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# **Corporate Social Investment and Development**

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## **COMPULSORY DECLARATION**

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

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## **Abstract**

Can the Corporate Social Investment initiatives of small businesses contribute to development?

Corporate Social Investment (CSI) and its counterpart Corporate Social Responsibility (CSR) are the terms used for the external and internal initiatives undertaken by companies to contribute to the upliftment of their stakeholders and communities. This research paper attempts to establish whether the CSI initiatives of small, local (Cape Town) companies have the potential to contribute to this upliftment or development.

The literature review conducted on the relevant topic discovered three major arguments surrounding this debate. Firstly there are those authors that believe that CSI / CSR cannot contribute to development; secondly those authors that believe that CSI / CSR can contribute to development; and finally those authors that believe that more research on this topic is required before any such statements can be made. The outcome of the literature will reveal some issues surrounding this argument. They are: motivations, compatibility, implementation, business advantage, business and NGOs and community focus and research and sustainability.

Following the establishment of the technical issues the paper will then propose that Amartya Sen's *Development as Freedom* theory be used to further investigate the development potential of CSI initiatives. Along with the technical suggestions, Sen's five

freedoms will be used to analyse whether any potential development successes can be observed from seven case studies. The freedoms are: political freedoms, economic facilities, social opportunities, transparency guarantees and protective security. Each of these can contribute to development. The case studies are CSI initiatives selected from local small businesses and the required information was extracted by means of an open-ended qualitative questionnaire. These case studies will be analysed against the freedoms and the discoveries from the literature review.

The conclusions drawn show that some potential does exist for CSI initiatives. It also shows that Sen's *Development as Freedom* can be effectively applied to small scale projects at the micro level.

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## **1. Dissertation**

### **1.1 Research Question**

Can the Corporate Social Investment initiatives of small businesses contribute to development?

### **1.2 Introduction**

Corporate Social Investment (CSI) has become a popular and well established element of many businesses, both locally and internationally. This research paper attempts to establish whether the Corporate Social Investment (CSI) initiatives of small local (Cape Town) businesses can contribute to development through an investigation of their development potential. Development has become a prominent aspect of many underdeveloped nations as they try to uplift their impoverished communities. A lack of development can be observed to some degree in all countries but it is of particular concern for African countries; where the legacies of colonialism still entrench poverty and hardship for millions of communities. South Africa has a unique history in Africa due to its apartheid past. This history presents in a sharp divide between the poor and the rich. CSI and CSR (Corporate Social Responsibility) create an opportunity to redress some of the imbalances of the past. They also provide the government and Non Governmental Organisation's (NGOs) with some assistance in their overwhelming task to uplift the majority of the population.

To establish the answers to the research question, the investigation will first establish the most appropriate definitions of the terms CSR and CSI, using the available academic resources. Once established, it will be necessary to conduct a review on what other authors have written on the topic of CSR / CSI and development. The review will provide the reader with an overview of current opinions on this topic as well as related issues.

The literature review will also reveal some of the technical issues surrounding CSR / CSI and its potential to contribute to development. From this point it will be necessary to establish an appropriate theory that can provide further evidence of the contribution that CSR / CSI can make to development. To this purpose Sen's *Development as Freedom* will be adapted to allow for analysis against the CSI initiatives of small local companies. The CSI initiatives of the small local companies will form case studies that will be used to ascertain the development potential, using the technical and theoretical information uncovered.

Following the case study analysis, the research will attempt to draw conclusions as to whether the CSI initiatives of small companies can contribute to development. It will also highlight where the CSI initiatives fell short of these objectives as well as the appropriateness of the analysis method for future research purposes.

### 1.3 Definition of CSR and CSI

While individuals and companies may be quite aware of the general ideas and concepts surrounding CSR and CSI, very few have a clear understanding of the complex nature of these concepts. At first it may appear that these two terms are used interchangeably throughout the CSR / CSI and business world, along with other concepts such as corporate governance and corporate citizenship. Some South African companies refer to their CSI and CSR solely as CSI. This research is however, particularly interested in those investments that companies make to causes and concerns outside of their primary business function and how they might contribute to development or CSI. This idea is echoed by Fig (2005:601) as he defines the internal responsibilities of a business and its corporate citizenship and CSI as the external initiatives.

