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**University of Cape Town**



**Department of Social Development**

**EXPLORING THE EVALUATION METHODS USED IN THE  
CONTEXT OF CORPORATE SOCIAL INVESTMENT  
ACTIVITIES IN SOUTH AFRICA**

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degree of Master of Social Science in Social Development

Faculty of the Humanities

University of Cape Town

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Supervised by: Dr M. G. Booyens

*COMPULSORY DECLARATION*

This work has not been previously submitted in whole, or in part, for the award of any degree.  
It is my own work. Each significant contribution to, and quotation in, this dissertation from  
the work, or works, of other people has been attributed and has been cited and referenced.

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## **ABSTRACT**

Corporate social investment (CSI) has become a key issue for businesses and the social development sector. Since its inception in South Africa, social investment has developed from a donation style approach to a focused intervention that aims to empower its recipients. Corporations are now challenged through legislation and by society to develop programmes that can alleviate some of the social problems affecting the recipients of their CSI programmes. This exploratory study attempts to identify the methods used by businesses to evaluate their recipient programmes. The evaluation of CSI programmes is imperative as there is a need to measure the outcomes, efficiency, quality and the effectiveness of these social investment programmes in the context of social development. The study addresses four research objectives: To explore and describe the nature of current CSI activities of companies in South Africa; to explore and describe the companies' policies relating to the evaluation of their CSI activities; to explore and describe the methods used in the evaluation of companies' CSI activities; and finally, to explore and describe the companies' views on the strengths and the shortcomings of their current policies and methods regarding the evaluation of their CSI activities. In order to respond to these research objectives a web-based quantitative survey was administered to an availability sample group that comprised of 20 companies derived from the South African Grantmakers Directory (2006). The quantitative questionnaire included selection statements and answer choices. Of the 34 quantitative questions, 26 had comment box facilities so that the respondents could provide qualitative data should they wish to clarify their response. One open-ended question was included in the survey to gather responses to research objective four. From the findings it is concluded that the 20 companies use programme evaluation methods to assess their CSI programmes. Most of the companies utilise a needs assessment, whilst a minority use a process evaluation or outcome evaluation. Further research into the relationship between evaluation and the corporate social investment context is recommended. With the current study looking at what methods are used in the evaluation of CSI programmes, it is recommended that further research be conducted into the application, of the programme evaluation methods used by the CSI staff. Based on this further research, the researcher suggests that CSI evaluation guidelines be compiled for use by corporations.

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## **Dedication**

I sincerely dedicate this work to my daughter, Sahara Fern Abrahams. Thank you my angel for accompanying me on this journey. I learn so much from you everyday. Your unconditional love, your fearlessness, your innocence and your explosive laughter motivated me throughout this study- especially during the times when I wanted to give up. My wish for you is that you will strive for excellence and that you enjoy the journeys that life will take you on whilst you try to achieve it. You are my inspiration.

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# Table of Contents

<b>ABSTRACT</b> .....	<b>iii</b>
<b>ACKNOWLEDGMENTS</b> .....	<b>iv</b>
<b>LIST OF TABLES</b> .....	<b>ix</b>
<b>FIGURES</b> .....	<b>ix</b>
<b>CHAPTER 1: INTRODUCTION</b> .....	<b>1</b>
1.1 The Origins of Corporate Social Investment in South Africa .....	1
1.2 The Rationale for the Study .....	2
1.3 Brief Overview of the Literature Review .....	3
1.4 Clarification of Concepts.....	3
1.4.1 Accountability .....	4
1.4.2 Corporate Social Investment .....	4
1.4.3 Corporate Social Responsibility .....	5
1.4.4 Evaluation .....	5
1.4.5 Needs Assessment .....	6
1.4.6 Process Evaluation .....	7
1.4.7 Programme Evaluation .....	7
1.4.8 Programme Evaluation Methods .....	7
1.4.9 One Shot Studies .....	8
1.4.10 Outcome Evaluation .....	8
1.4.11 Stakeholders .....	8
1.5 Research Questions .....	8
1.6 Research Goal.....	9
1.7 Research Objectives .....	9
1.8 Hypotheses .....	9
1.9 Null Hypotheses.....	9
1.10 Research Design and Methodology .....	10
1.10.1 Research Design .....	10
1.10.2 Research Methodology .....	11
1.10.3 Population and Sampling .....	11
1.10.4 Data Collection Method .....	12
1.10.5 Data Collection Tool .....	12
1.10.6 Pilot Study .....	12
1.10.7 Data Analysis .....	13

1.11 Ethical Considerations.....	14
1.11.1 Harm to Experimental Subjects or Respondents	14
1.11.2 Informed Consent	14
1.11.3 Confidentiality	15
1.11.4 Release or Publication of the Findings	15
1.11.5 Authenticity of the Researcher	15
1.12 Structure of Dissertation .....	15
Chapter 1: Introduction	15
Chapter 2: Literature Review	16
Chapter 3: Research Methodology	16
Chapter 4: The Research Findings	16
Chapter 5: Conclusions and Recommendations	16
<b>CHAPTER 2: LITERATURE REVIEW.....</b>	<b>17</b>
2.1 Introduction.....	17
2.2 The Development of Corporate Social Investment in South Africa.....	17
2.2.1 The Tax Environment	20
2.2.2 The Broad-based Black Economic Empowerment Act (B-BBEE Act)	20
2.2.3 Corporate Social Investment and the B-BBEE Scorecard	21
2.3 Defining Corporate Social Investment .....	22
2.4 Theoretical frameworks associated with Corporate Social Investment.....	24
2.4.1 Introduction	24
2.4.2 Political theories of Corporate Social Investment	24
2.4.3 Instrumental theories of Corporate Social Investment	27
2.4.4 Integrative theories of Corporate Social Investment	29
2.5 The Need to Evaluate the Activities of Corporate Social Investment Programmes.....	31
2.5.1 Introduction	31
2.5.2 Approaches to Programme Evaluation	33
2.5.3 Methods Used in Programme Evaluation	33
2.6 Summary.....	39
<b>CHAPTER 3: RESEARCH METHODOLOGY.....</b>	<b>40</b>
3.1 Introduction.....	40
3.2 Research Design .....	40
3.2.1 Research Approach	41
3.2.2 Research Type	41
3.2.3 Thinking Process	41
3.3 Research Methodology.....	42
3.3.1 Population	42
3.3.2 Sampling	42
3.3.3 Data Collection Method	45
3.3.4 Data Collection Questionnaire	46

3.3.5 <i>Pilot Study</i>	50
3.3.6 <i>Data Analysis</i>	52
3.4 <b>Limitations of the Research Design and Methodology .....</b>	<b>53</b>
3.4.1 <i>Research Design</i>	53
3.4.2 <i>Sample size</i>	53
3.4.3 <i>Data Collection Method</i>	53
3.4.4 <i>Data Collection Tool</i>	54
3.4.5 <i>Validity</i>	55
3.4.6 <i>Reliability</i>	55
3.4.7 <i>The Researcher</i>	55
3.5 <b>Problems Encountered during the Study.....</b>	<b>55</b>
3.6 <b>Summary.....</b>	<b>56</b>
<b>CHAPTER 4: FINDINGS AND DISCUSSION .....</b>	<b>57</b>
4.1 <b>Introduction.....</b>	<b>57</b>
4.2 <b>The Nature of Current Corporate Social Investment Activities of the 20 South African Companies... 57</b>	
4.2.1 <i>The Provincial Location of Corporate Social Investment Programmes</i>	58
4.2.2 <i>Factors that Determine the Company's Corporate Social Investment Budget</i>	60
4.2.3 <i>Allocation of the Company's Corporate Social Investment Budget</i>	61
4.2.4 <i>Factors that Influence the Company's Choice of Corporate Social Investment Programme(s)</i>	63
4.2.5 <i>Types of Corporate Social Investment Activity</i>	65
4.3 <b>Companies' Policies Relating to the Evaluation of their Corporate Social Investment Activities..... 66</b>	
4.3.1 <i>The Experience Required from the Staff Involved in the Corporate Social Investment Programme(s)</i>	67
4.4 <b>Methods Used to Evaluate the Companies' Corporate Social Investment Programme(s) .....</b>	<b>68</b>
4.4.1 <i>Needs Assessment</i>	70
4.4.2 <i>Process Evaluation</i>	75
4.4.3 <i>Outcome Evaluation</i>	80
4.5 <b>The Strengths and the Shortcomings of the Companies' Current Policies and Methods Regarding the Evaluation of their Corporate Social Investment Activities .....</b>	<b>85</b>
4.5.1 <i>A Lack of Capacity</i>	86
4.5.2 <i>Difficulties with the Evaluation Process</i>	86
4.6 <b>Summary.....</b>	<b>87</b>
<b>CHAPTER 5: CONCLUSION AND RECOMMENDATIONS .....</b>	<b>89</b>
5.1 <b>Introduction.....</b>	<b>89</b>
5.1.1 <i>Conclusion 1: The nature of current CSI activities</i>	90
5.1.2 <i>Conclusion 2: Companies' Policies relating to the Evaluation of their Corporate Social Investment Activities</i>	90
5.1.3 <i>Conclusion 3: Methods used to Evaluate Companies' Corporate Social Investment Activities</i>	91
5.1.4 <i>Conclusion 4: Companies' Views of the Strengths and the Shortcomings of their Current Policies and Methods regarding the Evaluation of their Corporate Social Investment Activities.</i>	91

<b>5.2 Recommendations .....</b>	<b>92</b>
<i>Recommendation 1: Corporations: The Corporate Social Investment Staff</i>	92
<i>Recommendation 2: Corporations: Corporate Social Investment Budget Allocation</i>	92
<i>Recommendation 3: Corporations: The Methods of Evaluation used to Evaluate Corporate Social Investment Programmes</i>	92
<i>Recommendation 4: Corporations: Developing a National Benchmarking System for Corporate Social Investment Programmes</i>	93
<i>Recommendation 5: Further Research</i>	93
<b>Bibliography .....</b>	<b>94</b>
<i>Appendix 1: Forms of Corporate Social Investment Interventions</i>	104
<i>Appendix 2: Survey Cover Letter to Respondents</i>	106
<i>Appendix 3: Telephonic Pre-notification schedule</i>	110
<i>Appendix 4: Pilot Study Telephonic Introduction and Questionnaire regarding the Survey</i>	112
<i>Appendix 5: Electronic Questionnaire</i>	116

University of Cape Town

## **LIST OF TABLES**

Table 1: Broad-Based Black Economic Empowerment Balanced Generic Scorecard	21
Table 2: Availability Sampling Process	44
Table 3: The Provincial Location of Corporate Social Investment Programmes of the Participant Companies	58
Table 4: Companies' Corporate Social Investment Budget Allocation	62
Table 5: An Indication of who Conducts the Evaluation for the 11 Companies who use a Needs Assessment Evaluation Method	72
Table 6: Intended Objectives of the Companies and an Indication of their Collaborations in order to Achieve these Objectives	73
Table 7: The Statements Selected by the Seven Companies who use a Process Evaluation Method	77
Table 8: Uses of the Information derived from the Corporate Social Investment Programme Evaluation by the Seven Companies who utilise a Process Evaluation	79
Table 9: The Statements Selected by the Six Companies who use an Outcome Evaluation Method	82
Table 10: An Indication of the uses of the Information by the Six Companies who use an Outcome Evaluation Method	83
Table 11: The Statements Selected by the Six Companies who use an Outcome Evaluation	84

## **FIGURES**

Figure 1: Factors that Determine the Companies' Corporate Social Investment Budget Allocation	60
Figure 2: Influences in the Company's Choice of Corporate Social Investment Programme(s)	64
Figure 3: Types of Corporate Social Investment Programmes	65
Figure 4: Identifying who Conducts the Evaluation of Corporate Social Investment Programme(s) for the Companies	66
Figure 5: An Indication of the Work Experience of Corporate Social Investment Staff Employed by the Companies	68
Figure 6: Evaluation Methods used to Evaluate the Companies' Corporate Social Investment Programme(s)	69
Figure 7: Methods used by the Companies' to Identify the Recipient's Needs	71
Figure 8: Factors that Inform the Corporate Social Investment Programme(s) Objectives	74
Figure 9: Assistance Provided by the Recipients to the Corporate Social Investment Programme(s) Staff	76
Figure 10: An Indication of when and how often Evaluations are Conducted by the Companies who use a Process Evaluation	78

# CHAPTER 1: INTRODUCTION

## 1.1 The Origins of Corporate Social Investment in South Africa

The history of corporate social investment (hereafter referred to as CSI) in South Africa begins in the 1970s when companies first became involved in communities (Moses and Voorhes, 1991). Traditionally, businesses defined themselves purely as economic bodies whose focus was to enhance the profits for the company. Today, however, corporates<sup>1</sup> are being called upon by the South African government to play a broader role in society by becoming responsible corporate citizens to those communities affected and influenced by the business' operations. In 2001 at the Corporate Social Responsibility (CSR) forum, Dr Zola Skweyiya, the Minister for Social Development gave a keynote address, in which he stated that,

“An essential part of this process [referring to the forums process] is government's role in facilitating an enabling environment for corporate social investment. The aim of developing a partnership between business and government in the area of socio-economic delivery, without creating dependency by government structures on business assistance is still valid today” (Skweyiya, 2001).

The sentiments of Minister Skweyiya were then reflected in the introduction of the Broad-Based Black Economic Empowerment Act (no. 53 of 2003) (hereafter referred to as the B-BBEE Act). Under this Act businesses became more accountable for their business activities by being required to measure the performance of the business against a scorecard which included criteria to measure the extent to which the enterprise contributed to the B-BBEE Act. The Act encourages companies to be active within social development programmes and the communities that are directly influenced by the company's business activities.

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<sup>1</sup> For the purposes of this research the terms, corporate(s), company (s), companies, business(es) and enterprise are used interchangeably

CSI programmes fall under the socio-economic development pillar in the B-BBEE scorecard. Through CSI, businesses are called upon to operate in a manner that is beneficial to the communities in which they operate (Njenga and Smit, 2007). The businesses' programmes aim to meet the requirements in the B-BBEE scorecard through their everyday operations as well as their CSI programmes. However, the difficulty most CSI managers face is that there are no set standards against which they can measure the efficacy, efficiency or quality of their various CSI programmes (Njenga and Smit, 2007). This means that the CSI activity could take place without generating meaningful results for the recipients of the programme.

The difficulty in evaluating recipient CSI programmes is supported by CSI specialists and practitioners such as Reana Rossouw. In her keynote address at the 2007 Corporate Social Responsibility conference<sup>2</sup>, Ms Rossouw stated that in light of the current context of large scale poverty and inequality in South Africa and along with the governments' mandate to partner with business to face these challenges, it becomes necessary for CSI practitioners and stakeholders to look deeper into CSI programmes, with a specific focus on how corporates are evaluating their various social investment activities.

## **1.2 The Rationale for the Study**

The main purpose of this study is to explore what methods are used to evaluate CSI activities in South Africa.

Prior to the selection of this research topic, the researcher conducted a brief overview of the CSI sector and realised that very little research had been conducted on the evaluation methods used to evaluate the recipient CSI programme(s). Thus, the researcher selected this study topic in order to make a contribution towards addressing the gap in knowledge on the evaluation of CSI programmes in South Africa.

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<sup>2</sup> Conference theme "Being a good corporate citizen: Corporate Social Responsibility Conference" held in Midrand, Johannesburg, 29-30 May 2007. Personal Notes.

The need to evaluate programmes is important because evaluations aim to improve the programme's administration and service delivery by identifying areas within the programme that need to be modified in order to enhance the quality and effectiveness of the programme (Unrau, Gabor and Grinnell, 2007). Secondly, programme evaluations contribute to the evidence-base of social services (Unrau *et al.* 2007) which is particularly relevant for CSI practitioners because the evaluation of CSI programmes is an emerging area in South Africa's CSI practice. Furthermore, programme evaluation is of importance because it develops measurable objectives for each cycle of the programme. Through these objectives, programme administrators become accountable for the quality of service provided.

Without evaluation the efficacy and quality of the CSI activity cannot be recognised. It is therefore imperative that evaluation methods are used to assess the outcomes, efficiency, effectiveness and quality of the company's various CSI activities. This research study aims to identify what evaluation methods are currently used by South African companies when evaluating their CSI activities.

### **1.3 Brief Overview of the Literature Review**

The literature review set out in Chapter two, uncovers the history of CSI practice in South Africa from the 1970s. In the post-democratic era in South Africa, policy and legislation have further influenced the implementation of corporate giving in South Africa. The policies and legislation post-1994 are therefore discussed. Lastly, theories that underpin CSI and its contribution to socio-economic development as well as methods of programme evaluation are considered.

### **1.4 Clarification of Concepts**

The following concepts are used in this dissertation. The definition of each concept indicates how these concepts are employed within this study. The concepts have been arranged alphabetically.

### **1.4.1 Accountability**

Accountability is defined as “a system of responsibility in which programme administrators account for all programme activities by answering to the demands of programmes stakeholders and by justifying the programme’s expenditures to the satisfaction of its stakeholders” (Unrau *et al.* 2007: 193). Njenga and Smit (2007) describe accountability as the demand on companies by stakeholders to take a more holistic approach in their business activities. Accountability provides “...business leaders with the challenge to develop a business case wherein profitability in the shorter term is balanced with sustainability for the sake of the greater social good” (Njenga and Smit, 2007: 83). According to these authors, “a responsible company builds a socially responsible business case and takes pride in the opportunity to share it with stakeholders that matter” (Njenga and Smit, 2007: 83).

When comparing these two definitions of accountability there are similarities as both emphasise a transparent method of reporting to those that are affected by the business’ activities. However, for the purposes of this research, the definition provided by Njenga and Smit (2007) is adopted as it is more applicable to CSI because it considers the needs of both the businesses’ and the recipient(s).

### **1.4.2 Corporate Social Investment**

The concept of CSI can be defined as the way in which companies care for the well-being of the social and ecological environment of the communities in which they operate. Companies are therefore seen to “invest in a variety of ways in the advancement of certain socially and/or environmentally, defined needs, projects or causes extraneous to their regular business activities” (Njenga and Smit, 2007: 4).

However, for the purposes of this research, the definition of CSI as stated in the B-BBEE Act is used, as the definition is recognised nationally by South African companies. Therefore, CSI

is defined “as those contributions<sup>3</sup>, to society and the community by an enterprise, that are extraneous to its regular business activities” (Codes of Good Practice, 2007). The application of this definition is described further in Chapter two Section two.

### **1.4.3 Corporate Social Responsibility**

Corporate social responsibility (CSR) refers to the accountability of companies, to both shareholders and stakeholders, for their utilisation of resources such as their production methods, the treatment of their workers and consumers and their impact on the social and ecological environment in which they operate. In addition, the way the company enacts its legal and fiduciary duties is encompassed under the term corporate social responsibility (Njenga and Smit, 2007). Carroll and Buchholtz (2002) suggest that, “corporate social responsibility encompasses the economic, legal, ethical, and philanthropic expectations placed on organisations by society at a given point in time” (Carroll *et al.* 2002 in Henningfeld and Pohl and Tolhurst, 2006: 6).

Carroll’s *et al.* (2002) definition of CSR is followed in this research as the authors differentiate CSR into “four interrelated aspects, economic, ethical, legal, and philanthropic” (Carroll *et al.* 2002 in Henningfeld *et al.* 2006: 6). Carroll states that true social responsibility requires the meeting of all four levels consecutively (Carroll *et al.* 2002 in Henningfeld *et al.* (2006).

### **1.4.4 Evaluation**

Evaluation plays an integral role in the implementation of social service programmes. Not only does evaluation address the need for legitimacy but also the desire for accountability. The results of evaluations inevitably affect both the organisations and the communities that are

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<sup>3</sup> CSI contributions can vary from once-off donations through to 5 year programmes. The researcher is cognizant of the vast differences between these types of contributions and has for the purposes of this research used the following terms interchangeably, to refer to all of the various CSI contributions; ‘various CSI programmes’, ‘recipient CSI programmes’ and ‘various CSI activities.’

influenced by the services or products of businesses. Through evaluation, businesses can assess their programmes to see whether their actions are addressing their company's objectives (Njenga and Smit, 2007).

Weber and Polansky (1975) argue that "evaluating a social service intervention...involves delineating: what exactly was done; with whom; under what circumstances; by whom; at what point in time; with what results; from whose perspective; and whether the benefits were worth the price paid" (Weber, *et al.* 1975: 183). However, this definition does not consider examining the unintended outcomes and it does not define the term "price paid" as it may refer to more than a monetary cost.

Posavac and Carey (2007) define evaluation as a collection of methods and skills necessary to determine, whether a human service is needed and likely to be used; whether the service is sufficiently intensive to meet the unmet needs identified; whether the service is offered as planned and whether the service actually does help people in need at a reasonable cost without unacceptable side effects. The definition offered by Posavac *et al.* (2007) is adopted in this research as it alludes both to the cost-efficiency of a programme as well as the assessment of the intangible impact that a programme may have in a community that cannot be easily quantified.

#### **1.4.5 Needs Assessment**

A needs assessment can be defined as a type of programme evaluation that is designed to identify stakeholder problems, determine their extent, define the target population to be served and the nature of their service needs (Rossi, Lipsey and Freeman, 2004). Posavac *et al.* (2007) defines a needs assessment as the measurement of a discrepancy between what is and what should be. The definition offered by Rossi *et al.* (2004) is utilised in this dissertation as the definition encompasses the aspects suggested by Posavac *et al.* (2007) but also includes the determination and extent of the recipient's needs.

#### **1.4.6 Process Evaluation**

Process evaluation is a type of programme evaluation that involves the examination of service delivery and the administrative systems that support the delivery of the services to a target population (Unrau *et al.* 2007). A family of approaches exists in process evaluation to examine both the service delivery and the administrative components of the programme. The two methods that are most frequently used in process evaluation are programme monitoring and one shot studies (Unrau *et al.* 2007).

#### **1.4.7 Programme Evaluation**

The concept 'programme evaluation' is defined as the examination and analysis of programme components namely, the resources, activities, outputs (products and services delivered) and the outcomes (Wholey, Hatri and Newcomer, 2004).

Epstein, Tripodi and Fellin (1973) further define programme evaluation as the "use of a variety of facts for providing information about the achievement of programme requisites and goals relative to efforts, effectiveness and efficiency" (Epstein, *et al.* 1973: 65). This definition provided by Epstein *et al.* will be used in this dissertation as the definition encompasses an analysis of programme efforts which refers to the "description of the type and quantity of programme activities; programme effectiveness which concerns the intended and unintended outcomes; and finally, programme efficiency which determines the costs of achieving these outcomes" (Meston, 1993).

#### **1.4.8 Programme Evaluation Methods**

Programme evaluation methods are defined as the techniques used to assess the various stages of programme development and implementation (Rossi *et al.* 2004). The methods include a needs assessment, process evaluation and outcome evaluation (Rossi *et al.* 2004).

#### **1.4.9 One Shot Studies**

The one shot study is implemented once-off during the course of the programme. One shot studies can be utilised in both new and established programmes to question how well the programme is organised, the quality of its services and the success to which the programme is reaching its target population (Rossi *et al.* 2004). The definition offered by Rossi *et al.* (2004) is adopted in this study.

