form of simple, short reports to inform affected communities or interested parties about the activities of the organization. Most of the reporting focussed mainly on the triple-bottom line which includes social, economic and environmental issues. Sustainability reports were the main publications used to communicate the performance of the organization’s activities regarding CSR. These reports included the organization’s objectives and performance in relation to the relevant and significant core pillars of the economic, social and environmental aspects. Annual reports aside from providing achievements also indicated the challenges and envisaged action plans. In general in South Africa, stand-alone CSR reports that were published mainly described the social involvement and in some cases environmental activities of the companies. Other publications such as a company’s Sustainability Report, which is more integrated, covers all the core facets of the company and how these have contributed to sustainability during the previous year. These reports also reflected on historical information and data. In order to promote confidence, integrity and the material relevance of the issues being reported, most of the companies in the study engaged the services of independent third party verifiers and auditors. This practice was used as a way of evaluating the extent to which CSR was performing from an independent perspective.
Benchmarking of their CSR activities was used by some of the companies to assess their performance against predetermined standards and also against the performance of their competitors. Benchmarking of company performance is used widely by most companies as a business performance evaluation and analysis tool which enables them to identify best CSR practices from companies in their sectors with the purpose of improving their initiatives.

The processes used by the companies to assess and evaluate the effectiveness of CSR were many and varied. Some of these included periodic reviews of performance; project visits; surveys of employees and of affected communities, gauging the perspectives of their leaders; participation in stakeholder engagement forums; reports from project leaders; media coverage; social audits, output analysis of projects; statistical trails of community complaints and tracking of enquiries about funding. The measuring of project deliverables through input and the use of some output indicators seemed to be the most popular method coupled with project or site visits. The latter were mostly preferred as they were perceived to present the results in 'real-time'. A site visit is advantageous in the sense that it is practicable and conducive to quick evaluation in terms of impact and assessment of the quality of activities. It also brings in the human element of empathy by the project funder thereby creating dialogue and understanding of the dynamics involved. While monitoring was being done the measuring of the effectiveness of the CSR interventions proved to be a challenge. Companies are however not able to report on the impact, that is the outcome of their programmes, thus they are not able to effectively communicate to the public and to government agencies about the value add of their development programmes. Mostly input and output indicators were used and these related to mostly numeric indicators. Qualitative indicators were not widely used and this could be due to a lack of expertise in this regard.
6.3. RECOMMENDATIONS

In the above discussion of the conclusions, general recommendations that flowed from the analysis of the findings were integrated where appropriate. In this section, the recommendations are summarised briefly.

i. An integrated approach to CSR is recommended with CSR forming an integral component of the sustainable development agenda. The CSR Diamond provides a framework that incorporates the interconnection between economic, social, environmental, ethical and legal components of CSR. This framework provides a useful guide to CSR practise in the South African context. The economic dimension is crucial as CSR depends on the economic sustainability of a company. Therefore it is important that economic policies be enacted that create wealth which is crucial for the continued sustainability of CSR programmes. Such an approach could have a multiplier effect on the scope of CSR programmes. This approach is also likely to create a win-win philosophy in which value is added to the company and simultaneously to the community and environment. Economic benefits by itself will not contribute to sustainable and equitable development. CSR initiatives therefore need to be an investment that will yield both economic and social returns and for the benefit of society as a whole. In order for CSR to contribute to poverty reduction, its contributions should also be viewed as a redistributive mechanism and should provide support in particular to poor and vulnerable groups and communities. In addition, CSR serves as a means to ensure sustainability of the environment to meet the needs of the population in the long-term. The CSR Diamond includes two other key components, namely that companies should conduct their affairs in an ethical manner and in keeping with company values and its wider commitment to society with due regard to the legal and regulatory frameworks that are designed to promote sustainable development.
ii. A diversity of terms is used to define CSR. While it may be practical to define CSR more in terms of what it actually does, it is recommended that the term Corporate Social Responsibility be used as a uniform term as it captures the responsibility of companies to the wider society and the mutual interest of all in creating a just and sustainable world. Furthermore, CSR is informed by multiple disciplines requiring a wide range of knowledge and skills in disciplines such as Management Sciences, Public and Development Management, Development Studies, Social Science, Social Work, Health, Education, Social Enterprises, Local Economic Development and Planning among others. It is therefore recommended that CSR should be grown as a field of enquiry at a theoretical level and in practice and that appropriate academic programmes be developed in the respective disciplines to equip future graduates for employment in this field.

iii. A partnership approach is recommended to give effect to the CSR commitments of companies. While the developmental state is conceived of as taking a leading role in promoting development, a partnership with the private sector through CSR initiatives, individuals, communities and civil society organisations is proposed. In this way CSR could complement and augment the efforts of other development actors. However, for such partnership to be viable, it would be beneficial to all parties if the role and contribution of CSR could be better defined; it should not lead to the abrogation of state responsibility for social and environmental development.

