

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

During the launch of the United Nations Global Compact Learning Network in South Africa (April 2003), Georg Kell, Executive Head of the UN Global Compact presented a strong argument on the need for global markets to have social legitimacy. Kell also argues that in the corporate world, power and responsibility cannot be separated. "With economic power comes the responsibility to shape the social arena" (Kell 2003). In the South African context, social transformation is a reality. Since democracy in 1994, the corporate sector in SA has emerged as a key role player in social transformation leading to a need amongst all stakeholders in SA for a coherent understanding of the meaning of corporate social performance. This study will therefore attempt to contextualise corporate social performance in the SA environment through the development of indicators of corporate social performance. The argument is therefore posed that for the SA market to have social legitimacy, performance indicators are necessary to facilitate the process in reaching corporate social legitimacy.

"Companies are learning that as markets have gone global, so too, must the concept and practice of corporate social responsibility. And they are discovering that doing the right thing, at the end of the day, is actually good for business" (Kofi Annan, UN Secretary General 2002).

Since the publication of the King 1 Report on Corporate Governance in South Africa (SA) in 1994, it has been generally accepted around the world that a company cannot carry on its business in isolation from the society and environment in which it operates. The concept of the "good" corporate citizen has taken root and flourished. Not even a large corporation like Shell could escape global criticism with its attempt to explode the Brent Spar platform in the North Sea.

It is important as part of the introductory notes to comment on the term "sustainability". In a corporate context, sustainability means that each enterprise must balance the need for long-term viability and prosperity with the requirement for short-term competitiveness and financial gain. The balance must be struck and failure to do so will have far-reaching consequences.

Sustainability, therefore, focuses on those non-financial aspects of corporate governance that enable an enterprise to survive and prosper in the community in which it operates. The sustainability concept in a business context means the achievement of an integrated economic,

social and environmental performance. This is now universally referred to as the “triple bottom line”. Non-financial aspects of governance can no longer be regarded as secondary to more conventional business imperatives. Does compliance with all these governance constraints, now set out in the King 2 Report on Corporate Governance (March 2002), make good business sense? The answer is yes, as share-holders today, especially institutional investors, want measurements to judge stewardship, performance, conformance and sustainability (Mervyn King : King 2, March 2002).

Business and organisations have a privilege denied to ordinary mortals – they don't have to die. This makes them especially responsible (Handy 1998).

According to Zairi and Peters (2002), it is paradoxically interesting to note that at a time of global recession and great mergers, the business community would have been more concerned with financial issues rather than social ones. They further argue that what is emerging very strongly however, is a determination and commitment to address both environmental and societal concerns. John Elkington (1999) believes that:

Environmental reporting is now well established, as is financial reporting. But further challenges lie ahead for companies looking to evaluate social indicators in such areas as community, employee and supplier relationships. The pressure for accountability, together with the significant expense of producing the data, will develop powerful pressures towards the integration of financial, social and environmental accounting and reporting. Companies – and their stakeholders – will have no option but to address this emerging “triple bottom line”. They will have to work harder to assess what really matters to them and which indicators will be seen by key stakeholders (including financial analysts) in assessing the “triple bottom line” performance of companies and sectors alike.

There seems to be an increasing emergence of what Wilson (2000) terms as “new rules of corporate conduct”. Elements such as legitimacy, governance, equity, environment, employment, public – private sector relationships and ethics are amongst the new rules as suggested by Wilson.

Wilson (2000) reported:

The central question confronting strategy today is how to discern and respond to new rules of the game – those that are being set both by changing industry and market structure, and the new basis of competition, and by higher public expectations of

companies' social and ethical performance.

Companies are increasingly positioning themselves as good corporate citizens (CSI Handbook 2003). In South Africa in particular, there seems to be a fresh commitment to corporate citizenship.

This might be inspired by the ramblings at the 2002 WSSD, the King 2 Report on Corporate Governance, impending damage to corporate reputation following exposure of environmental or social malpractice, or simply re-aligning business practice in SA to qualify for the soon-to-be-established JSE Socially Responsible Investment Index (Dialogue 2003). Questions being frequently asked by the SA corporate sector are:

- How do we go about becoming good corporate citizens?
- What do we need to do?
- How will we be recognised as good corporate citizens?

These and other questions are the key drivers of this study. An attempt will be made to address these questions through the development of indicators for corporate social performance in South Africa, in striving to become "good" corporate citizens.

The following trends will present some grounding evidence for the research problem that will be discussed in section 1.4.

(i) Trends in the global marketplace suggest the following:

In a survey done by Business in the Community (BITC) in 1998 an opinion was formed by some experts that the marketplace is a critical meeting point between business and society. Rising consumer expectations, driven by media and Non-Governmental Organisations (NGOs) evidence of social and environmental abuse, often outpace company performance, and mistakes are expensive in what Shell calls "The Central News Network (CNN) age" where millions will know in seconds. The reputation of premium brands has never been more volatile. Customers seem to be more loyal to companies they trust, whereas trust is gaining in importance to investors.

In a poll reported in the United Kingdom (UK) Financial Times (May 8th 2002), businesses are increasingly being asked about their policy and practice in social affairs. Many organisations are aware that they are judged by the company they keep, and larger ones are keen to establish supply chains that reflect their own value sets. The following findings were reported:

- In the global marketplace brand and corporate reputation have become crucial. Intangibles

now make up a large part of the market capitalisation of key brands (e.g. eighty-three per cent for IBM, ninety-six per cent for Coca-Cola and ninety-six per cent for Kelloggs).

- In 1999 a poll of 25 000 citizens across 23 countries on 6 continents showed that perceptions of companies around the world were shaped more by corporate citizenship (fifty-six per cent) than either brand quality (forty per cent) or business fundamentals (thirty-four per cent).
- Seventy-seven per cent of the public would like their pension funds to adopt an ethical policy provided it did not harm financial returns.

(ii) Trends in South Africa:

The importance of social development and particularly the role of the private sector are on the increase worldwide and especially in South Africa. According to Margie Keaton, Chief Executive Officer of the First Rand Foundation (2001), attempts are being made to codify and formalise the way companies interact with local communities and other stakeholders affected by their operations. She further adds that development is a very difficult business and nowhere more so than in South Africa with its apartheid legacy of denial and neglect, and the added toll being taken by the large contemporary problems of unemployment and HIV/AIDS. She states that experience worldwide has taught that development is not about solving social problems and eliminating economic need. Rather it is about helping to tap new resources and direct new energy to better address existing problems (CSR Handbook 2001).

There seems to be sufficient evidence that no one model for corporate social investment exists. What seems to be of more importance however is that each business needs to develop its own strategy reflecting its size, sector, business success and corporate values. Furthermore it becomes clear that integrating social development with business will probably be of even greater importance in developing countries due to the concentration of resources in the private sector.

(iii) Historic trends:

“Corporate giving” was given a major boost in 1977 with the introduction of the Sullivan Principles – a set of codes for United States signatory companies that formalised “corporate giving”. In the 1980s, South Africa was epitomised by political motivations and corporates, government and the non-profit sector tended to work in isolation – following their own agendas. The 1990s were about rediscovery, talking and tentatively edging forward.

During this period, for the larger corporates, corporate social responsibility (CSR) moved from a “nice to have” to a “must have”. Recognising that CSR can enhance the company’s image as a good citizen, companies began actively to seek recognition for their good works.

The 2000s have brought a new era of CSR to South Africa. The definite and obvious separation of social responsibility and business imperatives seems to become less obvious in so far as the debate on the value corporates could get for their CSR involvement intensifies. On the other hand another major motivator is that stakeholders such as government, investors, customers, employees and public interest groups are holding companies to a higher standard of corporate citizenship, demanding that their net impact on society is positive. To help fulfil this demand, management is turning to CSR as a tool for transformation. In turn, CSR is becoming more strategic and closer to business, albeit slowly.

