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**FACTORS NECESSARY TO ENHANCE THE EFFECTIVE IMPLEMENTATION OF  
CORPORATE SOCIAL INVESTMENT (CSI) IN SOUTH AFRICA**

**By**

**SETLOGANE MANCHIDI**

**MINOR DISSERTATION**

**Submitted in partial fulfilment of the requirements for the degree**

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**SUPERVISOR: MS ANOOSHA MAKKA**

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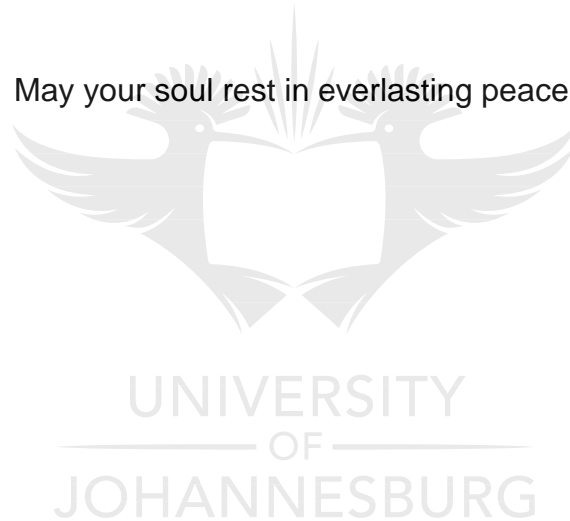
I am very grateful to my friends for their understanding of my continued absence when my studies took over and became the focus of my life for the last three years or so; you guys are amazing and I am lucky to have you all in my life. I will remain forever grateful for the support received from my colleagues within the social investments division at Investec – guys, I felt overly accommodated in the last couple of years and am thankful for your patience and generosity.

To my family, I am so lucky to be loved in the way that I am by you all. Thank you for your significant part in this achievement! Your love and encouragement have pushed me to complete my studies, especially this thesis. You rock and I love you all dearly.

## Dedication

I dedicate this thesis and subsequent qualification to my late grandmother Ms. Nkidi Johannah Kwenaita who passed away on Sunday the 15<sup>th</sup> September 2013 at the age of 93. You may be gone but not forgotten. To the world you were our grandmother but to us you were the world. Thanks for being there for us even after your passing as your name and teachings remain deeply encrypted in my and my children's hearts. Furthermore, I dedicate my Corporate Social Investment (CSI) efforts, which are aimed at the betterment of other people's lives, to you. This is a symbol of the legacy you have nurtured and left behind. It is an affirmation that your light will continue to shine for as long I live.

May your soul rest in everlasting peace.



## Declaration of Original Work

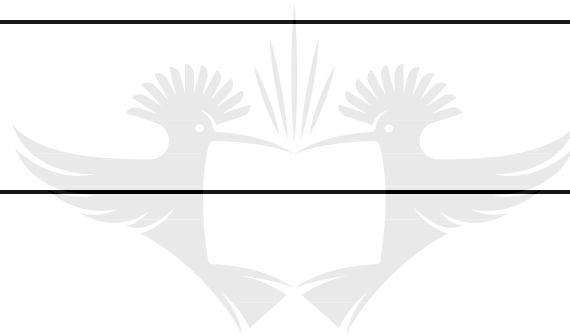
I, Setlogane Manchidi, declare that this dissertation is my own work. Any assistance that I have received has been duly acknowledged in the dissertation. It is submitted in partial fulfilment of the requirements for the degree of Masters of Commerce at the University of Johannesburg. It has not been submitted before for any degree or examination at this or any other university.

Signature - Setlogane Manchidi:

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## Abstract

South Africa is a country where business is compelled to contribute towards the reconstruction and development of an unequal society with CSI efforts. However, many such efforts are said to be unfocused and piecemeal, having little or no impact. This study aimed to identify factors that could possibly enhance effective implementation of CSI. This study engaged a sample of 20 participants consisting of two groups. One group comprised 10 heads of CSI divisions or foundations. The other group consisted of 10 senior professionals who, although not employed within the CSI space, were involved in social investment efforts. This sample of 20 participants was engaged through semi-structured face-to-face interviews in order to gather input in relation to the study topic and objectives.

The interviews were, with the permission of all participants, recorded and transcribed. Thereafter data was analysed using thematic analysis as the data analysis method. The study concluded that CSI was having very limited impact on the social developmental needs of South Africa. The study further identified six factors that could enhance effective implementation of CSI. These factors are: CSI not being motivated by marketing purposes; alignment between CSI and business strategy, an appropriately structured and staffed CSI division reporting to the highest office in business; a focused CSI strategy, carefully considered collaboration within CSI and focusing the communication of CSI on impact.

In a quest to help companies in South Africa find socio-economic needs that could become focus areas for the next five years (2015-2020), education, health and entrepreneurship were identified as possible focus areas.

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# 1. CHAPTER 1: BACKGROUND, PROBLEM STATEMENT AND STUDY OBJECTIVES

## 1.1 Background

The realisation that the long-term sustainability and success of business depends on the sustainability of the communities within which business operates has increased corporates' appetite and attempts to do good in society through Corporate Social Responsibility (CSR) efforts (Visser, 2005; Ramllal, 2012; Okuedo, 2012). The terms Corporate Social Responsibility (CSR) and Corporate Social Investment (CSI) are used interchangeably and are generally understood to mean the same thing in South Africa (Rockey, 2004; Visser, 2005; Hamann, 2006; Ramlall, 2012). For the purposes of this study, a distinction is made between CSR and CSI in that CSI is explained to be a component of and not equated to CSR. However, the interchangeable use of the terms CSR and CSI, as is the norm in South Africa, is accepted and applied as such throughout this dissertation.

Although more and more companies seem to be embracing CSR, the scepticism around its true value for business and impact on broader society persists (Crowther & Aras, 2008). Questions are often raised around business' true commitment to CSR, which is said to give rise to poorly constructed and implemented CSR initiatives that have very little impact on society and business (Iamandi, 2007; Schwab, 2008; Phillips, 2014). Improving corporate South Africa's prospects of bringing about meaningful change in people's lives through the effective implementation of CSI, as a component of CSR, is this study's main interest and focus.

Similarly it is necessary to clarify at this point that community and society, whilst related concepts are also not the same thing (Hardcastle, Powers & Wenocur, 2004). The intention is not to address society and community as concepts in depth as these have been acknowledged as complex concepts revolving around relationships amongst individuals and their interconnectedness and are fairly contested (Freeman & Audia, 2006; Yeneabat, 2012). Rather, the intention is to clearly communicate the understanding

of these concepts for purposes of this study. Whilst there are many definitions of community they mostly have an appreciation that a community is a group of individuals who have something in common - that may be a disability, sharing geographical location, similar religion, ethnicity, culture or almost anything (Hardcastle, Powers & Wenocur, 2004; Clay & Olson; 2008). The grouping of all these communities together, as different or as similar as they may be, makes up a society (Ho, 2012). A society is seen as a collectivity of individuals and communities (Bakin & Lemus, 2014). For example this grouping of communities can adopt a country identity such as the South African society, made up of many different communities sharing a country identity (Ho, 2012). So, as simplistic as it may sound there would be no society without communities (Clay & Olson; 2008).

Society is understood to be more abstract whereas community is more of a definite entity often associated with but not limited to locality (Bakin & Lemus, 2014). A point worth noting especially in the context of this study focusing on CSI, is the acknowledgement that a source of discontent and conflict in both communities and society is access to resources and opportunities which is often uneven - resulting in social disadvantage to some individuals and communities (Yeneabat, 2012). The words society and community are often used interchangeably and this is generally accepted (Swan, 2010, Bakin & Lemus, 2014). This accepted practice, is adopted in this thesis but with the appreciation that whilst acceptable, society and community although related concepts are in essence two different concepts.

It is almost impossible to discuss CSI and social development related matters in South Africa without acknowledging the role the apartheid policy of discrimination played in bringing about and exacerbating the current levels of poverty (Visser, 2005; Hamann, 2006; Babarinde, 2009). Apartheid entrenched race and gender-based discrimination in many facets of social, economic and political life in South Africa (Juggernath, Rampersad & Reddy, 2011). Apartheid resulted in laws that denied the Black majority fundamental rights and freedoms as they were designed to exclude Blacks from meaningful participation in the South African economy (Esser & Dekker, 2008; Ramlall, 2012).

As explained by Leibbrandt, Woolard, Finn & Argent (2010), the racial term 'Black' was used to refer to all racial groups that were classified as 'non-White' under apartheid's racial classifications. The term 'Black' was further broken down into African, Coloured and Asian or Indian groups. These apartheid laws largely confined Black people to homelands characterised by very poor living conditions with limited access to proper education, property and asset ownership (Babarinde, 2009) Skills development opportunities and meaningful employment were also absent (Babarinde, 2009; Visagie, 2013). South Africa's unique socio-economic challenges are largely attributable to the legacy of apartheid (Ramlall, 2012). Income and wealth distribution in South Africa is still among the most unequal in the world even after so many years of democracy (Seekings, 2007).

Marais (2011) paints a picture of South Africa as one of the world's most unequal societies where one third of the country's population is unemployed and almost half of the population lives in poverty. The apartheid legacy left behind serious levels of inequalities in as far as access to resources, infrastructure and social services is concerned (Nnadozie, 2013). Unfortunately inequality in South Africa has a racial dimension to it with the country currently characterised by the generally wealthy Whites living in leafy suburbs and the generally poor Blacks living in the townships and rural areas (Seekings, 2007; Babarinde, 2009). There have been some positive developments since the dawn of democracy in South Africa with millions of houses being built since 1994, but unfortunately the pace at which they are being built is slow and falls way behind South Africa's growth population trends (Marias, 2011). Furthermore, the end of apartheid has seen education being opened to all but, unfortunately, the quality of public education and associated results are constantly being questioned (Cassim, 2006; Marais, 2011). In addition, while there is now a police service that is meant to protect all people, irrespective of race, trust in the ability of this police service is very low (Marais, 2011).

The first democratic elections of 1994 represented hope for the majority of South Africans, in fact the importance of addressing the inequalities of the past became a focus of the

African National Congress (ANC)-led government (Babrinde, 2009). The challenge, however, has been effectively implementing policies and interventions to reverse the consequences of apartheid in pursuit of the promise of a 'better life for all' which was made during various election campaigns (Bremmer, 2006; Seekings, 2007). Although South Africa has made some progress in addressing the injustices of apartheid, the real challenge lies in the fact that, for many citizens, socio-economic changes have not come quickly enough (Macozoma, 2008). Apartheid-related inequalities, where Blacks are worse off than Whites, appear to be entrenched within South African society and are proving difficult to address and overcome (Bremmer 2006; Macozoma, 2008; Babarinde, 2009; Nnadozie, 2013).

The South African government's efforts and attempts to address some of the apartheid-exacerbated inequalities have proved successful in some communities, but have unfortunately generated frustration in others due to the slow pace of change. This has often contributed to an increase in the number of violent service delivery-related protests (Cassim, 2006; Cohen, 2008). The public's patience with efforts to meaningfully improve the lives of South Africa's majority is running out (Bremmer, 2006; Seekings, 2007; Nnadozie, 2013). The consequences of apartheid continue to present themselves through serious societal challenges where healing the scars of apartheid and the facilitation of broader socio-economic transformation in South Africa cannot be achieved by the state alone (Esser & Dekker, 2008; Macozoma, 2008; Babarinde, 2009).

Initiatives aimed at bridging the gap between the previously disadvantaged and advantaged population groups in South Africa cannot rest only on the state's shoulders (Babarinde, 2009). This realisation leaves the business sector with no choice but to take a keen interest in addressing poverty, unemployment and other social needs (Nxasana, 2010; Reddy, 2011). Business intervention is essential since failure to participate would be disastrous for business in the long term (Babarinde, 2009). Therefore, it is important that companies contribute substantially, as opposed to symbolically, towards the

meaningful upliftment of people in poverty stricken situations within South Africa (Cassim, 2006; Babarinde, 2009; Reddy, 2011; Nnadozie, 2013). Corporate South Africa's participation in the social development of the previously disadvantaged population has largely been through CSI initiatives (Ndhlovu, 2011).

Businesses in South Africa have been contributing to communities for decades on the understanding that this is charity and the politically correct thing to do. In most cases there has been no visible benefit to the business (De Jongh, 2009). Unfortunately no emphasis was placed on the impact achieved by these contributions, but rather the focus was on being seen to be giving back to communities (Mabaso, 2011). While the growth in CSI practice and budget has been noted among corporate South Africa, questions and doubts have been raised about its effectiveness and impact, with some companies said to be doing better than others (Macozoma, 2008, Ramphele, 2010; Rockey, 2012; Nxasana, 2013). Chief Executive Officer of FirstRand and chairman of the FirstRand Foundation, Sizwe Nxasana, in his foreword to the Financial Mail's CSI the Human Face of Business 2010 publication, questions the seriousness of business in as far as CSI efforts in South Africa are concerned.

In a sample of major corporates in South Africa; just under half seemed engaged in cheque-writing as opposed to meaningful social development with fewer businesses able to point to a coherent CSI framework and strategy (Friedman, Hudson & Mackay, 2008). A cheque-writing approach to CSI by many South African companies fails to acknowledge that impact cannot be achieved simply by pouring money on the problem, an approach which takes a short-term and not a long-term view to social development (Nxasana, 2010). Equally critical of CSI efforts in South Africa, Ramphele (2010) argues that despite being the only country where CSI is mandated, very little impact has actually been realised. In fact, there is evidence of ineffective CSI spending in South Africa with poorly planned attempts to make a difference actually causing more harm than good in some cases (Rockey, 2012).



## 1.2 Problem Statement

Many companies feel compelled to give to charity but few do it well with most CSI strategies and efforts being unfocused and piecemeal, and resulting in numerous cash donations being made to different organisations (Rangan, Chase & Karim; 2015). While CSI has become part of doing business in South Africa, its value, contribution and the rationale for existence are still being questioned (Rockey, 2012). Implementation of CSI in South Africa is said to be poor, characterised by cheque-writing and corporates wanting to be everything to everyone with such efforts having very little positive impact, if any (Nxasana, 2010; Ramphele, 2010; Henry, 2013; Rockey, 2013). The effective implementation of CSI in South Africa, a country still characterised by socio-economic challenges as a result of apartheid, is necessary if meaningful change is to be realised for many people whose lives remain disadvantaged, impoverished and unchanged even so many years after the fall of apartheid (Rockey, 2004; Fig, 2005; Hamann, 2009; McDonald & Liebenberg, 2008) Yet, CSI efforts in South Africa are said to be ad hoc, piecemeal and unfocused with very little chance of being impactful (Visser, 2005; Friedman, Hudson & Mackay, 2008; Rockey, 2012; Henry, 2013

Given the extent of the socio-economic challenges facing South Africa, especially in the wake of apartheid, coupled with the ineffective CSI platform as summarised above, it is pertinent to pose the following questions:

1. Does CSI implementation and associated efforts in South Africa have a positive impact on the social development needs of the country?
2. What factors are necessary to enhance the effective implementation of CSI in South Africa?
3. Which five of South Africa's many social development needs should be the focus of corporate South Africa's CSI efforts for the next five years (i.e. 2015 – 2020)?

This study seeks to address the above questions.

### **1.3 Purpose of the Study**

In a country where effective implementation of CSI could lead to a meaningful contribution and the improvement of many people's lives, in light of the high levels of poverty exacerbated by past apartheid-related policies and practices, the purposes of this study are as follows:

1. To establish whether CSI efforts are having a positive impact on the social development needs in South Africa;
2. To identify factors that enhance the effective implementation of CSI efforts; and
3. To identify five of South Africa's many social development needs that should be the focus of corporate South Africa's CSI efforts for the next five years (2015-2020).

### **1.4 Research Objectives**

Given the above problem statement and study purposes, the following are the key research objectives:

1. To determine whether CSI implementation in South Africa is having a positive impact on the social development needs of the country.
2. To determine factors needed to enhance the effective implementation of CSI and associated initiatives in South Africa.
3. To identify five of South Africa's many social development needs that should be the focus of corporate South Africa's CSI efforts for the next five years (2015-2020).

### **1.5 Brief Description of Research Methodology**

This study adopted an interpretivist research philosophy and a qualitative research approach. The sample of 20 participants consisted of two groups of professionals. The first group comprised 10 heads of CSI divisions or foundations, hereafter referred to as social investment leaders. The second group, hereafter referred to as thought leaders,

consisted of 10 senior professionals who, although not employed within the CSI space, were involved in social investment efforts. The involvement of thought leaders in CSI is primarily through board membership of various charitable trusts, foundations and non-governmental organisations. The research method used to gather data was face-to-face semi-structured interviews. The interviews were, with the permission of all participants, recorded and transcribed. Thematic analysis was then used to analyse data.

## **1.6 Definition of Key Terms**

Corporate Social Responsibility (CSR) is a term with many definitions, some of which have resulted in confusion among CSR scholars (Okuedo, 2012; Servaes & Tamayo, 2013). That said, many CSR definitions have the consideration by business of its operational impact on employees, communities, broader societal stakeholders and the environment as a common theme (Visser, 2005).

### **1.6.1 Corporate Social Responsibility (CSR)**

For purpose of this study, the CSR definition given by the World Business Council for Sustainable Development (WBCSD) in 2004 is adopted because it is comprehensive. The WBCSD defines CSR as a form of commitment on the part of business to contribute towards sustainable economic development by working with employees, their families, the local community and broader society to improve quality of life (Jamali & Mirshak, 2007). CSR is said to be about acknowledging the strong link between business and society to a point where companies have responsibilities beyond the pursuit of profits (Bauman & Skitka, 2012; Hohnen & Potts, 2007). It is through CSR that companies consider the interests of society, acknowledging and taking responsibility for the impact of their business activities on employees, customers, shareholders, the environment, communities and broader society (Kotler & Lee, 2005; Jamali & Mirshak, 2007; Godfrey & Hatch, 2007).

As already indicated, in South Africa the interpretation of CSR has, to a large extent, been philanthropic or charitable in form and is widely referred to as Corporate Social Investment or CSI (Njenga & Smit, 2007).

### **1.6.2 Corporate Social Investment (CSI)**

CSI is the act of business taking an active part in social causes, charities and the social life of one's community by participating in projects undertaken for the purpose of uplifting communities (Fig, 2005). CSI refers to companies becoming involved in activities that are not necessarily a core part of their business but are important for the future survival of the organisation (Babarinde, 2009). These activities include making philanthropic contributions aimed at improving access to key services such as education, health and other infrastructure for disadvantaged communities (Garriga & Mele, 2004; Freemantle, 2007; Babarinde, 2009). At the heart of CSI is the concept of business making use of company resources to benefit and uplift communities by contributing towards initiatives that have a strong developmental intention and approach (Kingsley, 2013).

While the interpretation of CSR as CSI, and the use of the two terms interchangeably, has been widely accepted in South Africa, CSI must not be equated to CSR (Hamann 2003; Rockey, 2004; Fig, 2005; Freemantle, 2007).

### **1.6.3 Defining CSI as CSR is Misleading**

Although CSR and CSI are related terms and concepts, it is important to note the difference: that CSI is only one small part of CSR (Hanks, 2009; Slavova, 2013; Thwarts & Bouwer, 2012). CSI is said to be a slightly focused version of CSR as it is about giving back to society by investing in community development and associated charitable causes while CSR is much broader than charitable giving (Rockey, 2004; Ndhlovu, 2009). Carrying out CSR as philanthropy is misleading since CSR has more to it than just

philanthropy (Safwat, 2015). CSR is more than CSI because it includes the need for business to behave ethically, consider and mitigate the negative impact that its business operations may have on the environment, its employees and society at large (Rockey, 2004; Fontaine, 2013; Kolstad, 2014).

The fit and relationship between CSR and CSI is well captured by Carroll (1991) through his widely acknowledged pyramid of social responsibility where CSR is said to consist of four kinds of social responsibilities which a corporate should address (Susaton, 2012; Okuedo, 2012; Carroll & Bucholtz, 2003). These four responsibilities are: economic, legal, ethical and philanthropic (Susaton, 2012; Carroll & Bucholtz, 2003). Being profitable, obeying the law and being ethical are non-negotiable responsibilities (Sharma & Kiran, 2013). The philanthropic responsibilities are discretionary in nature while being profitable, obeying the law and being ethical are a must have in business (Susaton, 2012). For a business to be regarded as socially responsible, all the above four responsibilities must be fulfilled in harmony (Safwat, 2015). Being profitable is regarded as the foundation of all other responsibilities that follow (Okuedo, 2012).

