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*The Role of Corporate Social Investment in Supporting Early Childhood  
Development in South Africa*

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A thesis submitted to the Faculty of Humanities, University of Cape Town, in fulfilment of the requirements for the degree of Master of Social Science in Social Planning and Administration

Faculty of the Humanities

University of Cape Town

2013

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**

This research study, *The Role of Corporate Social Investment in Supporting Early Childhood Development in South Africa*, explored the role of and the degree to which, corporate social investment (CSI) initiatives in South Africa support early childhood development (ECD). Trends of CSI expenditure in ECD over time were examined, as well as the motivations for investment in the ECD sector. A key intention of this study was to establish the benefits of corporate investment in the ECD sector, and to discover how the ECD sector can tap into more CSI funding in the future. This study adopted a quantitative methodology and made use of an online survey tool (*SurveyGizmo*) to gather information from both the CSI and ECD Non-Profit Organisation (NPO) sectors in South Africa. The sample populations consisted of CSI initiatives of 500 of South Africa's best managed companies from the TOPCO Media: Top500 publication, and 62 ECD NPOs in South Africa from a database developed by one of the leading ECD NPOs in South Africa, Centre for Early Childhood Development (Atmore, 2012).

The findings revealed some very interesting results, including the following:

- That there is a clear emphasis on the ECD NPO sector to promote the importance of ECD for social and economic growth in South Africa, by means of various media platforms;
- That the CSI sector does not know enough about the positive effects of a quality ECD programme on both children and society at large; and
- That the CSI sector was correct in their perception of the ECD NPO sector being, to a certain extent, unsustainable.

The main recommendations are that:

- ECD NPOs develop multi-year plans for generating funding and building up reserves in the form of an endowment, in order to improve their sustainability and attract more corporate funding;
- ECD NPOs improve the advocacy and marketing of the sector to make it more well-known to the general public and to funders, as it is likely that they would improve their chances of corporate funding; and
- companies place a stronger emphasis on training teachers and upgrading or building facilities, as these are two of the most significant factors hindering educational throughput; thus not securing adequate skills to propel and build a strong and healthy economy.

## **DEDICATION**

This is for you, my dearest Pa.  
Thank you for always believing in me and encouraging me.  
I love you.

University of Cape Town

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*“I can do everything through Him who gives me strength.”* Philippians 4:13.

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# **CHAPTER 1:**

## **INTRODUCTION AND FRAMEWORK OF THE STUDY**

### **1.1 Introduction**

This research focused on corporate social investment in the early childhood development sector in South Africa. The aim of the study was to determine the role played by, and the extent to which, corporate social investment (CSI) initiatives in South Africa support and invest in early childhood development (ECD), as well as the reasons why ECD is supported in the manner that it is. The trends of CSI in ECD over time have been examined and analysed as well as what has motivated, and continues to motivate, the corporate sector to fund the ECD sector. Ultimately the study aimed to establish the role that CSI plays – currently and over time – in supporting ECD, why they play this particular role, benefits for corporations to invest in the ECD sector, as well as how the ECD sector can tap into more CSI funding.

This quantitative research focused on measuring the extent to which CSI supports ECD in South Africa by means of two electronic questionnaires. One of these questionnaires was sent via email to corporations listed in TOPCO Media, Top 500: South Africa's Best Managed Companies publication and the second questionnaire was sent via email to 62 ECD Non-Profit Organisations (NPOs) in South Africa from a database created by the Centre for Early Childhood Development (Atmore, 2012). The data gathered from both the corporate and ECD NPO sectors was captured, analysed and compared in order to explore and understand the role that CSI plays in supporting ECD in South Africa.

### **1.2 Background to the Study**

In South Africa, the level of poverty and inequality is severe, and considerable pressure exists for social upliftment. Non-profit organisations are working relentlessly to assist, uplift and improve communities across the country. The focus of this study is ECD NPOs, and their invaluable persistence to improve conditions in the ECD field; this work cannot be understated.

Over the years, many NPOs have felt the severe effects of the global financial crisis, and in many instances, are struggling to sustain their services and keep afloat. CSI is able to assist to a certain extent, but companies are in similar situations with internal pressures, budget cuts and the like.

CSI is constantly developing and is far more prevalent than in years gone by. It is clear that within the CSI sector, there has been a strong move towards more strategic and focused giving to social projects in disadvantaged communities. CSI budgets have been on the rise, and research has shown that the education sector consistently receives the lion's share of CSI spend. Even though the education sector receives the highest level of support, it is evident that ECD receives considerably less funding from CSI than the other education levels. There is vast research, particularly international, on the importance and benefits of having an early education; notwithstanding the high returns of investment when investing in this sector. Heckman & Masterov (2007) argue that ECD presents prospects for significant returns on investment in that the return on human capital is highest in investments in children under five years of age.

The question is thus raised; why is the early childhood development sector so poorly funded?

This research study therefore aimed to explore, and gain an understanding of, why ECD receives such a small investment from CSI initiatives, despite broad research on its benefits to society. This research concentrated on CSI financial support of the ECD sector in South Africa, and explored the role played by, and the extent to which, CSI initiatives in South Africa support and invest in ECD, as well as the reasons why ECD is supported considerably less than other education levels. This research study also examined the trends of CSI expenditure in ECD over time, as well as what has motivated, and continues to motivate, the corporate sector to fund the ECD sector.

### **1.3 Study Process**

The researcher initiated the study process by conducting a broad literature review on the fields of early childhood development and corporate social investment, in order to get an understanding of, and become familiar with, both the fields under study. Literature in the form of books, print journals, online journals and articles, newspaper articles, along with a range of other material, was researched and became the foundation of the researcher's knowledge around the topic of inquiry.

Following the literature review, the researcher compiled two quantitative surveys; for the CSI and ECD sectors respectively. Each survey started with a broad overview of the respective sector, and subsequently focused in with very specific questions regarding the topic under study. With regards to the ECD questionnaire; questions were asked relating to the organisation profile, legislation and policy, income and expenditure between 2009 and 2011, ECD programmes, fundraising activities, funding from CSI, the effects that the global recession has had on the organisation, as well as their perceptions for the future in terms of their sustainability. Considering the CSI questionnaire; questions were asked about the company profile, their CSI programme, whether they invest in the education sector and at what levels of the education sector they invest in, their investment in the ECD sector (separate sections were created for companies who invested in ECD and for those that did not invest in this level of education) as well as the reasons for investing or not investing in ECD.

Thereafter, two web-based electronic surveys were developed using *SurveyGizmo*, an online surveying tool. These surveys were emailed to 62 early childhood development non-profit organisations and 500 of South Africa's best managed companies according to the TOPCO Media Top 500 publication for 2011. Data from both sample groups was collected and analysed using various methods, the predominant of which were *SurveyGizmo* and *Microsoft Excel*. A range of results were revealed and subsequently presented and discussed by the researcher. Considering the results found, meaningful conclusions and recommendations were provided.

#### **1.4 Statement of the Problem**

ECD is defined as "...an umbrella term that applies to the processes by which children from birth to at least nine years grow and thrive, physically, mentally, emotionally, spiritually, morally and socially." (Department of Education [DoE], 2001:5). A vast range of research indicates that without structured and effective early learning programmes young children face problems such as delayed growth and development (specifically mentally and psychologically), stunting, lack of school readiness, innumeracy and illiteracy; thus contributing to the cycle of deprivation and poverty (Biersteker, 2001:4). There is now universal agreement on the value of early childhood development and the benefit that ECD programmes bring to children, families, communities and society. ECD is of particular importance in the South African context where children live in environments with high levels of abject poverty.

The majority of South African children grow up in poverty-stricken conditions which do not provide good foundations for holistic development (Biersteker & Dawes, 2008:185). ECD is especially important in assisting to break down the inter-generational cycle of poverty in our country (Williams & Samuels, 2001:6). In addition to the social and educational benefits, there is a substantial economic benefit to society (Atmore, 2009:1). “By investing early, the benefits are larger and are enjoyed for longer, which in turn increases the return to investment” said Carneiro & Heckman (as cited in Doyle, Harmon, Heckman, & Tremblay, 2009:3). Despite this economic benefit, ECD is one of the least resourced areas within the education sector by government, as well as by CSI initiatives.

CSI incorporates companies’ voluntary activities that are implemented by means of financial and non-financial contributions to communities, organisations and individuals so as to improve socio-economic growth in society (Triologue Reporter, 2009). Over the past few years, there has been a move away from impromptu philanthropy to a far more strategic approach in the form of partnerships in implementing social development projects (*ibid.* p.1). The increase in companies’ contributions towards community and social development can be seen in Triologue’s annual research on the best managed companies in South Africa. Triologue has indicated a massive increase in CSI spend from approximately R 1.5 billion in the 1998/99 financial year to over R4 billion in 2007/08 (*ibid.* p.1) and R 5.4 billion in 2009/2010 (The CSI Handbook [CSIH], 2010:28). This increased even further to R 6.2 billion in 2010/2011, and to R 6.9 billion in 2011/12, indicating the extent of CSI giving in South Africa (CSIH, 2011:35; 2012:32).

In 2008/09, 94% of companies surveyed contributed towards education in some form; 93% in 2009/10; 92% in 2010/11; and in the 2011/12 financial year, 93% of companies supported education (CSIH, 2009:29; 2010:38; 2011:136; 2012:150). The average percentage of those companies’ total CSI budgets spent on education was 38.1% in 2008/09; 32.4% in 2009/10; 36.8% in 2010/11; and a significant increase to 42.9% of all CSI spending being contributed to education in 2011/12 (CSIH, 2009:32; 2010:38; 2011:138; 2012:155). Despite the education sector receiving the highest level of support, it can be seen from the research conducted by Triologue, that ECD receives considerably less funding from companies than the other education levels (CSIH, 2010:38).

It is clear that investing in ECD is a key strategy for influencing positive change in society and providing children with opportunities to improve the quality of their lives in the present and in the

future (Johnson, 2010 as cited in Gorelick, 2010:1). Taking into consideration that South Africa's 0 – 4 year age cohort comprises 26% of the total child population, thus making this age cohort South Africa's largest part of the child population, it is critical that our country continues to grow their already noteworthy progress in addressing the rights of their youngest citizens (UNICEF, 2009:2).

### **1.5 Rationale and Significance of Study**

International research from the High Scope Education Research Foundation (2010) points out that young children who attended a good quality ECD programme; performed better at school academically, were less likely to need expensive remedial education, were more likely to be lucratively employed as adults, were less likely to get involved in crime and drug abuse as adolescents, and for young girls were less likely to become pregnant whilst a teenager. This directly impacts on the social, educational and economic well-being of young children and their families. Furthermore, the High Scope Education Research Foundation (2010) calculated that for each U.S. dollar invested in an early education programme, a country saves \$16.14.

ECD programmes protect the rights of young children and assist in the development of their full cognitive, emotional, social and physical potential (DoE, 2001:5). These early learning opportunities reverse the effects of poverty and early deprivation and improve their quality of life.

Despite the growing body of research that exists about the importance of ECD and the positive effects that it has on a child and his/her holistic development, as well as the high economic return on investment, funding for ECD remains a major challenge faced by the sector. According to the 2010 CSI Handbook, the education sector received the largest portion of the total CSI budget in 2009/10 with 32.4% of funds being spent on education projects (CSIH, 2010:38). This increased to 36.8% of all CSI spend in 2010/2011 (CSIH, 2011:38). Although this appears to be impressive, ECD received only 16% of that allocation in 2009/10, as opposed to Further Education and Training, as well as General Education which received 29% and 28% respectively, and Tertiary Education which received 24% (CSIH, 2010:38). It is encouraging to note that CSI spend on ECD increased to 20% in the 2010/11 financial period, according to the 14<sup>th</sup> edition of The CSI Handbook (CSIH, 2011:138). Although this increase is positive, it is still too low.

To gain an understanding of why ECD receives such a small investment from CSI initiatives, despite broad research on its benefits to society, it was important to explore what informs a corporate's choice of development sector to invest in, the role that they play in supporting ECD programmes, and their perceptions on investing their funds in early education. The perceptions of ECD NPOs on CSI contributions to their ECD programmes were also explored and the study enabled the researcher to juxtapose these results with the funders' perceptions of investing in the ECD sector. This knowledge will be useful to the ECD sector and especially to ECD NPOs in their fundraising strategies and plans. This is important as research has shown that corporate investments in ECD can work towards facilitating change in the education sector in South Africa.

## **1.6 Topic**

This research study investigated **The Role of Corporate Social Investment in Supporting Early Childhood Development in South Africa.**

## **1.7 Main Research Questions**

### ***Central Research Question:***

*“To what extent do corporate social investment initiatives contribute to early childhood development in South Africa?”*

### ***Associated Research Questions:***

1. What informs corporate social investment in early childhood development in South Africa?
2. Why is early childhood development one of the least resourced educational sectors by corporates?
3. What are the corporate social investment expenditure trends in early childhood development over time?
4. What are the perceptions of corporates on funding support to the early childhood development sector?
5. What are the perceptions of early childhood development non-profit organisations on corporate investment in their early childhood development programmes?

6. What are the perceptions of corporations on the sustainability of the early childhood development sector?
7. What are the perceptions of early childhood development non-profit organisations on the sustainability of the early childhood development sector?

## **1.8 Research Objectives**

### ***Research Objectives***

1. To explore and understand what informs corporate social investment in early childhood development in South Africa.
2. To establish why early childhood development is one of the least resourced educational sectors by corporates.
3. To examine the corporate social investment expenditure trends in early childhood development over time.
4. To ascertain the perceptions of corporates on their funding support of the early childhood development sector.
5. To find out the perceptions of early childhood development non-profit organisations on corporate investment in their ECD programmes?
6. To explore the perceptions of corporations on the sustainability of the early childhood development sector?
7. To ascertain the perceptions of early childhood development non-profit organisations on the sustainability of the early childhood development sector?

## **1.9 Clarification of Concepts**

It is crucial that concepts used in this research study are clarified so that the reader is clear about the meanings attached to each concept used. Since this study is quantitative in nature, it was essential that the main concepts had sufficient clarity so as to ensure that both the respondents and the readers understood the terms and thus reliable responses were provided.

### ***Early Childhood Development (ECD)***

Early childhood development (ECD) is defined as “...an umbrella term that applies to the processes by which children from birth to at least nine years grow and thrive, physically, mentally, emotionally, spiritually, morally and socially.” (DoE, 2001:5).

Early childhood development can also be referred to as “...a comprehensive approach to policies and programmes for children from birth to nine years of age with the active participation of their parents and caregivers.” (DoE, 2001:5).

### ***Non-Profit Organisation (NPO)***

“non-profit organisation” means a trust, company or other association of persons—

(a) established for a public purpose; and

(b) the income and property of which are not distributable to its members or office-bearers except as reasonable compensation for services rendered.

(Republic of South Africa, 1997:2).

### ***Early Childhood Development Non-Profit Organisation (ECD NPO) Sector***

The ECD NPO sector in South Africa comprised of 62 ECD NPOs as at August 2012. The main purpose of these organisations is to increase access to, and improve the quality of, ECD programmes for young and vulnerable children. These organisations conduct a range of activities within the ECD sector including; accredited training of ECD Practitioners, Skills Enrichment Programmes, Governing Body Leadership and Management Training, provision of educational equipment, infrastructure upgrades to ECD centres, curriculum development, nutrition programmes including vegetable gardens, family outreach programmes to families who cannot access ECD services, parent education programmes on the importance of ECD and how to teach children on the home, amongst a range of activities.

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

Corporate social investment refers to “...the growing recognition that businesses have responsibilities beyond their shareholders that extend to their employees, customers, society, government and future generations.” (Triologue Reporter. 2009, February 25. Guided by legislation [Online]. *Mail & Guardian*. Available: Mail & Guardian Online [24 February 2011]).

CSI is broadly defined to include “...all social expenditure by private companies and state-owned enterprises on community activities which are not directly undertaken for commercial purposes.” (Dialogue. 2011:5. *CSI in Schooling in South Africa*. Cape Town: Dialogue).

### ***Funder***

For the purposes of this study, a funder is considered any company that makes a financial or non-financial contribution to a NPO. The word ‘funder’ may be used interchangeably with the word ‘donor’.

### ***Sustainable Development and Sustainability***

Sustainable development is defined as “...improvement in the quality of life for all humans equitably, both intra- and inter-generationally, within the context of the earth’s limited carrying capacity.”

(adapted from WCED, 1987 as cited in Schulschenk, 2010:5).

Financial Sustainability refers to “...the ability of an organisation to secure and manage sufficient resources to enable it to fulfil its mission effectively and consistently over time without excessive dependence on any single funding source.” (Cannon, 1999:16).

Sustainability is defined by the World Commission on Environment and Development (WCED) (1987:43) in the following way: “...meet[ing] present needs without compromising the ability of future generations to meet their needs.”

### ***Expenditure in the Education Sector***

Any programme-based or project-based investment in public or private schools, academic institutions, or early education service providers, that aims to directly improve the educational outcomes of learners including those in Pre-School, Grade R, Primary School, High School, Further Education and Training, Tertiary institutions as well as learners enrolled in Adult Education programmes (adapted from CSIH, 2011).

### ***Socio-Economic Development***

Socio-economic development is defined 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.” (Department of Trade and Industry [DTI], 2007:56).

### **1.10 Ethical Considerations**

For this research study to uphold its integrity, it was crucial that the researcher considered the ethical implications of the study so as to ensure that respondents were not exploited or harmed in any way.

Research ethics is defined by De Vos (2005) as a set of moral values that are widely accepted and put in place as a means to provide rules and expectations regarding the most acceptable conduct towards experimental subjects and respondents; companies; sponsors and supporters; as well as other researchers, assistants and students. It is vital that researchers internalize these principles so that they are guided by ethics in their research process (De Vos, 2005). It is a researcher’s responsibility to take several ethical considerations into account. According to De Vos (2005), there are two fundamental clusters of ethical responsibility, namely, a responsibility to the participants, and a responsibility to the field of science and research, by being truthful and accurate in the research that one reports.

The first ethical obligation that the researcher took into consideration was that of ‘Avoidance of Harm’ (*ibid.* p.58). The researcher ensured that subjects were neither physically, emotionally or psychologically harmed during the research process. The researcher ensured that subjects were well-informed in order that they were aware of the potential impact that the research may have imposed upon them (De Vos, 2005). The researcher also had the responsibility of ensuring that participants who appeared to be vulnerable during the investigation were withdrawn from any further research (De Vos, 2005). Although the researcher was very much aware of this obligation, it was encouraging that no participant appeared to be vulnerable. This may be due to the research being quantitative in nature. Furthermore, it was vital that the researcher ensured that no undue pressure was placed on respondents.

The second ethical consideration that was taken into account in this study was that of ‘informed consent’. ‘Informed consent’ requires that the participant has adequate information on the goal, the advantages and disadvantages, as well as the dangers of the research process (Williams *et al.*, 1995:30 as cited in De Vos, 2005). It was required that the participants were given accurate and

adequate information so as to allow them to make an informed decision regarding whether to participate or not, as well as to withdraw at any time during the investigation (De Vos, 2005:59). It was therefore vital in this study that respondents were provided with adequate and precise information prior to completing the questionnaire in order to allow them to make an informed decision of whether to participate or not.

Confidentiality is a further ethical obligation that researchers need to take into account whilst conducting research. Confidentiality is defined as “boundaries surrounding shared secrets and the process of guarding those boundaries” (O’Brien, 2008: pna). Confidentiality also protects the autonomy of subjects by allowing them to control information about themselves (De Vos, 2005). It was important that respondents were allowed the right to self-determination, in which they were allowed to decide to what extent, when and where their opinions and attitudes were to be revealed (De Vos, 2005). In this study, the researcher ensured that the ECD organisations and companies were not named in the study and that their information was presented in such a way as to not be identified in any way.

Researchers have the ethical responsibility to make certain that they are competent and sufficiently skilled to conduct the planned research (De Vos, 2005). This responsibility becomes even more important whilst dealing with information of a sensitive topic and with research across cultural boundaries (De Vos, 2005). It was required that the researcher reveal the goal and the reasons for the study, and described the way in which ethical responsibility was undertaken (De Vos, 2005). In this research study, the researcher had a thorough understanding of her ethical responsibilities and did not harm the participants in any way.

The last ethical consideration that was taken into account is that of the ‘release of findings’ (De Vos, 2005). Researchers need to make certain that their written form of findings is accurate, objective and as unambiguous as possible (De Vos, 2005). It was vital that no person was deceived by the findings of the research (Dane, 1990:53 as cited in De Vos, 2005:65). It was thus important that in this research study, the researcher ensured that all findings were accurate and truthful.

## 1.11 Theoretical Framework: Stakeholder Theory

This study was based on the well-known 'stakeholder theory', which was defined by Freeman (1984:46) as "...any group or individual who can affect or is affected by the achievement of the organisation's objectives". Friedman (2006) said that organisations should be viewed as a group of stakeholders, with the purpose of the organisation to manage the interests and needs of these stakeholders (Friedman, 2006). Freeman's (2004) definition of stakeholders is a group of individuals who play a significant role in the survival and success of the company. There are five main groups of stakeholders, including; customers of the company, company staff, local communities surrounding the company, suppliers and distributors of the company, and its shareholders. In addition to these main groups of stakeholders, the following are also considered stakeholders; the media, the general public, generations to come, non-profit organisations, government, amongst others (Fontaine, Haarman, & Schmid, 2006).

The above-mentioned ideas around the concept of stakeholder theory are known, in literature, as 'normative stakeholder theory'. Normative stakeholder theory comprises the way in which managers and stakeholders should act and should perceive the organisation based on a number of ethical principles (*ibid.* 2006). Stakeholders are a means of promoting the vision of the organisation, and the role of managers who have the main objective of keeping the company sustainable in the long-term, by maximising profits. This perspective of normative stakeholder theory is broadening as businesses are obliged to take on more responsibility in terms of extending their reach to broader society, rather than to shareholders alone.

This normative stakeholder approach is a framework within which companies are able to identify and respond to the moral and philosophical guidelines that are linked to their business activities and the way in which the company is managed, as well as in developing strategic direction and creating new opportunities whilst considering the environment (*ibid.* 2006).

The major objective of normative stakeholder theory is to enable companies to answer a number of pertinent questions; including what the responsibilities of the company are in respect of its stakeholders, and, why companies should take care of the interests other than shareholders interests (*ibid.* 2006). It is crucial for companies to understand the value of good relationships with

stakeholders in that they are an external reflection of the values, morals and principles of the company (*ibid.* 2006). This reflection of the company to internal and external stakeholders is directly linked to the corporate social responsibility and investment initiatives of companies. Companies interact with, and involve, their stakeholders in their daily business by means of CSI initiatives. In order for companies to obtain the necessary resources to survive and thrive, they need to ensure that their stakeholders are satisfied with their product and performance. The legitimacy of companies to use these resources is dependent on the way it adheres to social and moral values as recognised by society (*ibid.* 2006).

Within stakeholder theory, the notion of 'business and society' as mutually interrelated exists. It is the perception that the company and society relate in ways other than only trade, and this results in an unwritten social contract in which society maintains a level of control over the company and their actions. These social contracts are characterised by a sense of co-operation between companies and their stakeholders, thus gaining a competitive advantage. This co-operation contract also obliges companies to be transparent with their stakeholders, and failing this may result in a knock to the company's reputation and ultimately, its profits.

It is clear that more and more companies are positioning themselves to be at the fore-front of sustainable development. CSI is an extremely valuable instrument that companies can use in order to integrate this concept of sustainable development into their daily activities, and effectively promote the company's strong social and moral values.

### **1.12 Reflexivity**

De Vos (1995:363) describes reflexivity as one's aptitude to formulate an integrated comprehension of his/her own cognitive world so as to reflect on his/her own values, beliefs, experiences, and interests. Reflexivity can also be referred to as the researcher's own reflection on the research methodology, data collection tools and methods that he/she used and the way in which these could have limited the research (De Vos, 2005). Due to the fact that this research study was quantitative in nature, there was less possibility of researcher bias and misunderstanding of the data that was gathered, as this approach is specifically formulated and calculated.

It was important for the researcher to be completely neutral throughout the study and not allow preconceived ideas about the ECD NPO sector to influence the study in anyway. Due to the fact that the researcher had worked in the ECD non-profit sector for three years, it was essential that the researcher was aware of any biases or pre-determined ideas that may have developed about the sector and not allow these to influence the way in which the researcher developed the ECD NPO questionnaire as well as the data analysis process in any way. It was imperative for the researcher to allow for realistic and accurate data to emerge and not to manipulate it in any way.

### **1.13 Structure of Report**

This research report consists of five chapters. *Chapter 1: Introduction and Framework of the Study* has been presented and aimed to introduce the reader to the research study and the reasons leading up to the completion of a study of this nature. The following chapters will be presented:

*CHAPTER 2: Literature Review* looks at a range of relevant literature relating to CSI and ECD in South Africa in order to understand the context of this research study. The literature review is divided into a number of sections relating to ECD and CSI within a South African context, as well as how they relate to each other.

*CHAPTER 3: Research Design and Methodology* presents the research design and methodology used in this study. In addition Chapter 3 describes the population used as well as the sample used in this study. This chapter also explains the data collection approach, method and tools used to capture reliable data, and describes the processes used in the analysis of the data. The limitations of the research study are also described.

*CHAPTER 4: Presentation and Discussion of Findings* presents, discusses, and analyses the findings of the research study from both the CSI and ECD NPO questionnaires. The data gathered from both questionnaires was compared in order to ascertain the role that CSI plays in supporting ECD in South Africa.

*CHAPTER 5: Conclusions and Recommendations* sets out various conclusions that were drawn from the data gathered and analysed and are based on the results and presentation of findings discussed in

the previous chapter. This chapter also provides a number of recommendations for both the CSI initiatives and the ECD NPOs that participated in the study, as well as, for the CSI and ECD NPO sectors in general, in order for these sectors to move forward in a positive manner.

### **1.14 Summary**

This chapter introduced the reader to the topic of the research study and the manner in which the research was conducted. It also provided a background to the research that was carried out by describing the problem statement, rationale and significance of the study as well as set out the main research questions and objectives underpinning the study. The chapter explored ethical considerations that the researcher had to adhere to whilst conducting the research, and the reflexivity of the researcher whilst the study was underway and in the analysis of the data captured.

The next chapter presents a review of relevant and available literature in relation to the topic under study in order to contextualize this research study.

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# **CHAPTER 2:**

## **LITERATURE REVIEW**

### **2.1 Introduction**

This literature review defines early childhood development (ECD) and examines it in the South African context. It looks at the importance of ECD and the benefits associated with being involved in early education, not only to the child, and family, but to society as a whole. Furthermore, this review looks at the way in which ECD lays the foundation for the development of quality human capital as well as the high economic return on investment that it yields. This is followed by a look at the definition of corporate social investment (CSI) and the emerging trend of companies partnering with NPOs to achieve social goals for sustainable development. The various motivating factors in corporate giving are also explored. Thereafter, this review explores education sector funding by CSI in South Africa to determine the percentage of investment that each level of the education sector receives, and thereafter focuses on corporate giving to the ECD sector in particular.

It is important to note that there is very limited research available on the impact and extent of corporate social investment in South Africa. Triologue has done incredible work in the CSI sphere in South Africa, particularly in terms of their annual CSI Handbook (CSIH), hence the extensive use of their research throughout this research study, particularly the literature review.

### **2.2 Defining Early Childhood Development and Contextualizing it within the South African Context**

The Education White Paper 5 defines ECD as “...an umbrella term that applies to the processes by which children from birth to at least nine years grow and thrive, physically, mentally, emotionally, spiritually, morally and socially.” (DoE, 2001:3). ECD is also referred to as “...a comprehensive approach to policies and programmes for children from birth to nine years of age with the active participation of their parents and caregivers.” (DoE, 2001:5). According to Education White Paper 1 on Education and Training (1995) and the Interim Policy for Early Childhood Development (1996), the overall purpose of ECD is to preserve and enhance the rights of children so that they can grow

and develop into their full cognitive, emotional, social and physical potential (as cited in DoE, 2001:5).

These definitions of ECD encompass a holistic and integrated approach to child development and display an understanding of the processes involved in the development of a child (DoE, 2001:5). The importance of ECD is even greater within the South African context due to the conditions in which the majority of the population resides in (Williams & Samuels, 2001:5). The level of deprivation and lack of provision, ultimately due to the effects of Apartheid, is not favorable for positive and holistic development of children (*ibid.* p.5). Children who live in poverty-stricken areas are most in need of quality ECD provision as these environments and conditions provide a poor basis for healthy development (Biersteker & Dawes, 2008:185). In addition to this, the consequences of the Apartheid regime disregarding the importance of ECD have resulted in the most deprived areas in South Africa having access to the most inadequate services (*ibid.* p.185). At the beginning of South Africa's democracy, ECD was viewed as a means to tackle an environment that lacked a fostering, educative and supportive spirit for its children (Williams & Samuels, 2001:5).

This integrated approach to ECD in South Africa has resulted in a broad range of programme options across various sectors, including Departments of Education (DoE), Social Development (DoSD) and Health (DoH), as well as broader civil society by means of a range of community development practices (*ibid.* p.5). In South Africa, in terms of ECD, the DoSD is responsible for children between 0 – 4 years of age, whereas the DoE and DoH are focused on the 5 – 9 year age cohort (Williams & Samuels, 2001:5; and Biersteker & Dawes, 2008:186). This inter-sectoral collaboration between the various governmental departments in service delivery and policy development for young children is an important feature in South Africa (Williams & Samuels, 2001:5).

In South Africa, there are approximately of 6.5 million children between the ages of 0 – 6 years old, and of these, 59.2% (3.8 million children) live in conditions of dismal poverty (DoSD, DoE & DoH, 2004 as cited in Atmore, van Niekerk & Ashley-Cooper, 2012:122).

In 2010, the Department of Basic Education (DBE) released an Action Draft Plan entitled *Towards the Realisation of Schooling 2025*. This action plan stated 27 goals that the DBE aimed to achieve (DBE, 2010:5). Goal 11 relates specifically to ECD, and aims to “Improve the access of children to

quality early childhood development (ECD) before Grade 1” (*ibid.* p.20). The DBE has a target of 100% of children aged five and turning six enrolled in Grade R by 2014 (*ibid.* p.21). The goal of having all children starting Grade 1 in 2015, having been in Grade R in 2014, is a commendable one, but a great deal of intervention is required prior to Grade R as well. The various challenges that children currently face, including inadequate literacy and numeracy skills in Grade 1, 3 and 6, and high levels of grade repetition, particularly in Grade 1, could be targeted and possibly reduced by ensuring that good foundations are being laid in the early years, prior to Grade 1. Moreover, it is important to consider that, currently in South Africa, Grade R is not yet even compulsory and therefore it will be a daunting task to ensure 100% enrolment rate of Grade R learners. At this point in time, 97% of learners between the ages of 7 – 15 years attend school. Although this is a high percentage, there still remain approximately 250 000 children that are currently not attending compulsory education.

Government’s initial target of universal access to Grade R as stated in the DoE White Paper 5 was 2010. This target was ambitious and was thus extended to 2014 by President Jacob Zuma (Atmore, van Niekerk & Ashley-Cooper, 2012:123). It is reassuring to see the increase in enrolment of children in Grade R facilities, with 67% of all 5 year old children in some form of Grade R in 2011 (*ibid.* p.123). As such, government has achieved some progress in their goal of 'universal access' to Grade R by 2014 (*ibid.* p.123). Although the country has made progress, should the current rate of enrolment continue, government’s target of every 5 year old child having one year of compulsory Grade R schooling prior to Grade 1 by 2014 will not be reached; universal/compulsory provision to Grade R will only be reached by 2018 at the earliest (*ibid.* p.128).

South Africa has shown its commitment to children by making ECD a national priority and striving to create improved living conditions for all children to grow and develop (Williams & Samuels, 2001:6). This was evident in the signing of the United Nations Convention on the Rights of the Child by our government in 1995 which entitles young children to all of the rights preserved in the Convention and promotes the well-being of children (United Nations General Assembly, 2010). The African Charter on the Rights and Welfare of the Child was developed by the Organisation of African Unity in order to incorporate more of the African culture and the various concerns and issues that go along with it (Williams & Samuels, 2001:7). South Africa’s Bill of Rights also speaks of the importance of children’s rights including the right to basic education and protection. In 1996,

evidence of South Africa's support for children and the promotion of their rights were confirmed with the establishment of the National Programme of Action (NPA) that provided for the holistic, strategic collaboration of government and NGOs to prioritise children and focused on eight key areas; infrastructure: special protection measures; basic education; child and maternal health; nutrition; leisure and recreation; social welfare development; and early childhood development (*ibid.* p.8).

South Africa also has in place a range of policies and plans that preside over ECD and that keep the country accountable to young children (Giese, 2011:17). The first of these is the DoE's White Paper 5 on ECD, which set forth the notion of a Reception year (Grade R) for children between the ages of 5 and 6 years, as part of the ordinary public school system (*ibid.* p.17). This White Paper also stated that the quality of pre-Grade R education programmes for 0 – 4 year olds requires improvement and mandated training and development of ECD practitioners, and a focus on career-pathing for them, the establishment of a quality curriculum and the addition of health and nutrition as part of a holistic approach to ECD (*ibid.* p.17).

The requirements mandated in the White Paper 5 are propelled by the National Integrated Plan (NIP) for ECD (2005 – 2010) which has a primary focus on children between the ages of 0 and 4 years old (*ibid.* p.17). The NIP aims to attend to the needs of young children and takes an integrated approach to ECD by extending their focus to numerous sites in which children reside and are taken care of, including, children's homes, formal and informal ECD centres and facilities, child and youth care centres, places of safety, prisons, as well as community childcare centres (*ibid.* p.17).

The Children's Act (No. 38 of 2005) focuses on children aged 0 and 18 years and includes an annexure that describes the norms and standards for ECD programmes and amenities (*ibid.* p.17). These norms and standards are extremely important and meeting them is a requirement when applying for registration and funding from the DoSD (*ibid.* p.17). The Act states that once an ECD centre's registration has been approved and they apply for funding, the state 'may' provide funding from money allocated for ECD services, although they are under no compulsion to provide funding (*ibid.* p.17). It is important to note that the Children's Act (No. 38 of 2005) prioritises both ECD services and facilities for those children who reside in communities that lack adequate shelter and

nutrition as well as other basic requirements (*ibid.* p.17). A further priority is providing ECD services to children with disabilities (*ibid.* p.17).

The DoE funds ECD services for children between the ages of 5 – 6 years old (*ibid.* p.17). The South African Schools Act (No. 84 of 1996) details the norms and standards for funding of the Reception year and encourages a focus on those Grade R facilities in poor areas, especially those in public schools (*ibid.* p.18).

It is clear from the above that South Africa is committed to improving access to, and the quality of, ECD provision in South Africa, although “...there is still a long way to go before we can truly say that we are putting children first.” (Atmore, 2009:3).

### **2.3 The Importance of Early Childhood Development**

There has been an increase in empirical research and evidence, both on a national and international level, on the importance of ECD programmes for children and the benefits that it has on individuals and the broader society (Williams & Samuels, 2001:5). Research demonstrates that children who have received a quality ECD programme perform better at formal school; are more likely to be productive in their workplace; are less likely to require expensive remedial education; are less likely to display delinquent behaviour; and for young girls are less likely to fall pregnant during their teenage years (Atmore, 2007:2). These positive effects of a child’s exposure to an ECD programme demonstrate the high returns to individual and social investment on ECD (Williams & Samuels, 2001:5).

It is well-known that ECD provides the platform for achieving success in future learning, and schooling, and by and large, has huge societal and environmental benefits (Biersteker & Dawes, 2008:185). Furthermore, ECD has the advantage of identifying children at risk of learning difficulties and social, emotional and health complexities very early on (Williams & Samuels, 2001:6). In South Africa, there are approximately 6.5 million children in the 0 – 6 year age cohort, yet only 1 million of these children (17%) are in some form of ECD programming; some 5.5 million children do not have access to a structured early learning programme prior to entering the first year of formal school (Atmore, 2009:3). It has also been found that those children who live in the most

underprivileged communities are those who have the most restricted access to quality ECD services (Biersteker & Dawes, 2008:185). These are the most vulnerable children in our society.

According to Shonkoff and Phillips (2000) the first years of a child's life are the most impressionable and it is crucial that during this stage the environment acts as a catalyst for healthy and holistic development. Should a child's environment not be nurturing in these first years, as an adult, their contribution to society may be jeopardized (*ibid.* p.265).

According to the South African Constitution (No. 108 of 1996), access to education is a human right and every child is entitled to a quality education. Provision of a quality education is the foundation of gaining access to economic opportunities later on in life (Atmore & van Niekerk, 2011:13). It is disheartening to realize that despite the policies and legislation that are in place for accessing education, most of the provision is of a very poor standard and quality. Grade 3 and 6 numeracy and literacy results in South Africa are appalling and are amongst the lowest across the globe (Atmore & van Niekerk, 2010:13). In 2007, only 35% of Grade 3 learners were numerate and only 36% of Grade 3 learners were literate (Child Gauge, 2009:61). This indicates that the majority of children do not gain the necessary knowledge, skills and insight that give substance to having the right to basic education (*ibid.* 2009).

It has been recorded that in 2000, 1,035,192 children were enrolled in Grade 1, yet only 492,090 of these children wrote the matric exams in 2011, indicating a concerning attrition rate of 52.1% (Bolema, 2012:pna). Reflection on this poor quality of education and the poor results amongst learners highlights the importance of the Education White Paper 5 (DoE, 2001) in encouraging and reinforcing ECD, especially for those children who come from environments of poverty and neglect (Biersteker & Dawes, 2008).

#### **2.4 The Sustainability of South African Early Childhood Development Non-Profit Organisations**

Although ECD NPOs have played a significant part in increasing access to provision of ECD programmes and services for approximately 1.2 million children in South Africa, very little research

is available on the sustainability of ECD NPO providers in our country (Atmore, van Niekerk & Ashley-Cooper, 2012:17).

As at 01 August 2012, there were 62 active ECD NPOs spread across the country and it is these organisations that provide the support of ECD training as well as the development of curricula and materials for the sector (*ibid.* p.17). The ECD NPOs have been, and continue to be, the lifeblood of the sector for over 35 years.

In the past 15 years, the sustainability of the sector has weakened drastically with approximately 46 ECD NPOs closing down and a minimum of 20 down-scaling, some substantially (*ibid.* p.17). This had led to less provision of ECD services, resulting in even more children not being catered for in terms of quality ECD programming.

## **2.5 Government's Investment in Education and Early Childhood Development**

In 2010, then Deputy President Kgalema Motlanthe said that "Education is without a doubt a lever to uplift individuals, their families and society at large. Nowhere is this more true than in South Africa, where education should serve as a weapon against the scourge of poverty among our people." (Motlanthe, 2010:pna).

In South Africa, education received R 190 billion of the South African Government's budget for 2011/12, which is 19.4% of the total budget (CSIH, 2011:139). Between 2007 and 2010, the education budget increased by 14% each year, and in 2011 increased by 9.7% (*ibid.* p.139). It is important to note that South Africa's public expenditure on education, as a percentage of Gross Domestic Product (GDP), is 5%, which is one of the highest in the world and is akin to Australia (5.2%), Germany (4.4%) and Brazil (5%) (*ibid.* p.139).

With regards to ECD, government makes provision for funding by a number of means, including through the DoSD, the DoE, the Expanded Public Works Programme (EPWP), and to a lesser degree, the National Development Agency (Giese, Budlender, Berry, Motlatla and Zide, 2011).

The two prominent channels of funding include DoSD and DoE, which will be expanded on. DoSD directs funding to ECD in two ways; the first being through a per capita subsidy which is for children between the ages of 0 – 4 years old and whose parents/caregivers meet the specific criteria in an income means test; and the second way funding is channelled is through programme funding for ECD programmes offered by NPOs (Giese et al., 2011:7). According to research by Giese et al. (2011:7) that explored sources and the extent of government funding for ECD, there has been a substantial increase in per capita funding for ECD centres, with a spend in 2003/04 of R 335 million to over R 1 billion in the 2011/12 financial year (*ibid.* p.7).

The DoE has a number of channels through which funding for ECD is directed, including subsidies for Grade R children that attend community-based ECD centres (registered as independent schools) either in the form of a per capita subsidy based on the number of Grade R learners in the class as well as the quintile level of the school, or in the form of a salary for the Grade R teacher (*ibid.* p.8). ECD funding is also provided to Grade R classes within public schools, as well as stipends for those teachers who participate in the EPWP learnerships (*ibid.* p.8). The DoE spends a very small portion of their budget on ECD, amounting to approximately 2% of their total budget (*ibid.* p.8). Although only 2% of the education budget has been apportioned to ECD, it has seen a drastic improvement since 2006/07 when only 0.7% of the total budget was allocated to ECD (*ibid.* p.8). It is interesting to note, that there are vast disparities in the distribution of funding between the nine provinces for community-based ECD facilities (*ibid.* p.8).

It is important to note that neither the DoE nor the DoSD are compelled to provide funding to ECD facilities, services or those serving the ECD sector (*ibid.* p.9). It is also significant to note that funding to ECD centres directly from the DoSD is limited to those that are registered as both a Partial Care Facility and as an ECD programme. With regards to obtaining funding from the DoE, Grade R classes are required to be registered as an independent school with the Education Department. Registration with either of the Departments poses challenges, as registration obligations are unclear and gaining access to registration procedures is incredibly restricted. These requirements also vary hugely from province to province (*ibid.* p.9).

According to the new Children's Act (No. 38 of 2005), which came into effect in April 2010, all ECD centres are now required to be registered as Partial Care Facilities as well as have a registered

ECD programme (*ibid.* p.9). Should these centres continue to exist without being registered, they are considered illegal and are at risk of being closed down. The registration process is time-consuming and there exist major blockages in the system as the application for registration continues to accumulate (*ibid.* p.9).

In addition to this, the DoE stipulates that ECD centres are required to have a minimum number of Grade R learners in order to qualify for the subsidy (*ibid.* p.10). This is to the detriment of many ECD centres in rural areas as the amount of Grade R learners enrolled in these schools is often inadequate to be eligible for the subsidy (*ibid.* p.10).

Encouragingly, the DoSD national budgets for ECD subsidies has increased over the years, from just R 335 million in the 2003/04 financial year to R 422 million in 2007/08 (Giese et al., 2011:22). This amount then more than doubled in the 2008/09 financial year to R 900 million, with a further increase in 2011/12 to over a billion rand for ECD subsidies (*ibid.* p.22).

In April 2011, the Minister of Social Development, Ms Bathabile Dlamini, held a discussion with CSI managers from various companies across South Africa and encouraged them to work alongside government and to focus their CSI programmes on a number of key areas, one of which included "...investment in early childhood development..." (South African Government Information, 2011: pna). As government is not able to meet the many social challenges within our country exclusively, the good governance and social responsibility of corporates are a means of assisting government in meeting these needs.

## **2.6 Description of Corporate Social Investment in South Africa**

Thirty to forty years ago, businesses were viewed as completely separate from society and the environment, with the main objective being to increase their profit (CSIH, 2009). Milton Friedman is well-known for saying, "The business of business is business" (Friedman, 1970:pna). This perception of business has been reversed with businesses increasingly being an important part in the growth, development and welfare of society (CSIH, 2009). Businesses are now contributing to the social, environmental and economic concerns in our country and have been called upon by government to play a role in working towards the national development goals (CSIH, 2009).

Corporate social responsibility (CSR) is a value system which businesses take on as a means to become socially and ethically responsible to the general public, including staff members and their families, surrounding communities, customers and clients, government, and even generations yet to come (CSIH, 2009). CSR is a framework that encompasses all business related activities; including employment equity, human rights, preferential procurement, and CSI amongst others (CSIH, 2011).

Corporate Social Investment (CSI) refers to “...the growing recognition that businesses have responsibilities beyond their shareholders...” that extends to their customers, society, and future generations (Dialogue Reporter, 2009:1). CSI incorporates companies’ voluntary activities that are implemented by means of financial and non-financial contributions to communities, organisations and individuals so as to improve socio-economic growth in society (*ibid.* p.1). Within the South African context, it is imperative that CSI has a formidable developmental focus that strives to empower and better the lives of those citizens residing in previously disadvantaged areas (CSIH, 2011:16). It is crucial that business treat CSI initiatives as a linked entity that plays a very specific and expert developmental role which is closely linked to the businesses’ strategic objectives and goals (*ibid.* p.16).

The responsibilities that companies undertake include the seven elements of the Department of Trade and Industry’s Broad-Based Black Economic Empowerment (B-BBEE) Scorecard. These consist of B-BBEE ownership, management, employment equity, skills development, preferential procurement, enterprise development and socio-economic development (Dialogue Reporter, 2009:1). CSI is situated within the socio-economic development (SED) area of the B-BBEE Scorecard and this stipulates that companies should spend 1% of net profit after tax (NPAT) on social and community development initiatives (*ibid.* p.1). It can therefore be noted that CSI budgets are closely linked to the profit of large companies that commit to being socially responsible (*ibid.* p.1).

As mentioned above, an important component of Code 700 in the B-BBEE Scorecard is that of SED which is defined 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” (Dialogue, 2011:11). Code 700 has a weighting of 5%, which equates to 5 points out of the total 100 points, for which businesses can qualify for should their SED contributions amount to at least 1% NPAT (*ibid.* p.15). SED contributions made to the

development sector are only acknowledged if no less than 75% of the contribution is to the advantage of Black South Africans (*ibid.* p.11).

Over the past few years, there has been a move away from impromptu philanthropy to a more strategic approach, in the form of partnerships in implementing social development projects (Trialogue Reporter, 2009:2). The increase in which companies are contributing towards community and social development can be seen in Trialogue's annual research among the top companies in South Africa. Some of Trialogue's research over the years has indicated a massive increase in CSI spend from approximately R 1.5 billion in the 1998/99 financial year to over R 4 billion in 2007/08; and R 5.4 billion in the 2009/2010 financial year; to R 6.2 billion in the 2010/2011 financial year; and to R 6.9 billion in the 2011/12 financial year (CSIH, 2009:1; 2010:28; 2011:138; 2012:32).

According to an article in the Trialogue Reporter (2009:1) entitled "Returns on the CSI rand", CSI has very rapidly become a contributor to positive societal change in South Africa. CSI has started to grow as a necessary strategy for companies with its implementation being legislated in terms of the Mineral and Petroleum Act, which requires companies in the mining sector to contribute to local and social development as a condition of their licence-to-operate (*ibid.* p.1). This condition of licence-to-operate is in addition to the Broad-Based Black Economic Empowerment Act of 2004 through the Department of Trade and Industry's Codes of Good Practice and B-BBEE Scorecard which is encouraging transformation and social giving within the corporate sector.

Despite the fact that most companies are not required to be socially responsible according to the South African Companies Act (No. 71 of 2008), they are encouraged to recognize all stakeholders and take on a triple-bottom line methodology in their business endeavours by the King II and King III reports (Polity, 2011). The King reports set out the guidelines for good governance within corporates and emphasise the challenges relating to the social, economic and environmental aspects of South Africa (Polity, 2011). The King reports are not compulsory documents, although companies are encouraged to comply with their guidelines and become responsible citizens (Polity, 2011). Despite this being a voluntary code, the Johannesburg Securities Exchange has, in fact, made the adoption of the King reports a prerequisite for listing (Visser, 2005). South African companies have fared well in complying with the King reports, with the majority of large companies issuing an annual sustainability report and having some form of ethics code within the company (Visser, 2005).

## 2.7 A Brief History of Corporate Social Investment and Responsibility in South Africa

Within the South African context, CSI has not had a long history but it has been one of much dynamism and vigour (Triologue, 2011:1). CSI history can be divided into two main eras – the pre-democratic era (1970s – 1993) and the post-democratic era/new democracy (post-1994) (*ibid.* p.1).

### *CSI in the pre-democratic era (1970s – 1993):*

The idea of business providing money for the welfare of those people who were not employees of the company was initially expressed in South Africa in 1972 by a University of Cape Town Business Professor, Meyer Feldberg (*ibid.* p.1). Feldberg observed the way in which businesses in the USA were contributing to the welfare of people and thus appealed to South African businesses to follow their lead in contributing towards the social upliftment of people in the communities from which they operated, as well as providing services and selling goods to people from the areas in which their employees resided (*ibid.* p.1). His argument was developed out of the rational notion that conducting socially responsible behavior is crucial to the sustainability of companies particularly in relation to their success, effectiveness and revenue as a business (*ibid.* p.1).

The establishment of the Urban Foundation – a joint corporate responsibility initiative - in December 1976 was the result of a conference that was attended by 180 top business leaders and that took place in Johannesburg after the Soweto uprising in June 1976. The Urban Foundation had one main objective which was to enhance the socio-economic conditions of black South Africans (*ibid.* p.1). This objective was achieved by making use of several focus areas including; education; housing and urban development; as well as health and community development (*ibid.* p.1). The Urban Foundation was funded by various businesses in the local areas and was strategic in its interventions in that it was effective in gaining resources, knowledge and proficiency from the corporate sector (*ibid.* p.2). In its 18 year existence, the Urban Foundation achieved a huge amount by strategically positioning a foundation for effective social and community development in South Africa and was a positive step forward by South African corporations to remedy the many developmental challenges that South Africa confronted (*ibid.* p.2).

A further important method to note in the promotion of businesses' giving and involvement with communities was that of the Sullivan Principles (*ibid.* p.2). In 1977, the Sullivan Principles were

established which aimed to enhance the promotion of corporate social responsibility within companies (*ibid.* p.2). The Sullivan Principles were developed in the United States and pertained to all American companies, including those that functioned within South Africa as a component of an anti-Apartheid drive (*ibid.* p.2). The following principles were required to be practiced by American companies:

1. Non-segregation of races in all eating, comfort, and work facilities.
2. Equal and fair employment practices for all employees.
3. Equal pay for all employees doing equal or comparable work for the same period of time.
4. Initiation and development training programmes that will prepare, in substantial numbers, blacks and other non-whites for supervisory, administrative, clerical, and technical jobs.
5. Increasing the number of blacks and other non-whites in management and supervisory positions.
6. Improving the quality of life for blacks and other non-whites outside the work environment in areas such as housing, transportation, school, recreation, and health facilities.
7. Working to eliminate laws and customs that impede social, economic and political justice (*ibid.* p.2).

As a means of fulfilling the obligation to enhance the quality of living for all people of colour, companies started to donate a certain portion of their income to charities (*ibid.* p.2). It was this sort of contribution that formalized the relationship between companies and the community in South Africa (*ibid.* p.2). This formalizing of relationships also brought along with it an array of new, skillful CSI practitioners who were knowledgeable and passionate about development and who developed a sense of competency and proficiency in the social investment sector (*ibid.* p.2). In order to manage social investment funds that companies made available to social development, many of South Africa's prominent companies established trusts and foundations, which were viewed as the company's moral and social conscience (*ibid.* p.2).

The 1970s and 1980s experienced South African companies becoming more responsive to social development, although at the same time, a sense of government indignation was felt, as strong hints of political tension existed between non-government organisations and trade unions (*ibid.* p.2). This resulted in companies not being able to promote their social investment work on a broader scale with civil society and non-government organisations (*ibid.* p.3).

Swift political transformation was stimulated in 1990 when Nelson Mandela was released, and this resulted in many businesses coming to realize the power of alliance as a means to assist in enabling a smooth political shift as well as to give back to the broader socio-economic development of the country (*ibid.* p.3). Consequently, in 1992, 14 large and established companies collaborated, along with trade unions and political parties, to form the Joint Education Trust (JET) (*ibid.* p.3).

*CSI in the new democracy (1994 – 2004):*

Looking at the beginning of a new democracy through a developmental lens, the South African Government was instantaneously bequeathed with validity and acceptability (*ibid.* p.3). In 1994, it rapidly became attractive to work together with the State (*ibid.* p.3). This change brought about important alterations in the CSI sector as well as the non-profit sector (*ibid.* p.3).

Prior to the democratization of the country, the non-profit sector played a significant part in advocating and supporting social development causes (*ibid.* p.3). The many changes that South Africa underwent in 1994 resulted in NPOs having to change focus and strategy in order to continue functioning and making a difference in society. Moreover, the funding situation for NGOs in South Africa changed drastically, especially with regards to international funders, who for years prior to democracy covertly supported NPOs (*ibid.* p.3). After the birth of our new democracy, new international funders began to provide substantial sums of money directly to the government rather than to NPOs as they gave preference to having bi-lateral agreements in place with the newly appointed government (*ibid.* p.3). The reasoning behind funding the state directly was in order to assist in its development and build its capacity as a novice democracy (*ibid.* p.3).

This reallocation of international funding led to many NPOs finding themselves in a financial predicament and struggling to survive (*ibid.* p.3). This forced many NPOs to cut back on projects and activities in order to sustain themselves, and in some cases, NPOs were compelled to close their doors (*ibid.* p.3). For other organisations, they were forced to re-strategize by looking at new methods of bringing in funds, as well as exploring fresh and innovative models of service delivery (*ibid.* p.3). As a means to overcome the financial dilemma that confronted them, the NPO sector placed their hope in that of businesses to assist them in becoming financially sustainable (*ibid.* p.3). This response was, in fact, advantageous in that it brought about the creation of a number of statutory organizations, including the National Development Agency, the Umsobomvu Youth Fund, and the

National Lottery Distribution Trust Fund (*ibid.* p.3). These structures became both donors and partners for social development projects in the non-profit sector (*ibid.* p.4).

## **2.8 Trends in Corporate Social Investment over Time**

Over time, CSI has developed and evolved hugely as the corporate sector has started to grasp the importance of being socially responsible as well as the benefits associated with it, such as strengthening their corporate brand and status within society (Triologue, 2011).

The first 10 years of the new democracy brought about turmoil in the CSI sector as the new democratic government instilled a vision and implementation plan for complete restoration of the country involving all stakeholders in the process (Triologue, 2011). This time resulted in the corporate sector recognizing that CSI was becoming increasingly necessary, as opposed to an 'optional extra' as had previously been the case (*ibid.* p.4).

Over time, a range of trends within the CSI sector emerged (*ibid.* p.4). Some of these include:

### *Aligning CSI with business strategies*

A major trend which is becoming progressively frequent is business aligning their CSI strategies to their core business strategies. These types of CSI programmes are able to make use of internal knowledge, capabilities, and resources as they are able to link their products and services with their CSI programme (Triologue, 2011:29). This alignment is beneficial to both the social project and the company as it makes use of its internal resources resulting in a more sustainable impact on the community (*ibid.* p.29).

### *Alignment of CSI activities with geographical area*

Evermore companies are aligning their CSI activities with the geographical area in which their business operates. This type of alignment works well for those companies that have a strong presence in, or a significant influence on, the community in which they function (Triologue, 2011). CSI initiatives that adopt a geographical focus have the advantage of being able to support a variety of development sectors within that community and in so doing foster and reinforce the local development and economic plans.

### *CSI aligned with the value system of the company*

Many companies pride themselves on a positive value system. It is this value system that influences the company's CSI programme and the value of their brand (*ibid.* p.30). The more highly regarded the company's brand is in society, the more loyal their stakeholders and the public will be, resulting in the value of the company increasing. It is thus strategic for companies with strong values to support and invest in social causes that have similar values.

### *CSI initiatives aligned with government priorities*

There are a range of companies, specifically those in the mining and telecommunications sectors, which have a working relationship with government that is most often related to licence-to-operate requirements, as well as the financial services sector whereby government may be a client or prospective client, and public enterprises or state-owned enterprises in which very specific state requirements are mandatory practice (*ibid.* p.30).

### *CSI requisitioned by marketing and public relations structures*

As CSI grew in popularity and prevalence, a trend of publicizing handover events emerged. This trend of executive managers attending functions started out modestly, but rapidly snowballed when the media became involved and included sophisticated articles about CSI in business and social media (Trialogue, 2011). Following this trend, businesses began to generate their own social reports and over time have become more focused on accountability (*ibid.* 2011). Furthermore, companies started to incorporate their CSI work into their marketing strategies, using CSI accomplishments to strengthen their brand and image (*ibid.* 2011). This integration of CSI into marketing strategies is a clear indication that CSI is becoming more established and is growing in prestige (*ibid.* p.5).

### *CSI becoming more effective and impacting more beneficiaries*

A noteworthy trend that emerged in the CSI sector during the early 2000s was that of funders developing a more focused approach by funding fewer initiatives but on a far larger scale (Trialogue, 2011). A number of the prominent CSI initiatives launched large-scale 'flagship projects' which had a strong focus on monitoring and evaluating results. These flagship projects have brought benefits to companies, as CSI initiatives are able to select their beneficiaries more carefully and intentionally in line with their CSI strategy. These assist in effective marketing and branding of the company and prospects for aligning CSI with the business strategy (*ibid.* p5).

