MUELLER-HIRTH, N. 2016. Corporate social responsibility and development in South Africa: socio-economic contexts and contemporary issues. In Vertigans, S., Idowu, S.O. and Schmidpeter, R. (eds.) *Corporate social responsibility in sub-Saharan Africa: sustainable development in its embryonic form*. Cham: Springer [online], pages 51-68. Available from: https://doi.org/10.1007/978-3-319-26668-8_3

Corporate social responsibility and development in South Africa: socio-economic contexts and contemporary issues.

MUELLER-HIRTH, N.

2016

Corporate Social Responsibility and development in South Africa: socio-economic contexts and contemporary issues

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Please cite as

Mueller-Hirth, N. (2016). Corporate Social Responsibility and Development in South Africa: Socio-economic Contexts and Contemporary Issues. In Corporate Social Responsibility in Sub-Saharan Africa (pp. 51-68). Springer International Publishing.

Introduction

This chapter discusses socio-economic contexts and contemporary issues in Corporate Social Responsibility (CSR) in South Africa, focusing particularly on the contributions CSR can make to development. In South Africa, the private sector was forced to adopt socially responsible policies that are more advanced than those in many of the richer economies; spending in Corporate Social Investment (CSI) far exceeds that of wealthier countries. CSR spending in 2013 by the top 200 South African companies alone amounted to a total of R8 billion (about USD 750 million). This is in part due to the adoption of Black Economic Empowerment (BEE) legislation, affirmative action policies adopted by the post-apartheid government to give historically disadvantaged groups economic opportunities. Today, any South African company's performance is rated on a number of BEE scorecards, with companies collecting points for CSR activities.

In contrast to the global standard and to CSR practices in much of the African continent, not all CSR undertaken in South Africa is thus voluntary and the state has an enabling role in defining and motivating CSR. However, despite the existence of affirmative action legislation and a charter system, CSR in South Africa has a strong emphasis on community development and poverty alleviation; it is associated with corporate citizenship and strategic philanthropy. There are then considerable differences between the South African CSR landscape and that of other countries in Africa and beyond: CSR is in part driven by corporate compliance, but there is also a long history in corporate citizenship and corporations' involvement in community development. Indeed, although business was one of the main beneficiaries of the apartheid regime, it was ironically the social unrest apartheid brought about that first stimulated corporate responsibility practices in the country.

While it has been recognised that the country's history of uneven development and human rights abuses under Apartheid has shaped CSR (Hamann, 2009), this chapter also emphasises current inequalities as important factors in influencing CSR practices. South Africa's vast challenges of poverty and inequality suggest that if CSR is to be meaningful, it must engage with developmental objectives. To this end, companies frequently partner with the non-profit sector in order to deliver, and often influence, CSR programmes. What is more, the relative importance of CSR funding in the South Africa development sector gives companies an increasing role in shaping development practices and discourses. This is particularly notable in relation to the issue of multisectoral partnerships, which have emerged as a key modality of CSR projects in South Africa and of inclusive development approaches globally. In this respect, the chapter seek to contribute to the emerging literature on CSR and development (Banks & Hulme, 2014; Idemudia, 2014; Blowfield and Dolan, 2014). It seeks to provide a social scientific account of the changing CSR sphere, paying particular attention to developmental impacts and to the relationships that characterise this sphere. The historical complexities and the intersections of government, corporate and non-profit agendas in its contemporary development sector make South Africa a fascinating site to study CSR practices and the role of business in development more broadly.

After briefly clarifying the distinction between CSR and CSI, this chapter proceeds as follows. Section one outlines the historical development of CSR under colonialism and apartheid, particularly emphasising the deeply ambivalent role of business. Section two asks whether CSR can contribute to development in today's South Africa and provides some background on the country's socio-economic challenges. Section three discusses internal and external drivers of CSR activity in South Africa, including formal legislative requirements and charters as well as reputational risks and social licensing concerns. Finally, section four deals with key issues that face CSR in practice, such as focus areas, developmental impacts, and monitoring and evaluation. Specifically, it draws attention to the unevenness of social investment practices and highlights the role of non-profit organisations in delivering CSR programmes, while problematizing some of the issues inherent in such corporate-NGO partnerships.

CSR or CSI?