#### **1.4.10 Outcome Evaluation**

This method of programme evaluation is defined as the evaluation approach used to assess whether the desired outcomes were attained in the social condition that it addresses (Rossi *et al.* 2004). The definition offered by Rossi *et al.* (2004) is used in this research.

#### **1.4.11 Stakeholders**

Clarkson's (1995) definition of stakeholders is implemented in this research study. Clarkson (1995) defines stakeholders as individuals, groups, communities or organisations that have a significant interest in and/or are affected by how well a programme functions. Clarkson (1995) identifies two levels of stakeholder. The primary stakeholder is a group without whose continuing participation the corporation cannot survive. This group of stakeholders usually consists of shareholders, investors, employees, government and suppliers (Clarkson, 1995). The secondary stakeholders are defined as those who "influence or affect or are influenced or affected by the corporation but they are not engaged in transactions with the corporation and are not essential for its survival" (Clarkson, 1995).

### **1.5 Research Questions**

- 1) What is the nature of current CSI activities of South African companies?
- 2) What are companies' policies relating to the evaluation of their CSI activities?
- 3) What methods are used to evaluate companies' CSI activities?

- 4) What are companies' views of the strengths and the shortcomings of their current policies and methods regarding the evaluation of their CSI activities?

### **1.6 Research Goal**

To explore evaluation methods used in the context of corporate social investment activities in South Africa.

### **1.7 Research Objectives**

- 1) To explore and describe the nature of current CSI activities of companies in South Africa.
- 2) To explore and describe companies' policies relating to the evaluation of their CSI activities.
- 3) To explore and describe methods used in the evaluation of companies CSI activities.
- 4) To explore and describe what companies view as the strengths and the shortcomings of their current policies and methods regarding the evaluation of their CSI activities.

### **1.8 Hypotheses**

- 1) Companies' have policies relating to the evaluation of their CSI activities.
- 2) Companies' evaluate their CSI activities.
- 3) Companies' utilise programme evaluation methods to evaluate their CSI activities.

### **1.9 Null Hypotheses**

- 1) Companies' do not have policies relating to the evaluation of their CSI activities.
- 2) Companies' do not evaluate their CSI activities.
- 3) Companies' do not utilise programme evaluation methods to evaluate their CSI activities.

## **1.10 Research Design and Methodology**

### **1.10.1 Research Design**

The research design is the plan that indicates how the research will be conducted in order to address the research topic. The research design and methodology are also planned with the intention of meeting the research objectives. The research design components are the: approach, type, purpose and thinking process. These components shall now be discussed briefly.

In undertaking this research, a quantitative approach was adopted as a suitable approach to answer the research objectives. In such research designs the rigidity and sampling methods applied suggest that the data generated can limit researcher bias during the analysis process. The researcher played an objective role in this research. The emphasis on limiting researcher bias and promoting objectivity during the analysis process is the motivation for selecting a quantitative approach in this current study (Terre Blanche, Durrheim and Painter, 2006). The researcher's approach to data analysis was deductive as the researcher developed theories about her topic of interest, and then narrowed down the theories to specific hypotheses presented in 1.8 (Mouton 1996). Following which, the researcher collected data to address the research questions and hypotheses in order to confirm (or not) her original theories (Mouton, 1996).

Since the researcher aims to make a contribution toward addressing the gap of knowledge on the evaluation of CSI activities in South Africa, the type of research used in this dissertation is 'basic.' According to Terre Blanche *et al.* (2006) basic research is driven by the researcher's curiosity or interest in a specific area. The main motivation of basic research is to expand the knowledge base as opposed to applied research which aims to create or invent something (Mouton, 1996). This is true of the current study which aims to acquire information that can contribute to the knowledge base about CSI evaluation methods.

The main purpose of this study is to explore and describe methods used to evaluate CSI activities in South Africa. The aims in exploratory studies are, “to gain new insights into the phenomenon and to undertake a preliminary investigation prior to a more structured study of the phenomenon” (De Vos, 1998: 124). In addition, the research is partly descriptive in nature as it describes data and characteristics about the population or phenomenon being studied (Terre Blanche *et al.* 2006).

### **1.10.2 Research Methodology**

The research methodology comprises of the population; the sampling method; the data collection method and tool; and the data analysis methods that are used in the study. Chapter three has comprehensive detail on the research methodology employed in this study.

Data collection occurred in two phases. Firstly, desktop research was conducted in order to describe and explore the CSI context. The outcomes of the desktop research are included in the literature review. Secondly, a survey was conducted using a questionnaire as this was considered to be the most efficient method of gathering data from the sample population who are located nationally. Furthermore, the research indicated that the CSI managers who would be completing the questionnaire would have limited time available, and thus a questionnaire would be much quicker to complete than participating in one-on-one interviews. However, in order to gain some qualitative data to supplement the quantitative findings, comment facilities were made available for 26 questions in the survey. In addition, question 20 was open-ended so that the challenges, strengths and shortcomings of the CSI evaluation methods could be captured.

### **1.10.3 Population and Sampling**

The population was derived from the South African Grant Makers Association (SAGA) 2006 directory which lists 192 companies that were considered to have active CSI programmes. The use of this directory in this research was pertinent as all the companies listed were involved in corporate social investment programmes in 2006.

The use of the total population (192) was decided upon after a discussion with a statistician (Professor Timothy Dunne) who indicated that the use of an electronic survey in research usually has a poor response rate. Professor Dunne's view is corroborated by authors such as Unrau *et al.* (2007). Thus, the total population of 192 was used as the sample group in this study. However, the initial telephone conversation (See Appendix 3) that requested their participation eliminated 150 individuals for a variety of reasons detailed in Chapter three, Table 2. With 42 participants left, several attempts were made to maintain this number of participants. However, only 20 companies participated in the end, despite precautionary measures taken to ensure a larger sample group. The method of sampling employed in this research is known as availability sampling because the sample group is "available or easy to find" (Engel and Schutt, 2005).

#### **1.10.4 Data Collection Method**

A survey method was used in this research, as this method, is in theory particularly fast, efficient and useful in gathering opinions from many people from various geographical locations (Unrau *et al.* 2007).

#### **1.10.5 Data Collection Tool**

A web-based questionnaire was used to collect data for this research. The companies completed a thirty minute electronic questionnaire which generated data to answer the main research questions. In total there were 35 questions, of which 26 included comment box facilities for use by the respondents in case they wished to clarify their quantitative response. One open-ended question (question 20) was included to capture more detailed information on the evaluation methods used for CSI activities.

#### **1.10.6 Pilot Study**

A pilot study involves trying out a measuring instrument on a small number of persons having characteristics similar to those of the target group of respondents (Singleton, *et al.* 1988). Five CSI managers who were not part of the sample constituted the pilot study group. All five

agreed to participate in the pilot. The value of the pilot study was that the success and effectiveness of the investigation were improved. The researcher had an opportunity to test the telephonic introduction and electronic survey with the kind of respondents utilised in the main investigation. Comments and criticisms of the wording, the physical appearance, scales of measurement, spacing and layout ensured that these areas were improved prior to the administration of the questionnaire.

Only two out of the five CSI managers who were asked to participate in the pilot study, completed the survey and answered the pilot study questions in the time allocated. Based on the learning's from the pilot study, the telephonic introduction was reduced in length. Further detail on the outcomes and adjustments made from the pilot study is described in Chapter three.

The construction of the electronic survey was informed by a literature review, two CSI diagnostic tools, as well as interviews conducted with two CSI practitioners namely, Reana Rossouw from Next Generation Consultants (2008) and Gill Siebert from Trialogue (2008). The insights of these practitioners into the activities of CSI programmes helped the researcher to shape relevant questions.

#### **1.10.7 Data Analysis**

The data collected through the electronic survey was analysed using the methodology suggested by authors Terre Blanche *et al.* (2006). Using the three step process to prepare the data, the data was first coded into a numerical format. The data was then entered into a format that could be analysed by Microsoft Excel. Following this the data was then cleaned, to check for errors in the coding and the initial stages of data preparation. At this point, the data was considered ready for analysis using basic excel functions.

The qualitative data that was generated for the one open ended question in the survey was analysed using the Tesch (1990) approach to qualitative data analysis. Thus, after thoroughly

reading the data, common themes and sub-categories were identified. These themes were then rechecked and finally a framework for analysis was developed.

### **1.11 Ethical Considerations**

Ethical issues have to be addressed in all social research studies. According to Cohen *et al.* (2001), each research undertaking is unique, and the conduct of researchers cannot be forced into a system of ethics, because each situation offers different possibilities. There are certain rules however, that are important and the researcher tried to abide by these while conducting this research. The following authors have been referred to for this discussion on ethical considerations: Cohen *et al.* (2001), De Vos (1998), and Schwab (1999).

#### **1.11.1 Harm to Experimental Subjects or Respondents**

De Vos (1998) maintains that participants can be harmed physically and/or emotionally in research and that it is the responsibility of the researcher to protect the respondent from harm of whatever nature. The researcher acknowledges the importance of anonymity throughout the research process, firstly to reduce the potential of harm and secondly, to protect the identity of the respondent. In order to ensure anonymity the researcher has used pseudonyms to conceal the respondents' identity and the companies. For further detail on the use of pseudonyms please see the section 1.11.3 Confidentiality.

#### **1.11.2 Informed Consent**

The research was undertaken with the respondents' informed consent. Respondents were made aware of the research purpose, the research objectives and the academic institution involved through an initial telephone call (Appendix 3). Those respondents that agreed to participate in the study during the telephone call were sent an email (Appendix 2) which again stated the research objectives, research purpose and the academic institution involved.

### **1.11.3 Confidentiality**

The privacy of the information imparted in the survey was guaranteed by a clause in the email (Appendix 2) that was sent to those respondents that agreed to participate in the survey. The email explicitly stated that the information provided by the respondent would be considered confidential. Respondent names would therefore be referred to by the numbers that are automatically assigned to the respondent on completion of the survey. These numbers were used as pseudonyms for the respondents, specifically during the analysis of the qualitative data that emerged from question 20.

### **1.11.4 Release or Publication of the Findings**

The findings will be published in the form of a research dissertation that will be shelved in the University of Cape Town library. In addition, an article on the research will be co-authored with the supervisor of the study and submitted to a journal for possible publication.

### **1.11.5 Authenticity of the Researcher**

Throughout the research process, the researcher conducted herself in a manner that was professional and respectful.

## **1.12 Structure of Dissertation**

### ***Chapter 1: Introduction***

This chapter provides a basic introduction to and overview of the research. It begins by explaining why CSI is significant and worthy of study. The chapter is structured in the following manner; firstly a brief overview of the literature review is offered, followed by, the rationale for the study; the clarification of concepts; the research questions and goals; the objectives; the hypotheses and null hypotheses; the research design and methodology and finally the ethical considerations.

## ***Chapter 2: Literature Review***

The literature review considers a history of CSI practice in South Africa and the development of CSI under the influence of policy and legislation in the post-democratic era in South Africa. Theories of CSI and methods of programme evaluation are then discussed.

## ***Chapter 3: Research Methodology***

The third chapter focuses on the methodological aspects of the research that was conducted. The research design, sample and sampling method, the pilot study, method of data collection and data analysis are each discussed before considering the limitations and problems encountered in the current study.

## ***Chapter 4: The Research Findings***

This chapter provides an overview and a discussion of the results. It presents the basic demographic and background details of the participating firms. The findings in relation to each of the main research questions is presented and analysed in a logical and succinct way. The quantitative data is analysed through comparing and contrasting the findings with the literature set out in Chapter two.

## ***Chapter 5: Conclusions and Recommendations***

This final chapter provides conclusions to the hypotheses and the research objectives, as well as recommendations, based on the findings and conclusions.

# CHAPTER 2: LITERATURE REVIEW

## 2.1 Introduction

CSI has developed progressively since its first introduction in South Africa in the early 1970s. Today, corporates play an active role in contributing to the socio-economic transformation and development of South Africa through their CSI initiatives.

The chapter will discuss the development of CSI in South Africa as it is recognised today. Further discussion in this chapter includes differentiating between CSI and CSR, as well as describing the legislative and theoretical frameworks that influence CSI activities. Following this, an in-depth description of programme evaluation methods, which are applicable to the CSI activities in South Africa are described. Owing to the dearth of knowledge on CSI activities in the South African context, the literature review relies heavily on two sources, namely, The CSI Handbook published by Trialogue and secondly, Njenga and Smit (2007).

## 2.2 The Development of Corporate Social Investment in South Africa

In 1972, the concept of corporate community giving was introduced to local South African companies by Meyer Feldberg (The CSI Handbook, 2007). The initial introduction of corporate giving to communities required local companies to emulate the American companies who were already involved and supporting the communities that were affected by or contributed to the company's operations (Sethi, 2000). In 1976, the Urban Foundation was formed and maintained by prominent South African businesses to assist in developing houses and providing education within deprived communities (The CSI Handbook, 2007).

Between the 1970s and 1994, South African companies became inspired by the activities of the American companies and began to formalise their corporate giving. The mid-eighties saw many of South Africa's leading companies forming charitable trusts and foundations to manage their donations (Rockey, 1998). These foundations were a means of distancing CSI activities from core business activities so that the social conscience of CSI was separated from

the business activities which allowed the economic activities of businesses to continue unhindered by the philanthropic aims of these bodies (The CSI Handbook, 2007).

The pre-democratic era was characterised by a welfare style of corporate giving which meant that after allocating funds, businesses merely monitored the funds, to see that they were spent as intended rather than monitoring the project itself (The CSI Handbook, 2007). From 1994 to 2004 corporate giving moved away from a welfare style to a strong developmental approach amidst the political rebirth which introduced new policies, institutions and structures (Rockey, 1998). Global pressure via the media and the new government's vision indicated that being seen as a socially responsible citizen would contribute substantially to a corporate's reputation. As a result companies embraced their role in social development as they could also indirectly gain from their CSI activities (The CSI Handbook, 2007).

By the late 1990s, CSI programmes took the form of legally constituted foundations, dedicated CSI departments, and staff members with expertise in the field of social development who were employed to manage the CSI function (The CSI Handbook, 2007). Some companies were seen to isolate their CSI activities in their foundations, while other progressive companies found ways for CSI to “work more closely with the business itself through decision making, employee volunteer programmes and integrating CSI into the ethos of the business culture” (The CSI Handbook, 2007: 14).

Post-1994 highlighted a more strategic approach to social investment activities as companies actively sought projects that had a logical fit with their core business or that were in close geographical proximity to the company's operations. The motivation for businesses' participation in social investment activities was to uplift those specific communities that were influenced by their business operations. In light of this, the number of CSI activities undertaken by companies was reduced but the few programmes that were focused on were larger in size and produced measurable results (Sethi, 2000).

Between the years 2004 and 2007 the focus of CSI activities in South Africa shifted away from being a voluntary exercise to one where the act of social giving was formalised through regulatory and legislative frameworks (The CSI Handbook, 2007).

As mentioned above, CSI has been influenced through legislation and policy frameworks. The discussion that follows presents legislation that is highly influential in the development and implementation of CSI programmes.

The above research is important as it indicates the development of CSI in South Africa. The researcher believes that some of these characteristics will reflect in the findings of the research.

### **2.3 Legislation and Policies for Corporate Social Investment in South Africa**

Post-1994 saw the development of CSI which was influenced by policy and legislation. By 2004 legislation such as the B-BBEE Act (no. 53 of 2004) was introduced by the South African government. This Act along with the Codes of Good Practice (2007) developed by the Department of Trade and Industry (dti), aimed to assist in the transformation and alignment of business practices with South Africa's social development agenda (Njenga and Smit, 2007).

In 2002, the corporate sector was introduced to the notion of the triple-bottom-line through the King Report on Corporate Governance for South Africa 2002 (King II) (Njenga and Smit, 2007). King II expanded upon the recommendations for good governance in the first King Report on Corporate Governance of 1994. King II highlighted the reporting of social and environmental management as an integral strategy of corporate governance (Njenga and Smit, 2007). According to the authors Njenga and Smit (2007), most South African companies are aligning their CSI practices to the notion of the triple-bottom line.

### ***2.2.1 The Tax Environment***

The Tax Laws Amendment Act (no. 30 of 2002) provided a tax deductibility status for companies involved in developmental activities (The CSI Handbook, 2007). In the years preceding the year 2002, tax deductibility was only possible for those funds spent on education initiatives. However, the Tax Laws Amendment Act (2002) provided tax deductibility for those companies who spent funds on pre-primary schools, HIV/AIDS, vulnerable children and the elderly (The CSI Handbook, 2007).

### ***2.2.2 The Broad-based Black Economic Empowerment Act (B-BBEE Act)***

The Broad-based Black Economic Empowerment Act (no. 53 2003) (B-BBEE Act) mandated by the dti included a set of Codes of Good Practice and a scorecard. The B-BBEE Act and Codes provided the rules of engagement for broad based empowerment and transformation of the corporate sector (Njenga and Smit, 2007). The scorecard developed by the dti measured the extent to which the enterprise contributed to the B-BBEE Act (Njenga and Smit, 2007).

The inclusion of CSI in the Codes introduced new priorities for companies and CSI practitioners (Njenga and Smit, 2007). The Codes constituted the first step in implementing a co-ordinated national regulatory framework that covered seven key transformation elements namely, ownership, management control, employment, equity, skills development, preferential procurement, enterprise development and socio-economic development (The CSI Handbook, 2007). The Codes specified targets for each of the seven elements which companies could use to direct their transformational efforts (The CSI Handbook, 2007). This scorecard, first published in the Government Gazette of 9 February 2007 is depicted below:

Table 1: Broad-based black economic empowerment- balanced generic scorecard

Code	Element	Weighting
100	<b>Ownership</b> (measures effective ownership of enterprises by black people)	20 points
200	<b>Management control</b> (measures effective control of enterprises by black people)	10 points
300	<b>Employment equity</b> (measures initiatives to achieve equity in the workplace)	15 points
400	<b>Skills development</b> (measures the extent to which employers carry out initiatives designed to develop the competencies of black employees)	15 points
500	<b>Preferential procurement</b> (measures the extent to which enterprises buy goods and services from BEE-compliant suppliers as well as black-owned entities)	20 points
600	<b>Enterprise development</b> (measures the extent to which enterprises carry out initiatives contributing to enterprise development)	15 points
700	<b>Socio-economic development</b> (measures the extent to which enterprises carry out initiatives contributing to socio-economic development)	5 points
	Total	100 points

Source: Government Gazette February 2007

Compliance with the B-BBEE scorecard is now mandatory for those companies who want to do business with government. Even companies that do not deal directly with government, are likely to feel the need to comply as other businesses may ask for the B-BBEE policies and ratings a company has, before partnering with them (The CSI Handbook, 2007).

### ***2.2.3 Corporate Social Investment and the B-BBEE Scorecard***

Code 700 incorporates and encompasses CSI in the B-BBEE scorecard and defines CSI in clause 3.2.1 as “monetary or non-monetary contributions actually initiated or implemented in favour of beneficiaries by a measured entity with the specific objective of facilitating sustainable access to the economy for those beneficiaries” (Government Gazette, 2007). Socio-economic development contributions include the following:

- “Grant contributions to beneficiaries

- Guarantees given to or security provided for beneficiaries
- Developmental capital advanced to beneficiary communities
- Preferential terms for the supply of goods or services to beneficiary communities
- The provision of training or mentoring for beneficiary communities that will assist them to increase their financial capacity” (Njenga and Smit, 2007: 13).

Other contributions to socio-economic development could also be weighted against the scorecard; “if the company incurs costs in assisting beneficiaries; for the payments they make to third parties to undertake socio-economic development on their behalf; and if the company maintains a socio-economic development unit that focuses on the support of beneficiaries and the beneficiary communities” (The CSI Handbook, 2007: 14).

Code 700 was allocated a 5% weighting for which companies become eligible if their qualifying contributions to socio-economic development amount to 1% of net profit after tax (The CSI Handbook, 2007)

In line with the B-BBEE Act, Codes and scorecard, companies adopted a more formal approach to CSI, with greater management and board involvement. The demands of the B-BBEE Act and the Codes required detailed reporting of CSI activities for tax deductibility purposes, which in turn demanded a measurement of the outcomes of the CSI activity in the community that is affected or influenced by the business operations (The CSI Handbook, 2007). The importance of this research dissertation thus finds its place in the need to report on the methods used by companies to evaluate their recipient CSI programme(s).

### **2.3 Defining Corporate Social Investment**

As mentioned above CSI falls under the socio-economic development pillar of the B-BBEE scorecard. The B-BBEE Act offers a much broader definition than the definition offered by the authors Njenga and Smit (2007). The B-BBEE Act defines CSI as those contributions to society and the community by an enterprise that is extraneous to its regular business activities

(Codes of Good Practice, 2007). According to the B-BBEE Act, the CSI interventions may include but will not be limited to:

- Development programmes: for women, the youth, people with disabilities, people living in rural areas and other target groups.
- Health: support of health and HIV/Aids programmes in the community.
- Education: support for community education facilities; programmes at secondary and tertiary education levels; bursaries and scholarships.
- Training: community training; skills development for the unemployed; adult basic education and training in communities.
- Environment: preservation and conservation of the environment; environmental awareness education; and waste management.
- Arts and Culture: support of arts and culture development programmes; development of new talent.
- Sport: support of sport developmental programmes (Codes of Good Practice, Code 700, 2007).

The CSI definition and activities set out in the Codes of Good Practice (2007) will inform the research process as the Codes and the B-BBEE scorecard are national regulatory instruments that influence CSI programmes and that are recognised by South African businesses. Four sectors of CSI activity have been identified in South Africa, these are; education; health and HIV/AIDS; job creation and enterprise development; and lastly social development<sup>4</sup> (The CSI Handbook, 2007).

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<sup>4</sup> For the reader's interest further detail on these activities are presented in Appendix 1.

Apart from the influence of legislation and tax relief for corporates with CSI programmes, it is interesting to consider what other motivating factors may influence a company's decision to develop and implement a CSI programme. The theories offered below provide further insight into what motivates companies to participate in CSI.

## **2.4 Theoretical frameworks associated with Corporate Social Investment**

### **2.4.1 Introduction**

There are several theories underpinning why companies act (or should act) in a socially responsible manner. On the one hand, some theorists believe that corporate giving is largely philanthropic, whilst other theorists consider corporate contributions to be strategic techniques that benefit the company's reputation more than the recipients (Garriga and Mele, 2004).

The major tenet of corporate philanthropy in the early stages of CSI was that the public viewed companies in a negative light if the company developed CSI initiatives that also produced benefits for the firm (Cochran, 2007). As the practice of CSI progressed, theorists argued for a new type of corporate philanthropy which noted that economic investments have social returns and social investments have economic returns (Porter and Kramer, 2002). From this perspective, the argument is that corporates should select communities or organisations whose problems or issues can be addressed through the company's area of expertise. These theorists propose that those companies that focus on specific causes in their area of expertise will address social needs more efficiently (Porter and Kramer, 2002).

Other theories that have been associated with CSI interventions include political, instrumental, integrative and ethical theories and these are summarised below.

### **2.4.2 Political theories of Corporate Social Investment**

The group of CSI theories that focuses on political considerations and political analysis in CSI is known as the political theories of CSI. Interactions, connections, the responsibility, power

and position of business in society, are discussed in light of three major political theories of CSI, namely corporate constitutionalism, corporate citizenship and the social contract theory (Garriga and Mele, 2004).