CSI falls under philanthropic responsibilities (Hamann; 2006; Fig, 2007). And philanthropy, in turn, encompasses those actions which make contribution to education, the arts and other avenues which contribute towards being a good corporate citizen (Maas & Liket, 2011, Kincaid, 2012). While CSI is about spending financial resources on charitable giving, CSR, on the other hand, is not only limited to spending money but also concerns itself with how business makes its money (Kincaid, 2012). Hence the interest in employees, business operations, compliance and other revenue generating aspects of business (Hanks, 2009; Thwaites & Boucher, 2012). CSR is about business making sense of its footprint, enhancing its operations and correcting that which needs to be corrected, for the benefit of business and the communities within which business operates (Visser; 2005; Hamann; 2006).

Therefore, CSR requires that each and every aspect of business and its impact on society be carefully considered (Rockey, 2004; Fig, 2005; Hamann, 2006). Hence it would not be sensible to regard a corporate as responsible just simply based on its renowned philanthropic or CSI activities while the same corporate is involved in serious unethical conduct such as cheating customers or bribing government officials (Safwat, 2015). For a business to be regarded as socially responsible it ought to do much more than just make meaningful charitable donations – amongst other things, it would also have to make money ethically, account for the negative impact of its operations and obey the law (Garriga & Mele, 2004; Jamali & Mirshak, 2007; Gazolla, 2015)

Although the terms CSR and CSI are used interchangeably for the purposes of this study and associated dissertation, it is important to highlight that this use acknowledges the broadness of CSR and the narrowness of CSI as described above. This study understands and acknowledges that CSR is broad enough to include CSI alongside other responsibilities and considerations while CSI is only the philanthropic component of CSR.

## 1.7 Outline of the Remaining Chapters

Having given an overview of the study in Chapter 1, the remaining chapters are structured as follows:

- Chapter 2: Focuses on the literature review. This chapter provides a review on the key CSR theories followed by the business case for CSR. It then proceeds to give an overview of CSI drivers and spend in South Africa. The chapter concludes by discussing a review of factors necessary for effective implementation of CSI as suggested by literature.
- Chapter 3: Focuses on the research methodology. This chapter discusses the research design, sampling methodology, data collection and analysis. The chapter concludes by looking at the study's key ethical considerations.
- Chapter 4: Focuses on the presentation of findings of the study. Guided largely by the study aims and objectives, this chapter presents findings of the study making reference to some of the key verbatim word-for-word participant quotations to give a deep sense of themes.
- Chapter 5: looks at the interpretation and analysis of the findings of the study.
- Chapter 6: This chapter summarises and presents the key conclusions and recommendations of the study.

## **2. CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

Chapter 2 presents the review of literature relevant to CSR and CSI. This chapter starts by presenting CSR theories followed by a discussion of CSI considerations in South Africa. Thereafter, the business drivers of CSI in South Africa will be discussed. The remainder of the chapter is then devoted to presenting the factors, as identified by the literature review, which are necessary for effective implementation of CSR.

### **2.2 CSR Theories**

The debate around whether business has social responsibilities towards the communities within which it operates is of long standing and there are different schools of thoughts on the matter (Da Piedade & Thomas, 2006). While there are various CSR theories, this section examines four of the main CSR theories which give a sense of what responsibility, if any, business has to society.

#### **2.2.1 Shareholder Value Theory**

A staunch advocate of the Shareholder Value Theory, Milton Friedman wrote a much-quoted article for the New York Times magazine in 1970 in which he argued that the social responsibility of business was to increase its profits in order to promote the interests of shareholders of a company. Shareholders are, in essence, owners of a business since they buy a stake in a corporation with the intention of making money (Phillips, 2004; Da Piedade & Thomas, 2006). Friedman (1970) disagrees with suggestions and expectations that business has a much bigger role to play in society by contributing to the well-being and possible prosperity of society. Such suggestions and discussions are loose and lack rigor, argues Friedman (1970), simply because the sole purpose of business is to make profit and since the main desire of those who own business (in other words the shareholders), is to realise maximum returns (Friedman, 1970).



Friedman (1970) argues that only people can have social responsibilities and not businesses. Friedman (1970:4) questions why businesses should have social responsibilities when, in fact, a business is not a person but in his view, "...an artificial person". An argument in favour of Shareholder Value Theory suggests that any business that does not make a profit will soon be out of business and, therefore, all efforts should be geared towards maximisation of profit (Key, 1999). Advocates of Shareholder Value Theory caution against deception and fraud, insisting that fraud and deception in business are unacceptable, even if such acts are aimed at the maximisation of profits for any business (Garriga & Mele, 2004). Proponents of Shareholder Value Theory assert that business must conform to the basic rules and laws of society when pursuing maximisation of profits (Friedman, 1970; Da Piedade & Thomas, 2006).

According to advocates of Shareholder Value Theory, all executives and managers employed within business are employed at the pleasure of owners (Garriga & Mele, 2004). Hence business managers are bound by a contractual agreement to primarily look after the best interests of shareholders and not that of society; as CSR champions would have them believe (Garriga & Mele, 2004). Any expectation on managers to direct resources into social responsible initiatives would be expecting the managers to violate their contractual obligations and responsibilities (Friedman, 1970). Shareholders have entrusted their financial resources into the hands of business executives for the purpose of increasing profits and not in order to engage in some social development or charitable initiative (Friedman, 1970; Hansas, 1988). Shareholder Value Theory proponents argue that any action by business executives or managers which is seen as favouring the non-maximisation of profit is actually wrong because doing anything else in business, whether for the benefit of broader society or not, would require business to take away from company profits (Da Piedade & Thomas, 2006). Such behaviour cannot be condoned since it reduces the ability of business to maximise shareholders' profits and is, therefore, equivalent to theft (Phillips, 2004).

Friedman (1970) concedes that managers can, in their own right as ordinary people and not as employees, make social responsibility choices which could see them personally donate to charitable causes. However, Friedman (1970) is quick to suggest that while personal giving of money to charities by managers is allowed, such giving is to be done in the manager's or employee's personal capacity and not of behalf of the firm. Similarly, as argued by Friedman (1970), managers can volunteer at charitable causes but in their own time and not in the company's time, which should be solely focused on the goal of profit maximisation. Permission for managers to do good work within society is a given, as long as it is not at a company's expense (Friedman, 1970). If choices to do good by managers with their own resources are considered social responsibilities, then they should be qualified further and should be regarded as individual social responsibilities as opposed to CSR (Friedman, 1970). Spending of profit on CSR amounts to the imposition of further taxes which must be rejected as it is bound to compromise business' ability to maximise profit (Friedman, 1970).

This imposition of tax by a business manager who decides to spend shareholders' money on social development is wrong because taxes should be collected by elected governments (Friedman, 1970; Jensen, 2002). Furthermore, as argued by Friedman (1970), businesses are not best positioned to handle the allocation and distribution of the social responsibility contributions since business managers are recruited and hired with a specific skill set which is aimed at achieving the maximisation of profit and not that of facilitating social development initiatives. Phillip (2004) argues that such a responsibility must be left in the realms of government, which is experienced and better positioned to handle social development needs. Business managers are not well equipped to deal with what is considered to be a government function (Jensen, 2002). According to supporters of Shareholder Value Theory, taking on such responsibilities would turn business managers into civil servants, which they are not - public functions of this nature should be left to elected officials and not to private businessmen (Friedman, 1970; Mintzberg, 1983; Hansas, 1988; Phillips, 2004). However, the argument around business managers not having the right skills set to facilitate social development has been challenged, since

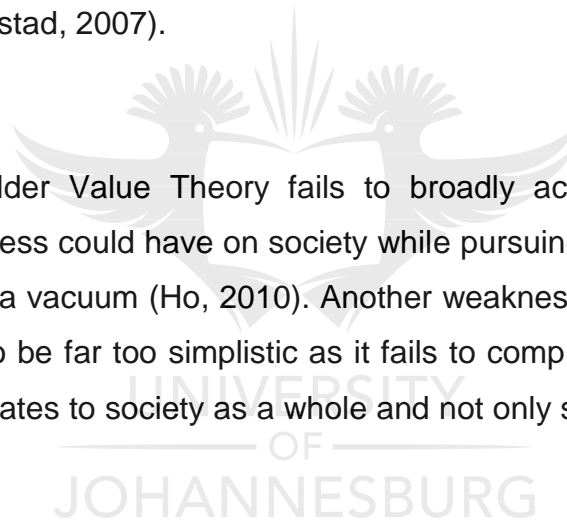
businesses could simply recruit and hire business managers with that skills set (Schaefer, 2008).

In short, Shareholder Value Theory supporters see no business role in social responsibility other than pursuing that which maximises profit for the benefit of shareholders, in other words: the business owners (Jensen, 2002). In the process of fulfilling the one and only social responsibility of maximising profits, business would inevitably contribute to the broader public good by paying taxes and being of service to the public through the sale of goods and services (Jensen, 2002). Therefore, as argued by proponents of Shareholder Value Theory, businesses actually help society more when they maximise shareholder value by generating more profit than when there is a deliberate attempt to invest company resources in initiatives that supposedly benefit society (Phillips, 2004). Social responsibilities, according to Shareholder Value Theory, are just aimed at ensuring the reduction of direct shareholder control in business (Mintzberg, 1983).

As with each and every theory, Shareholder Value Theory has its strengths and weaknesses. As a strength, Shareholder Value Theory sets a decision-making rule; that decision-making should always be guided by the best interests of shareholders (Schaefer, 2008). Therefore, consideration of any other responsibilities should be assessed against this decision-making rule with the best interest of shareholders always being given priority (Ho, 2010). Another strength is that there is very little confusion over which stakeholders' interests should be given priority (Ho, 2010). In addition, Shareholder Value Theory clearly distributes power and control from a corporate governance perspective, giving shareholders and business owners power over managers and all other employees, especially when it comes to a firm considering social responsibilities (Ho, 2010).

In as far as weaknesses are concerned, Shareholder Value Theory's limited view of business' social responsibility revolving only around shareholders means that many opportunities to make a meaningful contribution to society could go unrealised (Hansas, 1998). By only focusing on the interests of shareholders, Shareholder Value Theory takes a narrow view of the social responsibility of business and conveniently ignores the existence of other stakeholders who also have an interest in the business (Kolstad, 2007). Such a view fails to acknowledge that it might be in the best interests of business to spend money on communities and societies to address issues that may affect business (Kolstad, 2007). For example, a state or government unable to provide basic social services such as housing, water and sanitation may negatively affect potential customers' spending patterns, this could, in turn, adversely affect business or the environment within which business operates (Kolstad, 2007).

Furthermore, Shareholder Value Theory fails to broadly acknowledge the possible negative impacts business could have on society while pursuing profits; almost implying that business exists in a vacuum (Ho, 2010). Another weakness is that the Shareholder Value Theory is said to be far too simplistic as it fails to comprehend the complexity of business and how it relates to society as a whole and not only shareholders (Maignan & Ferrell, 2004).



### 2.2.2 Stakeholder Theory

One of the main proponents of Stakeholder Theory was Edward Freeman. Advocates of Stakeholder Theory suggest that the stakeholders of a businesses, be they individuals or groups of people, are either harmed or benefit from the activities of the business (Freeman & Phillips, 2002 ). In essence, proponents of Stakeholder Theory acknowledge that the day-to-day activities of business either positively or negatively affect various stakeholders who also positively or negatively affect the operation of business (Freeman & Phillips, 2002). Stakeholder Theory as pointed out by Key (1999) identifies two groupings of stakeholders, namely primary and secondary stakeholders. Primary stakeholders are those without whose participation and active involvement in the activities of the business, a company could not survive - these would include staff, customers, shareholders and suppliers (Key, 1999). Secondary stakeholders are those who affect or are affected by the business in one way or another but are not essential to the business' survival (Key, 1999; Branco & Rodrigues, 2007). This distinction between stakeholders is very important as it helps in the prioritisation of CSR considerations (Key, 1999).

Stakeholder Theory acknowledges the existence of a relationship between business and its external environment where stakeholders have expectations of business and, in the process, define what would be acceptable or unacceptable behaviour on the part of any business (Wood & Jones, 1995; Maignan & Ferrell, 2004). Stakeholder Theory is considered to be the opposite of Shareholder Value Theory in that its proponents accept that the purpose and social responsibility of business is to remain profitable and should respond to broader stakeholder interests over and above pure economic and shareholder interests (Key, 1999). Stakeholder theory acknowledges the interests of shareholders in any business but rejects the suggestion that the shareholders are the only ones with a claim and interest in a business (Slavova, 2013). While business needs to be profitable, other stakeholders, such as staff, suppliers, customers and regulators, also have interests which, according to Stakeholder Theory, are just as important as that of shareholders (Klara, 2011).

The emphasis is on acknowledging the significance of various stakeholders and accepting that business cannot afford to ignore any stakeholder concerns, as this may very well affect its ability to generate long-term business value (Maignan & Ferrell, 2004). According to Stakeholder Theory, for business to succeed, its managers need to be comfortable with paying attention to a wide range of stakeholders - influencing, balancing and managing various stakeholder relationships that could positively or negatively affect the achievement of business objectives and goals (Freeman & Phillips, 2002; Slavova, 2013). Stakeholder Theory is in favour of CSR and implies that business is considered socially responsible when its actions and decisions take into account and balance the various stakeholder interests, connections, demands and expectations (Maignan & Ferrell, 2004). According to Stakeholder Theory, business should create cordial relations with its stakeholders in order to avoid hostility between itself and its stakeholders (Key, 1999).

Stakeholder Theory, like other theories, has its strengths and weaknesses. Turning to strengths, Stakeholder Theory represents progress from Shareholder Value Theory in that it acknowledges the existence of other stakeholders who are as important as shareholders (Michelon, Boesso & Kumar, 2012). Interestingly, creating value for stakeholders inevitably creates value for shareholders, making this theory's view and appeal broader than just shareholders and yet inclusive of shareholders (Jensen, 2002; Maignan & Ferrell, 2004). Secondly, research has confirmed that a company's positive relationship with its stakeholders is valuable and provides for a performance advantage. It encourages managers to develop relationships and inspires stakeholders to deliver and derive value for the business and themselves (Slavova, 2013).

When looking at its weaknesses, critics of Stakeholder Theory suggest that it could be considered an anti-shareholder theory because of its focus and, to some extent, over-emphasis on other stakeholders either than shareholders (Sundaram & Inkpen, 2004). Another criticism levelled against Stakeholder Theory is the suggestion that all stakeholders are equally important. This, according to Jensen (2002), is troublesome when it comes to making a choice and a decision over different stakeholders who hold different but conflicting views. Making a choice and resolving conflict could prove to be difficult in such a case, rendering managers and businesses paralysed (Jensen, 2002). While appealing in some respects, the integration of stakeholders into business decision-making considerations may very well be the Stakeholder Theory's biggest downfall as it is difficult to work out whose voice should be given priority (Jensen, 2002; Garriga & Mele, 2008; Slavova, 2013).

It is clearly difficult to serve and equally satisfy all stakeholders of a business as they inevitably have competing interests (Sundaram & Inkpen, 2004). Critics of Stakeholder Theory suggest that the management of competing interests inevitably means that the theory creates more problems than it solves (Jensen, 2002). Another criticism levelled against Stakeholder Theory is that addressing stakeholder concerns and satisfying all of them will inevitably take away from company profits and may threaten a company's competitive advantage and long-term sustainability (Slavova, 2013).



### 2.2.3 Corporate Social Performance (CSP) Theory

Corporate Social Performance (CSP) is a theory that acknowledges and accepts the existence of corporate responsibilities that span beyond economic, ethical and legal obligations (Caroll, 1979). CSP views the corporate as the centre of various actions that have consequences for both stakeholders and the entity itself (Wood, 2010). The essence of CSP Theory, according to Caroll (1979), requires understanding the following key considerations:

1. That a company's social responsibilities be identified, assessed and understood. This, according to Caroll (1979), is about accepting the entity's economic, ethical, legal and social responsibilities.
2. That the social issues to be addressed by a company also be identified. Caroll (1979) lists the possible issues as consumerism; environment; discrimination; product safety; safety at work and shareholding.
3. That the company choose a response philosophy. Caroll (1979) identifies four possible stances a firm can take when it comes to a response philosophy: responsive, defensive, accommodative and proactive.

Wartick and Cochran (1985) further developed the CSP Theory, as originally advocated by Caroll (1979), by focusing on enhancing Caroll's response philosophy component. Wartick and Cochran (1985) agreed that CSP accepts the existence of business responsibilities beyond legal, ethical and economic responsibilities. CSP Theory is the integration of the principles of social responsibility, the processes of social responsiveness, and the policies developed to address social issues (Wartick & Cochran, 1985). The third dimension of CSP includes issues management, a method aimed at managing social responsiveness through three stages, namely: identification, issues analysis and response development (Wartick & Cochran, 1985). CSP is a business



organisation's configuration of principles of social responsibility, processes of social responsiveness, policies, programmes and observable outcomes as they relate to the firm's societal relationship (Wood, 1991). Corporate Social Performance (CSP) acknowledges the four types of corporate responsibilities as identified by Carroll (1979) but links them to three levels which are institutional, organisational and individual (Wood, 1991). As part of CSP corporate actions are further extended to assessment, shareholder management and implementation management (Wood, 1991).

Wood (1991) distinguished principles of social responsibility on three levels, starting with an institutional level aimed at understanding what is expected of every business. Wood (1991) stresses that society permits business to exist, and grants corporations power and associated legitimacy in the process. But if business fails to recognise this and abuses this power, then it will lose that legitimacy (Wood, 1991). The next level, according to Wood (1991), is the organisational level, aimed at understanding the responsibilities of particular companies and emphasising that businesses are responsible for outcomes as they relate to their primary and secondary involvement in society. This is seen as a principle of public responsibility, with companies starting to acknowledge that they have some responsibility to society (Wood, 1991). Third on the list of principles, one guiding managerial discretion is an individual level aimed at understanding the responsibilities of managers and others within an organisation (Wood, 1991).

The capacity of a corporate to respond to various social pressures at different times, commonly known as corporate social responsiveness, is a significant part of CSP (Wood, 1991). Social responsiveness provides the action avenue within which the principles of social responsibility, as discussed earlier, can be acted out (Wood, 1991). As argued by Wood (1991: 391), corporates typically respond to social pressures in three main ways, which are: "environmental assessment, stakeholder management and issues management".

Environmental assessment is about monitoring and evaluating environmental conditions; obtaining knowledge about the external environment through environmental scanning and using this knowledge to guide a company's responsiveness (Jamali & Mirshak, 2007). Stakeholder management, on the other hand, is about attending to stakeholder demands (Wood, 1991). It is about corporates exploring various stakeholder engagement tools and platforms such as newsletters and social reports, among others (Jamali & Mirshak, 2007). Issues management requires keeping an eye on current and relevant social issues and coming up with plans and policies that address key issues (Wood, 1991; Jamali & Mirshak, 2007).

Outcomes of corporate behaviour are another key pillar of CSP (Wood, 1991). Jamali and Mirshak (2007) indicate that this pillar requires making sense of the outcomes of corporate behaviour, which is largely about:

- The social impact of corporate behaviour; and
- The policies and programmes designed by companies to handle social issues and implement CSR.

According to Jamali and Mirshak (2007), one of the criticisms levelled against the CSP is that the social responsiveness concept cannot effectively deal with multiple stakeholder interests.

#### **2.2.4 Corporate Citizenship Theory**

Corporate citizenship is about shifting from an organisation focused on a single purpose of profit maximisation to a multi-purpose focused organisation with a sense of belonging (Birch, 2003). Advocates of Corporate Citizenship Theory regard a business entity as a citizen, entrenched in a society made up of communities and institutions (Godfrey & Hatch, 2007). As a citizen and a member of a larger community, an organisation has the obligation to contribute to society's well-being in every possible way (Godfrey & Hatch, 2007). Corporate Citizenship is not just about do-good, social and philanthropic actions but is an important part of building meaningful and constructive relationship with key stakeholders (Waddock, 2003). Responsibility, accountability and transparency are central to how corporate citizenship can be demonstrated and lived out in society by a corporate entity (Waddock, 2003).

Advocates of Corporate Citizenship Theory emphasise the need to develop and implement programmes within business that promote good governance, ethical conduct, moral standards and behaviour that stakeholders would consider socially acceptable (Schwab, 2008). As a theory, Corporate Citizenship offers a great agenda to guide the meaningful contribution that can be made by business in its best interest as well as that of the broader society (Godfrey & Hatch, 2007). According to proponents of Corporate Citizenship Theory, the level of corporate citizenship is expected to vary on a continuum, starting with pro-activity and ending with reactivity (Maignan, Ferrell & Hult, 1999). Reactive companies reject the responsibilities and expectations raised by stakeholders while proactive firms are fully aware of their stakeholder demands, and anticipate and respond to them well in advance (Maignan, Ferrell & Hult, 1999).