(iv) Future trends:

If one in the light of the above considers the annual spending (as reported in the 2001 Edition of the CSI Handbook) on Corporate Social Investment (CSI) (roughly R3 billion in 2001), it becomes clear that it's a trend in the South African market that needs revisiting and alignment. What in fact is meant by this is the alignment of resources with national social development priorities, placing particular focus on the government's social development sectors, i.e. HIV/AIDS, Women in rural areas, Income Generation, People with Disabilities and the Youth (2002). It is generally accepted that the level and depth of resources are concentrated in the private sector. According to Colleen du Toit, Executive Director of the South African Grant Makers Association, the business community should engage in the social and environmental areas, rather than in the "trade" aspects of development (CSR Handbook 2001).

She furthermore acknowledges that the most important contribution business can make to society is to keep the economy buoyant. She emphasises the fact that buoyant economies do not flourish in unstable societies, thus confirming that CSI makes business sense. The case for CSI forming a significant part of mainstream corporate policy is unarguable – even though it is often ignored.

In a report, compiled after The Prince of Wales International Business Leaders Forum in 1998, the issue of the meaning of being a good citizen was debated. It was argued that all businesses, large or small, have an impact on the communities in which they operate. Managed well, this impact can bring significant benefits to both the community and the business concerned. Business has a positive impact on the community because of the employment the company provides. It also produces goods and services which may be consumed by these communities. A company can however add an extra dimension to this by supporting and building the community through a programme of corporate community investment. This programme can take the form of charitable donations, staff volunteering and providing other resources, such as the use of

professional skills and funding for projects. It can be the most visible part of a company's approach to social responsibility, and one of the most satisfying.

In South Africa the question of how to integrate social development imperatives into core business strategies however remains. There seems to be insufficient proof and a general scarcity of success stories and academic substance offering local solutions to bridge the gap between social challenges and business imperatives. It is recognised through initiatives, namely the King 2, the JSE Advisory Committee on social investment, that increasing attention is being given to this very important aspect in developing and improving the new democratic South Africa.

1.2 RATIONALE FOR THE STUDY

The impact of business on society results from the way business behaves. This boils down to the decisions and acts of individuals and groups within a business. If a business is to have a deliberate, positive and consistent impact on society, its leaders need to ensure that its purpose and values are shared by all those who may influence it or benefit from it. Some leaders do this very informally, by personal example, whereas others have a formal process that involves everyone. What really matters is the outcome (Research report: The Center for Tomorrow's Company, Cower 1997). Harnessing the social and environmental behaviour of business and translating it into measurable business terms (corporate social performance) is therefore regarded as the main objective of this study.

Some evidence supporting the need, specifically in South Africa, where little has been done in the field of corporate social performance to challenge current practices and develop frameworks, are as follows:

- Changing expectations of society
- Growing environmental concerns
- Growing ethical concerns (e.g. about the use of child labour)
- Changing skills and aspirations of the workforce for example: more opportunities to work independently, evidence of new job entrants selecting employers on ethical grounds, etc.).
- Social exclusion
- Hostile takeover and global consolidation
- Growing importance of ethical funds (new requirements on pension trustees to state social and ethical grounds of investment)
- The new economy (a website means that any organisation is open to inspection by anyone anywhere)

- Changes in company law

It could therefore be argued that the abovementioned factors propose sufficient reason to critically view the steps needed in the South African context, in order to integrate social development imperatives into core business strategies. Although these factors could be viewed as key variables in corporate social performance, one could also view them as potential threats by non-compliance. Growing awareness of corporate social and environmental impact further emphasise the attention needed from the private sector in South Africa.

At national level in South Africa there seems to be little measurable evidence of the impact of CSI, while within corporates themselves, CSI managers are now required to report more precisely on the real socio-economic effects of their disbursements. There is a need for professionalism in the field of CSI. If however, the professionalisation is pieced together with the ethical business practice and corporate citizenship debates, new “social accounting” methodologies that integrate the entire strategic planning and monitoring cycles of businesses, become very appealing. If one furthermore integrates this strategic approach with associated cycles in government and civil society, it could even lead to revolutionary change in the fate of millions of people as well as change the economic and social viability of SA.

The nature and scope of this study deserve a short description of a few challenges that further explain the rationale for the study. This will also amplify the stated problem in an attempt to ultimately consider ways of resolving it. In addressing the following challenges, a further attempt will be made towards expanding the body of knowledge about and the understanding of the topic. Section 1.3 will therefore present some challenges which according to the researcher epitomise the current landscape and further deepen the arguments in favour of the stated research problem.

1.3 DEFINING CORPORATE SOCIAL PERFORMANCE CHALLENGES

In an e-mail newsletter (Business-Respect @ mallenbaker.net), distributed on July 14th 2002, focusing on corporate social responsibility globally and looking at companies in the news and emerging issues, the following interesting reports were published:

- UK: Top companies acclaimed for attention to disability.
- South Africa: King attacks arrogant CEOs.
- Australia: Retailers criticised for poor social responsibility.
- UK: Big companies should be forced to report on CSR.
- Australia: KPMG handles ethics by the book.
- UK industry chief slams US business on social responsibility.

- China: 823 polluting businesses closed down.
- Europe: Launch of a Corporate Social Responsibility (CSR) Academic research project.
- US: 76% of companies list ethics amongst core values.

The following challenges (1.3.1. – 1.3.7.) represent a few examples of the dynamic nature of CSR and offer additional substance to the rationale for this study. These challenges do not represent the total challenges in the field of study, but rather offer some introductory notes in contextualising the study, and therefore leading to the definition of the research problem in section 1.4.

1.3.1 Strategic business imperatives

In a guide developed by the International Finance Corporation: Environment Division, called: Investing in people: Sustaining communities through improved business practice (2000), a very strong case for business's responsibility towards community development was made. It was argued that some companies engage in community development work because they are committed to social responsibility and community development. However, business should also recognise that community development makes good business sense.

In the same report three reasons were reported why companies should engage in community development:

- To earn a "local licence" to operate
- To create strategic advantage through community development work, and
- To address specific business issues

The primary aim of this study would therefore be to bridge the gap on a fundamental as well as operational level by developing indicators for corporate social performance. Attempts to integrate the two philosophies are still viewed with resistance and disbelief. The argument supporting this integration however has been widely debated and proof already exists of success stories; for example, the Body Shop, Mazda and Shell Oil.

1.3.2 Corporate citizenship

According to a document produced by the African Institute of Corporate Citizenship (2002) corporate citizenship describes the moral and ethical behaviour of companies in their environment according to:

- The degree to which a company is accountable for not only its financial performance but also its environmental and social impact.

- The quality of their engagement with both immediate internal stakeholders (employees) and key external stakeholders including shareholders and supply chains, but also wider stakeholders representing a range of civil society groups and governmental organisations both at home and abroad.
- The extent to which this behaviour translates itself into the mainstream business policy of a company.

In a recent poll in the UK (2002) by Business in the Community on the most appropriate and accepted term to be used when referring to social development and responsibility, 70% of the respondents (staff and consumers) were in favour of Corporate Citizenship as the generally accepted term. In South Africa and globally, corporations are facing increasing pressure to embrace corporate citizenship practices (De Cleene 2002). De Cleene points out a few key drivers:

- Increasing international and local legal and regulatory pressure (evidenced by the introduction of mandatory standard and voluntary codes of conduct such as International Standards Organisation (ISO) 14000, King 2 Report on Corporate Governance, the Global Compact and AccountAbility (AA) 1000).
- Investor pressures calling for risk management through adoption and communication of corporate citizenship practices, and access to capital via socially responsible investment (SRI) funds.
- The need for global or multinational companies to demonstrate the positive impact of engagement, as opposed to merely complying with local country requirements.
- A social need to develop communities within which companies or projects operate.
- Consumer and special interest group exposure of company actions, seen against a background of increased transparency and accountability.
- Peer pressure with industry competitors building on customer perceptions of good corporate citizenship practices.

If one considers the latest reporting on CSI, mainly in the printed media as well as the trend in the advertising world, it could be argued that it has come a long way since the proclamation of the Sullivan code in the seventies. There are quite a few schools of thought although all of these have one thing in common and that is that social responsibility is moving into a possibly new era and re-definition where partnership between all stakeholders and value for the corporate sector ("return on CSI") could possibly form the underlying pillars for future reference.