In South Africa, the term CSR is often used interchangeably with the notion of corporate social investment (CSI) or corporate citizenship, be it by companies themselves, practioners, the media or the public. This ambiguous definition of CSR reflects the usage of the term in Africa more broadly, with actors in the Sub-Saharan African region in particular describing CSR as CSI (Muthuri, 2013). CSR might be defined to include any activities or investments made by a company to make its business operations more socially or environmentally sustainable. CSI, on the other hand, includes externally-directed social investment by a company (Henry & Rifer, 2013).

The dominant interpretation of CSR in South African continues to be in terms of philanthropy and corporate social investment, particularly emphasising education, health care (especially HIV/AIDS) and welfare programmes (Ramlall, 2012). In the wider African context, it has been argued that corporate philanthropy dominates CSR strategies due to 'the exceptional capacity of [Transnational Corporations] to actively shape, control, and lead CSR agenda in Africa via a strategy of accommodation and legitimization' (Idemudia, 2014, p. 425). Critics of this type of corporate social investment see it as failing to address the social and environmental issues inherent to companies' core business. In the South African context, Fig (2005, p. 601) contends that the notion of CSR is eschewed precisely because concepts like CSI 'ask no questions about legacy, memory, history, justice, or moral and ethical responsibilities'. However, this chapter posits that the South African situation is considerably more complex: companies, especially those in the extractive sector, are powerful agents, but government also shapes CSR through affirmative action and charter legislation and civil society is relatively strong and well-organised. This makes South Africa somewhat unique in the African context. Moreover, in line with global trends, many of the larger South African companies have begun focusing on sustainable development, governance issues, and the development of strategic partnerships with other stakeholders and businesses.

The historical development of CSR in South Africa

Relationships between business and society in South Africa are framed by the country's history of colonialism and apartheid. For example, the adoption of affirmative action – one of the drivers of CSR – was an integral part of the negotiated settlement that ended apartheid in

1994. The settlement included the recognition that the business sector sustained apartheid and hugely benefited from its cheap migrant labour system, which the mining houses created (Truth and Reconciliation Commission, 2003). It is the ambivalent role of business – its implication in human rights abuses committed under apartheid, and the early social investment initiatives apartheid gave rise to – that render the CSR landscape in South Africa unique and motivations for undertaking CSR complex. The legacies of apartheid policies such as segregation and forced removals have moreover impacted differently on the power relations, land use and demographics in the specific communities where companies are active, especially where the extractive sector is concerned.

Colonialism and apartheid

In today's South Africa, capitalist development accelerated when minerals were discovered (diamonds in Kimberley in Afrikaner-governed Transvaal in 1866; gold on the Witwatersrand in today's Johannesburg in 1886). Diamond and gold mining needed capital to build and run mines, as well as a reliable and free flow of cheap labour. The discovery of minerals accelerated industrialization, but the demands for cheap unskilled migrant labour devastated rural communities and affected traditional family life. Workers lived in mining compounds in squalid conditions and without access to services, while their families remained in the countryside (Marais, 2001).

Business during colonial rule can then be understood to have introduced the migrant labour system and work place segregation. The mining sector in particular initiated oppressive and discriminating practices. They were consolidated and expanded with the formal establishment of apartheid in 1948. Indeed, the Truth and Reconciliation Commission (TRC), whose final report contained a chapter on the role of business in sustaining apartheid, found that exclusionary business practices informed the state's subsequent apartheid policies: 'The blueprint for "grand apartheid" was provided by the mines and was not an Afrikaner state innovation' (Truth and Reconciliation Commission of South Africa, 2003, p. 152). Overall, the commission found that business profited from the system, with certain sections

(Afrikaner capital, the mining houses and the armaments industry) benefiting most (ibid.). Businesses also directly supported the apartheid system by providing services and weapons to perpetuate racial oppression (Truth and Reconciliation Commission of South Africa, 2003).

However, this historical period also marks the beginning of what is today referred to as CSI. While big business was one of the main beneficiaries of the regime, it was ironically apartheid and the social unrest it brought about that stimulated social responsibility practices (Kuljian, 2005). De Jongh (2009, p. 37) refers to this phase of engagement as ‘ad-hoc social responsibility’, which included lobbying and efforts to improve living conditions in black townships. For example, in 1974 mining houses Anglo-American and De Beers jointly established the Chairman’s Fund to address the devastating effects of apartheid in non-white communities (the Fund had existed within Anglo-American since the late 1950s). In the wake of the 1976 Soweto Uprisings, the Urban Foundation was established by leading figures in the white business community to provide housing, welfare and education for townships.