As a good corporate citizen, a company that acknowledges its responsibilities are much more than just profit maximisation will appreciate its economic, social, environmental and even political influences (Garriga & Mele, 2004). Advocates of Corporate Citizenship Theory recognise the increasing negative and/or positive influence of business on communities, ordinary people and indeed the environment (Schwab, 2008). CSR, according to proponents of Corporate Citizenship Theory, is about focusing on financial considerations, the environment and broader society; having an understanding of an organisation's social impact with the view of maximising its positive effects and minimising all negative effects that it might have on society at large (Garriga & Mele, 2004). It is about business realising that it cannot continue to operate as if it is separate from the social, economic and environmental fabric of the communities within which it operates (Birch, 2003).

Corporate Citizenship Theory proponents place businesses firmly within the context of the communities and societies in which they operate (Waddock, 2003). The placing of corporates firmly within society, thereby allowing companies to do more for societies with their financial and human resources, is one of Corporate Citizenship Theory's strengths (Godfrey & Hatch, 2007). Although widely accepted as a broad and inclusive approach towards CSR by many such as Schwab (2008) this theory does have its weaknesses (Birch, 2003). One of the downfalls is the fact that business, which is intended largely for private income generation and profit making, now changes tact and assumes a larger public benefit role (Godfrey & Hatch, 2007). While not entirely a bad thing, there are obvious limitations on what business can do for the benefit of broader society (Godfrey & Hatch, 2007). The notion of corporates as citizens is also not always accepted by scholars such as Moon, Crane and Matten (2005) who question whether corporate can be citizens or merely like citizens - this is a debate most likely to continue for many years to come (Moon, Crane & Matten, 2005).

## **2.3 The Business Case for CSR**

While the debate around whether or not business has social responsibilities continues both in the business and academic worlds, scholars such as Garriga and Mele (2004) have argued so strongly in favour of social responsibility that their focus has been on building a solid business case for CSR. The benefits of CSR have been contested but its existence and increased uptake by businesses all over the world is possibly indicative of the fact that the wave in favour of it is much stronger than that against CSR (Susanto, 2012). Rangan, Chase and Karim (2012) argue that the main question for corporates is no longer so much around whether to engage in this space but rather more about what is the best way forward for crafting impactful CSR programmes that reflect a business' values.

### **2.3.1 Reputational Risk Management Benefits**

Nowadays, the general public has ever increasing expectations of business. The prevailing view is impacted by the belief that business should be responsible to their workers, communities and other stakeholders, even if this requires sacrificing some of its profits (Bianchi, 2006; Carroll & Shabana, 2010). This expectation is starting to influence the relationship that members of the general public, as well as current and potential customers, have with business (Carroll & Shabana, 2010). Increasingly, consumers are seeking to make purchases from businesses that have a good reputation; are not involved in various scandals and do not attract unpopular media headlines (Birch, 2003). Inevitably, business reputation (be it positive or negative), informs how and where customers choose to spend their money (Bianchi, 2006). The social sensitivity of consumers has simply grown with consumers asking tough questions of business in relation to their commitment to CSR efforts (Gazolla, 2014). As argued by McElhaney (2009), customers today want a relationship with business, not just a transaction. This means that their day-to-day experience with business matters a great deal.

A company that does not pay attention to CSR practices and considerations leaves its reputation at risk, as it could be subject to public outcry and the tarnishing of its company image (Susanto, 2012). Engaging in CSR should lead to improved relations between a company and many of its external stakeholders, such as government, regulatory bodies, non-governmental organisations, customers, the media, opinion makers and society at large (Revathy, 2012). This should result in fewer complaints, fines, disputes and greater satisfaction on the part of many external stakeholders (Hohnen & Potts, 2007). As a benefit, CSR positively impacts business reputation and overall credibility, positively influencing brand value, customer attraction and retention (Cavico & Mujtba, 2012).

### **2.3.2 Employee Related CSR Benefits**

Socially responsible businesses have an edge when it comes to employee management and engagement practices, because CSR is likely to drive employee attraction, recruitment and retention (Susanto, 2012). Employees will find peace, pride and happiness knowing that they work for a firm that cares and consistently helps communities to make an improvement in the quality of lives of others (Susanto, 2012). Companies that are socially responsible will, therefore, be better able to recruit and keep best talent (Kincaid, 2012). In this structural war for talent, CSR is said to be one of the key employer differentiators considered by potential employees and should, therefore, be fully exploited by companies (Hohnen & Potts, 2007). More and more people are said to be looking for places of work that seemingly have a conscience, that 'walk their talk' and make a difference in society (Greening & Turban, 2000). Socially responsible companies are positioning themselves as employers of choice for today and for many years to come. This will ultimately enable them to attract the best and the brightest available talent (Mees & Bonham, 2004).

CSR philosophies and practices should lead to greater staff morale, satisfactory employment relationships and a better working environment (Susanto, 2012). CSR should occupy a significant place in the plans and strategies of businesses since it fosters a sense of employee belonging both within a corporate and the broader society (Sharma, Sharma & Devi, 2009). Staff involvement in company charitable efforts and campaigns instils a sense of greater purpose and meaning among employees (Greening & Turban, 2000). Genuine commitment to CSR should contribute to better retention of staff as employees are inevitably proud to work for a company that is highly regarded (McElhaney, 2009). This should contribute towards increased levels of employee motivation, productivity and employee engagement in the company with possibilities of more creativity and innovation from employees, cementing the true value of CSR (Susanto, 2012).

### **2.3.3 CSR Creates a Conducive Business Environment**

Business involvement in community outreach and empowerment programmes contributes to a sustainable, socially and economically sound environment within which business can thrive (Babarinde, 2009). Therefore, it makes sense for business to devote some of its resources to social betterment projects because an organisation cannot remain a viable economic entity in a society that is possibly uneven, unstable and deteriorating (Cavico & Mujtba, 2012). Without eradicating poverty, tackling unemployment, slowing HIV and AIDS infection rates and increasing household income, the business community will not have a business environment within which to function in the South African context (Babarinde, 2009). It is, therefore, in the best interests of business to contribute towards creating a healthy society that is characterised by low levels of poverty, unemployment and other social challenges (Carroll & Bucholtz, 2003). Companies need to address large-scale social problems before the very same problems become a threat to business and its prosperity (Hohnen & Potts, 2007).



Carroll and Shabana (2010) contend that by being good to society business is actually being good to itself. For example, charitable donations made towards university bursaries contribute to an increased skills pool from which business can recruit; this contributes to improving the quality of human resources for business (Carroll & Shabana, 2010). At the same time, social investment in education contributes to an increased number of professionals who become active economic participants in society with financial means to acquire products and services from the business sector (Cavico & Mujtba, 2012).

It is important to acknowledge that the long-term sustainability and prosperity of business depends on the long-term sustainability and prosperity of the communities within which business operates (Hohnen & Potts, 2007). Emphasising the long-term sustainability of business benefit of CSR, Gazzola (2014) argues that it is important for business to meet the needs of the present without compromising the ability of future generations to meet their own needs. Simply put, companies that fail to engage with communities that are badly affected by a business' activities compromise their ability to create wealth both for themselves and society in the long term (Kincaid, 2012). CSR works best when it is carefully considered and structured, because it allows firms to benefit society by striking a balance between meeting the corporations' needs and those of its beneficiaries (Bianchi, 2006). Socially irresponsible businesses increase the chances of legal or other actions from communities (Frynas, 2005). This in turn compromises the environment within which their businesses operate as it will be characterised by hostility and associated protests (McElhaney, 2009).



### **2.3.4 Financial Performance Related CSR Benefits**

While there are suggestions of CSR being an avoidable cost, which renders more socially responsible companies less competitive, there are also views that engaging in CSR gives companies more of a competitive edge and advantage (Cavico & Mujtba, 2012). Porter and Kramer (2006) argue that there is a 'symbiotic relationship' between social progress and a business's competitive advancement. In the current business environment, CSR has become more than the right thing to do, it has also become the competitive thing for business to do (Gazzola, 2014). All benefits associated with effective CSR should result in business seeing an improved financial performance (Bianchi, 2006). The intangible benefits associated with CSR, such as improved brand reputation, employee and customer loyalty, give any company an upper hand over its rivals (Hohnen & Potts, 2007). According to Afrin (2013) businesses can only sustain their growth if society is generally happy with their overall contribution to societal well-being. CSR, if well exploited, can facilitate access and growth in new markets especially in energy-efficient products and services, for example (McElhaney, 2009). Some of the key benefits of engaging in effective CSR, although not always easy to verify, should lead to the improved financial performance of businesses (Rockey, 2004; Visser, 2005; Kincaid, 2012).

For example, the broader benefit of improved staff retention associated with the adoption of CSR practices should lead to improved financial performance, since staff turnover can result in increased operating costs (Susanto, 2012). There are also additional possible savings to be enjoyed since increased staff retention means a reduction in recruitment and training costs (Cavico & Mujtba, 2012). Increased employee productivity, associated with general employee satisfaction, better working environment and improved employment relations, should also positively impact financial performance in business (McElhaney, 2009). According to Rangan, Chase and Karim (2014), effective CSR strategies and practices often increase revenue and reduce costs. Strategic CSR

highlights opportunities, increases profits and possibly expands a company's market share (Cavico & Mujtba, 2012). While there is mixed evidence from research on the impact of CSR on company profits, there is growing acceptance of its potential to influence a company's financial bottom-line (Hohnen & Potts, 2007; Revathy, 2012).

Having presented CSR theories and the business case for CSR, it is now opportune to give an overview of the CSI drivers and spend in South Africa before turning to those considerations identified by literature as factors that could enhance the effective implementation of CSI.

#### **2.4 CSI Drivers and Spend in South Africa**

As already highlighted, CSI, with an emphasis on charitable giving, education and health projects in disadvantaged communities, has largely been South Africa's interpretation of CSR (Rockey, 2004, Visser, 2005; Hamann, 2009). The development and progression of CSR and CSI are closely linked to the country's socio-political and economic history with the country's history influencing how business and society relate on social responsibly matters (De Jongh, 2009). The business community in South Africa is accepting, albeit reluctantly in some quarters, that social spending is an integral part of doing business in South Africa (Rockey, 2007; Babarinde, 2009). As a result, corporate South Africa contributes a significant amount of money per annum towards socio-economic development (Skinner & Mersham, 2008; Mabaso, 2011).

Dialogue, a CSI knowledge leader in South Africa, conducts an annual survey of a minimum of 100 companies with fairly large CSI budgets. The results of this survey are published in what is known as the CSI Handbook. In 2013, Dialogue produced its 16<sup>th</sup> edition of the CSI Handbook which gives a sense of CSI drivers and spend in South Africa as presented below.

### 2.4.1 CSI Drivers in South Africa

The South African government's broader transformation drive and efforts through the Broad Based Black Economic Empowerment (BBBEE) Act has put CSI alongside firm ownership, employment equity and procurement practices as issues to be seriously considered and addressed by corporate South Africa (Rockey, 2004; Babarinde, 2009; Hamann, 2009; Ramphela, 2010). The inclusion of CSI in the BBBEE Act, its associated targets and expenditure requirements, has resulted in pressure on business and made it necessary for companies to respond (Mabaso, 2011; Ramlall, 2012). Companies participating in the Trialogue 2013 survey were asked for an indication of their business rationale for doing CSI. Corporates were requested to give their top three drivers for CSI.

According to Trialogue (2013) the most common top three ranked drivers mentioned by companies are as follows:

- Moral imperative: The majority (84%) of companies surveyed highlighted the moral imperative and desire to do the right thing as a driver for CSI. Moral imperative, according to Trialogue (2013) seems to be the main CSI driver for most companies in South Africa.
- Reputational benefits: 60% of the companies surveyed cited the positive reputational benefits associated with doing CSI as a driver; making reputational benefits the second biggest driver of CSI in South Africa.
- Broad Based Black Economic Empowerment (BBBEE): At least 44% of the companies surveyed mentioned BBBEE as one of their CSI drivers. Making BBBEE the third on the list of the top three CSI drivers.

### 2.4.2 CSI Spend in South Africa

While CSI funding is substantial and growing in South Africa, these funds are a drop in the ocean compared with total government spending in priority sectors such as education and health (Skinner & Mersham, 2008; Nxasana, 2013). Trialogue (2013) puts the CSI spend for the year 2013 at an estimated R7.8 billion, which represents a 13% growth in

CSI expenditure from 2012. According to Trialogue (2013) a percentage of post-tax profit was found to be the most common method of deciding on the amount to be set aside as the CSI budget by companies. At least 41% of the companies surveyed, as reported by Trialogue (2013), use this method and gave an average of 1.4% of their net profit after tax in 2013 towards CSI. According to Trialogue (2013) the increased use of a percentage of post-tax profit in determining CSI budgets can be attributed to the introduction of the BBBEE Codes of Good Practice by the Department of Trade and Industry (DTI) in 2007. The BBBEE Codes of Good Practice recommend that 1% of net profit after tax be spent by firms on socio-economic development (Thwarts & Boucher, 2012). The BBBEE Codes of Good Practice are currently under review with changes expected to be implemented in 2015 (Kleynhans & Kruger, 2014).

The following CSI budgets and expenditure related points as reported by Trialogue (2013) are worth noting:

- In 2013 CSI expenditure among surveyed firms was concentrated in education, health, social and community development sectors. Together these sectors accounted for 71% of the 2013 CSI expenditure (Triologue, 2013).
- Education received the greatest share of CSI expenditure with 89% of the surveyed companies giving an average of 43% of their CSI expenditure to educational causes (Triologue, 2013). According to the findings of the Trialogue (2013) survey, education is followed by social and community development with 80% of the surveyed companies giving an average 15% of their CSI expenditure to social and community development. According to the 2013 Trialogue survey, health is third on the list with 60% of surveyed companies giving an average 10% of their CSI expenditure to health causes (Triologue, 2013).

- Findings from the 2013 Trialogue survey also indicate that while surveyed firms support both rural and urban CSI initiatives, urban programmes receive most of the financial support (Triologue, 2013).
- From all surveyed firms, the Gauteng Province received 26% of CSI expenditure, followed by the Western Cape Province, which received 10% of the CSI expenditure. KwaZulu-Natal was in third place, having received 9% of the CSI expenditure (Triologue, 2013).
- However, CSI initiatives or projects with a national reach and not limited to provinces topped the expenditure table; receiving 31% of CSI expenditure in 2013 (Triologue, 2013).

## **2.5 Factors Necessary for Effective CSI Implementation**

Arguments presented thus far suggest that CSI is necessary, especially in South Africa given its socio-economic challenges brought about by the apartheid regime. That said, CSI efforts in South Africa do not appear to be bearing much fruit (Visser, 2005). This is driving a focus on improving CSI efforts so as to ensure better impact (Rockey, 2012). Discussed below are literature suggestions of factors necessary to enhance effective implementation of CSI.

### 2.5.1 A Clear CSI Purpose

It is important to identify a company's purpose and motives for engaging in the social development space so as to ensure a successful CSI strategy and approach (Griffiths, 2013). CSI motives for companies range from compliance to public relations, the right thing to do and/or the genuine desire to drive meaningful change (Rockey, 2004; Fig, 2005; Babarinde, 2009). Acknowledging the significance of CSI, Ramphele (2010) suggests that a great deal can be achieved with the financial resources set aside by corporate South Africa for CSI initiatives if the private sector co-ordinates its CSI efforts. Ramphele (2010) contends that business is failing its social investment beneficiaries because business' social investment efforts are being driven by a compliance purpose and culture and not by a vision of sustainable investment in the country we all passionately want to live in. Du, Bhattacharya and Sen (2010) suggest that companies need to carefully consider, be clear and communicate their purpose of engaging in social responsibility so as to reduce scepticism around CSR.

Clarity in terms of CSR purpose will help business in drafting and articulating a unified CSR Strategy (Ramyashree & Ishwara, 2014). A huge part of the problem is the fact that CSI practitioners tend to worry more about how much they are investing in a social cause rather than why they are investing (Griffiths, 2013, Mazutis & Slawinski, 2015). Purpose is a significant consideration and it affects how business approaches CSR (Du, Bhattacharya & Sen; 2010). Understanding why a company spends money through social investment ensures a social investment strategy that maximises the very outcome that is being pursued (Heslin & Ochoa 2008; Griffiths, 2013). To derive full value from CSR, business must seriously consider their CSR purpose with a view of engaging in CSR for the right reasons and should approach CSR related decisions and initiatives' strategically as it would other core business decisions (Rockey, 2012; Rifer, 2012, Slavova, 2013, Mazutis & Slawinski, 2015). In pursuit of creating shared value, understanding why a business engages in CSR is key – otherwise there is a risk of increased scepticism from those within and outside of the company (Porter & Kramer; 2011; Rangan, Chase & Karim; 2012).

## 2.5.2 Business Integrated CSI Strategy with Senior Leadership Support

CSI strategies and projects are often ill-conceived and badly implemented (De Wet, 2008). There is a need to move away from the notion of philanthropy to a CSI approach that is considered strategic and which looks to create value for both society and business by pursuing profit maximisation and social performance at the same time (Filho et al, 2010; Morris, 2014). Most corporate giving activities need to stop being conducted in a piecemeal manner and adopt a cohesive strategy so as to avoid the dissipation of such important social development efforts (Bruch & Walter, 2005). Failure to coordinate a company's various CSR programmes under one cohesive strategy means a company will have more disparate and possibly ineffective campaigns (Rangan, Chase & Karim, 2012). Without a clear strategic framework, CSR will, at best, be uncoordinated and disconnected from business and its broader strategy will not work towards strengthening a company's long-term competitiveness (Porter & Kramer, 2006). This will result in little or no social impact (Gazolla, 2014). To ensure success through CSR, a company should develop a strategy - a roadmap for CSR activities and decisions with regard to the direction and scope of its CSR efforts (Susanto, 2012).

Every corporate should have a CSR strategy that unifies its diverse range of CSR activities and initiatives under one umbrella (Ramsyashree & Ishwara, 2014). Such an approach will ensure that resource utilisation in this area is optimised and impactful (Rangan, Chase & Karim, 2012, Susanto, 2012). Unless the approach to corporate giving is deliberately strategic, these efforts will not be sustainable and could actually end up harming the society that depends on them (Vaidyanathan, 2008). Social responsibility, although voluntary, can be a strategic process where contributions are targeted to serve business interests while also serving beneficiary organisations (Carroll & Shabana, 2010). CSI should not just be about the heart of giving but should also be about the science of strategic giving (Henry, 2012). Friedman, Hudson and Mackay (2008) argue that CSI is part of a company's core business and ought to be approached as seriously as any other business activity where decisions should be guided by a development criteria and not by fancy.



As part of strategic corporate giving, companies need to move away from ad hoc choices by outlining clear decision-making principles and guidelines (Vaidyanathan, 2008). Developing the right CSR strategy requires an understanding of exactly what differentiates an organisation from its competitors, such as its mission, values and core business strategy (Susanto, 2012; Slavova, 2013). An alignment of business strategy, social responsibility actions and core business activities should occur so as to bring about efficient and effective social investment strategies and approaches (Filho, Wanderley, Gomez & Ferache, 2010). Susanto (2012) argues that in order to transform CSR commitments into action, a company needs to develop an integrated and supportive decision-making structure which must be aligned with clear goals, objectives and strategy. It is high time that CSR activities are integrated into the vision, mission, strategic objectives and culture of businesses (Susanto, 2012).

A strategic CSR approach ensures that the value of social responsibility is included in the company's business model because such an approach will highlight opportunities, increase profits and possibly expand a company's market share (Cavico & Mujtba, 2012). Social responsibility efforts must be sustainable economically and should have a relationship with the core business (Sharma & Kiran, 2013). The main goal, according to Rangan, Chase and Sohel (2014) must be to align a company's social responsibility activities with its business purpose and values.

In the past, the business case for CSI was about giving back to communities, an approach which was considered peripheral and not core to the business (Freemantle & Rockey, 2004). Hence it was often side-lined as irrelevant to mainstream business (Rockey, 2003; Freemantle & Rockey, 2004). Making CSR central to business requires the backing and participation of a firms' leadership because, without this, CSR strategies have little chance of success (Hohnen & Potts, 2007). It would be best if senior business leadership, in the form of the board and management, make a genuine and firm commitment to strategic



social investment and engage accordingly (McElhaney, 2009). The personal engagement of the CEO in the CSR space is usually vital (Hohnen & Potts, 2007). Also, the higher CSR reports within the organisational structure, the better the chances of impact and success (McElhaney, 2009). For it to succeed, CSR should be a company board imperative (Freemantle & Rockey, 2004).