Furthermore, as reported in the 2002 CSI handbook, the questions surrounding defining CSI

unfortunately do not have simple or clear-cut answers. Coming up with a definition is no easy task with many gray areas and often no real rights or wrongs. In addition to this, it is still common practice in most corporates that CSI does not form an integrated part of business strategy and is rather regarded as a discretionary activity. This leads to disempowerment of CSI practitioners. For example, a golf day for company executives is a far cry from CSI and could at most, be regarded as a public relations exercise. On the other hand, some so-called CSI activities are excessively “commercially” orientated with no real development component.

The Department of Social Development (DSD) has very recently (October 2001) adopted six social sectors to be the central drive from government in terms of social upliftment and sustainable development. One could therefore argue that in future, the SA corporate sector should seriously consider to align their efforts with these sectors to ensure integration and focus on social issues threatening South Africa. These sectors are as follows:

- HIV/ AIDS
- Women in rural areas
- People with disabilities
- Pensioners
- Children / Youth
- Income generation

The list above might contribute towards a re-definition of CSI on national level, in so far as focus and integration are concerned. It is clear that a serious effort is put into aligning focus and infrastructure, and collectively mobilising effort which in the South African context might change the future of CSI.

In closing, the extent to which newspaper articles on the topic are increasing as well as the impact of CSI on the advertising market, leads to further confirmation of a possible re-definition of CSI, and then moves towards corporate citizenship as the overarching term. A few examples of newspaper headings in recent S A print media on the topic are as follows:

Many state-owned entities have done much over the past 7 years” (The Star, August 16, 2001).

- “Metropolitan – making a marked difference in the HIV / AIDS pandemic” (The Star, August 16, 2001).
- “Partnership to beat poverty” (The Mail and Guardian, October 2001).
- “A greener outlook” (The Mail and Guardian, November, 2001).

- “Fighting crime with education” (The Mail and Guardian, November, 2001).
- “An integrated development for rural areas” (The Mail and Guardian, November, 2001).
- “Community gets rich from within” (The Mail and Guardian, November 2001).
- “A beacon of hope” (The Mail and Guardian, October 2001).
- “Employees reach out to their Communities” (The Mail and Guardian, October 2001).
- “Culture of giving back is crucial” (Business Day, March 25, 2002).
- “Promoting ethics and caring” (Business Day, March 25, 2002).

A few recent examples of advertising campaigns and more specifically the “payoff-line” of corporates, are as follows:

- De Beers: “We dig deep to support our young teams.”
- bhp Billiton: “Developing people through education.”
- Liberty: “We believe in lighting the way, putting you at liberty to invest in yourself.”
- Sappi: “The tree provides food for minds that are hungry.”
- Nestlé: “Feeding Africa. Body, mind and soul.”
- Transnet : “Positively touching the lives of all South Africans.”
- Vodacom: “You can’t be a true leader unless you are connected to the people.”
- Murray & Roberts: “ Reaching out to our community.”
- Shell Oil: “Community or Commodity?”
- SAB: “Giving back, touching lives.”
- Anglo American: “Interestingly, we’re not only leaders in hard hats. NGO’s agree.”
- Multichoice: “Education that is heaven sent.”

1.3.3 Landscaping society / communities

In a report by the International Finance Corporation (IFC): Sustaining communities through improved business practice (2000), it is imperative that before companies design community development programmes, they should undertake an assessment of what constitutes “community” in the project area. How a company defines the “community” can vary greatly, depending on the size of the company and its community development programme, the development needs of the community, the company’s sector and potential for business linkages, and the business objectives of the community development programme. Therefore it can be regarded as a key challenge of this study to define the social development landscape

For example, the IFC's public consultation, Good Practice Manual, may help companies conduct a stakeholder identification programme. This social map can help companies target their community development programmes at:

- people who have been directly affected by a project;
- people who expect to benefit from a project;
- people who live near a project; and
- vulnerable groups or people who are in particular need.

Companies can create a social map by answering a few key questions:

- Who is directly or indirectly affected by our business and how?
- What different groups exist in the communities around us and what are the conflicts of interest and power relations between these groups?
- Who is particularly vulnerable or marginalised within the community?
- Who live near or are affected by the project site?
- Who are our stakeholders? This may include relevant NGOs, community-based organisations, public sector, shareholders, customers and suppliers?
- What is an ideal balance between communities in our immediate surroundings and those in the broader region?

The South African community landscape is currently going through a number of changes. There are for example supporters of a shift towards favouring a more "afrocentric" management approach versus the "eurocentric" concept of business. In an article by Khoza (2002) a strong argument was proposed in favour of the "afrocentric" approach. He argues that an "afrocentric" approach, and within that, a South African-centred approach to management is essential if South Africa is to reach full potential as a country. He further refers to this philosophy as neither racist nor anti-anybody. It accords Africans their rightful place in the universe. It takes pride in the African identity without denigrating others. It acknowledges diversity as much as it abhors any notions of racial superiority.

To contextualise this philosophy within the study, it becomes important to define the social development landscape. It is argued that a new overall concept of business is required in South Africa, which takes into account the traditions and culture of the African participants in commerce and industry (Khoza 2002).

The author proposes that one way in which this could perhaps be framed is: “The community concept of Business”.

The concept refers to:

- The community concept of business views the organisation as a community to which the individual belongs, not just by way of a legal contract but as a member, by choice. This community is built on close interpersonal relationships and group interactions and held together by a feeling of security and harmony on the part of all its members.
- The members submit themselves and their hopes and plans to this community. The tenets of a community concept of business are essentially humanistic and humane, and should permeate the whole outlook on business methods and practice.
- A true community has norms, rules and regulations. These rules are strict. But the rules and regulations are those judged necessary to facilitate interpersonal relations and to promote the values and objectives of the community – they are not aimed at preserving the ascendancy of one group in the community over another.

It is however important to offer characteristics of the community-centred workplace (Khoza 2002). These characteristics are:

- A community concept requires that management be approachable, not over-familiar. After all, in African villages the chiefs are highly dignified personalities, yet are very approachable.
- An atmosphere of informality must infuse the chores and procedures of business if employees across the board are to feel a sense of belonging. The managing director who is unable to engage in occasional informal chats along the corridor with the young trainee cannot hope to generate “esprit de corps” in the organisation.
- Managers should strive to understand the worldviews of those they manage and share the feelings of being human (along) with them.
- In a community there is a free flow of information. Everyone has a right to know what is going on. Each member of the group is a custodian of its secrets. One cannot cultivate a community spirit by withholding information and trying to manipulate facts.

From the above, “afrocentricity” or the community-centred approach to business in South Africa seems to be on the increase. Developments in the field of Corporate Citizenship have however been mainly sourced from Europe. What therefore appears to be needed is an “eclectic corporate culture” that recognises that Europe and other countries have had and will continue to have a lot to offer to the body of knowledge crucial for business and economic development,

whilst at the same time fully accepting that there are substantial lessons to be learned from the dynamically evolving South African world of work.

In summary defining the social development landscape is crucial in order to fully understand the dynamic environment in which business operates as well as the complexity of corporate social performance. The following section will therefore elaborate specifically on the stakeholders within this environment.

1.3.4 Stakeholder engagement

Most organisations operate in an open system/society where the quality of the interaction between stakeholders to a large extent determines the success of an organisation. This stakeholder landscape definitely poses a challenge to corporate social performance.

Most often, the importance of some of the stakeholders is neglected or even worse, not recognised, let alone attempts being made to form meaningful partnerships in order to address issues of common interest. To demonstrate the importance of partnership between stakeholders, the Government (Department of Social Development – DSD) decided in August 2001 to plan a business summit. The aim and objectives of the summit, which was held in October 2002, was to establish a workable framework in which the public sector, private sector and other stakeholders can form partnerships. The partnerships will generate ways and means whereby social development at large could be fast-tracked to ensure sustainable social development in South Africa. If one considers the serious lack of understanding of and communication between public and private sector, this endeavour is critical in terms of timing. All stakeholders need to buy into this agreed framework / partnership as it is a priority on the national social agenda of cabinet. It has also been sanctioned by the President as a key intervention in sustainable development practice post Johannesburg Summit (2002).