The international sanctions movement against apartheid also resulted in increased corporate giving by foreign companies, most notably with the adoption of the Sullivan Principles through which corporations demanded equal pay and greater management control for their employees as a precondition for doing business. The Principles are often seen as a turning point in business engagement with society under apartheid. However, they only affected black employees in American corporations in South Africa, representing just 1 percent of the economically active black population, and did not address central issues such as universal suffrage.

This kind of corporate engagement was problematic however given the beneficiary relationships of corporations with the regime, such as they were described above, and was arguably undertaken at least in part to placate those who campaigned for foreign companies to divest. Similarly, critics of today’s CSR argue that it constitutes mere ‘greenwash’, intended to legitimize the power of large corporations (see for example Banerjee, 2008). As Hamann sums up, historical CSR efforts were a double-edged sword:

> The philanthropic gestures and political manoeuvres characteristic of the Urban Foundation, though contributing no doubt to social development and perhaps a softening of the harshest elements of the apartheid government's policies, occurred side by side with continued exploitation of black labour, as well as low occupational health, safety, and environmental standards (2009, p. 437).

Post-apartheid developments

With the onset of the transition, corporate engagement with society became less ad-hoc. There were increasing pressures on companies to play a more active role in fostering development goals and to contribute directly through education and community investment. Moreover, as South Africa came out of economic and political isolation, companies became exposed to the global economy and to the concept of CSR that was emerging in the UK in particular. This exposure provided an additional platform for the establishment of CSR policies (Hamann, 2009). De Jongh (2009) refers to this as the systematic involvement stage, where businesses make some contribution to nation building objectives through education or health projects, albeit with little impact measurement and accountability.

Today, South African CSI spending far exceeds that of wealthier countries. This is largely due to the adoption of BEE and later Broad-Based Black Economic Empowerment (BBBEE) legislation, the policies adopted by the African National Congress (ANC) to give historically disadvantaged groups economic opportunity through employment, procurement, ownership and management. Socio-economic development must be addressed as part of companies' corporate social responsibility strategies, with BEE codes and other sector-specific charters providing a significant driver of CSI activity. In the mining industry, socio-economic development performance is a prerequisite for obtaining mining licenses. Companies that are listed on the Johannesburg Stock Exchange (JSE) must also comply with corporate governance legislation; the King Codes on Corporate Governance for instance have been central to the development of CSR. In addition to these formal legislative requirements, extractive companies are also seeking social licenses to operate from affected communities, ideally to gain their trust and meet their expectations.

Since this initial post-conflict stage, relationships between corporations and other actors in society have continued to change. One fundamental concern with the South African emphasis on CSI in the name of CSR has been that, although CSI initiatives have no doubt been making developmental contributions, their lack of integration with core business strategy can be criticised (Hamann, 2009). From the perspective of enhancing companies' developmental contributions, social investment as corporate philanthropy is also problematic because it tends to neglect the social and environmental issues at the heart of companies' operations and is often focused on the short term. However, there has been much talk in the literature on CSR, as well as amongst practioners in South Africa, about a supposed shift away from old-style philanthropy and ad-hoc giving, towards strategic integration, empowerment and sustainable development. By directly and progressively addressing issues that are environmental or social concerns and that benefit the company, new CSR 'is squarely focused on internalizing a firm's negative externalities' (Auld, Bernstein, & Cashore, 2008, p. 415). For example, strategic investment might involve channelling expertise into specific areas, such as science and maths education or HIV testing. Some companies now also seek to engage with sustainable development concerns and broader governance frameworks, such as the Extractive Industries Transparency Initiative and the Kimberley Process Certification Scheme. These developments mirror changing global priorities and ongoing discussions about the parameters of the post-2015 development agenda, which envisages a greater role for business in Africa's path to sustainable development.

Conversely, it might be argued that strategic CSR can threaten to undermine the value of corporate contributions to development. For example, the focus of the mining sector on expanding engineering skills through development programmes and bursaries might take precedence over concerns with welfare in communities. If companies see alignment to the interests of government as beneficial to their business interest, community interests can fall by the wayside. Infrastructure projects that corporations are required to support as part of their license to operate do not always benefit the poor communities they are situated in (see e.g. Rajak, 2011, for detailed ethnographic data on Anglo American's investments in the Platinum Belt). Moreover hospitals, schools or roads are not necessarily maintained by the corporations who plan and initiate them, and government does not always have the resources to jump in (Rockey, 2013). This example serves to highlight some of the inherent complexities of multisectoral partnerships that are becoming the norm in South African CSR.