### *Companies becoming more involved in the implementation of projects*

CSI programmes have evolved tremendously over the years with some companies becoming more involved in the project activities. This has changed the relationship between companies and NPOs significantly with their business relationship becoming a more equal partnership, rather than relationship characterized by unequal power relations (*ibid.* p6). This evolved dynamic has led to increased sustainability of partnerships (*ibid.* p6).

### *CSI becoming a strategic business practice*

Another trend within CSI, which has emerged over time, is the move towards more strategic giving. Companies have shifted their giving to being more closely aligned with their strategic objectives and goals (Epstein, 2005:22). Traditional philanthropic giving by companies has steadily decreases and conversely strategic philanthropy has increased.

Various reasons exist for the dramatic changes in corporate giving, including increased competition amongst companies, the economic recession, and decreased budgets resulting in less money for CSI advertising and marketing, and so forth (*ibid.* p.22). Companies are shifting their mindsets towards a more focused, strategic approach in the way in which their giving impacts communities, especially within their geographical focus area (*ibid.* p.22). Business Week analysis in 2004 shared the perspective of strategic giving by stating: “Supporting a popular cause is no longer optional. It’s what you have to do just to get to the starting line with the newest generation of customers.” (Grad, 2004 as cited in Epstein, 2005:26). The concept of “cause branding” is gaining popularity as it continuously proves to work by enhancing the company brand and increasing customer loyalty (*ibid.* p.26).

It is clear that CSI has become a crucial part in the business strategy of many companies as well as the fact that companies are becoming increasingly intentional about who they fund and the way in which they go about managing the projects which they support.

## **2.9 Partnerships between Corporate Social Investment Initiatives and Non-Profit Organisations**

Over the past few years, the emerging trend of NPOs and companies working together to achieve a common social goal has expanded tremendously. Partnerships between companies and NPOs defy the way in which the general public viewed the role of these two entities towards society and towards each other previously. This partnership is a positive means of reducing poverty and addressing social challenges globally (Wadham, 2009).

Communities worldwide, including both business and NPO leaders, have recognized the strategic importance of partnerships in improving social and community development (Damlamian, 2006). Partnerships of this nature are complementary to both the business and the NPO in that it is often the case that businesses are not always accustomed to the needs of the community in which they wish to invest and often do not possess the required skills to implement change, despite the various resources, capital and competencies they may have (Damlamian, 2006). Conversely, NPOs specialize in developmental work and encompass all the necessary qualities and characteristics needed to affect positive social change, although they often lack the revenue and resources to implement their work and projects effectively and holistically (Damlamian, 2006). It is therefore clear that these two entities are able to work together in partnerships so as to influence positive and sustainable change within communities.

The notion of a partnership between businesses and NPOs is crucial in that it emphasizes the fact that most NPOs do not want to become dependent on businesses to survive and thus, are creating partnerships with corporations so as to influence change together, rather than merely receiving irregular and unsustainable funding or handouts from businesses (Elkington & Fennell, 1998 as cited in Damlamian, 2006).

There are numerous benefits to both corporations and NPOs when engaging in strategic partnerships for change. An example of one of the biggest benefits for companies is that of an improved image and credibility (Damlamian, 2006). The reputation of large businesses is increasingly becoming important to investors and consumers alike (Damlamian, 2006). Progressively, stakeholders are questioning what companies are doing to positively impact society as this has become a yardstick of

corporate performance (Damlamian, 2006). Companies that partner with NPOs are viewed as more trustworthy and credible by the public (Heap, 2000 as cited in Damlamian, 2006). Other benefits include financial sustainability, as well as improved CSI policies and strategies. For NPOs, benefits include financial sustainability and funding diversification, access to free marketing, and improved efficiency (Damlamian, 2006).

According to Heap (2000) partnerships between businesses and NPOs flourish most when they are formed with both entities bearing the long-term benefits that are to be delivered in mind (as cited in Damlamian, 2006). Heap (2000) also points out that it is vital that partners have a clear understanding of each others' interests and needs as this will form the foundation of a credible relationship (Heap, 2000 as cited in Damlamian, 2006). In order to maintain this type of relationship, partners need to remain as equals throughout the entire process and diminish any power imbalances that may arise (Heap, 2000 as cited in Damlamian, 2006). This will make for a credible partnership that can affect positive change in our communities.

## **2.10 What motivates corporate investment in South Africa?**

Although CSI is widely supported across the globe, there are many who have reservations about corporates spending shareholders' money on issues considered to be the work of government and social development organisations (Trialogue, 2011:13). It is important to acknowledge that the main objective of business will always be to make a profit. Although, it is also significant to note that making a profit will be challenging in environments that are characterised by poverty, crime, community instability, low levels of educated people, as well as ever-changing policies and regulations that are unfavourable to business (*ibid.* p.13). Added to this is the fact that business is extremely dependent on markets to purchase their products and services (*ibid.* p.13). Should the majority of their target market not have the funds for these products and services, business would certainly not be sustainable for very long (*ibid.* p.13). It is therefore the case that business is reliant on those markets that have the revenue to support them (*ibid.* p.13). From this, it can be pointed out that it would be to the benefit of business to make use of the resources that are available to them and to strengthen an environment that is favourable and that contributes to an improvement of business (*ibid.* p.13).

Companies that are not well-resourced very often feel as if they are not able to make a significant contribution to society and end up not making a difference in any way at all (*ibid.* p.13). The indirect benefits of CSI are reason enough for, even large, companies to become involved with social investment (*ibid.* p.13). It is increasingly being acknowledged that poverty is the leading cause of the tribulations experienced within society and which are rapidly resulting in a downturn of our economy (*ibid.* p.13). Positively, there is mounting acceptance of the fact that the well-planned and thought out activities of business, in actual fact, have a significant impact on the social ills found in society (*ibid.* p.13).

With regards to the more specific factors that drive companies to contribute their profits to social challenges, there is a wide range, some of which are detailed below.

#### *Companies are compelled to incorporate CSI due to regulations and transformation*

The B-BBEE Scorecard has incorporated CSI as a component of South Africa's broad transformation agenda which verifies the perception of government that CSI has a worthwhile role to play in the transformation of the country (*ibid.* p.13). The inclusion of CSI within the SED element of the B-BBEE Scorecard propelled CSI onto the agenda of the majority of South African companies as they sought to enhance their BEE scores (*ibid.* p.15). The integration of a more structured, systematic approach to CSI within business was seen, with companies adjusting and modifying CSI strategies as well as the way in which they communicated, publicized and reported on their CSI initiatives (*ibid.* p.15).

#### *CSI is the right thing to do*

It is very often the case that the leading motivating factor for companies contributing to society is that of feeling as if they have a moral obligation to do so (*ibid.* p.13). Often, these companies will not contribute a fixed percentage that is linked to the prosperity or magnitude of the business, but rather small amounts that are allocated ad hoc and as needs arise (*ibid.* p.13).

#### *Pressure to perform*

As CSI has grown in significance and become a standard element of most large businesses, many companies feel peer pressure when it comes to their CSI initiatives as they do not want to be the only

large company in their particular sector that lacks a CSI initiative (*ibid.* p.13). This pressure to perform motivates companies to become socially responsible citizens.

#### *The influence of stakeholders and regulatory requirements*

There are many companies in South Africa that are dependent heavily on the state, regulators and surrounding communities and are obliged to contribute to social upliftment as they function in terms of the 'licence-to-operate' legislation (*ibid.* p.13). One of the major benefits to companies of this nature is that they elevate their business credibility when applying for state tenders (*ibid.* p.13).

#### *Maintaining a good reputation*

Ever more consumers are becoming progressively interested in the social development work of the corporate sector; hence their recognition of the fact that increasingly they need to be seen as responsible citizens, and constantly be doing good work so as to uphold and improve their reputation (*ibid.* p.14).

The above are just a few examples of the prominent reasons driving CSI in South Africa (*ibid.* p.14). Companies appear to highlight different elements of the justification of their social investment, depending on the environment in which they function as well as the way in which they tackle their CSI (*ibid.* p.14). Interestingly, prior studies on this topic indicate that the most commonly mentioned advantage to the company is that of improved reputation of the business, trailed by the contribution made to the B-BBEE transformation agenda (*ibid.* p.14).

### **2.11 Investment in the Education Sector by Corporate Social Investment**

Nelson Mandela was quoted as saying, "Education is the most powerful weapon which you can use to change the world." This line has been quoted time and time again because of the truth that it holds. Education is essential to developing an economy as well as to affording citizens the opportunity to be active in sharing the economy (*ibid.* p.31). Unfortunately in South Africa, the education system is to the detriment of the majority of its youngest citizens (*ibid.* p.31). It is not new knowledge that South Africa's public education system is in an unfortunate situation (CSIH, 2009:34). This is evident in the low matric pass rates each year, for example in 2010, the pass rate was a poor 67.8% with 18 public schools having a horrendously poor pass rate of zero percent (News

24, 2011). It is vital that the education sector becomes a “developmental priority” as education is crucial in addressing the effects of poverty and shifting the mindsets of people in influencing change and moving away from situations of lack and deprivation (CSIH, 2009:34). Education provides the groundwork to supporting socio-economic development in South Africa (*ibid.* p.34). Thus, it is not surprising that the education sector receives a substantial allocation of CSI budgets.

It can be seen from Trialogue’s annual research, that over the past 12 - 13 years, the education sector has received the largest portion of corporate support and funding (*ibid.* p.29). In the 2008/09 financial year, 94% of companies surveyed contributed towards education in some form (*ibid.* p.29). The average percentage of those companies’ total CSI budgets spent on education was 38.1% in 2008/09, 32.4% in 2009/10 and 36.8% in the 2010/11 financial year (CSIH, 2009:32, 2010:38, 2011: 138).

There are various levels within the education sector that corporates are able to invest in. These include, early childhood development (ECD); general education (GE); further education and training (FET); higher education (HE); as well as adult basic education and training (ABET) (CSIH, 2011:33). Below is a brief description of each education level:

#### *Early Childhood Development (ECD)*

Very little research has been conducted on ECD in South Africa, with the most up to date study being that of the ‘Nationwide Audit of ECD Provisioning in South Africa’ which was conducted in 2001 (*ibid.* p.33). In this audit, it was discovered that a total of 23,482 ECD centres existed and that they were predominantly supported by the ECD NPO sector (*ibid.* p.33). It was ascertained that the sustainability of these ECD sites was determined by the level of foreign and/or private sector funding, and to a very small extent, government funding (*ibid.* p.33). In terms of government funding, the audit indicated that most funding was provided by provincial government departments and that they catered for children in the 3 – 5 year age cohort only (*ibid.* p.33). The corporate sector has invested moderately in the ECD sector, with only a few corporate donors investing 100% of their CSI budgets to this development sector (*ibid.* p.33). It is usually the case that investment in the ECD sector is channeled through the NPOs, although on the rare occasion it is also given directly to the ECD sites (*ibid.* p.33).

### *General Education (GE)*

General education composes of 3 phases and is considered as compulsory for all children aged 7 – 15 years (*ibid.* p.33). The 3 phases of compulsory education include, the foundation phase (Grade 1 – 3); the intermediate phase (Grade 4 – 7); and the senior phase (Grade 7 – 9) (*ibid.* p.33). Due to the fact that government is responsible for the general education sector, it is important that corporate donors work alongside the State, particularly the DoE, and complement their key strategies in the development and support of GE in the country (*ibid.* p.33).

### *Further Education and Training (FET) and Higher Education (HE)*

Further education and training comprises of Grade 10 – 12, whilst higher education incorporates a range of post-school diplomas and degrees (*ibid.* p.33). Typically, corporate donors support FET and HE in the form of bursaries, especially for those students from disadvantaged circumstances, in an effort to instantaneously strengthen and improve the degree of industry skills in the country (*ibid.* p.33).

### *Adult Basic Education and Training (ABET)*

ABET provides further and higher levels of education and training (*ibid.* p.33). It is a method of learning that presents a foundation for gaining the knowledge and proficiency for achieving social and economic development (*ibid.* p.33). ABET takes into consideration two spheres of learning, including that of training adults in basic literacy, and training these adults in the skills to generate an income (*ibid.* p.33). Companies may either provide ABET to their employees in an attempt to improve their industry skills, or they may offer it to individuals external to the company that reside in the local community, in which case they often make use of internal resources to provide the training (*ibid.* p.33). ABET is also offered by a range of NGOs, who in turn, are extremely dependent on the corporate sector for financial assistance and support (*ibid.* p.33).

Dialogue research shows that ECD and ABET receive considerably less funding from businesses than the other education levels (CSIH, 2009). It has been ascertained that the largest portion of CSI budgets invested in the education development sector go towards projects that focus on mathematics, science and technology as well as those initiatives that provide bursaries and scholarships to learners (CSIH, 2009).

With regards to funding of ECD, it is encouraging to note that this figure has increased in the last year with the 2010/2011 CSI spend on ECD being that of 20% according to the latest 14<sup>th</sup> edition of The CSI Handbook as opposed to 16% and 14% in 2009/2010 and 2008/2009 respectively (CSIH, 2009:34, 2010:38, 2011:138). As can be seen these figures, corporates are able to support and invest in the education sector at various levels, from ECD all the way through to tertiary education and adult basic education and training (CSIH, 2011:32). Companies may either decide to focus on one level of education, or a number of levels depending on their particular approach to CSI (*ibid.* p.32).

Just as corporate donors are able to fund various levels of education, they are also able to support the wide range of education needs by means of certain interventions (*ibid.* p.33). A brief description is provided below of some of the intervention types that CSI initiatives can choose to support:

#### *Maths, Science and Technology*

A highly supported education intervention is that maths, science and technology (*ibid.* p.34). In South Africa, there is a serious need to produce a higher number of graduates with maths and science skills, thus there is an abundance of corporate support provided in the form of skills training, provision of equipment as well as improving the knowledge and skills of teachers in this field (*ibid.* p.34).

#### *Literacy and Numeracy*

It has been discovered that language is a major obstacle between learners and teachers in the classroom as it is often the case that teachers are required to teach in their second language resulting in them not fully understanding the teaching material (*ibid.* p.34). This creates a major barrier to learning for the students as if they do not grasp the basic foundational concepts of language; it is very unlikely that they will be able to succeed with the more advanced levels of language and literacy later on (*ibid.* p.34). Therefore, corporate donors are investing in interventions that focus on building the basic language and literacy foundations (*ibid.* p.34).

#### *School Functionality and Capacity Building*

Many schools do not function at their optimal capacity due to a lack of skills by the staff (*ibid.* p.34). Companies have come to realize that they have the knowledge, skills and capacity to teach under-performing schools how to run effectively and efficiently (*ibid.* p.34). The types of interventions that

corporates may provide include capacity building workshops for teachers and administrative staff, assessments of the current functionality of the school and where they should be functioning, as well as providing management and governance skills training to teachers, principals and school governing bodies (*ibid.* p.34).

#### *Construction of School Facilities*

It is typically the realm of government to provide infrastructure upgrades and the construction of new facilities for schools, but the trend for businesses to assist in this area is increasing (*ibid.* p.34). It has been found that companies tend to enjoy investing in projects that provide immediate effects and have a good return on investment. Providing the capital costs for the construction of schools and other smaller facilities such as libraries, computer laboratories, science laboratories and additional classrooms is a positive way in which to make a difference in communities (*ibid.* p.34).

#### *Provision of Equipment*

The provision of educational equipment is a well supported education intervention amongst corporates (*ibid.* p.34). CSI initiatives are able to support teaching and learning with the provision of educational materials and resources such as text books, games and toys, computers, books to stock libraries, computer and science equipment and so forth (*ibid.* p.34). It is crucial that corporates provide resources that are age-appropriate as well as suitable for the level of instruction and the capabilities of the teachers (*ibid.* p.34).

#### *Development of Teachers*

Often, teachers are found to be incompetent or have very little knowledge of the subjects that they are teaching, which is ultimately to the detriment of the learners. Corporates are able to assist in this with supporting teachers in their development and increasing their capacities (*ibid.* p.35). Many corporates have taken on the social responsibility of training teachers, supplying them with the necessary materials to improve their current level of teaching, and conducting assessments of their knowledge and competence as teachers according to curriculum requirements (*ibid.* p.35).

#### *Provision of Bursaries*

Many companies are taking on the social responsibility of providing full or partial bursaries to learners, specifically at tertiary level (*ibid.* p.35). The cost of offering bursaries is fairly high in

terms of the number of people impacted if compared to another intervention type where the same amount of money may impact hundreds of learners, but what is crucial to this type of investment is the intensity of the intervention which is highly and extremely consequential (*ibid.* p.35). It is often the case that learners who receive bursaries from a particular company, result in being employed by that company once they have graduated.

## **2.12 Investment in the Early Childhood Development Sector by Corporate Social Investment**

ECD lays the foundation for the development and deepening of quality human capital and yields a very high economic return on investment (Champion, 2010:190). Numerous research shows that children who participate in a quality ECD programme have better language development, the rate of repetition of grades is lower, and rate of completion at primary schools is higher (*ibid.* p.190). It has been acknowledged that ECD plays a crucial role in the overall improvement of the education system in our country as it is the early years that construct the foundation for a lifetime of learning (*ibid.* p.190). This was emphasized by the international Commission on Growth and Development in the Growth Report (2008:38) that stated “Investments in early childhood raise the returns to investments later in life - children must learn how to learn. If they do not, they may never regain the lost ground, leaving a society sapped of potential and scarred by inequality.”

“By investing early, the benefits are larger and are enjoyed for longer, which in turn increases the return to investment” said Carneiro & Heckman (as cited in Doyle, Harmon, Heckman, & Tremblay, 2009:3). This provides evidence of the optimal timing of ECD intervention for productive and sustainable societies. Whilst studying the rates of return to human capital investment across all ages, Carneiro & Heckman (2003), found that the younger the age of investment, the higher the rate of return on investment (*ibid.* p.2009:3). The return on investment is calculated in terms of increased earning potential, higher levels of education, increased overall well-being, including mental and physical, as well as societal advantages such as increased tax revenues, a decrease in delinquency levels and a reduction in crime (*ibid.* p.2009:3).

It is clear that investing in ECD is a key strategy for influencing positive change in society and providing children with opportunities to improve the quality of their lives in the present and in the future (Johnson, 2010 as cited in Gorelick, 2010). It is critical that the huge need for provision of

ECD services for the most vulnerable children in our societies is addressed although this can only be done effectively by means of partnerships between entities working together to affect change (UNICEF, 2009). Taking into consideration that South Africa's 0 – 4 year age cohort comprises 26% of the total population, thus making the child population South Africa's largest, it is critical that our country continues to grow their already significant progress in addressing the rights of their youngest citizens (UNICEF, 2009). This emphasises Marin's (2010) view that investing in early childhood allows for reduced expenditure on services later in the child's life (as cited in Gorelick, 2010). Marin (2010) states that investing in ECD promotes equality from birth and therefore is one of the wisest investments that developing countries could make (as cited in Gorelick, 2010). Marta Santos Pais states that "Investment in early childhood is not an expenditure, it's an opportunity to save money in any nation" (as cited in Gorelick, 2010:npa).

UNICEF (2009:4) recommends a holistic approach to investing in ECD for maximum benefits to society, especially young children. It is important to view ECD as a time that requires care, protection and early education and that programmes designed to influence change need to address all three aspects holistically (*ibid.* p.4). Investing in ECD as a strategy becomes a revolutionary strength in societal change and has the potential to produce results socio-economically, institutionally and politically (*ibid.* p.4).

### **2.13 Summary**

This literature review presented a range of important and interesting information on the fields of corporate social investment and early childhood development in South Africa. The review defined ECD and contextualised it within the South African context; it also looked at the importance of ECD, and government's investment in the sector; as well as at the sustainability of the ECD NPO sector. The literature also defined corporate social investment, provided a brief history of CSI, as well as explored the trends in CSI over time. Partnerships between corporates and ECD NPOs were discussed as well as several motivations for corporate giving. Lastly, corporate social investment in the education sector, and more specifically, in the ECD were explored.

These findings will be juxtaposed and presented with the results of this study in the 'presentation and discussion of findings' chapter. Noteworthy, is that a study of this kind (exploring and analysing CSI

giving in relation to ECD) has not yet been done, thus the literature review did not imitate any prior research on this particular topic; but rather looked at CSI in general, and more specifically on the CSI contributions to the education development sector. This literature review was therefore crucial in gaining a better understanding of the CSI and ECD NPO sectors, in considering past and new trends in the respective sectors, as well as gaining new information on the current state of both ECD and CSI in South Africa.

The following chapter discusses the research design and methodology used in this research, as well as details the research methodology used, including research design, population, sample, and data collection methods. Also discussed, are the survey process, the way in which the data was analysed, and a number of limitations encountered whilst conducting the research.

University of Cape Town

# **CHAPTER 3:**

## **RESEARCH DESIGN AND METHODOLOGY**

### **3.1 Introduction**

In this chapter, the research design and methodology that has been used in this study shall be detailed. A quantitative paradigm was used to determine the role that corporate social investment plays in supporting early childhood development in South Africa. The research paradigm used will be explained and explored; followed by a look at the population and sample that was selected for the study. Furthermore, the method of data collection will be examined as well as the way in which the data has been analysed. Lastly, the chapter will provide a review of the various limitations of the research methods adopted in this study.

### **3.2 Research Methodology**

#### ***3.2.1 Research Design***

This study was explorative in nature in that it aimed to explore the role of CSI in supporting ECD in South Africa. This explorative approach is typically used when the researcher aims to become familiar with a particular subject as well as when he/she examines a new subject of study (Babbie & Mouton, 2001:79). This study had an exploratory focus in that it looked at detecting the contributing factors of the given reality, thus ascertaining the reasons why things are the way they are. Therefore, the study looked at exploring what contributed to CSI support of various development sectors, particularly that of ECD in South Africa, in order to understand why ECD is supported in the way that it is.

Added to this, the study also contains elements of descriptive research in that it intended to describe the current and past situation of corporate funding of ECD in South Africa. According to Babbie & Mouton (2001:81), descriptive research can describe phenomena in a range of different ways, from an unstructured narrative method to an ordered statistical analysis. The data gathered in this study has been analysed and thereafter described in both a narrative and statistical manner.

Babbie and Mouton (2001:74) define research design as: “A blueprint or plan of how you intend to conduct the research”. The aim of this study was to determine the extent to which CSI initiatives invest in ECD in South Africa. Thus, a quantitative method was used to determine the extent of corporate investment in ECD.

Quantitative research is defined as “...an inquiry into a social or human problem, based on testing a theory composed of variables, measured with numbers and analysed with statistical procedures in order to determine whether the predictive generalisations of the theory hold true.” (De Vos, 2005:74). Quantitative research approaches perceive reality as objective and singular and make use of a deductive way of thinking (Neuman, 1994, and Denzin & Lincoln, 1994 as cited in De Vos, 1998:242). This type of research design is extremely standardised using fixed methods that can be replicated in the future (*ibid.* p.242). The quantitative researcher is of the notion that there is a single way of measuring phenomena and that is through “assigning numbers to perceived qualities of things” i.e. the quantitative research method (Babbie & Mouton, 2001:49).

The quantitative paradigm is rooted in a positivist approach to understanding experiences and is of the belief that the social and natural sciences are similar and can therefore be approached in the same manner (*ibid.*, 2001:9). Key to the quantitative approach is the focus on reliability, referring to the uniformity of measurement, as well as validity, which refers to the suitability of measures, and the ability for the process to be repeated (Seedat, Duncan & Lazaras, 2001).

A quantitative research methodology was most suited to the aims and objectives of the study at hand as the concepts were able to be quantified. An important feature of using the quantitative paradigm was that there were minimal extraneous variables as they were able to be controlled. A further reason for the use of a structured and controlled research methodology was due to the fact that the topic being investigated is fairly new in the South African context and minimal research has been conducted, specifically in relation to the particular focus on ECD by CSI. The result of a limited amount of research on the nature of this inquiry is that no formal theoretical frameworks are in existence. It was thus important to examine and explore the relationships under study using a controlled and determined methodology. It was the expectation that through using a quantitative methodology, noteworthy trends may be uncovered and may be generalised to the wider population.

Being able to generalise the results of the study is key to probability sampling and thus a further benefit of using a quantitative paradigm.

Key to using a quantitative methodology is the fact that larger populations are able to be reached in a relatively inexpensive way. Added to the benefits of using a quantitative approach in this research study was that it allowed the researcher to ask questions in a standardised format that allowed for analyses of data to be entirely objective. Respondents were also able to remain unequivocally anonymous which resulted in a higher probability of more honest responses as and limited researcher bias whilst analysing data. A further benefit of this quantitative research methodology for the respondents was that they were able to answer the questions at a comfortable pace and did not feel pressurised to answer complicated questions immediately. Also key to using a quantitative methodology was that the research was not sensitive in any way, thus not requiring personal contact or debriefing with participants.

It is important to note that within this quantitative study, several qualitative questions were asked in both questionnaires in order for the researcher to gain a greater understanding of some of the quantitative answers provided. Some of the qualitative statements that were provided by respondents were stated as direct quotes in the presentation and discussion of findings chapter and thus were not analysed in a qualitative manner.

### **3.2.2 Population**

This study comprised of two populations. The first population comprised CSI initiatives in South Africa. Since this research study intended to focus on South Africa as a whole, it was vital that a range of companies were included to participate so as to ensure a representative sample of the entire country. Thus, CSI initiatives were selected from a range of business sectors and varied considerably in size and financial performance. These companies also varied in the type of work that they invest in as well as in the development sectors that they fund. Due to the enormous number of companies in South Africa's business sector, it was impossible for the researcher to target all existing CSI initiatives. It was therefore the case that the researcher targeted 500 of South Africa's best managed companies that form part of 100 business sectors. Thus, the first population for this study comprised companies listed in the *TOPCO Media Top 500: South Africa's Best Managed Companies* publication. These companies may, or may not, have a CSI initiative. The listing in this publication

was used as a means to target a population of companies with CSI initiatives and who may have been willing to participate in the study.

The Top 500: South Africa's Best Managed Companies constitute the best of the best companies from 100 business sectors in the country. Top 500 selects five companies from each of the 100 business sectors (<http://www.top500.co.za/about/>). These 500 companies have a combined revenue of approximately R 3.5 trillion (<http://www.top500.co.za/about/>). This database of companies was deemed a suitable one as it comprised a list of well performing companies that were likely to have CSI initiatives as well as the fact that it included companies from 100 business sectors making it representative of CSI initiatives in South Africa. These companies comprised the first target population for this research study.

The second research population comprised of early childhood development non-profit organisations (ECD NPOs) across South Africa from Centre for Early Childhood Development's database of ECD NPOs in South Africa (Atmore, 2012). Due to the fact that there were only 62 ECD NPOs in South Africa (as at August 2012), the entire population was targeted in order to attain rich and reliable data.

This made for a multiple-location study as both the corporations and ECD NPOs were spread across the nine provinces of South Africa.

### **3.2.3 Sample**

A sample can be defined as the process used to choose elements or subjects from a population considered for inclusion on a research study (De Vos, 2005:194). The main motive for making use of a sample is feasibility as using an entire population in a study is rarely achievable and it is extremely unlikely that every single member of a population is able to be reached (Yates, 2004:25 as cited in De Vos, 2005:194).

Probability sampling has been used in this study which is based on randomisation and the fact that each sample member has the equal known probability of being selected (De Vos, 2005:198). A critical standard in probability sampling is that if each member has the same probability of being chosen, the sample will represent the population from which it originates from (Babbie & Mouton, 2001:171). It is to be noted that the size of the sample has an influence on the level of

representativeness of the population (*ibid.* p.171). Although sampling can never be a true representation of any one population, probability sampling has two major benefits; firstly, in probability sampling biases are avoided thus making this type of sampling more representative than other types (*ibid.* p.171). Secondly, probability sampling allows the researcher to accurately approximate the level of representativeness of the population (*ibid.* p.171). Probability sampling increases the researcher's chance of drawing a series of elements from a population so that it precisely depicts the boundaries of the entire population from which it is drawn (*ibid.* p.171). The top 500 best managed companies were selected from 100 business sectors across each of the nine South African provinces. The companies also varied considerably in terms of size and budget. This resulted in the sample being a representative one that clearly depicted the boundaries of the CSI population as a whole. It was thus the case that the researcher made use of the entire study population of 500 companies as the study sample as well.

Due to the fact that there are numerous industry sectors that contribute towards social development in South Africa, including education and ECD, it was interesting to determine which industry sectors contribute to ECD and the extent to which each sector contributes. A benefit of targeting the Top 500 companies as a sampling strategy was that they were selected across 100 business sectors which provided a very representative sample of the CSI population as a whole. It was also important to bear in mind that these are South Africa's top 500 best managed companies which points to the fact that they are likely to represent the best case for corporate investment in the development sector, including that of investment in ECD. Should these companies not be investing in ECD and other development sectors, it is likely that smaller companies that are not managed on the same level are also not investing in the development, especially in the ECD sector since the return on investment is long-term.

With regards to the top 500 companies, the researcher created a database with the relevant contact details of each company including information such as the name, telephone number, and email address of the CSI Manager, or person responsible for CSI in cases where companies did not have a formal, established CSI department. Whilst compiling this database, it was discovered that 22 of the companies that were listed also had smaller divisions of that particular company listed. The smaller divisions did not have their own CSI initiatives but piggy-backed off the main company's CSI programme. To break this down even more, 16 of the 22 companies had one additional division

listed; five companies had two additional divisions listed; and one company had three additional divisions listed. This meant that the CSI initiatives of 29 companies, in total, had been listed previously under the holding company. In addition to this, one company had been listed twice, and a further four companies that the researcher phoned, indicated that their CSI initiative was managed through a consultant company, such as Tshikululu Social Investments, and were therefore unable to complete the survey as the consultant company would have had to complete it and they did not know the more general company information which was also required. This resulted in a total of 34 companies that were 'invalid' and not able to complete the survey, which resulted in the final study population being that of 466 companies. It was therefore the case that 93.2% of the total 500 companies were able to be used in the study population.

The email addresses were located by means of the company website or by means of a phone call requesting the email address of, preferably, the CSI Manager or alternatively, the company. In cases where email addresses were not available or could not be sourced, an online query on the company website was sent. Twenty online queries were sent to companies.

With regards to the CSI sector, a total of 466 companies were emailed on four occasions with details of the research study, information on the researcher, the importance of the study as well as a request for them to complete the electronic survey. Of these 466 companies, a total of 103 companies responded to the survey – some of these responded in full and others responded partially. Of the 103 companies that responded, only 47 of them submitted complete responses, indicating a partial response rate of 12.01% thereby reducing the size of the final sample of complete responses to 10.1% of the original target.

With regards to the ECD NPOs, there were a total of 62 organisations in the population, yet email addresses were only available for 60 of them. The researcher, therefore, sent out a total of 60 emails on four occasions to each of the ECD NPO Directors requesting their participation in the research study. After the initial four week time period in which to submit, only one ECD NPO submitted a complete response, making the response rate a worrying 1.6%. During the period July – September, the researcher phoned a random sample of 43 ECD NPO Directors requesting their participation in the survey. The phone calls appeared to make a significant difference as the response rate improved drastically. Of the 60 ECD NPOs emailed, a total of 52 started the survey process, yet only 23 of

these organisations submitted complete responses, indicating a partial response rate of 46.8% and resulting in the final response rate being that of 38.3%.

### **3.2.4 Data Collection**

In the quantitative paradigm, a number of data collection methods and tools can be used by the researcher to gather data, including questionnaires, checklists, indexes and scales (De Vos, 2005:166). The data collected in this research study was gathered from various sources, including two different self-administered electronic questionnaires – one questionnaire was aimed at the corporate sector and the other at the ECD NPO sector. According to De Vos (2005:166), a questionnaire is a “...set of questions on a form which is completed by the respondent in respect of a research project”. Questionnaires are designed to gather information and facts from informed people about a particular phenomenon or trend (*ibid.* p.167). There are numerous types of questionnaires that one could make use of, although for the purposes of this research study, electronic, self-administered questionnaires were used. The researcher emailed each participant with a letter explaining the research study and the importance of the study as well as a link that, once opened, directed the participants to the online survey.

#### **3.2.4.1 Data Collection Approach**

In this research study a survey methodology was used as the approach to data collection. This approach made use of two different electronic, self-administered questionnaires. The first questionnaire was aimed at the companies listed in the Top 500: South Africa’s Best Managed Companies Publication and the second questionnaire was aimed at the ECD NPOs across South Africa.

The responses and data gathered in these two questionnaires has was juxtaposed and compared in order to get an idea of the perceptions of corporate funding in ECD from each sector; business and non-profit sectors. By making use of self-administered questionnaires, the researcher was able to remain objective and unbiased in the research process. It was crucial that the questionnaire was clear and precise so as to obtain rich and relevant data (*ibid.* p.170). The questions in both the CSI and ECD NPO questionnaires were well-structured and fell within the objectives of the study as recommended by De Vos (*ibid.* p.170). It was also vital that the design of the questionnaire was well laid out and easy to follow and understand (McMurtry, 1993:279 as cited in De Vos,

2005:170). It has been proven that clear and understandable questionnaires improve the response rate as well as the accuracy of results (De Vos, 2005:170).

#### 3.2.4.2 Data Collection Tool

In the data collection stages, a survey methodology was made use of as results that were sought were quantitative in nature. An electronic self-administered questionnaire was used to collect data as it was the simplest and most cost-effective method. This questionnaire was sent to the participants electronically by means of an email including a link to an online survey. The aim of a self-administered questionnaire is for the respondents to complete it by themselves and for the researcher to have minimal input thus remaining in the background, available to assist when necessary (*ibid*, 2005:168). In this research study, two electronic self-administered questionnaires were used to explore the extent of investment made by CSI initiatives in ECD. The first one was emailed to CSI managers at companies who both invest, and do not invest, money in the development sector of South Africa. The second questionnaire was emailed to ECD NPOs across South Africa. The data gathered from these two parties was thereafter analysed and compared.

The CSI and ECD NPO questionnaires were created in *SurveyGizmo*, an online survey software tool that provides descriptive statistics of the data collected and stored in the programme (<http://www.surveygizmo.com/>). *SurveyGizmo* is one of the fastest growing software companies in the United States of America and is a superb survey tool that is user-friendly (<http://www.surveygizmo.com/>). *SurveyGizmo* is an established web-based software company and has been commended for its simplicity and easy-to-navigate format. This innovative survey tool is an excellent choice for any student to use in an academic capacity, as they are afforded the opportunity of using the software program free of charge.

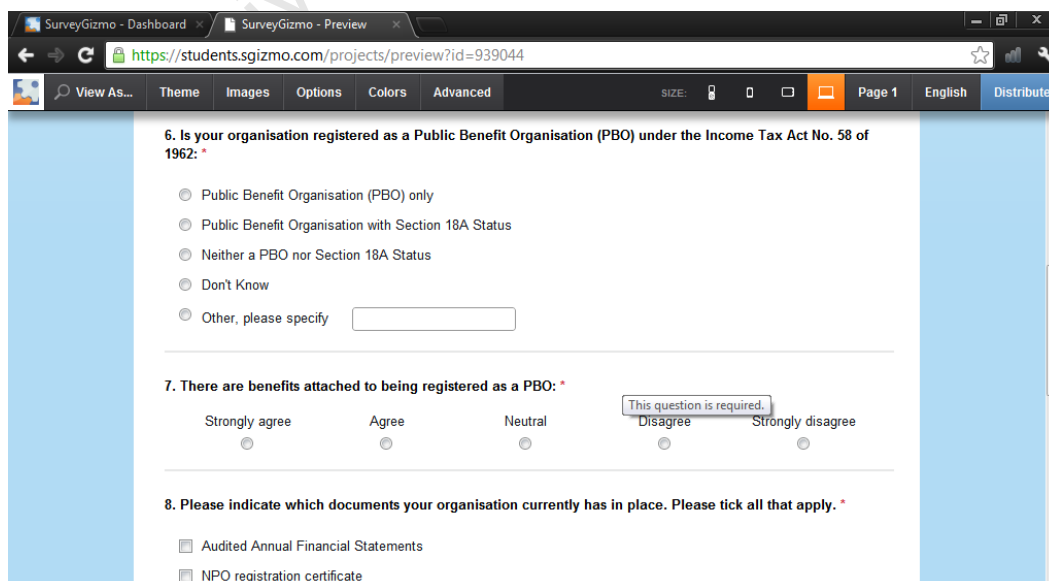
The survey tool is useful as it guides users through the processes of developing a survey in a simple and easy-to-understand manner. The tool has a range of question types and presentation styles to choose from as well as a range of validations that may be set which allows for questions to be systematically linked thus allowing participants to only fill out questions that were relevant and applicable to them. The researcher was able to set the validations so that respondents could skip over certain questions or entire sections of the questionnaire that were irrelevant and superfluous. Another beneficial feature of this survey tool is that it provides a 'save and continue' function. If

respondents were not able to complete the survey in a single sitting, they had the ability to save their response and continue with it at later stage without losing the information that they had filled in. This was certainly a draw card as both CSI managers and ECD NPO directors are extremely busy and may not have had 25 minutes at one time to complete the survey.

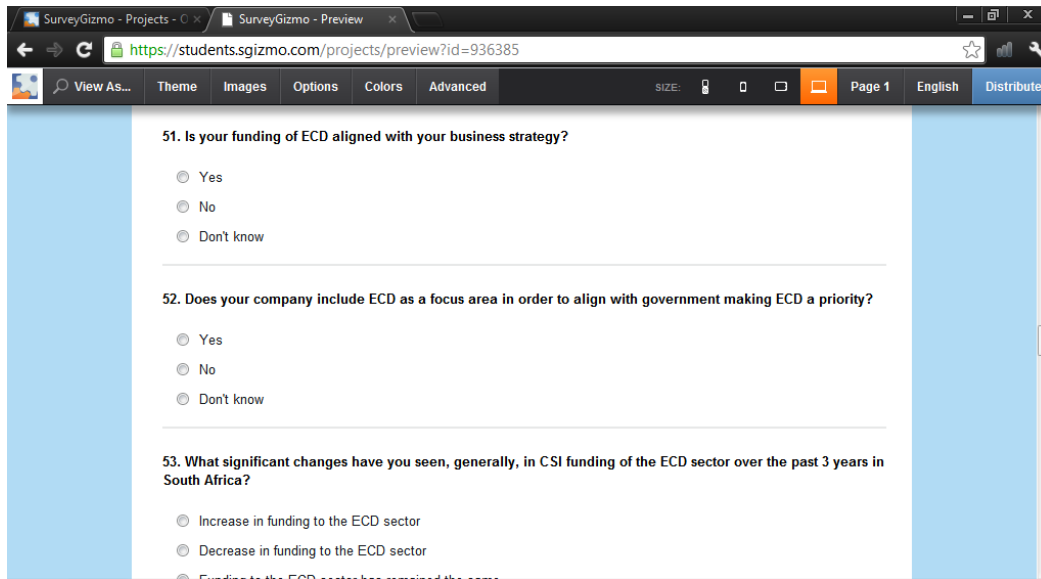
With regards to both the CSI and ECD NPO surveys, the researcher made use of close-ended questions for the most part of the survey which required the respondents to select a suitable box or enter a numerical value, with only a few questions requiring an explanation or comment.

Once the online survey had been designed, the researcher was able to preview it and test it as if they were a respondent in order to ensure that the survey worked correctly and that the validations that were set worked out accordingly. Thereafter, the survey was published on the internet and the researcher was able to send the web link to the survey to each person in the sample along with an introductory letter explaining the purpose of the research study as well as its importance to both the CSI and ECD fields. All data received was stored by *SurveyGizmo* and the researcher was able to access and examine the responses at any time as well as export the data into a number of different configurations in order to download it and save it. Images 1 and 2 below are graphical representations of the ECD NPO and CSI electronic surveys on *Survey Gizmo*.

**IMAGE 1** – Screenshot of Early Childhood Development Non-Profit Organisation Electronic Survey



**IMAGE 2 – Screenshot of the Corporate Social Investment Electronic Survey**



The screenshots of the *SurveyGizmo* interface substantiate how user-friendly and practical the survey tool is to use. Please see *Appendix 1* for the Corporate Social Investment Survey and *Appendix 2* for the Early Childhood Development Non-Profit Organisation survey.

### 3.2.4.3 Survey Process

The researcher sent out the web-based surveys to both the CSI and ECD NPO populations via an email that contained the web link to each survey. The researcher allowed for a period of four weeks for responses to be submitted, in which time she sent out a reminder email to each study population member. After this four week period, only four complete responses had been submitted which indicated a poor 0.8% response rate.

Thus, follow-up emails were sent to both study populations (ECD NPOs and the Top 500 Companies) as a means to increase the response rate as research consistently stated that follow-up contact was one of the most powerful methods to do this (Dillman, 2000; Fox, et al., 1988; Heberlein and Baumgartner, 1978; Schaefer and Dillman, 1998; and Ya-marino, et al., 1991 as cited in Deutskens, De Ruyter, Wetzels, & Oosterveld, 2004). The initial email request sent to the Top 500 companies can be seen in *Appendix 3*, and the two subsequent follow-up emails are attached as *Appendix 4* and *Appendix 5*, respectively. With regards to the ECD NPOs, the initial email sent is attached as *Appendix 6* and the two follow-up emails can be seen as *Appendix 7* and *Appendix 8*, respectively.

Despite much research suggesting the power of follow-up emails, it did not seem to make a significant difference in this particular research study. This may be due to survey fatigue, or email account filters, amongst a range of other reasons. The researcher subsequently phoned a random sample of the study population in order to establish the reasons for non-completion.

With regards to the CSI study population of 466 companies, the researcher phoned a random sample of 357 companies (76.6%) between August and October, although was only able to speak with 188 of the CSI Managers (40.3% of the total CSI study population). Encouragingly, during this time the CSI response rate increased by 95.7%. This is significant and shows the positive impact that personally speaking to CSI Managers had on the rate of responses.

After sending emails and making phone calls to the CSI study population, a total of 64 companies declined participation in the survey from the outset due to a number of reasons which included: that of being extremely busy; being understaffed; company policies preventing employees from participating in surveys; not having a CSI department; and hearing that the survey relates to ECD and immediately declining due to not funding ECD. With regards to the last reason, the researcher would always respond motivating the fact that responses were required from both companies that fund ECD and those that do not fund ECD so as to establish the role CSI and extent of investment within the ECD NPO sector. Most of the time, this would result in the participant re-evaluating their decision to participate. Of the 64 companies that declined, 49 of them turned down the opportunity to participate via email or telephone (10.5% of 466 companies); and the remaining 15 declined via telephone due to not having a CSI department (4.2% of the 357 companies phoned). It was therefore the case that the final response rate of the CSI study population was 10.1%. This is well within the norms as indicated by a range of research on response rates for quantitative research.

Pertaining to the ECD NPO study population of 62 organisations, only one response had been submitted after the first four week time period. The researcher therefore phoned a random sample of 43 ECD NPO Directors requesting their participation in the study. The phone calls made a major difference and improved the responses rate of the ECD NPOs substantially to a total of 23 organisations submitting completed surveys out of the 62. This resulted in ECD NPOs displaying a significant response rate increase to that of 38.3%.

#### 3.2.4.4 Benefits and Challenges related to Web-based Surveys

Globally, internet usage has sky-rocketed, with approximately a 400% increase in internet use between 2000 and 2009 alone (Denissen, Neumann, & van Zalk, 2010). There is wide-spread knowledge on the advantages and benefits of web-based research; of the most recognised is that of online surveys being incredibly cost-effective, and their ability to reach vast numbers of participants within short time frames (*ibid.* 2010). Web-based surveys are also able to generate immediate responses from participants (Flaherty, et al., 1998 as cited in Sheehan, 2001). This method becomes more attractive when one understands that the larger the sample size, the less it costs per participant (Denissen, Neumann, & van Zalk, 2010). A further benefit of being able to recruit a larger sample size is that it results in a more representative sample of the entire population. Bachman, Elfrink, & Venzana have found that respondents tend to be more truthful when responding to web-based surveys as opposed to paper-based or telephonic surveys (1999, as cited in Sheehan, 2001).

From a participant standpoint, the opportunity to participate in a web-based survey is more attractive as they are able to complete the survey in the comfort of their office or home, and at their own leisure (*ibid.* 2010). This has a positive influence on the likelihood of participation in the survey. Furthermore, a great influence on response rate is that of anonymity as no personal contact with participants is required, thus increasing the level of anonymity and ensuing more honest responses as well as providing a safe environment in which participants are able to answer questions without experiencing feelings of anxiety (*ibid.* 2010).

Despite the many positive outcomes of web-based research methodologies, there are a range of weaknesses that researchers often experience. The most well-known of these drawbacks, particularly in terms of quantitative research, is that of receiving extremely low response rates. Interestingly, the aspect of anonymity in web-based surveys brings along with it a negative aspect; that of the ease at which participants are able to opt out of the survey at any stage without any consequence (*ibid.* 2010).

One of the reasons for low response rates includes that of people becoming bombarded with surveys due to the rate at which research is growing (Sheehan, 2001). This was certainly the case in this research with noticeable survey fatigue on the part of corporates.

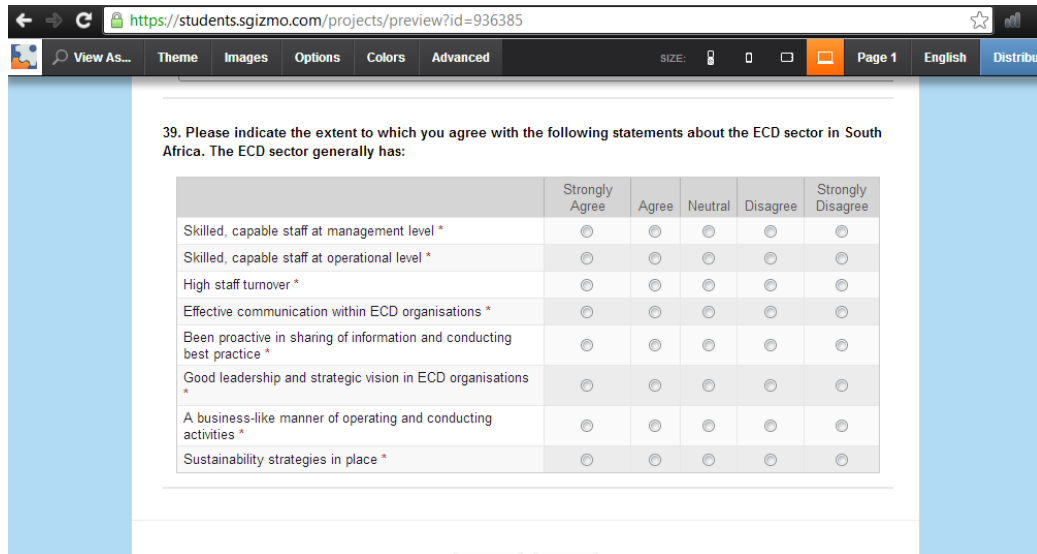
A further problem is that of the complexity in obtaining a purely representative sample particularly if email addresses have changed or no longer exist (Dillman, 2000). This was accounted for in this research study by the researcher phoning a substantial number of companies to verify email addresses and contact details of the study population.

Research has also discovered the importance of follow-up contact as sending out reminder messages to the study population is said to increase the response rate by 25% (Sheehan & Hoy, 1997 as cited in Sheehan, 2001). It was thus imperative that the researcher sent out reminder emails and phoned a large proportion of the study population in order to positively affect the response rate. A further influential factor that appeared to have an impact on this particular study was that of salience. Martin (1994) defines salience as "...the association of importance and/or timeliness with a specific topic..." (as cited in Sheehan, 2001:6). In this research study, there was a higher percentage of responses to the ECD NPO focused survey, perhaps as it directly related to the ECD sector and to the target population; and that it related to corporate funding in a time where there is a global recession and fundraising is a major challenge.

It was vital in this research study that the researcher took various measures to reduce low response rates from the outset in order to ensure respectable levels of representativeness and adequate statistical influence (Denissen, Neumann, & van Zalk, 2010). These measures included, sending out several reminder emails, along with telephone calls to the majority of the target population.

It was important that the researcher took into account various potential influential factors that may have prevented the study population from completing the survey. These factors included the length of the web-based survey, the way in which the survey was designed, reminders to the study population, affiliation with a research institute as well as the issue of salience (Sheehan, 2001). The researcher created two surveys that were both comprehensive but succinct in the way that they asked questions. The survey design was simple, yet sophisticated and visually appealing. Image 3 displays an example of one of the longer questions from the CSI survey presented in the form of a check box in which participants could answer fairly easily, quickly and without much effort.

**IMAGE 3 - Screenshot of a radio box question from the Corporate Social Investment Electronic Survey**



Importantly, Block (1997) notes that even before web-based surveys became popular, low response rates to longitudinal research studies have always been prevalent due to the level of difficulty and the time-consuming nature of such studies.

### 3.2.5 Data Analysis

It was important for the researcher to bear in mind when developing the questionnaire that it be developed in such a manner that responses could be captured and analysed using a computer (De Vos, 2005:172). It was crucial that the researcher made a decision on what method of data analysis to use whilst developing the questionnaire (*ibid.* p.172).

The data was collected from the two electronic questionnaires by making use of the *SurveyGizmo* tools provided and was exported into a *Microsoft Excel* spreadsheet and compared. The researcher employed a range a methods to analyse and present the data including creating tables, graphical representations of the data, statistical analysis as well as other methods. All data obtained from both the self-administered questionnaires was captured, analysed and compared. Through a widespread data analysis process by making use of both descriptive statistical analyses in the form of discussions, and by using graphical representations of the data, it allowed the researcher to discover some interesting and significant findings. Since this research study was quantitative in nature, much of the data has been presented in a numerical format. In the presentation of findings, the data is

mostly presented in percentage with a tenth decimal place shown so as to provide fairly specific and detailed results.

Throughout the data analysis process, several important trends emerged in both the CSI and ECD NPO sectors, and these findings were presented and thereafter discussed in a thematic manner. Meaningful conclusions were extracted from the findings and these were translated into a range of recommendations for both the CSI and ECD NPO sectors.

### **3.3 Limitations of the Study**

**Research Design:** The research study may have been limited in that it was solely quantitative in nature and did not necessarily capture the emotional, qualitative aspects of CSI in education and ECD. The feelings and significance that participants attach to the phenomena under study may have been entirely disregarded (Seedat, Duncan & Lazaras, 2001). This is particularly the case in countries such as South Africa in which there exist multi-cultural and -lingual societies (*ibid.* 2001).

**Data Collection Approach:** The survey methodology used in this research study had several limitations in that surveys can be inflexible at times (Babbie & Mouton, 2001:263). It is often the case that new variables arise during the survey period that would not be picked up on by the researcher (*ibid.* p.263). Another limitation is that surveys do not gauge social action but rather gather responses of actions that have previously taken place or are predicted to take place in the future (*ibid.* p.263). A major weakness in survey research is that it is completely standardized, thus resulting in participants' feelings, points of reference, and knowledge not being expressed fully (*ibid.* p.263). A further limitation with the self-administered questionnaire was that many people easily disregarded it as unimportant and not a priority, resulting in a poor response rate. A way in which the researcher overcame this poor response rate, to a certain extent, was by sending out several reminder emails to the population and by phoning a random selection of the population on a regular basis to remind them about the survey, to emphasise its importance for both the ECD and CSI sectors, and to encourage participation. The personal engagement of the phone calls appeared to assist in increasing the response rates of both the CSI and ECD NPO surveys.

**Sampling:** Within this research study, it was not feasible to include the entire CSI population due to the fact that one comprehensive database of CSI initiatives does not exist. Therefore, probability sampling was used by means of a stratified sample of a smaller database of companies in South Africa. The disadvantage to this is that the researcher may have missed out on, and overlooked, data that could have been beneficial and extremely valuable to the results of the study.

It appeared that many companies who did not fund ECD automatically declined the opportunity to participate in the research study as it was not a priority of the company. Despite the researcher encouraging all companies to participate and explaining the value of responses from companies that fund a range of development sectors, many companies still refused to participate. This may have resulted in the study being slightly biased towards those companies who invest in the education sector, and more specifically to the ECD sector, and who are committed to improving education in South Africa.

**Data Collection Instruments:** A major limitation of using a questionnaire as a data collection instrument is the low response rate specifically in the case of long questionnaires (De Vos, 2005:167). The response rate of a questionnaire reflects the level of representativeness, therefore the higher the response rate, the higher the significance of response bias (Babbie & Mouton, 2001:261). De Vos (2005:167) describes that in certain instances whilst completing the questionnaire, participants may feel uncertain about how to answer a particular question or a question may be unclear which usually results in them leaving the question out. It was thus extremely important for the researcher to ensure that questions were clear and as straight-forward as possible, and to ensure that the questionnaire was visually appealing and neat.

A further limitation of the electronic surveys was that the respondents required internet access in order to complete the survey. This did not hinder the surveys aimed at CSI initiatives as these companies all had access to the internet. Where it did pose a challenge was in the case of two ECD NPOs who did not have internet access. These organisations were therefore unable to participate using the online survey approach.

With regards to the CSI survey in particular, one of the challenges that arose pertained to the validations set on the survey that required all questions to be completed in order to submit. The

challenge experienced by some companies was that not all companies listed in the Top 500 were listed on the Johannesburg Stock Exchange and therefore could not fill in their company financials, thus resulting in them not being able to continue with the survey. Subsequent to finding this out, the researcher altered the validations to allow companies to skip over the question that required company financials for the years 2009 - 2011. Thereafter, the researcher sent out a reminder email to all companies along with an update on the altered validations. This may have had a negative influence on the response rate of the CSI-directed survey.

### **3.4 Summary**

In this chapter, the research design and methodology that was used in this study was detailed and discussed. A quantitative paradigm was made use of to determine the role that CSI plays in supporting ECD in South Africa. The research paradigm used was explained and explored; followed by a look at the study population and sample that was selected for the study. Furthermore, the method of data collection was examined and detailed information was provided on the survey process, the challenges experienced in gathering sufficient responses, as well as on the benefits and challenges of using web-based surveys. The way in which the data was analysed and presented by the researcher was also looked at. Lastly, the chapter provided a review of the various limitations of the research methods adopted in this particular study.

The following chapter will present and discuss the findings of the data collected in the research process. These findings will be presented in a number of methods including that of discussions and graphical representations.

## **CHAPTER 4:**

# **PRESENTATION AND DISCUSSION OF FINDINGS**

### **4.1 Introduction**

In this chapter, a presentation and discussion of the findings of the data collected in the research process is provided. These findings are presented using a number of methods, including graphical representations, and discussions. The CSI and ECD respondents are looked at separately, and following this, data sets are compared across the two groups; specifically in relation to perceptions around CSI contributions to the ECD sector. The findings are discussed in relation to findings from similar research studies as a means of contributing to this field of research. Due to the fact that very little research exists that specifically focuses on the role of CSI in supporting ECD, it is hoped that the findings presented will contribute new and significant knowledge to the fields of corporate social investment and early childhood development.

It is important to note that in a few instances responses provided by some respondents to some of the open-ended questions were invalid as they in no way answered the question that had been asked in the respective surveys. Examples of this invalidity include; the answer not being determinable as it was incomplete; the answer was left out entirely; or the answer provided did not relate to the question asked, thus making it nonsensical. These responses were not used in the final data set and are not presented or discussed in this chapter.

This chapter commences with a summarised presentation and discussion of the response rates from each study population; followed by a look at the organisational information of both the ECD NPO sample as well as the CSI sample that participated in this research. Thereafter, the findings are presented and discussed thematically and structured according to the main research questions of this study.

## 4.2 Response Rates

This research study comprised two target samples including the Top 500 Best Managed Companies in South Africa (extracted from TOPCO Top500 publication), as well as the entire body of 62 ECD NPOs in South Africa (as at August 2012). Interestingly, there existed a significant difference in response rate between the two groups, with the CSI target sample having a total response rate of 10.1%; and the ECD NPO target sample being that of 38.3%. It is interesting to note that the number of responses peaked in the months that the researcher phoned the most companies and ECD NPOs. This proves a positive correlation with personal connection and response rates.

Fascinatingly, although there were approximately eight times more requests sent to the CSI study population, the response rate was substantially lower than the response rate from the ECD NPOs. This variation in response rates may be due to a number of reasons, one of which may include a higher interest amongst the ECD NPO population as many organisations are currently struggling with issues of sustainability due to the global recession and a general decrease of available funds. The results of this study will therefore be of interest to them, as it may assist in gaining a clearer understanding of the CSI sector and ways forward in terms of approaching new funding strategies and CSI donors. Table 1 depicts data on the total requests sent as well as the total responses received for each of the respective target samples.