### **2.5.3 Changing CSI from Being a Marketing Function**

Very often an indicator of the value a firm attaches to its CSR is where the company locates this function within the organisational structure (Frankental, 2001). CSR is often located in corporate or external affairs and is, therefore, considered a function of a company's external relationships and not something to be integrated into the firm's business strategy (Frankental, 2001; Thwarts & Bouwer, 2012). The location of CSI and associated initiatives within the marketing department of a business is worrisome because CSI is not a marketing exercise and should not be treated as such (Thwarts & Bouwer, 2012). Related to the possible undesirable location of CSI within corporate marketing departments is the common criticism of social investment as a possible mass public relations campaign (Mintzberg, 1983; Frynas, 2005). Until recently, most common corporate responses in CSR have been more cosmetic rather than strategic and are often characterised by public relations and media campaign exercises driven through glossy reports that supposedly showcase the company's social and environmental activities as opposed to outlining the real difference these interventions have had on society (Porter & Kramer, 2006).

CSI has been an incidental activity driven largely by the self-promotion motives of business (Thwarts & Bouwer, 2012). This is illustrated to the extent that some corporates seem unable to differentiate between CSI and marketing (Corrigan, 2014). Given the current practices, many firms run the risk of equating CSR or CSI to codes of ethics, triple bottom-line reports and public relations campaigns (Gailbreath, 2009). Such approaches are too limited, too defensive and too disconnected from core business strategy (Corrigan, 2014). As things stand, company CSR reports rarely give a coherent, let alone

a strategic, framework for CSR (Porter & Kramer, 2006). Instead they give anecdotal accounts of un-coordinated initiatives in an attempt to illustrate a company's social sensitivity (Porter & Kramer, 2006). A marketing and public relations-driven approach to social responsibility raises eyebrows and is often at the centre of sceptical attacks by those who question if business is genuinely committed to CSR (Hudson & Mackay, 2008).

#### **2.5.4 A Focused CSI Strategy**

Identifying the challenges for corporate leaders in formulating CSI strategies, Porter and Kramer (2006) point to the fact that some companies want to be everything to everyone, playing in every social space or attempting to address every need that exists. Firms need to rethink both where they focus and how they carry out their charitable giving (Porter & Kramer, 2006). A daunting challenge within the social responsibility space for corporate executives is deciding where and how to spend corporate profits in a way that has value (Rangan, Chase & Karim, 2012). Being everything to everyone is just not an option as no corporate can solve all of society's problems or bear the cost of doing so on its own (Porter & Kramer, 2006). The most significant challenge is for corporates to ensure that they understand the development terrain and carefully consider where they put their CSI funding (De Wet, 2008). Crutchfield, Kania and Kramer (2011) argue that strategic CSI is focused in order to create more impact with available resources.

Companies need to select issues that are closely aligned to their business and leave other social challenges to be addressed by companies and institutions best positioned to address them (Porter & Kramer, 2006). Du, Bhattacharya and Sen (2010) argue that corporates should consider CSR fit or perceived congruence between a social issue and the company's business. Stakeholders expect companies to only support initiatives that have a good fit or logical association with their core business goals and activities (Du, Bhattacharya & Sen, 2010). The lack of corporate giving guidelines exacerbates the challenge around choosing where and how to spend CSI resources (Cavico & Mujtba, 2012). Such guidelines should help resolve how a firm's social responsibility resources

are allocated by giving an indication of which causes should receive support, the associated priority order and why (Cavico & Mujtba, 2012). Arguing in favour of strategic CSI Friedman, Hudson and Mackay (2008) point out that policies and guidelines need to stipulate preferences; this should make it clear as to which areas require CSI resource allocation and under what conditions.

When selecting CSR initiatives, as argued by Porter & Kramer (2006), the worthiness of a cause should not be the main concern; rather it should be whether the chosen intervention presents an opportunity to create shared value. Shared value is about benefitting society and being valuable to business (Porter & Kramer, 2006). For example, a social investment in education that helps grow the pipeline of future employees could be seen as a shared value programme (Henry & Rifer, 2013). There are so many dilemmas and challenges which represent the perfect opportunity for companies to dramatically improve strategic CSR practice (Rangan, Chase & Karim, 2012). Experience has shown that a CSI portfolio that is too broad is usually associated with little impact and lower efficiency (Rangan, Chase & Karim, 2012). Hence the need for more focus in this space (Rangan, Chase & Karim, 2012).

Strategic CSI is a lot more focused in that it does not seek to address every genuine need that exists in a community (Porter & Kramer, 2006). Rather it is selective and focuses on issues that are consistent with a company's overall mission, values and objectives (Henry & Rifer, 2013). Focusing CSR on addressing social issues that can be of material benefit to both business and society is what makes CSR strategic as it creates economic value for business and social value for communities (Gailbreath 2009; Kanter; 2011; Porter & Kramer; 2011).

### 2.5.5 Doing CSI for Impact

In the past, companies may not have worried about what their CSI contributions were achieving (Freemantle & Rockey 2004; Rifer, 2012). However, now simply funding a good cause is not seen as being enough (Mazutis & Slawinski; 2015). The economic uncertainty that has unfolded since 2008 has put a great deal of pressure on companies, this has extended to the fact that it's no longer seen as good enough to just be doing good; rather all efforts should be aimed at having a development-related impact (Jacob, 2012, Rifer, 2012; Wolmarans, 2012). Rockey (2012) attributes many failures within CSI in South Africa to what he considers the existence of superficial, disjointed and piecemeal initiatives that focus more on inputs and not results (De Jongh, 2009). Critical of social investments efforts, Maritz (2013) suggests that companies in South Africa need to ask how the lives of CSI beneficiaries have been positively or negatively impacted by their CSI interventions. This is an important point as it confirms the extent to which CSI initiatives do, or don't, empower communities (Maritz, 2013).

Unfortunately, the findings of the Trialogue (2013) survey indicate that 95% of the corporate respondents in South Africa have monitoring and evaluation systems in place for their significant CSI initiatives or projects. However, the same Trialogue (2013) survey reveals that, in most cases, evaluation practices focus on monitoring activities rather than evaluating impact. According to Trialogue (2013) much of the monitoring and evaluation is limited to site visits, monitoring of beneficiary numbers, financial audits and tracking of project activities with not much focus on actual impact. Lean and mean CSI departments, as highlighted by Trialogue (2013), do not necessarily help the broader monitoring and evaluation challenge. Furthermore, the Trialogue 2013 survey also reveals that while more than 80% of firms claim to measure the number of beneficiaries of their CSI projects, only 42% of companies surveyed were able to provide the exact number of beneficiaries. In fact, 58% of companies choose to estimate the extent of their reach and impact instead. The Trialogue 2013 report also revealed that, even in this technologically advanced period of human history, most of the companies surveyed were still using Excel-based and paper-based systems to track their CSI information.

Given what is reported to be reality on the ground, a more impact driven approach is required if CSI efforts are to achieve the much needed social development impact desired in South Africa (Rifer, 2012, Rockey, 2012). Merely being big givers or cheque writers is not enough, what counts more is the maximisation of positive impact on both business and society (Gailbreath, 2009; Porter & Kramer, 2011; Rangan, Chase & Karim; 2015). There is increased pressure on CSI budget holders to show that their social investments are effective (Forsyth, 2014). There is a need to see more impact, and this means companies will want to see hard facts and rigorous reporting which can communicate the clear and measurable benefits of their interventions (Heslin & Ochoa, 2008; Crutchfield, Kania & Kramer; 2011; Rifer, 2012). As a result, the social and ethics committees of company boards in South Africa are required to govern social investments; this has resulted in more senior management executives becoming involved and being in a position to scrutinise social investment budgets and spend (Forsyth, 2014). Morris (2014) a partner at professional financial services firm KPMG, argues that there is an urgent need for companies to have a clear social investment strategy that has targets, processes and means to measure outcomes and impacts.

The actual tracking of social investment initiatives will undoubtedly improve future social investment strategies and approaches (Gailbreath; 2009; Rockey, 2012; Afrin; 2013). The most successful programmes will not be the short-term public relations driven campaigns but rather the long-term impact driven commitments that continue to grow in scale and sophistication; and which focus on the social change to be achieved rather than publicity gained (Rifer, 2012, Afrin 2013). The doubts around CSI impact may be largely due to the lack of transparent and robust monitoring and evaluation (Henry, 2012). It is important for CSI to have demonstrable developmental positive impact and to be relevant to the business that provides the CSI funding (Morris, 2014). In this way CSI will gain much-deserved respect and recognition making CSI spending easier to justify (Rockey, 2012; Susanto, 2012). Achieving meaningful change in people's lives requires well-thought through CSI strategies that enable business to identify key focus areas and impactful interventions with the potential to move this country forward (Rockey, 2005). For CSI

decisions to be defensible in public, they should be based on serious consideration of development impact and company strategy (Friedman, Hudson & Mackay, 2008).

Companies need to move away from social giving for the sake of giving since this contributes little or nothing to long-term company and community sustainability (Henry & Rifer, 2013, Afrin, 2013). If, and when, addressed in a well-considered manner, CSR can benefit business and be a great source of social progress for the broader society (Porter & Kramer, 2006). A good social investment is one where both business and society realise good returns (De Jongh, 2009). Unfortunately, up to now, there has been no measure of this return (De Jongh, 2009). Impact driven social responsibility always considers, defines and communicates the intended benefits of social investment programmes and the baseline from which progress or impact is to be measured (Morris, 2014; Forsyth, 2014). Rangan, Chase and Karim (2014) urge social responsibility practitioners to accept that as CSR initiatives and associated motives and goals differ, so will definitions of what constitutes success; hence the need to consider desired impact upfront. Such a move will encourage corporates to establish clear social responsibility goals and objectives for future measurement purposes as it is important for businesses to track the impact of their initiatives (Bianchi, 2006; Susanto, 2012).

Current CSI related reporting is often limited to a brief write up with a few statics on the amount of money spent, the number of beneficiary organisations and possible geographical reach (Henry & Rifer, 2013). Rather, what is required in this space is a move towards measuring and communicating the tangible difference being made through evidence-based reporting of programme outcomes (Dawkins & Ngunjiri; 2008; Henry, 2012; Rifer, 2012; Tench, Sun & Jones; 2014). Monitoring and evaluation of CSI is a challenge since the current monitoring and evaluation processes are too focused on short-term deliverables, rather than long-term outcomes (Moloi, Oksiutycz-Munyawiriri & Ndong, 2014). Not surprising given that no intended impact of CSI on society is ever articulated, making an assessment of progress, if any, often proves just about impossible



(Klara, 2011) According to Forsyth (2014), monitoring and evaluation efforts of companies around CSI seem to be limited to inputs (that is how much money has been donated) and outputs (that is the number of beneficiaries). Instead companies need to focus their monitoring and evaluation efforts on outcomes, in other words, the extent to which social change (for example, illiteracy) was addressed and the impact - specifically the value added benefits of the intervention over time (Forsyth, 2014).

### **2.5.6 An Appropriately Resourced CSI Department**

Bruch and Walter (2005) recognise the need for professionalising the CSI sector; a move that would see CSI funding decisions being made by people who have the technical experience and qualification in social development. Crutchfield, Kania and Kramer (2011) suggest that corporate philanthropy or social responsibility departments must be allocated appropriately trained human resources as opposed to resourcing such divisions with communications or public relations officers. Resourcing of CSR departments with appropriately qualified staff should enable unbiased and well-informed decision-making (Maas & Liket, 2011). While CSR managers have a broad discretionary free space in which to allocate corporate philanthropy resources, they must be able to ensure that these funds are deployed in the most cost-effective and efficient way (Gazolla, 2014). The CSR resources and in particular managers have a tough role of balancing company goals with stakeholder expectations (Gautier & Pache; 2015). McElhaney (2009) notes the centrality of human resources in achieving social responsibility objectives, suggesting that those employed to champion CSR should be carefully recruited, considered and selected since everyone is able to operate effectively in this space. Furthermore, those responsible for CSR activities should be provided with adequate resources, training, support and incentives (Susanto, 2012). Their performance, according to Susanto (2012) must also be evaluated.

## 2.6 Conclusion

Among the key points covered in this chapter was the affirmation, through a discussion of CSR theories, that business indeed has a social responsibility over and above the generation of profits and the creation of value for shareholders. This was followed by a discussion of the CSR business case, giving a sense of the benefits associated with CSR. Then CSI in South Africa was discussed, together with some of the associated challenges in this context. Considerations around how to make CSI efforts more effective were outlined as was the need for a business integrated CSI strategy and the imperative of making CSI more focused, rather than trying to be everything to everyone. In addition, the need for CSI to be impact driven was also highlighted as a key consideration. Lastly, the resourcing of CSI appropriately was also considered as a factor necessary for the effective implementation of CSI.





### 3. CHAPTER 3: RESEARCH METHODOLOGY

#### 3.1 Introduction

Burns and Grove (2003) see the design, sample setting, data collection and associated analysis techniques as research methodology. According to Welman and Kruger (2000) and Gray and Stites (2013) research design is a plan where a researcher considers and describes the following:

- How the research participants are to be obtained,
- How information is to be collected from them; and
- How sense is to be made from the data or information collected so as to arrive at a conclusion in relation to the research problem?

The above key questions are addressed in this chapter. Re-stating study objectives is important because the nature and purpose of the research has a bearing on the research design and methodology (Tracey, 2013). It is with this understanding in mind, that this study's key objectives are restated in this chapter as follows:

1. To determine whether CSI implementation in South Africa is having a positive impact on the social development needs of the country.
2. To determine factors needed to enhance the effective implementation of CSI and associated initiatives in South Africa?
3. To determine socio-economic needs that businesses in South Africa should focus on in terms of CSI over the next five years (2015-2020).

### 3.2 Research Foundation, Approach and Design

The interpretivist approach was adopted and deemed appropriate for the purposes of this study because of its underlying assumption and view that knowledge is gained by studying people in a manner that allows them to share and describe their world from their own view (Wellard & Ordin, 2011). Interpretivism is a suitable approach in this instance given the study's desire to explore factors necessary for the effective implementation of CSI in South Africa as identified and understood by CSI practitioners and senior professionals not working as social investment practitioners but have some level of interest and involvement in CSI.

Closely linked to the chosen interpretivist approach is the choice of a qualitative as opposed to a quantitative research design for this study. The qualitative research design was deemed suitable for the purposes of this study for the following reasons:

- Qualitative research is focused on the meaning given by people when attempting to make sense of their own lives. In such research people's personal accounts and input around a particular phenomenon, human perception and understanding of a situation is highlighted and given prominence (Welman & Kruger, 2000; Mouton, 2001);
- Understanding social issues, as was the intention of this study, is not necessarily always easy and qualitative research is said to work well when making sense of such complex social issues (Marshall, 1996);
- The topic, 'Factors necessary to enhance effective implementation of CSI in South Africa' needs to be thoroughly explored in order to achieve an in-depth understanding of the issues around it (Welman & Kruger, 2000; Choy, 2014); and
- Qualitative design allows for the probing of underlying values, beliefs and assumptions since the design is broad and open-ended (Choy, 2014).

### 3.3 Research Population

This study has two different groupings or populations of interest. The first population of interest consists of heads of CSI divisions or foundations in South Africa. This first group was, for purposes of this study, referred to as social investment leaders. The exact size of this population is not known as there is no national register of heads of CSI divisions in South Africa. However, judging from the number of companies listed on the Johannesburg Stock Exchange, the population size of social investment heads can be expected to be rather high, even if only 50% of listed companies officially appoint social investment heads.

The second population of interest comprises senior leaders in both business and other institutions who, while not employed within CSI divisions, have a keen interest in and involvement with social investment initiatives. They participate by serving on boards of trusts, foundations and/or non-governmental organisations. To avoid confusion, the second group was, for the purpose of this study, labelled thought leaders. The thought leaders were not limited to only business leaders but could also hold leadership positions in other institutions, such as academic institutions. The size of this population is also not known because, as was the case with the social investment leaders, no national register of leaders with a keen interest and participation in CSI exists in South Africa. However, the population of thought leaders is expected to be higher than the population size of social investment leaders because thought leaders were not limited only to business leaders but included leaders in other institutions, such as academic organisations.

### 3.4 Research Sample

This study adopted a non-probability, purposeful sampling approach. The purposeful sampling method was favoured because it chooses research participants that fit the parameters of the research questions, goals and purpose. The purposeful sampling method made sense in this study as it allowed for the selection of information-rich cases by deliberately choosing social investment leaders and thought leaders who operate in the social investment space to enable the desired in-depth study (Patton, 1990). Below is a description of how the study sample of 20 Gauteng Province-based participants made up of 10 social investment leaders and 10 thought leaders were selected.

Using purposeful sampling for the selection of 10 CSI leaders, the following took place:

- The annual CSI Handbook published by Trialogue, which provides names and contact details of CSI heads, was consulted to identify the first half of the study sample;
- Over 40 social investment leaders, in the form of foundation and social investment division heads, were identified as possible participants;
- More thought and consideration went into the selection of participants from the 40 possible participants so as to ensure that those social investment leaders approached were representative of different industries;
- The different industries represented in the social investment leaders' sample included financial, mining, technology and retail sectors. The choice of these sectors was informed by the high social investment activity levels of these sectors in South Africa, as reported by Trialogue's 2013 annual CSI survey;
- As allowed by the purposeful sampling method, potential participants' accessibility was the final consideration before they were approached for possible participation; and
- In the end 10 Gauteng Province-based social investment leaders were chosen as part of the sample.

Using purposeful sampling for the selection of 10 thought leaders, the following took place:

- Careful thought went into identification and selection of thought leaders. It was vital to ensure that the identified thought leaders were definitely involved in the development space by serving on boards of trusts, foundations and/or NGOs;
- Annual reports of various trusts, foundations and NGOs were consulted to identify their board members. Interestingly many of these thought leaders were found to be active in more than one trust, foundation or NGO board;
- From this exercise, at least 32 possible participants were identified as thought leaders;
- Participant accessibility, especially given limitations around time and financial resources, was seriously considered; and
- In the end only 10 Gauteng Province-based thought leaders were chosen who were deemed both suitable for the study and accessible.

### **3.5 Data Collection Method: Semi-Structured Face-to-Face Interviews**

There are many ways of collecting data from participants and these could include surveys in the form of questionnaires, interviews and focus group interactions, among others (Cohen, Manion & Morrison, 2000). For the purposes of this study, interviewing was adopted as the most suitable data collection method. The reasons for this included:

- Due to the nature of the study and its desire to gain an in-depth understanding of the factors necessary for effective implementation of CSI as identified by participants (Mouton, 2001).
- Study participants could become active in the research process. This format empowered participants and gave them a voice on a topic, essential when one considers that they are more experienced than an average individual in the street and their views are, therefore, invaluable (Barriball & While, 1994; Tracy, 2013).

Hossain (2011) points out the existence of two broad types of interviews: structured and unstructured. For the purposes of this study, face-to-face focused semi-structured interviews - as seen to be the middle ground between structured and unstructured interviews - were adopted (Mouton, 2001). Semi-structured interviews were deemed suitable because:

- They gave structure in the interview, thereby allowing for an element of flexibility where key questions are asked but the interview could also be guided by what the interviewee had to say during the course of the discussion (Mouton, 2001; Newman, 2005; Hossain, 2011).
- They provided for the ability to probe; gave opportunity for clarification and maximised the degree of interaction between the researcher and participants, thereby contributing to a higher degree of rapport (Barriball & While, 1994).
- They allowed for an in-depth exploration of the research topic, ensured a degree of consistency with all participants being asked the same main questions. This ensured that participants received no influence or assistance while constructing responses (Bowen, 2005).
- Unstructured interviews are often unnecessarily long and difficult to analyse while semi-structured interviews are easier to analyse (Newman; 2012).

The limited time available for this research also influenced the choice of semi-structured over unstructured interviews as the latter are more time consuming (Barriball & While, 1994).

A draft interview guide, attached as Appendix A, was prepared following the choice of a semi-structured interview approach as the preferred data collection method. This draft interview guide comprised four sections with the first of the four sections' focussing on collection of participants' biographical details. The three remaining sections addressed the key study objectives. The first draft of the interview guide was compiled and piloted on a small sample of three random participants. Of this pilot sample, two participants were working within social investments as CSI heads for two different companies. The third participant, considered a thought leader in this instance, is a marketing and brand executive within a financial institution who is sits on a board of an NGO. The pilot study confirmed that the one hour interview duration was sufficient. Conducting the pilot study allowed for the identification of questions that could have been seen as leading, biased and/or restrictive. It also helped ensure that the questions asked were appropriate in relation to the broader study topic and objectives.