#### **2.4.2.1 Corporate Constitutionalism**

Corporate constitutionalism is a political theory of CSI which contemplates the power those businesses have within society to implement change and address society's needs. (Garriga and Mele, 2004). The corporate constitutionalism theory therefore alludes to pressures exerted by groups such as the community, government, and other stakeholders. The theory hypothesises that through this pressure, the power of businesses is governed and channelled to support and protect society from an organisational power that ignores the needs and safety of the community. A current example of this theory in practice is the growing awareness and need for organic produce and hormone free meats by health conscious South African consumers who avoid produce that is not hormone and pesticide free.

#### **2.4.2.2 Corporate Citizenship**

Corporate citizenship has been defined in many ways but Matten *et al.* (2003) in Garriga and Mele (2004) have identified three common definitions of corporate citizenship. For the purposes of this research only one of the three definitions, namely, the extended view, will be described.

The extended view suggests that businesses enter the arena at the point of government's failure in the provision of their citizens' basic services such as education, health services and social development (Garriga and Mele, 2004).

#### **2.4.2.3 Social Contract theory**

The social contract theory suggests that business and society are equal partners each enjoying a set of rights and having reciprocal responsibilities (Lantos, 2001). The relationship between

CSI and the social contract theory is discussed below, in light of the contribution CSI can offer to socio-economic development in South Africa.

Originally, the social contract focused solely on economic responsibilities. Social progress and quality of life advancement were considered to be by-products of economic growth. In the early stages of CSI, businesses' social responsibility was to maximise profits, with little or no consideration shown toward the general conditions of life in local communities (Lantos, 2001). As CSI has progressed, businesses have continued to focus on maximising profit for the company, but are now compelled to assist those people that are affected or influenced by the businesses' practices (Porter and Kramer, 2002).

Authors have suggested that there is a reciprocal relationship between economic growth and societal obligation, which can result in positive returns for the social welfare of poor communities (Alkafaji, 1995, Mbigi, 2000 and Midgley, 1995).

Alkafaji (1995) offers three compelling reasons why companies should help solve some of society's challenges. Firstly, he suggests that businesses exist as guests of society. Secondly, businesses are impacted upon by society and no business can escape the impact of government policies and regulations. Thirdly, businesses usually thrive or suffer along with society. Other writers such as Midgley (1995) further state that there is a significant link between social and economic development. He states that social development links social policies and programmes to a wider process of economic development.

Through productive economic growth and the adoption of income generating policies and programmes, the abovementioned authors suggest that all sectors of the population will benefit through the employment and self-employment opportunities that may arise from growth in the economy (Alkafaji, 1995, Mbigi, 2000 and Midgley, 1995). This link between economic and social growth is important to CSI programmes as authors have established that there is a reciprocal relationship between these two sectors that is beneficial to both.

In light of the above it is evident that the social contract theory was progressive in that, by the 1950s, the theory reflected some of the opinions of these modern day theorists. The theory suggested that social progress should weigh equally in the balance with economic progress. This would mean that businesses as organisations have social responsibilities and obligations tying the corporates to a wider society (Davis, 1983, in Lantos, 2001). Donaldson and Dunfee (1999) have extended the social contract theory to take into account the socio-cultural context and also to integrate management and business aspects.

Under this integrated theory the authors differentiate between macrosocial contracts and microsocial contracts. The macrosocial contract in the context of communities would be an expectation that businesses provide some support to its local community and the specific form of involvement would be the microsocial contract (Moir, 2001). This extended form of the social contract theory serves to legitimate and therefore bind the contractual agreements between the business and the community (Garriga and Mele, 2004).

The social contract theory is relevant to the implementation of CSI programmes in South Africa, as the theory indicates how profitable businesses may have a positive impact in social development.

#### ***2.4.3 Instrumental theories of Corporate Social Investment***

The instrumental theories of CSI view the corporate as an instrument for wealth creation, this being the businesses sole social responsibility. Under the instrumental theories any social activity is only acceptable if it is consistent with wealth creation. Thus, the foundation of these theories is that “CSI is seen as a means to the end of profit creation and achieving economic objectives” (Garriga and Mele, 2004: 52). There are three main groups encompassed by the term instrumental theories namely, the maximisation of shareholder values; strategies for competitive advantage; and cause-related marketing. These theories focus on the economic objectives that are required of, or are being achieved by the business.

#### **2.4.3.1 Maximisation of shareholder value**

Under this theory any legal and ethical investment in social demands that would produce an increase in shareholder value is considered to be acceptable (Keim, 1978 in Garriga and Mele, 2004). However, if the social demand imposes a cost to the company, the social investment should be rejected (Keim, 1978 in Garriga and Mele, 2004). This theory therefore separates and differentiates the social objectives from the economic objectives in the company. On the other hand, this theory is criticised, by the above authors, for being incompatible with satisfying the interests of the stakeholders because social objectives are often completely different to a company's economic objectives.

#### **2.4.3.2 Strategies for achieving competitive advantage**

The aim of these strategies is to produce long term profits for the business by allocating company resources to achieve specific social objectives, whilst simultaneously creating competitive advantage through the achievement of these social objectives (Husted *et al.* 2000 in Garriga and Mele, 2004: 54). Two strategies have been identified that can achieve competitive advantage for the company. The first strategy introduced by Porter and Kramer (2002) emphasises that by investing in philanthropic activities the business may improve the context of competitive advantage and create greater social value than individual donors or government (Garriga and Mele, 2004). The reason behind these authors' opinion is that businesses usually have the knowledge and resources for a better understanding of how to solve some problems in society especially if the problem is related to the businesses' core expertise and/or mission. The authors suggest that if businesses address social problems that fall within their core activities, then the problem can be alleviated more efficiently and knowledgeably than the provision of charitable donations. This theory would include those CSI programmes that empower communities with skills that can sustain them long after the programme has ended.

The second strategy of achieving competitive advantage advances that the ability of a company to perform better than its competitors depends on the interplay of human, organisational and human resources over time (Barney, 1991 and Wernelfelt, 1984). The strategy proposes that companies must be organised to deploy resources effectively through

the creation and recombination of resources within the business in order to gain competitive advantage.

The theory can also be employed in philanthropic activities to produce competitive advantage as suggested by Petrick and Quinn (2001) and who state that the process of responsiveness to a social need can result in the development of relationships with key stakeholders, employees, customers, suppliers and communities. This responsiveness to a social need can therefore be seen to be a source of competitive advantage as strategic relationships are developed that benefit both society and the business.

#### ***2.4.3.3 Cause-related marketing***

The third instrumental theory aims to enhance company revenues and sales or customer relationships by building the business brand through cause-related marketing. Under this theory, the company's social responsibility activities will be used to develop customer relationships and increase company revenue (Garriga and Mele, 2004). Cause-related marketing is characterised by an offer from the business who states that they will contribute a specified amount to a designated cause when customers make a purchase, thereby creating revenue for the business as well as satisfying the customer and the social cause simultaneously (Garriga and Mele, 2004). An example of a cause-related marketing CSI programme is the Woolworths, 'My school card' programme. The 'My school card' programme functions on the premise that a percentage of the consumer's purchase is donated toward a school of the consumer's choice.

#### ***2.4.4 Integrative theories of Corporate Social Investment***

This group of theories of corporate social investment looks at how businesses integrates social demands and argues that businesses depend on society for their existence, continuity and growth. The theories in this grouping are focused on the businesses' response to social demands that achieve social legitimacy, acceptance and ultimately prestige for the company. The three key theories that fall in the integrative theory grouping are issue management, the principle of public responsibility and stakeholder management.

#### **2.4.4.1 Issue Management Theory**

Issue management is defined as the “process by which the corporation can identify, evaluate and respond to those social and political issues which may impact significantly upon it [the corporation]” (Wartick, 1986: 124). The theory of issue management is criticised by Sethi (1975) who identifies that in responding to a social problem, there may be a gap between the company’s actual performance and what is expected of them by the public. This gap is created through the businesses’ perception of and response to a social problem, and what the actual problem is being experienced by a community (Garriga and Mele, 2004).

#### **2.4.4.2 The Principle of Public Responsibility**

This theory proposes that public policy and legislation govern businesses’ activities in addressing social problems. The authors Preston and Post (1981) suggest that if the business meets the requirements of the law and public policy, then the business would be judged acceptably responsive in terms of social expectations. These authors such as Jones (1980) prefer the principle of public responsibility to the social responsiveness theory and issue management theory, because through the regulations of law and public policy, the scope of business responsibilities is defined. Elements of this theory are prevalent in today’s CSI programmes as the B-BBEE Act does regulate CSI programmes. However, whether CSI programmes are socially responsive, is yet to be assessed by stakeholders of the CSI programme(s).

#### **2.4.4.3 Stakeholder Management Theory**

The stakeholder management theory proposes that generic responses to social issues or public responsibility are unsuitable and that the stakeholder management approach is orientated toward people who are affected by the business’ policies and practices.

Emshoff and Freeman (1978) suggest two principles that underpin the stakeholder management theory. Firstly, the central goal of stakeholder management is to achieve maximum overall co-operation between the stakeholders and the objectives of the business.

Secondly, the authors suggest that the most efficient strategies for managing stakeholder relations involve efforts which simultaneously deal with issues affecting multiple stakeholders. An example of an efficient strategy is through stakeholder dialogue, where the corporation can respond more effectively to social problems identified by stakeholders in the community (Kaptein and Van Tulder, 2003).

The abovementioned theories of CSI provide a wide variety of motivating factors which influence a company's decision to participate in social development programmes. With the increasing demand on businesses by society and government to contribute to the social development sector, there is a growing need by CSI practitioners and other stakeholders to evaluate the effectiveness and quality of these CSI programmes.

It is the researcher's view that elements of all the abovementioned theories will be present in some CSI programmes today. However, the impact and value of these CSI programmes in society is yet to be ascertained and it is this gap of knowledge in CSI practice that the researcher aims to contribute to by identifying what evaluation methods are currently being used by companies to evaluate their CSI programmes. The paragraphs below, discusses the programme evaluation methods that could be used to evaluate CSI programmes.

## **2.5 The Need to Evaluate the Activities of Corporate Social Investment Programmes**

### **2.5.1 Introduction**

Evaluation grants new initiatives or programmes a certain amount of legitimacy as the progress of the programme can be monitored for its effectiveness. Recipients of CSI programmes may readily welcome the evaluation process or alternatively fear the outcomes of the evaluation in case the results affect continued funding and/or support of the programme (Unrau *et al.* 2007). However, many social service organisations are realising the benefits of the evaluation process as the information derived from the evaluation helps to streamline the programmes' operational processes, establish realistic expectations and determine the challenges and strengths of new initiatives within specific contexts (Filos, 1984).

As mentioned before, South Africa has no benchmark or evaluation approach to evaluate CSI activities. Despite this, in the survey conducted by Trialogue in November 2007, 96% of their respondents indicated that they regularly provide monitoring and evaluation reports for their companies on their CSI programmes. In addition, 77% of respondents claimed that they measured the developmental impact of their programme in some way. Only 57% of companies said they used CSI indicators for measurement purposes and only 55% have in-house monitoring and evaluation expertise (The CSI Handbook, 2007: 23). The survey did not provide further insight into the tools, indicators or methods of evaluation being used to measure CSI activities. As CSI develops in South Africa, there is increasing pressure from corporates and stakeholders to measure the benefits of corporate spending in communities.

The emerging trend is to ascertain whether CSI programmes are addressing stakeholder issues and therefore making a difference in the lives of stakeholders. Thus, the corporate reports are moving from “quantifying CSI spending to detailing the outcomes of the investment” (Njenga and Smit, 2007: 70). Developing a system of measurement and evaluation has therefore become an important part of CSI development in South Africa.

Njenga and Smit (2007) indicate three key challenges faced by corporates in measuring their activities of social investment. Firstly, these authors state that external factors may influence the CSI activity, making it impossible to claim that through CSI programmes alone, specific outcomes and impacts in a programme have been achieved (Njenga and Smit, 2007). Secondly, the financial cycle of companies requires that CSI reports are submitted at a specific time. However, the regulated submission of the report for CSI activities may lead to “incomplete reporting and sometimes to output-driven community development programmes, and thus also to premature efforts to assess the outcomes” (Njenga and Smit, 2007: 72). Lastly, many CSI programme recipients and non-profit organisations may struggle to record the information required by corporates. The unavailability of data consequently makes it difficult for the company to take proper and timely decisions. Furthermore, the reporting structure itself may be time consuming and detract from the core work of the NGO and/or CSI recipients. Despite these challenges, the authors propose that evaluation should be seen as an integral part of any project or programme (Njenga and Smit, 2007).

The question remains as to what methods of evaluation have been used to evaluate CSI activities. Internationally, several methods of programme evaluation have been developed to measure the social impact of corporate activities upon the stakeholders (Filius, 1984). Thus, for the purposes of this research the programme evaluation approach will be utilised, as this approach measures the effect of the programme on its stakeholders and the implementation of the programme processes (Unrau *et al.* 2007).

### ***2.5.2 Approaches to Programme Evaluation***

Even during the early stages of CSI in the 1970s it was noted by some American companies that it was important to “have some measurable way of determining just what progress was being made,” in communities where CSI programmes were implemented (New York Times, 1978, in Bernasek *et al.* 1997: 175). As a result consulting firms were enlisted to evaluate the American CSI programmes in South Africa. However, at this early stage, the way the consulting firm, conducted their evaluations was criticised by academics for not establishing a way to measure the differences between the performance of large, medium and small companies (Sethi, 2000). Finally, most companies provided a financial report of what the company had invested in the implementation of their CSI programmes which omitted detail on the quality of expenditure or their effectiveness in achieving their intended objectives (Sethi, 2000). The researcher suggests that the criticisms from these evaluations could provide insight into ways of avoiding errors in the planning, execution and reporting of evaluation in the field of CSI today.

Programme evaluation is one method with which to evaluate CSI activities in South Africa. The discussion that follows details the methods that may be used in a programme evaluation and that are relevant to the current study.

### ***2.5.3 Methods Used in Programme Evaluation***

Authors such as Unrau *et al.* (2007), Rossi *et al.* (2004), Wholey *et al.* (2004) and Posavac *et al.* (2007) have recognised three methods of programme evaluation. These are a needs assessment; a process evaluation and an outcome evaluation. According to these authors

specific criteria needs to be satisfied for each programme evaluation method. The criteria of the three methods are presented below.

### **2.5.3.1 Needs Assessment**

A needs assessment can be described as a systematic method of identifying social problems, determining their extent, and accurately defining the target population to be served and the nature of their service needs (Rossi *et al.* 2004).

Ideally a needs assessment is conducted before establishing any new social service or programme but can be used in the “start up, expansion, renovation or closure of a particular service within a programme” (Unrau *et al.* 2007: 122). The purpose of the needs assessment is to match “clients’ needs with social service programmes that will help with their needs” (Unrau *et al.* 2007: 122).

Similarly, Posavac *et al.* claims that “assessing unmet needs is a basic first step before any effective programme planning can begin” (Posavac *et al.* 2007: 7). Through the needs assessment, evaluators examine the ‘cause’ of the need by analysing several factors including the “socio-economic profile of the community, the level of social problems within the community and the agencies and institutions currently serving the community” (Posavac *et al.* 2007). Following the socio-economic analysis, Posavac *et al.* (2007) suggests that the programme manager talks with residents and local leaders to decide which aspects of the programme are likely to address the need. Wholey *et al.* (2004) supports the use of stakeholder participation as they suggest that developing a shared vision between stakeholders in the community and the programme manager is an important step in setting strategic goals to address the needs of the recipients.

Therefore, a needs assessment involves preparatory analysis of the needs to be addressed by the programme. The analysis would have to include a deep understanding of the socio-economic influences causing the need as well as the perceptions of the stakeholders involved.

As a CSI programme manager it would be essential to consider the following criteria during the start up phase and selection of a recipient CSI programme.

Firstly, one should identify “the users and the uses” of the needs analysis (McKillip (1998) in Rossi *et al.* 2004: 106). The users of the analysis would be those who will decide and implement policy on the basis of the results, for the benefit of those who may be affected by it (McKillip (1998) in Rossi *et al.* 2004). As indicated by the writers in the above discussion, involving both the decision makers and the stakeholders would be highly advantageous as the involvement would help to facilitate the analysis and implementation of the recommendations arising from the needs analysis.

Secondly, it is important to recognise that the social indicators in the community may identify gaps in existing programmes within the community (McKillip, 1998 in Rossi *et al.* 2004). By identifying the existing services within the target population, McKillip (1998) suggests that a “comparison of those who use services with the target population, could reveal unmet needs or barriers to solution implementation” (McKillip, 1998 in Rossi *et al.* 2004: 106). However, corporates more than likely avoid this second criterion and rather select a recipient NGO that provides services that are aligned to the business’ objectives and that has already identified the services for the target population, rather than using corporate resources to identify a population (Siebert, 2008, Personal notes).

Thirdly, one should identify the need. Through participative observations, surveys and discussions with the community the problems of the target population would be identified and possible solutions would be recommended. Furthermore, information on the expectations, for the outcomes of the programme as well as the efficient utilisation of resources would be discussed (McKillip, 1998 in Rossi *et al.* 2004). Yet again, Siebert (2008) indicates that corporates are unlikely to engage with the target population at this level. Siebert suggests that NGOs are likely to have conducted the needs identification on behalf of the corporate (Siebert, 2008, Personal Notes).

By identifying the criteria involved in a needs analysis at the start up and selection of a programme, one is able to identify the extent to which a needs assessment is utilised by the evaluators of CSI programmes.

### **2.5.3.2 Process Evaluation**

Unrau *et al.* (2007) defines process evaluation as a method of evaluation that aims to monitor a social service programme and to describe and assess the services provided to stakeholders. The most significant aim of a process evaluation is to assess the performance of a programme and whether the service is being delivered properly Unrau *et al.* (2007).

Thus, the data derived from a process evaluation can be used to provide ongoing feedback to refine and improve programme service delivery as well as the administrative operations of the programme. The focus of a process evaluation is therefore to assess the programme's administrative operations and stakeholder service delivery (Unrau *et al.* 2007). Similarly, Rossi *et al.* (2004) states that the process evaluation questions whether the programme is reaching the appropriate target population and whether the programme's service delivery and administration are consistent with the intended design of the programme. In order to derive information for a process evaluation, two methods are commonly used. These methods are one shot studies and programme monitoring (Rossi *et al.* 2004).

The one shot study in process evaluation is mostly used for new programmes and the focus of the study would be to see how well the programme has established its intended operations and services. However, the one shot study can also be utilised in established programmes where the evaluator questions how well the programme is organised, the quality of its services and the success with which the programme is reaching its target population (Rossi *et al.* 2004).

The ongoing monitoring method of process evaluation differs in comparison to the one shot study. In this second approach, in addition to assessing the administrative operations and service delivery of a programme, the ongoing monitoring approach includes regular reporting

and information systems which provide useful feedback which allows programme managers to take corrective action as problems arise (Posavac *et al.* 2007). The ongoing monitoring approach also provides stakeholders with regular assessments of the programme's performance.

The second major role of process evaluation according to Rossi *et al.* (2004) is that it acts as a complement to outcome evaluation. The authors indicate that process evaluation needs to complement outcome evaluation, in order to determine what quality and quantity of services the program provides so that this information can be integrated with findings on what outcomes the programme had. Using the data from programme evaluation is essential to outcome evaluations as the monitoring data helps to interpret the findings of the outcome evaluation "and gauges the extent to which the programme produces the intended improvements in the social conditions it addresses" (Rossi *et al.* 2004: 58).

The results from a process evaluation would be beneficial to the evaluators of the CSI programme as they would be able to assess the quality of the services and would be able to make the changes (if any) to improve the CSI programme services provided for its recipients. Furthermore, the CSI manager would be able to streamline the internal administration of the company's CSI programme thereby ensuring that the internal processes that oversee the recipient CSI programme are efficient.

### **2.5.3.3 Outcome Evaluation**

The third method of programme evaluation relevant to the current study is the evaluation of programme outcomes. This evaluation is designed to measure the nature of change, in relation to the programme objectives, after clients have received services from a social service programme. The purpose of this method of evaluation is to provide feedback to programme stakeholders, including the recipients of the programme. An outcome evaluation also demonstrates accountability in terms of showing whether the social service programme is achieving its promised objectives (Unrau *et al.* 2007).

Furthermore, an outcome evaluation “gauges the extent to which a programme causes change in the desired direction” (Rossi and Freeman, 1989 in De Vos, 1998: 374). In order to gauge the extent of change, it is necessary for the outcome to be detectable and measurable so that evaluators can assess whether the programme is achieving its promised objectives (Posavac *et al.* 2007). The results of outcome evaluations are used to improve programme services and to generate knowledge so that trends are identified and improvements can be made in future programmes (Posavac *et al.* 2007).

The various types of outcomes include individual or recipient focused outcomes, programme and system level outcomes, community outcomes and organisational outcomes (Posavac *et al.* 2007). These outcomes are described below.

#### **2.5.3.3.1 Individual Focused Outcomes**

The expected outcomes for individuals include a change in; circumstances, improved status; quality of life; behaviour and skills. These outcomes can be measured against the programme objectives (Posavac *et al.* 2007).

#### **2.5.3.3.2 Programme and System Level Outcomes**

The outcomes developed at the programme and system levels include analysing strategies that were developed to achieve the programme outcomes and objectives (Posavac *et al.* 2007).

#### **2.5.3.3.3 Community Outcomes**

Outcomes in the community can be demonstrated through civic engagement, participation, and decreasing violence. Other community outcomes may include shifting authority from existing leaders and dispersing this authority and responsibility to community based agencies (Posavac *et al.* 2007). However, the researcher suggests that the community outcomes may include any number of very different outcomes as the socio-economic circumstances of each community may be significantly different.

#### **2.5.3.3.4 Organisational Outcomes**

Lastly, organisational outcomes aim to achieve improvements in the internal operations of programme management and organisational effectiveness. This includes assessing how the programme has influenced the lives of the programme staff which includes examining the growth of their careers, lives and direction. In addition, the outcomes for an organisation could be assessed against the direction of the organisation, and a change in the programme activities or mission (Posavac *et al.* 2007).

The information derived from an outcome evaluation would not only demonstrate accountability, but would also provide valuable feedback from CSI programme recipients which may improve the implementation of the CSI programme holistically. The outcome evaluation could also show whether the CSI programme objectives have been achieved, which may be particularly useful for the purposes of providing feedback to company management on the feasibility of the CSI programme as a whole.

#### **2.6 Summary**

This chapter discussed the history and development of CSI in South Africa as it is recognised today. The B-BBEE Act and the related scorecard currently encourage businesses through tax incentives, to have CSI programmes and to conduct their business activities in a socially responsible manner. This chapter also described the various theoretical frameworks that influence CSI activities. Following this, an in-depth description of evaluation theory and methods was included as these evaluation processes are applicable to many CSI programmes in South Africa today. This chapter has identified the methods of programme evaluation to be the most applicable to CSI programmes in South Africa. The researcher believes that some or all of these programme evaluation methods are being applied to produce specific information for a variety of reports required by company management. Chapter three discusses the research design and methodology used in this study.

