

Investing in the Future

20 Years

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Contributing to the well-being of society



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This is a time of unprecedented opportunity for CSI, provided emerging leaders embrace the development agenda

Corporate social investment (CSI) has, in a relatively short period of time, become a formal contributor to social change in South Africa. Its execution now legislated, CSI is beginning to grow in stature as a strategic imperative for corporates.

Consider, as an indicator of corporate intention, the exponential increase in CSI expenditure: in the past 10 years CSI spending has escalated from about R1,5-billion in the 1998/99 financial year to more than R4-billion in 2007/08.

In the past year alone CSI funding showed a healthy 29% growth, reflecting the increasing pressures on corporate South Africa to contribute to the broad-based transformation agenda, as well as improved accounting for this contribution.

There are many factors fuelling the CSI rand. In the South African context there is a strong ethical case to redress structural poverty and inequality.

There is also a strong business case for CSI. After all, a healthy society results in a healthy bottom line.

In addition, the state has adopted an interventionist approach and has, since 2002, issued a number of prescriptive measures to harness the corporate contribution to the national development project.

In a few short years a number of legislative mechanisms have been introduced. In 2002 the Minerals and Petroleum Resources Development Act was introduced, requiring mining companies, as a condition of their licence to operate, to articulate their social and labour plans to contribute to local economic development.

The Broad-based Black Economic Empowerment Act of 2004 is driving transformation within the broader corporate sector through the department of trade and industry's Codes of Good Practice and BEE scorecard.

A number of charters have been introduced, including the Financial Sector Charter and the Construction Charter, which set out industry-specific empowerment targets and incentives.

Although there are multiple drivers pushing business to embrace social investment as a strategic imperative, few corporate leaders seem to appreciate fully that business operates within a social space and CSI is regarded by many still as either a charitable giving exercise or a BEE scorecard prerequisite.

Although the scorecard ensures a degree of compliance, it does not necessarily signify a shift in ethical base or mind-set. A compliance mind-set is not the same as understanding and embracing the social imperative.

In an ideal world working to instil a stronger ethical culture within companies — so that CSI becomes an ethical point of depar-



Young residents of the Joe Slovo informal settlement in Cape Town. In the South African context there is a strong ethical case to redress structural poverty and inequality.

Photo: David Harrison

ture — might be a solution. CSI is more likely to gain momentum when the business case becomes compelling.

In the wake of the gazetting of the BEE Codes of Good Practice in February 2007 there has been a chorus of lament at the encroaching compliance mind-set. This has been accompanied by concerns that welfare causes are being abandoned to accommodate the narrow definition of socioeconomic development in the BEE scorecard.

Despite its limitations, the government's prescriptive approach can be seen as the way to ensure that corporate resources are harnessed for the public good. It is

appropriate for companies to align CSI spending with government policies and priorities.

CSI provides the opportunity to augment state programmes and to fill critical delivery gaps. And considering the size of corporate social spending relative to government spend, it is crucial for corporate contributions to be strategically leveraged.

This can be done by improving on existing interventions or piloting new initiatives. Companies should work closely with provincial and local government to identify niches and gaps.

At the same time CSI should still have the space to support innovation and to leverage the creativity of

the private and non-governmental sectors in breaking new ground.

Increasingly the CSI sector is moving away from ad hoc funding towards a more strategic approach, with emphasis on partnerships in development. CSI departments are engaging more in working partnerships with non-profit organisations to implement their programmes.

Ideally, the CSI funder, NGO implementer and beneficiary community should co-construct a development plan, with clearly defined objectives, targets and mechanisms for continuous assessment.

Over the years CSI has evolved in a way that has, to varying degrees, included charity, welfare, public relations and cause-related marketing. It has reached the point now where, if businesses are to see a return on the CSI rand, the sector needs to embrace and engage more seriously with the development agenda.

Whatever its shortcomings, the BEE framework does offer CSI practitioners the opportunity to enhance the status of CSI within corporate hierarchies and to strengthen its relative impact by entrenching the social imperative as a strategic business priority.

This is a time of unprecedented opportunity for CSI. Emerging leaders within the sector need to grab it and steer a new course.

This article was compiled by several experts at Trialogue, organisers of the Making CSI Matter conference

Celebrating corporate SA's contribution

For the past 20 years the *Mail & Guardian's* annual Investing in the Future Awards have celebrated the contributions made by corporate South Africa to the country's future.

The awards have not only showcased excellence in corporate social responsibility and investment, but served as a platform for discussion on best practice in the corporate world.

They have reflected changes in CSI thinking and practise over the years and have given due recognition to projects at the cutting edge of the wellbeing of society.

In the process the *M&G* Investing in the Future Awards have become the leader in their field and have attracted prestigious partners such as the Southern Africa Trust.

The time has come for private and public businesses to enter the ground-breaking 20th *M&G* Investing in the Future Awards.

Awards are given in the categories: corporate, non-profit organisations, best corporate employee community involvement programme, investing in education and investing in sports development.

Southern Africa Trust's Drivers of Change Awards recognise

individuals and organisations from across Southern Africa that are making an impact.

Winning projects have to demonstrate sustainability, partnership building between the government, business and communities and integration into the development of Southern Africa as a whole.

The closing date for entries is Friday July 10 2009. To become part of our bumper celebration at the 20th *M&G* Investing in the Future Awards, contact Sudley Adams on 011 250 7300 or e-mail sudleya@mg.co.za.