Following the pilot study it became clear that some questions were ambiguous, unnecessary, created some confusion and needed to be amended. Those questions were subsequently modified and the second interview guide, attached as Appendix B, was drafted and accepted as the final interview guide. Following the pilot and subsequent changes, the interview guide, now with fewer questions than the first draft, was considered sufficiently broad, better structured and well aligned to the aims of the study. Given that the study's intention was to explore factors necessary for effective implementation of CSI, as suggested and understood by heads of social investment divisions and thought leaders, the interview guide was considered appropriate for both groupings of interest. The decision to use the same interview guide for both the social investment heads and thought leaders was taken after the consideration and acceptance of the fact that the study aims and objectives were the same for both groups of interest. Therefore, it was deemed unnecessary to pose different questions to these two groups.

All 20 one-hour long interviews were scheduled and conducted over a two month period. All but one interview took place at the participants' place of work, with one participant choosing to come to the researcher's place of work. At the beginning of each interview, the researcher emphasised the voluntary nature of their participation offering participants an opportunity to opt out should they no longer be comfortable participating. Furthermore, a consent form (attached as Appendix C) was shared and discussed with participants which they were then requested to sign as confirmation of their informed consent. In addition, the academic nature of the study and associated dissertation was also reiterated.

The willingness and enthusiasm of all participants to take part in this study was not only encouraging but also worth noting. An indication that participants were free to ask questions for clarification where necessary was also given at the beginning of the interview. At the end of interviews, participants were given an opportunity to ask questions or add any comments they felt relevant to the topic. Then they were thanked for their participation and given an indication of the next steps with regards to the study. All interviews were, with the participants' permission, recorded and subsequently transcribed word-for-word by a hired professional transcriber for ease of reference and analysis.

### **3.6 Data Analysis Method: Thematic Analysis**

According to Creswell (2003), the collection of data in research is followed by a process of making sense of the collected data. This can often be an overwhelming process. Analysis of qualitative data is about summarising the volume of data collected and presenting the results in a way that communicates the most important aspects (Cohen, Manion & Morrison, 2000). At times data collection and analysis can, as argued by Mouton (2001) and Tracy (2013), happen simultaneously. For this study, data analysis occurred after data collection was completed and once all interviews were fully transcribed. Thematic analysis was considered suitable because it is a very useful way



of analysing qualitative data and is also more useful when making sense of data from in-depth interviews. This is due to the fact that the researcher is bound to discover themes and concepts which are embedded in interviews (Bryman & Burgess, 1994). Braun and Clarke (2006:6) define thematic analysis as “a method for identifying, analysing and reporting patterns (themes) within data”. Thematic analysis involves searching across data to find repeated patterns of meaning (Braun & Clarke; 2006)

Once all interviews were completed and fully transcribed the following took place:

- Each interview transcript was read at least a minimum of four times to become familiar with the data and gain a better understanding of what was being said.
- As part of organising data, focus was placed on grouping and categorising data.
- In the beginning of the process, the coding revolved around the interview questions where participant responses to the same questions were grouped.
- These groupings of responses were read numerous times, with further categorisation taking place, this time looking for commonality in responses, themes and trends.
- This exercise of reading and categorisation of responses, referred to by Braun and Clarke (2006) as coding, was repeated a number of times to arrive at the themes and sub-themes reported in Chapter 4.
- Frequency in terms of similarity of responses was the main consideration when it came to categorisation.
- The coding and search for themes in this data was more data-driven as opposed to theory driven. This means that the coding exercise and emergence of themes was not guided by any theory but rather by what the actual raw data was suggesting or revealing as themes.
- The identification and confirmation of overall themes and sub-themes, as well as the comparison of themes and identification of possible relationships between themes, took place during the data analysis process.

Thematic analysis worked well in this study as it enabled the reduction of volumes of data into codes and themes as the researcher engaged more deeply with the interview scripts. This ensured that clearer associations between the data, the research and the interview questions as suggested by Bowen (2005) could be made.

### **3.7 Ethical Considerations**

The way research is conducted has the capacity to either intentionally or unintentionally harm participants. Therefore, one of the researcher's key ethical responsibilities must be to direct every effort to ensuring that no harm is caused to those who participate or are affected by research (Banister, 2007). Ethics in social research refers to the appropriateness of the researcher's behaviour in relation to the rights of research participants (Saunders, Lewis & Thornhill, 2009). The following key ethical considerations as suggested by research methodology scholars such as Zikmund (2003), Welman and Kruger (2010) and Tracy (2013) are discussed in relation to this study:

- Obtaining informed consent and associated voluntary participation;
- Doing no harm and minimising risks; and
- Maintaining privacy, anonymity and confidentiality.

### 3.7.1 Informed Consent and Voluntary Participation

Sandelowski (2004) argues for the need to ensure that participants in social research are able to give informed consent and voluntarily agree to participate in research. Obtaining informed consent requires that research participants be fully informed about the research, its aims and process or any other piece of information that might influence their decision to participate or not participate (Zikmund, 2003). For this study, informed consent was obtained from participants. The following steps were taken:

- All participants were contacted via email by the researcher inviting them to participate in the study. The email inviting participants gave an overview of the research and its purpose.
- Informed consent also means that participants voluntarily participate and are aware that they can withdraw from the research without repercussions (Creswell, 2003). In this study, each potential participant had the choice of whether or not to participate in the study and was informed that they could withdraw at any stage should they wish to reconsider their participation.
- All contacted potential participants voluntarily agreed to participate in the study. As already indicated, at the beginning of each interview, the researcher emphasised the voluntary nature of participation offering participants an opportunity to opt out should they no longer be comfortable to participate.
- In addition, a consent form (attached as Appendix E) was shared and discussed with participants. They were requested to sign this form as confirmation of their informed consent.

Given that all participants are well-educated individuals and seasoned professionals, the consent given can safely be accepted as informed consent since it was made by competent people who could fully comprehend the written and verbal information received. Each participant can be regarded as being intellectually in a position to accept or decline the invitation to participate.

### 3.7.2 Do No Harm and Minimise Risks to Participants

The avoidance of harm is the cornerstone of research-related ethical considerations (Saunders, Lewis & Thornhill, 2009). If a choice must be made between doing harm to a participant and doing harm to the research, it is the research that must be sacrificed (Zikmund, 2003). Unnecessary risks in research design must be eliminated and the benefits for participants and society must outweigh the potential risks of the study (Banister, 2007). Below is a description of how harm or risk to participants was avoided in this study:

- None of the participants in this study were subjected to or expected to perform any act that would have put their health and/or lives at risk.
- When exploring the benefits versus the risks associated with this research, it was concluded that the potential benefits of a this study, aimed at outlining factors necessary for effective implementation of CSI, far outweighed the risks of conducting this research (especially if the risks are as well mitigated as they were in this study).
- The immediate benefits are to the participants themselves in that they stand to take the research findings, lessons and recommendations back into their respective social investment programmes and apply them for the benefit of many of their social investment beneficiaries.

Respect and protection of participants in this study was always at the forefront of the research process. Care was taken not to cause any harm, so participants were treated with respect at all times and no abuse - be it verbal or emotional - was extended to the participants.

### 3.7.3 Maintain Privacy, Anonymity and Confidentiality

The principle of confidentiality revolves around ensuring that that identifiable information collected during research process will not be disclosed in any form without permission (Mouton, 2001, Zikmund, 2003). The concept of confidentiality in social research is closely linked to that of anonymity (Mouton, 2001). The promise of confidentiality is, in essence, about ensuring that the information provided by participants cannot be linked to them on any public platform. Researchers are encouraged not to discuss information provided by participants with others in a way that participants can be easily identifiable (Tracy, 2013). For this study, this is how this key consideration was achieved:

- All participants were assured of confidentiality at the beginning of every interview. Interestingly, they all had no reservations with regards to information or their responses being attributed to them. This indicated that they were untroubled by the issue of confidentiality, given that they were prepared to give the same responses if asked in public. Nevertheless, the researcher in this instance indicated that, for academic purposes, their identities would not be revealed when completing research documentation. This extended to confidentiality in the final dissertation.
- In an attempt to honour this promise, this study revealed no personal and/or company names but rather alluded to the label 'Participant A to T' since each participant was allocated a letter of the alphabet.
- As indicated, all interviews were recorded with the prior consent of participants. All audio recordings of the interviews and associated transcripts have been saved on a password protected external hard drive and all hard copies were subsequently shredded.

This process was undertaken in acknowledgment of the fact that information provided by participants is often private and this privacy should be both respected and protected at all times (Banister, 2007).

### **3.8 Issues of Trustworthiness**

As argued by Bloomberg and Volpe (2012) qualitative research is considered to be trustworthy if it accurately captures and presents participants' views and experiences. The three main pillars of trustworthiness in qualitative research are credibility, dependability and transferability. Below is a description of how trustworthiness was ensured in this study.

#### **3.8.1 Credibility**

According to Bloomberg and Volpe (2012) credibility in qualitative research is demonstrated when participants can recognise data and research findings as a true reflection of their own experiences. The following steps were taken to ensure credibility:

- As a measure to constantly ensure accuracy and increased credibility, the researcher probed and paraphrased during the actual interviews as a way of confirming what participants were communicating.
- To ensure accuracy and credibility, the researcher read two transcribed interviews while listening to the actual interview recordings to ensure that the professional transcriber accurately transcribed the interviews, which she did.
- To further ensure credibility, these transcripts were also forwarded to the participants for their review and approval before analysis could begin. All participants responded positively with no changes, confirming the transcriptions to be a true reflection of their respective interviews.
- The communication and confirmation of participants' voluntary involvement and their ability to withdraw from the research process at any stage also meant that participants were keen and willing as opposed to being forced to participate. According to Morrow (2005), this can also bolster a study's credibility.

### 3.8.2 Dependability

As argued by Bloomberg and Volpe (2012), dependability is more about whether the processes to collect and interpret data can be tracked. For the purpose of this study, the research process was carefully considered: from the identification of possible participants, to sampling, data gathering and analysis. Furthermore, the following steps were taken:

- To strengthen dependability, participants were carefully considered and selected to ensure that they were operating in the social investment space, and were well-positioned and experienced enough to give input about the study topic and area of interest.
- The testing of the draft interview questions for ambiguity, clarity and possible bias through the pilot study. The subsequent correction of the interview schedule further strengthened the study's dependability.
- The availability of professionally transcribed interview scripts meant that dependability could be strengthened by being able to critically consider and assess interpretations from actual quotes and that research findings and conclusions are being supported by the data being analysed (Morrow, 2005).
- The repetition of the data analysis process, categorising and coding data over and over again and emerging with the same themes and conclusions, can be seen as a measure that strengthened this study's dependability.
- Not only was the research design and process carefully considered but it was also clearly documented in this chapter which itself demonstrates a degree of this study's dependability.

### **3.8.3 Transferability**

Transferability in qualitative research, according to Bloomberg and Volpe (2012), is not necessarily about the findings being generalisable to a larger population. Rather it concerns whether the similar findings and meanings can be found in other similar contexts and situations. According to Shenton (2004), the degree of transferability depends on the clarity and extent to which the contextual factors were described in the study.

In terms of the study, contextual factors related to the research sample included high-level biographical details, the sector of participation and where participants were based. These were accurately recorded and well described, which should give any other researcher an opportunity to assess for transferability.

### **3.9 Limitations of the Study**

Zikmund (2003) highlights the need for the researcher to always be aware of research limitations that could influence findings and conclusions reached. Below is an indication of this study's limitations:

- Identified as clear limitation is the sample selection and location. From a practical point of view, although each was carefully considered, all participants were based in the Gauteng Province. This was partly as a function of convenience in terms of time, cost and accessibility of participants. This might be regarded as a limitation since the findings could very well only be seen as being representative of views from social investment heads and thought leaders from Gauteng and not necessarily the views of people from other parts of South Africa.
- Linked to this is the fact that, given the accessibility of participants from the financial sector, the sample included more representatives from the financial sector than any other industry. As a result this may well skew the findings to be reflective of social investment and thought leaders in the financial sector.



### 3.10 Conclusion

In summary, this chapter presented the research methodology and associated strategies around how the research for this study was designed, how participants were identified, and the data collected and analysed. The study clearly adopted an interpretivist philosophy and a qualitative research approach, comprising semi-structured face-to-face interviews as the research method. Thematic analysis was the chosen data analysis method. Ethical considerations and issues of trustworthiness were also addressed in this chapter.



## 4. CHAPTER 4: PRESENTATION OF FINDINGS

### 4.1 Introduction

This chapter presents the findings of this study. Aligned to the three main objectives and questions of the study, the presentation of findings is organised according to the following key questions:

1. Does CSI implementation and associated efforts in South Africa have a positive impact on the social development needs of the country?
2. What factors are necessary to enhance the effective implementation of CSI in South Africa?
3. Which five of South Africa's many social development needs should be the focus of corporate South Africa's CSI efforts for the next five years (i.e. 2015 – 2020)?

All key sub-questions, as reflected in the final interview guide, were aimed at probing the above questions. Herein, they are captured below the main research questions before the findings around each of these are presented.

It is important to note that a profile of study participants is presented first. As discussed in Chapter 3, confidentiality and anonymity was assured to participants, so no names of participants are used in the presentation of findings when reference is made to their verbatim responses to questions.

## 4.2 Profile of Study Participants

Section A of the interview schedule focused on collecting the biographical details of the study participants. Below is a list giving high-level biographical details of the heads of all 10 CSI divisions or foundations as collected through Section A of the interviews schedule:

<b>Participant</b>	<b>Position</b>	<b>Industry</b>	<b>Number of Years in Position</b>
1. Participant A	Head of CSI division	Financial	6 years
2. Participant B	Head of Foundation	ICT	5 years
3. Participant C	Head of CSI division	Mining	7 years
4. Participant D	Head of CSI division	ICT	5 years
5. Participant E	Head of Foundation	Retail	9 years
6. Participant F	Head of CSI division	Financial	4 years
7. Participant G	Head of CSI division	Retail	9 years
8. Participant H	Head of Foundation	Mining	8 years
9. Participant I	Head of CSI division	Financial	6 years
10. Participant J	Head of CSI division	Retail	4 years

Below is a list giving high-level biographical details of the 10 thought leaders as collected through Section A of the interviews schedule:

<b>Participant</b>	<b>Position</b>	<b>Industry</b>	<b>Number of Years in Position</b>
1. Participant K	Chief Executive Officer	Financial	20+
2. Participant L	Managing Director	ICT	7
3. Participant M	Deputy Chair	Mining	8
4. Participant N	Vice Chancellor	Academia/education	7
5. Participant O	Chairman	Financial	9
6. Participant P	Chief Executive Officer	Financial	12
7. Participant Q	Managing Director	Retail	11
8. Participant R	Managing Director	Industry body	14
9. Participant S	Deputy Vice Chancellor	Academia/education	8
10. Participant T	Chief Executive Officer	Financial	9

As can be seen in the lists of participants above, the study sample consisted of people from different industries sectors with a significant amount of years of experience among them.

### 4.3 Is CSI Having an Impact on Social Development Needs in South Africa?

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#### Question

*In your view are CSI activities in South Africa having a positive impact on the developmental needs of the country?*

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In line with the first objective of this study, information gathered through Section B of the interview schedule sought to ascertain whether or not CSI in South Africa was having a positive impact on the developmental needs of the country. All participants in this study were asked whether or not they thought CSI in South Africa was having a positive impact. All 20 participants responded to this question in their respective interviews, below is a table presenting a summary of findings in relation to this question:

**Table 4.1: Table of responses on CSI impact in South Africa**

Response	Number of Participants	Percentage of Participants
Yes, it is having impact	15	75%
No, it is not having impact	5	25%
<b>Totals</b>	20	100%

As can be seen from table 4.1 above, the majority of participants (being 15 out of 20 and representing 75% of those interviewed) concluded that CSI in South Africa was having a positive impact. However, 5 of the 20 participants, representing 25% of those interviewed, concluded that CSI was not having a positive impact on the developmental needs of the country.

### 4.3.1 Impact is limited

It is important to highlight that although the majority of participants (15 out of 20) acknowledged CSI's impact, all 15 participants felt the need to qualify their responses by suggesting that CSI was having a limited positive impact and expressing the opinion that business could do better. The following explanations were highlighted by participants:

1. The slow pace of impact – 5 of the 15 participants acknowledging limited CSI impact and suggested that the limited impact could be attributed to the pace of change, which they felt was rather slow and could be improved;
2. Good impact only in pockets – 4 of the 15 participants who suggested that CSI was having limited impact argued that impact was only in pockets with some companies doing better than others;
3. Impact is not systemic – 3 of 15 participants who argued in favour of CSI having some impact suggested that impact was more at a micro level and was not systemic. For example, there is often a difference being made to a local school but not necessarily impacting the education system; and
4. Impact could be better given the level of financial contributions – 3 of the 15 participants argued that some impact was evident, but should be far greater when considering the huge amount of money being spent on CSI by business in South Africa.

In essence the majority of participants (15 of 20) felt that CSI in South Africa was having an impact, but not quite the impact that it could potentially have on the country's developmental needs. Some of the participants' word-for-word views, presented below, capture the essence of the abovementioned point:

**Participant I:** *“Intuitively we know across business the amount of money being spent on CSI and, given that, we should be seeing more impact.”*

**Participant L:** *“I think we are having significant impact in our organisation, I can’t really speak for other organisations, but even then I think the impact is more at a micro level and not enough at a systemic level.”*

#### **4.4 What Factors Can Enhance Effective Implementation of CSI in South Africa?**

In line with the second objective of this study, questions in Section C of the interview schedule sought to gather input aimed at identifying factors that could enhance the effective implementation of CSI in South Africa. Upon analysis of data, six (6) key considerations listed below emerged as factors that could enhance effective implementation of CSI:

1. CSI not motivated by marketing purposes;
2. Alignment between CSI and business strategy;
3. Appropriately structured and staffed CSI division reporting to the highest office in business;
4. A focused CSI Strategy;
5. Carefully considered collaboration within CSI; and
6. Focusing Communication of CSI on Impact.

Below is a presentation of each of the above-mentioned factors.

#### 4.4.1 CSI Not Motivated by Marketing Purposes

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##### Question

*Companies do CSI for different reasons; if you were to advise companies in the process of re-thinking their purpose around CSI in pursuit of impact, what would you say to them around purpose and why? In your view what should the purpose of CSI be in South Africa?*

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As a significant finding, all participants (20 of 20) suggested that for CSI to be effective, it should not be motivated by marketing or public relations purposes.

- All participants (20 of 20) felt that doing social investments for marketing reasons was disastrous and partly why business was not having that much-desired positive impact on social developmental needs through CSI in South Africa. Below are some of the views expressed by some participants:

**Participant J:** *“From a marketing perspective, it is important to get mileage and value around our CSI programmes but it simply can’t be the sole reason why we choose to engage in CSI – that can’t be right. So our business and other businesses in South Africa really need to guard against this possibility.”*

**Participant G:** *“Communicate yes, but it’s important to remember that marketing should not drive CSI.”*

- Many participants (18 of 20) were in agreement that CSI’s purpose should be to drive broader societal transformation, change people’s lives for the better and contribute to making South Africa a better place.
- Most participants (18 of 20) felt that people’s lives could be improved through CSI if business made ‘meaningful social development change in society’ their main CSI purpose or driver as opposed to being motivated by marketing purposes.



- However, 13 of the 20 participants cautioned that CSI practitioners must remember that they are operating within business and doing good on behalf of business; and that business was not a charitable organisation.
- These participants (13 of 20) argued that by doing CSI well business also stood to benefit in that doing CSI well would create and support an enabling environment within which business will not only survive, but will also succeed. Some sentiments expressed below amplify this point:

**Participant D:** *“Business shouldn’t do CSI for marketing, it should do CSI with the understanding that business can’t continue to prosper in an environment that is not prospering, characterised by one service delivery protest after another because the poor are feeling the pinch.”*

**Participant T:** *“We should not do it for compliance or marketing but we should do it because our society has some elements that are dysfunctional. We need to understand that as good corporate citizen that makes our society better, creates a better environment for business and ultimately creates value for ourselves.”*

- Stronger expressions were used by 8 of the 20 participants who suggested that businesses which do not see any role in social development will perish or disappear over time. In essence a major finding from the above points is that it is important for corporates to clearly identify and articulate their CSI purpose. Ideally this purpose should not be marketing driven but should be driven by the desire to facilitate meaningful change in people’s lives with the view of positively influencing business and the long-term sustainability of society.

#### 4.4.2 Alignment between CSI and Business Strategy

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Question

*Do you believe there should there be a relationship between a firm's core business strategy and CSI? If so, what should the relationship be and why? If not, why not?*

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As another significant finding, the majority of participants (17 out of 20) suggested a better alignment was needed between CSI and business strategy.