# CHAPTER 3: RESEARCH METHODOLOGY

## 3.1 Introduction

The main purpose of this study is to explore what evaluation approaches are used in the context of CSI in South Africa. The objectives of the research are to explore and describe the nature of CSI activities in South Africa and identify the current methods of evaluation used by companies in South Africa. A quantitative research design was used to collect data to reach these research objectives. This chapter sets out the research design and the methodology, including the selection of the population, the data collection method and tool, the pilot study, how data was analysed and the limitations of the research study.

## 3.2 Research Design

The research design stipulates the research process that will be utilised in order to respond to the research topic (Babbie and Mouton, 2006). The research objectives are responded to through the research design and methodology (Babbie and Mouton, 2006). The research objectives are:

1. To explore and describe the nature of current CSI activities of companies in South Africa.
2. To explore and describe the companies' policies relating to the evaluation of their CSI activities.
3. To explore and describe methods used in the evaluation of companies CSI activities.
4. To explore and describe what companies view of the strengths and the shortcomings of their current policies and methods regarding the evaluation of their CSI activities.

The research design is defined through the angles of the approach, type and thinking process, which are discussed briefly below.

### **3.2.1 Research Approach**

In undertaking this research, a quantitative method was adopted as a suitable approach to respond to the research objectives, as it limited the researcher bias through a standardised approach to data collection (Fortune and Reid, 1999). In this study the researcher had an objective role. The researcher's objectivity ensured that she did not influence the object of study and was not influenced by it (Fortune and Reid, 1999).

### **3.2.2 Research Type**

This study is a form of basic research which is exploratory and descriptive in nature. The aims in such exploratory studies are to gain new insights into an area where little or no research has been conducted (Neuman, 2000) and to undertake a "preliminary investigation prior to a more structured study of the phenomenon" (De Vos, 1998). Furthermore, an exploratory study helps "to explicate the central concepts and constructs, determine priorities for future research and develop new hypotheses about an existing phenomenon" (De Vos, 1998). This exploratory study aims to add to the knowledge base concerning the evaluation methods used in CSI activities in South Africa. The study is also partially descriptive as the researcher had to describe data and characteristics about the CSI sector and the evaluation methods that are identified.

It is necessary to use an exploratory and descriptive approach as information on the evaluation of CSI programmes in South Africa is limited. Thus, an exploratory study would not only add to the knowledge base of this sector, but it would also provide a basis for further studies into the CSI sector.

### **3.2.3 Thinking Process**

The type of thinking that was used in this study is deductive. In deductive reasoning, the researcher begins with "... abstract generalizations and aims to prove these hypotheses or

generalizations” (De Vos, 1998: 91). Thus, the aim of deductive reasoning is to move from generalisations towards specific realisations (Babbie, 2001). These generalisations have been indicated in 1.8 and the researcher aims to prove these hypotheses through the findings generated from the web based survey.

### **3.3 Research Methodology**

The research methodology comprises the identification of the population, the sampling method and size, the data collection method and tool, and the data analysis methods that are to be used in the study (Babbie, 2001).

In this study, data collection occurred in two phases. Firstly, a literature review was conducted in order to describe the CSI context. The outcome of this phase is set out in Chapter two. Secondly, a questionnaire was designed and an electronic survey was conducted as this was considered to be the most efficient method of gathering data from the sample population which was located across a broad geographical space.

#### **3.3.1 Population**

The population was derived from the SAGA 2006 directory which listed 192 companies that had CSI programmes. The use of this directory in this research is pertinent as all the companies listed are known to have CSI programmes.

#### **3.3.2 Sampling**

After a discussion with statistician Professor Tim Dunne, all 192 companies listed in the SAGA 2006 directory were included in the sample in order to obtain as high a response rate as possible because the use of an electronic survey in research is deemed to have a poor response rate (Unrau *et al.* 2007). The directory lists the individuals who manage the CSI programme in the company. During the telephonic process it was clear that the sample group was comprised of a variety of managers, marketers, directors and human resources managers. While all 192

companies in the sampling framework were included in the initial sample, in the end only 20 companies completed the questionnaire.

Great difficulty was experienced in gaining an adequate response rate. This was due to the SAGA 2006 directory being outdated, and as a result, many companies had closed down, changed their CSI manager, ended their CSI programmes or changed their company details. Much time was therefore spent on finding the correct telephone numbers for the companies and locating the new CSI manager in each company. Table 2 below, sets out the process of elimination that led to the final availability sample of 20.

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Table 2: Availability Sample Process

	Mode of Contact	Result of Contact with participants	Total	Negative Response and/or Unavailability	Positive Response
<b>Week 1</b>	Telephone Call(s)		<b>192</b>		
		16 refused to participate	192-16=176	(-16)	176
		16 no longer had a CSI programme	176-16=160	(-16)	160
		10 asked for a research brief to be sent through and indicated that they would respond if they were interested. None of the 10 responded.	160-10=150	(-10)	150
		20 companies had closed down	150-20=130	(-20)	130
		After 6 telephone calls 88 managers remained unavailable.	130-88=42	(-88)	42
			<b>192</b>	<b>192 - 150 =</b>	<b>42 remaining</b>
	Mode of Contact	Result of Contact with participants	Total	Negative Response	Positive Response
<b>Week 2</b>	The electronic survey was administered to 42 managers.	Eight managers responded to the questionnaire before the deadline. 34 managers had to be contacted for the second time after the first deadline was missed.	<b>42</b>		
			42-8= 34		8
<b>Weeks 2-4</b>	For the second time, the electronic survey accompanied by an email was sent to the 34 managers which was followed up with a second contact call.	Only one response was received by the second deadline.	34-1=33		1
<b>Week 6</b>	After the second deadline was missed, a third call was made to the remaining 33 managers. The electronic survey accompanied by an email was sent for the third time.	This third attempt resulted in 17 respondents being removed from the survey as they said that they were too busy to participate. 16 managers were left remaining from the original 42.	33-17=16	(-17)	16
	For the fourth time, the electronic survey was sent accompanied by an email, to the remaining 16 managers. This final email was followed up with a telephone call.	The fourth attempt resulted in 11 responses. No further responses were received and due to a limited time period, no further calls could be made to the remaining 5 participants who had initially agreed to participate.	16-11=5	(-5)	11
<b>Total</b>			42	42 - 22=	<b>20</b>

Owing to only a 10% response rate (20 out of 192 companies), being received the researcher was unable to generalise the findings. These 20 responses cannot provide a national view of the evaluation methods used by CSI companies in South Africa and is thus considered to be a limitation of this research. The findings that pertain to the 20 companies in the sample are presented in Chapter four.

### **3.3.3 Data Collection Method**

A web-based survey method (Appendix 5) (Unrau *et al.* 2007) was used in this research as this method is particularly useful in gathering opinions from participants located in different geographical locations. An additional benefit to using a web-based design is the flexible design options that include a wide variety of response options, for example, Likert scales, pull down menus, priority responses, skip patterns, graphics and check boxes (Bowers, 1999; Bradely 1999; Dillman, 2000). A further benefit of a web-based survey is that, in terms of data analysis, responses could be easily downloaded into an Excel spreadsheet.

As previously mentioned the CSI managers from 192 companies formed the initial sample group; however, only 20 companies comprised the final sample group (see Table 2). The process of data collection pursued the following route:

- A telephone call was made to each of the 192 respondents to request his/her participation in the research. At this time a brief description of the purpose of the study was given to motivate respondents to participate in the research (Baker, 1988, in De Vos, 1998). According to Jobber and O'Reilly (1998), the response rate to surveys is significantly increased when the respondent is pre-notified via telephone. In light of this, a telephonic pre-notification schedule was prepared (see Appendix 3). During the telephonic conversation it became apparent that the introduction to the survey had to be shortened as the amount of information given was too overwhelming for the CSI managers. As a result some managers curtly said 'No' even before the objectives were relayed. As a result, the telephonic pre-notification schedule was significantly reduced. Managers were merely informed that research was being conducted into the

evaluation methods used in CSI programmes, and the managers were asked whether they would like to participate.

- Secondly, a personalised cover letter in the form of an email was sent to each of the respondents who had agreed to participate. Embedded in the email was a survey link which, when clicked, opened the questionnaire in a new Internet window. The email explained the aim of the survey, provided assurances about confidentiality and conveyed the importance and the potential contribution of the study to the CSI sector (Dillman and Bowker, 2000). Anonymity of companies was guaranteed through the use of pseudonyms, whilst the confidentiality of the responses was guaranteed through electronic software that included firewalls and password-protected storage facilities.
- The email also explained the composition of the questionnaire and provided clear directions on how to complete it (Dillman and Bowker, 2000). The researcher's contact details were included in the email which gave the companies the opportunity to call or email her with any queries regarding the questionnaire.
- After all the responses had been received, the electronic link to the questionnaire became inactive and the stored responses were downloaded into Microsoft Excel for analysis.

#### ***3.3.4 Data Collection Questionnaire***

As indicated above, an electronic survey was used to collect data for this research. The companies were asked to complete a thirty-minute electronic survey. The questions were focused on generating data to answer the main research questions. In addition, 26 comment boxes were attached to specific quantitative questions, and companies were encouraged to supplement their response with qualitative data. However, these comment boxes were rarely used by the companies. The questionnaire included only one open-ended question which

aimed to capture the CSI managers' views on the strengths and challenges of the evaluation methods used by the companies to evaluate their CSI programmes.

The questionnaire was influenced by two CSI diagnostic tools currently being used by two CSI consulting companies. The first diagnostic tool is being used by a South African CSI consultancy (Next Generations, 2005) and the second diagnostic tool is the Corporate Responsibility Assessment Tool (CRAT, 2002), developed by The Conference Board of Canada. Aspects of these two diagnostic tools were incorporated in the survey. Permission for use of these instruments in the research was granted by both organisations.

In order to make the questionnaire user-friendly, it was necessary to divide the research topic into themes and sub-themes. The following three themes were developed from the research objectives:

- Section 1 - CSI evaluation policies
- Section 2 - CSI evaluation methods
- Section 3 - A profile of the companies involved in the research

When designing the questionnaire, care was taken to ensure that each section would generate data to meet the research objectives. In addition, care was taken to sequence the questionnaire so that questions were grouped according to their theme. This grouping quality ensured that there was a logical order of response to the questions (Dillman and Tortora, 1998). The questionnaire was constructed in a user-friendly manner, so that companies were able to move back and forth between the pages and change their answers during their response process (Dillman and Tortora, 1998).

The forced-choice response option was used for questions that directly answered the research questions. The forced-choice response, is known to produce high drop out rates, reactance<sup>5</sup> and the unreliability of data due to a strong false 'no' bias response (Stieger *et al.* 2006 and Contts *et al.* 2008). Although the use of forced-choice responses in a survey is highly criticised, the researcher continued to use the forced-choice response option for the questions that were critical to the research study. In total, 12 questions utilised the forced-choice response. In order to alleviate the drop out rate and reactance the researcher provided a comment box facility to all 12 of the questions, so that the respondents were given the freedom to write their own response to the question (Dillman and Tortora, 1998).

Clear instructions were given for each question in order to ensure that the participant could respond accurately and in the manner intended by the researcher (Dillman and Tortora, 1998). The three sections of which the questionnaire comprised are discussed:

### ***Section 1: The Company's Corporate Social Investment Management and Evaluation Policies***

Questions in section 1 served to gather information on company policies that regulate and manage the evaluation of the company's CSI activities. The responses identified the monitoring and evaluation expertise used in the evaluation process and how the company used the findings of the evaluations, from the CSI activities.

### ***Section 2: Evaluation Methods used to Assess Corporate Social Investment Activities***

This section of the questionnaire sought information specifically on the evaluation methods used by the company in order to evaluate its CSI activities. The responses gathered indicated whether evaluation methods were used by the company, what the company's purpose was for conducting evaluations and what methods of evaluation were used.

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<sup>5</sup> Reactance is defined as the emotional reaction in direct contradiction to rules or regulations that threaten or eliminate specific behavioural freedom. [http://en.wikipedia.org/wiki/reactance\\_psychology](http://en.wikipedia.org/wiki/reactance_psychology).

The researcher incorporated the criteria for each evaluation method, as explained in the literature review in Chapter two, in the questionnaire. By doing so, the researcher was able to analyse the responses that were elicited, in order to determine what evaluation methods were used by the company and if all the criteria of each evaluation method used were satisfied.

### ***Section 3: A Profile of the Companies Involved in the Research***

Section 3 sought information about the company's CSI activities which provided data to assist in building a profile of the CSI activities of each company. The question sought to indicate the amount of money dedicated to CSI activities by the company in relation to the company's annual profit. Further detail was sought on the administrative systems dedicated to CSI in the company, as well as the operational support structures for the CSI programme. The data required in this section were essential as the findings indicated what resources were allocated to CSI activities in the company. The finding highlighted the areas where a lack of resources negatively impacted upon the effective evaluation of CSI activities of the companies participating in the study.

In order to capture the CSI manager's opinions of their current CSI programmes, 26 out of the 35 questions had a comment box facility where companies were encouraged to supplement their response with an explanation. The questions focused on the CSI manager's opinion of:

- the efficacy of their CSI evaluation methods;
- the resources and support available in order to implement their CSI activities;
- the community's or NGO's support in evaluating the CSI activity; and
- the strengths and shortcomings of their CSI evaluation policy and methods. In addition, the CSI manager was asked what type of assistance was required in order to address these shortcomings.

These comment facilities were not used by any of the companies and therefore no qualitative data was generated from these comment box facilities. Question 20 in the survey was however an open-ended question which generated some qualitative data.

### **3.3.5 Pilot Study**

A pilot study involves a data collection instrument being tried out on a small number of respondents having the same characteristics as those in the sample (Singleton *et al.* 1988). The purpose of a pilot study is to improve the success and effectiveness of the investigation through testing the data collection tool with the pilot study group and identifying areas needing improvement. Comments and criticisms on the wording, physical appearance, scales of measurement, spacing, length and layout ensured that these areas were improved prior to the administration of the questionnaire (Moser *et al.*, 1973).

A pilot study of the questionnaire used in the current study was conducted with five CSI managers who did not form part of the sample group as they were not included in the SAGA 2006 directory. The web-based survey was administered to them electronically, following which the questionnaire was adjusted prior to its administration to the sample group.

The Donor Directory 2007 commissioned by the City of Cape Town details CSI practitioners and programmes that have an influence nationally, as well as in Cape Town. The Donor Directory, therefore, has similar characteristics to the SAGA directory. From a sample of 100 listed CSI practitioners, a random sample was drawn of 15 pilot study members, taking into account that some companies may be unavailable.

These members were contacted telephonically and asked to participate in the pilot study. The plan was to include the first five available members in the pilot study. During the initial telephonic contact (See Appendix 4) the pilot study process was explained clearly. The participants were informed of the purpose of the study; the purpose of the pilot study, how the

pilot study process would be implemented, and they were assured of the confidentiality of their responses.

After the initial telephonic contact, the cover letter with the embedded survey link was sent to each participant via email (See Appendix 3). Each pilot respondent was asked to read the cover letter for understanding and clarification purposes. Then the respondent was asked to complete the electronic survey. Questions regarding the clarity, thoroughness, usability and accessibility of the electronic survey, as well as the cover letter, were sent via a separate email (Moser *et al.* 1973).

Of the five pilot study questionnaires that were administered only two completed the questionnaire. This response rate was poor despite direct contact with the five members over a two-week period requesting a response. Owing to a limited time frame, the questionnaire and cover letter were adjusted based on the participation and feedback provided by only two of the pilot study respondents.

The responses from these two participants were comprehensive. The following changes were suggested.

1. The electronic survey was not user-friendly because when the respondent used only a comment facility, the survey would not recognise the comment as a response, and as a result the respondent was restricted from moving onto the next question in the survey.
2. An 'Other' response option was requested for question 4 as the experience and educational background of the CSI practitioner were highly varied and could not be easily categorised into the options provided in the electronic survey.
3. The cover letter was considered comprehensive and long. However, both respondents considered this necessary as there were many essential explanations in it which assisted them whilst completing the questionnaire.

The necessary changes were subsequently made to the questionnaire and the administration of the survey followed shortly thereafter.

### **3.3.6 Data Analysis**

The data that were generated through the questionnaire were analysed using quantitative methods of data analysis. To do this, the procedure set out in Terreblanche, Durheim and Painter (2006) was followed. This involved an initial three-step process to prepare the data before they could be analysed statistically. Firstly, the generated data needed to be coded, which involved applying a set of statistical formulas<sup>6</sup> to the data to depict the information provided from the questionnaire into a comprehensible numerical format (Terre Blanche *et al.* 1999).

The data were then entered into the computer in a format that could be used by the Microsoft Excel computer statistical package. The data were cleaned so as to check for any errors in the coding and entering phases of data preparation. Once this was completed, the data were analysed statistically using basic Excel functions.

From the scores an interpretation of the data was conducted. Kerlinger (1986) suggests two ways of interpreting data: the narrow interpretation and the broader interpretation. The narrow meaning of interpretation intertwines the interpretation and analysis function to the extent that the researcher automatically interprets as he/she analyses, with a view to reaching meaningful conclusions (Kerliner, 1986, in De Vos, 1998).

For the purposes of this report, a broader meaning of interpretation was used so that the researcher could compare and describe the results and inferences drawn from the data with theory. Thus, the meaning and implications of the research results were compared with the results from the literature review (Kerliner, 1986, in De Vos, 1998).

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<sup>6</sup> The assistance of a statistician was sought to apply the formulas to code the data.

In this study emphasis was placed on the quantitative data, as there was limited qualitative data produced to supplement the discussion, despite the comment facility provided in 26 of the 35 questions in the electronic survey.

### **3.4 Limitations of the Research Design and Methodology**

#### **3.4.1 *Research Design***

A quantitative approach is used in this research. This approach is more rigid than a qualitative approach because of the use of scoring scales, collection and data analysis. The quantitative approach is criticised for applying hard science methods that are ill-suited to studying the ever-changing challenges found in social research (De Vos, 1998). This critique is accepted as the evaluation of CSI is an emerging sector in South Africa, and it is possible that more quality data on how evaluations are conducted could have been gained by conducting in-depth interviews until a point of data saturation had been reached (De Vos, 1998).

#### **3.4.2 *Sample size***

As indicated in Table 2, there was great difficulty in gaining the participation of all 192 companies. Due to unavailability, company closures, refusals and non-responses, an availability sample of 20 (10%) was achieved. Although a 10% sample rate was gained the findings cannot be generalised. Thus, the sample size is seen as a limitation of the study.

#### **3.4.3 *Data Collection Method***

The truthfulness of the responses cannot be guaranteed as most of the companies completed the electronic survey during office hours which may not have offered the participants privacy, time or room for their own personal interpretation.

There are two areas of concern in using an electronic survey. Firstly, respondents may feel that their confidentiality will be compromised and secondly, the likelihood of computer viruses

being sent via the email link is significantly increased. Both of these factors are considered to be limitations that may affect the response rate to an electronic survey (Wholey, 2004). Electronic surveys are known to generate small response rates (Jones and Pitt, 1999). In order to avoid a low response rate respondents were pre-notified via telephone and then telephonic and/or email contact was maintained with those participants that had agreed to participate in the research. Despite these efforts, only a small sample of 20 respondents was achieved. During the course of administering the questionnaire, it was discovered that the email survey was sent directly to spam inboxes owing to virus protection facilities installed by the various companies. As a result, it was often necessary to request that the respondent check his/her spam mail in case the survey was listed as junk mail.

#### **3.4.4 Data Collection Tool**

In order to ensure that the questionnaire avoided errors common to an electronic survey, the researcher ensured that she had knowledge on these issues before developing her questionnaire. Thus, research was conducted on the logical sequencing of questions, user-friendly selection methods, clarity of appearance and the provision of clear instructions on how to complete each question.

In retrospect, the questionnaire was too long as it took 30 minutes to complete. In addition, because there was a need for clarification of evaluation methods and definitions required in some sections, the overall appearance of the survey was cumbersome and unattractive. The wordiness of the questionnaire may have confused some respondents, thus possibly contributing to the poor response rate (Dillman and Tortora, 1998).

As previously mentioned, none of the respondents utilised the comment box facilities that were provided for further clarification or for further comment. However, the fact that the respondents did not use the comment box facilities is not considered to have detracted from the quality of the data as the researcher's primary focus was to derive quantitative data from the questionnaire. The comment box facility was therefore seen as supplementary to the quantitative data.

### **3.4.5 Validity**

If instruments are to have any utility in practice, they must be deemed valid. Validity ensures that the instrument of measurement collects data that answers the research questions and secondly, that the responses are measured accurately (De Vos, 1998). The questionnaire that was developed in this research strives to meet the categories of validity, namely content validity, criteria validity and construct validity (De Vos, 1998). However, while every endeavour has been made to ensure the criterion of validity is met, there was room for error.

### **3.4.6 Reliability**

Reliability refers to the extent to which independent administration of the same instrument consistently yields the same results (De Vos, 1998). The researcher acknowledges that the measurement scores may not be free from errors such as measurement error as a result of poorly worded questions or the answering behaviour of the respondent, and/or a non-response error owing to some respondents not responding to all the questions, resulting in a numerical variance for each question's response (Dillman and Tortora, 1998).

### **3.4.7 The Researcher**

As a novice, the researcher acknowledges that there is room for improvement in her understanding and application of the current study. In order to curtail this limitation, the advice and assistance of a research supervisor and a statistician were sought. In addition, the researcher endeavoured to develop her own knowledge of research through reading.

## **3.5 Problems Encountered during the Study**

The time allocated to contacting respondents was greatly extended because the SAGA 2006 directory was no longer current. In addition, the length of time spent waiting for responses extended from two weeks to six weeks. The sample group was significantly reduced because many of the CSI managers were unavailable and could not be contacted. This lack of accessibility resulted in 88 respondents being removed from the sample group. Table 2 sets

out the sampling process in detail, specifying the difficulties experienced in reaching the sample group of 20.

Another challenge experienced during the study was that no respondents utilised the comment box facility provided for 26 of the questions in the electronic survey. Although the comments were only meant to be a supplementary source of data, it would have been useful if the qualitative data could have qualified the quantitative findings. The lack of responses may be due to time limitations experienced by the CSI managers. Alternatively, the lack of qualitative data could relate to the fact that the questionnaire was too long and as a result, the CSI manager was overwhelmed by the amount of information that was requested.

Lastly, during the data analysis, the researcher realised that the wording of question four was misleading as the staff may, at the time of employment, not have had the experience listed in question four. However, the CSI staff may have obtained the experience during their employment. The researcher interpreted the responses using the former interpretation, that being, at the time of employment the staff did not have the experience at the time of employment. This meaning was closer to the understanding of the question than the latter interpretation suggested above.

### **3.6 Summary**

A quantitative approach using an electronic survey was utilised in this study to generate data to address the research objectives. The sample group obtained for this study was whittled down from 192 to 20 partly as the directory used to source the sample group was outdated and, as a result, some companies had closed down and the CSI programmes of other companies had been terminated. As a result of only 20 companies making up the sample group for this study, the findings on the evaluation policies and methods used by companies in the context of CSI to evaluate their programmes cannot be generalised. The findings for this study, therefore, pertain to the policies and methods currently being used by 20 South African companies to evaluate their CSI activities. The findings from these 20 responses are set out in the next chapter.