What drives CSR in South Africa?

The ANC sought to address the legacies of the past by adopting BEE (in 1998) and later Broad-Based Black Economic Empowerment (BBBEE, in 2004) legislation (Department of Trade and Industry, 2012b). BBBEE had supplemented earlier BEE legislation because of criticisms that BEE predominantly benefited the growing black middle classes, whereas many historically disadvantaged South Africans remained economically excluded. Compliance and progress in relation to transforming any South African company's performance are measured on a score card against seven areas: ownership (20 points), management control (10 points), employment equity (15 points), skills development (15 points), preferential procurement (from black-owned firms; 15 points), enterprise development (investment in black-owned firms; 15 points), and socioeconomic development (supporting community initiatives; 5 points). It is the socio-economic development component that allows companies to collect points for CSI. However, BEE requirements only apply to South African companies, apparently also because of fears over the impact of transformative regulation on foreign investment.

In addition to the BBBEE Codes, several industry sector charters have been implemented. Compliance with these charters is often linked to licensing. For example, the Broad Based Socio-Economic Empowerment Charter for the South African Mining Industry of 2002 ('the Mining Charter') stipulates that, in order to earn or renew mining licenses, mining companies are obligated to transform their labour force, invest in the well-being of their employees and their families, and contribute to local economic and social development in mining and labour-sending areas. Rajak describes this coming together of corporate citizenship and allegiance to the goals of the post-apartheid development agenda as 'corporate commitment to patriotic capitalism' (2011, p. 105). The Financial Sector Charter of 2004 is a voluntary transformation charter, but government contracts are more likely to be awarded to companies that are adopting it. It seeks to bring about transformation in human resources, procurement, enterprise development, so-called 'empowerment financing', and also requires each financial institution to direct 0.5 percent of its post-tax profits to contribute to corporate social responsibility projects (Department of Trade and Industry, 2012a). Although globally corporate involvement in development is often portrayed as diametrically opposed to the state's involvement, the South African Government clearly has an active role in defining and motivating CSR (Hamann & Kapelus, 2004). By contrast, CSR in other African countries is predominantly characterised by self-regulation and voluntary codes of practice (Muthuri, 2013).

Other measures address broader corporate accountability. The 2002 King II report urged companies to embrace the 'triple bottom line', that is to say the 'economic, environmental and social aspects of a company's activities', as a preferred way of doing business (Institute of Directors in Southern Africa, 2002, p. 9). The JSE's Socially Responsible Investment (SRI) index was launched in 2004 in order to measure the triple bottom line performance of companies in the FTSE/JSE All Share Index. It was the first such index in an emerging market, encompassing 70 indicators that measure performance in relation to corporate governance, society, environment and economy. Yet, critics have argued that the SRI index is not well monitored, entirely voluntary, and that large corporations that are hostile to the environment score themselves highly (Bond, 2008). The King III report (Institute of Directors in Southern Africa, 2009) has further broadened the scope of corporate governance in South Africa by focusing on leadership, sustainability, and corporate citizenship (Ramlall, 2012). It requires all companies listed on the JSE to produce an integrated report including environmental, social and economic performance (alongside financial performance information).

In addition to BBBEE and charter legislation, there are a number of other reasons for South African companies to engage in CSR. A report by Henry and Rifer (2013) summarises interviews with senior figures in 37 leading South African companies about their motivations for undertaking CSR. Motivations are highly diverse and cover instrumental and relational objectives: ‘they help bolster corporate image, they help make companies attractive places to work, and they help companies manage regulatory compliance requirements, inter alia’ (ibid, p. 12). Interviewees reported feeling the greatest pressure to be socially responsible from government, ahead of shareholders, communities and employees; at the same time, regulatory pressures rated as only the seventh important factor in motivating social investment. Moreover, business leaders cited moral motivations, portraying CSR as an’ extension of companies’ values and culture, and a means of demonstrating their commitment to the development of South Africa’ (ibid). Rajak’s (2011) ethnography of Anglo-American’s CSR programming similarly shows that dominant corporate narratives in the firm strove to invoke a philanthropic tradition that goes back to the charitable donations and welfare funds of the Oppenheimers and to attribute themselves a central role in South Africa’s past and present. By highlighting CSR’s ‘home-grown voluntarism and ethos of social responsibility’ (ibid, p. 109), the importance of national regulation was regularly downplayed.