According to Colleen du Toit, Executive Director of the South African Grant Makers Association (SAGA), many organisations would like to work in multisector partnerships in order to establish additional resources and maximise the impact of their own contributions. This kind of thinking furthers the notion of the networked society, and encourages CSI programmes to incorporate creative collaboration between business, government and civil society, each party of the collaboration bringing to the programme their own particular resources. This is unfortunately easier said than done. Lack of communication between stakeholders and a lack of a common platform between them to name but a few makes it difficult to facilitate multisector partnerships.

In an article by Gower (1998) it is stated that the new marketing approach is of the opinion that because any enterprise has a number of stakeholders who

can determine its success or failure, it is important to include all stakeholders in assessing how well the enterprise is achieving the purpose and values it sets for itself. A first step is to measure how aware these groups are of what the enterprise's purpose and values are. These groups could then be included in assessing how well the values are being applied and to what extent the mission and vision – if they exist – are being achieved. In managing stakeholder relations, optimising the synergies and benefit to all relevant parties, an organisation needs to embrace the diversity amongst its stakeholders. Therefore it is critical to inspire the entire organisation (including major suppliers and other key partners) with the same purpose, vision and values and enable them to see where they can play their part (Gower 1998):

- Measure how far each stakeholder group shares the vision.
- Test how professional your handling of each relationship is by measuring yourself against relevant standards (e.g. investors in people) and/or external assessment.
- Measure the enterprise's performance in each relationship, using benchmarking to compare with others.
- Measure what stakeholders in each relationship feel about it.
- Use all the above to stimulate the importance in every relationship.

The partnership philosophy is currently a widely debated topic in South Africa. Quite a few newspaper articles have been published in this regard. In an article in Business Day of March 25, 2002 with the heading "Partnerships are the way to go" "Eric Ratshikopha of Sanlam Investment Companies said the following: "Companies need to engage with government departments and development agencies, and then link their own initiatives to national priorities". Carl Ballot from KPMG said the following:

"CSI should never be guarded with an air of jealousy – partnerships provide an opportunity for sharing of resources and knowledge". Gillian Hutchings of National Business Initiative (NBI) said "Partnerships need to be genuine and not in name only. A partnership implies that there is an equal bringing to the party of resources which can be in the form of time, money or people".

It is therefore clear that defining and understanding the stakeholders in social development becomes a key variable in the development of indicators for corporate social performance. Chapter 5 will offer a literature overview on stakeholder engagement and the partnership philosophy.

1.3.5 A "new wave" of consumerism

In an article in The Economist, (September 2001), it is stated that the new marketing approach is to build a brand, not a product, to sell a lifestyle or a personality, to appeal to emotions.

It is further stated that this requires a far greater understanding of human psychology. In Naomi Klein's book, No Logo (2001), she argues that the attempt by brands to adopt a social component – to embrace a lifestyle – is giving consumers a lever to influence the behaviour of companies. What makes this philosophy risky is that consumers are becoming despondent and cynical. They are bombarded with choices. They are “commercial veterans” inundated with up to 1500 pitches a day. Far from being easily manipulated, they are cynical about marketing and less responsive to entreaties to buy.

In an article (The Economist, September 2001) it is mentioned that brands of the future will have to stand not only for product quality and desirable image. They will also have to signal something wholesome about the company behind the brand. “The next big thing in brands is social responsibility” (Olins 2001). It will be clever to say there is nothing different about our product or price, but we behave well. Far from being evil, brands are becoming an effective weapon for holding even the largest global corporations to account. The founders of some of the world's oldest brands – Hershey, Disney, Cadbury and Boots, for example, devoted their lives and company profits to social improvements, to building spacious towns, better schools and bigger hospitals. The difference in the future will be that it will be consumers, not philanthropists, who dictate the social agenda (Olins 2001).

South African business in particular, has in the last decade become aware of a new “consumer wave” which has very strong social and ethical awareness levels. Corporate South Africa desperately needs to factor this challenge into their whole market approach as well as their value proposition, to cater for this new trend in consumerism. The South African Constitution particularly fosters elements of democracy, freedom of speech, etc. which not only ultimately empowers the ordinary consumer, but places a heavy responsibility on corporates to deal with this in a creative manner. Hamish Pringle and Marjory Thompson, authors of the book Brand Spirit (2000), base their theory on “Cause Related Marketing” on what they term as a “third wave” in marketing. The first being “Rational” and the second being “Emotional” waves, have now created an opening for a third wave referred to as “Ethical” marketing. Fundamentally this “new wave” emphasises the need for a high level of corporate sensitivity towards environmental, social and political issues as well as recognising the choice of the ordinary consumer.

In summary, contextualising the role and influence of this so-called “new wave” consumer on business, poses a real challenge in so far as corporates attempt to satisfy the needs of these consumers in a complex socio-economic and political environment. The level of social and environmental awareness in the ordinary man in the street is increased on a daily basis by media

exposure of the topic, possible legislation (King 2 Report on Corporate Governance), global events (WSSD), etc. Consumer rights, development activism and the social challenges that South Africa face are but a few contributing factors towards a mindset characterised by empathy and social and environmental concern. Chapter 3 will offer some views on the changing business landscape and contextualise the impact on consumer behaviour.

1.3.6 Strategic marketing

There seems to be a general increase in global awareness of the marketing spin-offs of corporate social performance. It has however been widely debated from various angles, catering for the “pro-marketing spin-off groups” and the groups totally against the marketing value that an organisation should receive for its CSI initiatives. The field closest associated to this is called “Cause Related Marketing” (CRM). It is however important in creating the context to offer a few opinions by well-known business leaders on how they view the role of marketing or brand building in corporate social performance. These views will also be offered in Chapter 3 in defining the business landscape. The following quotes were obtained from a website www.csreurope.org (July 2002).

The brands that will be big in the future will be those that tap into the social changes that are taking place.

Sir Michael Perry, Chairman of Centica PLC Dunlop Slazenger Group.

To make Europe the most competitive and dynamic knowledge based economy in the world, capable of sustaining economic growth, with more and better jobs and greater social cohesion.

The European heads of state set a new strategic goal for Europe 2010 (March 2000 in Lisbon).

The next big thing in brands is corporate social responsibility. It will be clever to say there is nothing different about our product or price, but we do behave well.

The Economist, 8 September 2001.

In a world where price and quality are increasingly equal, it is vital for business to develop loyalty and relationships with their target audiences.

Cause Related Marketing (CRM) is a highly relevant strategy in today's environment and an extremely effective way of engaging the rational and

the emotional side of all stakeholders. CRM can build the business whilst at the same time making a significant positive contribution to the wider community and therefore to the society in which we all live and hope to thrive. CRM is one way of making corporate social responsibility visible and used strategically, can provide significant benefits to both business and society at large.

Sue Adkins (2002): Cause Related Marketing. Who Cares Wins. Sue Adkins is also Director of the CRM campaign at Business in the Community (UK).

The BITC (UK) did research in 2002 to obtain evidence on consumer behaviour from a wide range of stakeholders. The following results were reported by BITC, supported by Research International:

- Seven-five per cent of chief executives, marketing directors and community affairs directors believe that CRM can enhance corporate or brand reputation.
- Eighty-one per cent of consumers agree that they are more likely to buy a product or service that is associated with a cause they care about, price and quality being equal.
- Seventy-seven per cent of consumers, who had participated in a CRM programme, said it had positively changed their behaviour or perceptions towards the company or brand involved.
- Sixty-seven per cent of consumers think that more companies should be involved in CRM.

Cause related marketing (CRM) is therefore a marketing phenomenon that is receiving widespread attention. The petroleum and motor industries respectively are taking the lead in this strategy. During a recent visit to South Africa (February 2002), Hamish Pringle, co-author of *Brand Spirit: How cause related marketing builds brands* (2001), commented on the strategic importance of cause related marketing (CRM) in any strategic marketing campaign.