## **CHAPTER 4: FINDINGS AND DISCUSSION**

### **4.1 Introduction**

This chapter details the findings from the electronic survey administered to the sample group of 20 South African companies derived from the SAGA 2006 Directory. As a result of the small sample size, the findings offer a response to the research objectives but cannot be used to make any generalisations about national CSI programmes in South Africa. In addition, the researcher hoped to categorise the findings according to large, medium and small companies as the responses could possibly differ according to the size and annual profit of the company. However, due to a poor response to question 21 which queried the company's annual turnover, the researcher was unable to categorise the responses. Instead the researcher grouped the responses according to the evaluation method used by the companies.

The findings are set out under each of the research objectives, namely, to explore and describe the nature of current CSI activities of South African companies; to explore and describe companies' evaluation policies relating to the evaluation of their CSI activities; to explore and describe methods used in the evaluation of companies' CSI activities; and to explore and describe what companies view as the strengths and the shortcomings of their current policies and methods regarding the evaluation of their CSI activities.

### **4.2 The Nature of Current Corporate Social Investment Activities of the 20 South African Companies**

The findings in section 4.2 build a profile of the 20 South African companies involved in CSI activities in South Africa. The responses of the 20 companies provide details on where CSI activities are concentrated, and the types of CSI activity undertaken by these companies. The section also provides information on factors that determine the CSI budget allocation within the companies. Questions 1, 2, 4, 6, 24, 26, 27, 29 and 31, were used to generate responses that described the nature of current CSI activities of the companies. These responses are discussed in the following section.

#### 4.2.1 The Provincial Location of Corporate Social Investment Programmes

Respondents were asked in question 31 to identify the provinces where the company's recipient CSI programmes are located. The 18 companies that responded to question 31 indicated that they have CSI programmes in more than one province. The responses are depicted in Table 3 below

Table 3. The provincial location of CSI activities of the participant companies

Provinces	Participating Companies																			Grand Total
	1	2	3	5	6	8	9	10	11	12	13	14	15	16	17	18	19	20		
<b>Gauteng</b>	1	1	1		1	1	1		1	1	1	1	1	1	1	1	1	1	1	<b>15</b>
KwaZulu-Natal	1	1	-	1	1	-	-	1	1	-	1	-	1	1	-	1	1	-	1	<b>11</b>
Limpopo	-	-	-	1	-	-	-	-	-	-	1	-	-	1	-	1	1	1	1	<b>6</b>
Mpumalanga	-	1	-	1	-	-	-	-	1	-	1	1	-	1	-	1	1	1	1	<b>9</b>
North West																				
	-	-	-	1	1	-	-	-	-	-	1	-	-	1	-	1	1	1	1	<b>7</b>
Eastern Cape	-	1	-	1	1	-	-	-	1	-	1	-	-	1	-	1	1	-	1	<b>8</b>
Free State	-	1	-	1	1	-	-	-	-	-	1	-	-	1	-	-	1	-	1	<b>6</b>
Northern Cape	-	-	-	1	-	-	-	-	-	-	1	-	-	1	-	1	1	-	1	<b>5</b>
Western Cape	-	1	1	1	1	-	-	-	-	-	1	-	-	1	-	1	1	-	1	<b>8</b>
<b>Total</b>	<b>2</b>	<b>6</b>	<b>2</b>	<b>8</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>9</b>	<b>1</b>	<b>8</b>	<b>9</b>	<b>3</b>		

Table 3 indicates that Gauteng is the most common location for CSI activities, with 15 out of the 18 participating companies (75%) conducting their CSI activities there. This finding is closely followed by Kwa-Zulu Natal where 11 companies are implementing their CSI programmes. Other responses from Table 3 depict that all provinces have CSI programmes which are being implemented by some of the companies.

On average there are eight CSI programmes per province. Thus, the fact that Gauteng has an above average number of programmes is quite significant. It is interesting to note that 16 out of the 20 companies (80%) that were surveyed in question 27 have a head office in Gauteng. This finding is significant because it possibly portrays a relationship between the location of

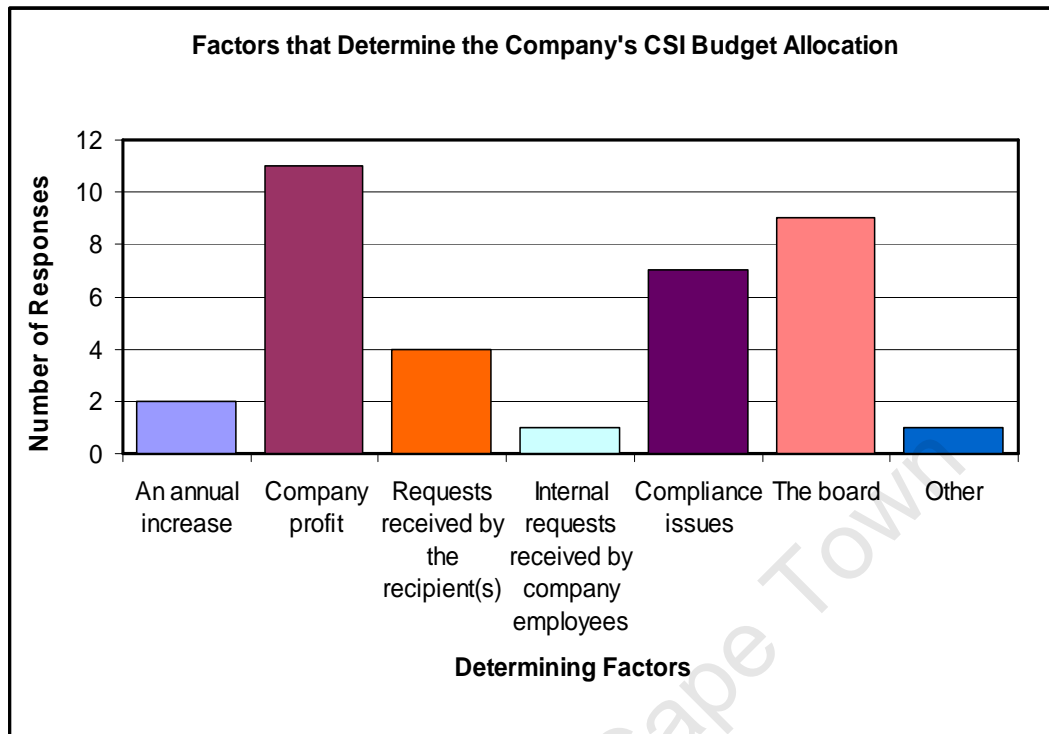
the head office and of the CSI programmes which is similar to the findings of the literature review. The literature review suggests that companies develop social investment programmes to assist those recipients who are directly influenced by the business operations or that are in close geographical proximity to the company's operations (Sethi, 2000).

Further findings which help portray the nature of current CSI activities of the 20 South African companies are presented in the responses to question 29 which asked whether the company had a dedicated CSI department and/or staff complement.

The findings from question 29 indicated that of the 16 companies with head offices in Gauteng, only six (37%) have a dedicated CSI department or employees to regulate their CSI programmes. The fact that only six of these 16 companies (37%) have a dedicated CSI unit indicates that the employees from the remaining 10 companies have a CSI function in addition to other responsibilities in the company. The same assumption holds true for the other provinces as well, where the findings show that less than half the companies (5 out of 14 companies, 35%) have dedicated CSI units or staff to manage their CSI programme(s).

This finding is similar to Siebert's view that corporations do not have resources (including time) to dedicate to CSI on a full-time basis (Siebert, 2008). A finding discussed later in this chapter indicates that CSI management is a secondary function to the CSI managers' primary job description. Thus, the monitoring and evaluation of CSI programmes by the CSI managers would perhaps not be a priority.

Figure 1. Factors that determine a company's corporate social investment budget allocation



#### 4.2.2 Factors that Determine the Company's Corporate Social Investment Budget

With regard to the allocation of the CSI budget, question 24 enquired about the factors that determined the company's CSI budget. Companies could select more than one of the responses indicated in Figure 1 above. Eleven out of the 20 (55%) surveyed companies indicated that the company profit determines the company's CSI budget allocation. Nine out of 20 companies (45%) indicated that the board determines the CSI budget allocation.

Both these responses represent the reciprocal relationship between the company's annual performance and the company's CSI budget allocation. This relationship is reflected in the 'maximisation of shareholder value' theory which proposes that the aim of the business is to produce an increase in the company's financial performance and if the social investment programme imposes a cost to the company then the social investment should be rejected (Keim, 1978 in Garriga and Mele, 2004). The findings are therefore similar to this theory in the sense that the 11 companies separate their economic objectives from their social

objectives; and that the allocation of the CSI budget is subject to the financial performance of the company.

Another finding from question 24, indicated that seven companies' CSI budgets were determined by compliance issues possibly related to the requirements of the B-BBEE scorecard that are detailed in the literature review. This finding is comparable to the literature review which indicates that some companies feel obligated to comply with the B-BBEE policies (The CSI Handbook, 2007).

The researcher's suggests that this finding reflects aspects of the 'principle of public responsibility' theory which proposes that companies merely comply with legislation when addressing social problems so that the business is seen as acceptably responsive in terms of societal expectations (Preston and Post, 1981). A concern that arose in relation to this theory was whether the CSI programmes are seen to be 'acceptably responsive' by all the stakeholders who are involved and influenced by the CSI programme. In response to this concern it is the researcher's opinion that information from the evaluations would indicate whether the CSI programme has adequately responded to the needs of the programme's recipients.

#### ***4.2.3 Allocation of the Company's Corporate Social Investment Budget***

Having identified the factors that determine the amount the companies allocate to their CSI programmes, it is important to depict how the CSI budget is allocated within the CSI programme. Table 4 depicts some allocations of the CSI budget. Twelve companies responded to this question (question 25). The respondents could select more than one response in this question.

Table 4. Companies' corporate social investment budget allocation

CSI Budget Allocation	Responses						Total Companies
	1-5%	6-10%	11-20%	21-30%	31-40%	41-50%	
CSI programme(s)	36.4% (4)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	<b>63.6% (7)</b>	11
CSI administration and internal costs (salaries etc.)	<b>42.9% (3)</b>	<b>42.9% (3)</b>	14.3% (1)	0.0% (0)	0.0% (0)	0.0% (0)	7
Monitoring and evaluation of the CSI programme by the recipients	<b>50.0% (4)</b>	25.0% (2)	0.0% (0)	12.5% (1)	0.0% (0)	12.5% (1)	8
External consultant services (including monitoring and evaluation)	<b>100.0% (7)</b>	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	7
CSI reporting	<b>100.0% (7)</b>	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	7

The above table shows that seven of the companies (63%) who indicated that money is allocated to their CSI programmes selected the 41-50% range. This finding is encouraging as this indicates that almost half of the CSI budget is allocated to the CSI programme itself. However, in stark contrast, only one out of eight (12.5%) spent this percentage (41-50%) on the monitoring and evaluation of their CSI programme.

Four out of the eight (50%) companies who indicated that they allocated money to monitoring and evaluation selected the 1-5% percent range. Seven out of the seven (100%) respondents who use an external consultant for monitoring and evaluation also selected the 1-5% range.

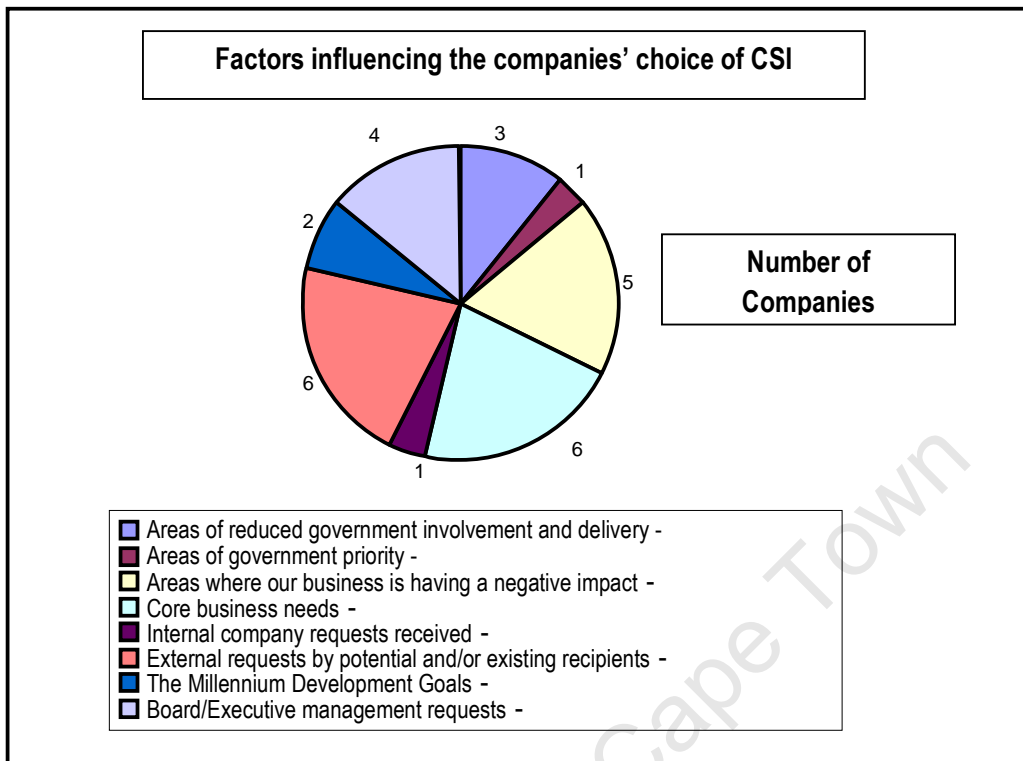
In total 11 out of the 12 (91%) companies that responded to the question allocated 1-5% of their CSI budget on the monitoring and evaluation of their CSI programme(s). This finding is encouraging as it indicates that the majority of the companies who responded to the question include monitoring and evaluation in their CSI budget allocation. The fact that the majority of the companies (11 out of the 12 companies, 91%) are allocating part of their budget to monitoring and evaluation could be an indication that an increasing number of companies are realising the need to evaluate their CSI programmes (Njenga and Smit, 2007).

Furthermore, the fact that the majority of the companies allocate a portion of their budget to monitoring and evaluation is a contradiction to the literature review which suggested that companies may be experiencing challenges, such as limited resources, which prevent them from evaluating their CSI programmes (Njenga and Smit, 2007).

#### ***4.2.4 Factors that Influence the Company's Choice of Corporate Social Investment Programme(s)***

In response to question 22 respondents were asked to rank the statements according to which issue had the greatest influence on the company's choice of CSI activity. In total 18 companies responded to the question. Figure 2 below depicts the responses of the 18 companies.

Figure 2. Influences on company's choice of corporate social investment programme



Six out of the 18 (33%) participating companies ranked the company's core business needs as the highest influencing factor when selecting a CSI programme. Similarly, six out of the 18 (33%) companies indicated that external requests by potential and/or existing recipient(s) were highly influential in the selection of the company's CSI programme(s). The results indicate six out of the 18 companies, (33%) engage in stakeholder dialogue by receiving external requests by potential recipients, so that the businesses can respond effectively to problems identified by stakeholders (Emshoff and Freeman, 1978). Thus, this finding satisfies a characteristic mentioned in the stakeholder management theory which states that through stakeholder dialogue, the corporation can respond more effectively to social problems identified by stakeholders in the community (Kaptein and Van Tulder, 2003).

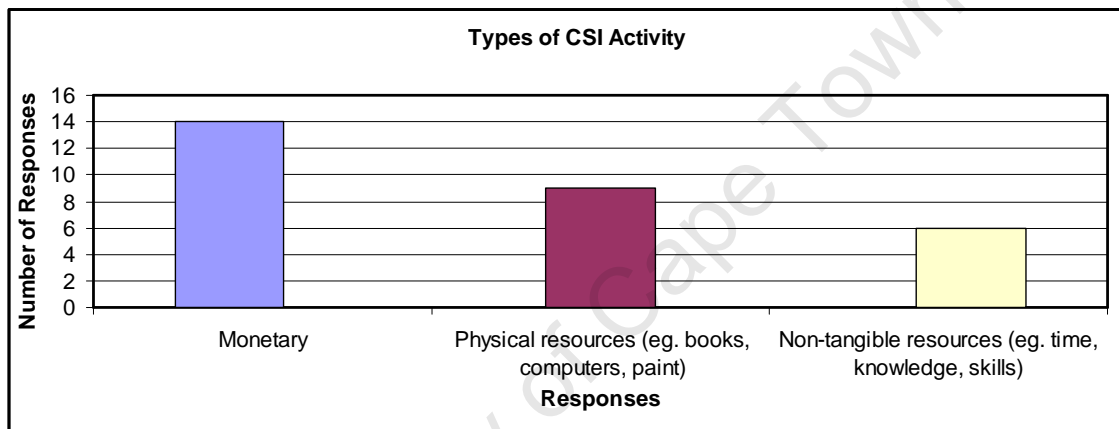
Lastly, five out of the 18 (27%) companies stated that their CSI programmes were located where the business was having a negative impact. These results could be evidence of the stakeholder management theory which suggests that businesses' CSI programmes are

orientated towards people or communities who are affected by the businesses' policies or practices (Emshoff and Freeman, 1978).

#### 4.2.5 Types of Corporate Social Investment Activity

Question 26 probed the variety of CSI activities in which companies participated. Respondents could select more than one response. In total 17 companies responded to the question. These responses are depicted in Figure 3 below.

Figure 3. Types of corporate social investment activity



Fourteen out of the 17 (82%) participating companies indicated that their CSI activity involves, amongst others, a once-off monetary donation to their recipient programme. Nine out of the 17 (52%) companies stated that they donated physical resources to their recipients and six out of the 17 (35%) indicated that they donated non-tangible resources such as knowledge, time and skills.

The majority finding indicates that most companies give a once-off monetary donation to their recipient programme(s). This finding is of concern as this differs greatly from the literature review where it is suggested by Trialogue (2007) that companies in South Africa have moved away from a welfare style of giving. However, the researcher is also of the opinion that if the companies are giving once-off monetary donations in the form of education scholarships, then these donations cannot be categorised as a welfare approach as the companies would be equipping individuals with education which suggests a developmental approach to their CSI

programmes. Furthermore, of these 14 companies who give once-off monetary donations, seven (50%) also provided physical and non-tangible resources to their recipient programme(s). The finding, therefore, suggests that there is possibly a progression by companies towards a developmental approach to CSI, as suggested by Njenga and Smit (2007).

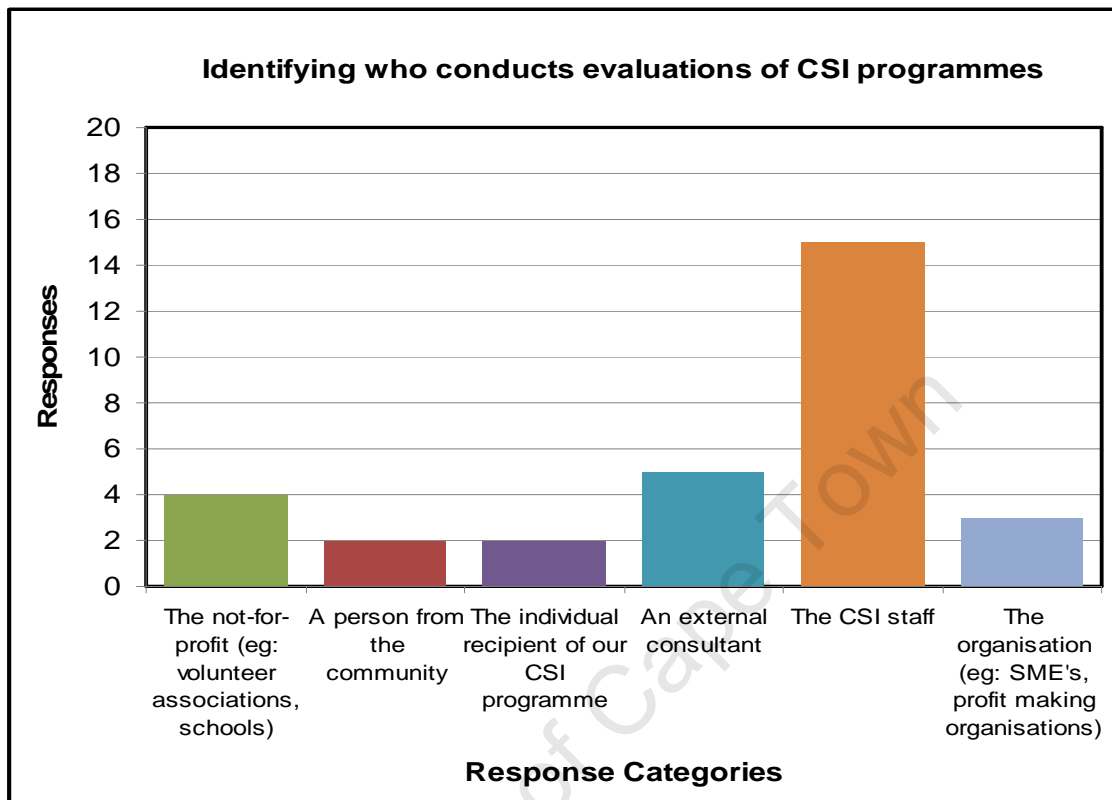
#### **4.3 Companies' Policies Relating to the Evaluation of their Corporate Social Investment Activities**

Question 1 of the electronic survey enquired whether there are established evaluation policies for the company's CSI programme. The companies could select only one response for this question. The findings of question 1 indicate that 16 out of the 20 (80%) participating companies have an established evaluation policy.

Of these 16 companies, 15 indicated in response to question two that their evaluation policy stipulates when the company should report on their CSI programme. Furthermore, results from question six showed that fifteen out of the 20 (75%) companies (see Figure 4) state that the CSI staff conduct their own evaluations of the CSI programme(s). However, when asked whether the CSI staff have any monitoring and evaluation experience (question four) only 8 out of the 20 (40%) companies confirmed that their staff had this knowledge (see Figure 5).

The above findings are of direct importance to the current study as it indicates that there is a lack of monitoring and evaluation experience amongst the staff involved with CSI programmes. The researcher is therefore sceptical about the evaluation processes followed by staff who have no monitoring and evaluation experience as the literature review indicates that there are methods of evaluation that need to be adhered to when conducting an evaluation (Posavac *et al.* 2007 and Unrau *et al.* 2007).