iv. CSR should be based on principles of community and citizen participation in sustainable development, empowerment of individuals and groups to promote their well-being. In keeping with the Bill of Rights of 1996, CSR programmes should actively protect and promote the social, economic and environmental rights of all citizens as set out in The Constitution of the Republic of South Africa, 1996.
v. The traditional approach to CSR has always assumed that it embraces environmental goals. However, in practise, environmental goals are often neglected by those companies that are not explicitly identified as having a detrimental impact on the environment. It is therefore recommended that the environmental pillar be more explicitly addressed by all companies.

vi. The stakeholder management approach informing CSR is crucial to create space for the diverse opinions of external stakeholders, all of whom could enhance the effectiveness of CSR programmes. Based on this assumption, it is recommended that CSR staff be equipped with the knowledge and skills to mediate the tensions that may arise from a diversity of perspectives on the role and expectations of external stakeholders.

vii. It is further recommended that stakeholder engagement processes with external stakeholders be streamlined in order to create the space for participatory engagement processes. Examples include involvement in decision-making with local stakeholders, robust engagement to mediate adversarial positions, collective project identification and involvement in implementation, the creation of an enabling environment and an atmosphere of trust to promote co-ownership and empowerment while simultaneously promoting the economic growth of the company.

viii. It is recommended that companies have the flexibility to develop their own CSR programmes suited to the sector in which they operate and in keeping with its philosophy while ensuring that programmes are aligned with local needs and resonate with the overall national development agenda. Further, MNCs should enable companies to develop programmes that are relevant to the national and local context.

ix. It is recommended that companies should design their organisational
architecture to meet CSR goals and outcomes. While flexibility is needed, companies need to ensure that CSR policies, functions, systems and management processes are in place, including qualified staff and budgets to give effect to company commitments. A gender sensitive approach to CSR and to human resources in the CSR field is important. CSR should be approached as a value and a socially oriented function, a way of conducting business by the companies and not as an add-on. Consideration of values and their integration into the company ethos and consciousness will also ensure internal stakeholder support for CSR. It is therefore recommended that senior management inculcate and endorse these values and that they are operationally applied throughout the policies and strategies of the entire organization. It is recommended that synergies be created between related departments and that integrated systems are implemented. Consequently, it is important to look beyond the words and stated intentions and to how the values are being put into action.

x. Companies have adopted a range of organisational arrangements to give effect to CSR. Some companies have integrated and embedded the function in its business while others have created autonomous structures such as Foundations and Trusts and some have outsourced CSR. It is recommended that companies consider carefully the advantages and disadvantages of these arrangements and select the best option suited to the goals and outcomes that they seek. While outsourcing is an option for some companies that do not have the expertise to do so, it is recommended that due consideration be given to the creation of delivery mechanisms that would not compromise a company's commitments to CSR.

xi. Companies should build their delivery capacity in the CSR field. This will require investment in training of staff; creation of opportunities for staff development through attendance of conferences, CSR forums and colloquia. This would assist in the professionalization of this emerging field of practise and ensure that CSR
initiatives are indeed responsive to the actual needs of communities and the crafting of appropriate development interventions.

xii. CSR budgets make a substantial contribution to overall sustainable development and augment other resource flows to poverty reduction and development. However, CSR contributions are vulnerable to budget cuts and where these are not adjusted for inflation, its value is eroded. It is recommended that CSR budgets should take into account inflationary pressures. Companies should also find ways to protect CSR budgets as these are vulnerable to economic downturn and crisis. Instead of cutting CSR budgets in times of economic crisis, it is crucial that companies do not first turn to cutting these budgets because CSR is a soft or non-core function. There are grave consequences for organisations and communities who depend on CSR funding. Where this is inevitable, engagement with community and beneficiary groups are critical to find solutions that are mutually acceptable. Failure to do so conveys a lack of social commitment to CSR and leads beneficiaries and external stakeholders to the view that CSR is simply a public relations function. In addition, it is recommended that companies cost the additional inputs to CSR in order to arrive at a more realistic figure of what their contributions are.

xiii. CSR divisions need to meet government and industry level reporting requirements and some systems do exist for this purpose, however, monitoring and evaluation of CSR programmes could benefit from a more robust M&E system that could provide a better indication of the outcomes and impact of CSR programmes. It is recommended that companies develop user-friendly systems to report on impact.
6.4. AREAS FOR FUTURE RESEARCH

This thesis was mainly aimed at understanding the conceptualization and practice of CSR within the South African context and as such was not exhaustive of all the areas which require further research. As CSR is rapidly evolving, it provides a rich area for future research, some of which are beyond the scope of this study.

There is scope for the theoretical development of CSR in the field of Development Studies and particularly where CSR and sustainable environmental development intersect. Areas for further research that emerged from the study include, CSR and stakeholder engagement, monitoring and evaluation of CSR, the role of management in CSR and in particular, gaining an understanding of the roles and functions of CSR practitioners. While some recommendations arise from this study on the conceptual development of CSR, further work is needed in developing a conceptual framework that could guide CSR practise. Documenting case studies of CSR initiatives that provide critical insight to different ways in which companies are attempting to integrate social, environmental and commercial factors could add to knowledge on how this might work in practise. Another area which requires further interrogation is the role and meaning of socially responsible leadership. The leadership field requires more research for a clearer understanding of the kind of leadership required and also leadership development for CSR.