The challenge would be to align the CRM strategy with the social objectives of the business without exploiting the social issue for the benefit of the company image. Furthermore, having a superb and highly recognised advertising campaign is one thing, transforming the business culture to give life to this campaign is another. It is for this reason and also the size and scope of CRM that no in-depth analysis will be presented of CRM as part of this study. Furthermore, there seems to be an increasing reluctance amongst corporate citizenship activists to keep marketing objectives separate from corporate citizenship objectives. "Corporate citizenship is not about glitter and glamour, nor is it supposed to be a glossy exercise – if so, it's defeating the true

essence of corporate citizenship" (De Cleene 2002).

1.3.7 Influencing macropolicy

The post-1994 era in the new democratic South Africa is epitomised by a drastic move by government to influence broad-based social and economic challenges through policy formulation and to regulate the developmental landscape. It could certainly be argued that the business sector has been challenged to transform beyond its capability to understand and read government's intent in this regard. A strong argument could therefore be proposed in favour of a general lack of understanding by business of exactly what the future will entail and how business should prepare itself to deal with these regulatory challenges in a pro-active way.

Evidence of a few recent significant developments in macropolicy formulation strategies are:

- The Employment Equity Act
- The Skills Levy Act
- The Public Benefits Act
- Establishment of the Black Economic Empowerment (BEE) Commission, resulting in the first report on BEE in 2001
- King 2 Report on Corporate Governance (2002)
- The Johannesburg Stock Exchange has established an advisory committee that has launched a report in December 2002 focusing on Socially Responsible Investment (SRI). The JSE will launch the SRI Index that will offer indicators against which all listed companies will be measured. Chapter 7 will contain an overview of the reporting indicators and guidelines, including the JSE: SRI Index.
- The Mining Charter and possible Finance Charter to be launched in 2003

Although corporate citizenship has as yet not been put into legislation, there seems to be sufficient indication of developments from a macropolicy point of view to support such a possibility. It is for this reason that a few initiatives have come to the fore in favour of trying to influence macropolicy on social development. The private sector, for example has over the past 18 months showed evidence of an attempt to partner with government on social development. Government, on the other hand, has also entered into strategic partnerships with the private sector in order to fast-track social and economic transformation in South Africa.

A recent example of the private sector's attempt is Old Mutual's Corporate Citizenship reports (2001 and 2002). In the Managing Director's statement, Roddie Sparks (Chief Executive Officer) commented on Old Mutual's commitment to the economic growth and social development of

South Africa. In this report an attempt is made by the private sector to influence macropolicy issues around social development / corporate citizenship. Although clear guidelines around social reporting still need to be finalised specifically in more concrete terms, increasing evidence is emerging on ways and means to influence government's regulations on the items that the corporate sector will have to report on. It is for this and other reasons that the indicators of corporate social performance will also be an attempt to influence macropolicy in SA.

Furthermore, a key imperative in transforming SA post 1994 is Black Economic Empowerment (BEE). BEE is seen as an integral part of corporate citizenship - thus proof of corporate's attempt to include performance in BEE in social reporting. Government on the other hand is expediting progress and tightening its grip on empowerment. It could therefore be argued that macro policy on BEE is entertained at high level as was reported in a recent article by Wadula (2002) in Business Day. In this article current thinking on BEE and proposals made by the BEE Commission to government is reported. The objectives/current thinking was reported as:

- Establish clearly defined policy directives.
- Establish an empowerment council.
- Establish empowerment charters in each sector of the economy.
- Review all existing legislation including:
 - amending the Procurement Act
 - amending the Companies Act.

The BEE Commission made the following proposals to government:

Introduce an empowerment act:

- Black share ownership on the JSE securities exchange to be at least 25% in the next ten years.
- At least 50% of state-owned enterprises and government procurement geared to black companies.
- The government employee's pension fund should invest 10% of its assets in productive investments in areas of national priority.
- Life and retirement companies should divert a minimum of 10% of their total assets towards productive investments in areas of national priority for a period of five to seven years.

From an international perspective, it seems as if increased attention has been placed on influencing global policy issues concerning social and economic development. According to Dr Allen White (March 2002), former Chief Executive of the Global Reporting Initiative (GRI):

It is not an exaggeration to say that accountability is one of the defining imperatives of the modern global economy. This is as true for civil society, and government as it is for corporations. Corporations now account for half of the largest economic units in the world, and they dominate foreign direct investment, vastly exceeding the resources of governments and multilateral institutions as drivers of development.

White also referred to the steady increase in economic power, and stated that there was no evidence of an equal rise in general accepted accountability mechanisms. Furthermore it has become clear that existing accountability structures have not kept pace with the growth of corporate influence in shaping the future of workers, communities and the whole nation. It is this vacuum that the Global Reporting Initiative seeks, in part, to fill by establishing a generally accepted disclosure framework for sustainable economic and social development.

From the above it becomes clear that from an institutional level, both locally and internationally, sufficient evidence exists of attempts to influence macropolicy on corporate social performance. Furthermore, in the new democratic South Africa, basic rights of citizens and freedom of speech, are widely acknowledged and exercised. In the case of corporate citizens however, these basic rights have unfortunately not been properly exercised. What is meant by this is the private sector's inability to enter into strategic partnership with all stakeholders, in this case particularly the public sector.

Colleen du Toit, Executive Director of the South African Grantmakers Association, is of the opinion that there is still a way to travel on the road towards a properly enabling legislative environment (2002). The current demand for the maintenance of bureaucratic and overcomplicated administration of funds by underresourced CSI departments and civil society organisations should be relaxed. More importantly, there is still the reality that CSI funding will continue to flow mainly towards those areas already enjoying tax benefit status, while other critical areas such as job creation and rural development have been overlooked in the new Public Benefits regulations.

Finally the South African Business Coalition on HIV / AIDS (SABCOHA) could be regarded as an institutionalised attempt from business to influence policies on national level related specifically to HIV / AIDS. SABCOHA already has strong business support and receives significant attention from Government on policy issues and strategic direction. These positive examples of influence on macro policy need to be widely communicated to pave the way for future attempts by business

and government to form partnerships relating to policy-making issues.

The challenge however of the indicators would be to generate benefits for both business and social development. According to the 2002 CSI Handbook, some of the benefits of engaging in CSI for business include the following:

- Enhances the caring image of the company.
- Improves relationships with the community.
- Improves employee loyalty and morale.
- Helps stabilise the economic and social environment for long-term company survival.
- Enhances business performance.

The social / community / environmental benefits could be as follows:

- Greater understanding and support from business
- Possible influencing of strategic business issues and policies
- On a macrolevel, greater alignment of all stakeholder resources as well as focus on key social sectors/areas resulting in alleviating poverty and addressing issues of social imbalances in the country as a whole.

The indicators will however demand ongoing debate between Government, the Private Sector and Civil Society. They also will ask for information sharing between stakeholders, incentive schemes, benchmarks, best practices and alignment of social intervention, to name but a few. The indicators therefore will have to be dynamic in terms of continuous development and benchmarking, locally and internationally.

1.4 DEFINITION OF THE RESEARCH PROBLEM

In attempt to define the research problem the challenges facing the corporate social responsibility landscape was described in section 1.3. The current SA social development landscape in which the corporate sector is viewed as a major driving force is characterised by a changing business landscape where responsible business practice and governance are fundamental value disciplines. “Doing good “ no longer seem to be sufficient and the “blurring boundaries” of corporate philanthropy have created a new platform for sustainable business practice and social cohesion. With the advent of the King 2 Report on Corporate Governance focussing on non-financial reporting, a surge of debates on regulatory practices (for example the Mining Charter and other business charters to follow) and shareholder activism, the question most SA corporations is faced with is how these companies will know if and when they are performing

adequately from a social perspective. Furthermore, the stakeholder landscape in SA which is still loaded with distrust and ignorance complicates the striving for corporate social performance. On a consumer level, there are signs of “awakenings” by ordinary citizens who demand responsible corporate behaviour.