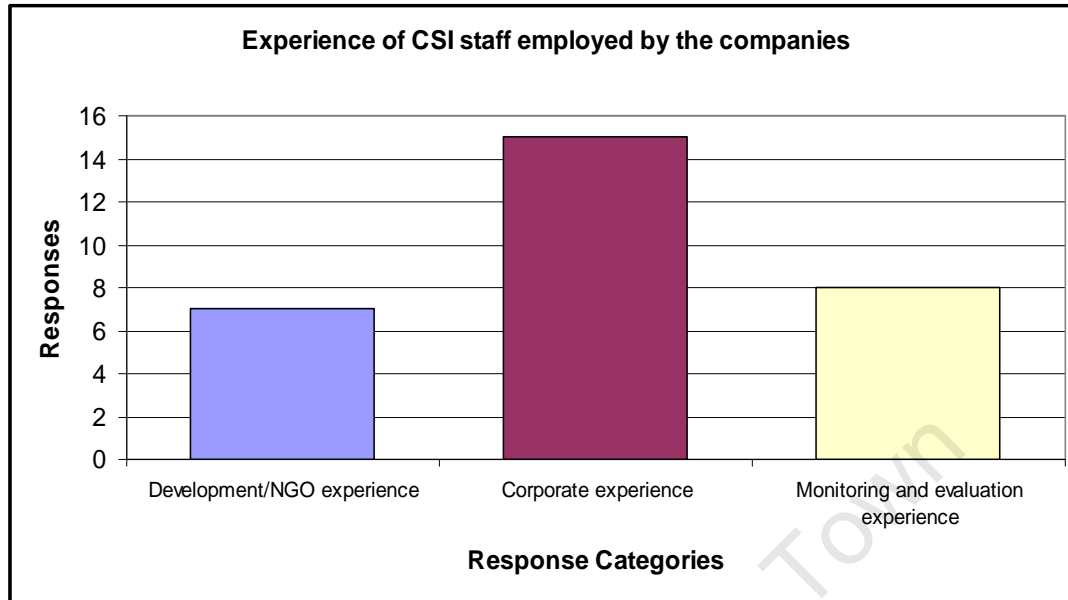
Figure 4. Identifying who conducts the evaluation of corporate social investment programmes for the companies



#### 4.3.1 The Experience Required from the Staff Involved in the Corporate Social Investment Programme(s)

Question four inquired about the experience of the CSI staff. In total 20 companies responded to the question. More than one response could be selected for this question. The responses to question four are depicted in Figure 5 below.

Figure 5. An indication of the work experience of CSI staff employed by the companies

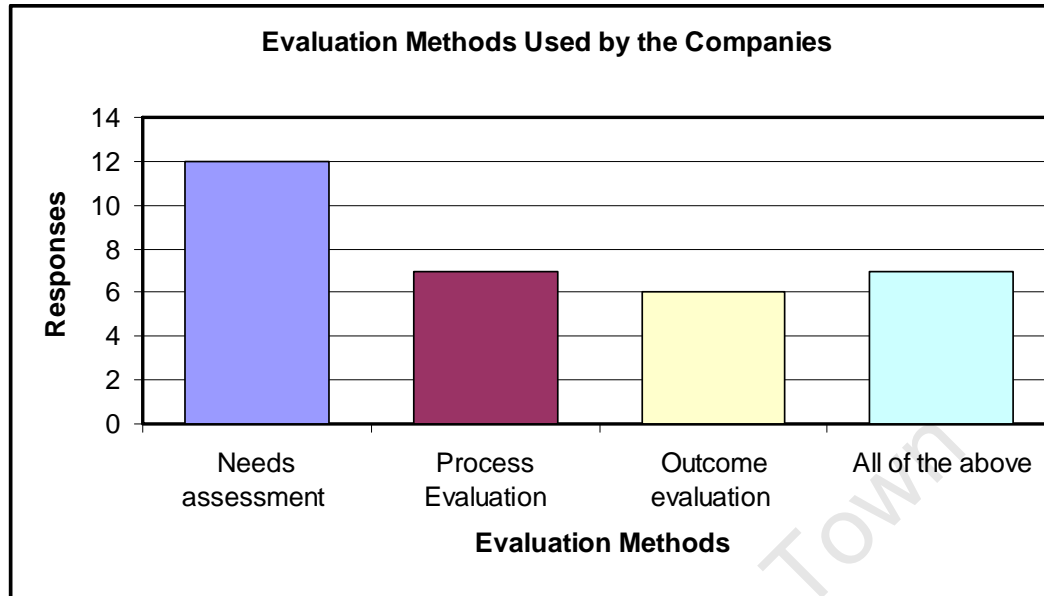


Most of the responses to question four (15 out of 20) (75%) shows that companies employ CSI staff solely on the basis of their corporate experience. Only seven out of the 20 (35%) participating companies indicated that they employ CSI staff who have development/NGO experience. As stated above, the fact that most companies do not have dedicated CSI staff with monitoring and evaluation knowledge is of concern as the quality of the evaluations of the CSI programmes by the CSI staff may be questionable.

#### 4.4 Methods Used to Evaluate the Companies' Corporate Social Investment Programme(s)

The findings for question nine are presented in this section. The presentation of the findings indicates what evaluation methods are being used by 19 of the companies that responded to the question. The companies could select more than one response to the question.

Figure 6. Evaluation methods used by the companies to evaluate their CSI programme(s)



The results indicate that most of the companies (11 out of 19) (57%) use a needs assessment to evaluate their CSI programmes whilst seven out of 19 (36%) companies use process evaluation. It is encouraging to see that seven out of 19 (36%) utilise all of the above evaluation methods to assess their programmes. Six out of 19 (31%) use only an outcome evaluation method and lastly, one respondent who answered 'Other' indicated that they use the 'BEE monitoring tool'. During the literature review process and the interviews with CSI practitioners, there was no mention of a 'BEE monitoring tool.' The researcher speculates that this respondent is referring to the B-BBEE scorecard.

For the purposes of this research it is necessary to identify which method of evaluation is used to evaluate the companies CSI programme(s). The findings are grouped according to the evaluation method that was selected namely; a needs assessment, a process evaluation, and an outcome evaluation were provided as answer choices in the questionnaire. The literature review shows that for each evaluation method there are criteria that need to be satisfied in order for an evaluation to be effective (Unrau *et al.* 2007, Rossi *et al.* 2004 and Posavac *et al.* 2007). In the next paragraphs, the findings will be compared to the literature review in order to see which of these companies are satisfying the criteria for each of the evaluation methods, namely a needs assessment, a process evaluation, and an outcome evaluation, as suggested by the authors Unrau *et al.* (2007) and Posavac *et al.* (2007).

#### **4.4.1 Needs Assessment**

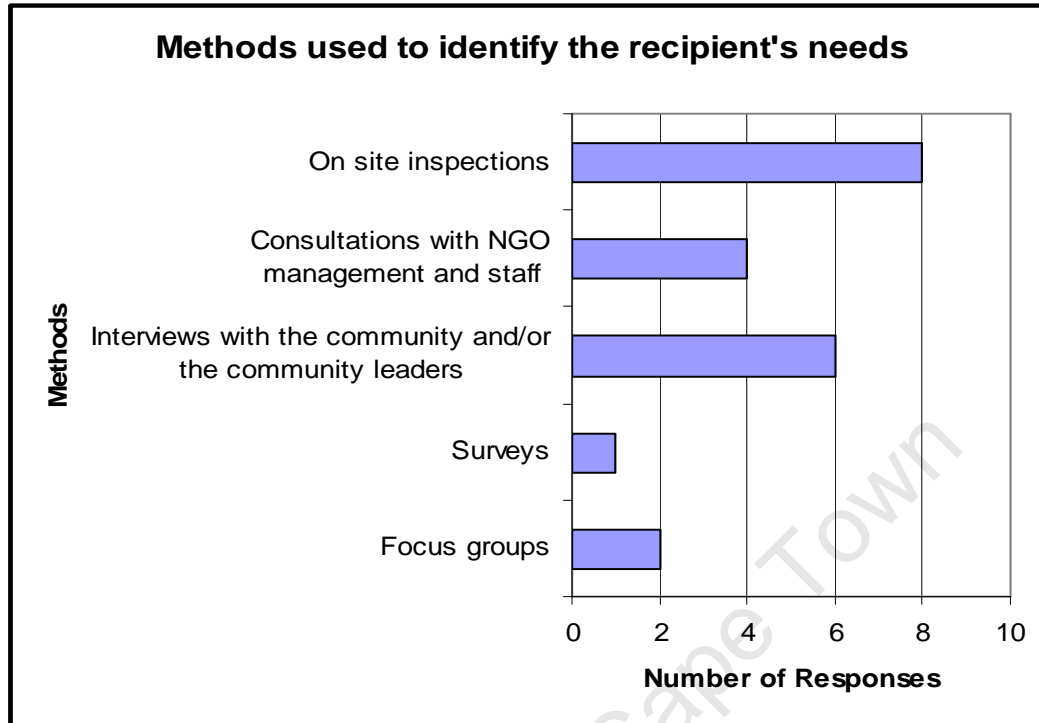
When using a needs assessment evaluation, authors such as Rossi *et al.* (2004), Unrau *et al.* (2007) and Posavac *et al.* (2007) indicate that a socio-economic profile of the recipient (s) of the programme must be compiled so that the level of social problems within the community are identified. Secondly, Wholey *et al.* (2004) states that part of a needs assessment requires that the programme manager speaks with stakeholders in the community in order to identify the needs and the ways the programme is likely to address the needs. Furthermore, McKillip (1998) in Rossi *et al.* (2004) indicates that the information from the socio-economic profile and the stakeholder discussions must be relayed to those who will decide and implement policies on the basis of the results.

In total, 11 companies indicated that they only use a needs assessment to evaluate their CSI programmes. According to Unrau *et al.* (2007) a needs assessment can be conducted for the “start up, expansion, renovation or closure of a particular service within a programme” (Unrau *et al.* (2007:122). From the findings the researcher was unable to assess when the needs assessment is conducted by the companies. However, for the purposes of this research, the responses given by the 11 companies who indicated that they use a needs assessment are presented below.

By using a filtering function in the electronic survey, the responses of these 11 companies were analysed in relation to questions six, seven, 11 and 13. These questions included criteria relating to a needs assessment. The researcher’s intention was to see what statements were selected by the eleven companies and to analyse this findings in light of the research compiled in the literature review.

The similarities between the literature and the companies who utilise a needs assessment are depicted in Figure 7 which presents responses to question 11. Question 11 provided answer choices that were relevant to the socio-economic profiling required by a needs assessment.

Figure 7. Methods used by companies' to identify the recipient's needs



The responses to question 11 indicate that, of the eight out of the 11 (72%) companies who utilise a needs assessment; eight conduct on-site inspections to identify the recipient's issues. Six out of these 11 (54%) companies stated that they hold interviews with the community and/or community leaders who assist the company in determining the recipient's needs. The minority finding (1 out of 11 companies, 9%) indicated that they use surveys to conduct their need assessments. The researcher finds these results encouraging as they denote an interactive relationship between the recipient(s) of the programme and the CSI staff, which is particularly useful as stakeholder discussions are required in order to identify the needs and the ways the programme is likely to address the recipient's needs (Posavac *et al.* 2007 and Wholey *et al.* 2004).

Question six asked respondents to indicate who conducted the CSI programme(s) evaluations. The findings from this question were of importance because according to the literature review, first-hand knowledge of the recipient's requirements is highly advantageous as the interaction would help to facilitate the analysis and implementation of the recommendations arising from

the needs analysis (McKillip (1998) in Rossi *et al.* 2004). The findings of question six from the 11 companies who use a needs assessment evaluation method are presented in Table 5.

*Table 5. An indication of who conducts the evaluation for the 11 companies who use a needs assessment evaluation method*

<b>Who conducts the evaluations</b>	<b>Response Percent</b>	<b>Response Count</b>
The Not-for-profit (eg: volunteer associations, schools)	18%	2
The person from the community	18%	2
The individual recipient of our CSI programme	18%	2
The external consultant	27%	3
<b>The CSI staff</b>	<b>72%</b>	<b>8</b>
The organisation (eg: SME's, profit making organisations)	18%	2
Other		0
<b>Answered question</b>		<b>11</b>

From the above it is evident that there is a vast difference between the majority of companies (eight out of 11, 72%) who conduct the evaluation themselves and the minority of companies that use individuals from outside the company to conduct the evaluation. This finding is important because it indicates that the majority of the CSI staff have first-hand knowledge of the requirements of the programme which is advantageous to the company and the recipients of the programme as the CSI staff are able to understand and address the needs of the recipients more effectively (McKillip (1998) in Rossi *et al.* 2004).

#### ***4.4.1.1 An Indication of the Intended Objectives of the Companies that Use a Needs Assessment***

Question seven provided further indication of the use of a needs assessment by the 11 companies. The respondents were given a selection of responses to choose from. The responses chosen by the 11 companies who utilise a needs assessment are depicted in Table 6.

Table 6. Intended objectives of those companies that utilise a needs assessment and an indication of their collaborations in order to achieve these objectives

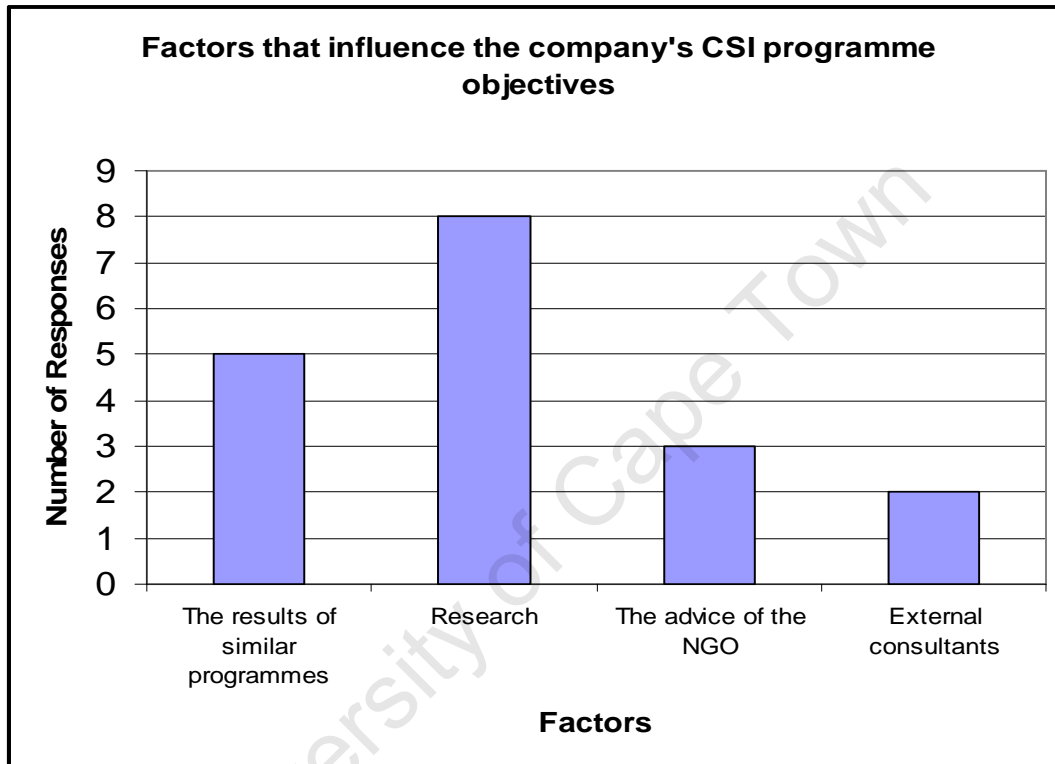
The company works collaboratively with NGO's					
<b>Intended Objectives</b>	To ensure efficient and effective use of the company's CSI resources	To understand and address the recipient community needs, expectations and issues	To develop sustainable and empowering programmes for the recipient(s)	To achieve measurable results for the company's CSI programme	To achieve measurable results for the recipients of the CSI programme
<b>Number of Companies</b>	5	5	5	3	5
The company works collaboratively with the recipient(s)					
<b>Intended Objectives</b>	To ensure efficient and effective use of the company's CSI resources	To understand and address the recipient community needs, expectations and issues	To develop sustainable and empowering programmes for the recipient(s)	To achieve measurable results for the company's CSI programme	To achieve measurable results for the recipients of the CSI programme
<b>Number of Companies</b>	5	4	6	5	4
The company works collaboratively with Government					
<b>Intended Objectives</b>	To ensure efficient and effective use of the company's CSI resources	To understand and address the recipient community needs, expectations and issues	To develop sustainable and empowering programmes for the recipient(s)	To achieve measurable results for the company's CSI programme	To achieve measurable results for the recipients of the CSI programme
<b>Number of Companies</b>	4	5	3	3	2

A majority finding from Table 6 is that six out of 11 companies indicated that they work collaboratively with the recipient(s) in order to develop sustainable and empowering programmes to address the recipient's needs (McKillip, 1998 in Rossi *et al.* 2004). The results from Table 6 also indicate that the recipient(s) and the companies work together to initiate and implement an effective programme. Other responses from Table 6 indicate that companies also work with other agents such as Government and NGO's to achieve their CSI programme(s) objectives. The results depict an interdependent relationship between the companies and the recipient(s) of the programme who work together toward achieving the CSI programme(s) objectives which satisfies the findings in the literature review (McKillip (1998) in Rossi *et al.* 2004).

#### 4.4.1.2 Factors that Inform the Corporate Social Investment Programme(s)

Figure 8 presents results from question 13 which asked respondents to select factors that informed the company's CSI programme(s) objectives. Respondents could select more than one response.

Figure 8. Factors that inform the corporate social investment programme objectives



The results depicted in Figure 8 are an indication of further similarities between the findings and the literature review. Eight out of the 11 (72%) companies indicated that they conduct research on the community's needs to inform the CSI programme objectives; whilst three of the 11 (27%) companies indicated that the advice of the NGO is sought when defining the CSI programme(s) objectives. These findings possibly represent the company's commitment to achieving measurable and realistic objectives for the recipient CSI programme(s) by developing the objectives with the assistance of the groups that are directly affected by the CSI programme(s) activities.

The above findings demonstrate that 11 companies are implementing some aspects of a needs assessment as identified by Posavac *et al.* (2007) and Wholey *et al.* (2004). The results of the questions depict an interdependent relationship between the corporate and the recipient(s) of the CSI programme(s) which is particularly useful as the recipient(s) issues are directly heard by those who are able to decide and implement policy on the basis of the results of the needs assessment.

#### **4.4.2 Process Evaluation**

Figure 6 above shows that seven out of the 19 (36%) companies that responded to question nine, utilise the process evaluation method to evaluate their various CSI programmes. A process evaluation can be conducted through a one shot study which gauges how well the programme has developed its intended operations and services; how well the programme is organised, the cost-efficiency of the programme, the quality of the services and the success with which the programme is reaching its target population (Unrau *et al.* 2007 and Rossi *et al.* 2004).

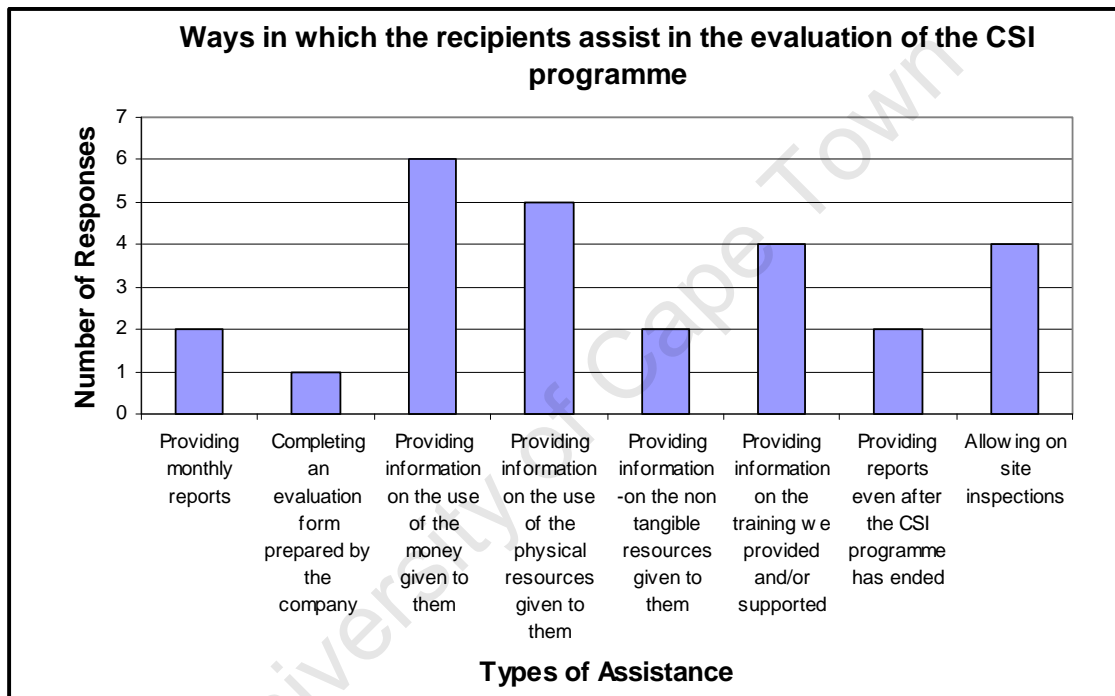
Alternatively, a process evaluation can be conducted through an ongoing monitoring approach which, in addition to assessing the administration and service delivery of a programme, also includes regular reporting and information systems to provide feedback to programme management (Posavac *et al.* 2007). Programme managers then utilise these reports to take corrective action as soon as problems arise (Posavac *et al.* 2007). The second function of a process evaluation is to act as a complement to an outcome and/or impact evaluation (Posavac *et al.* 2007).

By using a filtering function in the electronic survey, the seven companies that conduct a process evaluation were analysed in relation to questions six, seven, 10, 15, 16, 19 and 20. These questions included criteria relating to process evaluations, the results of which are presented below.

**4.4.2.1 Forms of Assistance Provided by the Recipient(s) to the Corporate Social Investment Staff**

Question 16 asked companies to select the ways in which the recipient(s) assisted CSI staff in the evaluation of the CSI programme(s). The companies could select more than one response to this question. In total there were seven responses and Figure 9 presents these results below.

*Figure 9. Assistance provided by the recipients to the corporate social investment staff*



Six of the seven (85%) companies who utilise a process evaluation method indicated that they evaluate their CSI programme(s) by examining monetary information given to them by the recipient(s) of the CSI programme(s). Five of the seven (71%) companies indicated that the recipient(s) of the programme provide the company with information on the use of the physical resources given to them. The two majority findings from question 16 correspond with the previous results in Figure 3, which showed that the most common forms of CSI activity were monetary donations and physical resources.

All the findings from question 16 suggest that during the implementation of the programme there is a process of assessment and feedback through reporting and information systems, one-on-one contact and on-site inspections. Overall the findings from question 16 are highly characteristic of the methods used in a process evaluation suggested by Rossi *et al.* (2004) which further suggests that the companies focus on the quality; administrative components; performance and service delivery of the CSI programme.

Question 10 provided a series of statements for companies to choose from. Some of these statements incorporated elements of process evaluation. The companies could select more than one response. Table 7 below, presents the responses to question 10 from those companies that use a process evaluation.