**TABLE 1 – Response Rates**

	<b>Early Childhood Development Non-Profit Organisations</b>	<b>Corporate Social Investment Initiatives</b>
Number of Requests Sent	60	466
Number of Responses Received	23	47
<b>TOTAL Response Rate</b>	<b>38.3%</b>	<b>10.1%</b>

Although the response rates appear to be very low, particularly in relation to the CSI sample, they are in accordance with findings by numerous researchers including Sheehan (2001), Denissen, Neumann, & van Zalk (2010), and Dillman (2000), amongst others, all of which provide an array of reasons for characteristically low response rates in quantitative research, especially that of web-based research. Consequently, the response rates of the respective samples (between 10.1% – 38.3%) are

within the norms for quantitative, web-based surveys, with 38.3% in actual fact being fairly high, comparatively speaking.

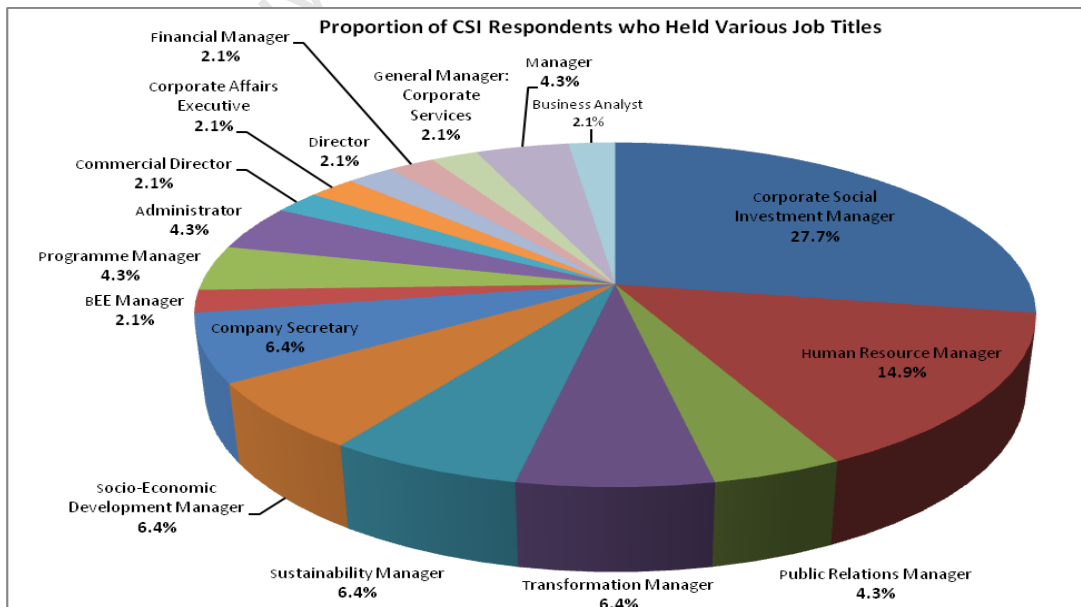
### 4.3 Organisational Information of the Corporate Sector in South Africa

This section is divided into two sub-sections, each focusing on the organisational information of the respective study samples.

In analyzing the company profiles of the top 500 companies that were approached to participate in this study, it was interesting to note the vast differences in dates of establishment amongst companies which ranged from as early as 1850 to 2011. The year in which most companies appeared to be founded was 1998, with 10.9% of the sample being established in this year. Interestingly, a high number of companies were established between 1990 and 1999, during the time of the birth of South Africa's new democracy; and then dropped substantially from 2000.

The research results showed that a variety of people with differing job titles completed the survey, with the largest proportion of respondents (27.7%) being that of CSI Managers, followed by Human Resource Managers (14.9%). Graph 1 provides a detailed description of the job titles of the CSI respondents.

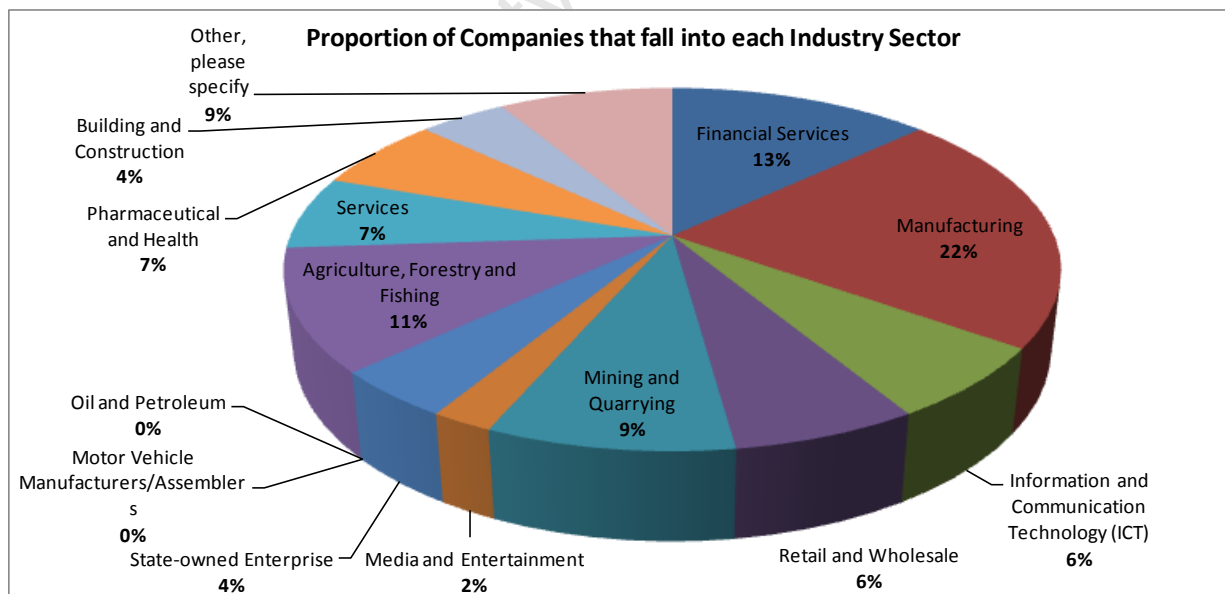
**GRAPH 1 – Proportion of CSI Respondents who Held Various Job Titles**



It is encouraging that the largest of proportion of respondents were CSI Managers suggesting that it is possible that most companies have a specified CSI department with full-time employees.

As the top 500 companies in South Africa were selected as the target sample were from 100 business sectors, there was a wide range of sectors present in the sample. The industry sector with the highest number of responses was 'Manufacturing' with 21.7% of responses, followed by 'Financial Services' (13%) and 'Agriculture, Forestry and Fishing' (10.9%). The 'Mining and Quarrying' sector contributed 8.7% of responses, and 'Information and Communication Technology', 'Retail and Wholesale', 'Services', and 'Pharmaceutical and Health' each contributed 6.5% of the responses. The 'Building and Construction' and 'State-Owned Enterprises' sectors contributed 4.4% respectively. There was only one response from the 'Media and Entertainment' sector, and no responses from the 'Motor Vehicle Manufacturers/Assemblers' and the 'Oil and Petroleum' sectors. In addition to the options provided, there were four additional sectors that responded to the survey which were indicated in the 'Other' option. These comprised 'Industrial', 'Socio-Economic Development', 'Transport and Logistics', 'Wholesale of Agricultural and Construction Equipment'. The proportion of companies that responded from each industry sector can be seen in Graph 2.

**GRAPH 2 – Proportion of Companies that Fall into each Industry Sector**



Taking a closer look at the location of the companies in the study sample, it was interesting to find that the entire corporate sample were from three of the nine provinces. The large majority of

companies (71.1%) were located in Gauteng, 19.6% were from the Western Cape and 8.7% were located in KwaZulu-Natal. This is of great interest as (although the business hub of South Africa is predominately positioned in the Gauteng region) the proportion of companies that exist in various provinces in relation to the proportion of responses from companies in those provinces, is skewed. It is significant to notice that six provinces did not respond at all. These results are in line with the provinces in which these companies fund social projects, with Gauteng, the Western Cape and KwaZulu-Natal receiving the highest proportion of company activity, and the highest proportion of CSI spend (along with the Eastern Cape). More detailed findings on the percentage of CSI activity and spend in each province, in relation to ECD, is presented later in this chapter, on page 96.

Focusing on the size of the companies, the company with the lowest number of staff reported having 12 employees, compared to 50,000 employees which was recorded as the highest number of staff. Analysis of the data reflected that the average number of employees in the corporate sample was that of 5,973. Looking at the data collected, it is important to recognize that it is not only large companies that incorporate CSI within their business strategies, but also many small companies, which clearly illustrates a broadening in the types of companies who are beginning to understand the importance of, as well as practice, social investment.

With regards to the respondent companies' annual income and expenditure for the financial years 2009 to 2011, very few results were provided, with only four companies providing exact amounts and many results being incomplete. It is important to note though, that some of the companies in the target population were not listed on the Johannesburg Stock Exchange, thus were not required to make their financials available to the public. This question was therefore an optional one. It was thus the case that the low number of accurate and complete responses was too few to draw any meaningful conclusions.

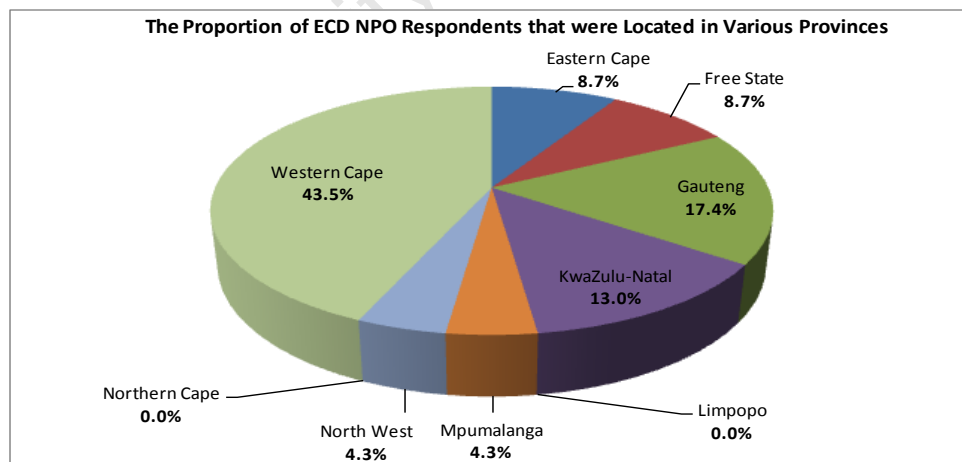
#### **4.4 Organisational Information of the Early Childhood Development Sector in South Africa**

The largest proportion of responses were from ECD NPOs in the Western Cape (43.5%) followed by Gauteng (17.4%), although responses were fairly well-spread across the country. Thirteen percent of responses were from KwaZulu-Natal and 8.7% from the Eastern Cape and the Free State respectively. The North West province and Mpumalanga each accounted for 4.3% of the responses,

and there were no responses from the Northern Cape and Limpopo. This spread of responses is interesting in relation to the proportion of ECD NPOs located in each province. The Western Cape and Gauteng have an equal number of ECD organisations with twelve per province making up a total of 38% of all the ECD NPOs in South Africa (19% each). KwaZulu-Natal, Limpopo, the Eastern Cape and Free State each make up 11% of the total with seven ECD NPOs in each province, and Mpumalanga is home to six ECD NPOs making up 10% of the total ECD NPO population. The Northern Cape has three organisations (5%) and the North West only has one ECD NPO (2%).

The Western Cape was overly represented with 43.5% of the total responses (compared to the 19% of ECD NPOs that are based in the Western Cape), whereas Limpopo and the Northern Cape were entirely under-represented as no ECD NPOs participated in the survey from those two provinces. These findings are consistent with both CSI activity and spend in that the three provinces with the highest percentage of activity and CSI spend are the same provinces in which the highest proportion of ECD NPOs are located – Western Cape, Gauteng and KwaZulu-Natal. More detailed findings of CSI activity and spend per province is discussed later in this chapter, on page 96. The spread of provinces in which ECD NPO respondents were located is displayed below in Graph 3.

**GRAPH 3 - The Proportion of ECD NPO Respondents that were Located in Various Provinces**



Considering the job titles of the ECD NPO respondents, the initial letter to ECD NPO Directors specifically requested that the Director complete the survey, if possible, and if not, it was requested that a staff member who is knowledgeable on the financial and operational aspects of the

organisation complete the survey. It was encouraging to note that the majority (59%) of ECD surveys were completed by the Director.

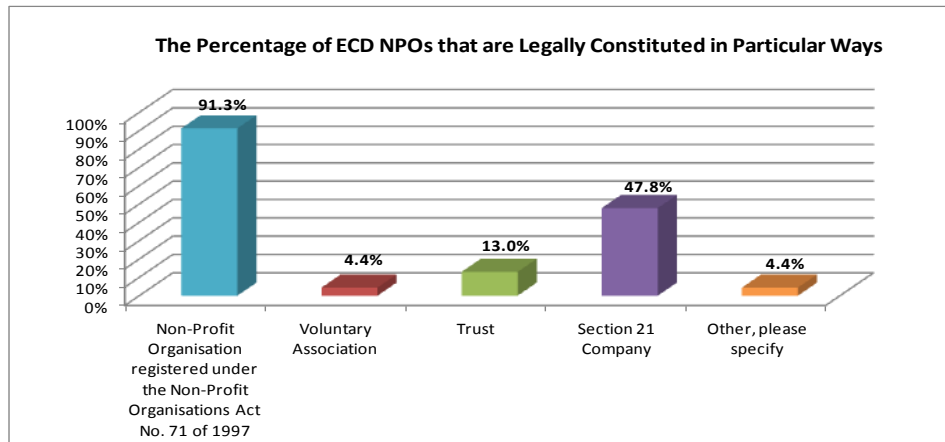
The year of establishment of the respondent ECD NPOs ranged from as early as 1970 to as recently as 2010. The growing trend of establishing ECD NPOs was most apparent between 1991 and 2000, with 36% of all respondents being founded in this time period. An increase in CSI initiatives post-1994 was seen which is in alignment with research by CSIH (2011) stating that the new democracy brought along with it significant changes in both the NPO and CSI sectors. Only 2% of ECD NPOs were established in 1970, 15% between 1971 and 1980, and a 25% between 1981 and 1990. After 2000, there appeared to be a steady decline in the establishment of ECD NPOs, with only 22% being founded between 2001 and 2010, and no ECD NPOs being established in 2011. It is assumed that the global recession may have negatively impacted the number of ECD NPOs that were established post-2000. It is certainly the case that many ECD NPOs struggled financially during this time, and some had to resort to closing down.

The number of permanent employees within the ECD NPO sample differed greatly, with some organisations having as few as two permanent staff members, compared to the ECD NPO with the highest number of staff, which had eighty. A large proportion of the ECD NPOs (83.1%) had twenty permanent staff or less; whereas 16.9% had more than twenty staff members. From these results, it is clear that the ECD NPO sector is a fairly small one, with only 62 organisations across the country as at 01 August 2012 and, of those that responded; only 16.9% were home to more than twenty staff members. Deeper analysis of the data indicated that the Western Cape has the *largest* ECD NPOs, with organisations employing up to eighty permanent staff.

The results showed a very high proportion (91.3%) of the ECD organisations are NPOs registered under the Non-Profit Organisations Act (No. 71 of 1997). Of these NPOs, a large proportion have established suitable legal entities, with 47.8% registered as Section 21 companies, 13% considered non-profit trusts and 4.4% being voluntary associations.

Graph 4 illustrates the way in which the ECD NPO sample are legally constituted.

**GRAPH 4 - The Percentage of ECD NPOs that are Legally Constituted in Particular Ways**



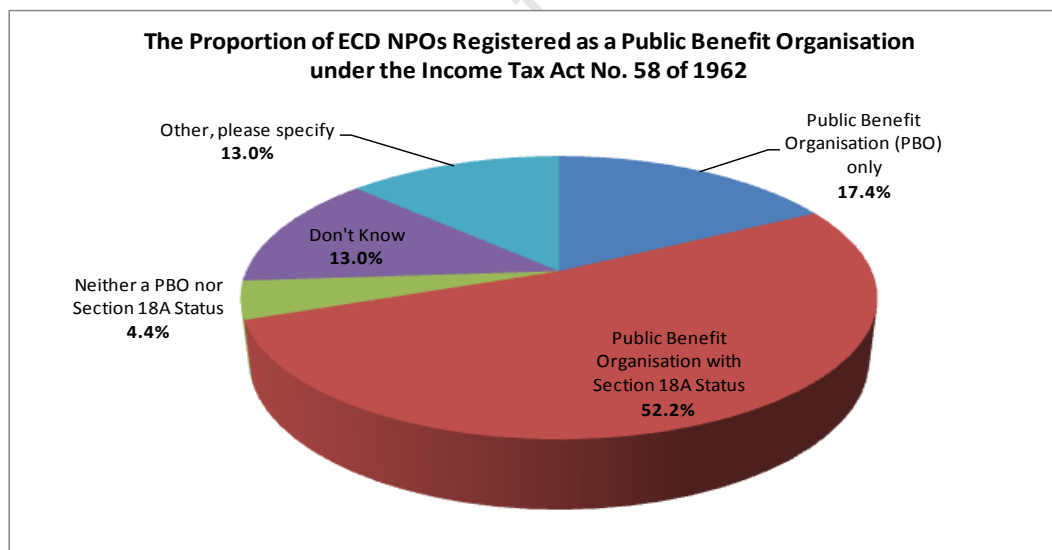
This high proportion of registered NPOs is not surprising, as although registration is voluntary, government and corporates have a preference towards funding those organisations that are registered as NPOs (CSIH, 2010). This speaks to literature stating that the NPO structure of organisations has an influence on the amount of funding that they are able to leverage, and has an influence on the long-term sustainability of the organisation (CSIH, 2010). Interestingly, there is a vast difference in results when comparing the 2010 Trialogue research on NPOs from a range of development sectors, and the results of this study that focused on ECD NPOs. Whilst this study found that 47.8% of ECD NPOs are registered as Section 21 companies, the CSIH (2010) research indicated that only 3% of NPOs were registered as Section 21 companies. There were also enormous differences in those organisations registered as voluntary associations and trusts, with this study finding that only 4.4% of ECD NPOs are registered as voluntary associations and 13% are registered as non-profit trusts; compared to CSIH's (2010) results where 94.3% of NPOs were registered as voluntary associations, and 2.7% as trusts. These results suggest a very different approach to the registration processes of ECD NPOs compared to NPOs in other fields of practice. Of particular interest is the reasoning behind this stark difference and is perhaps an important area of further research as it may assist in determining why the ECD sector is poorly funded in comparison to the other education levels.

Of interest is that 52.2% of ECD NPOs indicated they were registered as a Public Benefit Organisation (PBO) under the Income Tax Act (No. 58 of 1962) with Section 18A status, and 17.4% were registered as PBOs only. This is encouraging in that it implies that these ECD NPOs are exempt from income tax in terms of Section 10(1)(cN) of the Act. Furthermore, the 52.2% of ECD NPOs who also have Section 18A status are of great benefit to donors in that it is acceptable for them

to deduct the value of their contributions to PBOs from their taxable income. This has considerable benefits to ECD NPOs in that it is appealing to donors and thus a strategic fundraising approach. When compared to prior research conducted on trends towards NPO registration as PBOs, it was found that in 2010, 70% of NPOs were registered as PBOs with Section 18A status, and in 2011, this increased to 75% (CSIH, 2011:44). This brings about an interesting observation in that only 52.2% of the ECD sector is registered and appear to be lagging behind many other sectors in the NPO realm by taking longer to realize the benefits of being registered as a PBO with Section 18A status and to act upon it.

Worryingly, 13% of the ECD NPOs did not know whether they were registered as PBOs which is concerning considering the fact that NPO Directors had completed the survey in most cases. Only 4.4% of the respondents indicated that they were neither registered as PBOs nor had Section 18A status. The registration of ECD NPOs as PBOs is illustrated below in Graph 5.

**GRAPH 5 - The Proportion of ECD NPOs Registered as a Public Benefit Organisation under the Income Tax Act No. 58 of 1962**



A combined total of 73.9% of ECD NPO respondents strongly agreed or agreed that there are benefits attached to being registered as a PBO, and the remaining 26.1% were neutral in their response. This research is in line with prior research conducted which indicated that NPOs perceived registration as a PBO and/or having Section 18A status as very positive in incentivizing funders as they are able to claim tax back on their contributions (CSIH, 2010). It was also indicated that certain

funders refused to fund organisations that were not PBOs and thus registration was critical (CSIH, 2010).

Due to the fact that CSI initiatives are moving towards a more strategic approach to funding the development sector, and thus requiring a range of documents to be in place as a prerequisite to funding, this research explored the documents that ECD NPOs currently have in place. Not having crucial documentation in place may result in funding being denied, contributing negatively to the sustainability of the ECD NPO sector.

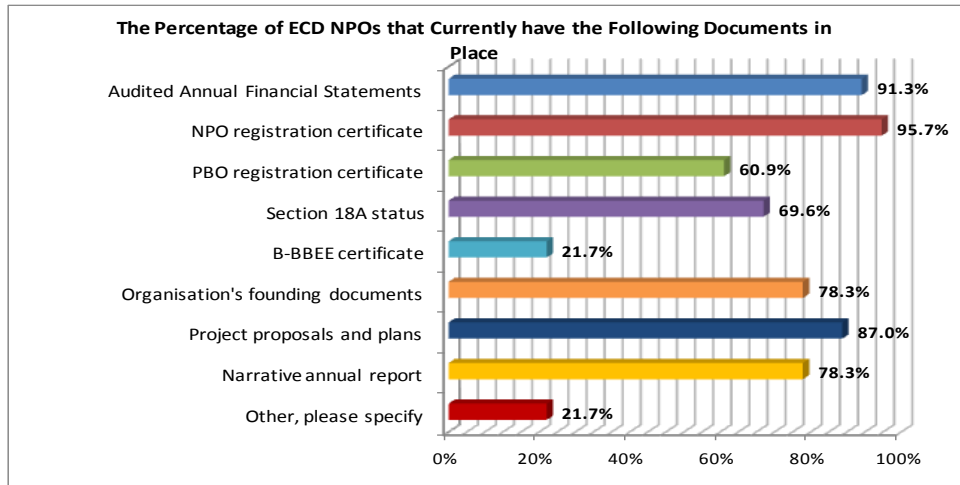
As mentioned previously, the greater part of ECD organisations are registered as NPOs, and thus 95.7% have a NPO registration certificate in place. Encouragingly, a large 91.3% of these organisations have up to date audited financial statements which suggests that they have good financial management structures in place. Eighty-seven percent of ECD NPOs have project proposals and plans prepared for distribution to potential donors, and 78.3% of organisations, respectively, have founding documents and narrative annual reports in place. Of interest is that only 21.7% of ECD NPOs had B-BBEE certificates in place, despite the benefits of donors being able to gain B-BBEE points for their contributions.

These results raise an important point of discussion whilst comparing the documents that ECD NPOs currently have in place to those documents that are required by CSI initiatives as a prerequisite to funding. Encouragingly, both CSI initiatives and ECD NPOs indicated that project proposals and ECD NPO registration certificates are the most crucial documents to have in place. Interestingly, 91.3% of ECD NPOs stated that they had audited annual financial statements and thus perceive these as important documents, whereas only 37.8% of CSI initiatives stated that they require annual audited financial statements as a prerequisite to funding.

Stark differences also existed in the perception of the importance of an organisation's founding documents and their annual report; where 78.3% of ECD NPOs had each of these documents in place, only 28.9% and 17.8% of companies require founding documents and annual reports, respectively. Noteworthy is that both ECD NPOs and CSI initiatives perceive Section 18A status as more important than registration as a PBO. This may be due to the direct benefits to the donor in that they are able to deduct the value of their contributions from taxable income. It is positive to discover

that both sectors are aware of this and proves the significance of the status, and the potential that is has to bring in funds. Graph 6 displays the documents that ECD NPOs currently have in place.

**GRAPH 6 - The Percentage of ECD NPOs that Currently have the Following Documents in Place**



According to the data collected from the ECD survey, the ECD NPOs varied considerably in size, specifically in accordance with annual income. In 2009, the lowest recorded income for an ECD NPO was R 250,000; and the highest recorded income was R 15,795,733. The average ECD NPO income for the year 2009 was just less than R 4.5 million. Considering the annual income of ECD NPOs in 2010, the lowest recorded income that ECD NPOs operated on was R 160,000; and the highest was R 18 million. This difference in these amounts is even starker when compared to 2009. It is important to note though that the organisation which received an income of R 160,000 was a new organisation and it was the first year in which an income was earned. The average income of ECD NPOs in 2010 was just less than R 5 million; making the increase in income approximately 10% between 2009 and 2010. Interesting results were revealed for ECD NPO income in 2011, with 44.4% of ECD organisations operating on an income of less than R 3 million. The income reported as the smallest in 2011 was R 260,000; and the highest was R 20 million. It is evident that ECD NPO income reported between 2009 and 2011 increased each year respectively. The average income of ECD NPO respondents in 2011 was just over R 5.2 million; indicating a much lower increase of income of only 5% compared to results of the income increases in 2009 and 2010.

Table 2 indicates the annual income of ECD NPOs between 2009 and 2011.

**TABLE 2 – ECD NPO Annual Income between 2009 and 2011**

<b>Annual Income (in Rands)</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
0 - 250,000	6.3%	5.6%	0.0%
250,001 - 500,000	0.0%	0.0%	11.1%
500,001 - 1,000,000	18.8%	22.2%	11.1%
1,000,001 - 2,000,000	6.3%	11.1%	11.1%
2,000,001 - 3,000,000	25.0%	22.2%	11.1%
3,000,001 - 4,000,000	6.3%	0.0%	16.7%
4,000,001 - 5,000,000	12.5%	0.0%	5.6%
5,000,001 - 6,000,000	0.0%	0.0%	0.0%
6,000,001 - 7,000,000	0.0%	11.1%	0.0%
7,000,001 - 8,000,000	12.5%	0.0%	5.6%
8,000,001 - 9,000,000	0.0%	16.7%	11.1%
9,000,001 - 10,000,000	0.0%	0.0%	0.0%
10,000,001 - 11,000,000	0.0%	0.0%	0.0%
11,000,001 - 12,000,000	0.0%	0.0%	5.7%
12,000,001 - 13,000,000	0.0%	0.0%	0.0%
13,000,001 - 14,000,000	0.0%	0.0%	0.0%
14,000,001 - 15,000,000	6.3%	0.0%	5.6%
15,000,001 - 16,000,000	6.3%	5.6%	0.0%
16,000,001 - 17,000,000	0.0%	0.0%	0.0%
17,000,001 - 18,000,000	0.0%	5.6%	0.0%
18,000,001 - 19,000,000	0.0%	0.0%	0.0%
19,000,001 - 20,000,000	0.0%	0.0%	5.6%

A deeper examination of the results revealed the proportion of ECD NPOs who had surpluses, those who ended financial years on a deficit, and those who broke even. It is encouraging to note that in each of the respective years, 2009 – 2011, the majority of ECD NPOs ended the financial year with a surplus (some very small, but a surplus indeed). Whilst reviewing these results, it is important to bear in mind that the quality of financial reports from the ECD NPOs was not particularly high.

The results showed that, in 2009, 55.6% of ECD NPOs ended the financial year with a surplus. Interestingly, every year exactly the same proportion of ECD NPOs (27.8%) ended the financial year with a deficit. Only 5.6% of organisations broke even at the end of the 2009 financial year. In 2010, fairly similar results were revealed with a slight increase in the proportion of ECD NPOs (61.1%) ending the financial year with a surplus. Furthermore, 27.8% of organisations ended with a deficit,

and 11.1% broke even. The 2011 financial year showed even better results in terms of the sustainability and financial management of ECD NPOs, with 72.2% of organisations ending the financial year with surplus; and once again, 27.8% of organisations had a deficit. No ECD organisations broke even in 2011.

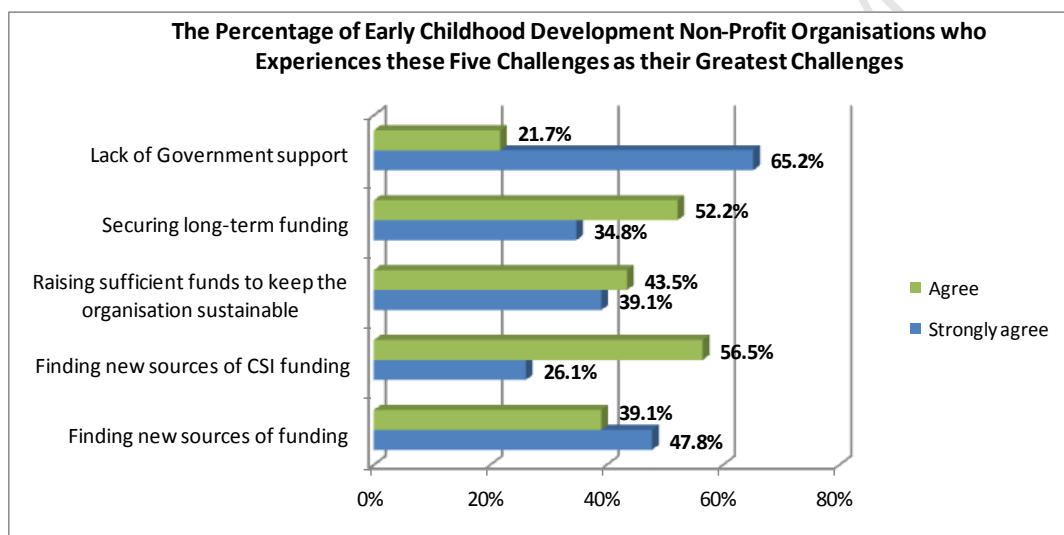
There are a range of challenges experienced by ECD NPOs that cut across several areas of practice. From analyzing the data, it is clear that the greatest challenges, in general, are related to the sustainability of these ECD NPOs with fundraising issues having the highest recorded figures. Table 3 displays the respondents' perceptions of their greatest challenges in the ECD sector.

**TABLE 3 – Greatest Challenges Experienced by the Early Childhood Development Sector**

Challenges experienced by the ECD Sector	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Finding new sources of funding	47.8%	39.1%	8.7%	4.3%	0.0%
Retaining current funders	13.0%	39.1%	21.7%	26.1%	0.0%
Finding new sources of CSI funding	26.1%	56.5%	13.0%	4.3%	0.0%
Retaining current CSI funders	17.4%	39.1%	17.4%	26.1%	0.0%
Competition with other ECD non-profits	13.0%	17.4%	26.1%	21.7%	21.7%
Low salaries and benefits	39.1%	30.4%	17.4%	13.0%	0.0%
Keeping pace with technology	13.0%	21.7%	26.1%	30.4%	8.7%
Governing Body/ Management Board effectiveness	13.0%	17.4%	30.4%	30.4%	8.7%
Raising sufficient funds to keep the organisation sustainable	39.1%	43.5%	4.3%	13.0%	0.0%
Securing long-term funding	34.8%	52.2%	13.0%	0.0%	0.0%
Lack of Government support	65.2%	21.7%	4.3%	8.7%	0.0%
Lack of beneficiaries to provide services to	4.3%	4.3%	13.0%	26.1%	52.2%
Inadequate leadership within your organisation	8.7%	21.7%	13.0%	43.5%	13.0%
Difficulty understanding policy and legislation relating to ECD or NPOs	4.3%	26.1%	17.4%	34.8%	17.4%
Succession planning	4.3%	52.2%	21.7%	21.7%	0.0%
Retaining current staff members	4.3%	4.3%	17.4%	47.8%	26.1%
Recruiting new staff members	4.3%	30.4%	13.0%	52.2%	0.0%
Maintaining the number of ECD programmes offered in the current economic climate	13.0%	34.8%	17.4%	30.4%	4.3%
Meeting the many demands, of groups and communities, made on our organisation	21.7%	34.8%	13.0%	21.7%	8.7%
Safety concerns as the areas in which your staff work are unsafe	21.7%	30.4%	21.7%	21.7%	4.3%

A deeper examination of the data revealed that the top five challenges experienced by ECD NPOs, in general, included that of 87% of respondents agreeing or strongly agreeing that ‘securing long-term funding’ was the biggest challenge, and ‘lack of government support’ and ‘finding new sources of funding’ being experienced as challenges by 86.9% of respondents, respectively. It appears that ‘finding new sources of CSI funding’ is another key challenge; and ‘raising sufficient funds to keep the organisations sustainable’ in which 82.6% also agreed or strongly agreed, respectively. Graph 7 provides a graphic description of the top five challenges experienced by ECD NPOs.

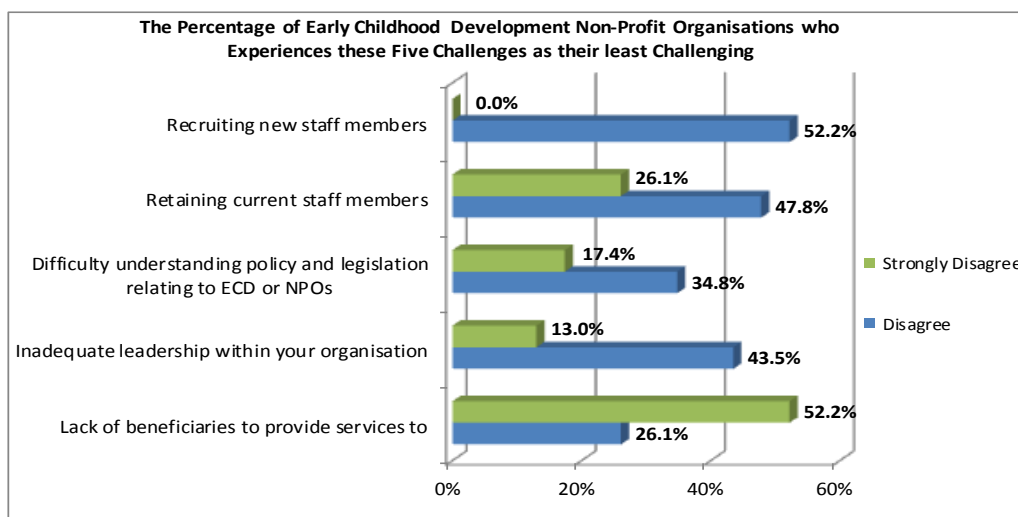
**GRAPH 7 – The Percentage of Early Childhood Development Non-Profit Organisations who Experience these Five Challenges as their Greatest Challenges**



Further analyses also pointed out the five areas which are experienced as least challenging by ECD NPOs, with 78.3% of respondents disagreeing or strongly disagreeing that a ‘lack of beneficiaries to provide services to’ is a challenge. This suggests the great need for ECD services as well as funding for the sector to maintain sustainability. ‘Retaining current staff members’ is not experienced as a challenge by 73.9% of respondents, thus the assumption can be made that working conditions are fairly good and/or ECD staff are passionate about the sector and the work that they do. A total of 56.5% of respondents reported that they strongly disagreed or disagreed that ‘inadequate leadership within ECD NPOs’ was a great challenge. This is positive as it suggests that ECD staff are content with the management and leadership and thus it is assumed to be adequate. Some 52.2% of respondents disagreed or strongly disagreed that ‘recruiting new staff members’ was a challenge and that there is ‘difficulty in understanding policy and legislation relating to ECD and NPOs’. Based on the results,

much can be assumed including that either there is little need to recruit staff as retention is high, or that the ECD sector is a growing one and there are a sufficient number of trained people in the sector to fill positions at a fairly rapid pace. Assumptions can also be made in terms of ECD and NPO policy and legislation, that it is clear, easy to understand and easily accessible to the sector. Graph 8 graphically illustrates the five least challenging areas as perceived by the ECD NPO sector.

**GRAPH 8 - The Percentage of ECD NPOs who Experience these Five Challenges as their least Challenging**



#### 4.5 Corporate Social Investment Programme Information

It is very encouraging to note that 96% of all companies in the sample indicated that they had a CSI programme. This data is in alignment with literature stating the fast paced rate at which the sector is growing, specifically in South Africa, as companies begin to understand the impact that their investment makes on the economy and on the country as a whole. A study conducted by Trialogue indicated that the notion of businesses being socially responsible has grown rapidly with a current total CSI spend of over R 6.9 billion in the 2011/2012 financial year (CSIH, 2012:152).

This finding is consistent with the theoretical framework - stakeholder theory - upon which this research is based, and emphasises the notion of 'business and society' as mutually interrelated. It is clear that more and more companies are positioning themselves to be at the fore-front of sustainable development. It is thus clear that a significant proportion of companies have identified and responded

to both moral and philosophical guidelines that are linked to their strategic business activities (Fontaine, Haarman, & Schmid, 2006).

This set of data may be slightly biased though for a number of reasons, including the fact that many companies that did not have CSI programmes may have automatically declined participation as the research was of no interest to them, the survey may not have been a priority, or they may not have had any one person to complete the survey as it was directed predominately to CSI Managers. This bias in responses is, however, probably quite small, as 8% of the 188 companies that the researcher phoned did not have a CSI programme. As this is a similar proportion to those that responded to the survey, the bias in the responses can be assumed to have had a small effect.

The year of establishment of the CSI initiatives ranged from as early as 1971 to as recently as 2011. This growing trend of establishing CSI programmes is most apparent between 2006 – 2011, with the most CSI initiatives being formed in the years 2008 and 2010. Note is taken of the increase in CSI initiatives post-1994 which is in alignment with research by CSIH (2011) stating that the new democracy brought along with it significant changes in both the NPO and CSI sectors. The fluctuations in the current findings also confirm CSIH's (2011:4) conclusions which suggest that "Between 1994 and 2004, CSI underwent a fundamental upheaval, brought about by the new government's vision and strategy to involve all stakeholders in a transparent reformation process." This reformation process shifted corporate perceptions of the importance of CSI, from a CSI initiative being perceived as a "nice to have" to perceptions of it being a "must have" (CSIH, 2011:4). This 'must have' attitude amongst corporates is confirmed in these results, which show that the establishment of CSI initiatives peaked between 2006 and 2011 with more companies setting up CSI programmes than ever before.

Regarding the numbers of permanent staff employed in the CSI departments of the companies that responded, it appears that CSI continues to be a relatively small department with the majority of companies only employing one or two staff members to manage the CSI programmes of the entire company. Interestingly, 18% of companies indicated that there are no permanent staff employed to handle CSI, but rather it is managed by people from other departments as a secondary role or it is managed by a part-time employee. The data revealed that 36% of companies have one staff member responsible for the CSI programmes; while 2% have one and a half people; and 16% have two

dedicated CSI staff members. Companies that have three, four or ten employees working in the CSI department equate to 5% of the sample respectively, and those companies with five employees comprise 7% of the sample. A further 2% of companies have 17, 19, or 35 dedicated CSI staff employed, respectively.

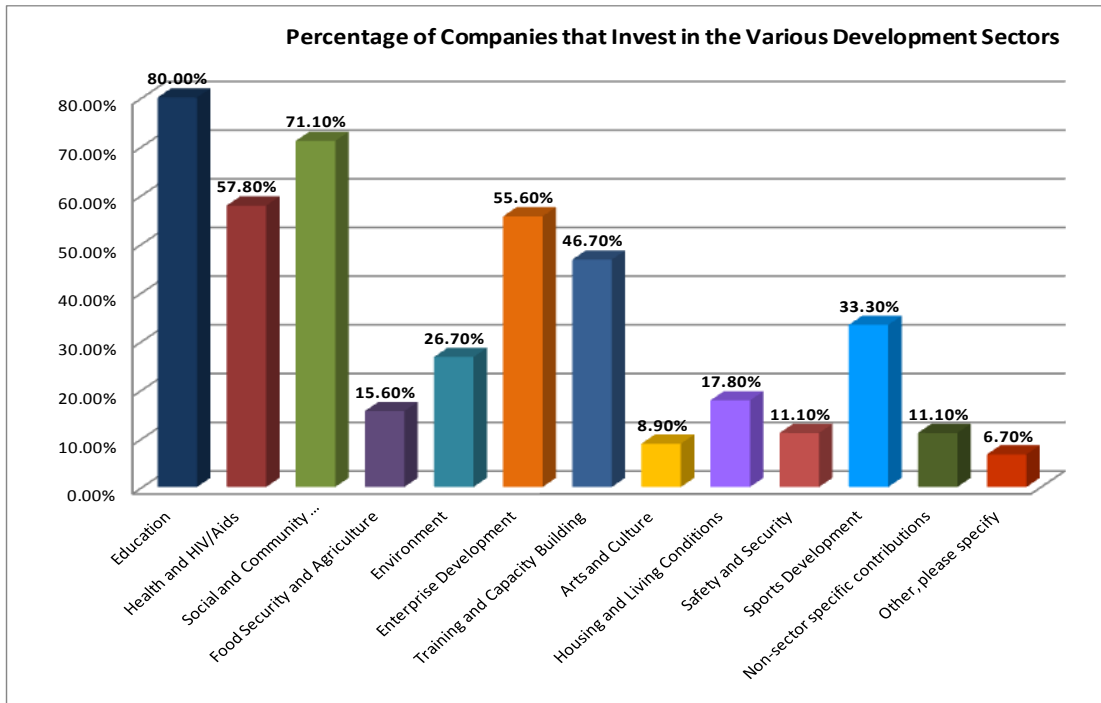
The job titles of the persons completing the survey reflected a number of companies in which the CSI department formed part of either the Human Resources (HR) or Public Relations (PR) departments, with 15% of responses being completed by HR executives and 4% being completed by PR Managers.

Companies invested in a wide array of development sectors, with the education sector certainly receiving the lion's share of CSI support in South Africa (with 80% of all companies investing in the education sector at one or more levels). These findings speak to the results of the Triologue's annual research conducted with 100 businesses, the education sector has received the largest portion of CSI spend over the past 12 – 13 years, with the average CSI spend per company ranging between 32.4% and 38.1% from 2008/09 to 2010/11 and 92% of companies supporting the education sector (2009:32; 2010:38; 2011:38).

Also in alignment with CSIH's (2011) findings is that the social and community development sector receives the second to largest proportion of CSI support, with 71.1% of the sample companies supporting this sector. This is compared to CSIH's research which indicates comparable proportion of support from 78% of companies (2011). Health and HIV/Aids and Enterprise Development also receive a fair amount of attention in terms of CSI support totaling 57.8% and 55.6% respectively. Training and capacity building receives 46.7% whereas sports development receives a surprisingly high proportion of 33.3% of CSI support. The industry sectors that fell below the 30% mark included environment, food security and agriculture, arts and culture, housing and living conditions, safety and security, as well as non-sector specific contributions in which companies decide whether they will provide funding as per the project proposed. The researcher allowed for an "other" tab to be selected and asked each respondent to specify the development area that their company funds; these included bursaries, disability sector, and employee volunteerism programmes.

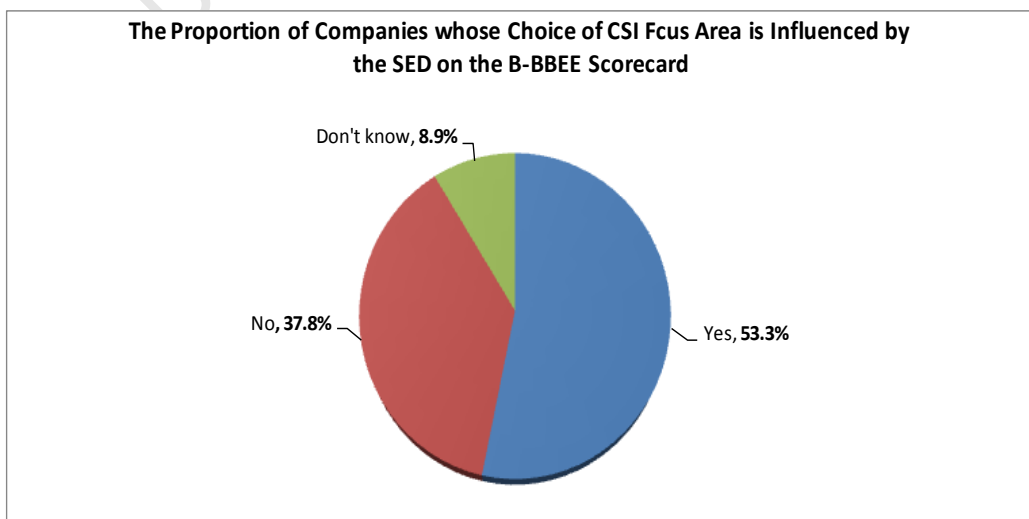
Graph 9 below illustrates these results.

**GRAPH 9 – Percentage of Companies that Invest in Various Development Sectors**



Some 53.3% of the participating companies indicated that the definition of Socio-Economic Development (SED) on the Broad-Based Black Economic Empowerment Scorecard influenced their company’s choice of focus area. The remaining companies were either not influenced by the SED definition on the B-BBEE scorecard or were not sure. Graph 10 indicates the influence that SED on the B-BBEE scorecard has on companies’ choice of CSI focus areas.

**GRAPH 10 – Proportion of Companies whose Choice of Focus Area is Influenced by the SED element on the B-BBEE Scorecard**



Considering the respondent companies' annual CSI budgets between 2009 and 2011, it was clear that the amount of companies increasing their CSI programme budgets grew each year. A total of 73.5% of CSI initiatives increased their CSI spend between 2009 and 2011; whilst 26.5% decreased their annual spend. In 2009, the least amount contributed by one company was R 120,000 and the highest CSI spend at one company was reported as R 85 million. From these results, it is clear that there are vast differences in the amount of CSI spend that companies contribute to the development sector. The average CSI spend in 2009 was calculated as being R 10,181,318.

Similar results in CSI spend were reported in 2010, with the least amount contributed by one company being R 150,000; compared to the highest amount of CSI spend which was R 85 million. The average CSI spend in 2010 was slightly higher than 2009 with a calculated amount of R 10,259,333. This indicates that there were slight increases in CSI spend across the various industry sectors when compared to the CSI spend in 2009.

Interestingly in 2011, the average CSI spend across respondent companies decreased significantly with the calculated amount being R 7,554,030. The lowest amount of CSI spend in 2011 was R 150,000; and the highest amount of CSI spend was that of R 79,000,000; substantially lower than in previous years. It may be assumed that this decrease in CSI spend was caused by the global recession and companies having to tighten their belts.

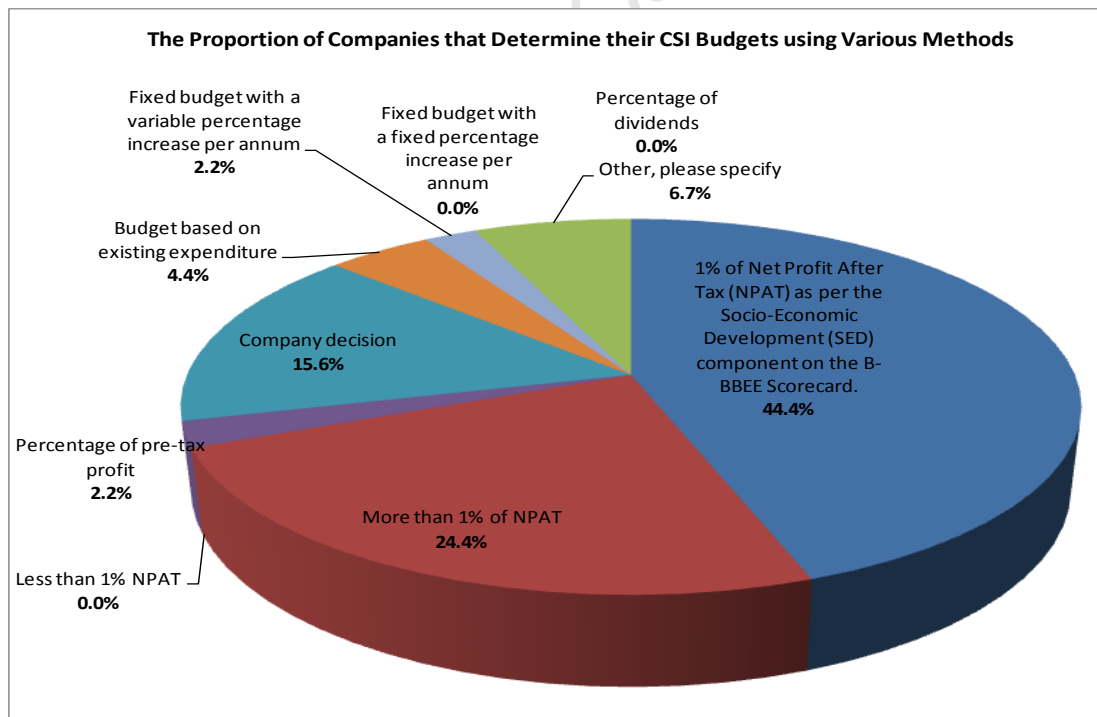
The DTI's B-BBEE Codes of Good Practice allow for five socio-economic development (SED) points for those companies who spend 1% Net Profit After Tax (NPAT). The results show the growing trend for CSI budgets to be determined as a percentage of NPAT (CSIH, 2011). Based on the results, it can be seen that there are a range of ways in which CSI budgets are determined at companies, with the most prominent method used (44.4% of responses) being that of 1% NPAT as per the SED component on the B-BBEE scorecard. A noteworthy result is that 24.4% of companies invest more than 1% of NPAT, which suggests their commitment to social investment. Interestingly, 15.6% of respondents indicated that CSI budgets were determined according to a company decision on an annual basis which assumes that companies may fluctuate their CSI budget depending on their income, expenditure and the effects of the global recession. Positively, no respondents spend less than 1% NPAT, and no organisations determine their CSI budgets as a percentage of dividends or as a fixed budget with a fixed percentage increase per annum. Furthermore, a total of 4.4% of

companies base their CSI budget on existing expenditure. 'Percentage of pre-tax profit' and 'a fixed budget with a variable percentage increase per annum' each accounted for 2.2% of the methods used to determine CSI budgets.

'Other' methods indicated by respondents included using 0.5% of annual distributions as a CSI budget; considering quotations only (which appears peculiar as a company would typically budget for expenditure); and where possible, some companies match the amount that staff raise for social upliftment.

From these results it is clear that the SED element of the B-BBEE Scorecard has had an influence on the way in which companies determine their CSI budgets from NPAT. Graph 11 graphically represents the methods used in determining CSI budgets.

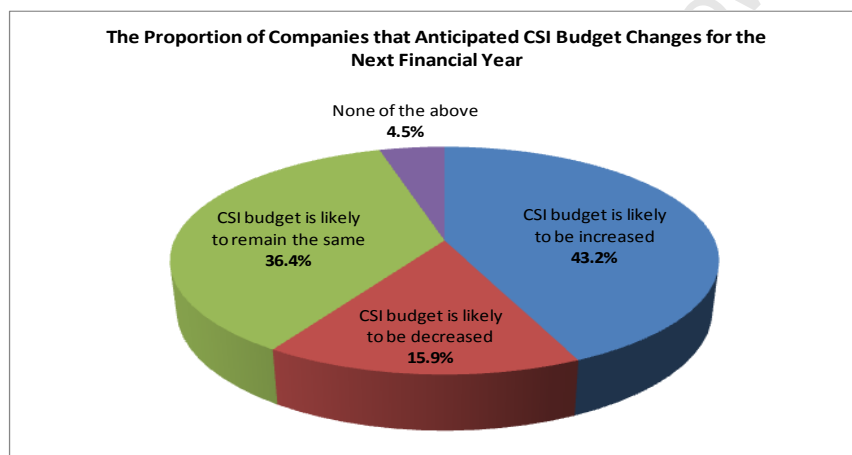
**GRAPH 11 – The Proportion of Companies that Determine their CSI Budgets using Various Methods**



An examination of companies' anticipated CSI budget changes for the next financial year showed that a large proportion, 43.2%, of companies are likely to increase their CSI budgets whereas only 15.9% are likely to be decreased. This is very encouraging and suggests the importance placed on

sustainable community development, even in the midst of an economic crisis. Responses indicating that CSI budgets are likely to remain the same accounted for 36.4%. As such a high percentage of companies determine their CSI budget using 1% NPAT, it can be assumed from this finding (of 36.4%) that a large proportion of companies' profit is not likely to increase in the next financial year. Four and a half percent of respondents indicated other types of changes including their dependency on the industry market, and the fact that CSI budget changes are difficult to predict as some companies invest in bursaries which are different according to the courses taken. These results can be seen in Graph 12.

**GRAPH 12** – *The Proportion of Companies that Anticipated CSI Budget Changes for the Next Financial Year*



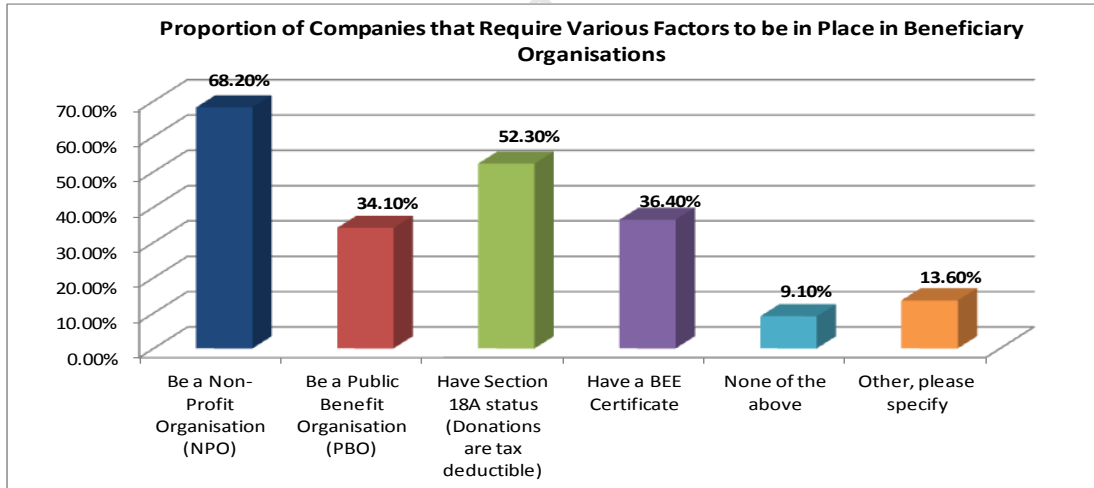
Companies do not only provide financial support to community projects, but also a range of non-financial contributions. Of interest though, is whether the non-financial contributions form part of the total CSI budget or whether they are in addition to it. The results indicated that 62.2% of all companies provide non-financial contributions, in the form of goods and/or services, which are over and above their CSI budgets. These findings suggest that much value is placed on assisting communities to become uplifted and sustainable. When compared to the results of CSIH (2009) research with 40.5% of companies provided non-financial contributions over and above their CSI budget, it is evident that there is a growing trend for provision of additional non-financial contributions.

Those companies that contribute goods and/or services as part of their CSI budget account for 31.1% of the total responses; and only 4.4% of companies provide financial contributions exclusively. The

researcher provided an ‘other’ option in which 2.2% of the respondents mentioned that staff make their own non-financial contributions. This would point to the fact that the non-financial contributions of the staff were, in fact, excluded from the CSI budget.

In order to provide corporate funding, companies require prospective beneficiaries to have certain factors in place. The research found that 68.2% of companies required their beneficiaries to be registered NPOs prior to receiving funding. Being able to deduct tax from donations given was a key requirement for many companies with 52.3% requiring beneficiaries to have Section 18A status. The results indicated that having a B-BBEE certificate was important for 36.4% of companies, as well as being registered as PBOs, which was required by 34.1% of companies. Noteworthy, is that 9.1% of companies did not require any of these factors to be in place prior to providing funding, which is encouraging for new, emerging development organisations that do not have these structures in place or are in the process of registration. These results are displayed in Graph 13.