Research in the field of Monitoring and Evaluation is critical to understanding the impact of CSR initiatives as part of a sustainable development agenda. Both quantitative and qualitative evaluation methodologies should be used when evaluating CSR performance. It is important that relevant appropriate indicators and assessment tools be developed so that a fuller picture of a company’s performance can emerge. Therefore this gap provides a research area for further studies.
The perspectives of the various stakeholders in this study pointed to different meanings and interpretations of CSR. The voices of beneficiaries are often neglected in research in social and environmental development. It is critical that more research be conducted to give voice to these perspectives to find the best ways to serve those that CSR seeks to benefit. Stakeholder perspectives provide rich discourses on the politics of CSR and how views from below might shape CSR.

Finally, there is a dearth of empirical research on the role and contribution of CSR to sustainable development. Current national research tracks CSR spend and focus areas which are valuable. However, there is need for a national study in this area which should be followed up with panel studies if the contribution of CSR is to be better understood.

6.5. CONCLUDING REMARKS

The conclusions in this chapter do not represent an exhaustive, comprehensive overview of the status of CSR but provided a general understanding of its meaning and practise across the ten companies that were purposively selected. The study makes a contribution to the conceptual development of CSR as a field of enquiry and practise. It also identified the emerging debates on sustainable development in South Africa and to CSR’s contribution to sustainable development as a micro level intervention strategy. It further showed how CSR contributes to social and environmental development along with other development strategies. Implementation of CSR is indeed a gradual and developing specialised field of practise which requires further enquiry in the Social Sciences, commercial and Management Sciences, and in Development Studies. The challenge remains to craft educational curricular to fill this gap. The sustainability of CSR as a practise will require a paradigm shift from the traditional management approach based on philanthropy to a people-centred development approach imbued with developmental theory, principles and practise that could be applied in a commercial environment. Therefore as an endnote, CSR should not be viewed as providing companies with a competitive edge only, but rather as presenting opportunities for
mutual learning with all stakeholders despite their different agendas to promote a wider justice and a sustainable ecological environment for the development of societies in the future.
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NEWSPAPER ARTICLES


SOUTH AFRICAN STATUTES / LEGISLATION


INTERNET SOURCES


ANNEXURE A

LETTER OF CONSENT & ANONYMITY

Title of study:

An Analysis of Corporate Social and Environmental Responsibility (CSER) and Sustainable Development in South Africa.

Purpose of study:

A multi-sector company analysis of the CSR programmes of selected national and Multinational companies in South Africa.

Confidentiality

Any information that is obtained with this study and that can be identified with our company and yourself as a respondent will be kept confidential and only disclosed with your permission. Every effort will be made by the researcher to preserve your confidentiality through the use of pseudonyms, alphabetic code names on all research notes, documents, recordings and publications flowing from the study.

Statement of consent

By signing this consent letter, I confirm that my participation in the study is voluntary and that I am free to withdraw at any time, without giving reason. I voluntarily agree to take part in this study. I will be given a copy to keep for my records.

Respondent signature: ........................................ Date: ........................................

Researcher signature: ........................................ Date: ........................................
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INTERVIEW GUIDE

SECTION A

VALUES AND ETHICS OF THE COMPANY

Q 1. What are the values which you consider important for your company and why are these important?

Q 2. Who formulates these values and process have you followed to ensure they are embedded in your strategy?

Q 3. Why is social responsibility important to your company?

Q 4. How do you think the values of your company will contribute towards effective social responsibility?

Q 5. Is there any potential material action, be it civil, administrative or criminal, from the past; in progress or pending against the company or being investigated by the company? (Including actions that involve environmental or social issues). How have you rectified the situation?

Q 6. How do these values you mentioned assist in meeting objectives of sustainable development and the community?

SECTION B

CONCEPTUALIZATION OF CSR & SUSTAINABLE DEVELOPMENT

Q 1. What differentiates your company’s social responsibility from your competitors?

Q 2. Which factors have influenced your organization’s use of the preferred term for your social responsibility process? (For example, corporate social investment; corporate citizenship etc) Why are these important?

Q 3. What is your understanding of sustainable development within the context of your social responsibility definition?
Q 4. What challenges do you face within the broader area of social development in making social responsibility relevant for your beneficiaries?

Q 5. What kind of decision-making processes do you follow and use in order to share your understanding of social responsibility, both internal and external to your organization?

Q 6. Why have you followed the type of conception of CSR & Sustainable development?

SECTION C

NATURE & SCOPE OF SOCIAL RESPONSIBILITY POLICIES AND STRATEGIES

Q 1. What aspects do you consider important to factor into your social responsibility programmes?

Q 2. What is the process which you follow to formulate your social responsibility policy and strategy?

Q 3. How do you integrate your social responsibility commitments into the organization’s core business?

Q 4. What are the facilitating and constraining factors in your company’s policy formulation?

Q 5. How does the company ensure it achieves and maintains legislative compliance?

Q 6. What criteria do you use to shape the type of projects you implement? and Why are these important for the company?

SECTION D

METHODOLOGIES USED TO IMPLEMENT CSER PROGRAMMES

Q 1. Why do you consider partnerships key to the implementation of your programmes?