*Table 7. The statements selected by the seven companies who use a process evaluation method.*

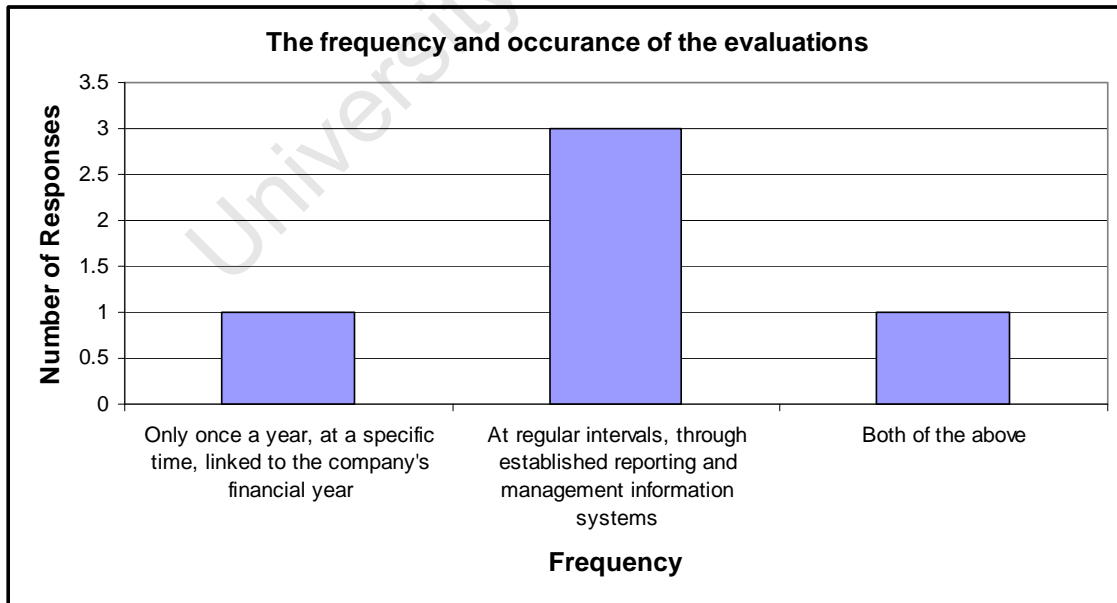
Statements	Response Percentage	Response Count
<b>The company's chosen CSI programme(s) have clear programme objectives for each recipient programme</b>	<b>86%</b>	<b>6</b>
The recipient CSI programme objectives were not informed by the recipients	29%	2
A needs analysis is not used during the evaluation process to recommend the course of action for the recipient CSI programme	14%	1
<b>The recipient CSI programme objectives address the recipients' problems</b>	<b>86%</b>	<b>6</b>
The quality of services provided by the company to the recipients of the CSI programme (s) is evaluated	57%	4
We do not evaluate our CSI internal administrative systems	14%	1
There are established evaluation systems that we use to evaluate our recipient CSI programme(s)	43%	3
<b>Answered question</b>		<b>7</b>

Table 7 indicates that six out of the seven (86%) companies have clear programme objectives that exist for each recipient programme, which address the recipients' problems. These findings are similar to the views of Unrau *et al.* (2007) who suggest that in order for a process evaluation to be effective there should be developed intended objectives against which performance and service delivery are measured. Thus, the findings from question 10 are encouraging as they indicate that companies have developed objectives which are measurable and ultimately address the recipients' needs.

**4.4.2.2 Frequency and Occurrence of the Process Evaluations by the Companies that Use a Process Evaluation**

A significant finding arose from question 15 which questioned the intervals at which the CSI staff evaluated their CSI programme(s). Figure 10 presents the results of question 15. For this question, the respondents from the seven companies could select more than one response.

Figure 10. An indication of when and how often evaluations are conducted by the companies who use a process evaluation



As indicated in Figure 10, the majority response (three out of the seven companies, 42%), indicated that they conduct evaluations at regular intervals through established reporting and

management information systems. Two out of seven companies (28%) stated that they conduct a process evaluation at both intervals indicated above. The findings from question 15 are characteristic of the ongoing monitoring method of process evaluation which requires a regular reporting system for feedback to company stakeholders (Posavac *et al.* 2007). Thus, the findings suggest that in total five out of the seven (71%) companies conduct an ongoing monitoring method of process evaluation rather than the one shot method of evaluation.

#### 4.4.2.3 Uses of the Information Derives from a Process Evaluation

Question 19 queried the companies' use of the information derived from the CSI process evaluation. The seven companies could select more than one response. The results of question 19 from the seven companies who utilise only a process evaluation are represented in Table 8 below.

Table 8. Use of the information derived from the process evaluation

Statements	Response Percent	Response Count
<b>To demonstrate whether the CSI programme(s) has achieved its objectives</b>	100%	<b>7</b>
To provide feedback to the recipients of the CSI programme	57%	4
To provide information on how the company's CSI internal operations can be improved	71%	5
To identify trends in the company's CSI programme(s)	86%	6
To identify shortcomings and areas of strength in the company's CSI programme(s)	71%	5
To provide feedback to the company stakeholders	86%	6
For use in the company's annual report	71%	5
Improve the company's CSI internal operations and administration	71%	5
To provide information for the company on how the CSI budget was utilised by the recipient(s)	57%	4
To measure the quality of services provided by the company's CSI programme(s) to its recipient(s)	57%	4
To measure the extent to which the CSI programme(s) is reaching the company's CSI programme objectives	71%	5
<b>Answered question</b>		<b>7</b>

A majority response to question 19 (seven out of the seven companies, 100%) indicated that the information from the evaluations is used to demonstrate whether the CSI programme(s) have achieved their objectives. This finding is similar to the views of Rossi *et al.* (2004) who indicate that by using either the one shot study or the ongoing monitoring approach one can measure the performance of the programme against the intended objectives.

An area of concern with regard to the use of a process evaluation as an evaluation method of CSI programme evaluation emerged when analysing the qualitative responses in the survey. For example, one respondent who utilises a process evaluation and who responded to the qualitative question (question 20) indicated that they conduct process evaluation methods but that “It’s sometimes difficult to know whether organisations have problems until your evaluation, and then the project is delayed sometimes by six months” (Respondent 14). The respondent’s statement infers that they are utilising the one shot method of evaluation. The statement made by the abovementioned respondent indicates a challenge in using the one shot method of evaluation in that it does not allow a problem to be addressed immediately because the challenges are identified during the evaluation.

In the light of the above findings, it was concluded that most of the seven companies that are using a process evaluation are satisfying some of the criteria that is suggested in the literature review. From the findings the inference is that the companies evaluate their programmes to measure the quality of service delivery, the efficiency of the internal administrative components and the overall performance of the programme. The results of the evaluation are therefore measured against the objectives that were set for the programme in order to provide feedback to the stakeholders of the CSI programme.

#### **4.4.3 Outcome Evaluation**

An outcome evaluation gauges the extent of desired change as a result of an intervention. Posavac *et al.* (2007) identify the following types of outcomes: individual; client-focused; programme and system level; community and organisational outcomes. The purpose of an outcome evaluation is to provide feedback to programme stakeholders, including the

recipient(s) (Unrau *et al.* 2007). An outcome evaluation also demonstrates accountability of those involved with the programme administration, as well as the recipient(s) of the programme(s) (Unrau *et al.* 2007).

The findings of the survey were compared to the above elements of an outcome evaluation as indicated by Unrau *et al.* (2007), Posavac *et al.* (2007) and Rossi *et al.* (2004). Six out of the twenty companies (30%) who answered question nine stated that they conduct an outcome evaluation when measuring their CSI programmes.

Using a filtering function in the electronic survey, the responses of these six companies were analysed in relation to questions 10, 18 and 19 which included criteria relating to outcome evaluations. The researcher's intention was to see what statements were selected by the six companies and to compare them to the information gathered on outcome evaluation in the literature review in order to assess if there were any similarities or differences in what was being practiced by the companies during their outcome evaluations.

Question 10 offered the respondents a selection of statements relating to the various criteria of a needs assessment, a process evaluation and an outcome evaluation. Respondents were asked to select the statements that were applicable to their company's CSI programme(s). The results of the six companies who stated that they use an outcome evaluation method are presented below.

Table 9. The statements selected by the six companies who use an outcome evaluation method

Statements	Response Percentage	Response Count
The company's chosen CSI programme(s) have clear programme objectives for each recipient programme	66%	4
The recipient CSI programme objectives were not informed by the recipients	16%	1
A needs analysis is not used during the evaluation process to recommend the course of action for the recipient CSI programme	33%	2
<b>The recipient CSI programme objectives address the recipients' problems</b>	<b>83%</b>	<b>5</b>
The quality of services provided by the company to the recipients of the CSI programme (s) is evaluated	50%	3
We do not evaluate our CSI internal administrative systems	33%	2
There are established evaluation systems that we use to evaluate our recipient CSI programme(s)	33%	2
<b>Answered question</b>		<b>6</b>

Five out of the six (83%) companies selected the statement in question 10 that indicated that the recipient programme objectives address the recipient's problems which is relevant as it may indicate that companies gauge the extent of change for the recipient(s) since the inception of the recipient CSI programme(s) (Unrau *et al.* 2007). Using the findings from question 19, the researcher was able to expand upon the companies' use of the information derived from the outcome evaluation.

#### 4.4.3.1 Uses of the Information Derived from the Outcome Evaluation

Question 19 provided statements regarding the use of the programme evaluation. The responses of the six companies who utilise an outcome evaluation method are presented in Table 10 below.

Table 10. An indication of the uses of the information by the six companies who use an outcome evaluation method.

Uses of the information derived by the evaluations	Response Percent	Response Count
<b>To demonstrate whether the CSI programme(s) has achieved its objectives</b>	<b>100%</b>	<b>6</b>
To provide feedback to the recipients of the CSI programme	50%	3
To provide information on how the company's CSI internal operations can be improved	66%	4
To identify trends in the company's CSI programme(s)	66%	4
To identify shortcomings and areas of strength in the company's CSI programme(s)	83%	5
<b>To provide feedback to the company stakeholders</b>	<b>100%</b>	<b>6</b>
For use in the company's annual report	83%	5
Improve the company's CSI internal operations and administration	50%	3
To provide information for the company on how the CSI budget was utilised by the recipient(s)	66%	4
To measure the quality of services provided by the company's CSI programme(s) to its recipient(s)	50%	3
To measure the extent to which the CSI programme(s) is reaching the company's CSI programme objectives	83%	5
<b>Answered question</b>		<b>6</b>

The findings from question 19 suggest that companies (six out of six, 100%) place emphasis on using the outcome evaluation information to measure whether the objectives have been achieved. The researcher found it interesting that six out of six companies, (100%) used the information to provide feedback to the company stakeholders whereas only three out of six companies, (50%) used the information to provide feedback to the recipient(s) of the programme(s).

According to the literature review, the outcome evaluation information provides a certain level of accountability for the way the CSI programme is affecting the recipient community. From the above result, there is an indication that the CSI staff are more accountable to the company stakeholders which is why the majority (six out of six companies, 100%), provide feedback to the company stakeholders. However, the result also indicates that the CSI staff are to a lesser extent accountable to the recipient(s) of the CSI programme, which raises a concern as it is the

recipients who are directly affected by the efficacy and implementation of the CSI programme(s).

The range of responses from question 19 indicated that information from the outcome evaluation is used to improve the overall internal functions of the CSI programme. These results may be an indication that the companies use an outcome evaluation to improve their programme services and to identify trends that can assist in the improvement of their CSI programmes in the future (Posavac *et al.* 2007). If this assumption is true, then it is an indication of the positive steps that are been taken towards developing and implementing effective CSI programmes in South Africa.

Question 18 provided a selection of outcomes that could be achieved through an outcome evaluation. Table 11 below presents the findings from question 18. The respondents could select more than one response.

*Table 11. The statements selected by the six companies who use an outcome evaluation*

<b>Outcomes that the companies' intend to achieve include:</b>	<b>Response Percentage</b>	<b>Response Count</b>
<b>The improved quality of life of the recipients of the CSI programme</b>	<b>100%</b>	<b>6</b>
The improved behaviour and attitude of the recipients of the CSI programme	33%	2
The skills learnt by the recipients of the CSI programme	83%	5
The improved performance of the internal operations of the CSI programme	50%	3
The personal development of the company's CSI staff	50%	3
<b>Answered question</b>		<b>6</b>

The findings that arose from the responses to question 18 showed that six out of the six (100%) companies sought to achieve an improved quality of life for the recipient(s) of the CSI

programme(s), while only two out of the six (33%) companies sought to measure the improved behaviour and attitude of the recipient(s) of the CSI programme. Similarly, five out of the six companies who responded to question 18 indicated that they sought to achieve their outcomes by measuring the number of skills learnt by the recipient(s) of the CSI programme(s). Other findings from question 18 showed that three out of six companies sought outcomes that improved the performance of the internal operations of the CSI programme and the personal development of the company's CSI staff.

The findings of question 18 suggest that the six companies who use an outcome evaluation intend to achieve outcomes which are consistent with those programme evaluation outcomes that are suggested by the authors Unrau *et al.* (2007), Posavac *et al.* (2007) and Rossi *et al.* (2004). The use of outcome evaluations with regard to CSI programmes is of particular importance as it ensures the accountability of the programme administrators but also determines the extent of change that the CSI programme has made in the recipient(s) life.

#### **4.5 The Strengths and the Shortcomings of the Companies' Current Policies and Methods Regarding the Evaluation of their Corporate Social Investment Activities**

Question 20 generated qualitative responses. For this discussion respondents will be referred to using the pseudonyms discussed in Chapter three. Seventeen of the 20 (85%) companies in the current study responded to the open-ended question (question 20) which enquired about the strengths and the shortcomings of the companies' current policies and methods regarding the evaluation of their CSI activities.

It should be noted that none of the responses spoke of the strengths of their company's policies and evaluation methods. As a result, only the challenges of the companies' evaluation methods are discussed in this section of the findings as none of the respondents commented on their policy challenges.

Two key themes arose from the qualitative data, namely a lack of capacity and difficulties with the evaluation process. These themes are discussed below.

#### ***4.5.1 A Lack of Capacity***

Five out of 17 companies indicated that a lack of capacity and support (from government) were the main shortcomings affecting the evaluation of the recipient CSI programmes. Some of the responses showed that CSI programmes are negatively affected by “[A] Lack of government (both local and provincial) support when needed” (Respondent 20). This finding is interesting and it is unfortunate that the respondent did not provide a detailed response that could clarify what kind of support is required from government and for whom the support is required. As noted in Chapter three, the lack of qualitative data, was a limitation of this survey.

Other responses alluded to the “lack of capacity [of] the recipients” of the CSI programme to assist in and conduct an evaluation (Respondent 18). Furthermore, one respondent stated that they “do not have dedicated CSI staff, which makes it difficult to evaluate each project fully” (Respondent 2). The lack of capacity was a challenge raised by Siebert (2008), who indicated that most corporations do not have the resources to conduct thorough evaluations. She suggested that, as a result, most of the corporations would either hire external consultants or use NGOs to evaluate the recipient programme(s). This sentiment echoes the views, namely of Njenga and Smit (2007). Therefore, the qualitative data support Njenga and Smit’s (2007) findings because three out of 17 (17%) companies stated that the lack of capacity to evaluate is a shortcoming of both the recipient(s) of the programme and of the company.

#### ***4.5.2 Difficulties with the Evaluation Process***

Sixteen out of 20 companies (80%) indicated that they experienced difficulty with the evaluation of their CSI programmes as a result of “a huge expectation gap from communities” (Respondent 20). This expectation gap may refer to a difference between what the recipients’ want from the corporation and what the company actually offers. This finding is important because if the companies had been implementing a needs assessment, a process evaluation or

an outcome evaluation as suggested in the literature review, then mutual expectations should have been clarified by both parties prior to the implementation of the CSI programme. Alternatively, this finding may indicate that there may be a lack of a contract between the parties regarding the expected outcomes of the CSI recipient programme.

Other difficulties identified are that there is a “lack of skill in report writing by the beneficiaries” (Respondent 16) which negatively impacts on the data derived from the report and the feedback system between the recipient and the CSI staff.

One respondent indicated that “measuring impact is difficult [as] there needs to be a combination of qualitative and quantitative results” (Respondent 8). This finding is significant because it suggests that the CSI staff at one company find the techniques that may be used in such an evaluation to be challenging.

The above responses indicate that there is a variety of challenges experienced during the evaluation process which impacts upon the company’s evaluation process. The main areas of concern that has emerged, focuses on how the evaluation is actually performed because the lack of evaluation knowledge by CSI staff and the lack of capacity in reporting required by the recipients are factors that could negatively affect the performance of the evaluation process.

#### **4.6 Summary**

The findings indicate that 15 out of the 20 (75%) companies included in the current study have CSI programmes located in Gauteng. Most of the companies indicated that 41-50% CSI budget is allocated on the CSI programme, with only one respondent indicating that 41-50% of the CSI budget was allocated to monitoring and evaluation. Furthermore, once-off monetary donations to recipient programmes appear to be the most common form of ‘giving’ by companies with CSI programmes. As a result, only a few companies have CSI programmes where they provide only non-tangible and tangible donations.

As indicated by the results of the survey 11 out of 20 (55%) of the companies use CSI staff to conduct a needs assessment as an evaluation method for their recipient CSI programmes. Only seven out of 19 companies indicate that they conduct process evaluations, and eight out of 20 conduct outcome evaluations. Seven out of 20 companies state that they utilise all three of the above-mentioned types of evaluations.

The concern that arises is how well the evaluations are conducted in light of the fact that most CSI staff only have corporate experience and have no monitoring and evaluation experience to utilise when evaluating their CSI programme(s).

The findings related to the fourth research objective detailed the shortcomings of companies' CSI evaluation activities. These shortcomings included the lack of internal company capacity to conduct the evaluations and the difficulties with the evaluation process which ultimately hinders the evaluation of the CSI programme(s).

The following chapter will draw conclusions based on the findings and offer recommendations.

# CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

## 5.1 Introduction

This dissertation explores the various evaluation models used to evaluate CSI programmes implemented by 20 companies in South Africa. The dissertation brings together the field of CSI and the field of programme evaluation. The dialogue between these two fields was catalysed through a literature review and an electronic survey. The findings of this research dissertation raised important questions which will have to be answered by other researchers who could conduct further investigation into the application of the methods used to evaluate CSI programmes in South Africa. The discussion showed that in practice, companies are to an extent implementing the evaluation methods in the manner that is suggested by authors indicated in the literature review. Hopefully, other researchers will be able to draw on the insights of this dissertation to shed further light on how the abovementioned programme evaluation methods are being implemented so that the results that are generated from the companies' evaluations are truly representative of the effect that the CSI programme has had on the recipient(s).

This final chapter presents conclusions to the hypotheses and research objectives, namely the exploration and description of the nature of current CSI activities in South Africa, the exploration and description of companies' evaluation policies, the exploration and description of methods used by companies to evaluate their recipient CSI programmes and finally, the challenges faced by companies in evaluating their CSI programmes. Recommendations are offered for the consideration of companies and NGO's who are influenced by CSI programme(s).

Having considered the above results the following conclusions can now be assumed.

#### **5.1.1 Conclusion 1: *The nature of current CSI activities***

Gauteng is often referred to as the economic hub of South Africa, and it is therefore interesting to see that most CSI programmes are located in the same geographical location as the company's head office. The researcher concludes that whilst it is rational to implement CSI programmes within the proximity of the business' activities; companies should also consider extending their assistance to the smaller outlying areas where the provision of assistance is limited.

The nature of CSI activities of the 20 companies in the study denotes a welfare approach which was utilised in the early stages of CSI in the 1970s. This is of concern because it indicates that not all companies have adopted the developmental approach in their CSI programme(s) which aims to empower their recipient(s) through transference of skills and resources. On the other hand, the researcher is of the view that in some instances a monetary donation can be empowering, especially if the donation equips the recipient(s) with education.

#### **5.1.2 Conclusion 2: *Companies' Policies relating to the Evaluation of their Corporate Social Investment Activities***

With regard to the companies' evaluation policies the researcher concludes that most companies have established evaluation policies which dictate the frequency and occurrence of the evaluation. The researcher concludes that whilst the establishment of these evaluation policies is encouraging, the allocation of company funds towards the evaluation of the recipient CSI programme(s) are subject to the annual performance of the company. This system of budget allocation does not make provision for the consistent occurrence of an evaluation which is detrimental to the CSI programme administration and recipient-focused service delivery.

However, it can be concluded that evaluation policies exist for most of the companies who participated in the current study, which proves *Hypotheses 1* in the affirmative. In addition, the

findings further confirm that companies do evaluate their CSI programme which also proves *Hypotheses 2* in the affirmative.

### ***5.1.3 Conclusion 3: Methods used to Evaluate Companies' Corporate Social Investment Activities***

*Hypotheses 3* queried whether companies utilise a programme evaluation method to evaluate their CSI programme(s). The findings indicated that all 20 companies utilise one or all methods of a programme evaluation. Thus it is suggested that *Hypotheses 3* is answered in the affirmative.

A needs assessment, a process evaluation and an outcome evaluation are the three methods of programme evaluation that were referred to in this current study. Although only seven companies used all three methods of evaluation, it is encouraging to note that the companies are utilising at least one form of evaluation in their attempt to evaluate their CSI programmes. The researcher concludes that any one of these evaluations used singularly or in combination would be provide important information that can only benefit the recipient(s) of the CSI programme in the long term.

### ***5.1.4 Conclusion 4: Companies' Views of the Strengths and the Shortcomings of their Current Policies and Methods regarding the Evaluation of their Corporate Social Investment Activities.***

Dominant themes that arose in response to this question suggested that recipients of the CSI programme lack the capacity and skill to provide accurate data on the use and implementation of the CSI programme. On the other hand, some companies' stated that they struggled to use some of the programme evaluation methods which emphasises the lack of knowledge required to conduct an evaluation. The researcher concludes that there may be room for improvement in terms of 'how' the evaluation methods are currently being used by the CSI staff. The researcher further concludes that the CSI sector is evolving and the improvement of the programmes and the evaluations will come through the prevailing learning environment that currently encompasses the CSI sector.

## **5.2 Recommendations**

The following recommendations are based on the research literature and the findings of the survey, and are offered to corporations involved with CSI and to government.

### **Recommendation 1: Corporations: The Corporate Social Investment Staff**

The first recommendation is for corporations to consider employing CSI staff who have social development experience, as well as monitoring and evaluation experience. However, as most CSI staff conduct their CSI activities as an auxiliary function to their regular job, it is suggested that CSI staff undergo additional training so that they are more aware of social development issues and challenges affecting their recipients. Furthermore, the CSI staff should be thoroughly versed in monitoring and evaluation methods and approaches in order to ensure that the CSI programme has a measurable and positive effect on the recipients(s).

### **Recommendation 2: Corporations: Corporate Social Investment Budget Allocation**

The CSI budget allocation should not be based on company profit, nor should the allocation be decided upon by the Board in isolation. Although this recommendation is contrary to the primary objective of business, the Board should consider what is required in order to effectively implement their CSI programme. Secondly, the Board should work together with the CSI staff when determining the amount to allocate to the CSI budget as this will ensure that the recipients of the programme receive what they need.

### **Recommendation 3: Corporations: The Methods of Evaluation used to Evaluate Corporate Social Investment Programmes**

Based on the research literature it is evident that one evaluation method used in isolation of other programme evaluation methods is not an ideal way of conducting an evaluation. A full programme evaluation should be implemented. Thus, it is recommended that the applicable programme evaluation method should be conducted for each and every CSI programme as this will produce measurable results in the recipient programmes that will better assist in alleviating the social problems targeted by the programme(s).

Secondly, the one-shot study method of conducting a process evaluation does not appear to be an appropriate method to use for CSI programmes. Ongoing monitoring should be used instead as this would mean, CSI management could be regularly informed of challenges faced by the recipient programme(s) and therefore able to address any challenges within the administration or implementation of the CSI programme(s) timeously.