The social development debate which is still clouded by political rhetoric furthermore complicates a constructive solution based approach by making it more problematic for the SA corporate sector to align business and social imperatives. Although a strong attempt is made by the corporate sector to influence macropolicy issues through corporate social investment initiatives, these “pockets” of success fail to enhance large-scale social transformation. A number of SA companies are making a significant impact on social performance, for example Old Mutual which published their second Corporate Citizenship Report (2002) in 2003. Companies like Old Mutual are setting the pace on social reporting in SA. Their baseline indicators are however internationally grounded (for example The Global Reporting Initiative and AA 1000 Accounting and Reporting Standards). Without local indicators of corporate social performance, the uniqueness of the SA landscape might be overlooked resulting in limited contextual value to social transformation and nation building.

Apart from a challenging local environment, strong forces of global regulatory practices are being introduced in SA with limited contextuality and relevance locally. Although these indicators are highly applicable in SA, the need to bridge a possible gap between these international indicators and the realities of SA is necessary.

Thus, the research problem fundamentally relates to a general absence of indicators of corporate social performance in SA.

The need therefore to document corporate social performance as an emerging phenomenon in the SA context is substantive. The research problem is discussed in more detail in Chapter 8, but it could be summarised by asking the following questions:

- How is the social development landscape in SA and global social development landscapes changing?
- What are the main drivers and challenges for social transformation in SA?
- How can the SA corporate sector’s role in social transformation be defined?
- What are the most critical SA business imperatives that are emerging in a world characterised by a strong social conscience?
- What are the main drivers of change, leading to a new SA business order that optimises social and environmental sustainability?

- What determines sound corporate social performance in SA?
- When will a SA organisation know if it is performing adequately in social terms?
- How does the relationship between stakeholders in SA influence social transformation and corporate social performance?
- How relevant are stakeholder partnerships in social development in a SA society characterised by distrust and exclusion?
- What will the characteristics of the future landscape of corporate citizenship in SA be like?
- What should the key focus areas or objectives be to achieve a healthy future corporate citizenship landscape in SA?

Answers to the above will be addressed in the literature review (Chapters 2 – 7). The empirical research will be covered in Chapter 8 and 9 and the final results and conclusions in Chapter 10. To sum up, the main reason for executing this study is the lack of generally accepted, fundamental as well as operationally applicable indicators of corporate social performance in SA. The problem therefore is that SA organisations contribute substantially towards social investment, not knowing whether this contributes towards a larger, national goal on the one hand, or the extent to which it improves the organisation's reputation as a good corporate citizen.

1.5 PURPOSE OF THE STUDY

The main purpose of the study is to develop indicators for corporate social performance in the SA context. More specifically the following topics and areas will be investigated and explored in order to demarcate the study:

- The social development landscape.
- The business landscape, viewed from a social development angle.
- The evolution of corporate "giving" and philanthropy to corporate social responsibility resulting in social investment, up to what seems to be a term used more often today but with diverse meanings attached to it, namely corporate citizenship.
- The challenge associated with stakeholder engagement and demystifying the partnership philosophy.
- The current frameworks, guidelines and indicators specifically regarding reporting on social performance and how these guidelines and indicators are being institutionalised on a global level.
- Future perspectives on the changing business landscape from a European as well as South African perspective.

- extend The relevance and practical application of indicators for corporate social performance in the SA context. These indicators will also be compared with current frameworks used globally to determine the relevance and applicability of the indicators.

Through investigating the above areas and topics the primary and secondary objectives will be reached.

1.6 OBJECTIVES OF THE STUDY

One primary and seven secondary objectives have been identified for this research study. They are:

Primary objective

- To suggest indicators of corporate social performance in South Africa.

Secondary objectives

- To determine the implications of integrating social development imperatives with business imperatives.
- To determine the changing social development and business landscape.
- To determine the role of stakeholder engagement in corporate social performance.
- To determine the role of cross-sector (public, private and civil society) partnerships in social transformation.
- To generate future scenarios on the changing nature of business.
- To generate future scenarios on what it means to be good corporate citizens and consequently delivering corporate social performance.

1.7 RESEARCH DESIGN

1.7.1 Nature of the study

Since there seems to be no South African perspective on, or evidence of corporate social performance indicators, the nature of this study could be viewed as an exploratory attempt to develop such indicators. The study further includes an extensive literature review due to limited documentation in SA of areas related to corporate social performance. The study would therefore

extend the understanding of the SA business sector's role in social development and transformation through the literature review, but also through an empirical qualitative study. The indicators will therefore suggest a standardised framework for SA business in their pursuit of becoming good corporate citizens. This will contribute towards the SA Government's vision of "making a better life for all".

The study therefore consists of a literature study as well as an empirical study. The literature study provides better insight into the research problem as well as the necessary background to guide the imperial part of the study. An extensive study of related literature was conducted during this phase of the study.

1.7.2 Research methodology

The study followed a qualitative research design. Data were gathered through self-administered in-depth semistructured interviews. The interviews were conducted with 15 leading experts in the field of corporate social responsibility in SA. The interviews were recorded and transcribed into a rich text format. The qualitative interpretation through content analysis methodology was done in a narrative style and in ordinary language to solicit key groupings of coherent data that had explicit meaning and related to indicators of corporate social performance.

The rationale for following qualitative research design was fundamentally due to the exploratory nature of the research. It was therefore necessary to understand the broader field of corporate social responsibility as well as the dynamic perceptions of a group of thought leaders in SA. Qualitative research allowed for a holistic approach where new realities were discovered under naturalistic conditions. It also allowed for value-based perceptions to influence the understanding of the phenomena of corporate social performance. The rationale for using content analysis was based on the fundamental disclosure of differences in communication content. The content was analysed against the objectives of the study through a codification methodology which allowed for unobtrusive measures of the interview results. The ultimate objective of applying content analysis was the logical alignment between the goal of the research, the nature of the data and the analytical methods being employed.

The research in no way claims that the set of reported indicators are inclusive and valid, but rather reports directly what the participants consider to be key indicators of corporate social performance. The sampling method in selecting the 15 participants was based on convenience sampling although an attempt was made to select representatives from the public, private and civil society sectors. These participants were chosen because of their undisputed reputation in the field of study and their current role in shaping the social development landscape in SA. The

population of potential participants in this study was relatively small, resulting in a situation in which the availability of the participants in the population determined the ultimate sample. The following fifteen individuals participated in the study:

The private sector:

1. Mr Phillip Armstrong: Managing Director: ENF Corporate Governance Advisory Services
2. Mr Mpho Makwana: Chief Executive Officer: Saatchi & Saatch (SA)
3. Mrs Nicky Newton-King: Director New Business & General Council: Securities Exchange South Africa
4. Dr Bongani Khumalo: Chairman: Transnet
5. Mr Paul Kruger: Chairman: SASOL
6. Mr Clem Sunter: Chairman: Anglo American Chairmans Fund
7. Mr Mohammed Amad: Group Secretary ESKOM

The public sector:

8. Dr Zola Skweyiya (MP): Minister of Social Development
9. Mr Vukani Mthindzo: Manager Stakeholder Relationships: Department of Social Development
10. Mr Bruce Koloane: Chief Director: Economic Development: Africa and the Middle East: Department of Trade and Industry

The civil society sector:

11. Mr Sean de Cleene: Director: African Institute of Corporate Citizenship
12. Prof Barney Pityana: Principal and Vice Chancellor: University of South Africa
13. Rev Sunette Pienaar: General Manager: Heartbeat: Centre for Community Development

14. Mr Allister Smith: Congress of South African Trade Unions (COSATU) representative on Naledi – The research and development arm of COSATU
15. Ms Margie Keeton: Chairperson: Tsikululu Social Investment Services. (Managing the Anglo American, Anglo Gold, Anglo Platinum and First Rand Foundations)

The representation of the participants in the two sectors is as follows:

Private Sector:	50%
Civil Society Sector:	30%
Public Sector:	20%

Interview / Structured questions

Question 1

What are your views on the integration of social development with core business strategies in SA?