Q 2. Why has social responsibility activities been located within the chosen department?

Q 3. What are the qualifications of personnel spearheading these programmes?
Q 4. How you determine your CSR spend? and Why?

Q 5. Who determines what kind of projects, budgets, structure, staff and model of CSR?

Q 6. How are other stakeholders involved in the implementation process?

SECTION E

EVALUATION OF THE PERFORMANCE OF THE COMPANY

Q 1. Which benchmarks do you use to ascertain the appropriateness of methodologies for implementation?

Q 2. How does the company regularly review the direct and indirect social and environmental impacts of the CSR programmes?

Q 3. What kind of interventions from a governance and management perspective are used to check on performance?

Q 4. What is the role of external stakeholders in the company’s social responsibility performance?

Q 5. What are the factors which explain the success of your social responsibility programmes?

Q 6. What systems do you have in place for M&E of your CSR programmes?

SECTION F

ISSUES & CHALLENGES FACING THE COMPANY

Q 1. What challenges do you face in the constantly changing socio-economic environment with regards your social responsibility programmes?

Q 2. How do you counteract these challenges?
### ANNEXURE C

### BIOGRAPHIC INFORMATION OF CSR OFFICIALS IN THE COMPANY

Please provide information in the following categories:

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Area of specialization</th>
<th>Number of CSR Officials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 12 or equivalent qualification</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Certificate or Diploma</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelors degree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Honours degree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Masters degree/ MBA or higher</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other qualifications</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Work Experience in CSR

<table>
<thead>
<tr>
<th>Years of Experience</th>
<th>Number of CSR Officials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 yrs</td>
<td></td>
</tr>
<tr>
<td>5 ≤ 10</td>
<td></td>
</tr>
<tr>
<td>11 ≤ 15</td>
<td></td>
</tr>
<tr>
<td>16 ≤ 20</td>
<td></td>
</tr>
<tr>
<td>21 ≤ 30</td>
<td></td>
</tr>
<tr>
<td>More than 30 years</td>
<td></td>
</tr>
</tbody>
</table>
## Age of CSR Officials

<table>
<thead>
<tr>
<th>Age Group (in yrs)</th>
<th>Number of CSR Officials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 30</td>
<td></td>
</tr>
<tr>
<td>Between 30 - 35</td>
<td></td>
</tr>
<tr>
<td>Between 35 - 45</td>
<td></td>
</tr>
<tr>
<td>Older than 45</td>
<td></td>
</tr>
</tbody>
</table>

## Management level, Gender and Race of CSR Officials

<table>
<thead>
<tr>
<th>Management level</th>
<th>Male</th>
<th>Female</th>
<th>White</th>
<th>Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Junior</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ANNEXURE D

INTERVIEW SCHEDULE

EXTERNAL STAKEHOLDERS

COMMUNITY BENEFICIARIES CLUSTER

1. What is your understanding of Corporate Social Responsibility?

2. Is what the company does with regards community development the same like government or the local municipality?

3. How do you think the company should do their social responsibility?

4. What kind of projects is the company helping you with and are you happy with these?

5. If not happy with them, what would make you happy?

6. Are you involved in the planning of the projects?

7. How are you involved?

8. Do you think this participation is enough? If not how would like to see this and what are the problems you encounter?

9. Do the projects meet your needs?

10. What has been done by the company to make sure that the projects are successful?
11. Does the company come and measure how you are doing?

12. How often do they come and who does this from the company?

13. Is the person from the company helpful and allow you to air your views. If not what happens?

14. Which other community organizations are involved and how do they assist you in the company project? For example the municipality or NGO.

15. Is there something which you think you can assist the company with to make the projects better?
ANNEXURE E

INTERVIEW SCHEDULE

EXTERNAL STAKEHOLDERS

TRADE UNION, GOVERNMENT, TRIPARTITE INSTITUTION, BUSINESS, NGO OFFICIALS

1. What is your understanding of Corporate Social Responsibility as practised by companies? And why do you think so?

2. Which definition do you think is appropriate to describe this practice?

3. What values do you think companies should be embracing in pursuit of CSR? And why do you think these are important?

4. Do you think companies are serious about implementing CSR? If not why do you think so?

5. To what extent do you think CSR projects of companies are helping to meet the government goals of sustainable development?

6. Do you think external stakeholders have a role to play in CSR? And Why?

7. What do you think the CSR projects by companies should address?

8. How should communities be involved in these projects?

9. What are your views about the sustainability of CSR projects?

10. Do you think the funding contributions of companies are enough to address problems of poverty, inequality and unemployment?
11. How does your organization relate to companies CSR initiatives?