- These participants (17 out of 20) argued for a balance between driving social development and business goals. They said that CSI should be better aligned with business strategy and associated aspirations.
- These participants (17 out of 20) unpacked the form of alignment and gave examples of sectoral and geographical alignment where sectoral alignment, according to these participants, is when business contributes meaningfully in its sector. By way of an example, as explained by participants, a financial institution can facilitate financial skills development which could see underprivileged individuals qualify as chartered accountants and later employed, not necessarily by that business but within the financial sector. Geographical alignment, on the other hand, was explained by participants as the choice by business to contribute meaningfully in regions where it has operations.
- These participants (17 out of 20) argued that alignment between CSI and business strategy would positively affect CSI's position within business and would, in turn, positively influence business' ability to realise an impact through its CSI efforts. These participants (17 out of 20) believed this would mean that companies could add considerably more value to spaces closely aligned to their business because the relevant skill sets could be leveraged from employees within the business.

Alignment to business, as captured by some participants' expressions below, is a one of the key considerations when making informed choices in CSI:

**Participant G:** *“Alignment to business, an important consideration in CSI, simply identifying charitable causes that are an easier and better fit with a particular business this fit could be in terms of values, culture or industry.”*

- One of these 17 participants argued for a much stronger link between CSI and business strategy, suggesting that otherwise business' commitment to society would be an artificial one.

#### **4.4.3 Appropriately Structured and Staffed CSI Division Reporting to the Highest Office in Business**

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##### Question

*If you were to speak to business and CSI practitioners around **structure** (i.e. How CSI is organised in a business) in the CSI space, what would your advice be to them be so as to make CSI more impactful? (i.e. result in significant change in people's lives)*

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The suggestion that a CSI department within an organisation – one which is separate from marketing, is appropriately staffed and reports to the highest office in the business - would enhance effective implementation of CSI in South Africa was a significant finding. This was informed by the following:

- Most participants (18 of 20) were not happy with marketing as a purpose behind CSI. They argued against housing CSI within the marketing division of a company, suggesting that no CSI should form part of the marketing function.
- These participants (18 of 20) gave a sense that the common location of CSI in marketing departments has been largely driven by the prevalent public relations and business brand motive for doing CSI. As said by one of the participants:

**Participant F:** *“I feel strongly about this, CSI should never be put in one division with marketing because people in their mind see it as marketing, not development.”*

- The majority of participants (17 out of 20) condemned the choice by some companies to locate their CSI operations outside the business by establishing an arm's-length foundation, one which is often outsourced to external consultants who are not related to the business.
- These participants (17 out of 20) felt that locating CSI operations outside the business compromises the link between CSI and business strategy. This, according to most participants (17 out of 20) would not advance the strategic positioning of CSI within an organisation which, as argued earlier, is necessary if business and society are to realise real CSI impact.

**Participant R:** *“So I feel and have seen that CSI does best when it's seen and represented as its own division within the structure not just an arm's-length thing. So a box within the organisational structure and not one or two people who find themselves in one or many of the other boxes.”*

**Participant Q:** *“CSI should not be outsourced; it needs to be part of the business so that society can benefit from the business culture, values and ethos. It needs to be brought back into the organisation so that staff can identify with it and find ways of contributing through staff volunteerism.”*

- These participants (17 out of 20) suggested the creation of a separate CSI division or department which has an equal standing to all other operational divisions within an organisation, such as marketing, finance and human resources.
- In addition, these 17 (out of 20) participants argued that the establishment of CSI as a standalone department would present business with the opportunity to resource the division with social development skilled personnel who have the ability to craft a coherent and sound CSI strategy.

- Participants (17 out of 20) also argued that establishing a standalone CSI department would help bring structure and improve decision-making guidelines when it came to CSI.
- According to many participants (17 out of 20) this is something that has largely been missing from the corporate CSI space, because CSI is, more often than not, staffed with marketing and branding personnel. One of the participants sums up the above point strongly:

**Participant A:** *“Locating CSI within marketing or HR means it will be staffed by marketing or HR personnel, that can’t be right as this is social development not some branding or recruitment exercise it needs to be done by social workers, sociologists or psychologists.*”

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Question

*In your view, how should companies resource their CSI divisions and efforts to make them more impactful?*

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- The majority of participants (14 out of 20) argued that the strategic positioning of CSI would be strengthened when people who understand social development are tasked with drafting CSI strategies and championing CSI efforts.
- These participants (14 out of 20) attributed the current perceived failure of CSI to having the wrong people employed within CSI teams that engage in cheque writing. That failing contributes to inconsistent and unfair funding decisions.

**Participant M:** *“I think this is why CSI doesn’t always work, CSI practitioners in other areas are not really people who are developmentally inclined. So they don’t have a fair understanding of the space.”*

**Participant N:** *“You can’t put marketers and HR consultants in charge of CSI strategy and implementation and expect a sound CSI strategy, what you will have is what many companies have at the moment, a cheque-writing approach with scattered unrelated projects and many failed experiments”*

- However, 10 out of 20 participants cautioned that there was a need to balance the CSI division staff complement by possibly having a 50/50 split between pure social development practitioners and business orientated people who possibly have a commerce qualification and background.
- Part of the concern, as argued by these participants (10 out of 20) was that too many social development practitioners skew CSI efforts to be more focused towards having a social development impact, in the process leaving behind the possible business impact.
- The other part of the concern was that the converse also happens when CSI divisions are staffed mainly by business people. One of the participants, the head of a CSI division, used herself as an example, indicating that she had qualified as social worker and then spent about four years in management consulting before joining the CSI space. She acknowledged this as an amazing combination which brings the perfect balance to her social development and business contribution – something she argues careful staffing of a CSI division can achieve. The participants below appropriately sum up this point:

**Participant C:** *“CSI must be led by people who understand both business and social development well so that funding decisions are well informed, solid and not like playing lotto, where people who play are said to be taking wild chances.”*

**Participant E:** *“I think we need more of an alignment towards business so that you don’t get people who speak a totally different language to exco or top management; it’s a problem because they are then not taken seriously.”*

- Most of the participants (15 out of 20) suggested that it was important for a standalone CSI division – one staffed by appropriately qualified people - to be located or placed within the CEO or MD’s office. The point being that this division should report to one of the highest offices in the business. Such a move, as argued by these participants (15 out of 20), would ensure that executive management buy-in is achieved and would, in turn, inevitably strengthen CSI’s strategic positioning within the business.

#### 4.4.4 A Focused CSI Strategy

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##### Question

*If you were to speak to business and CSI practitioners around **criteria** (i.e. broader guidelines on choosing beneficiaries) in the CSI space what would your advice be to them be so as to make CSI more impactful? (i.e. result in significant change in people’s lives)*

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Another significant finding was the call for a focused CSI strategy that is well informed by both existing research and data around the country’s needs. This finding was informed by:

- All participants (20 out of 20) argued that, for many years, companies responded favourably to almost every charitable request. As a result they often spread themselves thin and, consequently, did not realise an appropriate impact from their corporate giving. As some participants put it:

**Participant O:** *“There is a need to focus. We really can’t be everything to everyone, like CSI has been approached in the past. Trying to please all people is partially responsible for this sense of failure in CSI – this needs to be corrected if we are to see positive results within the CSI space.”*

**Participant K:** *“Focusing is inevitable; corporates are not grant making organisations with a financial bottomless pit, so we have no choice but to focus if we are to see progress.”*

- Participants (13 out of 20) pointed out that a greater degree of focus would require business to make better-informed choices which were cognisant of national priorities and in alignment with the business.
- Very much in support of greater alignment to between CSI and strategy, a finding already presented, participants (13 out of 20) suggested that it was important that a company's choice of CSI focus areas and strategy be informed by what constitutes closer alignment to its business strategy.
- These participants (13 out of 20) indicated that it would most probably be beneficial for companies to scan their contexts and environments for pressing needs – suggesting that the environmental scanning would not be that difficult in this country because South Africa's needs and challenges are well researched and documented in the National Development Plan (NDP).

**Participant S:** *“Companies need to make their choices on the basis of their understanding of the country's needs, they can't just thumb suck focus areas. All this needs to be well researched.”*

**Participant B:** *“There are many entities, like the South African Institute of Race Relations, the Centre For Development Enterprise and others, conducting research to help us with the identification of social needs. So there is enough to help inform business on what to focus on. Unfortunately many corporates have, in the past, ignored all this rich data when deciding on their CSI initiative.”*



#### 4.4.5 Carefully Considered Collaboration within CSI

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##### Question

*If you were to speak to business and CSI practitioners around coordination and collaboration (i.e. the linking together of CSI efforts both within and outside a corporate) in the CSI space what would your advice be to them be so as to make CSI more impactful (i.e. result in significant change in people's lives)?*

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The identification of collaboration between corporates, as one of the factors that could drive impactful CSI programmes, was another significant finding informed by the following:

- The majority of participants (14 out of 20) accepted that collaboration in this space was necessary if CSI was to have a meaningful impact in this country. Participants' sentiments expressed below present this view so eloquently:

**Participant T:** *"The pooling of human and financial resources towards a common cause will prove to be beneficial for business and even more so for the broader society, there is no doubt about that."*

**Participant A:** *"If we are all honest with ourselves, we will accept that no single business will have enough resources required to address the poverty related challenges that take so many different forms in this country. That's why it is necessary for business to find a common cause and work together for the betterment of people's lives."*

- Of the 14 participants arguing for more collaboration, 9 were in favour of CSI collaboration among corporates. They suggested that effective collaboration would require corporates to address current limitations, such as brand competition. These participants (9 out of 20) argued that brand-related competition was a stumbling block when it came to structuring meaningful CSI partnerships between corporates.

- These participants (9 out of 20) suggested that it was important for corporates to recognise that CSI should not be seen as a competitive edge where brand benefits were put ahead of social benefits. Participants' verbatim thoughts below highlight the above point:

**Participant G:** *"There is a lot to be done in order for companies to change their approach to CSI so as to realise real impact. You see, often companies approach CSI from a competitive standpoint, this needs to change."*

**Participant Q:** *"One big problem with corporate-to-corporate collaboration is that even though CSI is not supposed to be a competitive arena, we see companies having that mind-set, not wanting to work with their peers or others in their sector. Companies may want to work together until marketing forces take place and change intentions around. It's a reality we really need to work on if CSI is to be successful."*

- Out of 14 participants in favour of collaboration, 5 highlighted the trust deficit between corporates as another limitation in as far as collaboration was concerned. These participants (5 out of 20) argued that collaboration could work provided there are active efforts to foster trust, since trust is an important ingredient for successful partnerships. A verbatim account of some participants' views below gives a sense of their thoughts around trust:

**Participant P:** *"I don't like consolidating things into partnerships because often when they, say, put your money into one big pool it often disappears. It does. I have been around long enough to witness a few such cases."*

**Participant S:** *"The current competitive nature of CSI is often not in the best interest of building trust between two or three potential partners. Corporates must really be discouraged from taking this competitive stance."*

- Furthermore, participants (10 out of 20) suggested that collaboration with clarity around intentions, goals and objectives on the part of potential partners was essential in strengthening the chances of the partnership being successful. This should also bolster trust levels.
- Out of the 14 participants who were in favour of collaboration, 7 participants also suggested the form of collaboration needed to be carefully considered if CSI was

to have the much needed impact. These participants (7 out of 20) acknowledged that pooling financial resources was only one form of corporate collaboration. Other forms, such as sharing of lessons, should also be considered. As argued by one of the participants:

**Participant G:** *“People often limit corporate partnerships in the CSI space to financial collaboration, as if this is the only form of collaboration. It’s not, finances do matter but they don’t always matter as business can partner by sharing other things like lessons learnt and so on.”*

- Of the 20 participants, 8 suggested referrals of CSI proposals between corporates as another form of collaboration. This, they argued, could see many deserving causes benefiting.

**Participant A:** *“Creating a proposal referral relationship and system will really help those in need and could be the foundation for much stronger corporate partnerships over time.”*

- However, at least 6 of the 20 participants were not convinced about collaboration among corporates within the CSI space.
- This group of participants (6 out of 20) suggested that while business collaboration in CSI sounded good in theory, it didn’t really work in practice. According to these participants (6 out of 20), this explained the many failed CSI collaboration efforts which have not lead to the desired levels of impact to date.
- These participants (6 out of 20) argued that while they would like to believe in the collaboration which is often spoken about and advanced in CSI workshops and conferences, their past collaboration experiences have been poor. Their experience, they say, suggests that collaboration (especially among corporates within the CSI space) must be completely abandoned. It was for this reason;

according to these participants (6 out of 20), that some companies were not so receptive to collaboration efforts. Here is what some participants had to say:

**Participant C:** *“I think everyone buys into the theory that coordination and collaboration are good for CSI but in South Africa there is little or no evidence that it works.”*

**Participant B:** *“In education, for example, we have seen a number of different collaborations but none has delivered systemic change within education, a confirmation that collaboration is overrated, especially in the CSI space.”*

#### 4.4.6 Focusing Communication of CSI on Impact

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##### Question

*Do you believe there should be a relationship between CSI and marketing or public relations? If so, what should the relationship be and why. If not, why not?*

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As another major finding, although not in favour of corporates doing social investments for marketing purposes, participants in this study agreed on the need for a positive relationship between CSI, public relations (PR) and marketing.

- All participants (20 out of 20) recognised the need to communicate what business does in the CSI space. But they noted that there were challenges in how businesses communicate these CSI efforts. All participants (20 out of 20) agreed that sensitivities existed around how business talks about CSI efforts, rather than whether or not business should talk about CSI. There was a suggestion that CSI marketing was not like marketing a product and needed to be handled differently. One participant put it this way:

**Participant S:** *“There needs to be communication of what we do in CSI but we must be careful not to cloud the two, let us not confuse CSI as a product. You can’t market CSI in the same way as you market a product - like its often done, that’s where we go wrong. Marketing and communication of CSI need to be sensitively handled.”*

- Most participants (14 of 20) also argued for balanced reporting and communication of CSI that would focus on business' CSI successes and failures. This point was well summarised by one participant in the quote below:

**Participant N:** *“A lot of organisations only report on what has gone well and not on what has gone horribly wrong; robbing themselves and others of the opportunity to learn from their mistakes. If we monitor, evaluate and report on both the good and the bad we will realise that there is a lot of learning that come from this, especially from what we consider to be bad.”*

- CSI communication-related findings emanating from analysis of advice gathered from all 20 participants include the following suggestions:
  - While there is nothing wrong with businesses communicating and possibly promoting their CSI efforts, corporates need to watch against showing off.
  - Companies should test why they feel the need to communicate their CSI efforts. If it is about telling the world how good they are, then they should be careful as this can easily be seen as showing-off or grand standing.
  - In any communication or promotion of CSI initiatives, the focus should be on impact.
  - Corporates should define the impact or change they would like to see at the beginning of social investment programmes.
  - There is a need for rigorous monitoring, evaluation and accurate recording of impact. This suggested that the perceived poor performance of CSI in South Africa was also partly because of poor monitoring and evaluation of

initiatives. Participants argued that with no sound systems and processes to accurately monitor and capture the difference made, there was no way in which impact could be illustrated.

- There was a need to acknowledge and involve partner organisations in a business' CSI marketing plans and implementation, since most of the current marketing and communications of CSI practice was often distasteful, patronising and unsuccessful because it failed to acknowledge and involve partner organisations and beneficiaries.
- More resources should be directed at carefully considered social development initiatives as opposed to being spent on the marketing and communication of CSI.
- Many participants strongly condemned practices where some corporates make a small donation to a charity or a cause and then end up spending five or 10 times more on communicating the fact that they have made that donation. Many participants felt this was distasteful and should be discouraged if corporates were to reduce the scepticism often expressed by different business stakeholders interested in CSI. Below is some representation of the above sentiment in participants' own words:

**Participant D:** *“What worries me most are these massive costs, the fact that, in corporate terms, marketing and communication does not come cheap and inevitably redirect CSI finances that could make a meaningful difference in society if invested in carefully chosen and structured social development programmes.”*

**Participant A:** *“For me, we should not have to spend so much money in communicating our good deeds and intentions since the programmes should speak for themselves through the results they achieve.”*

**Participant H:** “I am totally against donating R200 000 to a charity and then spending R1 000 000 on promoting it - can't be right! In my view, we need to spend more on CSI that impacts positively on people and less on telling what we do.”

#### 4.5 CSI Focus Areas (2015-2020)

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##### Question

*If you were to give strategic input regarding CSI in South Africa, for the next five years, (i.e. 2015-2020) what should companies spend their social investment money on in terms of focus areas and why? As part of this exercise, please rank your suggested top five CSI focus areas for the next five years?*

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In line with the study's third objective, participants' input and suggestions were gathered on where corporates should be focusing their CSI spend for the next five years (2015 to 2020). All participants were requested to rank their top five focus areas over the next five years. As a major finding, although participants were asked to suggest and rank five CSI focus areas for the next five years, the analysis of all interviews only emerged with three key focus areas. They were:

1. **Education:** Suggested by all 20 participants
2. **Health:** Suggested by 16 of the 20 participants
3. **Entrepreneurship:** Suggested by 13 of the 20 participants

### 4.5.1 Education

Education took first place as the sector of future focus, with all participants arguing that South Africa's state of primary and high school education is in a terrible state and needs serious attention.

- Some participants (4 out of 20) felt so strongly about education as a focus areas that they said in response to this question that they would put education, education and nothing but education on this list of focus areas.
- All participants (20 out of 20) mentioned education as their first suggested focus area. Below are some thoughts shared by participants on education:

**Participant T:** *“(1) Education, (2) education, (3) education (4) education and (5) education! This is because education truly liberates and empowers people. If I give you an education you are not going to be my responsibility down the line.”*

**Participant Q:** *“Education is all I think corporates should focus on. Nothing else, you see it must be education starting with early childhood development to primary and high school education – this way we should start seeing real impact.”*

- Other participants (6 out of 20) went so far as suggesting that the education focus should be more on technical skills development in information technology (IT), citing this as the way the world is going and that a country not investing in education with an added focus on IT would find it difficult to compete in the global economy:

**Participant D:** *“Educating a child for the 21<sup>st</sup> century would be my one and only focus. That's the only way South Africa is to remain competitive in the global economy - when it has a well-educated citizenry able to take full advantage of and contribute in their own way towards technological advancement.”*



### 4.5.2 Health

Health was second on the list of key CSI focus areas since it was suggested by 16 of the 20 participants.

- These participants (16 out of 20) felt that a well-educated and healthy nation would make a significant contribution to the country's economy and continued prosperity. Here is what some participants had to say in relation to health:

**Participant I:** *“Just like education, health is important and although the Minister of Health, Aaron Motsoaledi, is trying hard to fix this area, the challenges within the health department and system are way too big and too many, so it’s a space that could benefit hugely from corporate support.”*

**Participant C:** *“The next important thing after education is undoubtedly health. All you have to do is to visit any of the public health facilities, like Bara and Edenvale hospitals, to realise the extent of desperation and need. It’s actually very bad.”*

### 4.5.3 Entrepreneurship

After education and health, entrepreneurship was the third most mentioned CSI focus area suggested by participants.

- Over half the participants (13 out of 20) suggested that the stimulation of entrepreneurship would lead to job creation, which would inevitably grow the economy, allowing more and more people to benefit.
- Of the 13 participants in favour of entrepreneurship as a focus area, 5 acknowledged it as one of the most challenging spaces on which to focus, suggesting that it was not as straight-forward as education or any other focus area. These (5 out of 13) suggested that despite the difficulty working in entrepreneurship, the space was unavoidable and the fruits of getting it right would

be very beneficial to South Africa. Some of the comments made by participants included:

**Participant T:** *“Support of small and medium enterprises should be a good start in stimulating entrepreneurship and, if done well, could lift many out of the unemployment basket. Therefore, entrepreneurship should definitely be one of the key CSI focus areas in South Africa.”*

**Participant A:** *“There are so many youngsters who, given their poor performance in matric, will not be absorbed by the tertiary education system. They will find themselves without jobs but (they) should not be written off. They should rather be given some form of entrepreneurial training and exposure so that they develop a job creating mind-set as opposed to a job seeking mentality. Entrepreneurship as a CSI focus area would assist a great deal.”*

#### 4.5.4 Other Focus Areas

Although there were very clear, popular and commonly ranked focus areas in the form of education, health and entrepreneurship, there were other less mentioned areas of focus. Although not part of the top three in that they were only mentioned by one, two or three participants, these focus areas are listed below in no order of importance to give a sense of other possible CSI focus areas as suggested by the participants:

- Rural development
- Moral regeneration
- Protection of Chapter 9 institutions
- Agriculture
- Water conservation
- Crime
- Capacity building of NGOs
- Infrastructure development
- Food security
- Municipal training and development
- Housing
- Anti-corruption campaigns

There was acknowledgement by participants that South Africa faced a myriad genuine social needs which continue to affect people's lives. The participants noted that it would be best for corporates to choose needs that made sense to them so they could better align their CSI efforts to their business focus.