Question 2

What are your views on the business sector's engagement with stakeholders in SA?

Question 3

In your opinion, what are the key indicators of corporate social performance in SA?

Question 4

Characterise the future landscape of corporate citizenship in SA?

Question 5

If you had the opportunity to shape the future of corporate citizenship in SA, what would the three most critical areas be that you would focus on?

The content analysis of the interview transcriptions was done by an expert in content analysis. The analyst followed plausible constructionism as the coding methodology to ensure validity of the content analysis. The qualitative research expert finally offered a report on the data analysed as well as a detailed description of the elected indicators of corporate social performance.

1.8 BENEFITS OF THE STUDY

It is important to note that the timing of this study is supported by a few strategic initiatives in South Africa currently being entertained on the national agenda. The social development

landscape is characterised by significant initiatives driven by government, business, civil society, or a combination of the aforementioned stakeholders. A few examples epitomising the landscape and supporting the importance of the study are as follows:

- The New Partnerships for Africa's Development (Nepad) – 2002
- The KING 2 Report on Corporate Governance with specific focus on non-financial areas of compliance (March 2002)
- Moral Regeneration – an initiative by the President, Thabo Mbeki (2002)
- The World Summit on Sustainable Development (August 2002)
- Business Summit on Public / Private Partnership on social development (November 2002)
- 2002: The Year of the Volunteer, endorsed by former President, Nelson Mandela
- The first African Annual Conference on Corporate Citizenship (March 2002) hosted by the AICC
- Launch of the JSE Socially Responsible Index (SRI INDEX) draft guidelines (November 2002)
- First report on Socially Responsible Investment in South Africa (February 2002) a BOE / AICC initiative
- First report on Sustainable Banking in Africa. A UNEP / FI and AICC project (December 2003)
- First report on Corporate Citizenship benchmarking initiative for South Africa (July, 2003) An AICC initiative

The benefits of the study are as follows:

1.8.1 Benefits for the business sector

- The study will offer indicators for corporate social performance that currently do not exist in SA.
- The indicators will advocate the integration of social concern with the business value proposition. The key differentiating factors in the value proposition of an organisation would therefore be expanded to accommodate social issues/awareness. This also would imply integrating social concern in the value system of an organisation and not separating it from the core business.
- The indicators will offer a practical solution, almost a step by step approach, in integrating business imperatives with social development objectives.
- Social intervention and development rely heavily on scarce resources, i.e.

human resources, expertise, capital and capacity to name but a few. The total effort of these resources is captured in the private sector and through focused and systematic mobilisation of these resources, as suggested through the indicators, a significant impact on social development in SA could be achieved.

- The study will increase the private sector's awareness, sensitivity and understanding of the social agenda, i.e. social issues and sectors as proposed by government on a national level. Private sector's role in the social agenda would also be introduced to all stakeholders.
- The study will offer the private sector a clear picture of all stakeholders, the interfaces between these stakeholders and management implications of stakeholder engagement and partnership building.
- The study will suggest strong emphasis on continuous dialogue between all stakeholders.
- Consumers in general are becoming more socially and environmentally aware.
- Ethical concerns further strengthen this trend which undoubtedly leads to a new challenge facing most organisations in the private sector. The real challenge however is to incorporate this "new wave" consumerism into the core business strategy of an organisation without diluting the core focus, namely financial sustainability, of the business. The study will attempt to avoid this threat through multilevel intervention, stakeholder management, value integration and strategic marketing and communication management.

1.8.2 Benefits for the civil society sector

- A clear understanding will be obtained of all the relevant stakeholders in the social development arena. Not only will it be possible to map these stakeholders' roles in social development, but also more clearly isolate the various interfaces between them to determine the cross-impact of efforts on each other.
- Throughout the study an attempt will be made to advocate a redefinition of what is generally accepted as corporate social investment. The multipartnership approach, combined with a stronger focus on integrating social concern with the business value proposition, could result in adjusting certain fundamental elements in what is known as corporate social investment, hence supporting the term "corporate citizenship" as the term and philosophy of reference.
- With the framework it would be possible to optimise available resources (human resources, capital, capacity, expertise, etc.) of all stakeholders aiming for maximum impact and social benefit. The Civil Society Sector, which is known for being

undercapacitated, will specifically benefit through this resource mobilisation.

1.8.3 Benefits for the public sector

- The study suggests a strong drive for empowerment and capacity building. It argues that as much as the end beneficiary (e.g. person living with AIDS) needs to be empowered with information and choice, the government needs to be empowered and capacitated through a multipartner approach in addressing social issues.
- The study will demand strong social leadership from government in so far as official recognition needs to be given to the social sectors / concerns / issues as decided and institutionalised by cabinet. Government will have to integrate these areas with those areas already focused on by business to ensure maximum impact and to minimise duplication.
- The study will suggest government intervention from a policy perspective to incentivise business more explicitly for its contribution to social development. Examples are: tax benefits, government tenders, export / import benefits, etc. This will expedite social transformation.
- The study will suggest that government harness business's efforts in Corporate Social Investment through integration with key strategic initiatives currently in process, e.g. Nepad, KING 2 Report on Corporate Governance, World Summit on Sustainable Development (WSSD).

1.8.4 Benefits for the country

- The study will suggest that business intent and social intent within the macro-developmental strategy, be integrated with multiple benefits for the country as a whole.
- The study will suggest a strong social marketing approach, well anchored in the partnership principle and hopefully free of possible ethical or moral concerns or dilemmas. Social marketing however suggests unleashing communication channels, giving a "voice" to all stakeholders, including the ordinary man in the street.
- The study ultimately also suggests disclosure and transparency which certainly could be viewed as building blocks for a healthy society.
- The study will further suggest an already strong case for public private partnerships in the eyes of government. Social development is no longer the responsibility of government only, but deserves strong partnership with business and Civil Society.
- Very little research has been done in this field and specifically about the joint roles of government, business and civil society in social development. Furthermore there seems to be a general lack of documentation of projects and programmes as well as success

stories. The study will therefore vote for serious case study development and documentation, particularly of the multipartnership approach in social development. Through building history, it may be possible to develop benchmarks against which future studies could be measured. Finally, the indicators of corporate social performance could become the benchmark measurement in SA for all SA corporates to adopt.

1.9 LIMITATIONS OF THE STUDY

This study could be viewed as a starting point for exploring South African indicators of corporate social performance. Furthermore it also attempts to build a business case for mainstreaming corporate social responsibility into core business strategy and practices. The indicators therefore could almost be seen as guidelines for SA businesses striving to increase their levels of corporate citizenship and social performance. The study however does not suggest that the concepts, findings, conclusions and recommendations are definitive and it is acknowledged that further research is required to address this subject adequately.

Given the exploratory nature of the research, the reader should be aware of the following limitations of the study:

- The sample frame that was used in this study originated from discussions the researcher had with the Directors of the African Institute of Corporate Citizenship (AICC). The 15 names were then selected after assessing the corporate citizenship landscape in SA and more specifically those individuals who have strategic influence and who receive local and international recognition in this field. It is therefore important to be aware that any reference in this study to any part of the universe should not be read as representing the population, but rather seen in context of the sample frame that was used.
- Although the sample frame comprised representatives from the public, private and civil society sectors, the majority (50%) of the sample came from the private sector. The findings of the research should therefore be viewed in this context, suggesting that the SA indicators for corporate social performance predominantly result from the opinions of the private sector.
- As this study was conducted amongst a South African sample frame, representing a diverse group of participants, the results relate to the South African situation and should be interpreted as such.
- This study introduced a new term to the participants, namely corporate social performance. This term therefore had to be defined in a pragmatic way without any substantive theoretical and literature foundation. This could have led to nuance differences in explaining the term owing to the unique circumstances and personal backgrounds of participants during each interview. The indicators for corporate social

performance should therefore be seen against a pragmatic definition of the term rather than trying to create a new definition of the term. The indicators will however contribute towards a more definitive definition of corporate social performance.