12. What do you think should be addressed in order to improve CSR by companies?

13. Who do you think should monitor companies CSR activities and Why?

14. What suggestions do you have for companies implementing CSR?

15. What challenges and issues do you think face companies in implementing CSR?
## DOCUMENTARY DATA ANALYSIS

### COMPANIES

*(EXAMPLES OF COMPANY A AND B)*

<table>
<thead>
<tr>
<th>Profile</th>
<th>DATA CATEGORIZATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMPANY A</strong></td>
<td></td>
</tr>
<tr>
<td>Conceptualization of CSER</td>
<td>Corporate Social Investment (CSI) is defined as part of the broader sustainability approach of the company primarily looking into social performance. Sustainable development defined as <em>‘the internalization of environmental &amp; social responsibilities into the core business strategy in a phased manner that enables XXXXXXXX to deliver lasting benefits to current &amp; future generations of shareholders, employees &amp; other stakeholders’</em></td>
</tr>
</tbody>
</table>
| Values & Ethics | Vision  
- To be a respected global enterprise, harnessing talents in applying unique, innovative & competitive technologies to excel in selected markets in the XXXXXXXX sectors in Southern Africa & worldwide  
Values  
- Customer focus |
- Winning people
- Safety
- Excellence in all we do
- Continuous Improvement
- Integrity

'Sustainable development is intrinsic to our vision & six shared values”

Chief executive

Code of Ethics

Based on four fundamental principles:
- Responsibility
- Honesty
- Fairness
- Respect

Ethical standards cover issues such as:
- Bribery & corruption
- Fraud
- Human rights & discrimination

An Ethics forum monitors & reports on practice & compliance
<table>
<thead>
<tr>
<th>Nature &amp; scope of CSER policies &amp; strategies</th>
<th>A corporate sustainable development management framework has been developed to manage the economic, social &amp; environmental activities to ensure continuous improvement in line with global best practice</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Strategic stakeholder engagement is used as a policy of collaboration &amp; partnership with stakeholders</td>
</tr>
<tr>
<td></td>
<td>- Employee participation in decision-making on social projects</td>
</tr>
<tr>
<td></td>
<td>- Community Outreach policy stated in the XXXXXXXX Safety, Health &amp; Environment policy (Winning with people)</td>
</tr>
<tr>
<td>CSI is channelled into the following priority areas:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Education, with a particular focus on empowering &amp; developing people in science &amp; technology. Flagship Educational Projects are in XXXXXXXXXXXX providing a comprehensive range of educational services e.g. early childhood education; primary &amp; secondary education &amp; further education. The ‘XXXXXX programme is aimed at providing under-resourced rural schools with science equipment for training &amp; mentoring at primary level; partnership with the Centre for Enterprise &amp; Development for research into maths &amp; science education in SA; Discovery Mobile a project geared at grades 5-9 learners in conservation projects, as well as various education &amp; capacity building initiatives ( sponsorship of the Endangered Wildlife Trust; the XXXXXXX Vulture Monitoring Project; XXXX Sensory Trail for Disabled people at XXXX Delta Environmental Centre; XXXXX Schools Clean-up Project at XXXXXXX &amp; XXXXXXX; Greening &amp; Sustainable Food Gardens)</td>
</tr>
</tbody>
</table>
- Arts, culture & sport development with a particular emphasis on identifying opportunities for uplifting the quality of life of communities (XXXXX School of Music for young musicians from historical disadvantaged communities; National Youth Orchestra 's Development programme; XXXXXX schools festival & youth sport development)

- Job creation, investing in initiatives that promote the sustainable creation of employment. SMMEs & co-operatives projects are used to promote entrepreneurship (XXXXXXXXX Business Development Corporation in XXXXXXX)

- Health & Welfare, with priority emphasis on HIV/AIDS prevention (XXXXX Facility & Highveld East Aids Project in XXXXXX; The Market Theatre Life Skills programme in XXXXXX)

- Environmental education & conservation, supporting specific Strategic community investment strategy in the underdeveloped communities of the XXXXXXXXXX

- Establishment of 10 integrated XXXX Centres to provide accessible & affordable energy to the rural poor (XXXXXXXX)

| Implementation methodologies / routinization of CSER programmes | - Corporate citizenship & sustainable development is managed at the corporate level & implemented at business level with ultimate responsibility residing with the Board of directors. - At Board level, responsibility of sustainable development is vested into the Group Executive Committee headed by the CEO who manages the day to day management of sustainability. |
- **Specialised committees** focusing on specific aspects e.g. CSI, Sponsorships, BBBEE meet at this level

- **Public participation forums / initiatives** are used to ensure *participatory engagement* with the community

- **Community outreach initiatives** (*Constructive Approach*) at most of the site operations (vis-à-vis, holding *public meetings*; *hosting explanatory tours of operations* & *structured system of responding to community complaints*)

- Strategic stakeholder engagement / collaborations / partnerships

- Membership of industry groupings / bodies / associations as platforms to channel views into government initiatives