Development and its discontents: South Africa’s socio-economic challenges

Before highlighting South Africa’s developmental challenges, it is important to discuss, at a conceptual level, the linkages between developmental needs and CSR practices. The above arguments about strategic CSR touch on a fundamental issue surrounding corporate activities in Africa: can and should companies’ CSR programming contribute to development? Idemudia (2014) summarises three common arguments in favour of companies’ direct involvement in development issues: the assumption of governance deficits in African countries that CSR practices should compensate for; the business case argument that views development as a positive sum game; and the need to win legitimacy in order not to lose the social license to operate. While these arguments are clearly interrelated, the governance deficit argument does not easily apply to the South African context. However, both the business case and the legitimacy arguments have traction and are particularly dominant themes in CSR discourses in the extractive sector.

Conversely, critics have long argued that CSR is unable to contribute to development. For example, the weak regulatory context of many African countries is precisely what makes them attractive to companies (Idemudia, 2014). Moreover, many developmental issues cannot be tackled through a business rationale or be converted into business issues, which leaves them unaddressed by CSR practices (ibid.; Blowfield & Frynas, 2005). Indeed, some have argued that the very idea of a business solution to development puts forward a depoliticised version of development and appropriates other ways of thinking through development (Rajak, 2011). Other critiques centre on the concepts underpinning the argument that CSR can contribute to development in Africa, namely stakeholder theory and social license to operate (Idemudia, 2014; Owen & Kemp, 2013). Both could be said to apply universalised Western notions to what are fundamentally different African contexts. Importantly, both assume relatively powerful and well-organised communities and civil society organisations.

Turning now to South Africa's main socio-economic challenges two decades after the democratic transition, the country remains one of the most unequal societies in the world, despite considerable economic growth and access to a progressive constitution (National Planning Commission, 2012). Two thirds of children live in poverty, over a quarter of the population live below the poverty line, and 1 in 4 people live without formal housing (Marais, 2011; The Presidency, 2013). Despite the transformation agenda and the fact that there is a steadily growing black middle class, the economy remains deeply racially skewed: black households, for example, earn only 16 per cent of average white household income (Hofmeyr, 2012).

The depth of poverty and inequality in South Africa today must be attributed partly to the impact of neoliberal policies that were adopted in the first decade of freedom and from which the business sector hugely profited. For example, the 1996 Growth, Employment and Redistribution (GEAR) programme focused on poverty alleviation through 'trickle-down'. Trade liberalisation, a shift to investment spending, export-oriented manufacturing, privatisation of state enterprises, wage control and progressive flexibility of the labour market were adopted in order to foster higher economic growth and private capital investment (Marais, 2001). This pro-growth strategy of the first democratic decade yielded moderate and constant but unequalising growth, with capital the primary beneficiary of increases in productivity and profitability. New jobs were predominantly created in capital or skills intensive sectors, such as mining and services. Conversely, large numbers of organised workers were retrenched, casualised or forced into the informal economy. Today, unemployment stands at 35.6 Percent (Hofmeyr & Nyoka, 2013, using the expanded definition of unemployment). What is more, wage labour is no longer a guarantor of wellbeing: 700,000 South African households include a wage earner living below the poverty line (Marais, 2011).

As elsewhere in the world, the liberalisation of the South African economy after the transition moreover led to a commodification of basic services. Reductions in government spending on education, health and housing resulted in a devolving of responsibility for service delivery to local government. Local authorities in turn adopted a cost-recovery model for water, electricity and other services, with disastrous effects for the poor (Hart, 2014). In addition to the legacies of apartheid, new inequalities have thus emerged since 1994. Experiences of inequality, slow service delivery and extreme poverty that characterise everyday life for millions of South Africans have contributed to what Alexander (2010) terms a ‘rebellion of the poor’ – widespread and sometimes violent protests, labour struggles and social movement activity since 2004. They have been directed at corporate malpractice, retrenchment, working conditions, pay, service delivery, police brutality, corruption, unemployment and other issues.

Ongoing tensions and rolling strikes in the mining industry escalated in August 2012 when police fired on peaceful protesters striking about abject working conditions and pay at the Lonmin platinum mine in Marikana, killing 34 miners and leaving at least 78 wounded (Alexander et al., 2012). Lonmin has eschewed any responsibility. The Marikana massacre tragically highlights the ongoing social problems that persist in and near South Africa’s mines – harsh working conditions, safety hazards, inadequate housing, unemployment and increasing inequalities. Arguably, it is these problems at the very heart of mining companies' operations that CSR should address, but that are typically ignored in social investment practices (also see Rajak, 2011). While Marikana has increased public awareness about companies' interactions with society and may thus well increase stakeholder pressures on corporations to behave socially responsible, core business practices remain absent from company discourses.