**GRAPH 13 – Proportion of Companies that Require Various Factors to be in Place in Beneficiary Organisations**



The study showed that, on average, the large majority (69.6%) of companies fund their beneficiaries for a time period of one year. It is important to bear in mind that the one-year contract may be extended. Only 3.6% of companies fund their beneficiaries for six-month periods, and 7.1% fund for periods of two years. Interestingly, more companies fund beneficiaries over a three-year time period (12.5%) than those who provide funding for two years; and a further 3.6% fund beneficiaries for five-year periods. This is positive as NPOs prefer being funded over longer periods of time in order

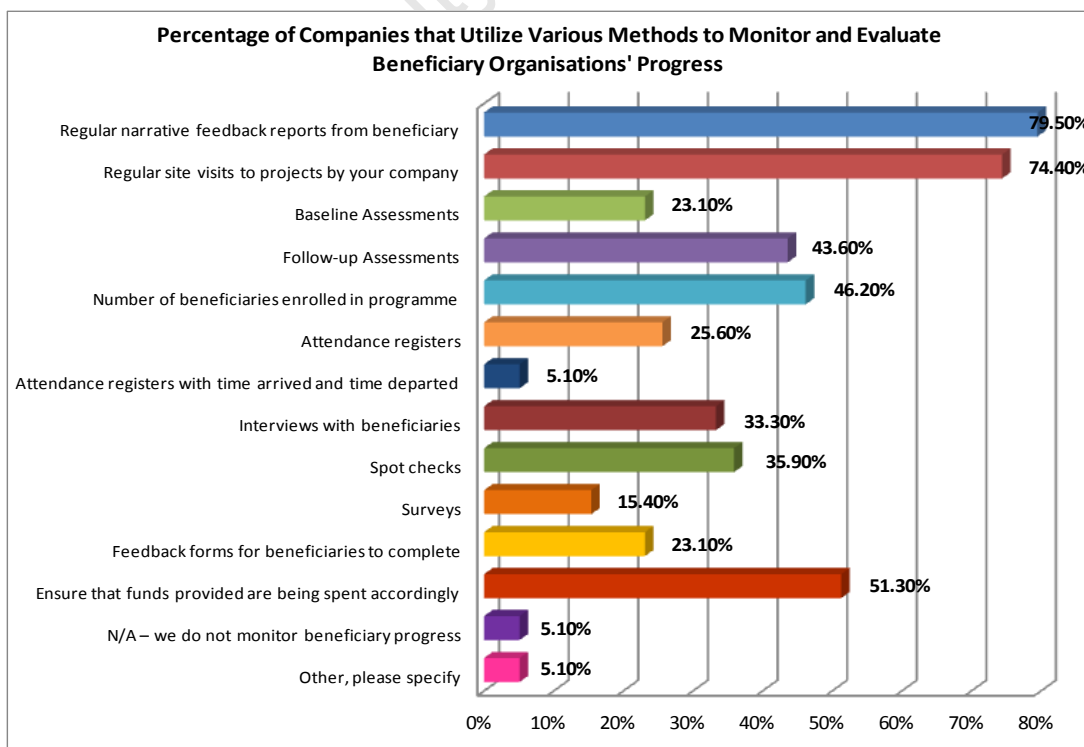
to ensure sustainability of the projects. Added to this, a fairly recent phenomenon is the link between CSI initiatives and branding and/or marketing of the company. The data reflected that only 13% of corporates require branding and/or marketing of their company, 47% require branding and/or marketing some of the time, and 38% do not require this at all. Some, 2% were unsure whether they required branding/marketing as a prerequisite to funding.

With the increase in strategic giving and the trend for formality of project implementation, there has been a rise in the need for monitoring and evaluation (M&E), as companies are realizing how beneficial it is in enhancing the impact of their projects. Indeed, prior research indicates that M&E practices within the CSI sector, although they have been fairly weak, are increasingly gaining traction (CSIH, 2010). This study showed that 59% of companies required M&E of every project that they fund, suggesting that the majority of companies have begun to grasp the importance of this practice in the move towards more strategic giving and a need to see visible differences in the communities in which they invest. Twenty-seven percent of companies stated that they 'sometimes' require M&E practices to be conducted, and 14% said that they did not require M&E. It is important to note that although these results show that M&E is gaining momentum in the CSI field, they do not illustrate the thoroughness of the M&E procedures that are in place.

The study also assessed the various methods employed by the 86% of companies that require M&E (at varying extents) of the projects that they fund. The methods used to monitor and evaluate projects are comprehensive, with 79.5% of companies requiring regular narrative feedback reports from beneficiaries, and 74.4% stating that regular site visits are conducted by themselves to the projects that they fund. Widely used M&E methods include, monitoring that funds are spent accordingly (51.3%), recording the number of participants enrolled in programmes and ensuring that initial targets are met (46.2%), and conducting follow-up assessments to establish the outcomes of the investment and whether a noticeable difference has been made (43.6%). Of interest are the dissimilar figures recorded for the percentage of companies that conduct baseline assessments as part of their M&E practices (23.1%) compared to the 43.6% of companies that conduct follow-up assessments. If only 23.1% of respondents stated that they conduct baseline assessments, it brings into question what they are measuring the follow-up assessments against.

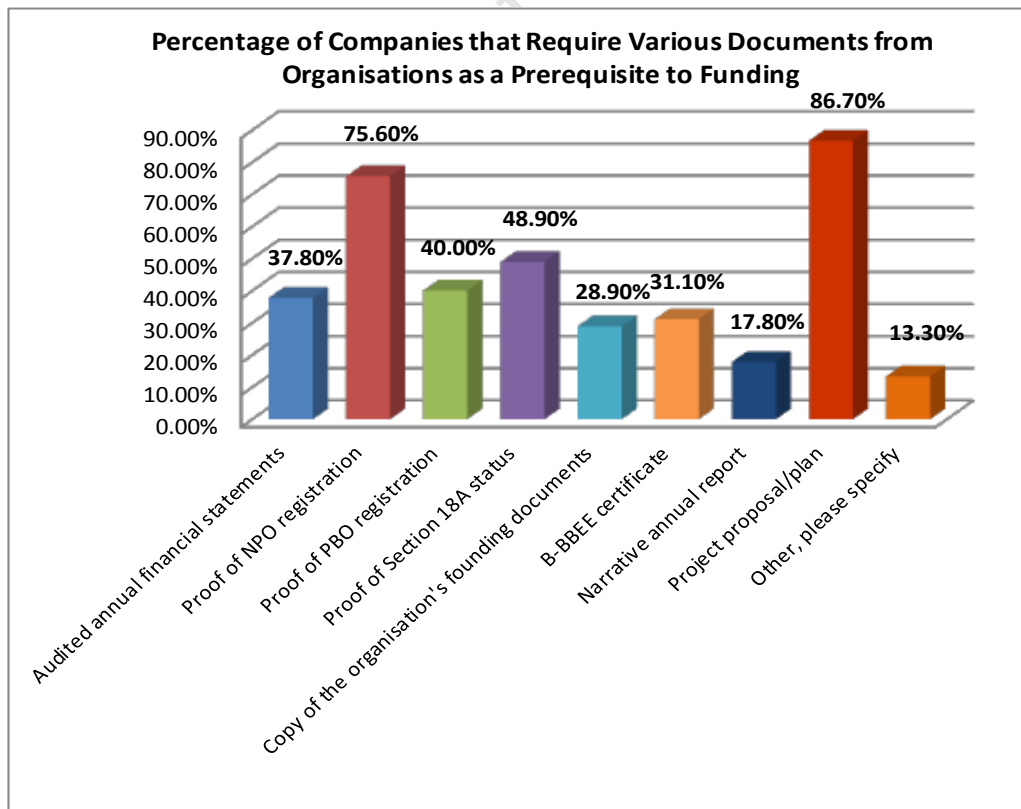
Furthermore, the results point to the fact that 35.9% of respondents conduct spot checks of the projects to ensure that positive changes are constantly being implemented even when on-site support visits have not been scheduled and without the presence of project managers who provide hands-on assistance, observation and supervision. Interviews are conducted by 33.3% of corporate respondents to monitor and evaluate beneficiary progress. Simple attendance registers were utilized by 25.6% of companies specifically for training purposes to ensure that targets are met, and 5.1% use very specific attendance registers noting the time of arrival and departure of each participant as a means of ensuring that participants are gaining sufficient knowledge and skills. Some 23.1% of respondents evaluate progress by requesting that beneficiaries complete feedback forms, and a further 15.4% evaluate progress via short surveys. These feedback forms and surveys enable corporates to keep on track with targets and always make certain that the impact made is meaningful. With the positive outcomes associated with effective M&E practices, it is encouraging to note that only 5.1% of companies did not monitor beneficiary progress. This suggests that the large majority of companies are interested and involved in ascertaining the impacts that their investments are making on beneficiaries. M&E methods used by companies are displayed in Graph 14.

**GRAPH 14 - Percentage of Companies that Utilize Various Methods to Monitor and Evaluate Beneficiary Organisations' Progress**



Corporations often require several documents from beneficiary organisations as a prerequisite to funding. Based on the results of this study, it is evident that providing a clear proposal or business plan is most often required with 86.7% of companies viewing this document as necessary. Also very prominent is the proof of NPO registration, required by 75.6% of companies, suggesting that the majority of companies require their beneficiaries to be NPOs, which echoes the results discussed earlier. Proof of Section 18A and PBO status also appear to be important factors with 48.9% and 40% of responses indicating the requirement of these documents, respectively. Surprisingly, annual financial statements are only required by 37.8% of companies indicating that many companies are willing to fund emerging organisations that may not yet have a set of audited statements. This is encouraging as it is often the case that these organisations struggle to receive funding. B-BBEE certificates (31.1%), copies of the organisation’s founding documents (28.9%) and narrative annual reports (17.8%) were required less often. The documents used as prerequisites for funding are presented in Graph 15.

**GRAPH 15 - Percentage of Companies that Require Various Documents from Organisations as a Prerequisite to Funding**



Due to the fact that corporate giving is rapidly becoming far more strategic and aligned to business objectives, when providing support to development organisations, companies regularly have numerous expectations of their beneficiaries. Some 73.3% of companies expect to receive regular reports and updates of the progress of the projects that they fund to ensure that they are running according to plan as well as to ascertain the impact made. The results showed that many corporates expect to feel appreciated and acknowledged for their contributions, with 68.9% of companies wanting to receive acknowledgment of both financial and non-financial contributions, and 66.7% expecting thank you letters from beneficiaries when receiving funds.

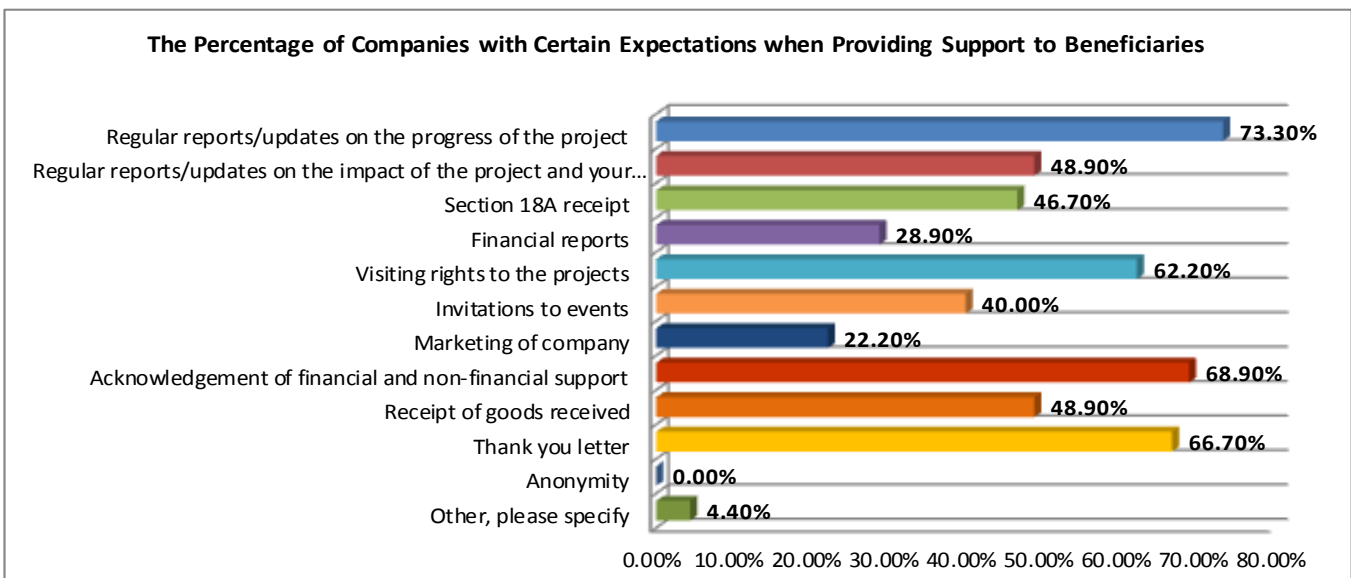
Results indicate that 62.2% of funders expect visiting rights to the projects, which is warranted as it is a way in which to ensure that the work commissioned is being completed, that an impact has been made, as well as being able to experience a personal connection with the beneficiaries. Regular reports and updates on the actual impact that the corporate contribution had made on beneficiaries is an expectation of 48.9% of companies. Considering the high levels of CSI involvement on projects, it is interesting to note that more than half of the respondents do not require progress reports on the impact of their investment. It is possible that the beneficiary organisations still report to the corporate funders, but in informal ways.

The benefit of a tax exemption on donations is a clear benefit and motivation for companies' investment in the development sector. This is seen in the results indicating that 46.7% expect a Section 18A receipt on provision of funds. Forty percent of companies expect to be included in the life of projects by wanting to be invited to events which are held by beneficiaries.

Of great interest is that only 28.9% of donors require financial reports from beneficiaries, which could indicate one of two things – either that companies are very involved in tracking funds and keep a continuous record of how their funds have been spent instead of waiting for one report at the project's end, or it could indicate that companies trust their beneficiaries to spend the funds according to the budget agreed upon at the beginning of the project. It is important to note that the motives for so few companies requiring financial reports are unclear as this study did not warrant an in-depth analysis of this area. It is therefore recommended that further research be conducted on this interesting topic.

Marketing of companies as a condition of support was not a major factor, with only 22.2% of companies expecting marketing to be done. Noteworthy, is that none of the companies that responded indicated that they wanted to remain anonymous. This is not surprising and would perhaps be more suited to private individual funders and philanthropists who provide financial contributions. Graph 16 illustrates the expectations companies have when providing corporate support to beneficiaries.

**GRAPH 16 - The Percentage of Companies with Certain Expectations when Providing Support to Beneficiaries**



Companies are fast becoming more strategic in their approach to CSI, with 77.8% of companies strongly agreeing or agreeing that they have become more demanding in terms of the effectiveness of the projects that they fund with the need for their investments to have a lasting impact. Only 6.7% of companies disagreed with this statement which suggests that their demands in terms of effectiveness of projects has either remained the same or deteriorated, and 15.6% of respondents stated their neutrality. These findings are important in that they emphasize the fact that most CSI programmes aim to be effective and of a high quality.

A deeper examination of the data revealed that a remarkable 80% of companies are increasingly requiring evidence of how their funds have been spent by beneficiary organisations. This is an interesting result considering that only 28.9% of donors require financial reports from their

beneficiaries. Perhaps this 'evidence of funds spent' is required in formats other than financial reports. This finding is reassuring as it suggests that development organisations are being kept accountable with the funds that they receive and that companies are being efficient and strategic in their approach to corporate giving. Some 15.6% of companies were neutral and only 4.4% disagreed and were clearly not increasingly requiring evidence on how their funds had been spent.

#### **4.6 The Extent to which Corporate Social Investment Initiatives Invest in Education, and particularly, Early Childhood Development in South Africa**

When looking at the state of education in South Africa, it is not surprising that 80% of companies invest in the education sector as a means to assist in improving it, as well as to support the development of our economy and create opportunities for society to actively participate in the economy (CSIH, 2011). This result is fascinating as it proves that education is a top priority investment area for the majority of corporates.

Of the 80% of companies investing in the education sector, it was interesting to discover which levels of education they invest in. An in-depth analysis of the data showed that the education level that receives the most corporate investment is that of general education (GE) catering for Grade 1 to Grade 9, with 86.1% of companies investing in this level. Interestingly, and very much out of sync with all other research, was that 69.4% invested in the ECD sector. According to a range of prior research, particularly by Trialogue over the years, ECD is found to receive considerably less corporate support than the other education levels. Prior research shows that investment in ECD has increased slightly over the last three years; from 14% of CSI spend in 2008/09 and 16% in 2009/10, up to 20% in the 2010/11 financial year (CSIH, 2009, 2010, 2011). It is thus clear that the figure in this research indicating the percentage of companies that invest in ECD is skewed due to the bias (spoken about in the previous chapter) of companies that currently fund ECD completing the survey. This bias is clearly a limitation of this research, as the actual percentage of companies investing in ECD is not clearly portrayed in these results. Despite the fact that the researcher made clear that the survey was appropriate for all companies, no matter what their focus area, it is evident from the results that many of the respondents were companies that funded ECD. This may be due to a range of factors, two of which may include the fact that those companies currently investing in ECD may have a vested interest in the results of this study and found participation far more interesting than

companies who do not invest in ECD; as well as the fact that companies not supporting ECD may have felt that this survey was not particularly relevant to them and due to time constraints opted not to participate.

Both, further education and training (FET) comprising of Grades 10 – 12, and tertiary education receive corporate support from 61.1% of the CSI sample. These results are consistent with prior research that also finds similar proportions of investment channeled towards FET and tertiary education levels (CSIH, 2010). Also in line with CSIH (2009, 2010, 2011) research is the fact that adult basic education and training (ABET) received the least corporate support, with only 27.8% of companies supporting this education level.

Despite the bias in this study towards those companies investing in ECD, it is interesting to note that the results of the percentage of CSI spend according to education level in the 2011 edition of the CSI Handbook, shows that the spread of CSI spend across four of the five levels has evened out considerably in the last year, with FET receiving 28.2% of CSI spend, tertiary education receiving 27.6%, GE receiving 22.8%, and encouragingly, ECD receiving 20% of the total CSI spend towards the education sector. Although this does not disprove the ECD bias in this study, it does show that a larger proportion of companies are investing in ECD compared to a couple of years ago; emphasising the increase in awareness of its importance in building solid foundations for life-long learning and acquisition of knowledge. Table 4 below describes the percentage of companies that invest in each education level.

**TABLE 4 - The Levels of Education that Companies Invest in**

<b>Education Level</b>	<b>Percentage of companies that invest</b>
Early Childhood Development (ECD) and Grade R	69.4%
General Education (Grade 1 – 9)	86.1%
Further Education and Training (FET) (Grade 10 – 12)	61.1%
Tertiary Education (Universities/Technikons)	61.1%
Adult Education (including ABET)	27.8%

A deeper examination of the data revealed the average CSI spend on ECD in relation to their education budgets. The results showed that each company, on average, invests 9% of their education budget on ECD. This figure is far more consistent with prior research which shows the weak levels of investment in the ECD sector. The results also revealed the average CSI education spend for the other education levels, with each company investing 15% of the education budget on GE, on average, as well as an average of 12% on tertiary education. It can be seen from the results that, on average, FET receives 9% of the education budget of the CSI respondents.

Of interest is the maximum CSI spend from the companies' education budgets on each education level, with tertiary education receiving up to 80% of the some companies' education budgets. This is not surprising as it usually the case that at tertiary level, corporate support is mainly on bursaries which are extremely expensive. It was seen that generally companies will use up to 60% of their education budget on FET, whereas only up to 50% on ECD and GE respectively. Consistent with CSIH (2009, 2010, 2011) research as well as the results of this research study presented above, the proportion of companies' education budgets that are spent on ABET are significantly lower than other education levels, with a maximum 10% of their education budget being contributed towards ABET.

Results revealed the median of each companies' investment in education levels from their education budget was 2% for ECD, a more substantial 10% for GE, only 1% for FET, 9% for tertiary education, and 0% for ABET. Interestingly, the mode for companies' CSI spend on education was 0% for all levels except for general education for which the mode was 10%. This is worth noting in that it appears that GE is most often funded as an education level when compared to the others.

Worth noting is that, on average, for each company 46% of their CSI budget goes towards the education sector at one or more levels. This is encouraging as it once again shows that education is a top priority investment area for corporates. This result is consistent with the latest CSI Handbook research that showed CSI spend on education to be between 30% and 40% of their total CSI budget in 2011 (CSIH, 2011). The slightly inflated figure of 46% found in this study may be due to an increase in CSI spend on education in 2012, but perhaps more likely the fact that the research appeared to be slightly biased towards those companies that invest in education, and more specifically, ECD.

Very interesting was some of the feedback, presented below, from the CSI sample when asked why their company invests in particular education sectors.

*“Education helps us develop potential individuals that we can employ.”*

*“Education in the country is in a crisis.”*

*“Education is a key national and global priority.”*

*“Providing support means that these kids and adults can become productive citizens of our country.”*

*“We are impacted severely by the low level of education children and youth are currently receiving in schools.”*

From the statements quoted above, it is clear that companies are concerned about the state of education in our country, as well as the fact that the low levels of knowledge transfer taking place in schools are negatively impacting the companies and their prospective employees. These quotations are also evidence of companies' adhering, and aligning their CSI focus areas, to national and international priorities as a means to assist in the production of healthy and industrious citizens.

More specifically related to corporate investment in particular education levels, it is clear from the following statements that companies are passionate about helping certain sectors to grow and improve their current status.

*“Most of education budget goes towards teacher development as we're of the opinion that part of the shortfall in the education system is poor quality teaching.”*

*“We believe by investing in the formative years of children's education it will yield a long term impact in society.”*

*“Post-graduate bursaries to people with disabilities and those that study in fields related to our focus areas.”*

Considering the actual CSI spend on ECD in particular, in 2009, 2010 and 2011; there were very few responses with only 15 companies indicating their spend on ECD. The data showed some fascinating results indicating a considerable increase in CSI funding of ECD over the years, with an

average spend of R 273,333 in 2009; R 406,667 in 2010; and a much larger average in 2011 with R 2,506,667. These results are very encouraging and suggest that an increased interest in the ECD field is present and perhaps CSI initiatives are starting to understand its importance and its high return on investment.

The following comments were provided by a number of the CSI respondents regarding the spend on ECD and reasons for their funding of ECD increasing or decreasing between 2009 and 2011.

Comments on increases in funding:

*“We are steadily increasing our funding of ECD. We have only had a structured CSI programme for 4 years, thus we were also ‘finding’ our place in the CSI space.”*

*“We saw the need, therefore increased our funding.”*

Comments on decreases in funding:

*“Diversification of education focus became critical.”*

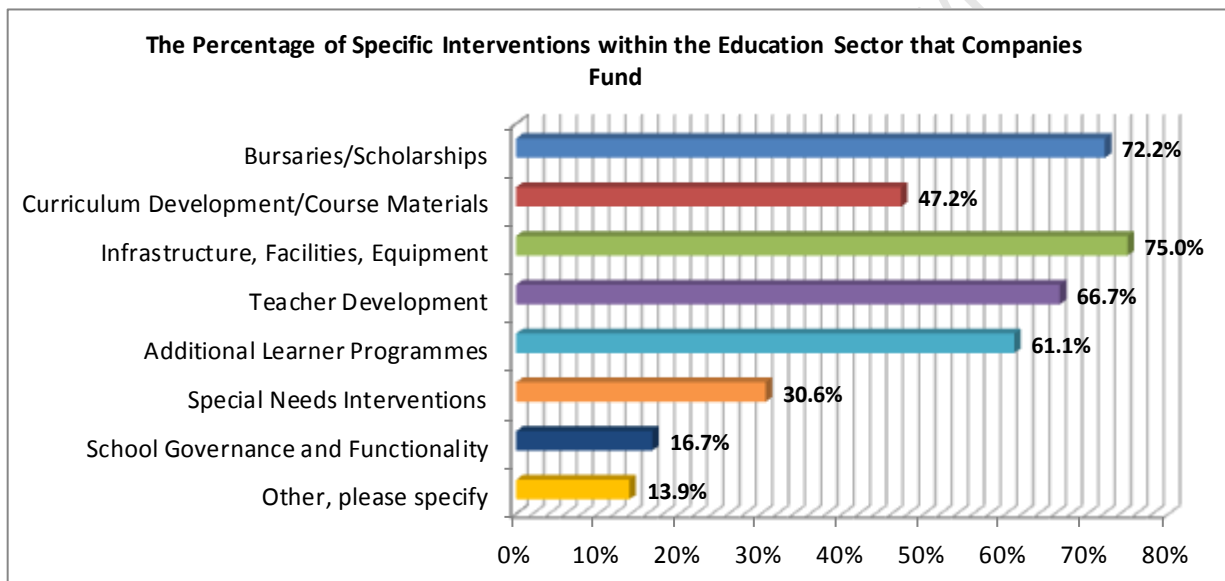
*“The economic conditions make it virtually difficult to invest more in ECD due to shrinkage in profit margins.”*

Considering the types of interventions within the education sector that companies invest in, it is interesting that 75% of all companies contribute towards infrastructure, facilities and equipment. Looking at results presented earlier, and the poor level of corporate investment in capital costs, it is assumed that the larger portion of this figure is relating to educational equipment in some form. This may be a weakness of this question, in that it is not clear as to which intervention receives the higher investment. This high figure is not surprising as it clear from other results in this study that corporate donors enjoy funding tangible goods or interventions that can visibly be seen to make a difference. Bursaries and/or scholarships are provided by 72.2% of companies which is also consistent with previous findings showing the high levels of investment in tertiary education (usually constituting bursaries for students). Teacher development and additional learner programmes are funded by 66.7% and 61.1% of companies respectively and the development of curricula and/or course material is funded by 47.2% of companies.

Interestingly, special needs interventions receive a smaller proportion of investment (30.6%), which assumes the lagging presence of disparity between investment of fully-able and disabled persons in South Africa. Of interest is that only 16.7% of CSI initiatives invest in school governance and functionality. This result would assume the good governance and functioning of schools in South Africa, which is certainly not the case at all considering the numerous statements from the CSI sample of the state of education in our country and their perception that it is in crisis.

Graph 17 depicts the types of interventions within the education sector that companies invest in.

**GRAPH 17 – The Types of Interventions that Companies Invest in Within the Education Sector**

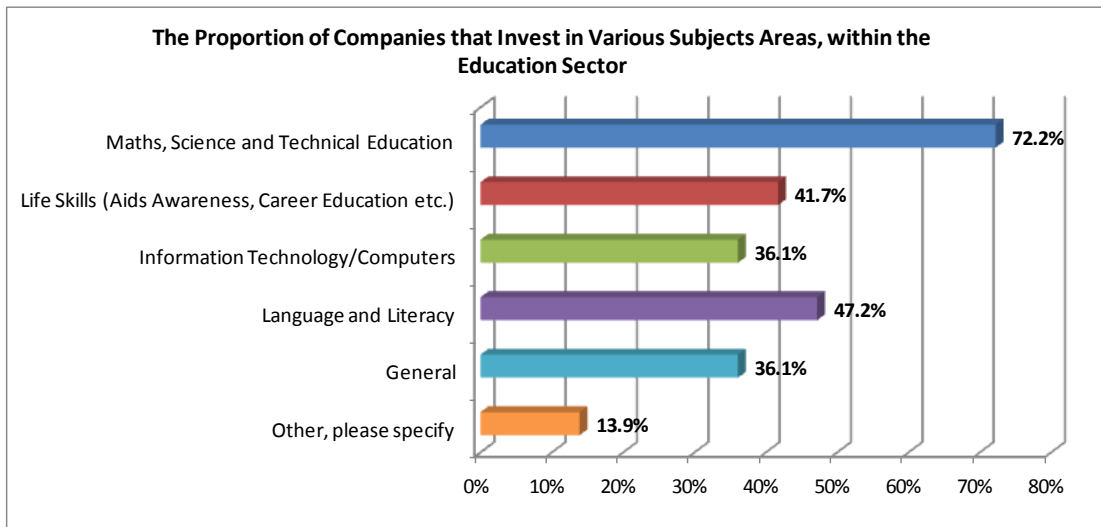


Based on the results, it is seen that Maths, Science and Technical Education continue to be very popular to fund, with 72.2% of companies investing in this intervention. Interestingly, Language and Literacy was also well-supported with 47.2% of companies investing in this subject area; which is quite different from the CSIH (2011) indicating corporate support from only 11% of CSI initiatives. This may be due to the slight bias towards those companies funding ECD, and the strong emphasis on investment in language and literacy due to the very poor Annual National Assessments results that South African Grade 3s and 6s achieve each year. It is clear by the national Grade 3 average results, of 35% for literacy, why there is such a focus at the foundation level on language and literacy development (Gernetzky, 2011). Life Skills was a fairly well-supported intervention too with 41.7% of corporates investing in this intervention. Results also showed that Information

Technology/Computers received support from 36.1% of companies, as well as 36.1% of corporate support for more general and non-specific investment in subject areas.

Graph 18 illustrates corporate support according to subject area within the education sector.

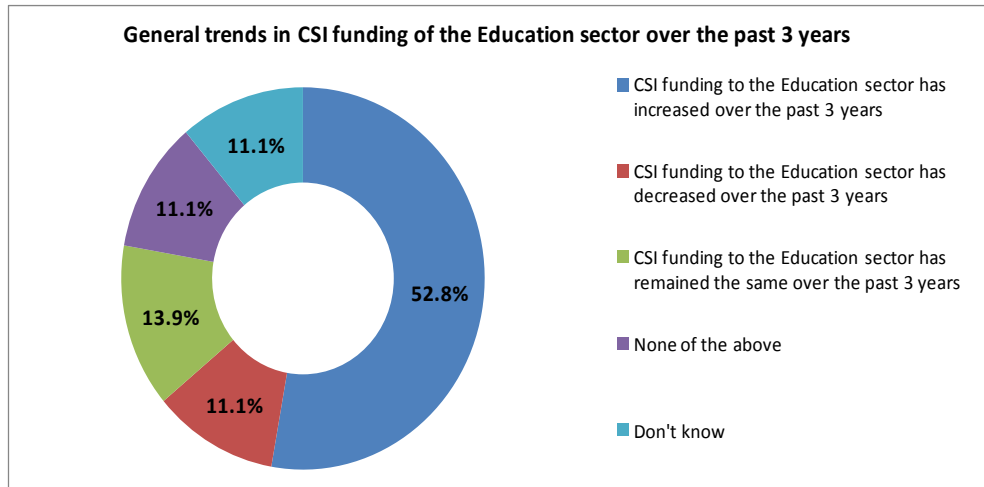
**GRAPH 18** – *The Proportion of Companies that Invest in Various Subject Areas, within the Education Sector*



When asked about the general trends in CSI funding of the education sector over the past 3 years, the CSI sample revealed fascinating results, with the large majority (52.8%) indicating that CSI funding to the education sector has increased over the past 3 years. This is an extremely large proportion compared to the other areas, with 11.1% of the corporate sector indicating that CSI funding had decreased over the past 3 years; and 13.9% indicating that it remained the same. Just over 11% of respondents did not know the general trends of education-specific funding, and for ‘none of the above’ options. The ‘none of the above’ option may reflect those companies whose CSI spend of the education sector fluctuated over the past 3 years and was not on a steady incline or decline, or even remained the same.

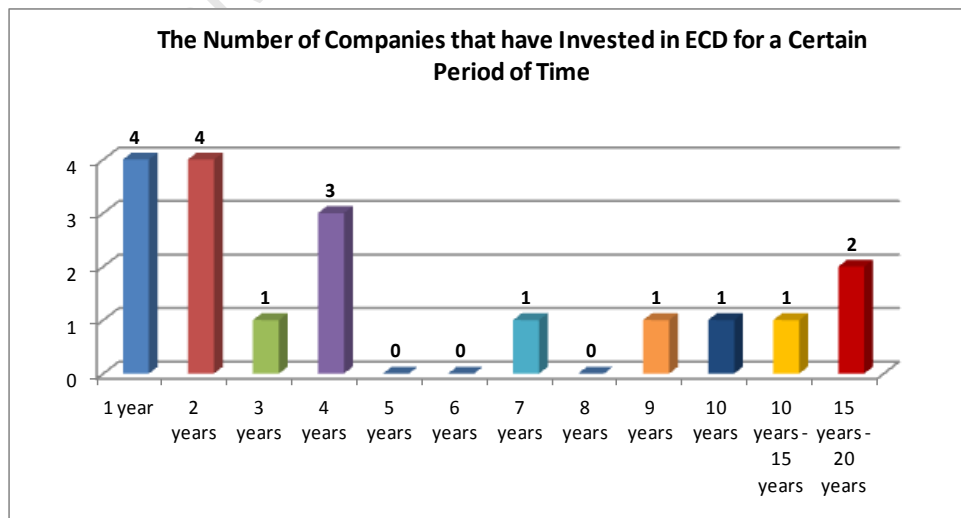
Graph 19 depicts the corporate perceptions on the general trends of CSI funding of the education sector.

**GRAPH 19 – General Trends in CSI Funding of the Education Sector over the Past 3 Years**



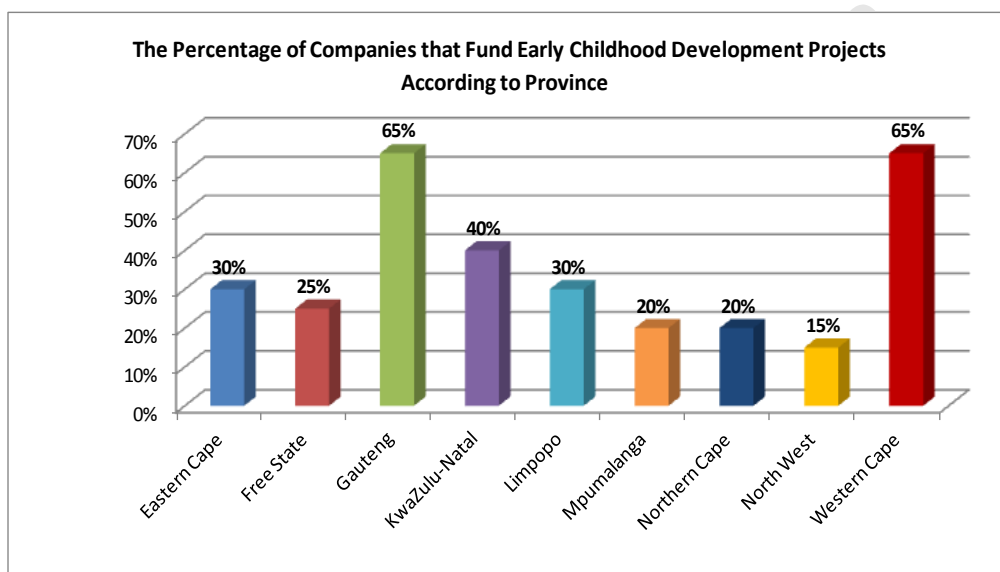
Worth noting are the array of time periods that companies invest in ECD for, ranging from one year to over 20 years. The most frequent time period of companies' investment is that of one or two years, with the largest proportion of companies funding for this time period. CSI funding is also often provided for four-year periods. Two of the companies have funded ECD for between 15 and 20 years, which is evidence of how long the sector has been around and still how little funding it receives from corporate donors. From the results presented, it is clear that companies prefer funding on a short-term basis which has shown to be very difficult for ECD NPOs in terms of their sustainability. Graph 20 shows the period of time that companies invest in ECD.

**GRAPH 20 – The Number of Companies that have Invested in ECD for a Certain Period of Time**



The results show that ECD NPOs in Gauteng and the Western Cape receive the most corporate support, with 65% of companies contributing to ECD projects in these provinces. Forty percent of CSI initiatives fund ECD NPOs in KwaZulu-Natal and 30% contribute to the Eastern Cape and Limpopo. Twenty-five percent of corporates support ECD NPOs in the Free State, and the least supported provinces included Mpumalanga (20%), the Northern Cape (20%) and the North West (15%). Graph 21 illustrates CSI spend on ECD projects by province.

**GRAPH 21** – *The Percentage of Companies that Fund Early Childhood Development Projects According to Province*



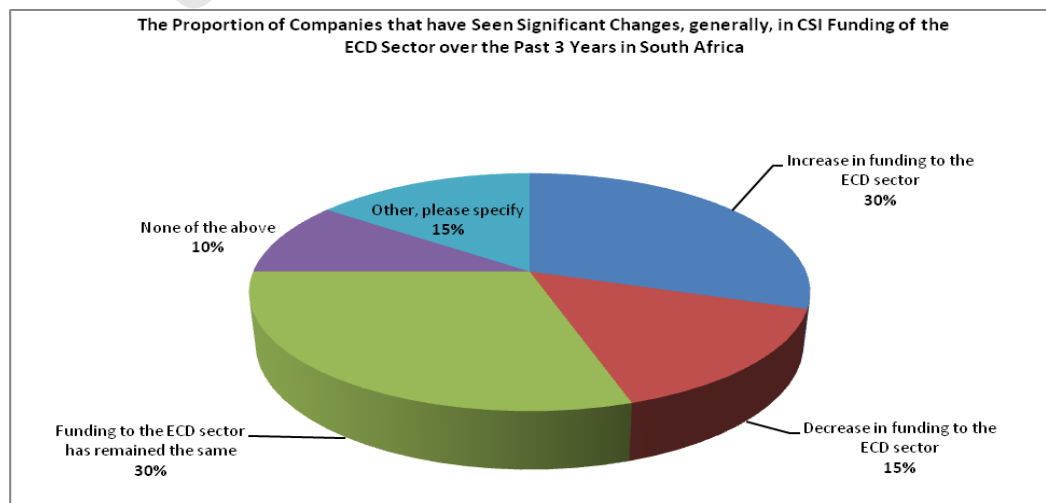
It is not surprising that the North West receives the least amount of corporate support for ECD projects, considering the fact that there is only one ECD NPO in existence. Also worth mentioning is that some provinces experience far higher levels of poverty than others, and it is these provinces that appear to receive lower levels of support. If these results are compared to the distribution of poverty in South Africa, it is saddening to discover that many of the poorest provinces receive fairly little CSI funding when compared to those provinces with lower levels of abject poverty. According to the latest Child Gauge (2012), 70% of children in Limpopo and the Eastern Cape are living below the poverty line of R 575 per month. This is compared to the Western Cape and Gauteng that are recorded to have the lowest levels of child poverty with 31% and 38% respectively (Child Gauge, 2012). These results clearly show this disparity with the two provinces that have the lowest child poverty rates are those receiving the most corporate support.

In terms of the corporate sample that invested specifically in ECD, it is interesting to note that 65% of companies aligned their funding of ECD to their business strategy. Thirty percent of companies' investment in ECD is not aligned with their business strategy and 5% of companies do not know. It has been recorded that this type of alignment has advantages for both the business and the social project, in that the company is able to use its internal resources resulting in more sustainable effects on the community in which they are working (CSIH, 2011).

Worth noting is that only 35% of the CSI sample included ECD as a focus area of investment in order to align their CSI strategy with government making ECD a priority. Some 55% of respondents reported that their investment in ECD was not strategically aligned to government priorities, and 10% did not know.

An equal proportion of companies, 30% each, perceived CSI funding of the ECD sector over the past 3 years to have increased or remained the same, respectively. Fifteen percent of the CSI sample indicated a general trend of CSI funds for ECD decreasing over time, and 10% were not sure. A further 15% stated that there were other changes to funding of the ECD sector in South Africa over the past three years. When comparing these figures to the significant changes in corporate funding of the education sector, it is clear that the proportion of the increased funding is relatively different. Graph 22 indicates the significant changes that companies have seen in CSI funding of the ECD sector over the past three years.

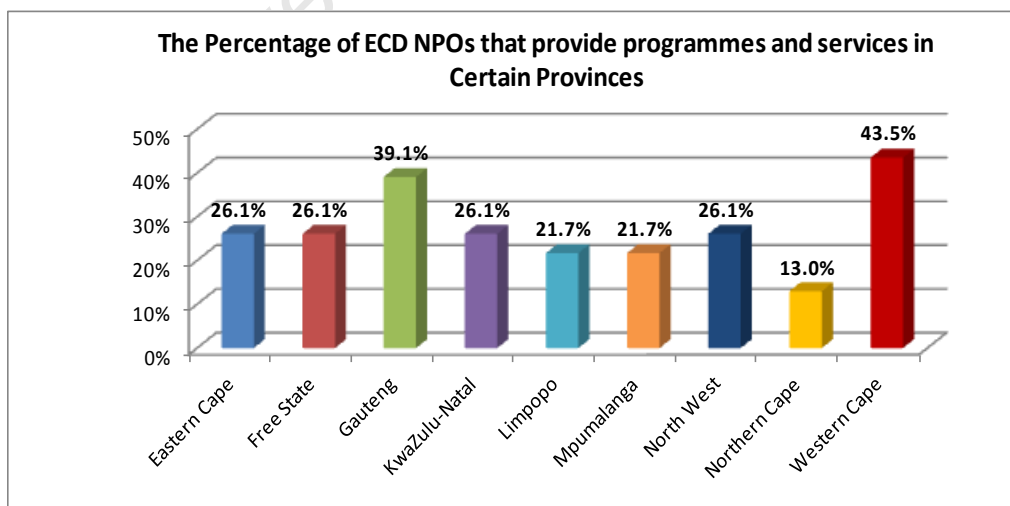
**GRAPH 22 – The Proportion of Companies that have Seen Significant Changes, generally, in CSI Funding of the ECD Sector over the Past 3 Years in South Africa**



Based on the results, it is seen that ECD NPOs provide programmes and services to all nine provinces in South Africa. Interestingly, although ECD NPOs did not respond from every province, it can be assumed they provide services in more than just the province in which they are located. The results show that 43.5% of ECD NPOs provide services in the Western Cape, and 39.1% provide programmes in Gauteng. Furthermore, 26.1% provide services to the Eastern Cape, Free State, KwaZulu-Natal and the North West Province respectively. Limpopo and Mpumalanga are provided for by 21.7% of ECD NPOs, and only 13% provide services and programmes in the Northern Cape.

These results are in alignment with the proportion of organisations that responded to the survey, with the Western Cape and Gauteng also having the highest number of responses. It is not surprising that the results showed so few organisations implementing programmes in the Northern Cape as there were no responses from this province at all. This indicates that organisations certainly provide services outside of their borders and are perhaps nation-wide to some degree. Of interest is the fact that there were no respondents from Limpopo, yet 21.7% of organisations from other provinces provide services in Limpopo. The assumption may be made that Limpopo has an overwhelming level of need and requires assistance from NPOs in other provinces to meet these needs. Graph 23 illustrates the spread of provinces in which ECD NPOs provide programmes and services.

**GRAPH 23** - *The Percentage of ECD NPOs that provide programmes and services in Certain Provinces*



Further analysis of the data from the CSI sector revealed interesting results showing that despite 71.1% of the respondents being based in Gauteng and only 19.6% being based in the Western Cape,

there was an even spread in the ECD projects that they fund across the Western Cape (65%) and Gauteng (65%). This may be due to the fact that it appears that these two provinces are the ones that are the most active in providing ECD services and programmes. This may be due to several reasons, one of which might include the fact that they are home to a large proportion (38.7%) of all the ECD NPOs across the country.

Respondents were asked about the nature of the need for ECD service provision in the communities in which they work over the past 3 years. The results were in absolute alignment to those from Table 3 and Graph 23 above, and showed the massive increase in the need for provision of ECD services in communities across the country. An astounding 100% of ECD respondents stated that the need for ECD services has either increased substantially (73.9%) or increased (26.1%) over the past 3 years. These results suggest that the importance of a quality ECD programme is being recognized and that the numbers of people wanting to access ECD services and programmes has increased drastically. This is a significant result for CSI funders as it makes known a critical area where higher levels of funding are required as well as provides an opportunity for action.

Considering ECD NPO indications on the percentage of funds received from a range of sources over the past three years; the data showed very interesting results in terms of fluctuations in funding. ECD NPOs indicated that between 2009 and 2011, the sources of funding that decreased provision of funds the most were that of Lottery and the provincial government with 25% of organisations experiencing decreased funding from these sources respectively. Twenty-one percent of ECD organisations also experienced funding cuts from CSI, Foundations and Trusts, and international funders respectively.

With regards to increases in funding over the past three years, 33.3% of ECD NPOs experienced increased funding from Foundations and Trusts, and a quarter have obtained an increase in funds from CSI (25%) and provincial government (25%). Of interest is that both CSI and provincial government have been major sources of increases and decreases of funding over the past three years. It appears that funding may not be cut, but may rather be shifting focus.

Fluctuations in funding were also experienced by ECD NPOs with most variation seen in funding from CSI and Lottery by 16.7% of ECD organisations, respectively, between 2009 and 2011.

Deeper analysis of the data showed that fluctuations in provision of funding appeared to follow a pattern with most ECD NPOs receiving peaked levels of funding in 2009 and/or 2011, and funding taking a massive dip in 2010. This may be due to South Africa feeling the effects of the global recession particularly in 2010. This is in line with 47.8% of ECD NPOs perceiving decreases in funding to have occurred due to the global recession, and 38.7% of CSI initiatives stating that the global recession caused them to cut back on CSI budgets.

Many ECD NPOs also experienced funding remaining the same from certain sources over the past three years, with 25% of organisations receiving the same amount of funding from charging participant fees. These results may suggest that either ECD NPO participant fees have not increased over the past three years or there has been no increase in participants. Twenty-one percent of ECD organisations received a steady amount of funds from Foundations and Trusts and from individuals (21%). The results also showed that no organisation received funds from national government over the past three years, and that 95.8% received no funding from funding agencies such as the Community Chest. It is clear from the results that ECD NPOs are missing out on a lot of opportunities with high proportions of organisations not tapping into public fundraising initiatives (91.7%); Government Parastatal organisations such as the National Development Agency (87.5%); local government (79.2%) and individuals (75%).

Considering the fact that this particular research study has a specific focus on CSI, it is worth discussing each finding related to CSI. Of concern is that a third (33.3%) of ECD NPOs have not received any funding from CSI over the past three years. This is certainly an area that ECD NPOs have not explored, researched and applied to enough. In comparison, 25% of ECD organisations have experienced increases in CSI spend between 2009 and 2011. This is positive, yet it is still not nearly high enough considering the steady increases in both CSI spend in general, and in CSI spend on ECD in particular; with increases from 14% of total CSI spend being invested in ECD in 2008/09, to 20% in 2010/11 (CSIH, 2009; 2011). A total of 16.7% of ECD NPOs experienced fluctuations in CSI funding over the past three years and only 4% received the same amount of funding between 2009 and 2011.

Table 5 displays the proportion of ECD NPOs income between 2009 and 2011.

**TABLE 5 – The Proportion of ECD NPO income from a range of funding sources between 2009 and 2011**

<b>Funding Source</b>	<b>Decrease in funding between 2009 and 2011</b>	<b>Increase in funding between 2009 and 2011</b>	<b>Fluctuation in funding between 2009 and 2011</b>	<b>Funding remained the same between 2009 - 2011</b>	<b>No funding received between 2009 - 2011</b>
<b>Corporate Social Investment (in South Africa)</b>	21.0%	25.0%	16.7%	4.0%	33.3%
<b>Foundations and Trusts (in South Africa)</b>	21.0%	33.3%	8.0%	21.0%	16.7%
<b>Local Government</b>	8.3%	4.2%	8.3%	0%	79.2%
<b>Provincial Government</b>	25.0%	25.0%	8.3%	12.5%	29.2%
<b>National Government</b>	0%	0%	0%	0%	100%
<b>International Funders</b>	21.0%	8.3%	4.0%	16.7%	50.0%
<b>Individuals</b>	0%	4.0%	0%	21.0%	75.0%
<b>Lottery</b>	25.0%	12.5%	16.7%	12.5%	33.3%
<b>Government Parastatal (e.g. National Development Agency)</b>	4.2%	4.2%	4.2%	0%	87.5%
<b>Funding Agencies (e.g. Community Chest)</b>	4.2%	0%	0%	0%	95.8%
<b>Religious Institutions</b>	0%	12.5%	0%	8.3%	79.2%
<b>Public Fundraising Initiatives</b>	0%	0%	4.2%	4.2%	91.7%
<b>Self-Generated Income (services offered etc.)</b>	8.3%	16.7%	8.3%	16.7%	50%
<b>Participant Fees</b>	4.2%	16.7%	8.3%	25.0%	45.8%
<b>Other</b>	16.7%	0%	0%	12.5%	70.8%

In order for ECD NPOs to grow and to become or remain sustainable, it is clear that they need to tap into new sources of funding. It is also clear that ECD NPOs are not tapping into CSI funding in the way they should be, especially considering the increases in CSI spend over time. Also important is the poor role that government plays in supporting ECD, with only 29.2% of ECD NPOs experiencing increases in all levels government funding (local, provincial and national) and a third of ECD NPOs experiencing decreased levels of combined government funding. Worryingly, the results of this study show that 79.2% of ECD NPOs received no funding from local government, 29.2% received no funding from provincial government, and 100% of ECD NPOs received no funding from national government, between 2009 and 2011. It is important to note that government holds primary responsibility of development in South Africa and spends in the region of R600-billion each year on education, health and other social services (Rockey, 2012). When this figure is compared to CSI expenditure on social development (R 6.9-billion in the 2011/12 financial year), it is clear that CSI plays far more of a supportive role in the development of our country (Rockey, 2012). It is vital then that government steps up to the plate and makes provision for increased funding to the ECD sector in order to assist them in becoming sustainable.

#### **4.7 Motivating Factors Informing Corporate Social Investment in Particular Development Sectors, specifically related to Early Childhood Development**

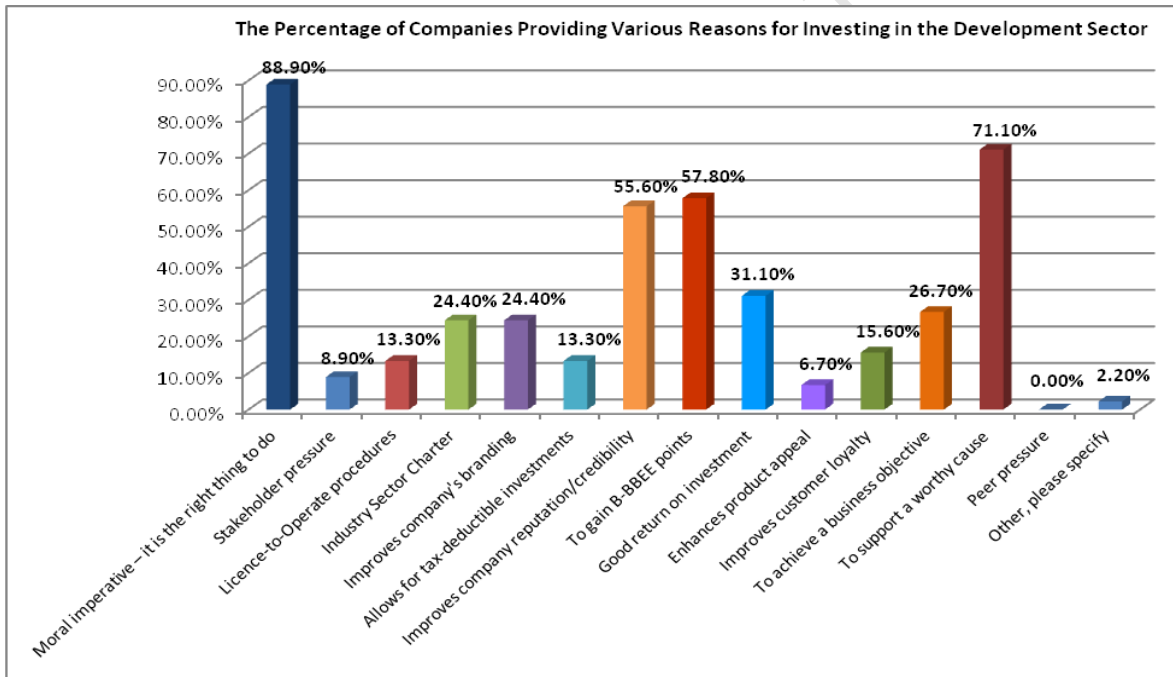
##### ***4.7.1 Development Sector in General***

Noteworthy is the predominant reason suggested most by companies for investing in the development sector which was that of it being a moral imperative and the right thing to do (88.9%). Supporting a worthy cause was the second most prominent reason for investing in the development sector with a total of 71.1% of companies indicating this reason. These results were somewhat surprising considering the various regulatory procedures in place as one would have assumed higher figures for the licence-to-operate and industry sector charter regulations.

Other important reasons for investing indicated by respondents included, improving the reputation and credibility of the company in society (55.6%), gaining B-BBEE points (57.8%), receiving a good return on investment (31.1%), achieving a business objective (26.7%), as well as industry sector charters and improving the company's brand in society each of which received 24.4% of responses.

Improving customer loyalty accounted for 15.6% of responses, while licence-to-operate and allowing for tax-deductible investments each accounted for 13.3% of all responses. The figure for licence-to-operate as a reason for investing appears fairly low, but this may be due to only 3.3% of the respondents being from the mining sector. Neither stakeholder pressure nor enhancing customer loyalty were major reasons for contributing with only 8.9% and 6.7% of responses respectively. No company indicated peer pressure as a reason for social investment, and an additional reason that was described in the 'other' option, included 'To meet the shareholder mandate of addressing key government priorities'. Graph 24 depicts a graphic representation of the reasons indicated for companies' investment in the development sector.

**GRAPH 24 – The Percentage of Companies Providing Various Reasons for Investing in the Development Sector**



The results presented raise an important point of discussion in that it appears that the main motives for social investment by the majority of companies are not self-seeking but rather aimed at purely assisting communities to improve circumstances. This data suggests that for most companies, doing the 'right' thing and having a moral conscience, supporting worthy causes and being seen as socially responsible are all extremely important aspects in running their businesses. Interestingly, this result is in alignment with the 2011 CSI Handbook that also showed the most important driver in implementing a CSI programme is that of a moral imperative (CSIH, 2011). Importantly, there

appears to be a reasonable amount of focus on the way in which companies want to be viewed by society with fairly high numbers of companies investing in the development sector to improve their reputation and credibility.

The research shows that companies invest in projects across all nine provinces, and are especially present in Gauteng, the Western Cape and KwaZulu-Natal receiving the most activity with 78.6%, 73.8% and 61.9% respectively. The share of CSI spend according to province correlates with the “corporate economic footprint” of South Africa, with these three prominent provinces supported (CSIH, 2011:37). Limpopo (47.6%), Mpumalanga (45.2%) and the Eastern Cape (42.9%) are moderately supported, and the Free State, North West and Northern Cape being the least supported with 40.5% of companies supporting the former two provinces and 35.7% supporting the latter.

The data showed that a number of companies funded solely one province with 100% of their CSI funds. It is not surprising that these provinces included Gauteng, the Western Cape, and KwaZulu-Natal, but also the North West province. It may be assumed that these companies invested in social projects in their area of operation. This was certainly not a frequent occurrence.

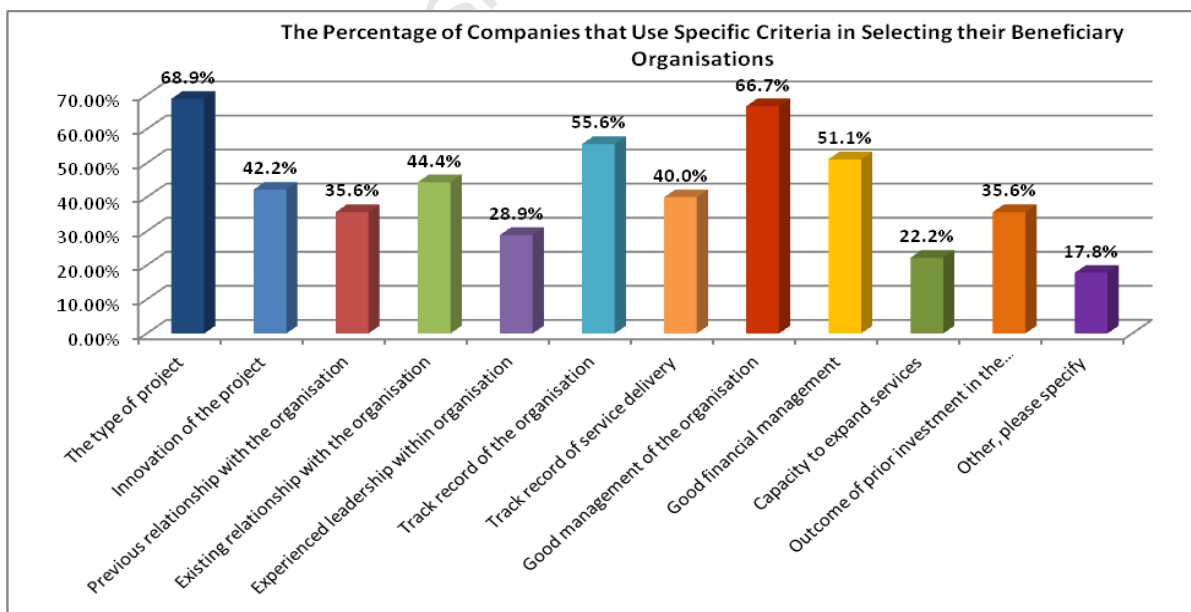
Considering the average CSI spend per province, results revealed that Gauteng and the Western Cape received the highest average proportion, with 51.86% and 25.24% of spend respectively. Surprisingly, although KwaZulu-Natal was supported by more companies than the Eastern Cape, an in-depth analysis of the data showed that the Eastern Cape (17.98%) received a slightly higher proportion of CSI spend than that of KwaZulu-Natal (17.21%). The average CSI spend in Mpumalanga was 11.24%, the Free State received 10.91%, and the North West province received an average CSI spend of 10.70%. The provinces receiving the least proportion of CSI spend were the Northern Cape (7.37%) and Limpopo (7.1%). Very interesting, was that although Limpopo received support from just less than half of the companies in the study (47.6%), it received the least amount of CSI spend with an average of only 7.1% from companies investing in that province. This indicates that although many companies support Limpopo, the amount that they invest is very small compared to other provinces.