| Evaluation of performance of CSER programmes, Issues & challenges facing the company | Unacceptable number of safety incidents, resulting in an increase of recordable case rate
|---|---|
| | - Reputational concerns among certain government departments, NGOs & Community groups in South Africa about specific aspects of XXXXXX performance
| | - Meeting goals & objectives relating to employment equity & BBBEE
| | - Effectively integrating sustainability considerations in all relevant business decisions, including new projects & operations
| | - Ensuring compliance with the revised air pollution legislation, changing legislative & policy requirements relating to products & product safety |
| CSER Annual Budget | - CSI Spend in 2005:  
| | R 47 million to socio-economic development projects, mostly in XXXXX & XXXXXX communities & along the XXXXXXX-to- XXXXXX route |
| Gaps & issues for further research vis-à-vis structured in depth interviews | - Community projects location  
| | - Justification of CSR Spend  
| | - Stakeholders views on the company  
| | - More discussions on CSR structures |
| **COMPANY B** | |
| Conceptualization of CSER | Social Investment defined as good corporate citizenship based on the philosophy that companies have a prime accountability for the impacts of their operations and products on surrounding communities and customers.  
| | CSI is viewed as part of the broader sustainable development agenda. |
| Values & Ethics | - As a commitment to sustainable development a variety of codes of conduct has been adopted i.e.  
| | 1. The Global Compact  
| | 2. Sustainable development framework of the International Council for Mining & Metal  
| | 3. Voluntary Principles on Security & Human Rights  
| | - Create meaningful employment in safe, healthy environments |
| Nature & scope of CSER policies & strategies | A Sustainable Development Council made up of the leaders of corporate functions & business units, takes the lead on CSI strategy and agrees on company targets. Senior managers with responsibility for sustainable development meet regularly to address constraints & opportunities in formulating & giving effect to the strategy & policies.  

-Social investment focuses on five core areas:  
- International development  
- Community capacity building  
- Education  
- Health & the Environment  

This includes skill, money and time put to use to build a better long term future  

- Community engagement forums are used  
  e.g. Social forums are used to debate issues & listen to people's perspectives  

- Sustainable development incorporation at the outset of projects i.e. exploration, feasibility assessment or acquisition |
**Implementation methodologies / routinisation of CSER programmes**

<table>
<thead>
<tr>
<th>The XXXXXXX Fund directs funding for programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>- The Safety &amp; Sustainable Development Committee enables Board oversight of the strategic responses to sustainable development on behalf of shareholders.</td>
</tr>
<tr>
<td>- Executives heading key functions &amp; business units participate in all meetings.</td>
</tr>
<tr>
<td>- A Sustainable Development Council made up of all the leaders of corporate functions &amp; business units, takes the lead on strategy &amp; agrees Group targets. Senior managers with responsibility for sustainable development meet regularly to address constraints &amp; opportunities &amp; give effect to strategy &amp; policy</td>
</tr>
<tr>
<td>- Use a company designed framework called XXXXXXXXXX to understand the extent and nature of community problems; aimed at raising social performance &amp; capacity building at mature operations; seeking to track implementation of management commitments</td>
</tr>
<tr>
<td>- Stakeholder engagement is foundation to community involvement</td>
</tr>
<tr>
<td>- Partnerships with government, civil society &amp; NGOs</td>
</tr>
<tr>
<td>- Social forums used to legitimise projects</td>
</tr>
<tr>
<td>- Worker volunteerism</td>
</tr>
<tr>
<td>- Infrastructure development</td>
</tr>
<tr>
<td>- Conservation as part of environmental programme</td>
</tr>
<tr>
<td>- Capacity building for comprehensive HIV/AIDS services</td>
</tr>
</tbody>
</table>
- Uses the Global Reporting Initiative (GRI) as guidelines in its CSI programmes for reporting

- Adherence to legislative environment is determined by the legal context in which the company operates (In SA all its activities comply with the Mining Charters & Environmental legal framework)

- Projects are all drawn to address five components formulated by the organization & relates to the GRI i.e;

- Economic value

- Social capital

- Natural capital

- Human capital

- Manufactured capital

<table>
<thead>
<tr>
<th>Evaluation of performance of CSER programmes, Issues &amp; challenges facing the company</th>
<th>Lack of trust on environmental &amp; health issues by stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Dust &amp; other environmental impacts</td>
</tr>
<tr>
<td></td>
<td>- Access to jobs / transparency around recruitment practices</td>
</tr>
<tr>
<td></td>
<td>- Balance / distribution of social investment</td>
</tr>
<tr>
<td></td>
<td>- Rivalry between stakeholder groups</td>
</tr>
<tr>
<td></td>
<td>- Perceptions as realities (community expectations)</td>
</tr>
<tr>
<td></td>
<td>- HIV/AIDS</td>
</tr>
<tr>
<td></td>
<td>- Safety</td>
</tr>
<tr>
<td>CSER Annual Budget</td>
<td>CSI (2005) spend by cause:</td>
</tr>
<tr>
<td>--------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>- Taxation / resource nationalism</td>
<td></td>
</tr>
<tr>
<td>- Climate change &amp; energy efficiency</td>
<td></td>
</tr>
<tr>
<td>- Biodiversity</td>
<td></td>
</tr>
<tr>
<td>- Integrated land use planning</td>
<td></td>
</tr>
<tr>
<td>- Community development 32%</td>
<td></td>
</tr>
<tr>
<td>- Education &amp; Youth 27%</td>
<td></td>
</tr>
<tr>
<td>- Health &amp; HIV/AIDS 9%</td>
<td></td>
</tr>
<tr>
<td>- Arts, Culture, Heritage 5%</td>
<td></td>
</tr>
<tr>
<td>- Housing/ Homelessness 4%</td>
<td></td>
</tr>
<tr>
<td>- Environment 4%</td>
<td></td>
</tr>
<tr>
<td>- Others 19%</td>
<td></td>
</tr>
</tbody>
</table>
### ANNEXURE G