CSR in practice: possibilities and limitations

Focus areas of CSI

As noted in the introduction, CSR is still predominantly interpreted in terms of investment into development and social improvement. South African corporations have increased their annual spend from approximately R 2 billion (roughly USD 186 million) in 2003 to almost R8 billion (USD 745 million) in 2013 (Trialogue, 2013). This investment, about 1.4 percent of total net profit after tax outstripped the rate of inflation by 77 percent over the past 10 years and grew by 8 percent since 2012 (ibid.). The largest share of CSI spend is allocated to education, with 89 percent of the leading corporations supporting this sector through an average 43 percent of their budgets (ibid.). Next in importance are social and community development causes (15 percent) and health (11 percent). Advocacy and human rights activities are less readily funded. This can negatively impact on non-profit organisations active in these areas, as a later section outlines.

Briefly addressing the key sectors that are funded, maths and science continue to be the most popular subject areas for investment in education, attracting 38 percent of education spend. Infrastructure, facilities and equipment (23 percent), and bursaries and scholarships (22 percent), were the most popular types of intervention in 2013 in the corporations surveyed by Trialogue (ibid.). As in the health sector, public private partnerships are common in this area, involving multiple governmental, corporate and non-profit actors. CSI practioners usually highlight corporate alignment with government priorities in these sectors.

Social and community development has grown significantly as an area of social investment, and it is here that partnerships with non-governmental welfare organisations are most popular. The beneficiary groups that received the most funding were orphans and vulnerable children (27 percent) and people with HIV/Aids (13 percent), for example by supporting service delivery NGOs or providing bursaries. In the health sector, corporate spending on HIV/ Aids has remained steady (whereas international donors' contributions were reduced in the wake of the government's roll out for antiretroviral therapy in the post-Mbeki era). CSI programmes here typically include provision of equipment, infrastructure and training, as well as more innovative projects such as using ICTs for mobile health care. Alongside education, health is a sector where corporations have traditionally been very active, since ensuring a healthy work force is critical to the health of the corporation. Mining companies moreover constitute a large contributor in the housing sector, because licensing agreements require them to provide infrastructure. In addition to the Mining Charter, Codes of Good Practice include a housing and living standards element and scorecard, which addresses the upgrading of employee housing and the conversion of worker hostels to family units (The Department of Minerals and Energy, 2009).

Unevenness of spending

CSI spending is not even across South Africa. Firstly, there are significant variations across the country's nine provinces. Most corporate spending occurs in the country's business hub of Gauteng (65 percent), which is South Africa's smallest province. On average, companies spend more than a quarter (26 percent) of their budget in Gauteng, and just over 30 percent on national projects. Projects in KwaZulu-Natal and the Western Cape are also frequently supported. This compares to only 2 percent of corporate spending in the Northern Cape province. Secondly, social investment continues to have a bias towards urban communities, despite high levels of rural poverty. In 2013, 59 percent of corporate funding was directed towards urban projects and 41 percent to rural ones (Trialogue, 2013). Social investment remains urban-focused because closer proximity allows corporate donors greater interaction with projects, more accountability and opportunities for employee volunteer interaction (Gubic, 2010). Conversely, communities that are not connected to corporate South Africa (be it geographically, as employees, or as customers) – arguably the most marginalised – are frequently not targeted by corporations' strategic CSR. The unemployed, making up over a third of South Africa's population, are often excluded from programmes (Rajak, 2011). Farrell, Hamann and Mackres' (2012) case study of Anglo Platinum's' CSR programmes in Limpopo province moreover highlights that corporations can have simplistic understandings of communities surrounding mines, reading them in geographical and homogenous terms (also see Gardner et al., 2012, on Chevron in Bangladesh). Because of mining companies' dominant interpretation of CSR in terms of CSI, some have argued that they have little impact on the root causes of social problems surrounding the mines, such as mine worker housing or issues pertaining to informal settlements around the mines (Hamann & Kapelus, 2004; Rajak, 2011).