## **4.6 Summary of Findings**

Chapter 4 presented the study findings in relation to the three key study objectives. Below is a summary of key findings:

### **4.6.1 CSI Impact in South Africa**

**Objective 1**      *To establish whether CSI efforts are having a positive impact on the social development needs in South Africa*

**Finding No 1.1**      As a major finding in relation to the first objective of this study, CSI was found to have limited impact on the social developmental needs of South Africa. Impact was said to be limited because of its slow pace, not being systemic, being only in pockets and not being good enough when compared to high amounts of money invested through CSI.

#### 4.6.2 Enhancing Effective Implementation of CSI

**Objective 2** *To identify factors that enhance the effective implementation of CSI efforts.*

**Finding No 2.1** CSI which is motivated by facilitating broader societal transformation for the benefit of society, communities and business' long-term sustainability, instead of marketing objectives, enhances the effective implementation of CSI.

**Finding No 2.2** A greater alignment is needed between CSI and business strategy in order to improve the impact of CSI efforts on both society and business.

**Finding No 2.3** A CSI division within as opposed to outside of business, staffed by suitably qualified social development and business staff, and reporting to the highest office in business, was found to be important if impact is to be realised through CSI.

**Finding No 2.4** A focused CSI strategy and approach, which is aligned to business instead of being everything to everyone and attempting to address every social need that exists, would help to reduce the spreading of resources thinly across a myriad social needs. This would improve the likelihood of impact.

**Finding No 2.5** Carefully considered collaboration is necessary within CSI in order to address key considerations such as trust, brand competition and the form of collaboration for successful implementation of CSI.

**Finding No 2.6** Communication around CSI efforts, where necessary, should focus on the impact of CSI efforts as opposed to showing off or grand-standing. This would do better than current communication efforts around CSI and the emphasis on impact should be fostered.

#### 4.6.3 CSI Focus Areas

**Objective 3**

*To identify five of South Africa's many social development needs that should be the focus of corporate South Africa's CSI efforts for the next five years (2015-2020).*

**Finding No 3.1**

Education came out top of the list of suggested focus areas.

**Finding No 3.2**

Health ranked second on the list of suggested focus areas.

**Finding No 3.3**

Entrepreneurship was ranked third on the list of suggested focus areas.

## 5. CHAPTER 5: DISCUSSION AND ANALYSIS OF FINDINGS

### 5.1 Introduction

With Chapter 4 having presented findings, this chapter discusses and analyses those findings.

### 5.2 Impact of CSI in South Africa

As a major finding in relation to the first objective of this study, CSI was found to have limited impact on the social developmental needs of South Africa. Impact was said to be limited because of its slow pace, the fact that it was not systemic in nature and was rather taking place in pockets. This was seen as not being good enough when one considers the large amounts of money being invested into CSI projects. One participant captured the essence of this below:

**Participant N:** *“I think impact is very slow considering the millions of rands we spend on CSI, way too slow. It’s also in pockets, there are companies who do it well but they are few, as for the rest, they make a mess of it, honestly.”*

This finding is consistent with observations and arguments made that CSI in South Africa is not as impactful as it could be and that while there are pockets of excellence, much still remains to be done (De Wet, 2008, Ramphele, 2010; Nxasana, 2010; Ndhlovu. 2011, Mabaso; 2011). When questioning whether CSI beneficiaries’ lives have been positively impacted by CSI, Maritz (2013) concludes very much in line with this study’s findings, that people have not been positively impacted in a significant way. This finding is also consistent with assertions made by Ramphele (2010) that, despite being the only country where CSI is mandated, South Africa is failing when it comes to CSI efforts and the impact they are having on society. This key finding also seems to confirm views held by Rockey (2012) that very little impact is being realised through current CSI initiatives in South Africa.

### 5.3 Enhancing CSI Implementation in South Africa

As presented in Chapter 4, the six factors that could enhance effective implementation of CSI were identified as:

1. CSI not motivated by marketing purposes;
2. Alignment between CSI and business strategy;
3. Appropriately structured and staffed CSI division reporting to the highest office in business;
4. A focused CSI Strategy;
5. Carefully considered collaboration within CSI; and
6. Focusing Communication of CSI on Impact.

Below is a discussion of each of the abovementioned factors.

#### 5.3.1 CSI not Motivated by Marketing Purposes

CSI motivated by facilitating broader societal transformation for the benefit of society, communities and the long-term sustainability of business - instead of one motivated by marketing purposes - was a one of the key findings. This makes understanding motivation one of the factors that could enhance the effective implementation of CSI in South Africa. According to this study, it is important for corporates to clearly identify and articulate their CSI purpose which, ideally, should not be marketing and/or compliance driven. The urge to ensure that marketing is not the purpose behind CSI is consistent with the strong argument made by Thwarts and Bouwer (2012) that CSI is not a marketing exercise and that it should not be treated as such. As simply put and voiced by one of the participants:

**Participant C:** *“Don’t do CSI for marketing, it is very distasteful.”*

The rejection of marketing purposes as the main driver of CSI is not new. Fig (2005) and Hamman (2009) have long warned of the danger of CSI becoming dominated by public relations. When explaining the perceived failure of CSI in South Africa, Hamman (2009) accuses corporate South Africa of being largely cosmetic and self-serving when it comes to CSI. It is no surprise that this study should find against doing CSI for marketing purposes because, as already argued, such marketing-driven approaches are often too limited, too defensive and too disconnected from the core business strategy (Galbreath, 2009).

The suggested focus on purpose is very much in line with conclusions reached by Griffiths (2013) and Gazolla (2014), already cited in this study, that CSI practitioners tend to worry more about how much they are investing rather than why they are investing. The call, at least in this study, is for corporates to carefully consider and articulate their CSI purpose. This points to the acceptance that motives behind CSI can differ from business to business but what matters most is the understanding that not every motive will necessarily lead to the most desirable impact on the broader society. Furthermore, the emphasis of this study on the articulation of CSI purpose is significant in that understanding why a company is spending social investment money in a particular sector ensures a social investment strategy that maximises the very outcome that is being pursued (Galbreath 2009; Griffiths 2013).

According to this study, CSI purpose should be more about driving meaningful change in people's lives with the view of positively affecting business and society's long-term sustainability. This is in support of suggestions that business must be engaging in CSR for the right reasons to derive full value and advantage from CSR (Slavova, 2013). This is so eloquently captured by one of the participants in this comment:



**Participant J:** *“Business must do CSI because it understands why it needs to do it, for its own long-term survival, it’s for this reason that CSI goals and objectives must be aligned with business strategy.”*

This finding is also consistent with the Corporate Citizenship Theory which highlights the interdependence between businesses and the communities within which they operate (Birch, 2003; Garriga & Mele, 2004; Schwab, 2008). In this way, participants acknowledge that the long-term sustainability and prosperity of business depends on the long-term sustainability and prosperity of the communities within which business operates (Hohnen & Potts, 2007). This further cements the notion that by being good to society business is actually being good to itself (Carroll & Shabana, 2010).

The desire to do CSI simply because it is the right thing to do is very much aligned and consistent with the 2013 Triologue survey which found, as already communicated in Chapter 2, that 84% of the companies surveyed listed moral imperative and the desire to do the right thing as the main driver to do CSI for their companies. The mention of business benefitting from doing CSI by participants in this study is also in line with the 2013 Triologue survey in which 60% of the surveyed companies cited corporates reputational benefits as driver for CSI.

Study participants saw a business role and responsibility in the reconstruction and development of this country - a view very much aligned with the Corporate Citizenship Theory but quite contrary to the Shareholder Value Theory. Unlike Shareholder Value Theory this view recognises and accepts that business has a social responsibility towards society which is over and above the generation of profits and shareholder value maximisation. Participants arguing that the main driver of CSI must be a genuine desire to make a meaningful difference in people’s lives, is a confirmation of the point made in Chapter 2 that the business community in South Africa accepts that social spending is part and parcel of doing business in South Africa (Rockey, 2007; Babarinde, 2009). This finding is significant as it highlights the importance of companies understanding why they

engage in CSI: Is it for compliance, marketing, driving social change or just so they can be seen to be doing it? Either way, as Rifer (2012) argues, asking the question 'why' will force corporate to reflect on their assumptions, strategies and associated performance, which is key if corporates are to achieve impactful CSI.

### **5.3.2 Alignment between CSI and Business Strategy**

As a finding, participants suggested that a stronger link between CSI purpose and business strategy would positively influence the ability of business to realise impact through CSI. Here, there is an acceptance by this study, just as Rockey (2012) concluded, that CSI efforts have not really achieved as much as they potentially could, simply because they have been so fragmented and so disconnected from business and its strategy. This finding is consistent with suggestions that an alignment of business strategy, social responsibility actions and core business activities should bring about efficient and effective social investment strategies (Susanto, 2012; Slavova, 2013). Furthermore, for CSI to add value to both business and society, its social development purpose and mandate needs to be well integrated with its business strategy, mission and values (Rockey, 2005; Morris, 2014). This finding is an acknowledgement that companies which recognise CSR as core to business strategy, rather than an add-on, will be in a better position to deal with future challenges (Porter & Kramer, 2006).

In essence, as one of the main findings, this study asserts - just as Slavova (2013) did - that there needs to be an alignment between business strategy, social responsibility related actions and core business activities so as to realise effective and efficient corporate social strategies. The main purpose of driving this greater alignment between CSR and business strategy, according to participants and other scholars (Rangan, Chase & Karim, 2014) is to align a company's social responsibility activities with its business purpose and values. This finding is important and should see CSR activities integrated with the company's vision, mission, strategic objectives and culture (Susanto, 2012)

### 5.3.3 Appropriately Structured and Staffed CSI Division Reporting to the Highest Office in Business

A CSI division within, as opposed to outside, the business, and separate from the marketing division, which is staffed by suitably qualified social development and business staff reporting to the highest office in business, was found to be one of the key factors needed to enhance effective implementation of CSI. The suggestion by study participants to move CSI out of the marketing division is consistent with observations and suggestions made by literature which argue that having CSI housed within marketing has done very little for the cause and the many who stand to benefit from the effective implementation of CSI (Susanto, 2012; Slavova, 2013). One of the participants seals this argument very well:

**Participant H:** *“I just feel that the location of CSI within marketing is so wrong, it defeats the purpose of real social upliftment.”*

The emphasis by study participants on the need to staff the CSI division with suitably qualified people happens to also be in support of the call to professionalise the CSI space (Friedman, Hudson & Mackay, 2008). This is aimed at ensuring that CSI decisions are taken by the right people with the right skillset and knowledge (Friedman, Hudson & Mackay, 2008). Interestingly, participants in this study suggested that the piecemeal, uncoordinated and incoherent CSI strategies and approaches responsible for the sector’s poor performance were hugely related to the employment of the ‘wrong’ CSI personnel, individuals who often engaged in ineffective cheque-writing CSI strategies and approaches. One vocal participant had this to say:

**Participant D:** *“Wrong people running CSI departments has meant wrong approaches to CSI with little or no impact because uninformed CSI practitioners just see this as about*

*spending money all over the place, as long as they are seen to be doing something it does not matter whether this is strategic or not.”*

As argued in Chapter 2, Bruch and Walter (2005) agree and add that CSI funding decisions are best made by people who have the technical experience and qualifications in social development. The finding that CSI should not be an arm's-length operation which is outsourced to external consultants, but rather a division reporting to the highest office in the business, would result in a much-needed structural elevation of CSI. For, as suggested by participants and literature (Susanto, 2012), outsourcing operations would weaken what is already considered to be a factor enhancing CSI implementation: the strategic link and alignment between CSI and business.

In addition, this study's suggestion that a CSI division be a stand-alone unit reporting to the highest office in the business, is aligned with the literature suggestion of the need for a CSR strategy that has top leadership backing and participation (Safwat, 2015). This suggestion is consistent with a view expressed in Chapter 2 that making CSR, and in turn CSI, central to business requires the backing and participation of a company's senior leadership. In fact, the Chief Executive Officer's personal engagement is believed to be key (Hohnen & Potts, 2007; Slavova, 2013). Whether this will, in practical terms, change the prevalent positioning of CSI from being peripheral to being core to business, as suggested by Freemantle and Rockey (2004), remains to be seen.

The suggested structural changes and placing CSI within the realm of the highest office in business might very well signify the new value attached to CSI. This is relevant because where business chooses to locate CSI structurally is an indicator of the value a business attaches to CSI (Frankental, 2001). Again, the suggestion that CSI should report to either the Chief Executive Officer or Managing Director is an affirmation that CSI is part of a

company's core business and ought to be approached as seriously as any other business activity (Friedman, Hudson & Mackay, 2008)

#### 5.3.4 A Focused CSI Strategy and Approach

One of the factors that could enhance effective implementation of CSI is a focused CSI strategy and an approach aligned to business. Participants in this study called for a focused CSI strategy and warned that companies which continued to be everything to everyone in the CSI space would not realise the much needed positive social impact. This is consistent with the argument that being everything to everyone and attempting to address every social need that exists is just not an option as no corporate can solve all of society's problems or bear the cost of doing so on its own (Porter & Kramer, 2006). The suggestion by participants that this focus needs to be well-informed by existing research and data around South Africa's social needs, is aligned with the suggestion that corporates need to ensure that they understand the development terrain and carefully consider where they put their CSI funding (De Wet, 2008). This point was well captured by one of the participants:

***Participant P:** "We know what the country needs, it's well documented and we can also see for example that our education system is in a mess. Let's collate all this information and use it to inform our future direction."*

The repeated emphasis by participants on focus and its potential to assist in making CSI more impactful is very much aligned with the argument that achieving meaningful change in people's lives requires CSI strategies that enable business to identify key focus areas, relevant and impactful interventions (Rockey, 2005). This study's finding that all focused CSI efforts should be aligned or linked to business strategy further supports the argument made by Porter and Kramer (2006) that companies should select issues that are closely aligned to their business and leave other social challenges to be addressed by other companies or other institutions best positioned to address them. This point is well articulated by one of the participants:

**Participant O:** *“While an engineering firm could very well choose developing psychologists as a CSI focus area, it will most probably do better by aligning its CSI to business by developing engineers. This would be a better fit and would mean it is better positioned to support those upcoming engineers by having its employees as mentors... having more impact in this way.”*

Strategic CSI is a lot more focused in that it does not address any genuine need that exists in a community but focuses more on issues that are consistent with a company’s overall mission, values and objectives (Henry & Rifer, 2013). As argued by De Wet (2008), companies that opt for fewer and more focused flagship programmes are more likely to realise impact than companies that have too many disjointed programmes.

### 5.3.5 Carefully Considered Collaboration within CSI

The general acceptance of the significance of collaboration within CSI by participants in this study is, to an extent, an acknowledgement of a point made by Polman (2012) that issues facing society today are so challenging that no individual institution can provide the solution. It is also an acceptance of advice given by Porter and Kramer (2006), and alluded to earlier, that even if business wanted to, no single business can solve the world’s problems on its own. The above point was so eloquently put across by one of the participants:

**Participant S:** *“If you look overall at the problems in society, I don’t think one company could address all needs but still, they tend to work in silos. When companies work together they can adopt a more systemic, diplomatic and impactful approach.”*

Kanter (2011), as was the case with the participants in this study, notes that it is important for companies to coordinate their efforts with other organisations or initiatives. This is in order to amplify impact and not to negate or unnecessarily duplicate the efforts of other contributors in the social development space. Hamman and Acutt (2003) and Ramlall (2012) emphasise the need for collaboration among businesses, NGOs and government,

indicating that such partnerships and an increased degree of coordination, based on pooling of resource and capabilities, would most likely result in meaningful impact. Unlike Polman (2012) who advocated strongly for collaboration, there was still a group of participants in this study who remained rather sceptical about collaboration. This scepticism was, to a large extent, as a result of participants' past experiences around collaboration, which in many instances had failed. As a valuable lesson from this study, it is important not to disregard potential partners' past experiences when considering a possible collaboration project. This point was best described by the participant below:

**Participant J:** *“Some of us have been in the CSI space for some time now and can list a number of collaboration efforts that have failed. In the end a lot of time, energy and financial resources are wasted – not encouraging at all. I think it’s best to let go of the idea that corporates can successfully work together in the CSI space.”*

The scepticism and failed partnership experiences shared by some of the study's participants is consistent with the argument that the use of partnerships to address social responsibility challenges has grown significantly, but not all are successful (Gray & Stites, 2013). Although the majority of participants agreed with Hamman and Acutt (2003) about the importance of collaboration within the CSI space in pursuit of impact, even they contained their enthusiasm by providing what could be considered collaboration guidelines for corporates in the CSI arena. The guidelines offered by participants in this study in relation to collaboration revolve around the need to address the brand competitive stance still held by many corporates. This clearly links with the suggestion, already made by participants not to let marketing drive CSI or for CSI to be done for marketing purposes. It is hoped that this would discourage corporates from seeing CSI as a competitive space, currently identified by participants as a factor limiting collaboration within CSI. As argued by one of the participants:

**Participant E:** *“The essential element for us to enable coordination and effective collaboration is to get away from the competitive thinking, environment and attitude. We can keep the branding, that’s fine but we need to move away from the competitive nature of CSI.”*



In addition, while participants approved of collaboration within CSI, they suggested that more attention should be paid to addressing trust levels among corporates as potential partners. Even more so, trust should be addressed between corporates and government, where trust levels are said to be even worse. As one of the participants noted:

**Participant F:** “Collaboration is difficult with people just being people. There are fears and trust issues. Something that can be addressed over time – remember partnerships are relationship dependent, the longer the relationship, the stronger trust is most likely to be.”

Gray and Stites (2013) agree with participants in this study that while establishing trust is the most common advice given in relation to partnerships, a few corporates get it right. One of the most successful ways that should be used to build trust in partnerships within the social responsibility space is by ensuring that all partners have the ability to raise their concerns which are then heard and addressed – giving everyone a fair voice (Gray & Stites, 2013).

Lastly, in as far as collaboration is concerned, participants felt that the purpose and form of collaboration is important and needs to be established upfront. Interestingly, this conclusion is similar to the one reached by Gray and Stites (2013), who argue that while partnerships between corporates and NGOs must be encouraged there is a need to answer the question why a partnership is needed, and to what end? Purpose and motivations for partnering are important because any differences in this regard can produce a mismatch and make it difficult for partners to achieve their social reasonability goals. This is especially true if objectives are not aligned or complimentary (Gray & Stites, 2013).



### 5.3.6 Focusing Communication of CSI on Impact

Communication of CSI efforts was found to be necessary, but should focus more on the impact of CSI initiatives. As argued by Porter and Kramer (2006 & 2011), CSR should not be limited to improving corporate reputation as this simply reduces CSR to a mere public relations exercise. As already reported, participants agreed that the debate should not be around whether or not to communicate but rather about how companies should communicate their CSI efforts and associated impact. While accepting the need to communicate, participants cautioned that communication of CSI efforts should not be done for 'showing off purposes'. Participants in this study saw a strong link between communication and the difference being made by CSI efforts. They emphasised the need for the marketing and communications of CSI to focus on the impact and difference being made, otherwise communication efforts could risk being seen as grand standing and misleading. As one participant put it:

**Participant C:** *“One should not engage in the promotion of CSI for bragging or grand standing purposes. This kind of approach often backfires because today’s customers are not only sceptical but a whole lot wiser, meaning they can see through such things.”*

This is very much in line with the suggestion cited earlier, made by Porter and Kramer (2006) that CSI must move away from an emphasis on image to an emphasis more on substance. Social responsibility related efforts should focus less on glossy company reports and should rather place more emphasis on social performance measurement, which insists on tangible targets and standards (Hamman & Acutt, 2003). The scepticism expressed by participants in this study around the current approach to communicating CSI efforts was consistent with criticism and observation by some scholars. These scholars note that current communication of CSR fails to give a coherent framework for CSR, rather giving only anecdotal accounts of un-coordinated initiatives in an attempt to illustrate a company’s social sensitivity (Porter & Kramer, 2006). Like participants in this study, Tench, Sun and Jones (2014) are critical of the current communication of CSI efforts, saying it is often limited to a brief write up with a few statics on the amount of money spent, the number of beneficiary organisations and possible geographical reach.

Participants in this study called for an increased focus on impact, but they are not the only ones calling for impact. For example, Rifer (2013) points out that, in the past many companies may not have worried about what their CSI contributions were achieving. Now, however, funding a good cause is not regarded as being enough, there is a need to see more impact and this means corporates - or at least senior management within business - want to see more data, hard facts and rigorous social impact reports that communicate the clear and measurable benefits of their CSI efforts. Participants in this study, just like Porter and Kramer (2006), Henry (2012), Rifer (2012) and Tench, Sun & Jones; 2014 suggest a movement within the CSI space towards measuring and communicating the tangible difference being made through evidence based reporting of programme outcomes.