#### TRANSCRIPTION

**EXAMPLE**

<table>
<thead>
<tr>
<th>Category</th>
<th>Sub-category</th>
<th>Evidence (quotations)</th>
</tr>
</thead>
</table>
| Definition | Terminology used: Sustainability | • "... look at the economics, social and environmental impact of companies as well as their contributions including you trying to, once you recognise the business as a large force in the society, affects society on many ways, similar way as the government does, then you want to improve the social, economic and environmental contributions. Certainly minimise the impact, negative impact, and that's really how we define it.”
• "... you need to look at the integrated impact it has on business and social and exactly what you call it well.” |
| Objective | | • "So our objective is to promote sustainability in two ways. One is, the private sector can play in engaging with the government, make the government more effective, and make public policy solutions that are in line with our sustainability vision. Secondly to ask what can business do, to make itself more sustainable.”
• "It's not so much an originator. I think it's part of the, the MBI's vision for a long time has been particular on social and environmental – social and economics issues rather.”
• "... we're doing a lot of work in education with local economic development.”
• "... so that's very much not driven by one person, it's a organization philosophy.”
• "... organization has all the, the policies that you would expect, and internal policies, in terms of human resource development, performance management, remuneration etc.”
• "... there's a number of key strategies we think
<table>
<thead>
<tr>
<th>Importance of sustainability</th>
<th>Policies and strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>• “... sustainability is critical, that’s what we believe, we think it’s vital for people, we think it’s important for the planet umm, we think that one of the key issues to address here is poverty.”</td>
<td></td>
</tr>
<tr>
<td>• “Our role in working directly with the poor we think we are uniquely positioned to help the government become more effective in addressing service delivery and helping the private sector to do its core business better and to think critically about things while in society.”</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Process</th>
<th>Vision</th>
</tr>
</thead>
<tbody>
<tr>
<td>• “... a long process of discussion at the organization then with our member companies and finally with our board.”</td>
<td></td>
</tr>
<tr>
<td>• “It was influenced by becoming the original partner of the world business count in sustainable development, with the XXXX as regional partner of the WBCSD of SA.”</td>
<td></td>
</tr>
<tr>
<td>• “... we certainly have learnt a lot from the international arena or we similarly think that all our issues here are also unique.”</td>
<td></td>
</tr>
<tr>
<td>• “But secondly I also think we have to give a South African content to it.”</td>
<td></td>
</tr>
<tr>
<td>• “But we think human capacity development is a critical part of sustainability.”</td>
<td></td>
</tr>
<tr>
<td>• “We can learn a lot from it but we certainly also have or own views on that.”</td>
<td></td>
</tr>
<tr>
<td>• “... I think in many ways SA can learn from the world.”</td>
<td></td>
</tr>
<tr>
<td>• “We have a management team of directors.”</td>
<td></td>
</tr>
</tbody>
</table>