A more nuanced engagement with the notion of community arguably also puts into question the value of the concept of social license. The notion of a social license to operate has become increasingly important in extractive companies' CSR strategies over recent years as a way of engaging with social issues and increasing legitimacy. However, as Owen and Kemp (2013, p.4) persuasively argue, in practice the notion conflates the absence of protest with actual levels of community support, which 'can only be generated through deep knowledge about local culture, contexts, power dynamics and a sophisticated approach to engaging the diversity that exists within communities.' This is because of companies' orientation towards risk management, which the authors see as opposed to the goals and values of sustainable development.

The role of NGOs in CSI delivery

Partnerships between corporations and non-profit organisations are becoming increasingly significant for South African development. In order to reach beneficiaries and communities, corporations often channel their social investment through NGOs and other civil society organisations (CSOs). The recognition, amongst corporations, that opposition from local communities constitutes a business risk moreover renders partnerships with civil society important vehicles for building local community support, strengthening company brand and gaining access to local opinion leaders. Of the R8 billion that the top 200 South African companies alone spent in 2013, 55 percent went to NGOs. Conversely, funding from the corporate sector is becoming ever more vital for the survival of NGOs, especially given successive funding crises and the decrease in foreign donor funding in certain sectors (Mueller-Hirth, 2009). Non-profit organisations in South Africa receive on average 23 percent of their funding from corporations, as compared to 15 percent from government and 15 percent from private individuals (Trialogue 2013).

In practice, corporate donors are often unwilling to fund NGOs' overhead costs: an average 83 percent of funds go to projects (ibid.). This makes budgeting extremely difficult for NGOs, especially those not also funded by international donors or by the government. As noted earlier, advocacy, policy-oriented and progressive human rights programming is rarely funded through CSI – only 39 percent of corporate respondents in a study conducted by Trialogue (ibid.) said they would support such activities. This is echoed in qualitative interview data gathered by the author, where a large number of NGO practioners reported that they found it hard to gain funding for activities that were not concerned with welfare or education. These data can be contrasted with the emphasis in corporate communication on human rights in recent years (also evident in the ISO 26000, in the drafting of which South Africa was very active). Indeed, CSI is often concerned with a specific population's health and welfare where, as in the example of HIV prevention, issues of individual behaviour interconnect with the concerns of capital. Conversely, there is little incentive for a corporation to try to build a citizenry that engages in policy spaces.

However, where NGOs are working with companies to deliver their community development and stakeholder engagement goals, NGOs can come to stand in for communities by voicing what the NGO perceives to be their needs and demands. This might be particularly problematic when communities want to challenge corporate practices but NGOs depend on corporate funding. But broader questions about the nature of NGO-community relationships can be raised, such as whose voices and interests might be left out in these processes of representation and translation.

Impact, monitoring and evaluation

Despite corporate rhetoric about their contributions, the effectiveness of CSR initiatives in development has been questioned. First of all, some of the most significant poverty-related impacts of business have little or no direct association with their CSR activities (Frynas, 2008; Newell & Frynas, 2007). Secondly, CSR negatively contribute to international development because of the lack of empirical evidence about 'what works', the inadequate linking of CSR with international development goals, and the business case for CSR (Blowfield, 2007). The very idea of a 'business case for CSR' can negatively influence the planning and implementation of developmental schemes, because CSR spending can be motivated instrumentally by short-term gains or by the need to obtain government concessions (Frynas, 2008). As noted above, questions also need to be raised about who is taking part in CSR processes, who has power, and who comes to represent stakeholders such as communities. Prieto-Carron et al. (2006) for example argue that underrepresented voices are not well catered for in approaches such as stakeholder management and can be lost in CSR processes. This echoes broader concerns that mainstream CSR is driven by the concerns and priorities of western countries and is therefore not sensitive to the political, economic and social issues faced by people in the majority world. Such critiques have led to calls for a South-centred CSR agenda that can genuinely contribute to sustainable development (Idemudia, 2014)

What is more, due to the relative infancy of impact measurement in CSI – far lacking behind the more sophisticated M&E techniques employed by international donor agencies or international NGOs – it is hard to measure what the 'social return' is for a company and what development contribution they are actually making. The principal evaluation criteria of M&E programmes, as set by the OECD (2005) and adopted by the majority of development agencies active in South Africa, are effectiveness, impact, relevance, sustainability and efficiency. By contrast, CSI funders have tended to focus on the monitoring component of