Considering these results, it is clear that they are in alignment to the provinces in which the majority of ECD NPOs run projects; with 39.1% of ECD NPOs running projects in Gauteng, 43.5% in the

Western Cape, and 26.1% conducting ECD projects in KwaZulu-Natal, the North West, the Eastern Cape and the Free State, respectively.

The CSI sector was asked what criteria they use in selecting their beneficiary organisations. The data reflected interesting results, particularly when compared to the responses that the ECD sector gave to their perceptions of what criteria corporates use. The CSI responses indicated that the most frequently used criterion to select beneficiaries is that of the type of project (68.9%), good management of the organisation (66.7%), as well as the track record of the organisation (55.6%) and good financial management (51.1%). A total of 44.4% of companies reported that their existing relationship with current beneficiaries was a good indicator of whether to fund them in the future. In addition to that, 42.2% and 40% of companies, respectively, mentioned that the innovation of the project and the track record of the organisation’s service delivery were particular criteria used to select recipients. Less frequent criteria used by companies included a previous relationship with the organisation (35.6%), the outcome of prior investments in the organisation (35.6%); experienced leadership within the organisation (28.9%), and their capacity to expand services (22.2%). Graph 25 displays the criteria used by companies in selecting their beneficiary organisations.

**GRAPH 25 - The Percentage of Companies that Use Specific Criteria in Selecting their Beneficiary Organisations**



The results presented raise an important point of discussion when comparing them to the responses by the ECD sector, who were asked what they believe to be the criteria used by corporate funders in selecting beneficiaries. The responses from the CSI and ECD sectors were very different with the ECD sector perceiving the most frequently used criterion to be that of the track record of the organisation (95.7%), whereas only 55.6% of the CSI respondents viewed this as a criterion of selection. Vast differences also existed with 91.3% of ECD NPOs perceiving good financial management as a key to accessing funding, compared to only 51.1% of companies using this factor. The following criteria are all mistakenly perceived by 87% of the ECD sector as frequently used by corporate funders, including track record of service delivery (CSI = 40%), previous relationship with the organisation (CSI = 35.6%), experienced leadership within the organisation (CSI = 28.9%), as well as the capacity to expand services (CSI = 22.2%).

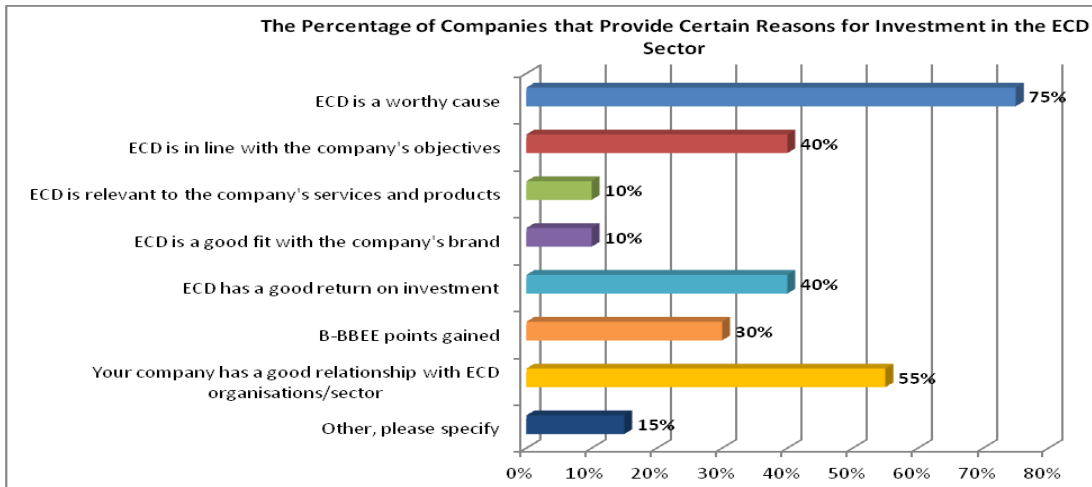
The results suggest some very different ideas of what the criteria actually used are, and it can be assumed that a lack of clear communication from the CSI sector or a lack of understanding from the ECD sector exists between the two sectors.

#### ***4.7.2 Focus on informing investment in Early Childhood Development***

Based on the results, it is seen that the reasons for corporate investment in ECD vary, although the most prominent of which is that of ECD being a worthy cause with 75% of companies selecting this option. A further leading reason for investment in the ECD sector, with 55% of companies in agreement, was that the company had a good relationship with ECD organisations or the sector as a whole. Forty percent of companies stated that ECD was in line with their company's objectives and; ECD has a good return on investment (40%). Surprisingly, only 30% of companies stated that gaining B-BBEE points was a reason for investment in ECD, which may be aligned with the finding that only 21.7% of ECD NPOs had B-BBEE certificates in place, despite the benefits of donors being able to gain B-BBEE points for their contributions. Additionally, 10% of companies specified that ECD was selected as an investment area due it being in line with their services and products; and a further 10% indicated that ECD was a good fit with the company's brand.

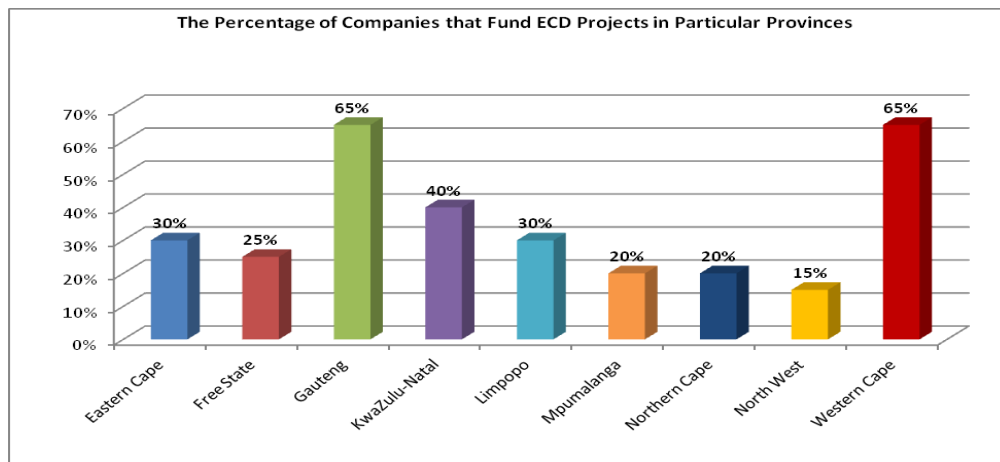
Graph 26 shows company reasons for investment in the ECD sector.

**GRAPH 26 – The Percentage of Companies that Provide Certain Reasons for Investment in the ECD Sector**



The study revealed that the provinces in which the majority of companies invest most in ECD include Gauteng and the Western Cape, both receiving support from 65% of companies. These results were similar to findings from the ECD sample indicating the provinces in which ECD projects are usually provided. As with the ECD sample results, the study showed that investment in the remaining provinces was somewhat evenly spread; with 40% of companies funding ECD projects in KwaZulu-Natal, 30% funding the Eastern Cape and Limpopo, and 25% contributing to the Free State. Twenty percent of companies funded ECD projects in Mpumalanga and the Eastern Cape, respectively, and 15% fund the North West. Although this appears to be fairly low, it is assumed that this is due to there being only one registered ECD NPO in the North West. Graph 27 depicts the provinces in which companies fund ECD projects.

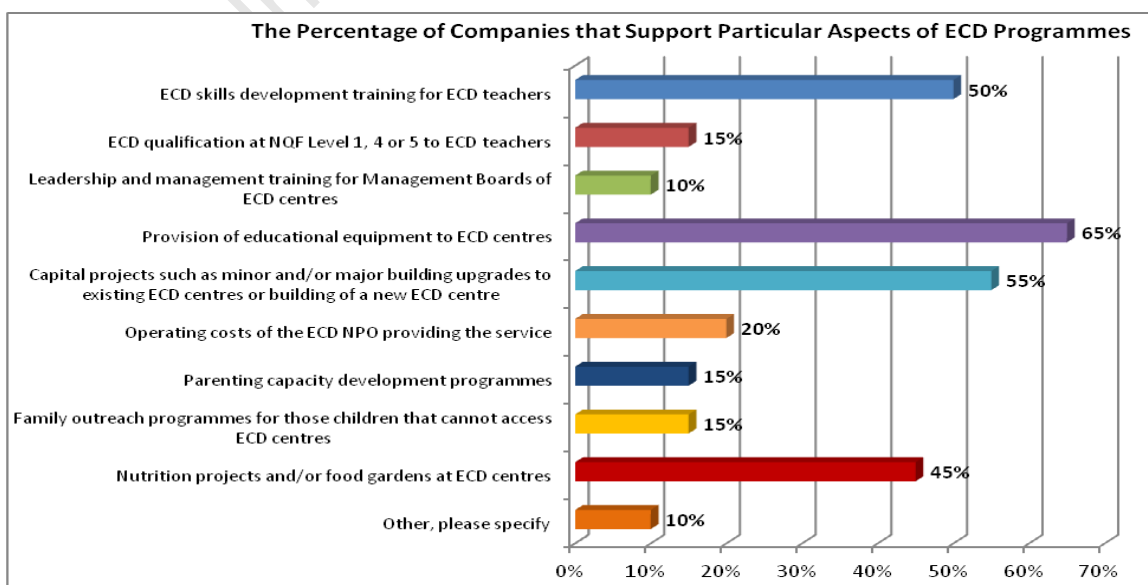
**GRAPH 27 – The Percentage of Companies that Fund ECD Projects in Particular Provinces**



Within the ECD sector, companies have a range of ECD programmes to invest in; and it was interesting to find that the majority of companies (65%) invest in the provision of educational equipment to ECD centres. Also very popular were capital projects, such as minor or major building upgrades (55%); ECD skills development training for teachers (50%); and nutrition programmes or food gardens at ECD centres (45%). Other aspects of ECD programmes received fairly limited support from companies, with 20% of companies supporting the operating costs of ECD NPOs; and 15% funding ECD qualifications at Levels 1, 4 or 5; parenting capacity development programmes; and family outreach programmes for those children who cannot access ECD centres, respectively. Worth noting is that only 10% of companies invest in leadership and management training for the management boards of ECD centres. This is concerning as it is the management board who is largely responsible for the sustainability of ECD centres, and it is often the case that these are not functioning at the levels required. This would certainly be an area for companies to consider funding in the future, particularly if they are concerned about the sustainability of the projects they invest in.

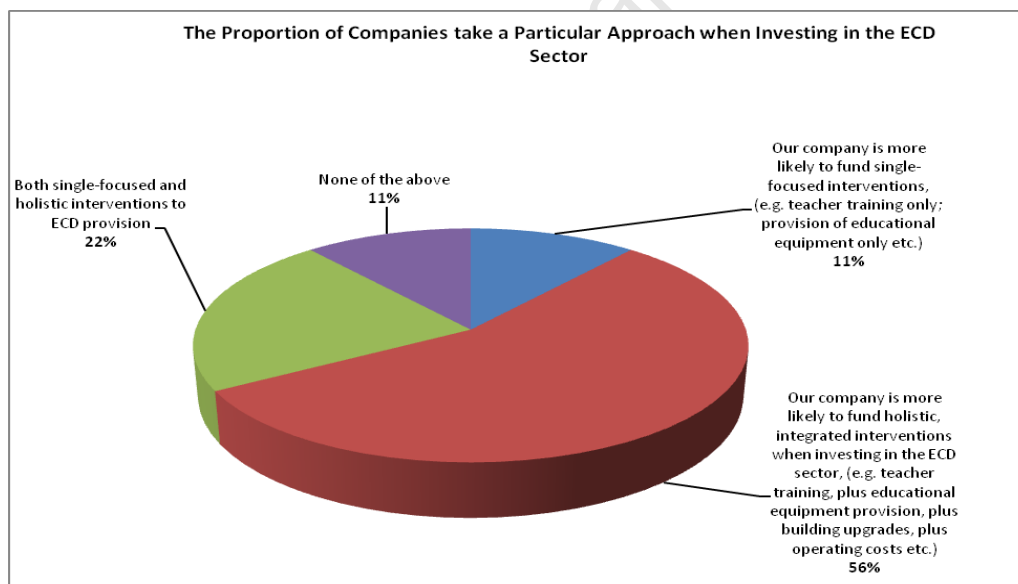
One of the respondents indicated that they provide funds to ECD centres to use as they deem fit. This is a rather interesting approach to investment, as it often appears that the funders are fairly specific with how the funds are spent. It may be assumed that either the company has a good, trusting relationship with the ECD centre and feels comfortable providing unspecified funds, or that the company trusts the ECD centres to spend the funds wisely and that they will not be wasted or used unnecessarily. Graph 28 illustrates the aspects of ECD programmes that companies support.

**GRAPH 28** –*The Percentage of Companies that Support Particular Aspects of ECD Programmes*



Fifty-six percent of CSI respondents reported that they are more likely to take on a holistic approach when investing in the ECD sector, in which a range of integrated interventions are funded as a package. This is positive as research has shown the added benefits to children when ECD programmes are provided in a holistic manner. According to UNICEF (2009) a holistic approach to investing in ECD provides the maximum benefit to society, especially young children. Furthermore, 22% of companies invested in both single-focused and holistic interventions whilst funding the ECD sector; and 11% funded only single-focused interventions; thus only funding one aspect of an ECD programme, such as training of ECD teachers only, or provision of equipment only. A further 11% of companies stated that they do not fund any of the approaches listed in the survey. It is not clear then what they fund, unless they fund purely operational, administrative and/or salaries – but from the results of prior research as well as this study, this is unlikely the case. Graph 29 illustrates the approach that companies take when investing in the ECD sector.

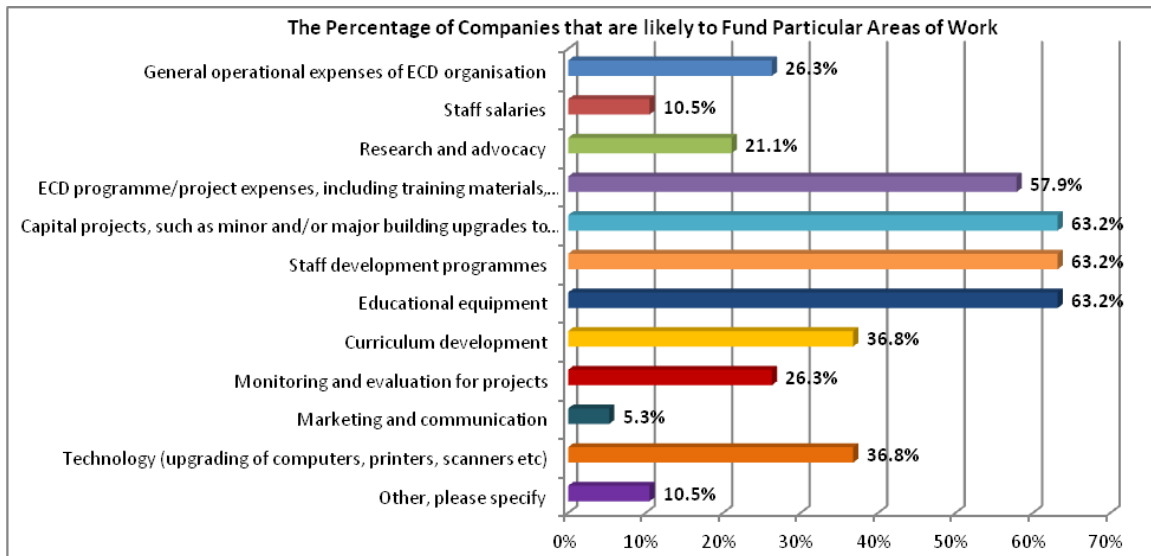
**GRAPH 29 – The Proportion of Companies take a Particular Approach when Investing in the ECD Sector**



In this survey, the CSI sample was asked what areas of work they are likely to fund. Some interesting results were revealed with three predominant areas being reflected, each receiving support from 63.2% of corporates. These include: capital projects (minor and/or major building upgrades); staff development programmes; and educational equipment for ECD centres. Another area that companies are likely to fund is ECD programme expenses (57.9%), including training materials, catering for workshops, transport costs, amongst others. A total of 36.8% of companies indicated

their likelihood to fund curriculum development and technology; 26.3% of companies are likely to fund general operational expenses of the ECD organisation, and M&E for projects, respectively. Areas with less support from CSI included research and advocacy (21.1%), staff salaries (10.5%), and marketing and communication (5.3%). Graph 30 depicts the areas of work that companies are most likely to fund.

**GRAPH 30** – *The Percentage of Companies that are likely to Fund Particular Areas of Work*



A relevant issue at present is the ECD NPO perceptions of the lack of donors prepared to fund operating costs of NPOs. Of interest is the fact that 26.3% of CSI funders stated that they are likely to fund operating costs, which is in fact a lower proportion than the ECD NPOs indicated of companies always or often covering operating expenditure (39.1%). Thus, it appears that operating costs are in fact covered more often than initially thought by ECD NPOs.

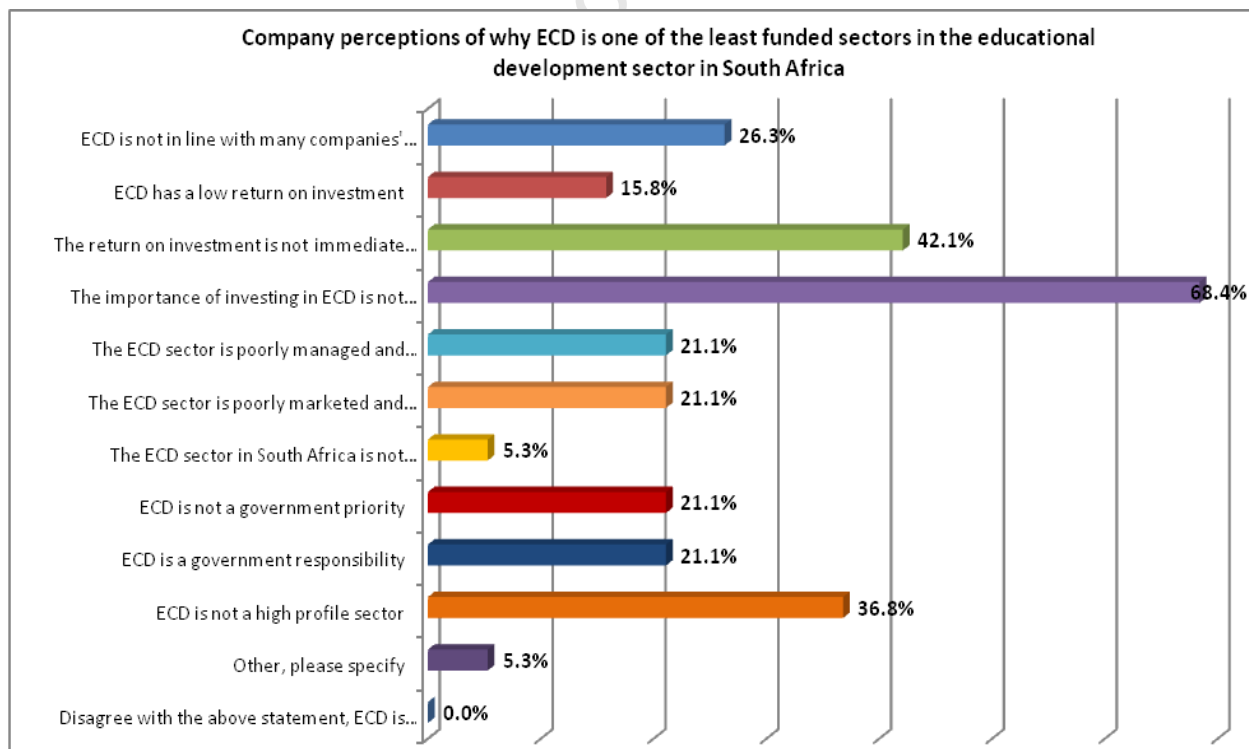
#### **4.8 Reasons why Early Childhood Development is one of the Least Resourced Educational Sectors in terms of Corporate Spend**

Considering company perceptions of why ECD is one of the least funded sectors in the educational development sector in South Africa, the data reflected some interesting results; with the most prominent reason (68.4%) being that the importance of investing in ECD is unknown. Furthermore, 42.1% of companies indicated that the return on investment is not immediate, or even short-term, when funding ECD. The fact that ECD is not a high profile sector (36.8%), and that ECD is not in

line with company objectives (26.3%) were further reasons provided for poor funding of the ECD sector.

Additional responses included that of the ECD sector being poorly managed, thus concerns are raised over the management of funds (21.1%); the ECD sector being poorly marketed, thus not well-known among corporates (21.1%); ECD not being government priority (21.1%); as well as the perception that ECD is a government responsibility (21.1%) and should not have to be funded by the corporate sector. Encouragingly, the reasons with the lowest proportion of responses were that of ECD having a low return on investment (15.8%); as well as the perception that the ECD sector is not sustainable (5.3%). With the low responses, it can thus be assumed that the large majority of companies have realised the high return of investment on ECD and that the ECD sector is mostly perceived as sustainable. Graph 31 shows the company perceptions of why ECD is one of the least funded educational sectors in South Africa.

**GRAPH 31 – The Percentage of Companies that have Various Perceptions of why ECD is one of the Least Funded Sectors in the Educational Development Sector in South Africa**



Those companies that invest in the education sector, but not at ECD level, indicated a number of reasons for not investing in children aged 0 – 6 years. Some of these reasons are quoted below:

*“Education model being used currently does not involve ECD, but it will in the future.”*

*“[Focus on] accessing children that have the potential to become engineers, which is at the senior level of schooling.”*

*“Limited funds at head office level and focus on assisting Grade 11 and 12 in maths and science, and teachers.”*

The comments by CSI practitioners indicate a strong sense of commitment to FET and tertiary levels of education, particularly in terms of maths and science. It can be assumed that these companies are interested in investments where the return can be seen in the short-term, as they are able to recruit new staff from their pool of beneficiaries. It is well-known that the return on investments made in ECD are much greater when compared to higher education levels, although the benefits of the investment will only be seen 15 - 18 years down the line once these learners have gone through primary, high school, and tertiary education.

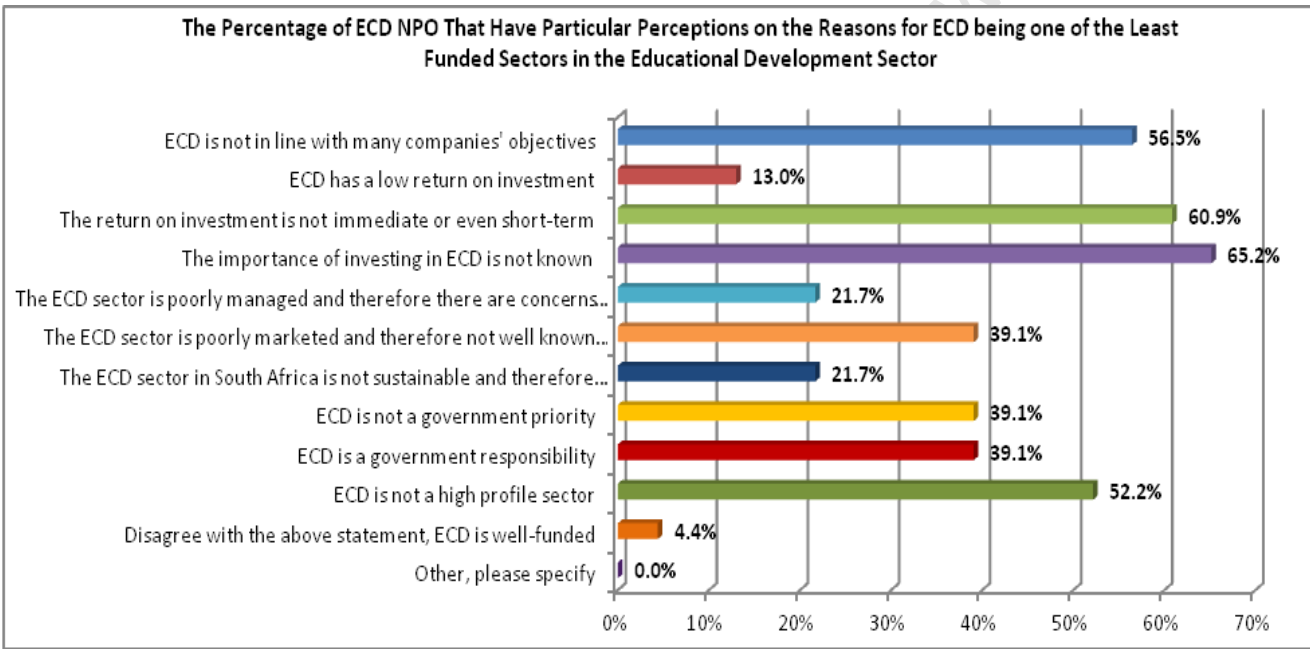
In addition to these, several comments were indicative of ECD not being part of the business or CSI strategy. This appears to be fairly regular amongst companies from all industry sectors, and raises the question why so many companies do not have ECD aligned to their business strategy, considering the high returns on investment and the crucial role it plays in creating a prosperous society in the future (Biersteker & Dawes, 2008).

A deeper examination of the data revealed that the ECD NPO perceptions of why ECD is the least funded educational sector were very similar to the CSI perceptions, suggesting that the ECD sector is very aware of the reasons associated with low corporate investment. This is encouraging as the ECD sector now knows the precise areas in need of improvement in order to bring in more funding. The findings were almost mirrored with 65.2% of the ECD sector perceiving the importance of investment in ECD being unknown; and the returns of investment in ECD being long-term (60.9%). In line with the corporate responses, further reasons for lack of investment in ECD included the perception that ECD is not in line with many companies' objectives (56.5%), that ECD is not a high profile sector (52.2%), poor marketing of the sector thus not being well-known amongst corporates

(39.1%); the perception that ECD is not a government priority (39.1%), and that ECD is a government responsibility and not a corporate responsibility (39.1%). The reasons with the least support included the perception that ECD is poorly managed thus creating concern amongst companies over the management of funds (21.7%); the ECD sector is perceived as not sustainable (21.7%); and the notion that ECD has a low return on investment (13%).

Graph 32 indicates the ECD NPO perceptions on why the ECD sector is poorly funded by CSI.

**GRAPH 32 – The Percentage of ECD NPO That Have Particular Perceptions on the Reasons for ECD being one of the Least Funded Sectors in the Educational Development Sector**



The level of overlap in responses between the two sectors is positive, suggesting that they are on the same page regarding areas that require more effort and improvement. This is encouraging, particularly for the ECD sector, as it is clear that the sector requires more advocacy and lobbying to raise awareness of the sector, it requires increased and improved marketing, and improved management in general.

Important to note, particularly for the ECD sector, are company perceptions of how ECD organisations could improve performance and increase the likelihood of CSI funding. The

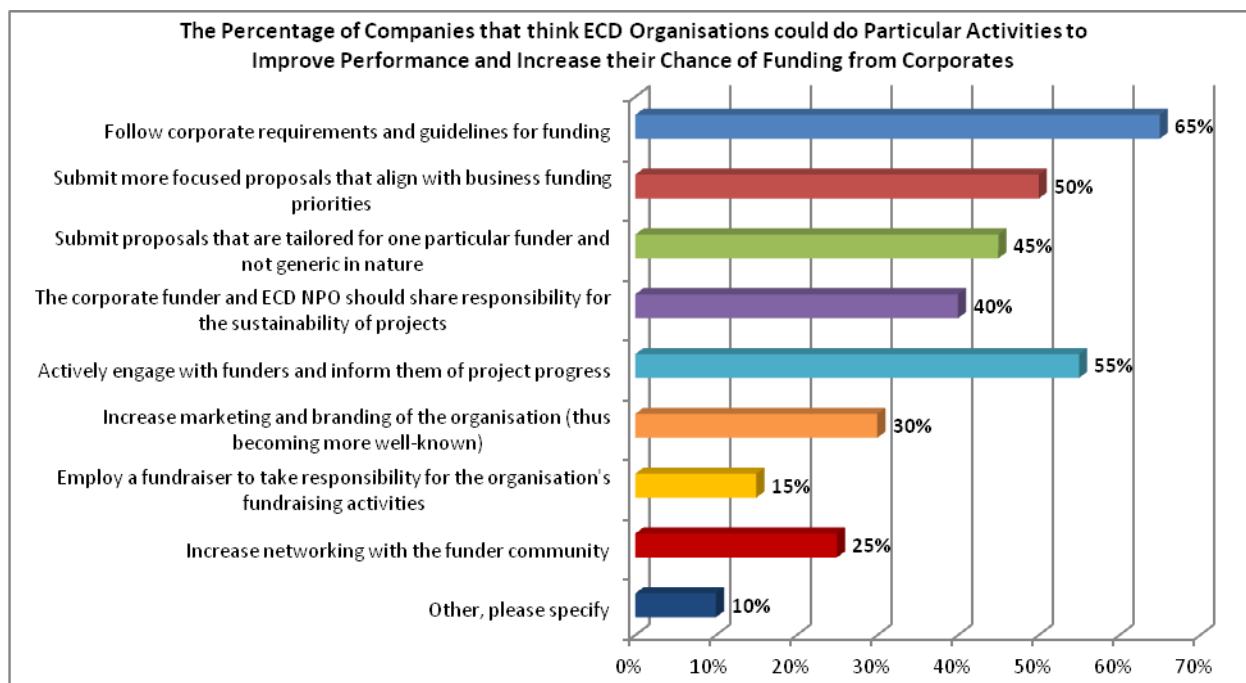
suggestion with the most support was that of ECD NPOs following corporate requirements and guidelines for funding (65%). This suggests that the ECD sector may be sending out proposals without doing sufficient prospect research on the appropriate corporates to target, thus often being rejected due to not fitting with specified company requirements or guidelines. Fifty-five percent of corporate funders indicated that the ECD sector could improve performance by actively engaging with them and constantly informing them of project progress. It is clear that the majority of companies want to be involved in the projects rather than solely providing funds. It is crucial that ECD NPOs invite funders to functions and take them to see the progress made on the projects that they fund. This could no doubt improve their performance as NPOs and beneficiaries of funds, and increase the likelihood of further funding.

Half of the respondents (50%) indicated that ECD NPOs need to submit more focused proposals that align with the company's funding priorities, whilst 45% pointed out that ECD NPOs need to submit proposals that are specifically tailored for one funder rather than being generic in the way they are written. It could thus be assumed that many ECD NPOs are submitting generalized proposals to all corporates rather than researching company objectives and tweaking proposals to suit each company accordingly.

Interestingly, 40% of corporate funders stated that they would like to share responsibility for the sustainability of the projects, thus indicating their desire to be more involved and to ensure that their contribution has a lasting impact. Thirty percent of corporates stated that improved marketing and branding of ECD NPOs, thus making them more well-known to the public, would be an advantage and increase their chances of funding; whilst 25% stated that ECD NPOs should increase their networking opportunities with the CSI community. This clearly shows the importance of relationship building and that funding is often provided to organisations that have a good relationship with funders. Fifteen percent of companies suggested that ECD NPOs employ a fundraiser to take responsibility for the organisation's fundraising activities, thus suggesting that some NPOs require more specialized fundraising techniques.

Graph 33 shows what companies think ECD NPOs could do to improve performance and increase their likelihood of corporate funding.

**GRAPH 33 – The Percentage of Companies that think ECD Organisations could do Particular Activities to Improve Performance and Increase their Chance of Funding from Corporates**

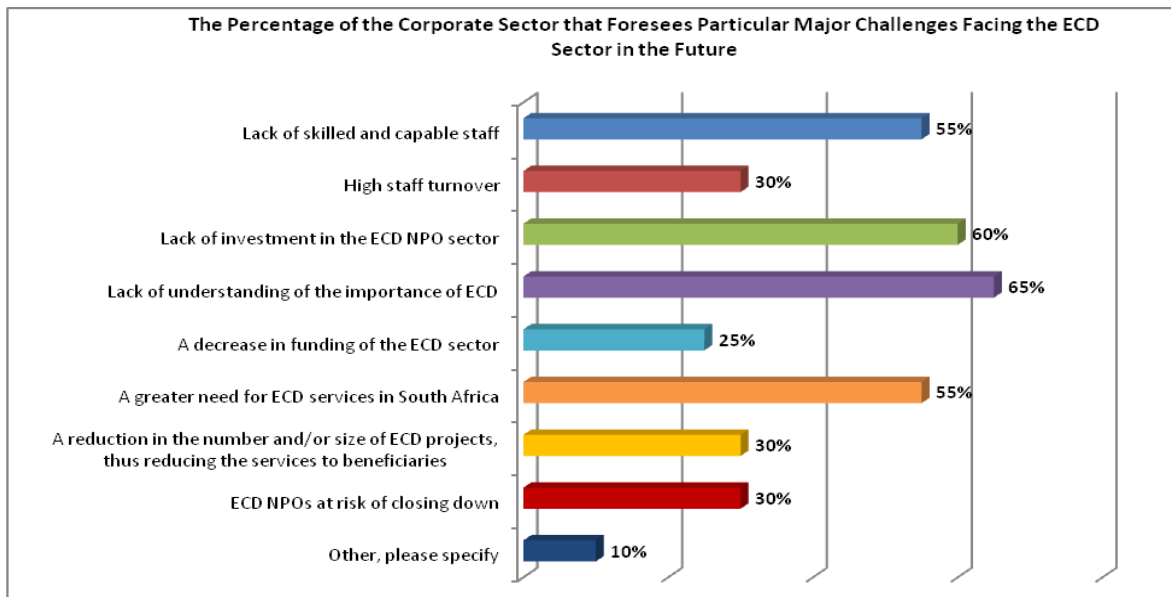


The corporate sector noted some major challenges that they foresee facing the ECD sector in the future, most prominent of which, was the lack of understanding of the importance of ECD amongst corporates and the general public, with 65% of the CSI respondents indicating their agreement. This is in line with ECD NPO and CSI responses on why ECD is one of the least funded educational sectors, once again emphasising the significance of the ECD sector needing to raise awareness of the importance of ECD, particularly through various forms of media. Further key challenges noted by the CSI sector were lack of investment in the ECD NPO sector (60%), lack of skilled and/or capable staff (55%), and a greater need arising in the future for more ECD services to be made available (55%). From these results, it can be assumed that the capabilities of the ECD sector are somewhat doubted by the CSI sector, which may be an additional reason for lack of investment of ECD NPOs.

Some 30% of CSI respondents indicated further key challenges facing the ECD NPO sector which included high staff turnover; a reduction in the number of and/or size of ECD projects, thus reducing the services to beneficiaries; and ECD NPOs at risk of closing down, respectively. From these results, it can be assumed that the corporate sector perceives the ECD sector to be somewhat unsustainable, perhaps indicating yet another reason for poor levels of investment. It is encouraging

to note that only 25% of respondents foresee a decrease in funding to the ECD sector. Graph 34 graphically illustrates the major challenges that the corporate sector foresees facing the ECD sector in the future.

**GRAPH 34 – The Percentage of the Corporate Sector that Foresees Particular Major Challenges Facing the ECD Sector in the Future**



Considering those companies who invest in the education sector, but not in ECD, 42.9% said that they would consider investing in ECD in the future. This is encouraging as it suggests that these companies are aware of ECD and that they may consider it a meaningful investment at a later stage. Only 21.4% of companies said that they would not invest in ECD in the future. It is assumed that many of these companies are those that target the higher education levels, usually with the intention of recruiting students in the near future. A total of 35.7% of respondents indicated that they were not sure whether they would invest in the ECD sector in the future. These results are fairly positive in that the majority of companies will invest, or at least consider investing, in ECD in the future.

Important to note, of the companies that do not invest in ECD, only 43% have positive perceptions of the ECD sector. This does not portray a good reflection of the ECD sector in general as the majority of companies either perceive the sector with a negative perception or are indifferent about ECD NPOs, assuming that this would affect their likelihood of funding the ECD sector in the future. The fairly high level of neutral responses may be due to the ECD sector not being well-marketed or well-

known, thus emphasising the importance of the need for advocacy and awareness campaigns of the importance of investment in ECD. Interesting reasons were provided by companies on their perceptions of the ECD sector, some of which are listed below.

Negative responses included:

*“ECD programmes are usually run by unskilled people in the communities.”*

*“What I have seen is, in general, not impressive.”*

Neutral responses included:

*“Do not have the expertise to comment.”*

*“Limited research in this area.”*

Positive responses included:

*“This is where education begins”*

*“The education crisis in high schools starts with poor quality education in early childhood.”*

Considering those companies that do not invest in the education sector at all, some reasons are provided below for them not investing in education:

*“We believe that there are sufficient initiatives in place to support ECD.”*

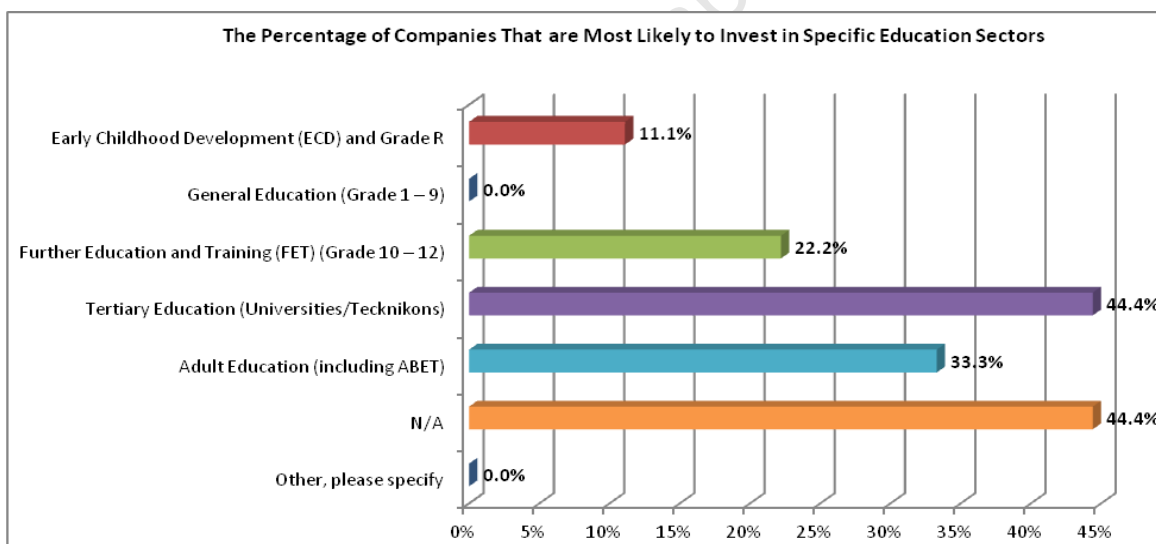
*“We haven’t come across an education project which was aligned to our strategic objectives.”*

Looking at company considerations of investing in the education sector in the future, specifically in terms of companies not investing in education at all at present; a very positive 66.7% indicated that they would consider investing in education in the future. Only 11.1% of companies pointed out that they would not consider funding education, while 22.2% of companies were not sure. These results are encouraging as it is assumed that companies are starting to realize the need for assistance in the education in our country.

In line with research in the CSI Handbook (CSIH, 2012), companies indicated that they are likely to invest in a number of education sectors, although the sector that companies are most likely to invest

in is tertiary education, with 44.4% of companies indicating this education level. A total of 22.2% of companies indicated their likelihood of funding FET, while only 11.1% stated that they would fund ECD. Interestingly, the results that completely contradict the CSIH (2012) research are the figures indicated for GE and ABET, with GE usually receiving a moderate level of support and ABET consistently receiving the lowest levels of support; results from this study indicated that 0% of companies are likely to invest in GE and 33.3% of are likely to invest in ABET. The comparison of these results is confusing and is entirely different from the education levels that companies are currently funding. The question is raised as to why there would be such a difference in results and whether companies are perhaps realizing the lack of investment that exists in ABET and the impact that such an investment would make on the economy of our country. Graph 35 shows the education sectors that companies are most likely to invest in should they start funding the education sector.

**GRAPH 35** – *The Percentage of Companies That are Most Likely to Invest in Specific Education Sectors*

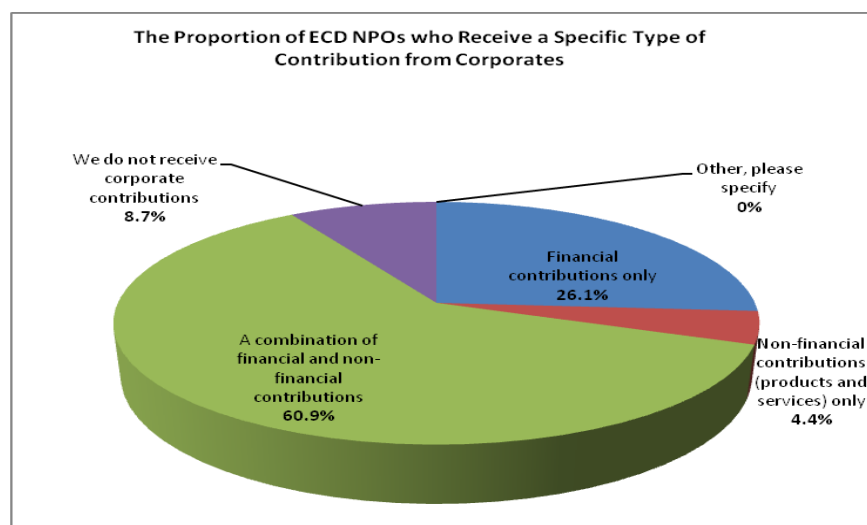


#### 4.9 Trends in Corporate Social Investment in the Early Childhood Development Sector over Time

Prior research has indicated that companies are seeking for ways in which to make the most possible impact, thus an increase in non-financial products and/or services has been seen (CSIH, 2011). In this study, ECD NPOs showed that corporate contributions to the ECD sector are both financial and

non-financial in nature. Interestingly, only 26.1% of ECD NPOs in South Africa indicated that they receive only financial contributions, and a small 4.4% of ECD organisations receive non-financial contributions only. This indicates that a large proportion of ECD NPOs (60.9%) are receiving a combination of financial and non-financial contributions. Graph 36 shows the type of corporate contributions that ECD NPOs receive.

**GRAPH 36** – *The Proportion of ECD NPOs who Receive a Specific Type of Contribution from Corporates*



ECD NPOs were also asked which of these contributions were most helpful. A very interesting result was found in that not a single organisation perceives receiving only non-financial contributions as valuable. The majority of organisations (56.5%) said that receiving a combination of financial and non-financial contributions were most helpful to them, whereas the remaining 43.5% said that solely financial contributions are the most valuable form of contribution.

A fascinating result of this research was that 100% of ECD NPOs agreed (39.1%) or strongly agreed (60.9%) that companies are becoming more demanding in terms of the effectiveness of the projects that they fund. This confirms the growing trend of strategic corporate giving and their focus on making a positive, tangible impact. Furthermore, ECD NPOs indicated increasingly experiencing corporates requiring evidence of how funds are spent, with 69.9% of organisations strongly agreeing and 30.1% agreeing. This shows the move away from pure philanthropic corporate giving to more of a calculated, evidence-based approach.

The results revealed interesting data with regards to the proportion of companies requiring branding and marketing as a condition to funding, with only 26.1% of ECD NPOs indicating that companies always require branding/marketing, 39.1% stating that it is sometimes required, and a fairly high proportion (34.8%) never having to market the company's support as a condition to funding.

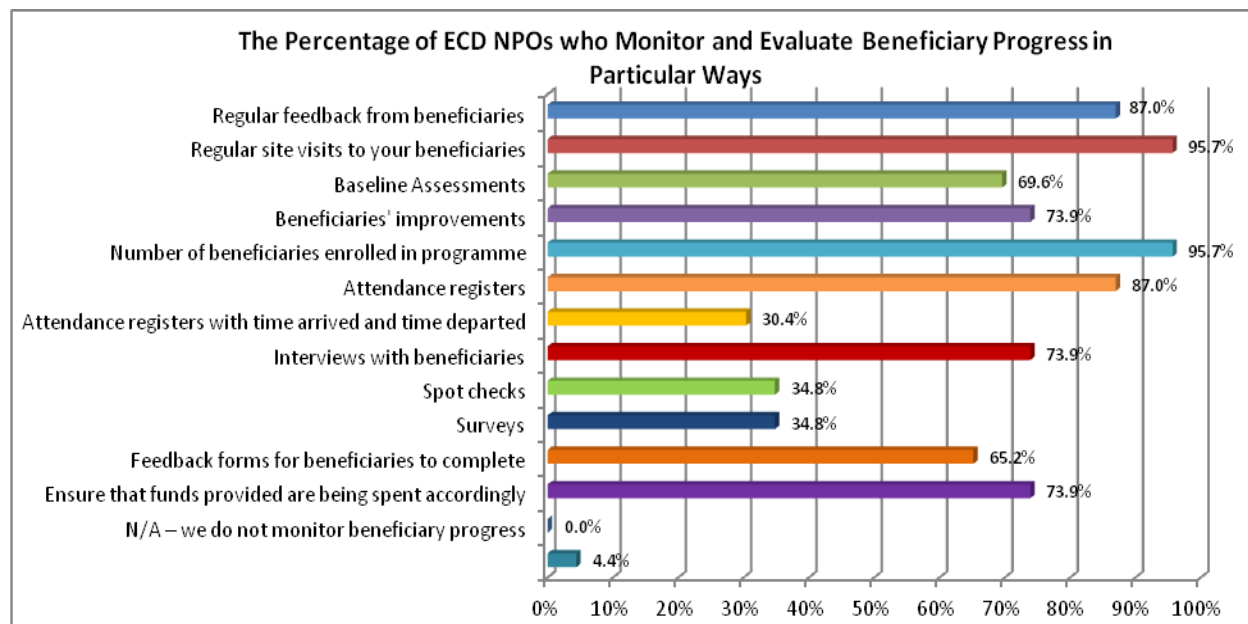
The data reflected that the large majority (73.9%) of companies require monitoring and evaluation to be conducted for the projects that they fund, with 21.7% of respondents sometimes requiring M&E, and only 4.4% reporting that they do not require M&E to be conducted. This is encouraging as it suggests that companies are keen to continue improving their programmes and enhancing the impact that they make.

The way in which ECD NPOs monitor and evaluate beneficiary progress varies considerably, with regular site visits to beneficiaries and recording the number of beneficiaries that are enrolled in the programmes being the most popular method with 95.7% respectively. Regular feedback from beneficiaries on the impact of the project; and ensuring that attendance registers are completed to ensure target numbers are met, beneficiaries are attending regularly, and are receiving sufficient support are M&E methods used by 87% of ECD NPOs respectively. Other common methods used, by 73.9% of ECD NPOs, included monitoring beneficiary improvements by means of regular assessments, on-site support visits; interviews with the beneficiaries for a more personal interaction to discover whether the project has been helpful and ways in which it can be improved; and constantly ensuring that funds provided by corporates are being spent accordingly and to the greater good of the community in which they are working.

Some 69.9% of ECD NPOs use baseline assessments to understand what the needs are and as a tool to measure impact at the end of the project. ECD NPOs requiring beneficiaries to complete feedback forms accounted for 65.2% of the responses, and spot checks and surveys were conducted by 34.8% of respondents. The least supported M&E method used (30.4%) was very detailed attendance registers that require the time of arrival and departure of each beneficiary. As reported above, 4.4% of respondents do not conduct M&E practices at all.

Graph 37 indicates how ECD NPOs monitor and evaluate beneficiary progress.

**GRAPH 37 - The Percentage of ECD NPOs who Monitor and Evaluate Beneficiary Progress in Particular Ways**

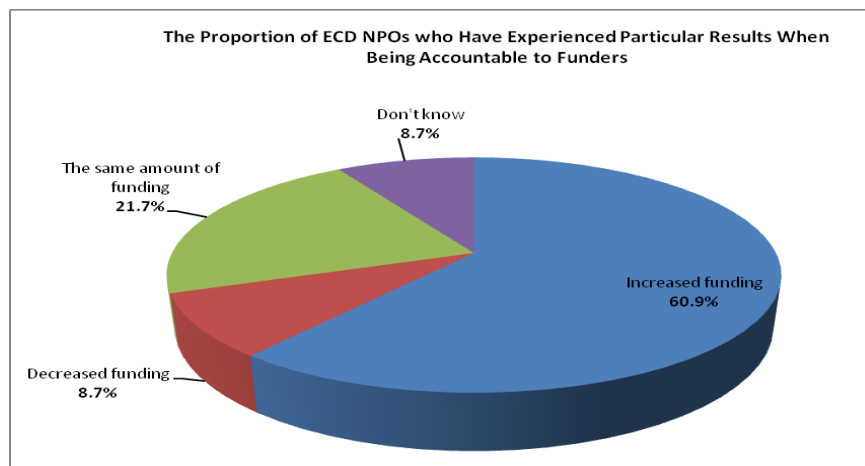


A very interesting finding in this research was that 60.9% of ECD NPOs reported an increase in funding due to being accountable to their funders. This emphasizes the importance of accountability and transparency in the partnership between donors and beneficiaries and suggests that further funding is more likely to be considered when organisations are accountable with the way in which funds have been spent. Some 21.7% of respondents indicated that the same amount of funding was provided even when being accountable, and 8.7% of ECD NPOs reported that their funding had decreased as a result of being accountable to their funders.

This suggests two possible scenarios; either the ECD NPOs had not used the funds according to the agreement with the donor; or the donor had cuts in their CSI budgets resulting in fewer funds being made available (which is not as a direct result of being accountable). It is highly unlikely that donors would have decreased funding purely on the basis of organisations using the funds accordingly and being accountable. A proportion of 8.7% of companies did not know what impact of being accountable had made on their budgets.

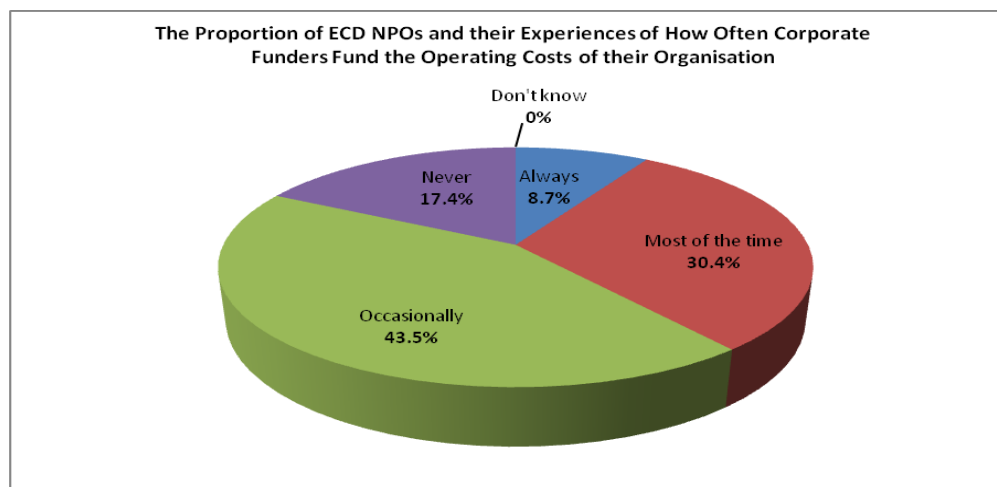
Graph 38 illustrates the influence that being accountable has on funding.

**GRAPH 38 - The Proportion of ECD NPOs who Have Experienced Particular Results When Being Accountable to Funders**



A topical issue at present is the lack of donors prepared to fund operating costs of NPOs and their preference to funding pure project-related costs as a means to increase impact. The findings suggested that only 8.7% of ECD NPOs reported that their operating costs are always covered by corporate funders; 30.4% have their operating costs covered most of the time. This is compared to 43.5% of ECD NPOs whose operating costs are occasionally funded and 17.4% stating that they are never funded by corporates. This raises an interesting point of discussion in that it appears that operating costs are in fact covered fairly often. In question is why ECD NPOs are of the perception that they are hardly ever funded by corporates. Graph 39 shows ECD NPO experiences of how often corporate funders fund the operating costs of their organisation.

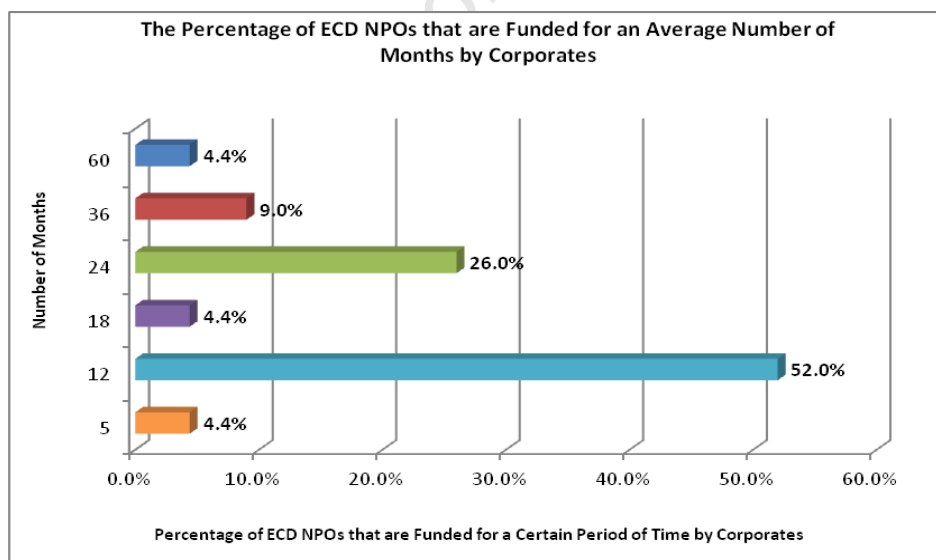
**GRAPH 39 - The Proportion of ECD NPOs and their Experiences of How Often Corporate Funders Fund the Operating Costs of their Organisation**



Further analysis of the data showed that 65.2% of organisations have experienced inhibitions in their level of service delivery due to the lack of provision for operating costs by corporate funders, and the remaining 34.8% have not experienced inhibited service delivery. These results are in line with ECD NPOs experiences of how often corporate funders fund operating costs.

Considering the average number of months that corporates fund ECD NPOs, 52% of organisations indicated that they are generally funded for a period of 12 months. Twenty-six percent of ECD NPOs are, on average, funded for 24-month periods, and 9% indicated that funding is usually provided for a period of 36 months. Some 4.4% of ECD organisations reported receiving funds for a 60-month period, or a 5-month period, respectively. These results show a clear preference for CSI funding in periods of one year. It is assumed that companies are keen to establish the impact of a particular programme, and may continue funding for further years should the impact be positive and meet expectations. Graph 40 illustrates the percentage of ECD NPOs that are funded for an average number of months that corporates fund ECD NPOs.

**GRAPH 40** - *The Percentage of ECD NPOs that are Funded for an Average Number of Months by Corporates*



Positively, the proportion of companies’ CSI budgets that decreased over the past three years due to the global recession was only 38%. A total of 58% of companies’ budgets did not decrease, and 4% were not sure whether the recession had influenced their CSI budget.

When compared to the perceived reasons for the decrease in CSI spend by the ECD NPO sector, a total of 81.8% of organisations attributed the decrease in funding to the global recession. It is thus clear that the ECD NPO sector perceives the recession to have had a far greater impact on CSI budgets than it actually did in reality. It is therefore suggested that ECD NPOs refrain from holding the recession responsible for poor funding of their sector and focus their attention on new and creative ways to attract more funding.

Even though 58% of companies stated that the global recession had not caused their CSI budget to be cut, only 42% of companies put strategies in place to adapt to the affects of the global recession. It could thus be assumed that many CSI budgets were not particularly affected by the recession which reflects very well on the management of the companies that participated in the survey. It is important to note that the respondent companies formed part of South Africa's 500 best managed companies, assuming that the results of this study would be considered best case scenario and that many companies with slightly inferior management systems could have been affected more negatively by the recession. A total of 45% of companies did not put strategies in place to adapt to the affects of the global recession, whilst 13% did not know whether strategies had been put in place.