Doubts around CSI impact may be largely due to the lack of transparent and robust monitoring and evaluation (Henry, 2012; Tench, Sun & Jones; 2014; Morris, 2014; Forsyth, 2014). The acknowledgement by participants that businesses in South Africa need to invest in rigorous monitoring, evaluation and accurate recording of impact is an important acknowledgement. After all, without the means to monitor and measure social investment impact the move towards communicating tangible differences, as suggested by study participants and scholars such as Porter and Kramer (2006) and Maritz (2013), is just about impossible. Rockey (2012) states that it is important for CSI to have demonstrable developmental positive impact and to be relevant to the business that provides the CSI funding and support. Rockey (2012) adds that, in this way, CSI will gain much deserved respect and recognition and the spending of CSI resources will be justifiable to both business owners and other stakeholders.

Although not necessarily consistent with literature reviewed for this study, as reported in the previous chapter, participants really cautioned that communicating CSI efforts sensitively also required CSI and marketing personnel to watch marketing costs. Participants point out that the costs associated with CSI communications and marketing

(if not carefully monitored) could end up being expensive and possibly exceeding the charitable donation. This might prove to be an interesting area for further research.

#### **5.4 CSI Focus (2015 – 2020)**

In an attempt to gather input in terms of where business should direct its financial resources over the next five years (2015 -2020), participants were asked to give an indication of where they thought CSI resources would be better spent. As already reported in the previous chapter, although participants were asked to suggest and rank five CSI focus areas for the next five years, the analysis of all interviews only emerged with three key focus areas, namely:

1. Education;
2. Health; and
3. Entrepreneurship.

The choice of education as a the number one priority comes as no surprise as it is largely consistent with the 2013 Trialogue survey which, as referenced earlier in this study, found that education received the greatest share of CSI expenditure with 89% of the surveyed companies giving on average 43% of their CSI expenditure to educational causes (Trialogue, 2013). According to findings of the Trialogue (2013) survey, education is followed by social and community development which received financial support from 80% of the surveyed companies giving on average 15% of their CSI expenditure to social and community development (Trialogue, 2013). Interestingly, the findings of this study are not consistent with the 2013 Trialogue survey, in that social and community development does not make the list of the top three focus areas, as suggested by participants, for the next five years.

Health, according to the 2013 Trialogue survey, is third on the list with 60% of the surveyed companies giving an average 10% of their CSI expenditure to health causes (Trialogue, 2013). Although not necessarily number three in this study, as is the case in

the 2013 Trialogue survey, the finding is consistent with the 2013 Trialogue survey in that health does make the top three focus areas.

Entrepreneurship, ranked number three by participants in this study, does not make the top five according to the 2013 Trialogue survey. Rather, entrepreneurship ranks number six with over 35% of the surveyed companies giving on average 5% of their CSI expenditure to entrepreneurial causes (Triologue, 2013). One participant explains this study's inclusion of entrepreneurship among top three focus areas very well:

***Participant N:** "CSI should be about enabling as many people as possible to become active participants in the economy and while education is one way of facilitating such active participation, entrepreneurship is another, especially for the many who are not academically inclined."*

Education and entrepreneurship as part of the suggested top three focus areas is perhaps not surprising given the genuine desire on the part of participants to empower people to become active economic participants in society. This is very much in line with teaching a man how to fish, as opposed to giving the man a fish.

## **5.5 Conclusion**



This chapter presented an analysis of findings, using participants' quotes to support some of the assertions made and linking key findings to theory.

## **6. CHAPTER 6: CONCLUSION AND RECOMMENDATIONS**

### **6.1 Introduction**

This chapter presents conclusions based on the findings of this study and makes recommendations in relation to CSI implementation and areas for possible future research.

### **6.2 Objectives of the Study**

Its important reached that conclusion reached in the context of any study are well understood in relation to study objectives. This study's objectives as follows:

1. To determine whether CSI implementation in South Africa is having a positive impact on the social development needs of the country.
2. To determine factors needed to enhance the effective implementation of CSI and associated initiatives in South Africa?
3. To identify five of South Africa's many social development needs that should be the focus of corporate South Africa's CSI efforts for the next five years (2015-2020).

### 6.3 Conclusions Based on Findings

**Objective 1**      *To establish whether CSI efforts are having a positive impact on the social development needs in South Africa*

**Finding No 1.1**      As a major finding in relation to the first objective of this study, CSI was found to have limited impact on the social developmental needs of South Africa. Impact was said to be limited because of its slow pace, not being systemic, being only in pockets and not being good enough when compared to high amounts of money invested through CSI.

In relation to the finding above, this study concludes that CSI is not having the much-needed impact on the social development needs of this country. This is a confirmation of what has long be argued by scholars such as Babarinde (2009), Ndhlovu (2011), Rockey (2012), Henry (2013), Rifer (2013) and others, that CSI is having a very limited impact in South Africa. It is only logical, therefore, to further conclude that companies cannot continue to do what they have always done in relation to CSI as they will ultimately realise the same outcome: no impact. So, some changes have to be introduced in CSI.

**Objective 2** *To identify factors that enhance the effective implementation of CSI efforts.*

**Finding No 2.1** CSI which is motivated by facilitating broader societal transformation for the benefit of society, communities and business' long-term sustainability, instead of marketing objectives, enhances the effective implementation of CSI.

**Finding No 2.2** A greater alignment is needed between CSI and business strategy in order to improve the impact of CSI efforts on both society and business.

**Finding No 2.3** A CSI division within as opposed to outside of business, staffed by suitably qualified social development and business staff, and reporting to the highest office in business, was found to be important if impact is to be realised through CSI.

**Finding No 2.4** A focused CSI strategy and approach, which is aligned to business instead of being everything to everyone and attempting to address every social need that exists, would help to reduce the spreading of resources thinly across a myriad social needs. This would improve the likelihood of impact.

**Finding No 2.5** Carefully considered collaboration is necessary within CSI in order to address key considerations such as trust, brand competition and the form of collaboration for successful implementation of CSI.

**Finding No 2.6** Communication around CSI efforts, was found to be necessary but should focus on the impact of CSI efforts as opposed to showing off or grand-standing. This would do better than current communication efforts around CSI and the emphasis on impact should be fostered.

In relation to the above objective and associated findings, this study concludes that something can indeed be done about the current poor showing and performance of CSI. At least six factors that could enhance the effective implementation of CSI have been identified in pursuit of greater impact. When giving input on a future direction, which could see improvements in CSI impact levels, this study concludes that the strategic positioning of CSI (which could be achieved by ensuring some form of alignment between CSI, its purpose, focus and business strategy) is very necessary. This alignment, as supported by the findings of this study, could be sectoral and/or geographical alignment. This study further concludes that this alignment to strategy inevitably calls for greater focus of CSI and a move away from CSI being everything to everyone.

Another conclusion focused on ensuring that CSI was not categorised as part of a marketing function within business. Rather CSI should have its own standalone department which is staffed by a mixture of suitably qualified social development and business people. This move should positively contribute to CSI interventions and associated impact. Such a move, as concluded by this study, would ensure that the CSI strategy, approach and associated initiatives are driven by the right champions, individuals who will abandon the prevalent cheque-writing approach to CSI which is often accompanied by inconsistent decision-making, uncoordinated efforts and business' desire to be everything to everyone. With suitably qualified staff, CSI should be in a better position to focus. In fact, cleverly choosing focus areas which are better aligned to business and to addressing some of the country's national priorities and needs, was articulated in the documented research.



Another significant conclusion is that linking CSI to business strategy, and staffing CSI divisions with suitably qualified personnel, will not be enough to ensure the adequate strategic positioning of CSI. Another significant conclusion is that achieving strategic positioning of CSI will also require that this standalone CSI division, staffed with suitably qualified personnel, should also report to a senior office (possibly the Chief Executive Officer or the Managing Director). Their involvement in this space, according to this study, should contribute to the elevation of CSI within the organisation and structure and should help position CSI strategically in the business so that, eventually, CSI is taken as seriously as any other part of business.

As already indicated, CSI purpose is linked to the issue of strategic positioning of CSI. This study concludes that a well thought out and articulated CSI purpose, which is aimed at driving meaningful change in people's lives for the long-term benefit of communities and business, is very important. The outright rejection of marketing as the main purpose behind CSI is a significant conclusion. In fact, as argued in this study, many of the current real and perceived failures of CSI can be put at the door of marketing being the driver of CSI. The focus and conclusion around the significance of CSI purpose means a lot more time and effort should be spent by companies in making sense of their CSI purpose. As to the question 'why CSI?' the study concluded that this is one of the most important questions a company should be asking, and it is the foundation for CSI strategy and approach. The answer to the question 'why' will inevitably affect 'how' a company does CSI. So, the likelihood will be that the more superficial the answer is to the question 'why CSI?' by a company, the more superficial that company's CSI strategy and approach will likely be. This in turn will determine the extent of the impact. It is here that this study warns against doing CSI for compliance or marketing purposes but rather calls for the clear recognition that business is a part of society and not apart from society.

While this study cautions against marketing being the sole driver for doing CSI, it concludes that there must be a relationship between marketing and CSI, as there is a need to communicate what business does. However, the study warns that the challenge will be in the how business communicates. Practitioners should be watchful of excessive marketing costs, bragging, not involving or acknowledging beneficiaries and making real tangible impact achieved by CSI efforts a central part of any communication. One of the key conclusions is for CSI to be undertaken for impact.

**Objective 3**            *To identify five of South Africa's many social development needs that should be the focus of corporate South Africa's CSI efforts for the next five years (2015-2020).*

**Finding No 3.1**        Education came out top of the list of suggested focus areas.

**Finding No 3.2**        Health ranked second on the list of suggested focus areas.

**Finding No 3.3**        Entrepreneurship was ranked third on the list of suggested focus areas.

In relation to the findings in response to the third objective, which aimed to identify CSI focus areas for the next five years (2015-2020), the study concluded that education, health and entrepreneurship were the possible CSI focus areas for the next five years (2015-2020).

In summary, the high-level main conclusions linked to the three study objectives are:

1. CSI is having very limited impact on the social development need of South Africa.
2. All hope is not lost in that the following six considerations have been identified as factors that could enhance effective implementation of CSI:
  - a. CSI not motivated by marketing purposes;
  - b. Alignment between CSI and business strategy;
  - c. Appropriately structured and staffed CSI division reporting to the highest office in business;
  - d. A focused CSI Strategy;
  - e. Carefully considered collaboration within CSI; and
  - f. Focusing Communication of CSI on Impact.
3. Education, health and entrepreneurship have been identified and concluded by this study as possible CSI focus areas as for the next five years (2015-2020).

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## 6.4 Recommendations

The following recommendations are made by this study in relation to the three main conclusions:

**Conclusion 1**            *Social Investment (CSI) is having very limited impact on the social development need of South Africa.*

**Recommendations** It is recommended that this be accepted for what it is by corporates. There is no point trying to deny it. Accepting this fact is a great step towards seeking remedial action. Once accepted, it is recommended that something be done to change the status quo. The opportunity cost associated with continuing to spend on CSI in the way that corporates have done so in the past is a significant loss to both business and society. More valuable is the fact that this research has also concluded on possible remedial action, providing companies with a way out of this challenging position.

**Conclusion 2**            *All hope is not lost in that the following six considerations have been identified as factors that could enhance effective implementation of CSI:*

- a. CSI not motivated by marketing purposes;*
- b. Alignment between CSI and business strategy;*
- c. Appropriately structured and staffed CSI division reporting to the highest office in business;*
- d. A focused CSI Strategy;*
- e. Carefully considered collaboration within CSI; and*
- f. Focusing Communication of CSI on Impact.*

**Recommendations** It is recommended that the adoption and implementation of these six factors, as identified and concluded by this study in order to enhance the effective implementation of CSI, should be seriously considered and explored by companies. This should be done sooner rather than later because another financial year should not come to an end without a tangible difference being made to the way company's approach CSI. The core difference should be a greater focus on impact. As rightfully identified and argued in this study, the debate is no longer so much about whether or not companies should engage in CSI, but rather more about how best to engage – these factors suggest to corporates how best to engage in CSI going forward with improved chances of realising impact.

**Conclusion 3** *Education, health and entrepreneurship have been identified and concluded by this study as possible CSI focus areas as for the next five years (2015-2020).*

**Recommendations** As a recommendation, the adoption of these identified focus areas must be considered by companies in line with not being everything to everyone and bringing greater focus to CSI. It is, however, important, as concluded by this study, that each of these possible focus areas' alignment to business and associated strategy be seriously and carefully considered before possible adoption since alignment of CSI, its focus areas and related interventions to business strategy has also been identified as a factor necessary for effective implementation of CSI.

## 6.5 Areas for Future Research

As argued by Welma and Kruger (2010), in as much as research explores and answers questions it often triggers or results in more questions. This study is no exception. Below is a discussion of three questions that could be possible areas for future research:

1. The significance of CSI-related communication was highlighted in this study with the dominant view being that, yes, companies must communicate their CSI efforts but must focus on impact and watch against grand standing and bragging. In addition, companies were urged to watch the costs associated with marketing as these can often be much higher than actual donations disbursed for social good. Bearing this in mind, the following future research topic emerges: *What percentage of a CSI budget do companies spend on the marketing of CSI related initiatives and is this accounted for as CSI or marketing spend?*
2. While the focus of this study has been on what corporates can do to enhance effective implementation of CSI in South Africa, the role of non-governmental organisations in helping companies achieve this effective implementation of CSI is almost forgotten. So with the knowledge that non-governmental organisations are an active part of CSI efforts, the following question could also be posed by future researchers: *What role can, and should, NGOs be taking in helping to achieve the effective implementation of CSI?*
3. Broad Based Black Economic Empowerment (BBBEE) has been acknowledged as one of the drivers of CSI in South Africa. Given the emphasis of the significance of CSI and associated greater degree of focus emerging from this study, it might be worth investigating the influence - especially of the revised BBBEE codes that, as already communicated in this study are expected come into effect during 2015 - on companies' CSI and future focus areas. With this in mind the following possible

research question might be worth exploring: *To what extent will the revised BBBEE codes influence CSI purpose, strategy and focus in the future?*

## **6.6 Conclusion**

This study has not only achieved its key objectives but has also answered all the main research questions as articulated at the beginning of this dissertation. It has also made a significant contribution to CSI knowledge, raised issues for possible debate but, most importantly, identified factors that could enhance the effective implementation of CSI in South Africa, therefore possibly aiding the pace of socio-economic change for many South Africans in need. This study's additional value lies in having purposefully accessed and engaged social investment leaders and thought leaders who are not only experienced but also well positioned to give input. Thereby the research has facilitated an opportunity for these leaders to make a significant contribution to CSI knowledge and associated discourse around an area they are so passionately involved in on a daily basis.

This study, which should be useful to CSI scholars, practitioners, business and society broadly, has also lifted its level of contribution by suggesting areas for possible future research in CSI.

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## 8. APPENDICES

1. Appendix A – Research interview guide draft (pre-pilot study)
2. Appendix B – Research interview guide final (post-pilot study)
3. Appendix C – Consent Form

## Appendix A

### DRAFT THOUGHT LEADER RESEARCH INTERVIEW SCHEDULE (PRE-PILOT)

#### Section A: Biographical Information

4. Participant: \_\_\_\_\_
5. Sector: \_\_\_\_\_
6. Position: \_\_\_\_\_
7. Duration in Position: \_\_\_\_\_
8. Interview Date & Time: \_\_\_\_\_

#### Section B: Impact of CSI Activities in SA

1. In your view are CSI activities in South Africa having a positive impact on the developmental needs of the country?
  - a) If so, to what extent is CSI having an Impact in South Africa?
  - b) If not, why not?

#### Section C: Action to be taken to enhance the Impact of CSI in SA

1. If you were to speak to business and CSI practitioners around **coordination** (i.e. the linking together of CSI efforts both within and outside a corporate) in the CSI space what would your advice be to them be so as to make CSI more impactful (i.e. result in significant change in people's lives)?
2. If you were to speak to business and CSI practitioners around **criteria** (i.e. broader guidelines on choosing beneficiaries) in the CSI space what would your advice be to them be so as to make CSI more impactful? (i.e. result in significant change in people's lives)
3. If you were to speak to business and CSI practitioners around **structure** (i.e. How CSI is organized in business) in the CSI space what would your advice be to them be so as to make CSI more impactful? (i.e. result in significant change in people's lives)

4. Companies do CSI **for different reasons**; if you were to advise companies in the process of re-thinking their purpose around CSI in pursuit of impact, what would you say to them **around purpose and why**?
  - a. In your view what should the purpose of CSI be in South Africa?
5. In your view, how should companies **resource** their CSI divisions and efforts to make them more impactful?
6. Do you believe there should there be a relationship between a firm's core business strategy and CSI?
  - a. If so, what should the relationship be and why?
  - b. If not, why not?
7. Do you believe there should be a relationship between CSI and PR?
  - a. If so, what should the relationship be and why?
  - b. If not, why not?

#### **Section D: CSI Focus Areas for the Future in SA**

1. In your view, what criteria should companies use to identify focus areas given the spread of social needs in South Africa and why?
2. If you were to give strategic input regarding CSI in South Africa, for the next five years, (i.e. 2015-2020) what should companies spend their social investment money on in terms of focus areas and why?
3. What do you think the budget percentage split per suggested focus area should be?
4. As part of this exercise, please rank your suggested top 5 CSI focus areas for the next 5 years?

#### **Closing**

Before we end, is there anything else that you feel you may not have mentioned that you think could contribute towards making CSI more impactful in South Africa?



## Appendix B – Final Research Interview Schedule (After Pilot)

### Section A: Biographical Information

1. Participant: \_\_\_\_\_
2. Sector: \_\_\_\_\_
3. Position: \_\_\_\_\_
4. Duration in Position: \_\_\_\_\_
5. Interview Date & Time: \_\_\_\_\_

### Section B: Impact of CSI Activities in SA

1. In your view are CSI activities in South Africa having a positive impact on the developmental needs of the country?

### Section C: Action to be taken to enhance the Impact of CSI in SA

1. Companies do CSI for different reasons; if you were to advise companies in the process of re-thinking their purpose around CSI in pursuit of impact, what would you say to them around purpose and why? In your view what should the purpose of CSI be in South Africa?
2. Do you believe there should be a relationship between a firm's core business strategy and CSI? If so, what should the relationship be and why? If not, why not?
3. If you were to speak to business and CSI practitioners around **structure** (i.e. How CSI is organised in a business) in the CSI space, what would your advice be to them be so as to make CSI more impactful? (i.e. result in significant change in people's lives)
4. In your view, how should companies **resource** their CSI divisions and efforts to make them more impactful?
5. If you were to speak to business and CSI practitioners around **criteria** (i.e. broader guidelines on choosing beneficiaries) in the CSI space what would your advice be to them be so as to make CSI more impactful? (i.e. result in significant change in people's lives)

6. If you were to speak to business and CSI practitioners around coordination and collaboration (i.e. the linking together of CSI efforts both within and outside a corporate) in the CSI space what would your advice be to them be so as to make CSI more impactful (i.e. result in significant change in people's lives)?
7. Do you believe there should be a relationship between CSI and marketing or public relations? If so, what should the relationship be and why. If not, why not?

### **Section D: CSI Focus Areas for the Future in SA**

1. If you were to give strategic input regarding CSI in South Africa, for the next five years, (i.e. 2015-2020) what should companies spend their social investment money on in terms of focus areas and why? As part of this exercise, please rank your suggested top five CSI focus areas for the next five years?

### **Closing**

Before we end, is there anything else that you feel you may not have mentioned that you think could contribute towards making CSI more impactful in South Africa?



## Appendix C – Consent Form

This research consent form is confirmation that you have voluntarily accepted an invite to be a participant in a Corporate Social Investment Related research conducted by Setlogane Manchidi in partial completion of his MCom (Business Management Degree) with the University of Johannesburg (UJ) in 2014. It is also confirmation of the following:

Confirmation	Tick Box
1. I confirm that I understand that since my participation is voluntary I am free to partially or completely withdraw at any time without giving reason(s).	<input type="checkbox"/>
2. I understand that this interview is to be used solely for academic purposes only.	<input type="checkbox"/>
3. I confirm that confidentiality was discussed with me and I was assured that what I say will never be publicly attributed to me.	<input type="checkbox"/>
4. I agree to the interview being recorded and understand that on successful completion of the thesis, all recordings will be discarded accordingly.	<input type="checkbox"/>

Signature of participant \_\_\_\_\_

Date: \_\_\_\_\_

Signature of Researcher: \_\_\_\_\_

Date \_\_\_\_\_