M&E and on tracking compliance. Debates that have been crucial for international donors and NGOs for a decade or more now are only beginning to take place in the CSI sphere (Mueller-Hirth, 2012). Indeed, despite the importance of terms such as 'impact' and 'effectiveness' in corporate communication, 'M&E […] exists largely to bolster arguments for compliance with BEE' (Nstshabeleng, 2011, para. 7). Currently, about 2 percent of CSI expenditure is spent on M&E. Evaluation in particular has not improved alongside advances in monitoring; activities are monitored but the impact of projects is not always evaluated (ibid.). The most recent Trialogue (2013) study finds that M&E often entails physical site visits and basic documentation of project inputs and outputs, while baseline surveys and longitudinal studies are far less frequently performed to understand impact and outcomes. Moreover, the two are often disconnected. This lagging behind other funders can be attributed to the increased cost that M&E takes for companies, the way that much CSI – contrary to assertions of strategic investment – still takes place in an ad-hoc manner and without adequate project planning, and also that its benefits and implications are not properly understood.

As noted earlier, multisectoral partnerships are becoming ever more significant in South African CSR. Addressing such partnerships directly, Selsky and Parker (cited in Esteves & Barclay, 2011, p. 194) argue that their impact should be evaluated at three levels: 'direct impact on the issue and its stakeholders; impact on building capacity, knowledge or relational capital that can attract new resources; and influence on social policy or system change.' However, Esteves and Barclay (ibid.) find no evidence that mining companies evaluate their partnerships to see whether they constitute strategic investments. Most organisations use simple input-output models that ignore issues such as the complexity of multisectoral partnerships, knowledge gained from partnerships, how partnerships are shaped over time, and how they change according to institutional contexts (ibid.).

Conclusion

In conclusion, what are the key features characterising South Africa's CSR landscape? First, in contrast to the international standard, not all CSR undertaken in South Africa is voluntary: companies effectively will not be considered for contracts if they do not implement BBBEE policies. Moreover, in the mining sector, the charter system ensures that companies must commit to transformation legislation if they are to gain a license to operate. This means, second, that the South African state has a key role in defining and motivating CSR. The involvement of the state and the reliance of corporations on non-profit organisations for the delivery of their CSI programmes imply, third, that the South African development sector is increasingly characterised by complex multisectoral relationships, spanning any combination of government, the private sector, organised labour, non-governmental organisations and community-based groups. Incidentally, this trend is echoed in the language of the recent National Development Plan (National Planning Commission, 2012), which understands partnerships and collaborative governance as a way to make South Africa a more equal and inclusive country. This echoes global debates about inclusive development and the role of business in the post-2015 development agenda.

Fourth, despite the legislative environment described here, South African businesses appear to be driven by more than just compliance in their CSR strategies and CSI programmes. Many working in the sector highlight their commitment to nation building objectives and to the development of an inclusive South Africa. Due to the country's violent and oppressive past, it is corporate citizenship and social investment into community development that are the main interpretations of CSR. Fifth, despite this apparent concern with nation building and the future of South Africa, CSR has not been widened to include core business practices and address the root causes of deepening inequalities. The recent case of the killing of 34 striking miners at Marikana once again brought to attention the poor living and working conditions of miners in South Africa. It clearly demonstrates the need for much wider-reaching socially responsible practices in the extractive sector (and beyond).

What are the implications of these features and how might they impact development? This chapter has sought to provide a critical account, particularly focusing on the relationships that might come to characterise CSR-driven development. Civil society can and must play a role in this regard, not only in terms of holding government accountable but also in pressuring the business community to improve its performance in relation to human rights. However, many non-profit organisations increasingly depend on corporate funding for their own survival. What is more, in the CSR partnership model, NGOs can come to represent and speak for communities in the context of corporate social investment programmes and community development, articulating communities' needs and demands. This can be especially problematic when communities want to challenge corporate practices in relation to working conditions or the environment, but non-profit organisations depend on corporate funding for their own survival. There is then a danger that the voices of communities in relation to corporate South Africa might become further marginalised.

The end of the Millennium Development Goals and the proposed introduction of Sustainable Development Goals (SDGs) have led to renewed policy and academic interest in the role of the private sector in development. The SDGs provide genuine opportunity for businesses to align themselves both with national development priorities and with global sustainable development goals. Progressive and decisive action by corporations is of utmost importance, given the resource wealth of South Africa and the vast socio-economic challenges it faces.

Please cite as

Mueller-Hirth, N. (2016). Corporate Social Responsibility and Development in South Africa: Socio-economic Contexts and Contemporary Issues. In Corporate Social Responsibility in Sub-Saharan Africa (pp. 51-68). Springer International Publishing.

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