#### **4.10 Perceptions of Corporate Social Investment on Supporting Early Childhood Development**

Considering company perceptions of the ECD sector in South Africa, particularly in terms of companies that fund the education sector in general, 52.8% indicated a positive perception of the sector, whilst 22.2% perceived the ECD sector in a negative light, and 25% were neutral. Since this question was asked of all companies who fund education at any level, it is quite likely that many of the neutral responses were from companies not funding ECD, thus not necessarily having informed perceptions. These results show somewhat mixed perceptions of the ECD sector which may be partly due to the low levels of awareness of the field, what services are available and how important an early education is for society and the economy. In order to understand responses regarding perceptions of the ECD sector, respondents were asked to explain the reason for their discernment. The responses were fascinating, some of which included:

*“Only in the last 3 years has it become evident that training in the ECD sector allows a child to move into primary school equipped with phonic skills, gross motor development and fine motor development. It does not get the*

*attention it needs. ECD is critical. ECD (except for Grade R) does not even fall under the Education Department.”*

*“Government over-emphasise specific skills, such as secondary education. Education, which in fact, is impossible to improve without proper foundation phase development. Flogging a dead horse. Too many uneducated kids are ‘left behind’ in the foundation phase already. Teaching staff in ECD is being paid least, when in fact, they should be the best qualified teachers of Education Department.”*

*“It lacks leadership and management.”*

*“The sector is in need of more professional individuals. Particularly the township set ups, they need to meet the government criteria in order for them to receive funding.”*

The very mixed responses above begin to paint a picture of companies' ambiguous perceptions of the ECD sector. It appears that some companies are passionate about ECD, its importance and the role it plays in building a solid educational foundation; whilst other companies are clearly fed up with the inadequate leadership and management of the sector, hence not investing in it. Some companies felt as if they could not respond accurately due to not being involved in the ECD sector. Interesting was the clear thread of corporate frustration towards government for not fulfilling their responsibilities, thus resulting in companies having to rectify the education system which is currently in crisis.

Those companies that indicated their investment in the education sector, whether they fund ECD or not, were asked whether they agree with a number of statements about the ECD sector in South Africa. Overall, the results were inclined to be slightly more negative, and certainly more neutral, than positive. A total of 41.6% of companies disagreed or strongly disagreed that the ECD sector has skilled, capable staff at management level, with 33.3% indicating their neutrality, and 25% agreeing or strongly agreeing that the sector in fact does have skilled and capable management staff. Similar results were indicated at an operational level with 34.3% of companies disagreeing or strongly disagreeing that the ECD NPO sector has skilled and capable staff at an operational level. A large proportion of companies (42.9%) were neutral in their response, and only 22.9% of companies agreed that the sector has skilled and capable operational staff. This does not speak highly of the operational capabilities of the ECD sector in general, indicating that the work produced and funded by corporates is not necessarily of a high standard and quality.

The results reveal, quite clearly, that the CSI sector does not agree with the statement that ECD NPOs operate and conduct activities in a business-like manner, with 41.7% disagreeing or strongly disagreeing; 50% indicating their neutrality; and only 8.4% agreeing or strongly agreeing. The study also revealed that a large proportion (47.2%) of companies were neutral on whether ECD NPOs have good internal leadership and strategic vision, with 33.4% disagreeing or strongly disagreeing, and only 19.4% in agreement with the statement. With regards to the ECD sector sharing information and conducting best practice, a predominantly neutral or negative view came through strongly once again, with 51.4% of companies indicating their impartiality, and 34.3% disagreeing or strongly disagreeing. Only 14.3% of companies agreed that the ECD sector shares information and conducts best practice.

Very high were the responses indicating a lack of sustainability strategies in place, with 47.3% of companies disagreeing or strongly disagreeing with the statement that the ECD sector has sustainability strategies in place. A further 41.7% of companies were neutral, and only 11.1% indicated that they agree or strongly agree that sustainability strategies are in place. It may thus be assumed that the corporate sector does not view the ECD NPO sector as being particularly sustainable at all. Table 6 indicates statements from corporates on the ECD sector in South Africa.

**TABLE 6 – Statements from Corporates on the ECD Sector in South Africa**

Statements about the ECD sector in South Africa	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Skilled, capable staff at management level	2.8%	22.2%	33.3%	33.3%	8.3%
Skilled, capable staff at operational level	0.0%	22.9%	42.9%	31.4%	2.9%
High staff turnover	2.8%	27.8%	61.1%	8.3%	0.0%
Effective communication within ECD organisations	0.0%	25.0%	55.6%	16.7%	2.8%
Been proactive in sharing of information and conducting best practice	0.0%	14.3%	51.4%	31.4%	2.9%
Good leadership and strategic vision in ECD organisations	0.0%	19.4%	47.2%	27.8%	5.6%
A business-like manner of operating and conducting activities	2.8%	5.6%	50.0%	36.1%	5.6%
Sustainability strategies in place	2.8%	8.3%	41.7%	41.7%	5.6%

Considering the companies that currently invest in the ECD sector, it was encouraging to discover that 85% intend to continue funding ECD in the future. These results may indicate that companies realize and understand the importance of their investment in ECD, or that they may have had positive experiences in working with the ECD sector, thus their intention to continue.

Taking into account the extent to which companies agreed that the quality of funding proposals from the ECD NPO sector are generally good; a combined total of 35% of corporates agreed or strongly agreed with the statement. Forty percent were impartial on the quality of funding proposals, and 25% disagreed or strongly disagreed. Of concern is that only 35% of the CSI sector view funding proposals from the ECD sector as good quality; perhaps affecting the provision of funds to ECD NPOs. This is an important area for the ECD sector to consider and improve on in the future.

The results of the study showed mixed perceptions of the ECD sector in South Africa from companies that do not fund the education sector at all. Only 22% of companies perceived the ECD sector in a positive light, which is in fact in alignment with the levels of funding provided to the ECD sector. Thirty-three percent of companies indicated their negative perceptions of the sector, and 45% were neutral. Several explanations for the perceptions of the ECD sector by companies who do not fund education at all were provided, some of which included:

*“ECD is very important as it lays the foundation for the development of the children later in life.”*

*“The fear of funds being misappropriated. Education is Government for which we are taxed. We will not enable inefficiencies by helping the funding of State education. Citizens will eventually become intolerant of a diabolical situation.”*

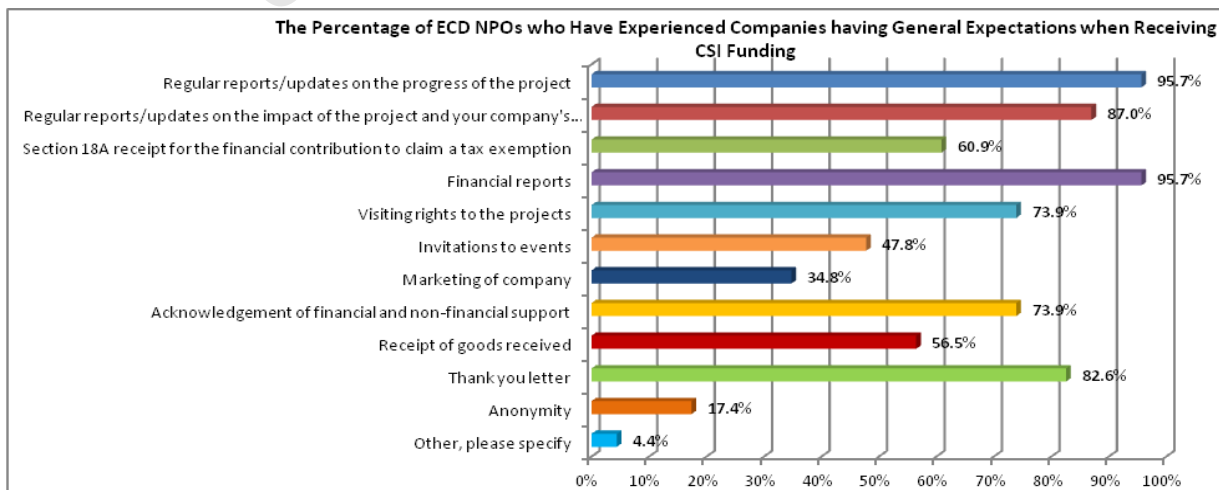
*“There does not seem to be an effective government ECD programme. Private sector is the only efficient system.”*

The above responses clearly show dissatisfaction with government operations, and it is assumed that corporates are becoming fed up with having to rectify situations which government should be handling effectively and with a level of success. It may be assumed that the sense of corporate frustration with government may, in fact, be hindering potential funding to the education sector at all levels. Very few comments by the corporate sector were positive, which is of concern.

#### 4.11 Perceptions of Early Childhood Development Non-Profit Organisations on Corporate Investment in their ECD Programmes

ECD NPOs were asked what the general expectations from companies are when they receive CSI funding, and some interesting results were drawn. The most frequent expectation from corporates appears to be that of requiring regular reports and updates on the progress of the project (95.7%) and requiring financial reports from beneficiaries to determine how funds were spent (95.7%). Some 87% of ECD NPOs reported that companies require regular reports on the impact that the project has made due to their corporate contribution, and 82.6% said that corporates generally expect a thank you letter. A total of 73.9% of ECD NPOs reported that corporates expect visiting rights to projects which suggests that they are keen to be involved in the implementation of the project. Just less than 61% of ECD NPOs perceive companies to expect a Section 18A receipt for the financial contribution in order to claim a tax exemption. Some 56.5% of ECD NPOs stated that corporates require a receipt for goods received, and 47.8% perceive that invitations to any events that may occur in relation to the project would be expected. Only 34.8% of ECD NPOs said that marketing of the company was expected, 17.4% mentioned that some corporate donors expect anonymity. This is of great interest, as it appears that the opportunity for CSI initiatives to become involved in the projects that they fund and know exactly what happens with regards to implementation and impact are important factors for corporates. These results are graphically illustrated in Graph 41.

**GRAPH 41** - *The Percentage of ECD NPOs who Have Experienced Companies having General Expectations when Receiving CSI Funding*



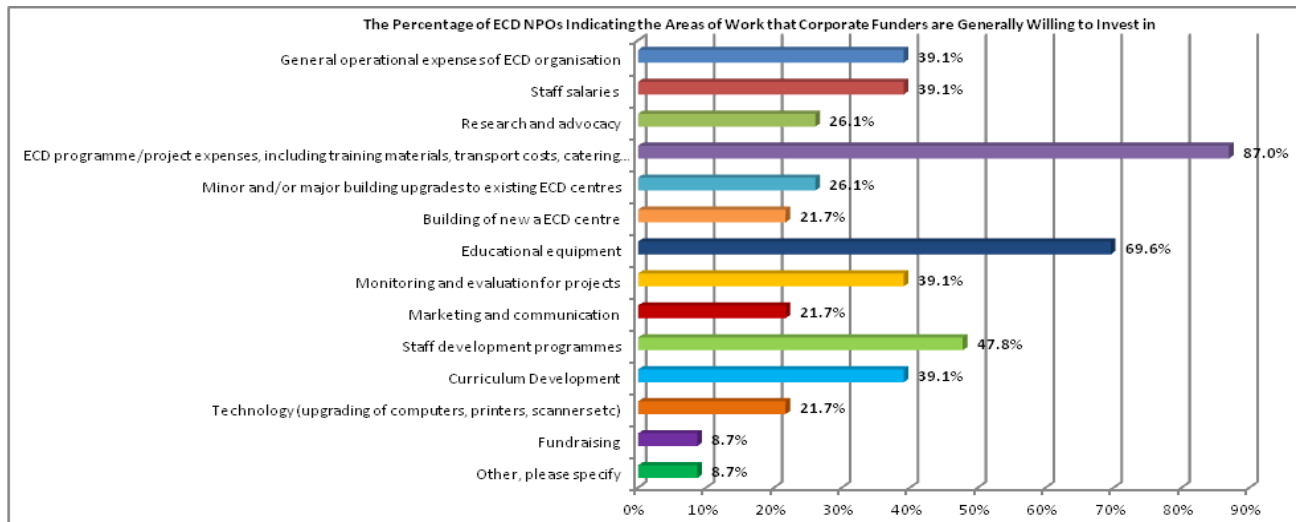
The ECD NPO sample were asked what areas of work corporate funders are generally willing to invest in, and the results showed 87% of ECD NPOs reporting that the most highly funded area by a large degree was that of ECD programme expenses, such as training materials, catering costs, training costs and so forth. Another well-funded area is the provision of educational equipment (69.6%). It is clear that CSI initiatives are keen to fund the areas which will visibly have the highest impact as well as tangible products whereby a visible improvement is seen. Just over 39% of ECD NPOs reported that general operational expenses, staff salaries, M&E for projects, and curriculum development are all areas in which companies invest. The extent of this investment is unknown, thus it is unclear whether they fund full- or part-costs particularly in terms of salaries and operational costs, but what is clear is that a fair proportion of companies do fund these administrative costs.

Compared to recent CSIH (2012) research results which indicate that approximately 40% of companies invest in advocacy and research, this study found that only 26.1% of ECD NPOs reported that corporates fund research and advocacy. This suggests that either there is not much advocacy and research being conducted in the ECD field, or that it may not be of a suitable standard to warrant funding. Another area that scored 26.1% included minor and/or major building upgrades to existing ECD centres which is worrying as a key way in which these centres are able to become sustainable is by accessing the provincial DoSD subsidy, which is only accessible once centres have been registered. It is well-known that large numbers of ECD centres are run from informal structures and buildings that do not meet the minimum standards for registration, thus requiring assistance in renovating and upgrading their centres.

Some 21.7% of ECD NPOs indicated that corporates generally invest in building new ECD centres, marketing and communication for ECD NPOs, and technology such as upgrading of information technology. According to 8.7% of ECD NPOs, fundraising is supported by corporate donors, indicating that this is the poorest area of investment. The concern here is the fact that it takes money to raise money, and ECD NPOs find it extremely challenging to raise sufficient funds.

Graph 42 shows the areas of work that corporate funders are generally willing to invest in.

**GRAPH 42 - The Percentage of ECD NPOs Indicating the Areas of Work that Corporate Funders are Generally Willing to Invest in**

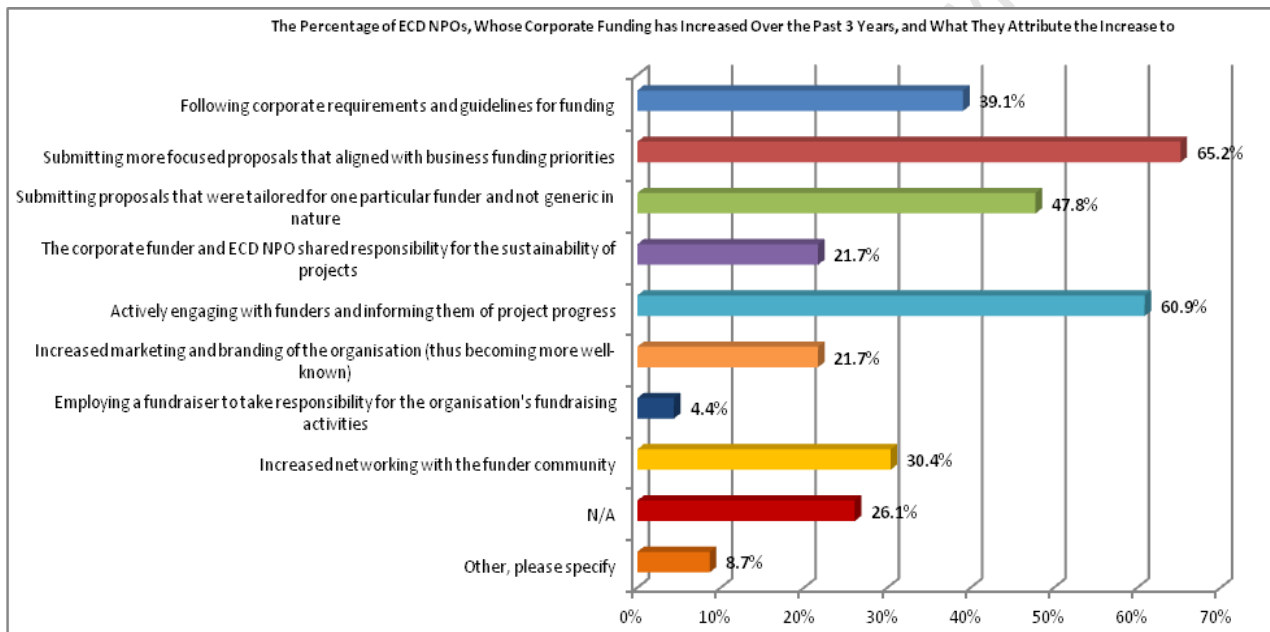


It is important to note that some of the areas that corporates appear less willing to invest in, are in fact areas of work that could improve organisational capacity and performance. It is hoped that companies will begin to recognize the value of areas such as operational expenses, marketing and communication and fundraising, and expand their giving beyond project-related support.

Very interesting results emerged from the question posed to ECD NPOs whose CSI funding had increased over the past three years, asking what they attributed this increase to. Submitting more focused proposals that aligned with business funding priorities was indicated by 65.2% of organisations, and actively engaging with funders and informing them of project progress (60.9%). These results also indicate the importance of involvement for corporates. A total of 47.8% of organisations reported that submitting proposals that were tailored for one particular funder rather than being generic in nature assisted in increasing funding, 39.1% said that following corporate requirements and guidelines for funding were a key factor. Further attributes which assisted in increased funding included increasing ECD NPO networking time with the corporate donor community (30.4%), increased marketing and branding of ECD NPOs (21.7%), and allowing the corporate funder and ECD NPO to share responsibility for the sustainability of the projects (21.7%). Interestingly, only 4.4% of ECD NPOs perceived employing a fundraiser to take responsibility for the organisation's fundraising activities as contributing to an increase in funding, which may indicate that 4.4% or less organisations actually employed fundraisers and thus were the only ones able to

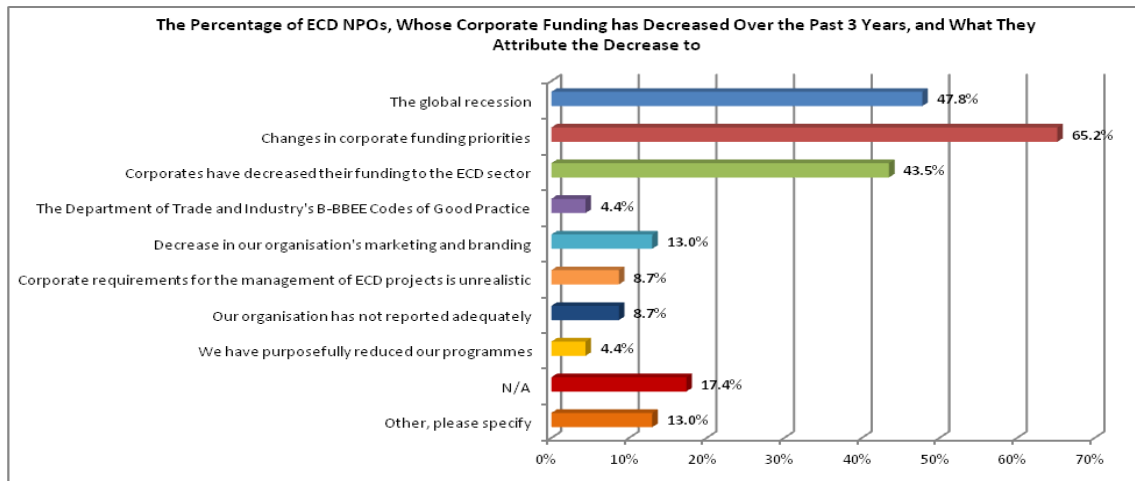
comment, or that employing fundraisers did not seem to make much of a difference to whether their funds increased. The first option is more likely considering the results presented later in this chapter indicating that 71% of ECD NPOs agree or strongly agree that having a full-time, paid fundraiser increases the capacity of organisations to raise funds effectively. Just over 26% of organisations reported that this question was not applicable to them as their funding had either remained the same or decreased over the past three years. Graph 43 shows the factors attributing to the increase in corporate funding to ECD NPOs over the past three years.

**GRAPH 43 - The Percentage of ECD NPOs, Whose Corporate Funding has Increased Over the Past 3 Years, and What They Attribute the Increase to**



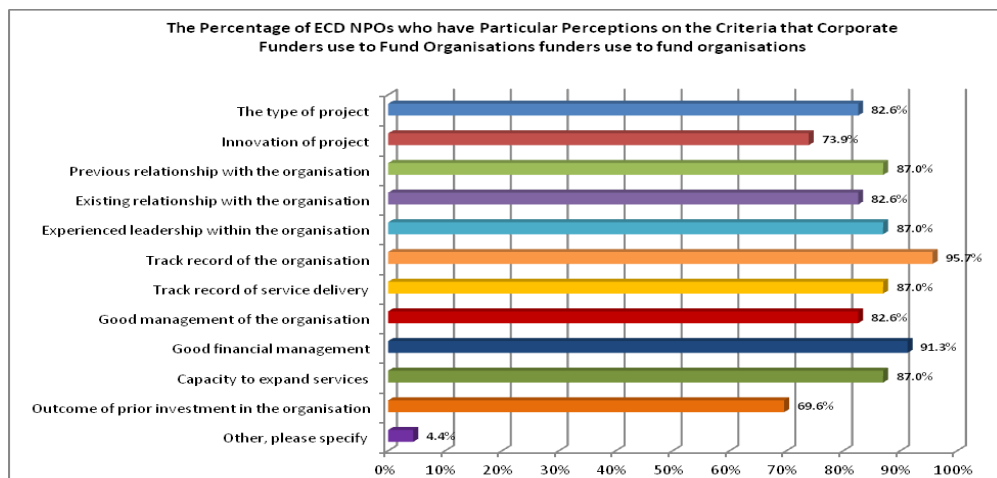
A staggering 65.2% of ECD NPOs, whose corporate funding has decreased over the past three years, indicated that changes in corporate funding priorities played a role in decreased funding, the global recession was also a prominent factor (47.8%), and 43.5% indicated that corporates have decreased CSI budgets to the ECD sector. Other factors contributing to a decrease in corporate funds according to ECD NPOs, include a reduction in the organisations marketing and branding (13%), corporate requirements for the management of ECD projects being unrealistic (8.7%), and inadequate reporting on the part of ECD NPOs. The DTI's B-BBEE Codes of Good Practice was indicated by only 4.4% of ECD NPOs, and ECD NPOs purposefully reducing programmes (4.4%). Graph 44 illustrates factors perceived by ECD NPOs attributing to decreased funding over the past three years.

**GRAPH 44 - The Percentage of ECD NPOs, Whose Corporate Funding has Decreased Over the Past 3 Years, and What They Attribute the Decrease to**



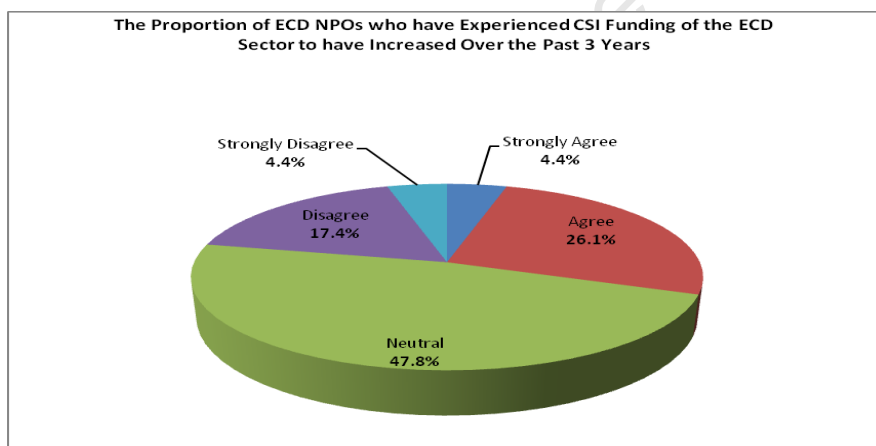
Results on the perceptions of ECD NPOs on the criteria that corporates use to fund organisations are interesting, with the highest perceived factors being the track record of the organisation (95.7%), and good financial management (91.3%). Eighty-seven percent of ECD NPOs perceive a good previous relationship with the organisation, experienced leadership, a good track record of service delivery, and the capacity to expand services as criteria used to determine beneficiaries. The type of project was perceived to be a regularly used criterion by corporates with 82.6% of ECD NPOs, along with an existing relationship with the organisation (82.6%), and good management of the organisation (82.6%). Innovation of the project was indicated by 73.9% of ECD NPOs to a criterion used, and the outcome of prior investment in the organisation (69.6%). Graph 45 illustrates ECD NPO perceptions on the criteria that corporate funders use to fund organisations.

**GRAPH 45 - The Percentage of ECD NPOs who have Particular Perceptions on the Criteria that Corporate Funders use to Fund Organisations**



The data reflected interesting results in terms of ECD NPO responses on whether CSI funding has increased over the past three years. Some 30.5% of organisations agreed or strongly agreed that CSI funding of the ECD sector has increased over the past three years, and 21.8% disagreed or strongly disagreed. Interestingly, 47.8% of respondents indicated a neutral stance which may suggest that they are either unsure as it has not been recorded efficiently, their CSI funding has fluctuated over the years, or their CSI funding has remained the same. It is worrying that only 30.5% of ECD NPOs have experienced year on year increases in CSI funding. It may be assumed that either ECD is not being perceived as a high priority by corporates or that CSI funding in general has been cut due to several reasons, and important one being the global recession. Graph 46 depicts the perceptions of the ECD NPO sector on whether CSI funding has increased over the past three years.

**GRAPH 46** - *The Proportion of ECD NPOs who have Experienced CSI Funding of the ECD Sector to have Increased Over the Past 3 Years*



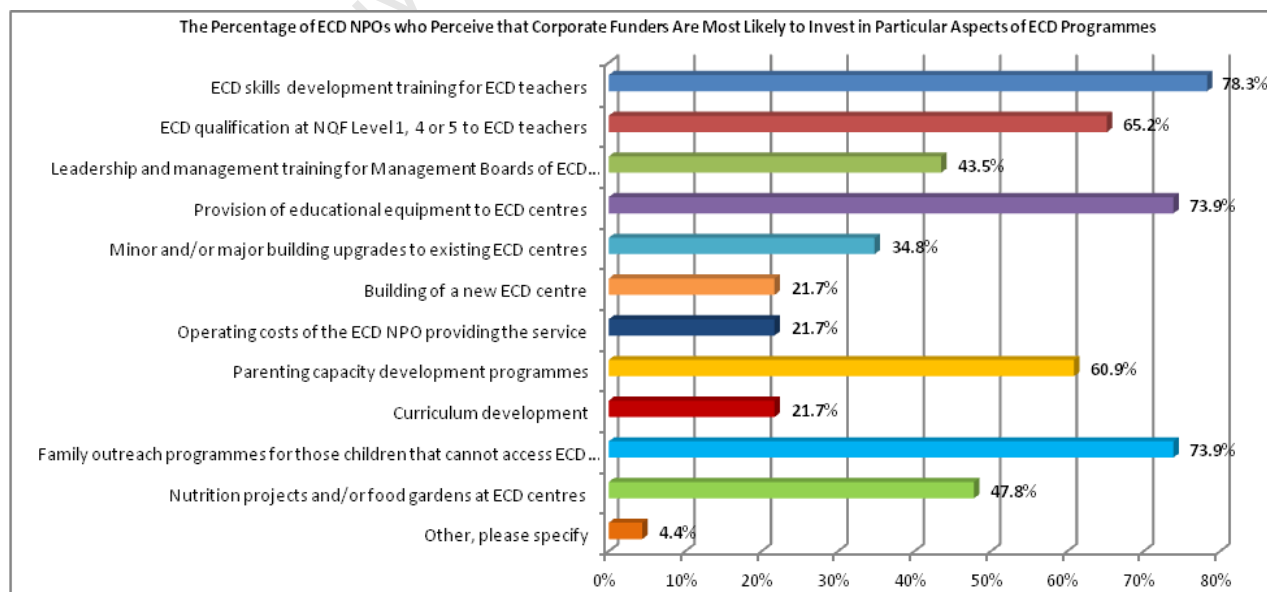
Regarding aspects of ECD programmes that ECD NPOs perceive corporate funders to most likely invest in, results show that the most frequent aspect is ECD skills development training for ECD teachers (78.3%). Worth noting is the difference in results between ECD skills development and ECD Level 1, 4 and 5 qualifications for teachers which had a substantially lower response with 65.2%. This suggests that ECD NPOs have either experienced funders' preference to fund programmes for a shorter time-frame or there may be a greater need for skills programmes and this is what ECD NPOs often propose for funding.

Some 73.9% of respondents indicated provision of educational equipment to ECD centres, and family outreach programmes for children who are unable to access ECD centres as likely

programmes to invest, respectively. This is encouraging as it appears that corporate funders are realising that holistic approaches to ECD provision are important and that centre-based provision is not the only effective intervention. Parenting capacity development workshops are perceived to be likely investment opportunities by 60.9% of ECD NPOs, and nutrition projects and/or food gardens at ECD centres (47.8%). Interestingly, only 43.5% of ECD NPOs perceived leadership and management training for Management Boards to be likely investments, indicating that the crucial role of the Management Board in the effective functioning and financial management of ECD centres is unclear.

Only 34.8% of ECD NPOs perceive minor and/or major upgrades to ECD centres to be likely investments, and building of new ECD centres scored even lower with 21.7%. It is clear that capital projects such as these are not frequently funded and it would be interesting to find out why this is the case considering the importance of safe and secure environments for children to learn in. Also receiving 21.7% of responses indicating likely investment aspects was that of operating costs of the ECD NPO providing the service, and curriculum development for children between the ages of 0 – 6 years old. Perhaps it is perceived by corporates that curriculum development is a government responsibility as opposed to the responsibility of the NPO sector. Graph 47 indicates the aspects of ECD programmes that ECD NPOs think corporate funders are most likely to invest in.

**GRAPH 47 - The Percentage of ECD NPOs who Perceive that Corporate Funders Are Most Likely to Invest in Particular Aspects of ECD Programmes**



Considering the types of ECD interventions that corporates are likely to invest in, 56.5% of ECD NPOs indicated that corporate funders are most likely to invest in holistic, integrated approaches to ECD provision (a range of interventions including teacher training, equipment provision, building upgrades and so forth, as opposed to only one intervention). Funding of single-focused interventions, such as teacher training only, or provision of educational equipment only, were indicated by 17.4% of ECD NPOs to be likely investments for corporate funders. A total of 21.7% of organisations reported that corporate funders are likely to invest in a combination of single-focused and holistic approaches depending on the project and proposed request. It is encouraging to see the high level of holistic and integrated ECD provision as experienced by ECD NPOs, considering the numerous pieces of research conducted on the benefits of ECD being provided in a holistic manner (Biersteker & Dawes, 2008:185; DoE, 2001:5).

Very positive are the ECD NPO perceptions on the availability of CSI funding guidelines. A total of 56.5% of ECD NPOs agreed or strongly agreed that CSI guidelines for funding were easy to obtain, with 30.4% disagreeing or strongly disagreeing. A further 56.5% of companies agreed or strongly agreed that the company had specified clear focus areas, whereas 26% disagreed or strongly disagreed. Also positive was that 47.8% of organisations perceived the funding guidelines as clearly understandable. Table 7 indicates ECD NPO perceptions on the availability of CSI guidelines for funding.

**TABLE 7 – ECD NPO Perceptions on the Availability of CSI Guidelines for Funding**

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
Easy to obtain	4.3%	52.2%	13.0%	26.1%	4.3%
Clear focus areas	0.0%	56.5%	17.4%	21.7%	4.3%
Understandable	0.0%	47.8%	26.1%	21.7%	4.3%

From these results, it is apparent that a significantly large proportion of ECD NPOs perceive the availability and accessibility of CSI funding guidelines as clear and understandable, and raises the question why so many ECD funding proposals are perceived by the CSI sector as of inferior quality.

The study revealed fascinating results in terms of how ECD NPOs think their sector is ranked according to corporate funders. Very interesting is that not a single ECD organisation thought that corporate funders would rank the ECD sector as a top priority investment sector. A fairly even distribution of responses was seen between ECD NPOs who thought that corporate funders ranked the ECD sector as a medium priority investment (47.8%) and as a low priority investment sector (43.5%). Only 8.7% were unsure of how corporate funders ranked the ECD sector as an investment priority.

The results of the study show that the ECD NPO perceptions of the ECD sector in South Africa are quite different from the corporate responses. It appears that a greater portion of ECD NPOs view their sector as positive, with 69.6% of organisations responding positively. Only 8.7% of ECD NPOs viewed their sector in a negative light, and 21.7% indicated their neutrality. The difference in responses between the corporate sector and the ECD sector are stark, suggesting that either the corporate sector expects too much of the ECD sector, or the ECD sector is unaware of their inadequacies.

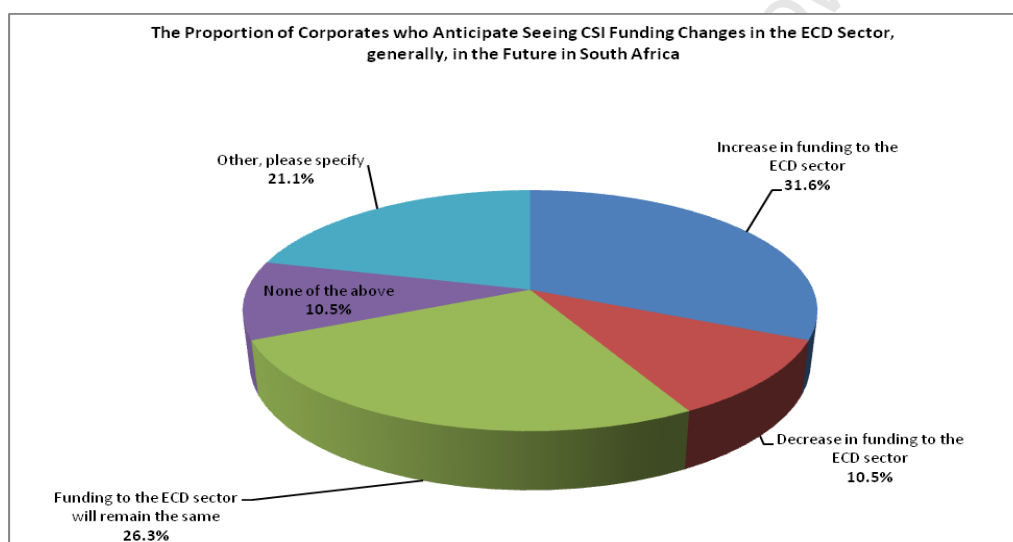
#### **4.12 The Perceptions of Corporations on the Sustainability of the Early Childhood Development Sector**

The CSI sample was asked to indicate the extent to which they agree with the statement “NPOs that have full-time, paid fundraisers are generally better equipped to raise funds”, and the results were of great interest, particularly in comparison to the ECD sector responses. A total of 68.9% of CSI respondents indicated that NPOs who have full-time, paid fundraisers are generally better equipped to raise funds. Furthermore, 26.7% were neutral and 4.4% of companies disagreed or strongly disagreed with the statement.

Similarly, 61% of ECD NPOs agreed or strongly agreed that having a full-time, paid fundraiser assists in effectively raising funds. On the contrary, the proportion of ECD NPOs that disagreed or strongly disagreed with this statement was much higher than the corporate response with 26% of ECD NPOs disagreeing; and 13% reported a neutral response suggesting that they may be unsure of what impact a full-time fundraiser would have.

Considering those companies that invest in ECD, their anticipated CSI funding changes in the ECD sector showed that 31.6% of funders predicted that there will be an increase in funding to the ECD sector. Only 10.5% of CSI respondents anticipated that funding will decrease, and 26.3% projected that funding to the ECD sector will increase in the future. A total of 10.5% of the CSI respondents indicated that funding will not increase, decrease or stay the same. This suggests that perhaps they predict funding of the sector to fluctuate or; in accordance with the ‘other’ responses; do not know what to expect in terms of funding. Graph 48 shows the CSI funding changes that companies anticipate seeing in the ECD sector, generally, in the future.

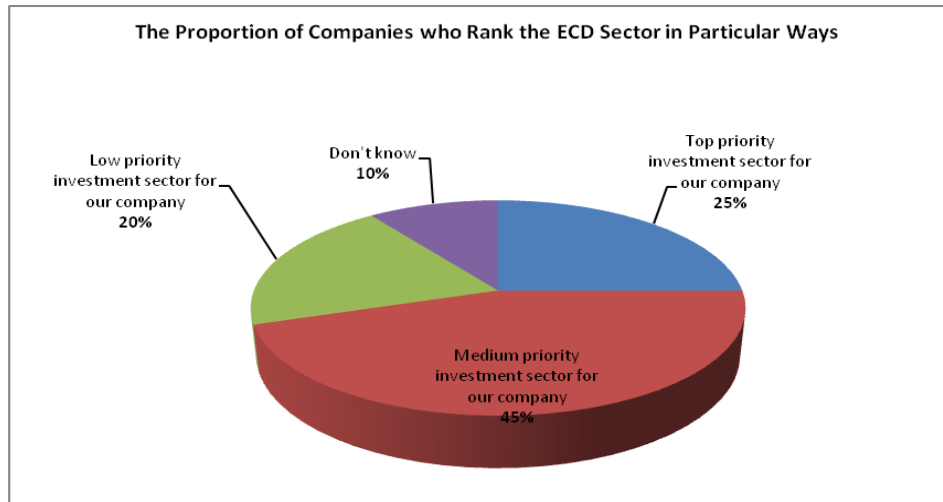
**GRAPH 48** – *The Proportion of Corporates who Anticipate Seeing CSI Funding Changes in the ECD Sector, generally, in the Future in South Africa*



CSI initiatives that invest in the ECD sector revealed some interesting responses in terms of how they rank the sector. A quarter (25%) of the respondents indicated that the ECD sector is a top priority investment, compared to 45% indicating that the ECD sector is a medium priority investment sector. Encouragingly, only 20% of companies pointed to ECD being a low priority for investments, and 10% were not sure where the ECD ranked in terms of investment priorities. It is important to note, that the respondents of this particular question were those that currently fund ECD, thus already have a relationship with the sector and perhaps would be considered as slightly biased towards the ECD sector being an important one.

Graph 49 illustrates how the ECD sector is ranked by the corporate sector.

**GRAPH 49 – The Proportion of Companies who Rank the ECD Sector in Particular Ways**

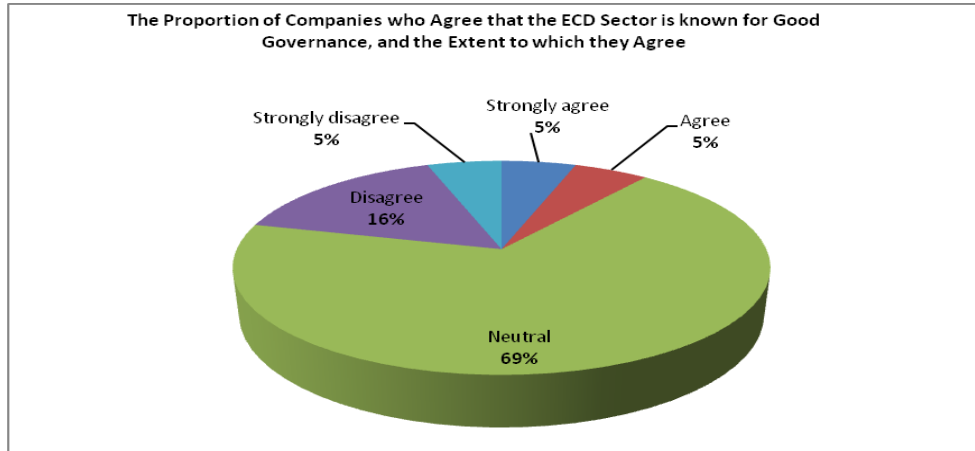


The CSI sample was asked whether they agree with the following statement: "The more children that have access to, and participate in an early education programme, the stronger our education system, and ultimately our economy, will be in the future". Very positive results were discovered with 100% of companies agreeing (30%) or strongly agreeing (70%) with this statement. This is encouraging as it shows that corporates understand the importance of ECD and the benefits that a quality early education has on society and the economy. It is worth noting that the respondents of this question were companies already investing in ECD, thus results may be slightly skewed towards those companies who view ECD as important and beneficial to the country as a whole. It could be assumed then that although companies understand the importance of ECD, they are looking for short-term returns on investment and benefits that are tangible and 'more in reach'.

Some concerning results were revealed regarding the CSI sector's perception on whether the ECD sector is known for good governance. Worryingly, only 10% of respondents indicated that they agree or strongly agree that the ECD sector has good governance structures in place. A total of 21% disagreed or strongly disagreed, and a significant 69% were impartial. Although the majority of respondents were neutral, it is still of concern as these respondents are those CSI initiatives that fund ECD and even so, do not necessarily consider the ECD sector to have good governance.

Graph 50 below indicates the CSI sector's perception on whether the ECD is known for good governance.

**GRAPH 50** – *The Proportion of Companies who Agree that the ECD Sector is known for Good Governance, and the Extent to which they Agree*



It is encouraging to see that of the CSI initiatives funding the ECD sector, 60% have experienced a good or very good relationship with the sector; 25% indicated having an average relationship; and 15% stated that the relationship is of a poor quality. These results are worrying as 40% of companies experiencing average or poor quality relationships is a large proportion, suggesting that the type of relationship may play an important role in determining future funding of organisations. Of interest is the comparison of these results with the figures indicated by corporates regarding criteria used to select beneficiaries. It was found that 35.6% of companies fund organisations that they have previously had a positive relationship with, and 44.4% are likely to fund organisations that they have a good existing relationship with. From these results, it may be assumed that if funders experienced more positive working relationships with ECD NPOs, they would be more likely to fund them in the future and perhaps over longer periods of time.

Considering company perceptions of whether they trust the ECD sector with their funds, particularly with regards to those companies who currently fund ECD, a positive 73.6% indicated that they do indeed trust the sector. Only 5.3% said that they do not trust the ECD sector with their funds, with 21.1% indicating that they were indecisive. Based on the results, it can be assumed that the vast majority of companies who fund ECD have had positive experiences and have not had their funds misused in any way. These results reflect well on the sector, indicating that ECD NPOs are generally trustworthy and are able to manage funds well.

Those companies presently investing in the ECD sector were asked the extent to which they agree with a statement indicating that there will be an increase in corporate funding of the ECD sector in South Africa. The results revealed that 35% of companies agreed or strongly agreed that CSI funding of ECD would increase in the future. The majority (60%) of companies were impartial, while 5% indicated that they disagreed predicting that corporate funding to the ECD sector will decrease in the future. It is assumed that the majority of companies were neutral due to the CSI budgets and focus areas being determined by senior management, and not being able to predict the effects of the global recession in the future.

Interestingly, fairly similar results were revealed when corporates (currently funding ECD) were asked the extent to which they agreed with the statement that government will make more funds available to the ECD sector in the future. As above, 35% of respondents agreed or strongly agreed, 50% were neutral, and 15% disagreed predicting government funding to the ECD sector to be decreased in the future. These results suggest that corporates are fairly unsure of government funding patterns and perhaps could be a reason for the similar results to corporate assumptions of whether CSI funding to the ECD sector will increase, as it is often the case that corporates adjust their focus areas according to government priorities. The results from a prior question; asking corporates why ECD is one of the least funded education levels, indicated that 21.1% of companies believed that ECD was poorly funded due to it not being a government priority. This would assume that a large proportion of companies intentionally fund areas targeted by government as areas of need.

Based on the results, it can be seen that the importance of the ECD sector is valued and the sector is seen as meaningful, particularly by those CSI initiatives currently funding ECD. It was also found though, that there is a great need for better quality ECD provision in South Africa. The results revealed that 35.7% of the CSI sector agrees that the ECD sector in South Africa is sustainable and will continue to grow in the future, with 57.1% indicating that they were neutral in this regard. Only 7.1% of companies disagreed, suggesting that they do not feel that the ECD sector is particularly sustainable and that it is not likely to grow in the future.

More encouraging though, were the results indicating companies' agreement with the ECD sector being an important one for the future economic and social growth of our country. A total of 78.6%

of companies agreed or strongly agreed that the sector is important; and 21.4% indicated a neutral response. It is positive that no companies disagreed with this statement. Exactly the same response was indicated by companies regarding the statement that there is a great need for better quality ECD provision in South Africa; with 78.6% of CSI initiatives agreeing or strongly agreeing, and 21.4% being impartial. It is important to note that these results are based on those companies that fund ECD. Table 8 shows the CSI perceptions of the sustainability of the ECD NPO sector.

**TABLE 8 – CSI Perceptions of the Sustainability of the ECD NPO Sector**

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
The ECD sector in South Africa is sustainable and will continue to grow in the future.	0.0%	35.7%	57.1%	7.1%	0.0%
The ECD sector in South Africa is important for the future economic and social growth of our country.	50.0%	28.6%	21.4%	0.0%	0.0%
There is a great need for better quality ECD provision in South Africa.	50.0%	28.6%	21.4%	0.0%	0.0%

Based on these results, it can be seen that ECD is seen as a crucial sector that ultimately benefits individuals, society and the economy; although it is also clear that many funders are unsure about the sustainability of the sector. It may therefore be assumed that companies are perhaps weary of investing large amounts of money, particularly over long periods of time, in a sector that is unsustainable.

Considering those companies who do not invest in ECD, interesting results were revealed, particularly around the importance of ECD and the need for better quality ECD. A total of 22.2% of companies agreed that the ECD sector in South Africa is sustainable and will continue to grow in the future. A third (33.3%) of companies were neutral in their response, and 44.4% of companies disagreed with the statement and perceived the ECD sector as an unsustainable one. These results are not particularly surprising considering they are from companies not investing in ECD, although they are of some concern as a significantly large proportion of companies do not view the sector as sustainable, thus negatively influencing whether or not they will fund ECD in the future. Far more encouraging though is that 44.4% of companies strongly agree, and 55.6% agree that the ECD sector is important for the future economic and social growth of our country. A further combined total of

100% of companies agreed or strongly agreed that there is a great need for better quality ECD provision in South Africa. Table 9 depicts these results.

**TABLE 9 - CSI Perceptions of the Sustainability of the ECD NPO Sector of those Companies not Investing in ECD**

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
The ECD sector in South Africa is sustainable and will continue to grow in the future.	0.0%	22.2%	33.3%	44.4%	0.0%
The ECD sector in South Africa is important for the future economic and social growth of our country.	44.4%	55.6%	0.0%	0.0%	0.0%
There is great need for better quality ECD provision in South Africa.	66.7%	33.3%	0.0%	0.0%	0.0%

The results bring up an important point of discussion, in that despite the corporate sector viewing ECD as important and beneficial to the country, they appear to be concerned about the sustainability of the sector and the quality of provision. Through CSI initiatives, companies are keen to make a meaningful and lasting impact in the communities in which they work. It is clear that if the sector is unsustainable and if the services provided are of a sub-standard quality, companies are unlikely to take the risk by investing in the sector, and will rather fund another development sector.

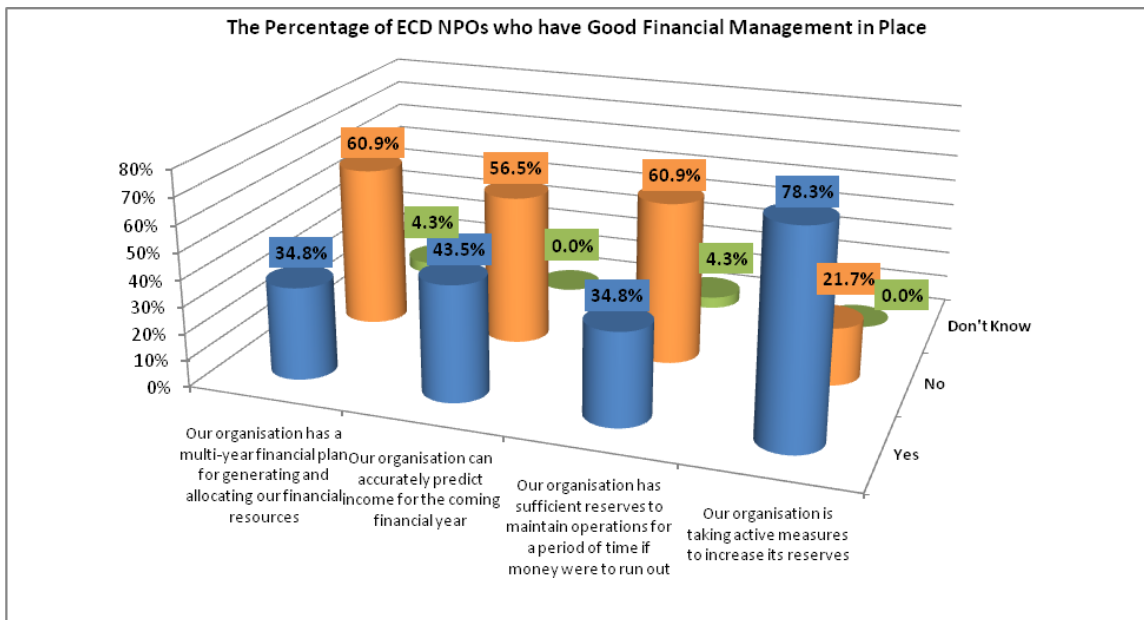
#### **4.13 The Perceptions of Early Childhood Development Non-Profit Organisations on the Sustainability of the ECD Sector**

ECD NPO perceptions on the financial management of the organisations in the sector showed fascinating, but also worrying, results in terms of the sustainability of the sector. It is concerning that 60.9% of ECD NPOs do not have a multi-year plan for generating and allocating their financial resources; and that 60.9% do not have sufficient financial reserves to maintain operations should funds run out. With regards to accurately predicting income for the coming financial year, a perturbing 56.5% of ECD NPOs cannot do this. This does not reflect positively on the general level of financial planning in the ECD sector. Despite these results, it is encouraging to see that 78.3% of these organisations are taking active measures to increase their reserves. It is assumed that the 21.7% organisations not taking measures to increase their reserves have sufficient reserves in place,

although considering the financial climate at present; it would be wise for all ECD NPOs to take measures to constantly increase their reserves.

Graph 51 graphically depicts the financial Management of ECD NPOs in South Africa.

**GRAPH 51 - The Percentage of ECD NPOs who have Good Financial Management in Place**



These results suggest a poor level of effective financial planning and sustainability in the sector and perhaps this is reason for the 46 ECD NPOs closing down and at least 20 organisations down-sizing over the past 15 years (Atmore, van Niekerk & Ashley-Cooper, 2012).

The ECD sector was asked their perception on whether their sector is well-known for good governance. Almost half of the respondents (48%) agreed or strongly agreed that the ECD sector is known for having good governance. Only 9% of respondents disagreed; and 43% were impartial, perhaps indicating that the sector itself may not sure of what good governance looks like.

Comparatively, the CSI sector indicated a very different response when asked their perception on whether the ECD NPO sector is well-known for good governance. Worryingly, only 10% of respondents agreed or strongly agreed that the ECD sector has good governance structures in place. This vast difference perhaps confirms the researchers statement above suggesting that the ECD NPO sector may not be entirely sure of what good governance practices and structures actually are. This

is an important observation and it brings about an opportunity for the corporate sector to assist the ECD NPO sector in staff development practices of good governance. It is probable that this will result in positive working relationships being established between the CSI and ECD sectors, and ultimately may lead to increased funding for ECD NPOs.

With regards to full-time fundraisers in the ECD sector, the results raise an important point of discussion when comparing the very small proportion of ECD NPOs that have full-time fundraisers (13%) to those that agreed that organisations with a full-time fundraiser would be better equipped to raise funds (61%). Based on these results, it could be assumed that a large proportion of ECD NPOs desire a fundraiser, yet finances do not lend it. A resounding 87% of ECD NPOs do not have a full-time, paid fundraiser which suggests that fundraising is conducted by the Director and a range of other employees as a secondary responsibility.

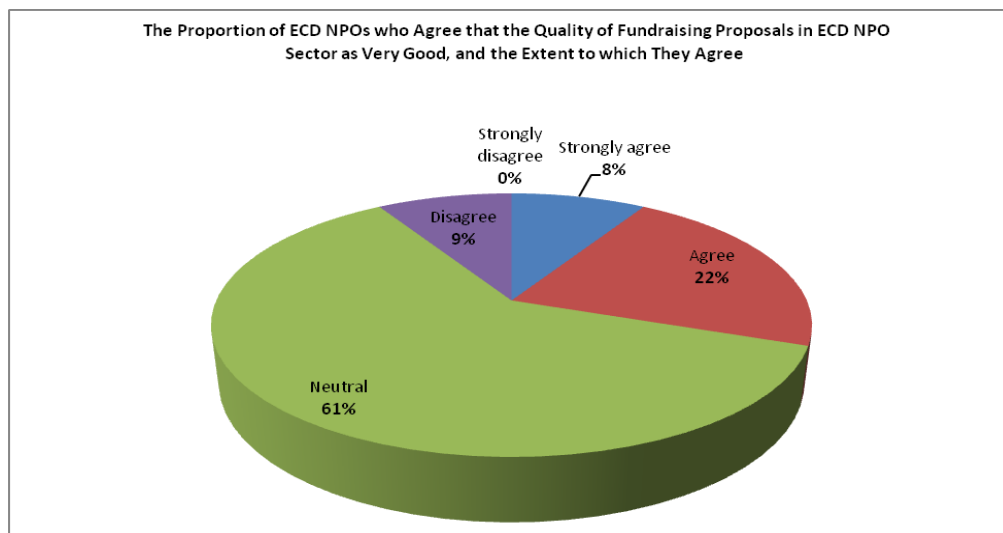
As indicated above, only 8% of ECD NPO funding proposals are written by fundraisers. It is very interesting to note that the majority (51%) of funding proposals are written by the Directors, suggesting that over and above the Director's responsibilities, he/she is spending a large portion of their time on fundraising activities and perhaps neglecting other important tasks in the effective management of their organisations. Results reflected a range of other people writing proposals, including the Financial Manager (11%), Operations Manager (8%), Project Managers (6%), and Administrators (5%). The quality of many of these proposals is questioned as each person has a different capacity to produce proposals, thus it is very probable to assume that these proposals are of a varying quality.

When asked whether they perceive ECD NPOs with full-time, paid fundraisers being better equipped to raise funds, 61% of ECD NPOs agreed or strongly agreed. Twenty-six percent disagreed, and 13% were neutral indicating their uncertainty, as perhaps they have not experienced having a fundraiser on staff.

Thirty percent of ECD respondents agreed or strongly agreed that the quality of funding proposals in the ECD NPO sector is generally very good. Nine percent of ECD NPOs disagreed, suggesting that they may not have a high level of confidence in the sector's capacity or ability to write good quality proposals, and 61% were neutral. Perhaps the neutrality is due to the fact that the ECD sector

receives considerably less funding than the other education levels and ECD NPOs perceive this to be due to proposals that are of fairly weak, or due to the large majority of ECD organisations not having full-time fundraisers who are dedicated to the sole task of raising funds. Graph 52 illustrates the ECD NPO sector’s perceptions on the quality of funding proposals.

**GRAPH 52 - The Proportion of ECD NPOs who Agree that the Quality of Fundraising Proposals in ECD NPO Sector as Very Good, and the Extent to which They Agree**



Findings from the ECD respondents indicated that fundraising is the most difficult area of work to raise funds for with 78.3% of ECD NPOs agreeing or strongly agreeing. This appears to be quite a catch-22 situation in that NPOs require funds to raise funds, although it is clear that the majority of corporates, and other funders, do not provide funding for this. A further area of funding difficulties is that of general operational expenses of the organisation with 78.2% of ECD NPOs agreeing or strongly agreeing as they are not able to run their organisations effectively with only project-related costs being covered by funders. A total of 69.5% of organisations agreed or strongly agreed that raising funds for salaries of core staff is extremely difficult. In addition to these, ECD NPOs stated that capital costs such as building new ECD centres, as well as marketing and communications are components that are poorly funded by corporates and difficult to raise funds for with 60.8% and 60.9% agreeing or strongly agreeing, respectively.

Other challenging areas to raise funds for can be seen in Table 10.

**TABLE 10 - According to ECD NPOs, it is Very Difficult to Raise Funds for Particular Line Items**

<b>According to ECD NPOs, it is difficult to raise funds for:</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
General operational costs of our organisation	30.4%	47.8%	13.0%	8.7%	0.0%
Staff salaries	47.8%	21.7%	8.7%	21.7%	0.0%
Research and Advocacy for our organisation and/or programmes	17.4%	39.1%	30.4%	13.0%	0.0%
ECD training programme expenses (e.g. training materials, transport costs, catering etc.)	17.4%	26.1%	13.0%	34.8%	8.7%
Minor and/or major upgrades to existing ECD centres	26.1%	43.5%	26.1%	0.0%	4.3%
Building of a new ECD centre	39.1%	21.7%	34.8%	4.3%	0.0%
Educational Equipment for ECD centres	4.3%	34.8%	17.4%	30.4%	13.0%
Monitoring and Evaluation of projects	4.3%	34.8%	39.1%	17.4%	4.3%
Marketing and communication of projects and/or organisation	26.1%	56.5%	17.4%	0.0%	0.0%
Staff development programmes	17.4%	39.1%	13.0%	30.4%	0.0%
Curriculum Development	21.7%	30.4%	30.4%	17.4%	0.0%
Technology (upgrading of computers, printers, scanners etc.)	21.7%	52.2%	13.0%	13.0%	0.0%
Fundraising	43.5%	34.8%	17.4%	0.0%	4.3%

Juxtaposing these results to the areas of work the CSI sector is likely to fund, interesting results were revealed with three predominant areas being reflected; capital projects, such as minor and/or major building upgrades to existing ECD centres or the building of a new ECD centre; staff development programmes; and educational equipment for ECD centres. The data revealed that each respective area received support from 63.2% of CSI programmes. These results are somewhat different to the areas which ECD NPOs find it most difficult to raise funds for. There appears to be some form of miscommunication or misunderstanding between ECD NPOs and the CSI sector, and may be resulting in poor levels of CSI funds being provided. Areas with less support from CSI included research and advocacy (21.1%), staff salaries (10.5%), and marketing and communication (5.3%). These are more in line with the above findings and it confirms the difficulties that ECD NPOs are having in raising funds for these respective areas.