#### **Recommendation 4: Corporations: Developing a National Benchmarking System for Corporate Social Investment Programmes**

Corporates should utilise the lessons learned from international CSI benchmarking systems, which could be used to develop CSI standards applicable to the South African context. This would ensure that all companies are able to measure the development of their programmes against guidelines so that they (the companies) can accurately measure the efficacy and outcomes of their CSI programme(s).

#### **Recommendation 5: Further Research**

This study has contributed to the knowledge base of social development and has provided further insight into the field of CSI in South Africa. However, the researcher recognises the need for further research into the relationship between programme evaluation and the CSI context. With the current study looking at what evaluation methods are used in the evaluation of CSI programmes, it is recommended that further research be conducted into the study of the application of the programme evaluation methods used by the CSI staff.

This recommendation is suggested in light of the challenges that the CSI staff experience with regard to the application of the methods of evaluation. Based on this further research, the researcher further suggests that CSI evaluation guidelines be compiled for use by companies.

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University of Cape Town

## **Appendix 1: Forms of Corporate Social Investment Interventions**

### ***Education***

Over R1.2 billion was spent on education in 2007 by the 100 surveyed corporates. It is suggested that the interest by corporates in the education sector is catalysed by the skills shortage in areas such as mathematics, science, information technology and computers (The CSI Handbook, 2007). Besides monetary donations to universities, Adult Basic Education and Training and Further Education and Training colleges, corporates have also intervened by offering bursaries and funding university chairs. Corporates have become more than willing to provide bursaries since these types of interventions are the simplest and most effective intervention for corporates to implement (The CSI Handbook, 2007). In addition, the B-BBEE codes have identified bursaries as an example of a qualifying contribution for socio-economic development (The CSI Handbook, 2007).

### ***Health and HIV/AIDS***

Corporate interventions in the health and HIV/AIDS sector have resulted in support for hospices, primary health care, training of health care workers, research, education and health infrastructure such as equipment and medicines (The CSI Handbook, 2007). Over R500 million was provided by corporates to the Health and HIV/AIDS sector in 2007. The motivation by corporates to support this sectors stems from the impact of diseases such as HIV/AIDS which affects corporate workforces as well as the communities that are affected by or influential in the, company's operations (The CSI Handbook, 2007).

### ***Job creation and enterprise development***

Job creation and enterprise development received the largest share of CSI funding in 2007 and was allocated R374 million (The CSI Handbook, 2007). Within this sector, business skills training, funding of small business start-

ups, entrepreneurial advice and/or mentorship and sub-contracting to small to medium enterprises were contributed to significantly in 2007 (The CSI Handbook, 2007). Government has indicated that they expect corporates to play a key role in the sector of job creation and have allocated a total of 15 points (out of 100) to companies' enterprise development (The CSI Handbook, 2007).

### ***Social Development***

Social development encompasses a wide range of initiatives that seeks to assist communities challenged by poverty and unemployment. In 2007, The CSI Handbook (2007) reported that the corporates spent R346 million on this sector. The areas of interest in this sector include orphans and vulnerable children, organisational development and capacity building, people with disabilities and feeding schemes (The CSI Handbook, 2007). The CSI Handbook has indicated that corporates are moving away from the welfare-giving approach and are becoming more strategic about their CSI programmes by concentrating on initiatives that are aligned to their core business (The CSI Handbook, 2007). In addition, since government has focused on job creation, skills development, socio-economic development and enterprise development in the B-BBEE scorecard, corporates have responded by also shifting their focus onto these four sectors (The CSI Handbook, 2007).

**Appendix 2: Survey Cover Letter to Respondents**

University of Cape Town

Dear [FirstName] [LastName]

Thank you for agreeing to participate in this research study. The findings of the study will be used to complete a Masters dissertation in Social Policy and Management in the Department of Social Development at the University of Cape Town.

As mentioned during the telephone call to you, the goal of the research is to explore evaluation in the context of Corporate Social Investment (CSI) activities in South Africa. The evaluation of CSI in South Africa is an emerging area, so there is limited knowledge about it at this stage. It is therefore important to find out more about how CSI programmes in South Africa are currently monitored and evaluated, to add to the knowledge base of this sector.

#### **CONFIDENTIALITY**

**Please note that all information submitted will be kept strictly confidential and the results of the survey will remain anonymous. An encryption system is in place to ensure the security of your responses. Your name and the company that you work for will be referred to through the use of a pseudonym, for example, Respondent A from Company A or through the use of generalisations, for example, ‘Most companies indicate...’**

The questionnaire is in an electronic format which is quick to complete and simple to use. It is divided into three short sections:

#### **SECTION 1: THE COMPANY’S CORPORATE SOCIAL INVESTMENT EVALUATION POLICIES**

The questions in Section 1 aim to gather information on company policies that regulate and manage the evaluation of the company’s CSI activities.

## **SECTION 2: EVALUATION METHODS USED TO ASSESS CORPORATE SOCIAL INVESTMENT ACTIVITIES**

This section of the questionnaire seeks information specifically on the evaluation methods used to evaluate CSI programmes.

## **SECTION 3: SOUTH AFRICAN COMPANIES' CORPORATE SOCIAL INVESTMENT PROFILE**

The third section aims to collect data which will be used to create an overall profile of South African companies CSI activities. This section includes questions on the administrative systems and operational support structures dedicated to CSI in the company.

For purposes of clarity, I offer you definitions of the following key concepts which you will find in the questionnaire.

### **PROGRAMME AND ACTIVITY**

The term '*programme*' and '*activity*' are used interchangeably in the questionnaire. These terms are defined as any investment or involvement by the company. This may include once off monetary donations; short term projects (up to 11 months); long term programmes (1 year to over 5 years); non-tangible donations (eg: knowledge, skills, time); tangible donations (eg: paint, books computers, food).

### **RECIPIENT**

The term 'recipient' is defined as the individuals, groups, organisations (SME's, profit making bodies), communities and NGOs (voluntary associations, not-for-profits), that are affected by the involvement and/or investment of the company's CSI programme.

## **USING THE SURVEY**

Please note that there are three pages to the questionnaire. You can go back to previous pages in the survey and update existing responses until the survey is finished or until you have closed the survey. **Once the survey is finished, and you have clicked ‘DONE’ or closed the survey, you will not be able to return to the survey. Therefore it is advised that you complete the survey entirely before pressing the ‘DONE’ tab or closing the survey.**

As you complete the survey please look out for a few questions marked with an asterisk (\*). These questions have to be answered as they are integral to the findings of the research. If the question is not answered then you will be unable to move onto the next page of the questionnaire.

## **RELEASE OR PUBLICATION OF FINDINGS**

The findings will be published in the form of a research dissertation that will be shelved in the University of Cape Town library. In addition, an article will be drafted on the research findings and submitted to a journal for possible publication.

## **THE SURVEY LINK**

**Please click on the following link which will lead you directly to the electronic questionnaire.**

[SurveyLink]

If you have any queries, concerns or if you require assistance in using the questionnaire, please do not hesitate to contact me on the following contact number: 072 770 1477 or via email [siannealves2@gmail.com](mailto:siannealves2@gmail.com). I thank you for your time in completing this questionnaire. I would be grateful if you could respond by XXXXXXXX. Your participation is sincerely appreciated.

Yours sincerely  
Sianne Abrahams

If you wish to be removed from the research please click on the link below:

[RemoveLink]

**Appendix 3: Telephonic Pre-notification schedule**

University of Cape Town

Interview Introduction:

1. Goodmorning/afternoon, Mr/Mrs XXX
2. My name is Sianne Abrahams I am Masters Student from the University of Cape Town.
3. I am conducting research for my thesis, on the evaluation methods used to evaluate CSI programmes in South Africa.
4. I would like to ask whether you would kindly participate in the research by completing a short electronic questionnaire that will be sent to you via email.
5. It will only take about 5 to 10 minutes to complete and the responses you provide will be anonymous and treated confidentially.

If asked:

The goal of the research is to explore evaluation in the context of Corporate Social Investment (CSI) activities in South Africa. Identifying how CSI programmes are being evaluated is important because the information derived from an evaluation can help to improve the quality and efficiency of the programme administration, service delivery.

**Appendix 4: Pilot Study Telephonic Introduction and Questionnaire regarding  
the Survey**

University of Cape Town

### **Pilot Study Telephonic Introduction**

1. Goodmorning/afternoon, Mr/Mrs XXX.
2. My name is Sianne Abrahams I am Masters Student from the Department of Social Development at the University of Cape Town.
3. I am conducting research on the evaluation methods used to evaluate Corporate Social Investment (CSI) programmes in South Africa.
4. I would like to ask whether you would kindly participate in the pilot study section of my research by completing a short electronic questionnaire that will be sent to you via email?
5. It will only take about 30 minutes to complete and the responses you provide will be anonymous and treated confidentially as there is an encryption system in place and in addition the use of alphabetical coding of respondents and their companies will ensure that the identity of both you and the company remain protected at all times.

If asked:

The goal of the research is to explore evaluation in the context of CSI activities in South Africa because the monitoring and evaluation of CSI programmes is an emerging area in South Africa, of which little knowledge is known.

If yes:

Thank you very much. What I will do now, is send you during the week an electronic questionnaire via email. Would you be able to complete it this week? In a separate email, a list of questions regarding the functionality, use and accessibility of the questionnaire will be typed out. Please could you bear these questions in mind as you complete the questionnaire? On completion, I will then phone you back to obtain feedback on your experience and use of the questionnaire so that I can improve the questionnaire when I finally administer it to the research group comprising of other South African companies.

### **Pilot Study: Questionnaire regarding the electronic survey**

Thank you for agreeing to participate in the pilot study section of my research. What I will do shortly, is send you the electronic survey via email which I hope you will be able to complete by **Wednesday 24 September 2008**.

On completion of the electronic survey, I will then phone you back to obtain feedback on your experience and use of the survey so that I can improve the questionnaire when I finally administer it to the research group comprising of other South African companies.

Below is a list of questions regarding the functionality, use and accessibility of the electronic survey. The responses to the questions below will help me to improve the content of the electronic survey, so that when I administer the survey to the research group in South Africa, the survey will be as clear and succinct as it can possibly be.

#### **Your impression of the cover letter**

1. What was your overall impression of the email letter?
2. Were the instructions for completing the questionnaire clear?
3. Did you prefer having the sections of the questionnaire and their corresponding explanations set out in the body of the email?
4. Do you feel assured that one's confidentiality is guaranteed?
  - a. If not why not?
5. Did the questionnaire upload quickly on your computer?
6. Were there any difficulties with the link to the questionnaire?

### Your impression of the electronic survey

1. How long did it take you to complete the questionnaire?
  - b) Did you find this length of time appropriate?
2. Were there any questions that you found unclear and as a result you could not answer the question?
3. Were there any questions that you struggled to answer because the responses, and/or the question could not be applied to your company's CSI programme(s)?
  - If yes, which ones and why?
4. Were there any questions that you found inapplicable to the CSI as a sector?
  - If yes, which questions and why?
5. Were there any **answer statements** that you found difficult to answer because they were inapplicable to the CSI as a sector?
  - If yes, which questions and why?
6. Were there any **questions** that you found difficult to answer because the instructions were unclear?
  - If yes, which questions and why?
7. How did you feel when you were required to answer certain questions before moving onto the next page?
8. Do you have any suggestions for additional questions that could be included in the questionnaire?

University of Cape Town

**Appendix 5: Electronic Questionnaire**

# Identifying Methods Used to Evaluate Corporate Social Investment

## 1. The Company's Corporate Social Investment Evaluation Policies

Definitions of key concepts which you will find in the questionnaire.

CSI programme or CSI activity is defined as:

- A once off monetary donation
- A short term intervention (up to 11 months)
- A long term activity (1 year to over 5 years)
- Non-tangible donations (eg: skills, knowledge, time)
- Physical donations (eg: paint, books, computers, food)

Recipient is defined as one or all of the following:

- Individuals
- Communities
- Organisations
- NGOs

\* 1. There is an established evaluation policy for the company's CSI activity.

Agree

Disagree

2. Our evaluation policy stipulates when we must report on the CSI programme(s).

Agree

Disagree

If you have any further comments please use the comment box provided below

\* 3. Please select the statements that are applicable to your CSI programme(s).

We evaluate the CSI programme(s):

- By conducting on site inspections
- Through the feedback and reports given to us by external consultants hired by the company
- By examining information given to us from the recipients of our CSI programme(s)
- Through the company's own internal and monitoring and evaluation systems

Other (please specify)

## Identifying Methods Used to Evaluate Corporate Social Investment

4. Please select the response(s) that are applicable to your company. For this question you may select more than one response.

We employ CSI staff with:

- Development/NGO experience
- Corporate experience
- Monitoring and evaluation experience

Other (please specify)

5. The company has processes in place to determine the recipients satisfaction with the CSI programme(s).

Yes

No

\* 6. Please indicate which response(s) are applicable to your company's CSI programme(s).

Our CSI programme(s) are evaluated by:

- The NGO
- The person from the community
- The individual recipient of our CSI programme
- The external consultant
- The CSI staff

Other (please specify)

# Identifying Methods Used to Evaluate Corporate Social Investment

\* 7. Please indicate which statements are applicable to your company's CSI programme(s).

For this question you may select more than one response in relation to each statement.

	To ensure efficient and effective use of the company's CSI resources	To understand and address community needs, expectations and issues	To develop sustainable and empowering programmes for the recipient(s)	To achieve measurable results for the company's CSI programme	To achieve measurable results for the recipients of the CSI programme
The company works collaboratively with NGO's	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The company works collaboratively with the community	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The company works collaboratively with Government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other (please specify)

# Identifying Methods Used to Evaluate Corporate Social Investment

## 2. The Evaluation Methods used to Assess Corporate Social Investment Programme...

Definitions of key concepts which you will find in the questionnaire.

CSI programme or CSI activity is defined as:

- A once off monetary donation
- A short term intervention (up to 11 months)
- A long term activity (1 year to over 5 years)
- Non-tangible donations (eg: skills, knowledge, time)
- Physical donations (eg: paint, books, computers, food)

Recipient is defined as one or all of the following:

- Individuals
- Communities
- Organisations
- NGOs

- \* 8. Please respond to the following question by typing your response in the comment box provided below.

How is/are the company's CSI programme(s) evaluated?

- \* 9. Please select the methods that are used to evaluate the company's CSI programme(s).

- Needs assessment (A need assessment is defined as the process used to identify stakeholder problems, determine their extent, define the target population to be served and the nature of their service needs).
- Programme evaluation (Programme evaluation is defined as an examination and analysis of the programme components namely, the resources, the cost-efficiency, activities and the outputs (products and services delivery).
- Outcome evaluation (Outcome evaluation is used to assess whether the desired outcomes were attained in the social condition that it addresses).
- Impact evaluation (Impact evaluation assesses the longer term effects of an intervention. These long term effects are then compared to the expected outcomes).
- All of the above

Other (please specify)

## Identifying Methods Used to Evaluate Corporate Social Investment

10. Please indicate which statements are applicable to your company's CSI programme(s).

For this question you may choose more than one response.

- The chosen CSI programme(s) have clear programme objectives
- The CSI programme goals are not informed by the recipients of the CSI programme
- A needs analysis is not used to recommend the course of action for the recipient CSI programme
- The CSI programme objectives address the recipients problems
- The quality of services provided by the company to the recipients of the CSI programme are evaluated
- We do not evaluate our CSI internal administrative systems
- There are established evaluation systems that evaluate our CSI programme(s)

Other (please specify)

\* 11. Please select the statements that are applicable to your CSI programme(s).

The recipients' issues are identified through:

- Focus groups
- Interviews with the community and/or the community leaders
- Consultations with NGO management and staff
- On site inspections

Other (please specify)

## Identifying Methods Used to Evaluate Corporate Social Investment

\* 12. Please indicate which statements are applicable to your company's CSI programme(s).

For this question you may select more than one response.

Recommendations to address the recipients' social challenges, prior to implementation of the company's CSI programme, are determined by:

- The company's management
- CSI management and staff
- The recipients of the CSI programme
- The NGO

Other (please specify)

\* 13. Please indicate the statements that are applicable to the company's CSI programme(s).

The company's CSI programme(s) objectives are informed by:

- The results of similar programmes
- Research
- The advice of the NGO
- External consultants

Other (please specify)

14. Please indicate which statement is applicable to your company's CSI programme(s).

The intended objectives for the CSI programme(s) are:

- Always achieved
- Sometimes achieved
- Never achieved

Other (please specify)

## Identifying Methods Used to Evaluate Corporate Social Investment

15. Please select the response(s) that are applicable to your company's CSI programme(s).

The interval(s) at which we evaluate our CSI programme(s) are:

- Only once a year, at a specific time, linked to the company's financial year
- At regular intervals, through established reporting and management information systems
- Both of the above

Other (please specify)

\* 16. Please indicate the statement(s) that are applicable to your company's CSI programme(s).

The recipients of our CSI activity(s) assist us by:

- Providing monthly reports
- Completing an evaluation assessment form prepared by the company
- Providing information on the use of the money given to them
- Providing information on the use of the physical resources given to them
- Providing information on the training we provided and/or supported
- Providing reports even after the CSI programme has ended
- Allowing on site inspections

Other (please specify)

17. Please select the statement(s) that are applicable to your company's CSI programme(s).

The achievement of each CSI programme objective is assessed against:

- The cost spent by the company to achieve them
- The recipients/NGO's feedback
- The changes experienced by the recipient community
- The perceived needs of the recipient(s)

Other (please specify)

## Identifying Methods Used to Evaluate Corporate Social Investment

- \* 18. Please select the statement(s) that are applicable to your company's CSI programme(s).

The following are some of the outcomes that we seek to achieve through our CSI programme(s):

- The improved quality of life of the recipients of the CSI programme
- The improved behaviour and attitude of the recipients of the CSI programme
- The skills learnt by the recipients of the CSI programme
- The improved performance of the internal operations of the CSI programme
- The personal development of the company's CSI staff

Other (please specify)

- \* 19. Please select the statement(s) that are applicable to the company's CSI programme(s).

For this question you select more than one response.

The information from the CSI programme evaluation is used:

- To demonstrate whether the CSI programme(s) has achieved its objectives
- To provide feedback to the recipients of the CSI programme
- To provide information on how the company's CSI internal operations can be improved
- To identify trends in the company's CSI programme(s)
- To identify shortcomings and areas of strength in the company's CSI programme(s)
- To provide feedback to the company stakeholders
- For use in the company's annual report
- Improve the company's CSI internal operations and administration
- To provide information for the company on how the CSI budget was utilised by the recipient(s)
- To measure the quality of services the company's CSI programme(s) provides to its recipient(s)
- To measure the extent to which the CSI programme(s) is reaching the company's CSI programme objectives

Other (please specify)

## Identifying Methods Used to Evaluate Corporate Social Investment

20. Please detail some of the challenges, that are experienced, with regard to the evaluation of the company's CSI programme(s).

University of Cape Town

## 3. South African Company's CSI Profile

Definitions of key concepts which you will find in the questionnaire.

CSI programme or CSI activity is defined as:

- A once off monetary donation
- A short term intervention (up to 11 months)
- A long term activity (1 year to over 5 years)
- Non-tangible donations (eg: skills, knowledge, time)
- Physical donations (eg: paint, books, computers, food)

Recipient is defined as one or all of the following:

- Individuals
- Communities
- Organisations
- NGOs

21. Please estimate what your company turnover is per annum.

22. In the following question there are 8 statements that may influence the company's choice of CSI programme(s).

Please prioritise the statements according to how they influence the company's CSI programme(s) by selecting a number from 1 to 8 in the drop down menu next to the statement.

1 represents the highest priority and 8 represents the lowest priority.

Areas of reduced government involvement and delivery

Areas of government priority

Areas where our business is having a negative impact

Core business needs

Internal company requests received

External requests by

# Identifying Methods Used to Evaluate Corporate Social Investment

potential and/or  
existing  
recipients

The Millenium  
Development  
Goals

Board/Executive  
management  
requests

23. What is your CSI budget per annum?

24. Please select the response(s) that are applicable to the company's CSI practices.

For this question you may select more than one response.

The company's CSI budget is determined by:

- An annual increase
- Company profit
- Requests received by the recipient (s)
- Internal requests received by company employees
- Compliance issues
- The board

Other (please specify)

# Identifying Methods Used to Evaluate Corporate Social Investment

25. Please indicate what percentage of the company's CSI budget is spent on the following.

	1-5%	6-10%	11-20%	21-30%	31-40%	41-50%
CSI programme (s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CSI administration and internal costs (salaries etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monitoring and evaluation of the CSI programme by the recipients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
External consultant services (including monitoring and evaluation)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CSI reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If other, please indicate the nature of your expenditure and the percentage of the CSI budget that is spent on this expenditure

26. Please indicate what form your CSI activity is most likely to take:

- Monetary
  Physical resources (eg. books, computers, paint)
  Non-tangible resources (eg. time, knowledge, skills)

Other (please specify)

27. Where is your head office located in South Africa?

- The Eastern Cape
  The Free State
  Gauteng
  KwaZulu-Natal
  Limpopo
  Mpumalanga
  The Northern Cape

28. Where are your company branches located in South Africa?

- The Eastern Cape
  The Free State
  Gauteng
  KwaZulu-Natal
  Limpopo
  Mpumalanga
  The Northern Cape

# Identifying Methods Used to Evaluate Corporate Social Investment

29. Please indicate which of your company branches have their own CSI departments or dedicated employees

- The Eastern Cape    The Free State    Gauteng    KwaZulu-Natal    Limpopo    Mpumalanga    The Northern Cape

30. Please complete the following statement with the applicable responses.

For this question you may choose more than one response.

We have a dedicated:

- CSI department    CSI foundation    CSI trust

Other (please specify)

31. Please indicate where the company's CSI activities are located in South Africa.

- The Eastern Cape    The Free State    Gauteng    KwaZulu-Natal    Limpopo    Mpumalanga    The Northern Cape

32. Please use the text box next to each statement to indicate:

The number of CSI programme (s) that the company has been involved in or supported during the company's last financial year

What was the company's last financial year

## Identifying Methods Used to Evaluate Corporate Social Investment

33. Please select the statements that are applicable to the company's CSI programme(s).

- Our company funds programmes that have a logical fit with our business objectives
- CSI has leadership (board and executive management) commitment in our organisation
- The CSI department/staff have representation on the board
- Our company has employees who oversee the CSI programme as an addition to their normal job functions in the company
- Our company addresses social issues that fall outside of the company's values and business objectives
- We have developed CSI policies/strategies

If other (please specify)

\* 34. Please prioritise the statements as they apply to the company's CSI programme(s) by selecting a number from 1 to 7 in the drop down menus next to each statement.

1 represents the highest priority and 7 represents the lowest priority.

The company invests in CSI programme(s):

Because the company acknowledges the power it has to address social problems in South Africa

Because the company acknowledges the responsibility it has towards the recipients affected and/or influenced by the company's business activity

Because CSI is seen as a means to maximise profit

# Identifying Methods Used to Evaluate Corporate Social Investment

for the company

To enhance the company's competitive advantage

To expand the company's networks through strategic marketing

Because the company is required by legislation and policy to participate in socio-economic development initiatives

Because the company recognises the intrinsic value of its recipients

35. Please use the text box provided below if you have any further comments regarding the evaluation of CSI programme(s) in South Africa.