- The study focused mainly on determining SA indicators of corporate social performance without comparing the results with local indicators (for example the CCMR model of the AICC/Trialogue) or international indicators (for example the Global Reporting Initiative). The indicators should therefore be seen in this context due to its exploratory instead of comparative nature.

1.10 OUTLINE OF THE CHAPTERS

The outline of the study was done in such a way that it follows a justifiable pattern building up to the specific research study and objectives. Each chapter investigates the basic concepts in the current literature and then narrows them down to the next chapter that automatically follows the concepts discussed in the previous chapter. This approach strengthens the storyline of the study, building and ensuring strong elements of cohesion into the main body of the study. The literature study then leads to the empirical study in which the specific research problem and objectives are being addressed.

Chapter 1

Introduces the field of study, the research problem, main objectives, research methodology and benefits of the study. This chapter creates the overall context and defines the necessary drivers of the study in reaching the stated objectives.

Chapter 2

This chapter is viewed as the point of introduction to the concept of corporate social performance. In order to describe corporate social responsibility, it is important to offer an overview of the social development landscape. This chapter therefore describes the characteristics of the social development landscape, predominantly in SA, with some reference to international trends. The drivers and challenges of social development will also be described. Chapter 2 therefore creates the base framework against which an organisation's social performance can be measured.

Chapter 3

To define corporate social performance an overview is needed of the business landscape, viewed from a social development perspective. Chapter 3 therefore offers an overview of the social drivers of business, pointing out the changing nature of business and the challenges it is

faced with. This chapter also introduces the phenomenon of social imperatives as key drivers of business success, suggesting the critical need for integrating social and business imperatives to ensure sustainability for all. It finally suggests radical transformation of the business sector.

Chapter 4

In combining Chapters 2 and 3, the logical result is "business in the community/society". Therefore Chapter 4 contextualizes the role of business in society, leading to what is generally known as corporate social responsibility. Chapter 4 also introduces the term more often used currently, namely corporate citizenship. This chapter provides a historic overview of corporate social investment and responsibility, the changing face of corporate "giving" and philanthropy and the drivers of becoming good corporate citizens. It also introduces some challenges in the field with specific reference to stakeholders' engagement and partnership building as key indicators of corporate social performance.

Chapter 5

As reported in Chapter 4, one of the key indicators, as suggested in the literature on corporate social performance, is stakeholder engagement and establishing partnerships with stakeholders. Chapter 5 therefore offers an overview of stakeholder engagement and the philosophy of partnership building. It introduces all the key role-players (cross-sectorally) in social development, the process and steps in stakeholder engagement and finally the benefits and challenges of establishing partnerships with key stakeholders. As the literature suggests, successful stakeholder engagement and mutually beneficial partnerships are key indicators of corporate social performance.

Chapter 6

Since Chapter 5 introduced the term "corporate social performance", it pointed to stakeholder engagement as an indicator that might be one of many other indicators, Chapter 6 explores current frameworks of social performance. This chapter reports on global and local indicators, management frameworks and guidelines for social accounting and social reporting. Consequently it reports on accountability standards and offers a few examples of corporate social reports. This chapter also emphasises the increasing importance of measuring social and environmental impact as a prerequisite for corporate social performance. The term "triple bottom line" is also introduced in more detail which in business circles globally is changing the nature of business. Furthermore internationally recognised business practice like the balanced scorecard is challenged with what experts of business in the future term the "sustainability scorecard".

Finally, in Chapter 6 a framework presents the relevance of the theory through a process

of contextualization. This is done with specific emphasis on the current SA realities. The framework also reveals the need for clarifying the theoretical constructs through the actual research design in order to reach the stated objective of the study. The framework finally integrates the various theories and frameworks presented in Chapters 2 to 6 that lead to identifying the critical elements relating to corporate social performance.

Chapter 7

Chapter 6 creates the context for Chapter 7 which offers some challenging perspectives by leading European experts on the changing nature of future business. The previous chapters introduced new concepts and principles of business practice, which in itself suggests that the way in which business is conducted, will never be the same again. Chapter 7 therefore specifically explores the social character of future business in SA, as well as some general international trends according to the researcher's viewpoints.

Chapter 8

Chapters 2 – 7 dealt with the theoretical constructs, offered in a literature review format. These chapters automatically led to the main research objective to be investigated, namely determining indicators of corporate social performance. Chapter 8 therefore states the research problem and objectives, the research design and methodology (qualitative research design) and the data analysis methodology (content analysis).

Chapter 9

Chapter 9 offers a discussion of the research findings. The findings are offered in a structured format. The results per question (thematic constructs) as well as an overall analysis of the data relating to the main objectives of the study are presented.

Chapter 10

Chapter 10 offers a brief theoretical summary of the field of study in order to finally integrate the study from a literature perspective into a meaningful whole. It also offers the final conclusions and recommends indicators of corporate social performance. Chapter 10 also suggests topics for future research and reports on the limitations of the study.

1.11 CONCLUSION

The aim of Chapter 1 was to introduce the field of study. The driving themes underlying the aim and objectives of the study were explored in order to create a meaningful context that would form the basis of the chapters to follow and the study as a whole.

An attempt was therefore made to defend the need to explore the field of integrating social imperatives with core business strategies. The challenges facing the field of corporate social performance were explained and contextualised in order to justify a study of this nature. Chapter 1 also specifically reported on the critical objectives of the study in order to demarcate the extent of the study clearly. The landscapes representing the key fields of study, i.e. social development, business and corporate social performance landscapes, were described to clearly map out the extent of the intended research as well as the associated methodology to be followed in reaching the stated objectives. In Chapter 1 comments were formulated on possible benefits of the study.

Finally, considering the timing of this study, the current socio-economic and political climate in SA fully supports further deliberation, but more specifically from an academic perspective, the critical analysis of the corporate social development and performance field. **The framework in Chapter 6 (Figure 6.4 p. 280) therefore presents contextual reality which relates to the unique socio-economic and political challenges in South Africa. These factors relating to the SA context will be applied within the findings of the literature review in order to identify the unique indicators that have specific relevance in SA.**

In an article by DuToit (Business Day June 29, 2002), she indicates that the SA corporate sector is grappling with the implications of the second King report, which suggests a social responsibility framework for business in terms of the “triple bottom line” of financial, social and environmental accountability. Furthermore she reported that in the international arena, the “global compact” emphasises the need to build cross-sector partnerships in support of poverty alleviation and sustainable development. This compact calls for alignment of corporate policy and practice with values upholding enlightened human rights, labour and environmental standards. The report also indicated that the “lack” is really in the area of strategy, leadership, management capacity and management information. To succeed in aligning corporate policies and practices, closer engagement and strategic alignment between social and business imperatives as well as between key stakeholders (business, government and society) are critical which finally confirms the need to develop indicators of corporate social performance in the SA environment. Without these indicators, measuring the impact on social transformation in SA will be limited. In conclusion, during the launch of the UN Global Compact Learning Network in SA (April 2003), Sean de Cleene (Director of the African Institute of Corporate Citizenship) presented a table (see Table 1.1) on the key issues facing the global corporate social responsibility landscape. Specific reference is made in the case of this study to the emerging trends in CSR. This table represents the entry point of the literature study presented in Chapters 2 – 7.

Table 1.1: Key issues in corporate social responsibility (Source: De Cleene 2003)

	GOVERNANCE	MARKETS
EMERGING	<p><u>Boards:</u></p> <ul style="list-style-type: none"> • Building a business case for CSR • Impact of CSR on financial markets and socially responsible investment funds • Role of non-executive board members in CSR 	<p><u>Markets:</u></p> <ul style="list-style-type: none"> • Emergence of social enterprises • “Scaling up” and market leadership as CSR practitioners • Formation of social clusters
EXISTING	<p><u>Balance sheet:</u></p> <ul style="list-style-type: none"> • Assurance/verification of social reporting • Materiality • Supply-chain compliance 	<p><u>Brands:</u></p> <ul style="list-style-type: none"> • Social value of brands • Brand integrity and reputation • Using the above indicators as competitive differentiators