A relevant issue at present is the ECD NPO perceptions of the lack of donors prepared to fund operating costs, with 78.2% of ECD organisations agreeing or strongly agreeing that it is very difficult to raise funds for operational expenditure. Of interest is that 26.3% of CSI funders stated that they are likely to fund operating costs, which is in fact a lower proportion than the ECD NPOs indicated of companies covering operating expenditure. Other ECD findings in this study revealed that a total of 39.1% of ECD NPOs agreeing that companies either always fund operating costs, or fund these costs most of the time. This raises an interesting point of discussion in that it appears that operating costs are in fact covered more often than initially thought by ECD NPOs.

On the other hand, although 39.1% of ECD NPOs agreed that operating costs are usually covered by CSI funders, there still exists a high number of companies that are unwilling to fund their fair share of operational costs, and this is of concern. Granted, NPOs need to ensure that the proportion of operational costs asked for is fair according to the project in question, but it is vital that companies also recognize the fact that it is not possible for ECD NPOs to perform their operations without funding for their operational expenses.

ECD NPOs were asked to indicate their predictions on how funders' contributions will change in the future. The data revealed interesting results, with a large proportion of organisations predicting decreases in CSI funding (39.1%) and international funding (52.2%). A further 34.8% predicted CSI income to increase in the future; whilst 13% projected that CSI funds will remain the same. In addition to this, 13% of ECD NPOs were unsure of the future of CSI funding. Considering the CSI results in particular, these results are interesting when compared to ECD NPO indications of percentage of income received from various sources over a three-year period (2009, 2010, and 2011). According to the data, 27% of ECD NPOs had increased CSI funding over the past three years; while only 18% indicated that CSI funding had decreased. Worth noting is that 32% of ECD respondents indicated that they had not received any CSI funding between 2009 – 2011. This is of concern as a large proportion of the ECD sector is not attracting and accessing CSI funds.

Interestingly, ECD organisations predicted that financial support from government will increase from all levels; local, provincial and national. A major source of increased income predicted by ECD NPOs was that of self-generated income, with 43.5% of ECD organisations projecting an increase in income. Income generation is becoming increasingly topical and these research findings are in line

with the increase in self-generated activities being seen across the NPO sector in general. According to CSIH (2012), NPOs claimed that self-generated activities contributed the most to their increase in income in the 2010/11 financial year. With regards to funds remaining the same in the future, 34.8% of companies, respectively, predicted funds from foundations and trusts, as well as from lottery to remain the same. More detailed results of ECD NPO predictions on how funders' contributions will change are indicated in Table 11 below.

**TABLE 11 - ECD NPOs indicated Their Predictions on how Funders' Contributions Will Change in the Future**

<b>ECD NPO predictions on how funders' contributions will change in the future:</b>	<b>Increase</b>	<b>Decrease</b>	<b>Remain the same</b>	<b>Not sure</b>
Corporate Social Investment (in South Africa)	34.8%	39.1%	13.0%	13.0%
Foundations and Trusts (in South Africa)	17.4%	30.4%	34.8%	17.4%
Local Government	34.8%	21.7%	26.1%	17.4%
Provincial Government	43.5%	13.0%	26.1%	17.4%
National Government	34.8%	13.0%	26.1%	26.1%
International Funders	0.0%	52.2%	26.1%	21.7%
Individuals	8.7%	21.7%	26.1%	43.5%
Lottery	8.7%	30.4%	34.8%	26.1%
Government Parastatal (e.g. National Development Agency)	26.1%	17.4%	21.7%	34.8%
Funding Agencies (e.g. Community Chest)	4.3%	34.8%	21.7%	39.1%
Religious Institutions	4.3%	8.7%	21.7%	65.2%
Public Fundraising Initiatives	26.1%	13.0%	13.0%	47.8%
Self-Generated Income (services offered etc.)	43.5%	17.4%	21.7%	17.4%
Participant Fees	34.8%	17.4%	17.4%	30.4%

Considering ECD NPO perceptions on whether the corporate donor community trusts them with their money, it was interesting to find that 50% of ECD NPOs were unsure, suggesting that these organisations are not particularly confident in their relationships with their donors and that perhaps

donors are fairly rigid with the way in which their funds are spent. Furthermore, 31.8% of ECD NPOs were sure that corporate funders trust them with their funds, and 18.2% perceive the corporate sector to not trust them with their contributions.

Comparing these ECD findings to the CSI findings of whether they trust the ECD sector with their funds (particularly with regards to those companies who fund ECD); a much higher 73.6% indicated that they do indeed trust the ECD sector. Only 5.3% said that they do not trust the ECD sector with their funds, and 21.1% were indecisive. Based on the results, it can be assumed that the vast majority of companies who fund ECD have had positive experiences and have not had their funds misused in any way. It is clear then that the ECD NPOs are undervaluing themselves, and not realising their significance in making a difference in society.

ECD respondents were asked their perceptions on whether the global recession has caused many CSI budgets to be cut, and an overwhelming response was indicated with 81.8% of ECD NPOs agreeing or strongly agreeing that a result of the global recession was cut-backs in CSI funding. Only 4.6% of respondents strongly disagreed that the recession had caused CSI budget cut-backs, and 13.6% were impartial. These results are interesting, particularly in comparison to the level of increases and decreases in CSI budgets between 2009 and 2011 indicated by CSI respondents. According to figures provided by CSI respondents on their annual CSI budgets between 2009 and 2011, 69.2% of companies increased their budgets each year, whereas only 30.8% indicated decreases in budget in the given time period. It may thus be assumed that ECD NPOs are under a false impression regarding the effects of the global recession and perhaps may be too focused on the recession as an indicator of poor corporate funding.

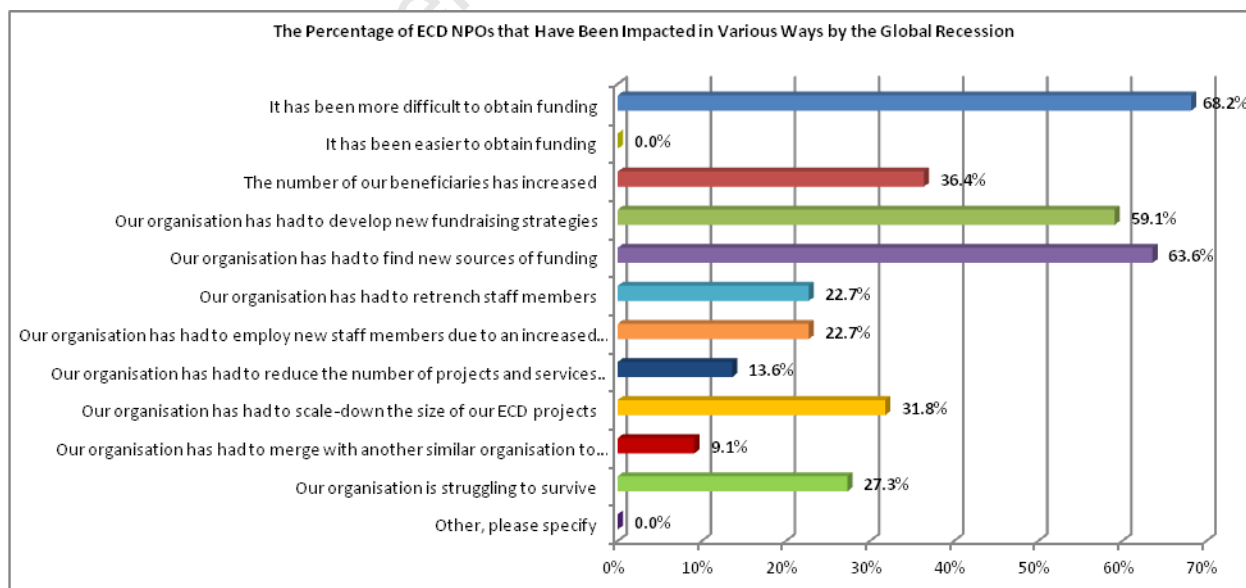
According to ECD NPOs, the global recession has impacted them in various ways, mostly negative. The most prominent of which were that ECD NPOs have found it more difficult to obtain funding (68.2%); as well as finding new sources of funding (63.6%) and; having to develop new fundraising strategies (59.1%). Although the acts of finding new funding sources, and developing new fundraising strategies, is challenging and time-consuming, it is not necessarily entirely negative as having many funders (rather than two or three large funders) and having a number of good strategies in place to source funding are good steps forward toward becoming sustainable.

A result worth noting, is that in this period of the global recession, the number of ECD NPO beneficiaries increased. This is challenging as ECD funding is fairly limited compared to other education sectors, and there are very few ECD NPOs in existence; thus it is extremely difficult to meet the needs of all beneficiaries.

A total of 31.8% of respondents indicated that their organisation had to scale-down the size of their ECD projects, and 27.3% specified that they are at risk of closing down. Some organisations indicated having to retrench staff members (22.7%), although interestingly, the same proportion of ECD NPOs had to employ new staff members due to an increased need for ECD services. These results clearly show the difference in the way these organisations are managed, and the vast differences in sustainability and strategic planning within these ECD NPOs.

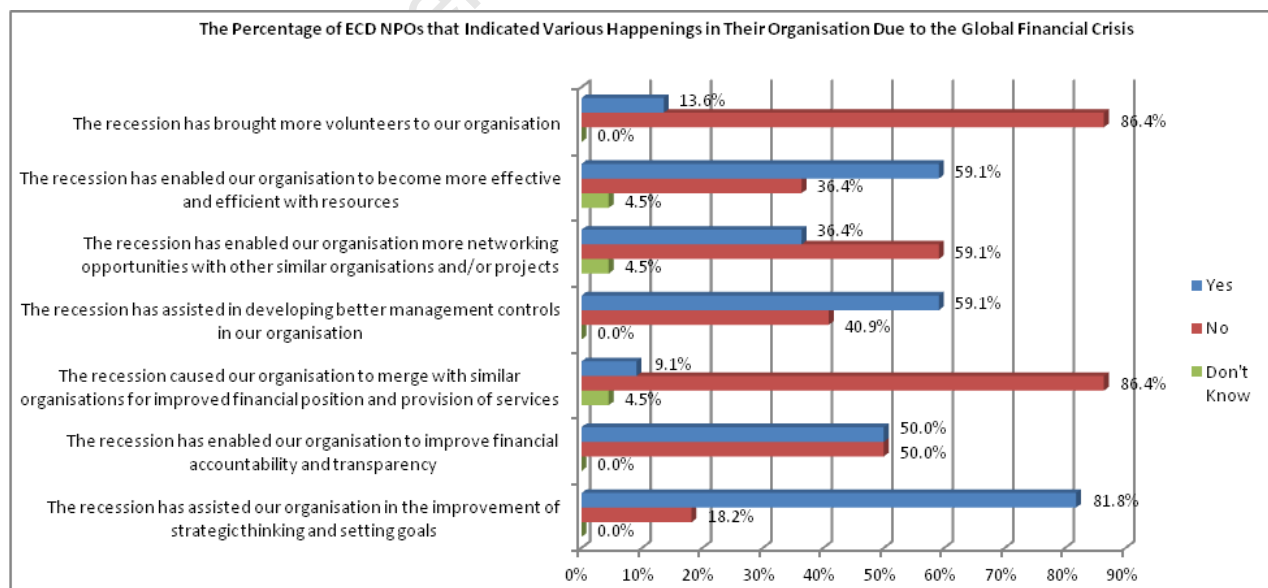
A number of organisations (13.6%) have reduced the number of ECD projects, and 9.1% have merged with another similar organisation in order to survive. The area which received no response was that of funding being easier to obtain during the global recession. It is thus clear that the recession has brought with it many challenges and has had a wide range of fairly negative impacts on the ECD NPO sector. Graph 53 shows the impact that the global recession has had on ECD NPOs.

**GRAPH 53 – The Percentage of ECD NPOs that Have Been Impacted in Various Ways by the Global Recession**



Considering the effects of the global financial crisis, it is plain to see that the recession brought along with it both positive and negative aspects that ECD NPOs had to adapt to. Only 13.6% of ECD NPOs indicated that the recession had brought more volunteers to their organisation. It may be assumed that these volunteers were possibly welcomed by those organisations who had to cut down on staff or increase the number of programmes due to the increased level of need. Similar results were indicated for the recession enabling organisations to become more effective and efficient with resources, as well as enabling ECD NPOs more opportunities to network with similar organisations or projects; with 59.1% of ECD NPOs agreeing, 36.4% indicating that they disagree, and 4.5% being unsure. These results are, in fact, positive as they have enabled organisations to become more effective and efficient in their work and the way in which they are run, as well as improved the sustainability of many organisations. Also positive were the results showing that 59.1% of ECD NPOs indicated that the recession has assisted them in developing better management controls in their organisation; as well as assisted a significant 81.1% of ECD NPOs in the improvement of strategic thinking and setting goals. Fifty percent of organisations stated that the global recession enabled their organisation to improve financial accountability and transparency. These results can be seen in Graph 54 below showing ECD NPO responses to a number of statements reading the global recession.

**GRAPH 54 – The Percentage of ECD NPOs that Indicated Various Happenings in Their Organisation Due to the Global Financial Crisis**

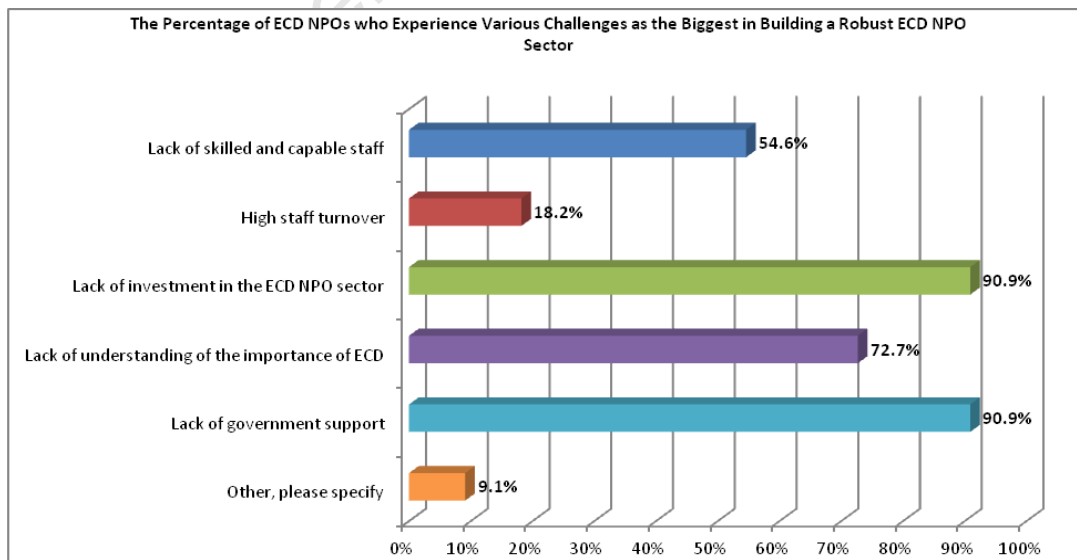


It is clear from these results that despite the many challenges that organisations faced during the global financial crisis, many ECD NPOs have grown, developed and benefitted hugely from having to adapt to the changing environment. A large proportion of ECD NPOs have been successful in developing improved management controls, strategic thinking, financial accountability, and transparency; as well as becoming effective and efficient with their use of resources.

Some interesting results were revealed when ECD NPOs responded on what the biggest challenges in building a robust ECD NPO sector. An overwhelming majority (90.9%) indicated that the lack of investment in the ECD NPO sector is their biggest challenge; along with the same proportion (90.9%) stating that a lack of government support is a key challenge. Furthermore, a lack of understanding of the importance of ECD was indicated as a challenge by 72.7% of ECD NPOs; 54.6% indicated a lack of skilled and capable staff as challenging; and an additional 18.2% stating that high staff turnover is a major challenge.

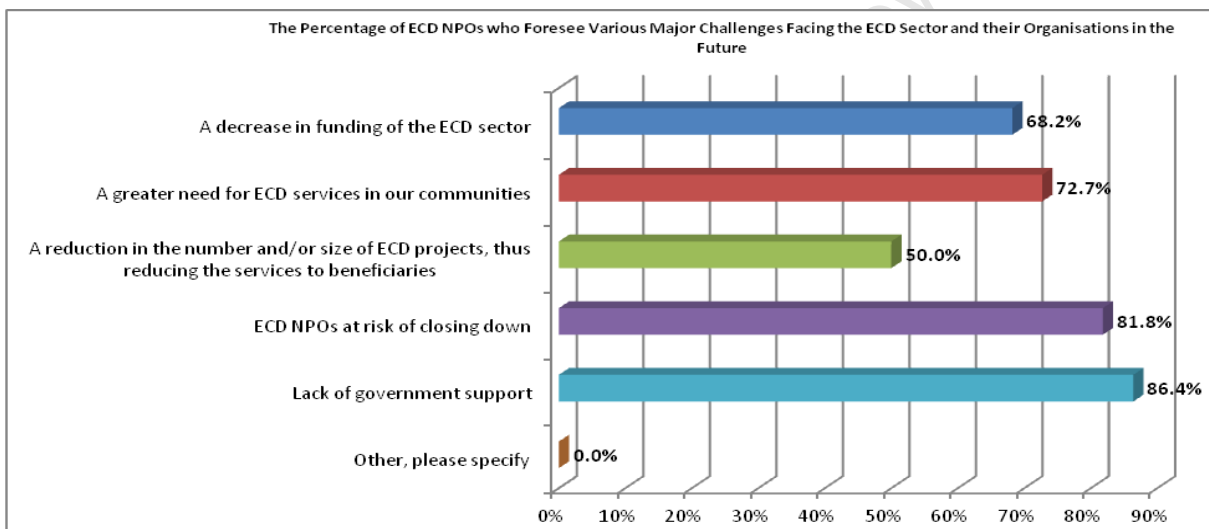
These results are important and are also key in understanding the ECD sector and why it struggles with management, funding, and strategic thinking. Graph 55 illustrates the ECD NPO experiences on the biggest challenges in building a robust ECD NPO sector.

**GRAPH 55 – The Percentage of ECD NPOs who Experience Various Challenges as the Biggest in Building a Robust ECD NPO Sector**



A lack of government support certainly appears to be a major challenge facing the ECD sector, and a significant proportion (86.4%) of ECD organisations foresee this continuing to be a challenge in the future. A further prominent perceived challenge (81.8%) was ECD NPOs being at risk of closing down in the future. A total of 72.7% indicated the challenge of a greater need for ECD services in communities, while an additional 68.2% perceive a decrease in funding to the ECD sector posing a major challenge in the future. Fifty percent of ECD respondents indicated that a foreseeable challenge in the future is having to reduce the number and/or size of ECD projects, thus reducing services to beneficiaries. The results can be seen in Graph 56.

**GRAPH 56 – The Percentage of ECD NPOs who Foresee Various Major Challenges Facing the ECD Sector and their Organisations in the Future**



ECD NPOs were asked to which they agreed with a number of position statements for the future, and some very interesting results were reflected. Considering the statement that there will be an increase in corporate funding in South Africa in future, 9% of ECD NPOs agreed or strongly agreed; 45.5% were impartial, while 45.4% disagreed or strongly disagreed.

Considering government making more funds available to the ECD sector in future, 54.5% agreed that more funding will be provided. This is an interesting response considering that prior to this, 86.4% of ECD NPOs indicated that they foresee a lack of government funding being a major challenge to contend with in the future. Perhaps this suggests that although government funding may increase, it will remain insufficient for the vast ECD needs that are present in our country. Only 9.1% of ECD

NPOs disagreed, perceiving that government will not make more funds available to the ECD sector, and 36.4% were impartial.

A total of 45.4% of ECD NPOs indicated that they strongly agree or agree that the financial position of their organisation will improve in the next financial year. An alarming 36.4% of organisations are impartial, perhaps suggesting their lack of strategic thinking and financial planning for the future. Just over 18% of ECD NPOs disagreed or strongly disagreed; indicating that their organisation will remain the same, or be in a worse place, financially in the next financial year.

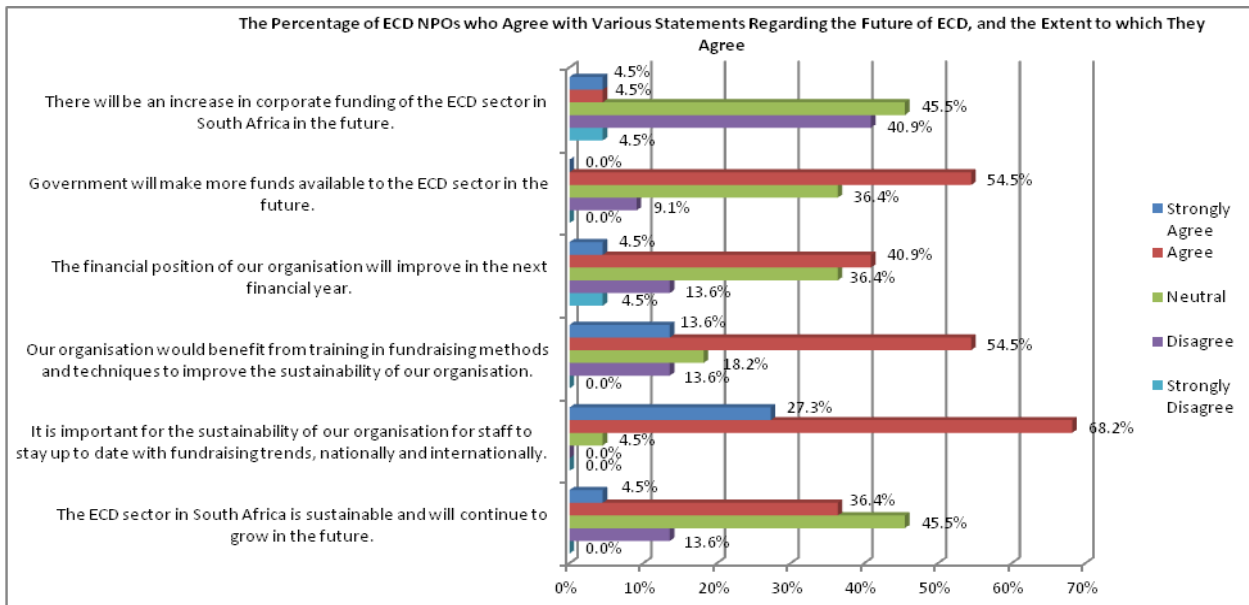
Encouragingly, 68.1% of ECD NPOs agreed or strongly agreed that they would benefit from training in fundraising methods and techniques to improve the sustainability of their organisation. An impartial response was provided by 18.2% of ECD NPOs, and 13.6% disagreed that they would benefit from training in fundraising.

An overwhelming 95.5% of ECD NPOs agreed or strongly agreed that it is important for the sustainability of their organisation for staff to remain up-to-date and informed on fundraising trends, both nationally and internationally. Only 4.5% of ECD NPOs were neutral in their response. It is encouraging to see that no organisation disagreed with the statement.

A very impartial response was provided to the statement indicating that the ECD sector is sustainable and will continue to grow in the future, with 45.5% of ECD NPOs responding neutrally. This indicates a shocking reality that almost half of the ECD sector is unconfident of the sustainability of the sector in the future. Some 40.9% of ECD NPOs agreed or strongly agreed that the ECD sector is sustainable and will continue to grow in the future, and 13.6% disagreed, indicating that they do not perceive the ECD sector as sustainable and they do not believe that the sector will continue to grow in the future. It may be assumed that these responses were from those ECD NPOs that are struggling to survive and cannot see any way out.

Graph 57 shows the extent to which ECD NPOs agree with a number of position statements on the sustainability of the ECD sector.

**GRAPH 57 – The Percentage of ECD NPOs who Agree with Various Statements Regarding the Future of ECD, and the Extent to which They Agree**



ECD NPOs were asked the extent to which they agree with the statement that 'the more children that have access to, and participate in an early education programme, the stronger our education system, and ultimately our economy, will be in the future'. The results revealed that 100% of ECD NPOs agreed or strongly agreed. This result is encouraging, although not surprising, as these organisations exist to make ECD a priority and to assist to make ECD accessible to all children, as they understand the benefits that an early education has on children and the country as a whole.

At the end of the survey, the respondents were asked whether they had any additional comments to make in relation to ECD in South Africa. Below are some of the comments that were made.

*"Companies need to focus more resources to improve this development area [ECD]."*

*"ECD should be taken seriously by government."*

*"If ECD is improved, so will [the] matric pass rates in 10 years time."*

*"The standards [of ECD] are way too low."*

*"I believe corporates are not well informed or equipped to be able to understand the importance of the ECD sector."*

It is clear from these comments that corporates have very different views of the ECD sector - some positive and some negative and somewhat frustrated, particularly by having to assist government in what should be their work.

#### **4.14 Summary**

This chapter portrayed a detailed report of the findings of the research study, as well as discussed the meanings and implications of these findings, in relation to both the early childhood development and corporate social investment sectors in South Africa. The findings revealed some fascinating results that could be used to the benefit of ECD NPOs and CSI programmes. Many of the findings from each respective sample were compared, and it was clear that often the two sectors perceive situations and conditions to be very different, thus perhaps a reason for the low levels of CSI funding going to the ECD sector.

In this presentation and discussion of findings, results from prior research had been integrated and looked at in comparison to the results of this study; which in some cases confirmed a theory, and in other cases contested the prior research.

Overall, these findings have been valuable in contributing new and meaningful knowledge to both the ECD and CSI sectors respectively. It is the intention that this research would enable these sectors to understand each other better and start to collaborate more often in an effort to improve the quality, and increase access to, ECD in South Africa. The results of the study may appear alarming, but they provide an opportunity for action on the part of CSI initiatives.

A range of significant conclusions and recommendations based on the findings of this research study will be presented in the subsequent chapter.

# **CHAPTER 5:**

## **CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This research study presented a range of fascinating findings. A number of very important conclusions have been derived from the research findings, which will be beneficial to both of the fields included in this study; corporate social investment and early childhood development. These conclusions will be presented thematically according to the main research objectives. In addition to this, a number of specific recommendations will be provided to each of the respective fields. An intention of this study is to enable both the CSI sector and the ECD sector to gain more knowledge and a better sense of understanding of the fields of study, and to understand the many advantages of working together. It is hoped that this study will benefit the CSI and ECD sectors and that they are able to progress forward in a more focused manner. The main conclusions will be discussed in relation to the main research objectives of the study.

### **5.2 Organisational Information of the Corporate Sector in South Africa**

Considering the organisational information of the CSI sample, it was interesting to note the vast differences in dates of establishment amongst companies, ranging from 1850 to 2011. It is thus clear that CSI programmes are not only incorporated into the business strategies of larger companies, but also many small companies, which indicates a broadening of understanding of the importance, and practice, of social investment.

A notable finding was that all of the responses from the corporate sample were from three out of the nine provinces; Gauteng, Western Cape and KwaZulu-Natal. This was interesting as the proportion of companies that exist in relation to the proportion of responses from each province is skewed. Of interest, many companies expressed their interest in the key findings of this study. This is positive as it signifies that corporates are perhaps wanting to make the most meaningful and impactful difference in communities and are constantly looking for new information to assist in their strategic planning of where to best invest their funds. It is vital that this interest and desire to make a

meaningful difference is supported and fostered. It is important for NPOs to constantly communicate the positive and negative outcomes that CSI involvement has had on communities so that companies are able to strategically spend their CSI budgets and ensure that the return on their investment is well worth it. It is evident from the findings that CSI managers are very keen for regular communication and feedback on the impact of their funds.

### **5.3 Organisational Information of the Early Childhood Development Sector in South Africa**

The research findings reflected a wide spread of responses from across South Africa, excluding the Northern Cape. The largest proportion of responses came from the Western Cape, Gauteng and KwaZulu-Natal. It is interesting to note the spread of responses in relation to the proportion of ECD NPOs located in each province, with the Western Cape being over-represented, and Limpopo and the Northern Cape being under-represented. It is not surprising then that these findings are in alignment with both the CSI activity and spend being highest in the provinces that are home to the highest number of ECD NPOs - Western Cape, Gauteng and KwaZulu-Natal.

Very encouraging is that a significant majority of ECD NPOs are registered as NPOs under the Non-Profit Organisations Act (No. 71 of 1997), and just over half are registered as a public benefit organisation (PBO). This is encouraging as the benefits attached to being legislated in this regard are substantial. It is recommended that more ECD NPOs become registered as PBOs, for incentivizing new and current funders as they are able to claim tax back on their contributions, as well as to become exempt from income tax in terms of the Income Tax Act (No. 58 of 1962) with Section 18A status.

The findings revealed that the greatest challenge facing ECD NPOs in South Africa is that of securing long-term funding, and finding new sources of funding. It is recommended that ECD NPOs start to strategically plan their fundraising activities two to three years ahead, with a well-designed strategy of who to approach, and the method to be used when approaching them as many companies require certain application procedures or proposal formats to be used. It is also recommended that ECD NPOs conduct prospect research in order to strategically find corporate funders that fund according to their sector and needs. A further recommendation would be to set up communities of

best practice with well-established and well-functioning ECD NPOs whereby sharing of knowledge, information and skills in the area of effective fundraising could be conducted at minimal costs.

#### **5.4 Corporate Social Investment Programme Information**

Perhaps one of the most noteworthy findings was that 96% of the corporate respondents had a CSI programme, which signifies the rapid rate at which the sector is growing, particularly in South Africa with the high levels of poverty and inequality. Importantly, the data captured may be ever so slightly biased as many companies that did not have CSI programmes immediately declined participation as they perceived the study to be of no relevance to them. It is recommended that high levels of information regarding the effects of CSI contributions on communities, and on the company itself, continue to be widely distributed to the business sector, in order to raise awareness of the positive impact and high returns on investment that CSI programmes can leverage.

Very interesting was the assortment of development sectors that companies invested in. The education sector clearly received the largest amount of CSI support, with 80% of the respondent companies investing in this sector at various levels. This is not too surprising considering the education crisis that South Africa is dealing with. It is encouraging to see the positive input of companies in assisting to rectify the situation, although it is vital that companies are working very closely with NPOs in establishing the root causes of the crisis and investing in areas that will see the largest impact. It is recommended that companies place a stronger emphasis on training teachers and upgrading facilities, as these are two of the most significant factors hindering educational throughput; thus not securing adequate skills to propel and build a strong and healthy economy.

The majority of companies that participated in the study indicated that socio-economic development (SED) component on the B-BBEE scorecard influenced their decision of focus area so as to score the full five points available for this component. In line with this, the results indicated a growing trend for CSI budgets to be determined according to 1% net profit after tax (NPAT). This is encouraging as it is seen that legislation is promoting company support of social causes and projects in alignment with government priorities.

Very positive was that a significant proportion of companies indicated that their CSI budgets are likely to increase in the next financial year, which suggests the importance placed on sustainable community development, even in the midst of the global economic crisis.

The research reflected interesting results in terms of their requirements of prospective beneficiaries, with the significant proportion of companies requiring beneficiaries to be registered as NPOs. A further key requirement was being able to deduct tax from donations provided, thus requiring NPOs to have Section 18A status. Noteworthy is that both the ECD NPO and CSI sectors viewed Section 18A status to be more important than PBO registration. It is assumed that the direct benefits of being able to deduct the value of their contributions from their taxable income is a key factor for corporates in determining which organisations to fund. It is positive that both sectors recognize the importance of this status and its potential in attracting corporate funding. Encouraging for those organisations that are not registered as NPOs or are in the process of registering, is that 9.1% of companies were recorded as not requiring organisations to be registered as NPOs. However, this is a small percentage and it is strongly recommended that ECD organisations register as NPOs and PBOs in order to leverage more corporate funding.

The findings revealed that the majority of companies fund their beneficiaries for time periods of one year. This speaks to the greatest challenge as indicated by the ECD sector in securing long-term funding so as to become sustainable. It is recommended that corporate funders research the benefits for both the organisation and the company of funding on a long-term basis, and carefully consider this approach in their CSI strategies moving forward. ECD NPOs will benefit hugely from being able to predict secure income for a number of years and will certainly have a positive influence on their sustainability.

Considering the importance of monitoring and evaluation (M&E), the study found that emerging trend exists for the formality of project implementation with the increase in strategic giving on the part of many corporate funders. The majority of CSI respondents stated that they required M&E practices to be in place, which suggests that companies are placing an emphasis on the importance of their giving and the need to see visible differences in the communities in which they invest. It is thus recommended that more ECD NPOs take on effective M&E practices as it will positively influence the retrieval of CSI funds, and ensure that there is a difference being made in the communities in

which they operate and which activities are most impactful. Discovering this will allow ECD NPOs to tangibly show corporate funders the impact that their investment could make.

The results showed that it is general practice for companies to require a number of documents from the beneficiary organisations; with the highest proportion of companies requiring a clear business plan or proposal. It is thus recommended that the ECD NPO sector become skilled in putting together well-written, focused proposals. Furthermore, it is recommended that ECD NPOs who have good relationships with their corporate funders, in fact ask them to assist the organisation in developing well-constructed, clear proposals with information that is relevant and meaningful. Encouragingly, a large proportion of ECD NPOs indicated that they have project proposals prepared for distribution to potential donors. It would thus be recommended that these proposals are not generic in nature, but rather tweaked according to each respective corporate funder.

Pertinent to ECD NPOs is recognising the positive impact that corporate funders make in improving poor social conditions, and acknowledging this contribution by sending thank you letters; sending receipts for both financial and non-financial contributions; inviting funders to visit projects to see the impact of their funds by affording them the opportunity to personally meet their beneficiaries. Should the project be well-run and a positive impact been made, it is likely that corporate funders will continue to fund the ECD NPO in the future.

Of interest is that the findings show how strategic CSI funders are becoming in their approach to funding, with the majority stating that they have become more demanding in terms of the effectiveness of their projects that they fund and the need for their investments to have a lasting impact. It is crucial that ECD NPOs recognise that CSI giving is very rapidly becoming more strategic and aligned to their business objective, and ensure that corporate contributions are used wisely and effectively with the highest possible impact. Speaking to this is that a significant 80% of CSI respondents require evidence of how their funds have been spent. It is important that ECD NPOs are able to manage funds effectively by keeping detailed, meticulous records of funds spent. The results were encouraging as they indicated that 91.3% of ECD NPOs have up-to-date audited financial statements in place, suggesting that the majority of organisations aim to be as effective and transparent with their funds as possible. It is highly recommended that the remaining ECD NPOs

have both annual financial audits, and internal audits, conducted in order to remain accountable and transparent to funders and other stakeholders, and to leverage corporate funding.

### **5.5 The Extent to which Corporate Social Investment Initiatives Invest in the Education Sector, and more particularly, in the Early Childhood Development Sector in South Africa**

The results of the study indicated that a significant proportion of companies support the education sector in South Africa, thus providing evidence that education is top priority investment area for the majority of companies. When companies were asked their reasons for investing in the education sector, the majority indicated their concern about the state of education in South Africa, and the low levels of knowledge transfer taking place within schools and the negative ripple effect that it is having on recruiting competent employees for their companies.

An in-depth analysis of the data indicated the education levels at which corporates are investing. Importantly, general education (Grade 1 to 9) received the highest proportion of corporate support. Perhaps the most significant finding for the purposes of this research study was that just less than 70% of corporate respondents invested in ECD in South Africa. Although CSIH (2011) found that the proportion of CSI funding to the ECD sector has increased over the years, the figure in this study remains significantly higher. It is thus important to recognise the bias reflected in this figure of the high proportion of companies participating in this study that invest in ECD.

A further significant finding was that it appears that corporate investment in education is becoming far more evenly spread over the various education levels. Although this does not disprove the ECD bias in this study, it does show that a larger proportion of companies are investing in ECD compared to three or four years ago. A deeper analysis of the data showed that each company that invests in the education sector spends, on average, 9% of their education budget on ECD indicating that although many companies support ECD, a very low proportion of their CSI budget is being invested in the ECD sector.

The results clearly showed that within the education sector, companies are keen to invest in items that are tangible and in which a visible difference can be seen. It can thus be assumed that many companies prefer investing in areas that have immediate or short-term impacts, such as infrastructure

development and educational equipment. It is recommended that ECD NPOs ensure that these types of tangible costs are incorporated into their proposals to corporate funders as it is most likely that these items would be funded. Perhaps proposing joint funding from a number of funders would be a positive move forward, as it is clear that corporates prefer funding tangible items, whereas the Lottery or some Foundations are keen on funding the operational costs of programmes. It is vital that ECD NPOs research the areas of funding that particular corporates are likely to fund and amend their proposals to the respective funders accordingly.

Of concern was the extremely low proportion of companies willing to fund leadership and management training for management boards of ECD centres. This is worrying, as it is the management board that is largely responsible for the sustainability of these ECD centres, and very often, they are malfunctioning. It is recommended that corporates consider this as a serious area of investment in the future, particularly if they are concerned about the sustainability of the ECD centres that they are investing in.

A significant finding of the study revealed that 100% of the ECD respondents stated that the need for ECD services has increased over the past 3 years. These results suggest that the importance of quality ECD programmes is being recognized and that the numbers of people wanting to access these programmes has increased drastically. This finding is noteworthy for CSI funders as it makes known a critical area in which higher levels of funding are required and provides an opportunity for action. Following this, it is encouraging to note, that between 2009 and 2011, the majority of companies indicated a steady increase in funding to the ECD sector. ECD NPOs are thus encouraged to continue submitting proposals to corporates that invest in the education sector, as ECD is progressively becoming an investment priority amongst any companies.

## **5.6 Exploring and Understanding what Informs Corporate Social Investment in Early Childhood Development in South Africa**

An important finding was that a significant proportion of companies indicated that the predominant reason for investing in the development sector was that of it being a moral imperative and the right thing to do. Further prominent reasons included supporting a worthy cause and having a good relationship with ECD NPOs. It is well-known that the key to successful fundraising is forming

positive, transparent relationships with funders. When funders feel that they are able to trust an organisation with their funds, they are more likely to continue investing in that organisation.

Considering criteria used by companies to select beneficiaries for funding, a very important factor for the majority of CSI initiatives is the type of project that funds have been requested for, the management of the development organisation, their track record, and the way in which they manage their finances. In order for more ECD NPOs to attract corporate funding, it is essential that they are well-managed, have a good reputation and track record in the ECD field in terms of the quality of work performed, as well as with previous donors, and that their finances are managed correctly and efficiently. It is recommended that ECD NPOs that are struggling with any of these aspects, approach an expert to assist them in building their capacity. Many companies are willing to do training at reduced costs or on a pro bono basis, and therefore it is certainly worth ECD NPOs exploring this and seeking assistance. With an increase in capacity to effectively manage the overall running of their organisation, it is very likely that companies will feel secure and comfortable in supporting them with their funds.

An important point of discussion were the vast differences that were revealed in ECD NPO perceptions of what corporates use to select new beneficiaries, with the majority of NPOs indicating that in their experience significant factors were; a previous relationship with the funder, experienced leadership within the organisation, and the organisation's capacity to expand services. These criteria were, comparatively, very different when looking at the CSI responses. The results suggest that there is a lack of communication between corporate funders and ECD NPOs on the criteria used to select beneficiaries, and that a lack of understanding exists between the two sectors.

It is recommended that prior to submitting proposals to corporates, ECD NPOs establish what the prospective corporate funders are looking for in beneficiaries, and work towards becoming the type of organisations that corporate funders are likely to invest in. This may cost the organisation money in the beginning, but in the long-term, it will reap the rewards of attracting more funders, and higher amounts of funding; resulting in improved sustainability in the future.

## **5.7 Establishing why Early Childhood Development is one of the Least Resourced Educational Sectors by Corporates**

A significant finding of the study, and one which is very important for the ECD sector to recognise, is that the prominent reason for companies not supporting ECD is that the importance of investment in ECD is not known. A further key reason for low levels of investment includes the long-term return on investment when funding ECD. It is likely that those funders currently investing in the ECD sector will never see the rewards of their investment, as although the return is very high, it is certainly a long-term investment. It is recommended that ECD NPOs continue to advocate for investments in ECD, and the benefits of such investments to the country and the economy in the long run. It is important for companies to realise the detrimental effects that a poor quality early learning programme, or even worse no ECD programme, will have on the capacity of their future employees.

Feedback provided by companies on their reasons for not investing in the ECD sector, indicating a strong sense of commitment to FET and tertiary levels of education, particularly in terms of maths and science. Once again, this shows the eagerness of companies to invest in programmes with a short-term return on investment, as they are able to recruit future employees from their pool of beneficiaries. Furthermore, many of the comments provided by companies were indicative of ECD not being aligned to their business and CSI strategy. This result was apparent across all business sectors, and raises the question why so few companies align ECD to their business strategy, considering the extraordinarily high returns on investment in comparison to the other levels of education, as well as the significant role that good quality early learning programmes play in creating a thriving society in the future.

Very important were the company perceptions of how ECD NPOs could improve their performance in the future and increase the likelihood of attracting CSI funding. The majority of companies recommended that ECD NPOs follow corporate requirements and guidelines for funding. This appears to be a fairly a simple recommendation, although it may suggest that ECD NPOs are not doing sufficient prospect research before submitting proposals to corporate funders, which certainly results in many proposals being rejected as they do not meet the company requirements. Related to this point, was that half of the CSI respondents requested that ECD NPOs submit more focused proposals that align with the company's funding priorities, as well as tailored for particular

companies, rather than being generic in nature. It is evident that companies are seeking proposals in which it is clear that prospect research has been done, and where a clear fundraising strategy has been adopted in terms of targeting the correct funders. Emphasizing this point, are the results revealed from the ECD NPO sector, which indicated that more than half of ECD NPOs attributed their increase in CSI funding to the submission of more focused proposals, that were tailored to suit each CSI funder respectively.

A further recommendation by the CSI sample was that of ECD NPOs involving their funders in the projects more often by inviting them to see the impact and meet the beneficiaries. It is therefore recommended that ECD NPOs start inviting their corporate funders to visit their projects and attend functions relating to the project, as this will no doubt improve their relationship with the funder, but also increase the likelihood of receiving funding in the future. In addition to this, a large proportion of companies indicated that they would like to share responsibility for ensuring the sustainability of the projects that they fund, once again indicating their desire to be more involved in the projects.

Companies also recommended that the ECD NPO sector improve their marketing as a means to make the sector more well-known, as this would be to their advantage and it is likely that they would improve their chances of corporate funding; as well as increasing their networking opportunities. The latter recommendation clearly shows the importance of relationship building in fundraising, and that good relationships are a sure way to secure future funding from CSI.

## **5.8 Examining the Corporate Social Investment Expenditure Trends in Early Childhood Development Over Time**

It is evident from the results of this study that despite the global recession, CSI support for ECD is on the rise, and it is probable that it will continue to grow in the future. This growth in CSI spend does not guarantee quality provision of services with consequential impacts, thus emphasizing the importance of corporates using their resources wisely and strategically. In order to this, it is recommended that there be a mindset shift in the leadership of many companies from one of conformity and conventionality to one of being developmentally focused when investing in communities. It is vital that CSI budgets are leveraged in such a way that even small amounts of funds provided are used effectively and have impactful outcomes. Working alongside government

strategies and plans for the expansion of ECD may be a way in which to do this, as well as partnering with ECD NPOs, who are experts in the field, in quality service delivery. A further recommendation would be that of corporates relinquishing their competitive advantage and considering partnerships with a range of other stakeholders, such as government and other companies with similar developmental goals, for greater impact in society.

In terms of the spread of CSI funding of ECD projects across provinces, it is clear that the provinces with the lowest levels of poverty, Gauteng and the Western Cape, are receiving the most corporate support. This data reflects a weakness in the CSI sector in that it lacks specific data on the provincial and district distribution of CSI spend. Knowledge of ECD project distribution is also lacking. With this in mind, it is unlikely that CSI spend will spread across provinces more evenly and reach those provinces most in need at the levels required. As a means to expand targeting, it is recommended that a clear map of social spend and existing projects be developed to provide information on where corporates are funding projects and the type of projects that are being supported. Should an improved understanding of where projects are being funded be available, it may assist CSI initiatives to more effectively target their spending.

Considering ECD NPO indications on the percentage of funds received from CSI between 2009 and 2011, the data indicated both increases and decreases, with 21% of ECD NPOs experiencing CSI funding cuts, whereas 25% experienced an increase in CSI funding. It may be assumed that CSI funding of ECD NPOs may not have necessarily been cut completely, but rather it may have shifted to organisations that are managing their projects and funds effectively. This assumption is made in light of the abundance of data indicating corporate shifts to more strategic funding of social projects, and funding of organisations that are sustainable and have the capacity to use the funds cost-effectively. Despite a quarter of ECD NPOs enjoying an increase in CSI funding, it is still too small a percentage of organisations receiving more funding, considering the overall increases in CSI funding in general, but more specifically in CSI budgets for ECD over the past three years. It is highly recommended that ECD NPOs purchase a database of funders across the country that invest in ECD, and develop a comprehensive list of funders to approach and areas that they are most likely to fund. This would be a positive start in the development of a fundraising strategy for the next three to five years. Of concern is that one-third of ECD NPO respondents have not received CSI funding in

the past three years. This is certainly an area of funding that ECD NPOs need to research and start tapping into as they are losing out on many funding opportunities.

With regards to the various components that ECD NPOs find challenging to raise funds for, and the areas of work that corporates are willing to fund, a recommendation to the CSI sector would be to re-evaluate their funding structures and recognize the importance of funding administrative and operational costs for more effective project impact and sustainability. This research shows that corporates are more comfortable and willing to fund purely project-related costs of ECD NPOs, yet it is impossible for organisations to operate without sufficient operating costs. It is recommended that a holistic approach to funding is adopted by CSI initiatives whereby a mutual understanding and agreement on the entire structure of the costs is gained and the long-term objectives of the organisation are taken into consideration. It is essential that companies understand the importance of costs beyond the actual project in terms of long-term sustainability. If ECD NPOs were provided funds for components such as marketing and communication, or M&E, they would be afforded the opportunity for possible expansion, for reducing dependency on a single company for supporting operations, and perhaps increase their level of professionalism which is seen as necessary by many funders, particularly CSI funders.

It is essential that a funding relationship is developed and carried out with a long-term sustainability vision and goal in mind. In order for this ECD NPO-CSI funder relationship to be a healthy one, it is important that it is built on trust between the respective parties, and that it has a clear focus on the developmental goals and the way in which these are to be achieved.

A noticeable trend of strategic corporate giving and a focus on making a positive, tangible difference is becoming evident, with very high proportions of ECD NPOs indicating that companies are becoming more demanding in terms of the effectiveness of the projects that they fund, and that they are requiring evidence of how their funds have been spent. Although this means more emphasis on the quality and effectiveness of the projects on the part of ECD NPOs, it is a positive trend as the impact on beneficiaries is increasing and a bigger difference is being made in terms of uplifting and supporting people in difficult circumstances. It is recommended that ECD NPOs make a concerted effort to improve the way in which they run their programmes so as to ensure that the biggest possible impact is being made, and that funds are being spent according to the agreement. Vitality

important is that ECD NPOs are transparent with their corporate funders with regards to the management of projects, the use of funds, and areas of the project that are not being implemented according to the agreement. It is generally the case that funders are open to negotiate the roll-out of the problem considering the diverse communities in which many ECD NPOs work.

### **5.9 The Perceptions of Corporates on their Funding Support of the Early Childhood Development Sector**

An encouraging finding of the study was that of corporates who are currently investing in ECD intend to continue funding the sector in the future. It may thus be assumed that these corporates understand the importance of their investment in ECD and the impact that it will have in the future, and perhaps have had positive partnerships with ECD NPOs in implementing projects. It would be recommended that ECD NPOs continue to build good quality relationships with their corporate funders in order to secure future funding.

Focusing on some of the key challenges facing the ECD sector in the future, as perceived by the CSI sector; the main challenge indicated was a lack of understanding of the importance of ECD amongst corporates and the general public. This is a key concern that came up repeatedly in the results, and improving the marketing and advocacy of the ECD sector through a range of mediums may be a very positive step forward in attracting more corporate funding in the future. In addition to this, the majority of CSI respondents indicated that a lack of skilled and/or capable staff in the ECD sector is a major challenge. From these results, it may be assumed that a high proportion of the corporate sector doubts the capabilities of the ECD NPO sector. Whether this perception is warranted or not, this is an area where an improvement needs to be shown in order to secure more corporate funding in the future. The need for staff development to be implemented in ECD NPOs is great, and the results of this will be seen in the heightened levels of staff capacity to work and run projects more effectively and efficiently. This staff development may take the form of conferences, workshops, courses, meetings, presentations, networking functions and so forth.

Considering those companies that invest in education, but not in the ECD sector specifically, it is encouraging to note that a large proportion of companies indicated that they would consider funding ECD in the future. Of these companies, less than half had positive perceptions of the ECD sector as

a whole. Regarding those companies that do not invest in the education sector at all, the large majority of them indicated that they would consider investing in the education sector in the future, although only 11.1% expressed an interest in funding the ECD sector.

Regarding corporate perceptions of the ECD sector, the results showed somewhat mixed perceptions, but were inclined to be slightly more negative than positive, which may partly be due to the low levels of awareness of the ECD sector, the services that are available, and the importance of an early education for society and the economy in the future. These varying perceptions of the ECD sector range from CSI funders who are passionate about the field and recognise its importance, to others who appear to be clearly fed up with the inferior levels of management and leadership within the sector.

The findings clearly showed a general dissatisfaction among corporates with government support of the ECD sector, and it is assumed that corporates are becoming fed up with having to rectify the challenges within the education system; an area that government should be handling efficiently.

#### **5.10 The Perceptions of Early Childhood Development Non-Profit Organisations on Corporate Investment in their ECD Programmes**

In terms of the general expectations of companies, according to ECD NPOs, the most frequent requirement is the submission of regular reports and updates on the progress of the project, as well as requiring financial reports from beneficiaries to determine how the funds have been spent. ECD NPOs have also recognised the importance acknowledging corporate funds and sending thank you letters to them upon every tranche paid. It is recommended that ECD NPOs continue to send well-written and informative reports to corporate funders, and acknowledge their role in the partnership. This will reflect well on the organisation and will make a good impression on the funder. It is important that ECD NPOs are aware of corporate requirements and expectations so as to adhere to these, which in turn is likely to secure funding in the future.

Focusing on areas of work that ECD NPOs perceive CSI funders to generally invest in, it was found that corporates enjoy funding interventions that are tangible and where a visible improvement can be seen. This is very much in line with the results that the CSI funders provided when asked the same

question. It is thus clear that ECD NPOs are well aware of the areas in which to target funding from CSI. Worth noting, is that some areas that corporates appear to be less willing to fund, are in fact, the areas of work that could improve organizational capacity and effectiveness; such as, research and advocacy, marketing and communications, and fundraising. Adding to this, a significant proportion of ECD NPOs indicated that having a full-time fundraiser on their team would increase their output and quality of proposals. As raised above, the challenge in employing a fundraiser is that ECD NPOs struggle to find a donor that is willing to fund the salary of a fundraiser. This is an important area of consideration for the CSI sector as it would make a substantial difference in the quality of proposals received.

Fascinating results were revealed in terms of how ECD NPOs think their sector is ranked according to corporate funders. A fairly even distribution of results were seen from the ECD NPOs showing that they believe the ECD sector to be viewed as a medium priority or low priority investment area by corporate funders. When compared to the responses by the CSI sector, the results revealed that a quarter of the respondents viewed ECD as a top priority investment area, and 45% viewing the sector as a medium priority investment area. This is interesting as it appears that the ECD sector is not aware of their value and worth, and do not realise the proportion of companies that view the sector as important.

### **5.11 Exploring the Perceptions of Corporations on the Sustainability of the Early Childhood Development Sector**

This study revealed that, despite the large majority of the CSI sector viewing the ECD sector as an important one for future economic and social growth in South Africa, of those corporates funding ECD, only 35% predict an increase in ECD funding in the future; with the majority of companies indicating their impartiality. A significant proportion of companies agreed that there is a great need for better quality provision of ECD services in South Africa.

These results are significant to the ECD NPO sector, as although ECD is viewed as important and beneficial, corporates appear to be disconcerted with the sustainability of the ECD sector, and the quality of the services provided. It is thus assumed that as long as the CSI sector perceives the ECD

sector to be unsustainable, and one which offers a sub-standard quality of services, companies are not likely to take the risk of investing in the ECD sector.

Noteworthy is that only 10% of the CSI respondents that currently fund ECD indicated their agreement with the ECD sector having good governance structures in place. This is of great concern and is an area in need of serious improvement. Comparatively, just less than half of the ECD NPO respondents indicated their agreement that the sector has good governance. A vast difference in perceptions is seen, perhaps indicating that the ECD NPO sector has a very different idea to the corporate sector of what good governance practices and structures actually are. It is recommended that ECD NPOs approach corporate funders, whom they have positive working relationships with, and ask for advice in terms of how to improve the governance of their organisation. It is highly likely that the funder will offer their time, or make available some form of training for the ECD NPOs, and will show the willingness of the ECD NPO to improve themselves and become sustainable. In addition to this, half of corporates have experienced a good relationship with the ECD sector, although the other half have experienced average, or even poor, working relationships with the sector. This is a significant proportion, indicating that the type of relationship formed in the funding partnership is crucial in determining future funding of ECD NPOs. It is highly recommended that ECD NPOs work hard at building positive relationships with funders from the very first point of contact, as a trusting, transparent relationship appears to be a key factor in attracting corporate funding, particularly on a long-term basis, and remaining sustainable.

Positively, the research indicated that the vast majority of corporate funders currently funding the ECD sector trust the sector to manage their funds effectively. Based on these results, it may be assumed that the CSI sector has had fairly positive experiences in terms of the management of funds whilst funding ECD NPOs and it would thus be assumed, that generally, the ECD sector is a fairly trustworthy one.

## **5.12 The Perceptions of Early Childhood Development Non-Profit Organisations on the Sustainability of the Early Childhood Development Sector**

The perceptions of the corporate funders on the sustainability of the ECD sector were proven to be somewhat true when looking at the results from the ECD sector in the financial management of their

organisations. Worryingly, almost 61% of ECD NPOs do not have a multi-year plan for generating and allocating their financial resources; and do not have sufficient financial reserves to maintain operations should funds run out, respectively. This is of great concern, and it is no surprise that corporate funders feel disconcerted about investing funds into the sector. In addition to this, more than half of ECD NPOs cannot accurately predict their income for the coming financial year. These results reflect a very poor level of effective financial planning and management in the sector, thus inevitably leading to the conclusion that the majority of ECD NPOs that are in existence are not sustainable. These results clearly explain why 46 ECD NPOs have closed down, and more than 20 have had to down-scale in order to survive, over the past 15 years.

A vitally important recommendation for these ECD NPOs is to develop a multi-year plan for generating funding, and to build up reserves in the form of an endowment. It is recommended that ECD NPOs negotiate with financial planners to offer their services at reduced rates in order for the sector to understand the importance of a good medium-term financial plan, how to put one together, and how to actively go about generating funds according to the plan.

Interestingly, the vast majority of ECD NPOs indicated that fundraising was the most difficult area to raise funds for. This is a challenging area as ECD NPOs require funds in order to raise funds. Operating costs are also perceived as a challenging area to raise funds for by the ECD sector. This is a topical issue at present, as although the majority of ECD NPOs indicate the difficulty in raising funds for operating expenditure, more than a quarter of CSI respondents indicated that they are willing to fund a portion of organisation's operating costs. Although this is not a substantial amount of corporate funders, there are many corporate funders who are willing to cover the operating costs. It is vital that ECD NPOs explore the possibility of their corporate funders contributing towards their operational costs, as it will inevitably assist them in the sustainability of their organisation. It is important for ECD NPOs to make known that projects cannot succeed if the work behind the scenes is not covered for in the budget.