• “... government is an important role player. And we think government has a critical role in shaping the type of society we’re going to become. And we think that’s important for...”
| Values | "Our internal values are trust, accountability, diversity, innovation, empowerment and passion,"
| • | "... from our accountability perspective, what you would see as one of our values, it is important to have a clear, outline of what we’ve done, what our financials are, who’s our board, what have we achieved etc."
| Passion | "... we are a group of passionate people, we’re a non-profit organization, and I think you will see that these are people who believe in what they stand for."
| • | "I think we’re shaped by what we believe in. I think these are values that we have had for a long time."
| • | "We did it because we think it’s right thing to do, not just because it’s now a priority."
| Change | "The biggest change we think has been from operating under the apartheid system in now operating in a democratic system."
| • | "... a lot of work there was the urban foundation is how we deal with the reality of African people living in urban areas when the government was denying it."
| • | "... but we shifted to increasing, so what is the role of business in a new democracy and a new SA."
| • | "... what can business do not just on the growth but the social development for
<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Communication</th>
</tr>
</thead>
</table>
| • Certain people associate if they buy into what  | • “Well different audiences require different mediums for communication. So we think the, the modern way, the web is accessible.”
| you, what you stand for. And we often tell       | • “... the sustainability report, it’s a very thick report, the whole report is on the web. We’ve just published a much thinner executive summary. We think some people still prefer hard copies of publications.”
| companies that they.... to buy services.         | • “I think it is important to say who is your target audience when you communicate.”
| • And many companies, well 140 companies have     | • “It is a complicated business, we need to explain it in complicated language. There’s no one sentence that will really describe what we’re doing.”
| done so.                                         | • Certain people associate if they buy into what you, what you stand for. And we often tell companies that they.... to buy services.
| • Our strength is between government and business, | • “Well different audiences require different mediums for communication. So we think the, the modern way, the web is accessible.”
|   we play a unique facilitator role between them. | • “... the sustainability report, it’s a very thick report, the whole report is on the web. We’ve just published a much thinner executive summary. We think some people still prefer hard copies of publications.”
| • We don’t always work as much as we would like   | • “I think it is important to say who is your target audience when you communicate.”
|   to work with NGO’s                             | • “It is a complicated business, we need to explain it in complicated language. There’s no one sentence that will really describe what we’re doing.”
| • I think stakeholder engagement to us is        | • Certain people associate if they buy into what you, what you stand for. And we often tell companies that they.... to buy services.
|   important.                                     | • “Well different audiences require different mediums for communication. So we think the, the modern way, the web is accessible.”
| • I think it’s very project specific, in energy   | • “... the sustainability report, it’s a very thick report, the whole report is on the web. We’ve just published a much thinner executive summary. We think some people still prefer hard copies of publications.”
|   efficiency, the key stakeholders are the large | • “I think it is important to say who is your target audience when you communicate.”
|   energy users XXXXXXX and then some of the key  | • “It is a complicated business, we need to explain it in complicated language. There’s no one sentence that will really describe what we’re doing.”
|   researchers.                                  | • Certain people associate if they buy into what you, what you stand for. And we often tell companies that they.... to buy services.
| • Partners bring different views, which are      | • “Well different audiences require different mediums for communication. So we think the, the modern way, the web is accessible.”
|   interesting. I think it is to test your        | • “... the sustainability report, it’s a very thick report, the whole report is on the web. We’ve just published a much thinner executive summary. We think some people still prefer hard copies of publications.”
|   assumption. Partners bring different resources. | • “I think it is important to say who is your target audience when you communicate.”
|   They bring different ways of doing things. And  | • “It is a complicated business, we need to explain it in complicated language. There’s no one sentence that will really describe what we’re doing.”
|   because most of the things we need are complex, | • Certain people associate if they buy into what you, what you stand for. And we often tell companies that they.... to buy services.
|   all different ideas help.                     | • “Well different audiences require different mediums for communication. So we think the, the modern way, the web is accessible.”
|                                                 | • “... the sustainability report, it’s a very thick report, the whole report is on the web. We’ve just published a much thinner executive summary. We think some people still prefer hard copies of publications.”
|                                                 | • “I think it is important to say who is your target audience when you communicate.”
|                                                 | • “It is a complicated business, we need to explain it in complicated language. There’s no one sentence that will really describe what we’re doing.”
|                                                 | • Certain people associate if they buy into what you, what you stand for. And we often tell companies that they.... to buy services.
|                                                 | • “Well different audiences require different mediums for communication. So we think the, the modern way, the web is accessible.”
|                                                 | • “... the sustainability report, it’s a very thick report, the whole report is on the web. We’ve just published a much thinner executive summary. We think some people still prefer hard copies of publications.”
|                                                 | • “I think it is important to say who is your target audience when you communicate.”
|                                                 | • “It is a complicated business, we need to explain it in complicated language. There’s no one sentence that will really describe what we’re doing.”
|                                                 | • Certain people associate if they buy into what you, what you stand for. And we often tell companies that they.... to buy services.
| Government | • Government is an important player. And we think government has a critical role in shaping the type of society we’re going to become. And we think that’s important for business to engage with that, to shape that, to influence that. It’s not that the other is not important.
• We’re not going to get a sustainable society unless government delivers on, the ... delivers on what it is set out to do.

| Public-Private partnerships | • And now everybody talks about public-private partnerships, and we’re very happy with that.
• I think a lot of it is research, it is important to have a strong intellectual foundation in the organization.
• So we’re reasonably well positioned to receive new ideas and evaluate them, and see what the next steps would be.

| Success of sustainability programs | • I think the key part is the lack of capacity of public institutions to absorb some of the interventions. We do a lot of work in financial management capacity holding out through the authorities, sometimes those institutions just don’t have the ability to do that.
• We’ve become much better asking those questions up front. Not what we are going to do, but how is it going to be sustained?
• I think we assume that schools are ready to change. You arrive at a school you say, well we’re here to help you change. And maybe the school’s not really ready for change and so
they change because you want them to change.

- Advisory committee for instance, in our work on sustainability we have something called the sustainable future unit, which has an advisory committee ....... we engage with quite regular

- I think an oversight role. And a guidance role, we often ask their advice and their guidance, what they think we should be doing. And how we should we doing.

### Programs

- We’re doing a lot of work in education with local economic development.
- We do a lot of work with companies convincing them to play a bigger role in education and schooling in the country. Work on schools development ....
- So we do different things for, when we started our work on Tourism we set up the business trust which was an entity. And then we set it up as a separate entity. We did the same with business against crime, XXXX set up as the new entity and it became strong enough to set it up as separate entities. By developing new institutions, appropriate institutions we think is important. And sometimes just innovation and advocacy, that you come up with interesting ideas, for instance private-public partnerships.

- We have two programs. The one is a long standing program on mentorship for particularly youth entrepreneurs, that we use volunteers from our member companies, to on a voluntary basis mentor youth entrepreneurs. And secondly we have a project which we’re busy with in how to enhance the use of procurement by large companies. Engage
more and more with entrepreneurs and SME's.

- I've mentioned to you our key program. It's JIPSA, it's the energy efficiency, the carbon disclosure project, SME, value chain project, mentorship, colleges collaboration fund, college industry partnership. I'd say six large programs.