Regarding the effects of the global recession on the ECD NPO sector, an overwhelming majority of respondents indicated that they experienced cut-backs in CSI funding as a result of the recession. These results were very interesting in comparison to the 2009 - 2011 CSI budgets that indicated more than two-thirds of companies increased their CSI budgets over this time period. It may be assumed

that the ECD sector is under a false impression of the reasons for cut-backs in funding, and that perhaps funds are being cut due to reasons, such as poor governance, poor quality services, and the sector being somewhat unsustainable. It is highly recommended that the ECD sector distinguish the actual reasons for cut-backs in corporate funding and work to improve those areas.

Overall, it appears that the global recession impacted the ECD NPO sector in both positive and negative ways. Positively, the ECD NPO sector indicated that the recession enabled organisations to become more effective and efficient with their resources, and enabled more networking opportunities with similar organisations whereby they could learn from, and assist, each other in good financial management endeavours. These results are encouraging, as it appears that although the financial recession has been a challenging period, it has in fact enabled ECD NPOs to manage their organisations more effectively and efficiently in terms of developing superior management controls and implementing strategic thinking practices within the NPO. This, in turn, has enabled these ECD NPOs to improve the sustainability of their organisations to a certain degree.

Interestingly, just less than half of the ECD NPO sector indicated that the financial position of their organisation will improve in the next financial year, and more than two-thirds are ready and willing to grow and develop themselves by attending training and workshops on effective fundraising methods and techniques to improve the sustainability of their organisation. This is positive as, despite the vast amount of financial challenges facing these organisations, it indicates that the ECD NPO sector is not entirely despondent. Very interesting, were the results indicated by the ECD NPO sector regarding their perceptions of their sustainability, showing that more than half of the ECD NPO respondents were unconfident of the sustainability of the sector in the future, and were unsure about whether the sector will grow in the coming years.

### **5.13 Summary**

This chapter presented the main conclusions of the research study and provided recommendations to both the ECD and CSI sectors on a positive way forward in terms of funding. It is evident that there was a clear emphasis on the ECD NPO sector to promote the importance of ECD for social and economic growth in South Africa, by means of various media platforms. It was clear that the CSI sector does not know enough about the positive effects of a quality ECD programme on both

children, and society at large. Also notable, was that the CSI sector was correct in their perception of the ECD NPO sector being, to a certain extent, unsustainable. A key recommendation is that ECD NPOs develop multi-year plans for generating funding, as well as building up reserves in the form of an endowment, in order to improve their sustainability and attract more funding.

Overall, the study explored the role played by, and the extent to which, corporate social investment initiatives in South Africa support and invest in early childhood development, as well as the reasons why ECD is supported in the manner that it is. The trends of CSI in ECD over time were examined, as well as what has motivated, and continues to motivate the corporate sector to fund the ECD sector. It also looked at the sustainability of the ECD NPO sector, according to the CSI sector and ECD NPO sector themselves.

The use of a quantitative research methodology was beneficial in gaining important, relevant and new data relating to the fields of CSI and ECD. It is hoped that, from the findings of this study, further research could be conducted on how to improve the sustainability of the ECD sector so as to ensure that children across the country are continually gaining access to quality early learning experiences. It is also hoped that this research study has provided some insight into the riveting dynamics of the both the early childhood development sector in South Africa, as well as the corporate social investment sector in our country.

It is trusted that this research study will assist the ECD NPO sector in finding new ways to attract corporate funding, and to improve their sustainability as a whole; as well as provided the CSI sector with an understanding of the great importance of ECD, particularly in the South African context, and that their investment in this sector is a worthwhile investment which benefits thousands of South African children, and ultimately the social and economic growth of our country.

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## APPENDIX 1 – Corporate Social Investment Survey

- It is important to note that the following survey is in uni-code format which has resulted in the survey being far less vibrant and visually appealing than the actual online survey sent to the study population. The online version of the survey can be found at the following web link:  
<http://edu.surveymzmo.com/s3/936385/The-Role-of-Corporate-Social-Investment-in-Supporting-Early-Childhood-Development-in-South-Africa-CSI-perspective>
- Several images were included in the online survey as a means to provide a dynamic and aesthetically pleasing look and feel. These images have not been included in the uni-code format of the survey.
- Furthermore, in this format all questions are displayed, although respondents only answered questions that were applicable to them. Validations were set on the survey to skip over sections that may not have been relevant to certain CSI Managers.

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## **The Role of Corporate Social Investment in Supporting Early Childhood Development in South Africa – Corporate Social Investment Survey**

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### ***Introduction***

Good Day,

Thank you very much for taking the time to participate in this research study.

The main aim of this study is to explore the role of corporate social investment in supporting early childhood development in South Africa.

This survey is comprised of a range of questions in a number of sections and will take approximately 30 minutes to complete. The various sections include: Company Profile; Corporate Social Investment Programme; Investment in the Education Sector; Investment in the Early Childhood Development and Grade R Sector; as well as a section for those companies that do not invest in the Education Sector and/or the ECD and Grade R Sector.

Please will you answer the questions as honestly as possible as your responses are very important to the findings of this research. You are able to save the survey at any stage if you are unable to complete it in a single sitting. At the bottom of each page you will find a "save and continue later" tab which you can click should you wish to stop and continue the survey at a later stage. You will be asked to fill in your email address and a unique link, that will allow you to return to your survey where you left off, will be emailed to you.

Please note that your responses will be treated as strictly confidential and that your organisation will remain anonymous.

You will be offered the opportunity to enter in your email address should you like a copy of the results of this research study.

Please would you be so kind as to complete the survey by Friday, 10 August 2012.

Thank you very much for your time and effort in completing this survey. The findings of this study are invaluable for the CSI and ECD sectors and your voluntary participation is greatly appreciated.

(Picture)

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### ***Section A: COMPANY PROFILE***

**1) What is the job title of person completing survey?**

**2) What industry sector does your company fall into?**

( ) Financial Services

- Manufacturing
- Information and Communication Technology (ICT)
- Retail and Wholesale
- Mining and Quarrying
- Media and Entertainment
- State-owned Enterprise
- Motor Vehicle Manufacturers/Assemblers
- Oil and Petroleum
- Agriculture, Forestry and Fishing
- Services
- Pharmaceutical and Health
- Building and Construction
- Other, please specify: \_\_\_\_\_

**3) In what year was your company founded?**

**4) In which province is your company head office located?**

- Eastern Cape  Free State  Gauteng  KwaZulu-Natal  Limpopo  Mpumalanga  North West  Northern Cape
- Western Cape

**5) Please indicate the number of permanent staff currently employed within your company (Please indicate as of 01 June 2012).**

**6) Please indicate your company's annual INCOME for the following financial years: (Optional)**

Year Ending 2009:: \_\_\_\_\_ Year Ending 2010:: \_\_\_\_\_ Year Ending 2011:: \_\_\_\_\_

**7) Please indicate your company's annual EXPENDITURE for the following financial years: (Optional)**

Year Ending 2009:: \_\_\_\_\_ Year Ending 2010:: \_\_\_\_\_ Year Ending 2011:: \_\_\_\_\_

**Section B: CORPORATE SOCIAL INVESTMENT PROGRAMME**

**8) Does your company have a corporate social investment programme (or a similar initiative)?\***

- Yes  No

**Section B: CORPORATE SOCIAL INVESTMENT PROGRAMME**

**9) In what year was your Corporate Social Investment programme established?**

**10) How many permanent staff are employed within your company's CSI department/division?**

**11) What sector(s) does your company invest in? Please tick all that apply.**

- Education
- Health and HIV/Aids
- Social and Community Development
- Food Security and Agriculture
- Environment

- Enterprise Development
- Training and Capacity Building
- Arts and Culture
- Housing and Living Conditions
- Safety and Security
- Sports Development
- Non-sector specific contributions
- Other, please specify

**12) Has the definition of Socio-Economic Development (SED) on the Broad-Based Black Economic Empowerment Scorecard influenced your company's choice of focus area?**

- Yes  No  Don't know

**13) What are the reasons for your company investing in the development sector? Please tick all that apply.**

- Moral imperative – it is the right thing to do
- Stakeholder pressure
- Licence-to-Operate procedures
- Industry Sector Charter
- Improves company's branding
- Allows for tax-deductible investments
- Improves company reputation/credibility
- To gain B-BBEE points
- Good return on investment
- Enhances product appeal
- Improves customer loyalty
- To achieve a business objective
- To support a worthy cause
- Peer pressure
- Other, please specify

**14) What has your company's annual CSI budget been over the past three years? Please provide an estimate figure for each financial year below.**

Year Ending 2009:: \_\_\_\_\_ Year Ending 2010:: \_\_\_\_\_ Year Ending 2011:: \_\_\_\_\_

**15) How is your CSI budget determined?**

- 1% of Net Profit After Tax (NPAT) as per the Socio-Economic Development (SED) component on the B-BBEE Scorecard.
- More than 1% of NPAT
- Less than 1% NPAT
- Percentage of pre-tax profit
- Company decision
- Budget based on existing expenditure
- Fixed budget with a variable percentage increase per annum
- Fixed budget with a fixed percentage increase per annum
- Percentage of dividends

( ) Other, please specify: \_\_\_\_\_

**16) What are your anticipated CSI budget changes for your next financial year?**

- ( ) CSI budget is likely to be increased
- ( ) CSI budget is likely to be decreased
- ( ) CSI budget is likely to remain the same
- ( ) None of the above: \_\_\_\_\_

**17) Many companies donate goods and/or services (non-financial contributions) to projects/organisations - are these included in your CSI budget?**

- ( ) Yes, our company donates goods and/or services which are included in our CSI budget
- ( ) Yes, our company donates goods and/or services which are over and above (excluded) from our CSI budget
- ( ) No, our company does not donate goods and/or services (we only contribute financially)
- ( ) Other, please specify: \_\_\_\_\_

**18) Indicate an estimate percentage (%) of your CSI budget spent per province in the financial year ending 2011:**

\_\_\_Eastern Cape \_\_\_Free State \_\_\_Gauteng \_\_\_KwaZulu-Natal \_\_\_Limpopo \_\_\_Mpumalanga \_\_\_North West \_\_\_Northern Cape \_\_\_Western Cape

**19) What criteria do you use in selecting your beneficiary organisations? Please tick all that apply.**

- The type of project
- Innovation of the project
- Previous relationship with the organisation
- Existing relationship with the organisation
- Experienced leadership within organisation
- Track record of the organisation
- Track record of service delivery
- Good management of the organisation
- Good financial management
- Capacity to expand services
- Outcome of prior investment in the organisation
- Other, please specify

**20) Your company requires your beneficiary organisations to: Please tick all that apply.**

- Be a Non-Profit Organisation (NPO)
- Be a Public Benefit Organisation (PBO)
- Have Section 18A status (Donations are tax deductible)
- Have a BEE Certificate
- None of the above
- Other, please specify

**21) On average, for what time period do you fund your beneficiary organisations? Please indicate the average number of months in the drop down menu below: (1) – (100)**

**22) Please indicate the extent to which your company agrees with the following statement: "NPOs that have full-time, paid fundraisers are generally better equipped to raise funds".**

- ( ) Strongly agree ( ) Agree ( ) Neutral ( ) Disagree ( ) Strongly disagree

**23) Do you require branding/marketing of your company from your beneficiary organisations?**

Yes  No  Sometimes  Don't know

**24) Does your company require Monitoring and Evaluation (M&E) for projects that they fund?**

Yes  No  Sometimes  Don't know

**25) If yes, how do you monitor and evaluate your beneficiary organisations' progress? Please tick all that apply.**

- Regular narrative feedback reports from beneficiary
- Regular site visits to projects by your company
- Baseline Assessments
- Follow-up Assessments
- Number of beneficiaries enrolled in programme
- Attendance registers
- Attendance registers with time arrived and time departed
- Interviews with beneficiaries
- Spot checks
- Surveys
- Feedback forms for beneficiaries to complete
- Ensure that funds provided are being spent accordingly
- N/A – we do not monitor beneficiary progress
- Other, please specify

**26) What documents does your company require from organisations as a prerequisite to funding? Please tick all that apply.**

- Audited annual financial statements
- Proof of NPO registration
- Proof of PBO registration
- Proof of Section 18A status
- Copy of the organisation's founding documents
- B-BBEE certificate
- Narrative annual report
- Project proposal/plan
- Other, please specify

**27) What are your company's expectations of beneficiaries when providing support? Please tick all that apply.**

- Regular reports/updates on the progress of the project
- Regular reports/updates on the impact of the project and your company's contribution
- Section 18A receipt
- Financial reports
- Visiting rights to the projects
- Invitations to events
- Marketing of company
- Acknowledgement of financial and non-financial support
- Receipt of goods received
- Thank you letter

Anonymity

Other, please specify

**28) Your company has become more demanding in terms of the effectiveness of the projects that they fund.**

Strongly agree  Agree  Neutral  Disagree  Strongly disagree

**29) Your company is increasingly requiring evidence of how your funds have been spent by organisations.**

Strongly agree  Agree  Neutral  Disagree  Strongly disagree

**30) Has the global recession resulted in your company's CSI budget decreasing over the past 3 years?**

Yes  No  Don't know

**31) Has your company's CSI division put strategies in place to adapt to the effects of the global recession?**

Yes  No  Don't know

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**Section C: INVESTMENT IN THE EDUCATION SECTOR**

**32) Does your company invest in the Education sector?\***

Yes  No

---

**Section C: INVESTMENT IN THE EDUCATION SECTOR**

**33) Within the Education sector, which levels of education does your company invest in and what is the estimated percentage of your company's corporate social investment budget that goes toward each Education level?**

	Percentage (%) of company's CSI budget
Early Childhood Development (ECD) and Grade R	—
General Education (Grade 1 – 9)	—
Further Education and Training (FET) (Grade 10 – 12)	—
Tertiary Education (Universities/Technikons)	—
Adult Education (including ABET)	—
Other	—

**34) Why does your company invest in this/these education category(ies)? Please provide a short explanation.**

**35) What types of interventions within the Education sector does your company invest in? Please tick all that apply.**

Bursaries/Scholarships

Curriculum Development/Course Materials

Infrastructure, Facilities, Equipment

Teacher Development

Additional Learner Programmes

Special Needs Interventions

School Governance and Functionality

Other, please specify

**36) Within the Education sector, what subject areas does your company invest in? Please tick all that apply.**

- Maths, Science and Technical Education
- Life Skills (Aids Awareness, Career Education etc.)
- Information Technology/Computers
- Language and Literacy
- General
- Other, please specify

**37) What have the general trends in CSI funding of the Education sector been over the past 3 years?**

- CSI funding to the Education sector has increased over the past 3 years
- CSI funding to the Education sector has decreased over the past 3 years
- CSI funding to the Education sector has remained the same over the past 3 years
- None of the above
- Don't know

**38) What is your company's perception, in general, of the ECD sector in South Africa?**

- Positive  Negative  Neutral

**Please explain your answer above.**

**39) Please indicate the extent to which you agree with the following statements about the ECD sector in South Africa. The ECD sector generally has:**

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Skilled, capable staff at management level	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Skilled, capable staff at operational level	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
High staff turnover	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Effective communication within ECD organisations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Been proactive in sharing of information and conducting best practice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Good leadership and strategic vision in ECD organisations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A business-like manner of operating and conducting activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sustainability strategies in place	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Section D: INVESTMENT IN THE EARLY CHILDHOOD DEVELOPMENT AND GRADE R SECTOR**

**The following section is for those COMPANIES THAT INVEST in the Early Childhood Development (ECD) and Grade R sector.**

**Should your COMPANY NOT INVEST in the ECD and Grade R sector, BUT INVEST IN ANOTHER EDUCATION SECTOR, please select "Another Education sector" and then "Next" below to skip to Section E.**

**Should your company invest in ECD and Grade R, please press "Next" at the bottom of the page.**

- Another Education sector (not ECD)

**Section D: INVESTMENT IN THE EARLY CHILDHOOD DEVELOPMENT AND GRADE R SECTOR**

**40) If your company invests in Early Childhood Development (ECD) and Grade R, for how long has your company funded ECD?**

**41) What has your estimated CSI budget for ECD been over the past 3 financial years:**

	Estimated CSI Budget in Rands
ECD budget 2009:	---
ECD budget 2010:	---
ECD budget 2011:	---

**42) Please comment on the changes in your CSI budget for ECD over the past 3 years as stated above? Please provide a short answer in the space provided below**

**43) Does your company intend to continue funding ECD in the future?**

Yes  No  Don't know

**44) Why does your company fund ECD? Please tick all that apply.**

- ECD is a worthy cause
- ECD is in line with the company's objectives
- ECD is relevant to the company's services and products
- ECD is a good fit with the company's brand
- ECD has a good return on investment
- B-BBEE points gained
- Your company has a good relationship with ECD organisations/sector
- Other, please specify

**45) Please indicate the provinces in which your company funds ECD projects. Please tick all that apply.**

- Eastern Cape  Free State  Gauteng  KwaZulu-Natal  Limpopo  Mpumalanga  Northern Cape  North West
- Western Cape

**46) Which aspects of ECD programmes does your company support? Please tick all that apply.**

- ECD skills development training for ECD teachers
- ECD qualification at NQF Level 1, 4 or 5 to ECD teachers
- Leadership and management training for Management Boards of ECD centres
- Provision of educational equipment to ECD centres
- Capital projects such as minor and/or major building upgrades to existing ECD centres or building of a new ECD centre
- Operating costs of the ECD NPO providing the service
- Parenting capacity development programmes
- Family outreach programmes for those children that cannot access ECD centres
- Nutrition projects and/or food gardens at ECD centres
- Other, please specify

**47) What approach does your company take when investing in the ECD sector?**

Our company is more likely to fund single-focused interventions, (e.g. teacher training only; provision of educational equipment only etc.)

Our company is more likely to fund holistic, integrated interventions when investing in the ECD sector. (e.g. teacher training, plus educational equipment provision, plus building upgrades, plus operating costs etc.)

Both single-focused and holistic interventions to ECD provision

None of the above

Other, please specify: \_\_\_\_\_

**48) Which of the following areas of work will your company likely to fund? Please tick all that apply.**

General operational expenses of ECD organisation

Staff salaries

Research and advocacy

ECD programme/project expenses, including training materials, transport costs, catering for workshops, etc.

Capital projects, such as minor and/or major building upgrades to existing ECD centres or the building of a new ECD centre

Staff development programmes

Educational equipment

Curriculum development

Monitoring and evaluation for projects

Marketing and communication

Technology (upgrading of computers, printers, scanners etc)

Other, please specify

**49) Please provide an estimate number of the ECD organisations that your company currently funds?**

**50) Please indicate the extent to which you agree with the following statement: "In general, the quality of funding proposals from the ECD NPO sector are good".**

Strongly agree  Agree  Neutral  Disagree  Strongly Disagree

**51) Is your funding of ECD aligned with your business strategy?**

Yes  No  Don't know

**52) Does your company include ECD as a focus area in order to align with government making ECD a priority?**

Yes  No  Don't know

**53) What significant changes have you seen, generally, in CSI funding of the ECD sector over the past 3 years in South Africa?**

Increase in funding to the ECD sector

Decrease in funding to the ECD sector

Funding to the ECD sector has remained the same

None of the above

Other, please specify: \_\_\_\_\_

**54) What CSI funding changes do you anticipate seeing in the ECD sector, generally, in the future in South Africa?**

Increase in funding to the ECD sector

Decrease in funding to the ECD sector

Funding to the ECD sector will remain the same

None of the above

Other, please specify: \_\_\_\_\_

**55) In general, why do you think ECD is one of the least funded sectors in the educational development sector in South Africa? Please tick all that apply.**

- ECD is not in line with many companies' objectives
- ECD has a low return on investment
- The return on investment is not immediate or even short-term
- The importance of investing in ECD is not known
- The ECD sector is poorly managed and therefore there are concerns over the management of funds
- The ECD sector is poorly marketed and therefore not well known amongst corporates
- The ECD sector in South Africa is not sustainable and therefore company's do not wish to invest in it
- ECD is not a government priority
- ECD is a government responsibility
- ECD is not a high profile sector
- Other, please specify
- Disagree with the above statement, ECD is well funded.

**56) How does your company rank the ECD sector?**

- Top priority investment sector for our company
- Medium priority investment sector for our company
- Low priority investment sector for our company
- Don't know

**57) The more children that have access to, and participate in an early education programme, the stronger our education system, and ultimately our economy, will be in the future:**

- Strongly agree  Agree  Neutral  Disagree  Strongly disagree

**58) The ECD sector is known for good governance:**

- Strongly agree  Agree  Neutral  Disagree  Strongly disagree

**59) In general, your company's relationship with the ECD sector is:**

- Very good  Good  Average  Poor  Very poor

**60) In general, your company trusts the ECD sector with your funds:**

- Yes  No  Don't know

**61) What do you think ECD organisations could do to improve performance and increase their chance of funding from corporates? Please tick all that apply.**

- Follow corporate requirements and guidelines for funding
- Submit more focused proposals that align with business funding priorities
- Submit proposals that are tailored for one particular funder and not generic in nature
- The corporate funder and ECD NPO should share responsibility for the sustainability of projects
- Actively engage with funders and inform them of project progress
- Increase marketing and branding of the organisation (thus becoming more well-known)
- Employ a fundraiser to take responsibility for the organisation's fundraising activities
- Increase networking with the funder community
- Other, please specify

**62) What are the major challenges you foresee facing the ECD sector in the future? Please tick all that apply.**

- Lack of skilled and capable staff
- High staff turnover
- Lack of investment in the ECD NPO sector
- Lack of understanding of the importance of ECD
- A decrease in funding of the ECD sector
- A greater need for ECD services in South Africa
- A reduction in the number and/or size of ECD projects, thus reducing the services to beneficiaries
- ECD NPOs at risk of closing down
- Other, please specify

**63) Please indicate the extent to which you agree with the following statement: "There will be an increase in corporate funding of the ECD sector in South Africa in the future?"**

- Strongly agree  Agree  Neutral  Disagree  Strongly disagree

**64) Please indicate the extent to which you agree with the following statement: "Government will make more funds available to the ECD sector in the future?"\***

- Strongly agree  Agree  Neutral  Disagree  Strongly disagree

**Section E: For companies who DO NOT INVEST IN THE EARLY CHILDHOOD DEVELOPMENT SECTOR BUT INVEST IN ANOTHER EDUCATION SECTOR:**

**65) If your company does not invest in the Early Childhood Development sector, why not? Please provide a short explanation.**

**66) Would your company consider investing in the ECD sector in the future?**

- Yes  No  Don't know

**67) What is your company's perception, in general, of the ECD sector in South Africa?**

- Positive  Negative  Neutral

**Please provide a short explanation of your answer above.**

**68) Please respond to the following statements:\***

	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
The ECD sector in South Africa is sustainable and will continue to grow in the future.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The ECD sector in South Africa is important for the future economic and social growth of our country.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
There is a great need for better quality ECD provision in South Africa.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Section F: For companies that DO NOT INVEST IN THE EDUCATION SECTOR at all:**

**69) If your company does not invest in the Education sector, why not? Please provide a short explanation.**

**70) Would your company consider investing in the Education sector in the future?**

- Yes  No  Don't know

**71) If yes, which Education sector would your company most likely invest in? Please tick all that apply.**

- Early Childhood Development (ECD) and Grade R
- General Education (Grade 1 – 9)
- Further Education and Training (FET) (Grade 10 – 12)
- Tertiary Education (Universities/Technikons)
- Adult Education (including ABET)
- N/A
- Other, please specify

**72) What is your company's perception, in general, of the ECD sector in South Africa?**

- Positive  Negative  Neutral

**Please provide a short explanation for your answer above.**

**73) Please respond to the following statements:\***

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
The ECD sector in South Africa is sustainable and will continue to grow in the future.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The ECD sector in South Africa is important for the future economic and social growth of our country.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
There is great need for better quality ECD provision in South Africa.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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*For companies that do not have a CSI programme (or similar initiative)*

**If your company does not have a CSI programme (or similar initiative), why not? Please provide a short explanation.\***

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*Concluding Remarks or Comments*

**74) Do you have any other concluding remarks or comments regarding the ECD sector or CSI?**

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**Research Report**

**Should you like a copy of the final research report, please fill in your email address below and I will gladly send it to you.**

Thank You for completing this survey!

(Picture)

**Thank you very much for taking the time to participate in this survey. Your time and effort is much appreciated.**

## APPENDIX 2 - Early Childhood Development Survey

- It is important to note that the following survey is in uni-code format which has resulted in the survey being far less vibrant and visually appealing than the actual online survey sent to the study population. The online version of the survey can be found at the following web link:  
<http://edu.surveymzmo.com/s3/939044/The-Role-of-Corporate-Social-Investment-in-Supporting-Early-Childhood-Development-in-South-Africa-ECD-NPO-perspective>
  - Several images were included in the online survey as a means to provide a dynamic and aesthetically pleasing look and feel. These images have not been included in the uni-code format of the survey
- 

### **The Role of Corporate Social Investment in Supporting Early Childhood Development in South Africa – Early Childhood Development Non-Profit Organisation Survey**

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#### ***Introduction***

Good Day Director,

Thank you very much for taking the time to participate in this research study.

The main aim of this study is to explore the role of corporate social investment in supporting early childhood development in South Africa.

This survey is comprised of a range of questions in a number of sections and will take approximately 30 minutes to complete. The various sections include: ECD Organisation Profile, Legislation and Policy, Income and Expenditure, ECD Programmes, Fundraising Activities of your ECD Organisation, Funding from Corporate Social Investment, Global Recession, and Perceptions of the Future.

Please will you answer the questions as honestly as possible as your responses are very important to the findings of this research. You are able to save the survey at any stage if you are unable to complete it in a single sitting. At the bottom of each page you will find a "save and continue later" tab which you can click should you wish to stop and continue the survey at a later stage. You will be asked to fill in your email address and a unique link that will allow you to return to your survey where you left off will be emailed to you.

Please note that your responses will be treated as strictly confidential and that your organisation will remain anonymous.

As part of this survey, to get more accurate and detailed information, I would like to request that you email a copy of your organisation's annual financial statements for the financial year ending 2011 to my email address at [csi.ecd.research@gmail.com](mailto:csi.ecd.research@gmail.com) or [lauren-jayne.vanniekerk@uct.ac.za](mailto:lauren-jayne.vanniekerk@uct.ac.za)

You will be offered the opportunity to enter in your email address should you like a copy of the results of this research study.

Please would you be so kind as to complete the survey by Friday, 13 July 2012.

Thank you very much for your time and effort in completing this survey. The findings of this study are invaluable for the ECD sector and your voluntary participation is greatly appreciated.

(Picture)

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#### ***SECTION A: ECD Organisation Profile***

**1) Job title of person completing the survey:\***

**2) In which province is your organisation situated:\***

- Eastern Cape  Free State  Gauteng  KwaZulu-Natal  Limpopo  Mpumalanga  North West  Northern Cape  
 Western Cape

**3) In what year was your organisation founded?\***

**4) Please indicate the number of permanent employees within your organisation (Please indicate as of 01 June 2012).\***

---

**SECTION B: Legislation and Policy**

**5) How is your organisation legally constituted? Please tick all that apply.\***

- Non-Profit Organisation registered under the Non-Profit Organisations Act No. 71 of 1997  
 Voluntary Association  
 Trust  
 Section 21 Company  
 Other, please specify

**6) Is your organisation registered as a Public Benefit Organisation (PBO) under the Income Tax Act No. 58 of 1962:\***

- Public Benefit Organisation (PBO) only  
 Public Benefit Organisation with Section 18A Status  
 Neither a PBO nor Section 18A Status  
 Don't Know  
 Other, please specify: \_\_\_\_\_

**7) There are benefits attached to being registered as a PBO:\***

- Strongly agree  Agree  Neutral  Disagree  Strongly disagree

**8) Please indicate which documents your organisation currently has in place. Please tick all that apply.\***

- Audited Annual Financial Statements  
 NPO registration certificate  
 PBO registration certificate  
 Section 18A status  
 B-BBEE certificate  
 Organisation's founding documents  
 Project proposals and plans  
 Narrative annual report  
 Other, please specify
- 

**SECTION C: Income and Expenditure**

**9) Please indicate your organisation's annual INCOME for the following financial years:**

Year Ending 2009:: \_\_\_\_\_ Year Ending 2010:: \_\_\_\_\_ Year Ending 2011:: \_\_\_\_\_

**10) Please indicate your organisation's annual EXPENDITURE for the following financial years:**

Year Ending 2009:: \_\_\_\_\_ Year Ending 2010:: \_\_\_\_\_ Year Ending 2011:: \_\_\_\_\_

**SECTION D: ECD Programmes**

**11) In which provinces does your organisation provide ECD programmes? Please tick all that apply.\***

- Eastern Cape  Free State  Gauteng  KwaZulu-Natal  Limpopo  Mpumalanga  North West  Northern Cape  
 Western Cape

**12) Please indicate the extent to which you agree with the following statement: "Over the past 3 years, the need for ECD services in the communities in which we work has:"\***

- Increased substantially  Increased  Stayed the same  Decreased  Decreased substantially

**13) What are your organisation's greatest challenges? Please indicate the extent to which you agree with each statement below. "The organisation finds the following factors challenging:"\***

	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Finding new sources of funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Retaining current funders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Finding new sources of CSI funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Retaining current CSI funders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competition with other ECD non-profits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Low salaries and benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Keeping pace with technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Governing Body/ Management Board effectiveness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Raising sufficient funds to keep the organisation sustainable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Securing long-term funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of Government support	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of beneficiaries to provide services to	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inadequate leadership within your organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Difficulty understanding policy and legislation relating to ECD or NPOs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Succession planning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Retaining current staff members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recruiting new staff members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maintaining the number of ECD programmes offered in the current economic climate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Meeting the many demands, of groups and communities, made on our organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Safety concerns as the areas in which your staff work are unsafe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SECTION E: Fundraising Activities of your ECD Organisation**

**14) With regard to financial management in your organisation please complete the following table by responding to each statement.\***

	Yes	No	Don't Know
Our organisation has a multi-year financial plan for generating and allocating our financial resources	( )	( )	( )
Our organisation can accurately predict income for the coming financial year	( )	( )	( )
Our organisation has sufficient reserves to maintain operations for a period of time if money were to run out	( )	( )	( )
Our organisation is taking active measures to increase its reserves	( )	( )	( )

**15) Please complete the following sentence: Should all funding cease, the number of months our organisation has sufficient financial reserves to operate is:\***

**16) Please indicate an estimate percentage (out of 100) received from each source below for the past 3 financial years ending 2009, 2010 and 2011.**

	2009	2010	2011
Corporate Social Investment (in South Africa)	—	—	—
Foundations and Trusts (in South Africa)	—	—	—
Local Government	—	—	—
Provincial Government	—	—	—
National Government	—	—	—
International Funders	—	—	—
Individuals	—	—	—
Lottery	—	—	—
Government Parastatal (e.g. National Development Agency)	—	—	—
Funding Agencies (e.g. Community Chest)	—	—	—
Religious Institutions	—	—	—
Public Fundraising Initiatives	—	—	—
Self-Generated Income (services offered etc.)	—	—	—
Participant Fees	—	—	—
Other	—	—	—

**17) The ECD sector is known for good governance:\***

( ) Strongly agree ( ) Agree ( ) Neutral ( ) Disagree ( ) Strongly disagree

**18) Does your organisation have a full-time, paid fundraiser?\***

( ) Yes ( ) No ( ) Not sure

**19) Who writes most of your funding proposals?\***

- Fundraiser
- Project manager
- Administrator
- Director
- Financial Manager
- Operations Manager
- Other, please specify

**20) Please indicate the extent to which you agree with the statement: "NPOs with full-time, paid fundraisers are better equipped to raise funds."\***

- Strongly agree  Agree  Neutral  Disagree  Strongly disagree

**21) Please indicate the extent to which you agree with the following statement: "In general, the quality of funding proposals from the ECD NPO sector is very good."\***

- Strongly agree  Agree  Neutral  Disagree  Strongly disagree

**22) Please respond to all of the following statements. It is very difficult to raise funds for:\***

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
General operational costs of our organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Staff salaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Research and Advocacy for our organisation and/or programmes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ECD training programme expenses (e.g. training materials, transport costs, catering etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Minor and/or major upgrades to existing ECD centres	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Building of a new ECD centre	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Educational Equipment for ECD centres	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monitoring and Evaluation of projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing and communication of projects and/or organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Staff development programmes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Curriculum Development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technology (upgrading of computers, printers, scanners etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fundraising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SECTION F: Funding from Corporate Social Investment**

**23) When receiving CSI funding, what are the general expectations from companies? Please select all that apply.\***

- Regular reports/updates on the progress of the project
- Regular reports/updates on the impact of the project and your company's contribution
- Section 18A receipt for the financial contribution to claim a tax exemption

- Financial reports
- Visiting rights to the projects
- Invitations to events
- Marketing of company
- Acknowledgement of financial and non-financial support
- Receipt of goods received
- Thank you letter
- Anonymity
- Other, please specify

**24) In your organisation, which areas of work are corporate funders generally willing to invest in? Please tick all that apply.\***

- General operational expenses of ECD organisation
- Staff salaries
- Research and advocacy
- ECD programme/project expenses, including training materials, transport costs, catering for workshops, etc.
- Minor and/or major building upgrades to existing ECD centres
- Building of new a ECD centre
- Educational equipment
- Monitoring and evaluation for projects
- Marketing and communication
- Staff development programmes
- Curriculum Development
- Technology (upgrading of computers, printers, scanners etc)
- Fundraising
- Other, please specify

**25) If your organisation's corporate funding has increased over the past 3 years, what does your organisation attribute the increase in corporate funding to? Please tick all that apply.\***

- Following corporate requirements and guidelines for funding
- Submitting more focused proposals that aligned with business funding priorities
- Submitting proposals that were tailored for one particular funder and not generic in nature
- The corporate funder and ECD NPO shared responsibility for the sustainability of projects
- Actively engaging with funders and informing them of project progress
- Increased marketing and branding of the organisation (thus becoming more well-known)
- Employing a fundraiser to take responsibility for the organisation's fundraising activities
- Increased networking with the funder community
- N/A
- Other, please specify

**26) If corporate funding to your organisation has decreased over the past 3 years, what does your organisation attribute the decrease in corporate funding to? Please tick all that apply.\***

- The global recession
- Changes in corporate funding priorities
- Corporates have decreased their funding to the ECD sector

- The Department of Trade and Industry's B-BBEE Codes of Good Practice
- Decrease in our organisation's marketing and branding
- Corporate requirements for the management of ECD projects is unrealistic
- Our organisation has not reported adequately
- We have purposefully reduced our programmes
- N/A
- Other, please specify

**27) Please indicate your predictions on how funders' contributions will change in the future. Please select an option for each funding source.\***

	Increase	Decrease	Remain the same	Not sure
Corporate Social Investment (in South Africa)	( )	( )	( )	( )
Foundations and Trusts (in South Africa)	( )	( )	( )	( )
Local Government	( )	( )	( )	( )
Provincial Government	( )	( )	( )	( )
National Government	( )	( )	( )	( )
International Funders	( )	( )	( )	( )
Individuals	( )	( )	( )	( )
Lottery	( )	( )	( )	( )
Government Parastatal (e.g. National Development Agency)	( )	( )	( )	( )
Funding Agencies (e.g. Community Chest)	( )	( )	( )	( )
Religious Institutions	( )	( )	( )	( )
Public Fundraising Initiatives	( )	( )	( )	( )
Self-Generated Income (services offered etc.)	( )	( )	( )	( )
Participant Fees	( )	( )	( )	( )

**28) What criteria do you think corporate funders use to fund organisations? Please tick all that apply.\***

- The type of project
- Innovation of project
- Previous relationship with the organisation
- Existing relationship with the organisation
- Experienced leadership within the organisation
- Track record of the organisation
- Track record of service delivery
- Good management of the organisation
- Good financial management
- Capacity to expand services

Outcome of prior investment in the organisation

Other, please specify

**29) What type of corporate contributions has your organisation received?\***

Financial contributions only

Non-financial contributions (products and services) only

A combination of financial and non-financial contributions

We do not receive corporate contributions

Other, please specify: \_\_\_\_\_

**30) Which type of contribution would be most helpful from corporates?\***

Financial contributions

Non-financial contributions (products and services)

A combination of financial and non-financial contributions

Other, please specify: \_\_\_\_\_

**31) In your experience, companies have become more demanding in terms of the effectiveness of the projects that they fund.\***

Strongly agree  Agree  Neutral  Disagree  Strongly disagree

**32) In your experience, companies are increasingly requiring evidence of how their funds have been spent by organisations.\***

Strongly agree  Agree  Neutral  Disagree  Strongly disagree

**33) In general, do companies require branding/marketing from your organisation as a condition of funding?\***

Yes  No  Sometimes  Don't Know

**34) In general, do companies require Monitoring and Evaluation (M&E) for projects that they fund?\***

Yes  No  Sometimes  Don't know

**35) If you answered 'yes' or 'sometimes' in the question above, how do you monitor and evaluate beneficiary progress? Please tick all that apply.\***

Regular feedback from beneficiaries

Regular site visits to your beneficiaries

Baseline Assessments

Beneficiaries' improvements

Number of beneficiaries enrolled in programme

Attendance registers

Attendance registers with time arrived and time departed

Interviews with beneficiaries

Spot checks

Surveys

Feedback forms for beneficiaries to complete

Ensure that funds provided are being spent accordingly

N/A – we do not monitor beneficiary progress

Other, please specify

**36) Being accountable to your funders has resulted in:\***

Increased funding  Decreased funding  The same amount of funding  Don't know

**37) Generally, CSI funding of the ECD sector has increased over the past 3 years?\***

Strongly agree  Agree  Neutral  Disagree  Strongly disagree

**38) Which aspects of ECD programmes do you think corporate funders are most likely to invest in? Please tick all that apply.\***

- ECD skills development training for ECD teachers
- ECD qualification at NQF Level 1, 4 or 5 to ECD teachers
- Leadership and management training for Management Boards of ECD centres
- Provision of educational equipment to ECD centres
- Minor and/or major building upgrades to existing ECD centres
- Building of a new ECD centre
- Operating costs of the ECD NPO providing the service
- Parenting capacity development programmes
- Curriculum development
- Family outreach programmes for those children that cannot access ECD centres
- Nutrition projects and/or food gardens at ECD centres
- Other, please specify

**39) In your experience, what kinds of ECD programmes are corporate funders most likely to invest in?\***

- Single-focused interventions,( e.g. teacher training only; provision of educational equipment only etc.)
- A holistic, integrated approach to ECD provision,( e.g. teacher training, plus equipment provision, plus building upgrades, plus operating costs.)
- Single-focused interventions and holistic, integrated interventions
- None of the above
- Other, please specify: \_\_\_\_\_

**40) In your organisation's experience in general, how often do corporate funders fund the operating costs of your organisation?\***

Always  Most of the time  Occasionally  Never  Don't know

**41) In your organisation's experience, does the lack of provision by corporate funders for operating costs inhibit the level of service delivery in your organisation?\***

Yes  No  Don't know

**42) On average, for what time period do your corporate donors fund your organisation? Please indicate the average number of months in the drop down menu below:\***

1 -  100

**43) In general, corporate's funding guidelines are:\***

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Easy to obtain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clear focus areas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Understandable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**44) In your view, why is ECD one of the least funded sectors in the educational development sector? Please tick all that apply.\***

- ECD is not in line with many companies' objectives
- ECD has a low return on investment

- The return on investment is not immediate or even short-term
- The importance of investing in ECD is not known
- The ECD sector is poorly managed and therefore there are concerns over the management of funds
- The ECD sector is poorly marketed and therefore not well known among corporates
- The ECD sector in South Africa is not sustainable and therefore companies do not wish to invest in it
- ECD is not a government priority
- ECD is a government responsibility
- ECD is not a high profile sector
- Disagree with the above statement, ECD is well-funded
- Other, please specify

**45) How do you think the ECD sector is ranked according to corporate funders?\***

- Top priority investment sector for companies
- Medium priority investment sector for companies
- Low priority investment sector for companies
- Don't know

**46) Do you feel that the corporate donor community trusts ECD non-profits with their money?\***

- Yes  No  Don't know

**47) Corporate funders could assist the ECD NPO sector to improve their performance by doing the following: Please tick all that apply.\***

- Funding operational expenditure of projects
- Funding salaries to attract and retain skilled staff
- Funding the upgrade of computer equipment and technology at ECD NPOs
- Funding monitoring and evaluation costs of projects
- Improving their knowledge and understanding of development work
- Becoming more involved in projects (e.g. regular site visits, providing feedback for work completed etc.)
- Funding marketing of projects and work implemented – not only covering the costs of the company's public relations/advertising
- Improving their communication (especially on their websites) with regards to their funding parameters
- Funding more projects on a long-term basis
- Funding existing projects that have proven to meet developmental needs – rather than new projects according to company requirements
- Other, please specify

**48) What is your organisation's perception of the ECD sector in South Africa?\***

- Positive  Negative  Neutral

**49) Please explain your answer above.\***

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**SECTION G: Global Recession**

**50) The global recession has caused many CSI budgets to be cut?\***

- Strongly agree  Agree  Neutral  Disagree  Strongly disagree

**51) What estimated percentage (%) income cut, if any, did your organisation experience from CSI funding due to the global recession in the 2009/10 financial year (considered the worst year of the recession)?\***

**52) What impact has the global recession had on your organisation? Please tick all that apply.\***

- It has been more difficult to obtain funding
- It has been easier to obtain funding
- The number of our beneficiaries has increased
- Our organisation has had to develop new fundraising strategies
- Our organisation has had to find new sources of funding
- Our organisation has had to retrench staff members
- Our organisation has had to employ new staff members due to an increased need for ECD services
- Our organisation has had to reduce the number of projects and services delivered
- Our organisation has had to scale-down the size of our ECD projects
- Our organisation has had to merge with another similar organisation to survive
- Our organisation is struggling to survive
- Other, please specify

**53) Please respond to each of the following statements related to the global financial crisis:\***

	Yes	No	Don't know
The recession has brought more volunteers to our organisation	( )	( )	( )
The recession has enabled our organisation to become more effective and efficient with resources	( )	( )	( )
The recession has enabled our organisation more networking opportunities with other similar organisations and/or projects	( )	( )	( )
The recession has assisted in developing better management controls in our organisation	( )	( )	( )
The recession caused our organisation to merge with similar organisations for improved financial position and provision of services	( )	( )	( )
The recession has enabled our organisation to improve financial accountability and transparency	( )	( )	( )
The recession has assisted our organisation in the improvement of strategic thinking and setting goals	( )	( )	( )

**SECTION H: Perceptions of the Future**

**54) In your experience, what are the biggest challenges in building a robust ECD NPO sector? Please tick all that apply.\***

- Lack of skilled and capable staff
- High staff turnover
- Lack of investment in the ECD NPO sector
- Lack of understanding of the importance of ECD
- Lack of government support
- Other, please specify

**55) What are the major challenges you foresee facing the ECD sector and your organisation in the future? Please tick all that apply.\***

- A decrease in funding of the ECD sector
- A greater need for ECD services in our communities
- A reduction in the number and/or size of ECD projects, thus reducing the services to beneficiaries
- ECD NPOs at risk of closing down
- Lack of government support
- Other, please specify

**56) Please indicate the extent to which you agree with the following position statements for the future:\***

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
There will be an increase in corporate funding of the ECD sector in South Africa in the future.	( )	( )	( )	( )	( )
Government will make more funds available to the ECD sector in the future.	( )	( )	( )	( )	( )
The financial position of our organisation will improve in the next financial year.	( )	( )	( )	( )	( )
Our organisation would benefit from training in fundraising methods and techniques to improve the sustainability of our organisation.	( )	( )	( )	( )	( )
It is important for the sustainability of our organisation for staff to stay up to date with fundraising trends, nationally and internationally.	( )	( )	( )	( )	( )
The ECD sector in South Africa is sustainable and will continue to grow in the future.	( )	( )	( )	( )	( )

**57) The more children that have access to, and participate in an early education programme, the stronger our education system, and ultimately our economy, will be in the future:\***

- Strongly agree    Agree    Neutral    Disagree    Strongly disagree

**58) Is there anything else you would like to comment on or do you have any concluding remarks regarding this study, ECD or corporate fundraising?**

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*Research Study*

Should you like a copy of the

*Thank you!*

(Picture)

Thank you very much for taking the time to participate in this survey.

APPENDIX 3 – Initial Email to Corporate Social Investment Study Population

Dear Corporate Social Investment Manager

Good day, my name is Lauren-Jayne van Niekerk and I am a registered Masters student in Social Planning and Administration in the Department of Social Development at the University of Cape Town. As one of the Top 500 companies listed in the TOPCO Publishing, Top 500: South Africa's Best Managed Companies publication, I would like to invite your company to participate in a research study exploring the role of corporate social investment in supporting early childhood development in South Africa.

The aim of this study is to investigate the corporate social investment programmes of the 500 companies listed in the Top 500: South Africa's Best Managed Companies publication as well as to examine the role and extent of their investment in early childhood development in South Africa. This research is exploring both companies who invest in ECD and those who do not invest in ECD.

I congratulate you on being recognized as one of South Africa's best companies and I understand that your time is precious and limited, but I would greatly appreciate it if you would participate in this important study to explore and further our knowledge in the fields of both corporate social investment (CSI) and early childhood development (ECD) in South Africa. This study is intended to benefit both the CSI and ECD sectors in ways of effective collaboration for the advancement of our country's youngest citizens. Subsequent to the study, and if you so choose, you will receive a summary of the results of the research findings.

Below is a link that will take you to the online survey. Please click on the link or copy it into an internet browser to open and complete the survey. You are able to save the survey at any stage if you are unable to complete it in a single sitting. Please note that your responses will be treated as strictly confidential.

<http://edu.surveygizmo.com/s3/936385/The-Role-of-Corporate-Social-Investment-in-Supporting-Early-Childhood-Development-in-South-Africa-CSI-perspective>

Please would you be so kind as to complete the survey by Friday, 13 July 2012.

Thank you very much for your time and effort in completing this survey. The findings of this study are invaluable for the CSI and ECD sectors and your voluntary participation is greatly appreciated. Should you have any questions or require any further information, please email me at [csi.ecd.research@gmail.com](mailto:csi.ecd.research@gmail.com) or [lauren-jayne.vanniekerk@uct.ac.za](mailto:lauren-jayne.vanniekerk@uct.ac.za)

Kind Regards,

Lauren-Jayne van Niekerk

**APPENDIX 4 – First Follow-up Email to Corporate Social Investment Study Population**

Dear Mr/Ms “*Name of Corporate Social Investment Manager*”

Firstly, I would like to thank those CSI Managers from across the country for completing the survey and submitting it online. I am looking forward to analysing the responses, as there are already very fascinating trends emerging.

Secondly, I am extending the deadline for submission of the online survey to Friday, 28 September 2012 and would appreciate your company’s participation hugely.

Based on a number of email responses from some of the participants, not all of the Top500 Best Managed Companies in South Africa are listed on the JSE and therefore are unable to provide their financials. The survey has been amended so that should your financials be unavailable, you are able to continue without having to fill them in.

As a Master’s student, and in order to complete this research study well, I require a significant response rate and therefore I would greatly appreciate your contribution to this important study.

Below is a link that will take you to the online survey. Please click on the link or copy it into an internet browser to open and complete the survey. You are able to save the survey at any stage if you are unable to complete it in a single sitting. Please note that your responses will be treated as strictly confidential.  
<http://edu.surveygizmo.com/s3/936385/The-Role-of-Corporate-Social-Investment-in-Supporting-Early-Childhood-Development-in-South-Africa-CSI-perspective>

Should you have any queries or comments, please feel free to email me on [csi.ecd.research@gmail.com](mailto:csi.ecd.research@gmail.com) or [lauren-jayne.vanniekerk@uct.ac.za](mailto:lauren-jayne.vanniekerk@uct.ac.za)

Below, please find the original email inviting your company to participate in this survey.

Kind Regards,  
Lauren van Niekerk

Dear “*Name of Corporate Social Investment Manager*”

Good day, my name is Lauren-Jayne van Niekerk and I am a registered Masters student in Social Planning and Administration in the Department of Social Development at the University of Cape Town. As one of the Top 500 companies listed in the TOPCO Publishing, Top 500: South Africa’s Best Managed Companies publication, I would like to invite your company to participate in a research study exploring the role of corporate social investment in supporting early childhood development in South Africa.

The aim of this study is to investigate the corporate social investment programmes of the 500 companies listed in the Top 500: South Africa’s Best Managed Companies publication as well as to examine the role and extent of their investment in early childhood development in South Africa. This research is exploring both companies who invest in ECD and those who do not invest in ECD.

I congratulate you on being recognized as one of South Africa’s best companies and I understand that your time is precious and limited, but I would greatly appreciate it if you would participate in this important study to explore and further our knowledge in the fields of both corporate social investment (CSI) and early childhood development (ECD) in South Africa. This study is intended to benefit both the CSI and ECD sectors in ways of effective collaboration for the advancement of our country’s youngest citizens. Subsequent to the study, and if you so choose, you will receive a summary of the results of the research findings. Despite the importance of this study, please note that it is voluntary.

Below is a link that will take you to the online survey. Please click on the link or copy it into an internet browser to open and complete the survey. You are able to save the survey at any stage if you are unable to complete it in a single sitting. Please note that your responses will be treated as strictly confidential.  
<http://edu.surveygizmo.com/s3/936385/The-Role-of-Corporate-Social-Investment-in-Supporting-Early-Childhood-Development-in-South-Africa-CSI-perspective>

Please would you be so kind as to complete the survey by Friday, 13 July 2012.

Thank you very much for your time and effort in completing this survey. Your contribution is greatly appreciated. Should you have any questions or require any further information, please email me at [csi.ecd.research@gmail.com](mailto:csi.ecd.research@gmail.com) or [lauren-jayne.vanniekerk@uct.ac.za](mailto:lauren-jayne.vanniekerk@uct.ac.za)

Kind Regards,  
Lauren-Jayne van Niekerk

**APPENDIX 5 – Second Follow-up Email to Corporate Social Investment Study Population**

Dear Mr/Ms “*Name of CSI Manager*”

This email serves as a friendly reminder about the Corporate Social Investment online survey **for submission on Monday, 22 October 2012.**

**As a Master’s student, and in order to complete this research study well, I require a significant response rate and therefore I would greatly appreciate your contribution to this important study.**

I have included the link to the survey below.

<http://edu.surveymzmo.com/s3/936385/The-Role-of-Corporate-Social-Investment-in-Supporting-Early-Childhood-Development-in-South-Africa-CSI-perspective>

Thank you very much for your time and effort in completing this survey. Your contribution is greatly appreciated. Should you have any questions or require any further information, please email me at [csi.ecd.research@gmail.com](mailto:csi.ecd.research@gmail.com) or [lauren-jayne.vannierk@uct.ac.za](mailto:lauren-jayne.vannierk@uct.ac.za)

Have a lovely day.

Kind Regards,

Lauren van Niekerk

University of Cape Town

APPENDIX 6 - Initial Email to Early Childhood Development Study Population

Dear Mr/Ms "*Name of ECD NPO Director*"

Good day, my name is Lauren-Jayne van Niekerk and I am a registered Masters student in Social Planning and Administration in the Department of Social Development at the University of Cape Town. As one of the Early Childhood Development Non-Profit Organisations in South Africa, I would like to invite your organisation to participate in a research study exploring the role of corporate social investment in supporting early childhood development in South Africa.

The aim of this study is to investigate the corporate social investment (CSI) programmes of the 500 companies listed in the TOPCO Publishing, Top500: South Africa's Best Managed Companies publication as well as to examine the role and extent of their investment in early childhood development (ECD) in South Africa.

As a Director of a Non-Profit Organisation, I understand that your time is precious and limited, but I would greatly appreciate it if you would participate in this important study to explore and further our knowledge in the fields of both corporate social investment and early childhood development in South Africa. This study is intended to benefit both the CSI and ECD sectors in ways of effective collaboration for the advancement of our country's youngest citizens. Subsequent to the study, and if you so choose, you will receive a summary of the results of the research findings.

It would be ideal for the Director of the organisation to complete the survey, although should the Director not be available or have time constraints, another staff member who is well-informed about the finances and operations of the organisation, may complete the survey.

Below is a link that will take you to the online survey. Please click on the link or copy it into an internet browser to open and complete the survey. You are able to save the survey at any stage if you are unable to complete it in a single sitting. The survey will take approximately 30 minutes. Please note that your responses will be treated as strictly confidential.

<http://edu.surveymoz.com/s3/939044/The-Role-of-Corporate-Social-Investment-in-Supporting-Early-Childhood-Development-in-South-Africa-ECD-NPO-Survey>

Please would you be so kind as to complete the survey by Friday, 13 July 2012.

Thank you very much for your time and effort in completing this survey. The findings of this study are invaluable for the ECD sector and your voluntary participation is greatly appreciated. Should you have any questions or require any further information, please email me on [csi.ecd.research@gmail.com](mailto:csi.ecd.research@gmail.com) or [lauren-jayne.vanniekerk@uct.ac.za](mailto:lauren-jayne.vanniekerk@uct.ac.za)

Kind Regards,

Lauren-Jayne van Niekerk

## APPENDIX 7 – First Follow-up Email to Early Childhood Development Study Population

Dear Mr/Ms “Name of ECD NPO Director”

Firstly, I would like to thank those Early Childhood Development NPOs from across the country for completing the survey and submitting it online. I am looking forward to analysing the responses, as there are already very fascinating trends emerging.

Secondly, this email serves as a friendly reminder to those ECD NPOs who have not yet completed and submitted the survey. Please would you be so kind as to complete the survey by Friday, 13 July 2012.

As a Master’s student, and in order to complete this research study well, I require a significant response rate and therefore I would greatly appreciate your contribution to this important study.

Below is a link that will take you to the online survey. Please click on the link or copy it into an internet browser to open and complete the survey. You are able to save the survey at any stage if you are unable to complete it in a single sitting. Please note that your responses will be treated as strictly confidential.

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Should you have any queries or comments, please feel free to email me on either [csi.ecd.research@gmail.com](mailto:csi.ecd.research@gmail.com) or [lauren-jayne.vanniekerk@uct.ac.za](mailto:lauren-jayne.vanniekerk@uct.ac.za)

Below, please find the original email inviting your ECD organisation to participate in this survey.

Kind Regards,

Lauren van Niekerk

Dear Mr/Ms “Name of ECD NPO Director”

Good day, my name is Lauren-Jayne van Niekerk and I am a registered Masters student in Social Planning and Administration in the Department of Social Development at the University of Cape Town. As one of the Early Childhood Development Non-Profit Organisations in South Africa, I would like to invite your organisation to participate in a research study exploring the role of corporate social investment in supporting early childhood development in South Africa.

The aim of this study is to investigate the corporate social investment (CSI) programmes of the 500 companies listed in the TOPCO Publishing, Top500: South Africa’s Best Managed Companies publication as well as to examine the role and extent of their investment in early childhood development (ECD) in South Africa.

As a Director of a Non-Profit Organisation, I understand that your time is precious and limited, but I would greatly appreciate it if you would participate in this important study to explore and further our knowledge in the fields of both corporate social investment and early childhood development in South Africa. This study is intended to benefit both the CSI and ECD sectors in ways of effective collaboration for the advancement of our country’s youngest citizens. Subsequent to the study, and if you so choose, you will receive a summary of the results of the research findings.

It would be ideal for the Director of the organisation to complete the survey, although should the Director not be available or have time constraints, another staff member who is well-informed about the finances and operations of the organisation, may complete the survey.

Below is a link that will take you to the online survey. Please click on the link or copy it into an internet browser to open and complete the survey. You are able to save the survey at any stage if you are unable to complete it in a single sitting. The survey will take approximately 30 minutes. Please note that your responses will be treated as strictly confidential.

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Thank you very much for your time and effort in completing this survey. The findings of this study are invaluable for the ECD sector and your voluntary participation is greatly appreciated. Should you have any questions or require any further information, please email me on [csi.ecd.research@gmail.com](mailto:csi.ecd.research@gmail.com) or [lauren-jayne.vanniekerk@uct.ac.za](mailto:lauren-jayne.vanniekerk@uct.ac.za)

Kind Regards,

Lauren-Jayne van Niekerk

**APPENDIX 8 – Second Follow-up Email to Early Childhood Development Study Population**

Dear Mr/Ms “*Name of ECD NPO Director*”

This email serves as a friendly reminder about the Early Childhood Development Non-Profit Organisation online survey for **submission on Monday, 22 October 2012.**

**As a Master’s student, and in order to complete this research study well, I require a significant response rate and therefore I would greatly appreciate your contribution to this important study.**

I have included the link to the survey below.

<http://edu.surveymzmo.com/s3/939044/The-Role-of-Corporate-Social-Investment-in-Supporting-Early-Childhood-Development-in-South-Africa-ECD-NPO-Survey>

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Have a lovely day.

Kind Regards,

Lauren van Niekerk

University of Cape Town