“CSI encompasses projects that are external to the business or outward looking projects undertaken for the purpose of uplifting communities in general and those which have a strong development approach. It also includes projects with focus



on social, developmental or community aspects where the investment is not primarily driven as marketing initiative” (Fig, 2005:601)

The definition by Fig appears uncomplicated but other definitions seem more vague and general. For example the World Economic Forum uses the broad term of corporate citizenship to include; “...the contribution a company makes to society through its core business activities, its social investments and philanthropic programmes” (Hamann, 2006:180). Whereas other authors such as Blowfield and Frynas apply a similar definition to the concept of CSR.

.. it may be more useful to think of CSR as an umbrella term for a variety of theories and practices all of which recognise the following: (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliances and the liability of individuals; (b) that companies have a responsibility for the behaviour of others with whom they do business (e.g. within supply chains); and (c) that business needs to manage its relationship with wider society, whether for reasons of commercial viability or to add value to society.” (Blowfield & Frynas, 2005:503)

But even these authors would agree that a vague definition of CSR and CSI is not necessarily useful to practitioners and decision-makers. For the sake of this research some decisions on how these terms relate needs to be established. It appears more common within the South Africa context to use CSR as the broader definition. The term CSR will be used as the broad term to cover the external (CSI) and internal (corporate governance, employee policies etc.) of a business. In this way the *responsibility* of the business extends from its employees and stakeholders all the way to the environment and communities outside of the business. This definition corresponds well with Hamann’s explanation:

“CSR goes beyond philanthropic community investment and environmental impact mitigation. This point is particularly important in South Africa, where there is a very strong emphasis on Corporate Social Investment (CSI), as a result of South Africa’s historical and development circumstances. Companies need to

acknowledge that CSR is not just about how some percentage of after-tax profit is invested in social development (although these benefits are important), but also how profits are made in the first place.” (Hamann, 2003:238)

From the definition now established for CSR, it is possible to extract the definition for CSI. CSI is an *investment*. This infers that funds or resources from the business are invested in outside initiatives; in this case, the social upliftment of the communities and societies external to the business. CSI should form a part of a company’s larger CSR plan.

#### 1.4 Background to CSR / CSI in South Africa

It has become clear from the definition of CSR and CSI that many elements are overlapping; this is particularly so for the South African case. In South Africa, most companies prefer to use the term CSI, although CSR is often used when referring to CSI and visa versa. For the South African context it appears easiest, and for the sake of this research, to use the term CSI when referring to a company’s corporate philanthropy or investment in projects that are external to the business – while CSR, or corporate governance, covers the more internal workings of the company.

What is immediately striking when investigating CSR and CSI in South Africa is how vibrant the industry appears to be – as internationally, CSR in particular is considered to be scarce in developing countries (Jamali, 2007:2). This vibrancy may in part be due to South Africa’s unique history and legacy surrounding apartheid. During the apartheid era in South Africa many local and international companies (mining and manufacturing) were permitted to operate with impunity. This was particularly true with regard to their worker rights and compensation and environmental regulation. This according to Fig (2005:597-601), is why the term CSI is more commonly used in South Africa as opposed to CSR; which evokes ideas around companies responsibilities past and present. By using the term CSI it excludes them from the responsibilities ignored during apartheid.

It is therefore not surprising that one of the most dominant CSR practices among companies is the undertaking of Black Economic Empowerment (BEE). This government initiative uses both voluntary and regulatory measures to encourage companies to redress inequalities of the past. This is done through employing and training more black (previously disadvantaged) individuals and rewarding benefits to companies that can prove to have an ownership profile that has a sufficient proportion of black owners (either black owned companies or individuals). The benefits, beyond the public perception, can be of significant financial reward to businesses. A good BEE status can lead to government contracts and tax write-offs. Hamann (2006:181) concurs that BEE can be seen as the government's effort to coerce business into redressing the legacy of apartheid and contributing to development but asks the question as to whether BEE really reaches the very poor? While BEE forms a part of CSR it is a complex and contentious topic and, while not being ignored, is also not the focus of this research.

Hamann continues with his analysis of CSR and CSI in South Africa emphasising that businesses should identify and focus on the particular needs of their region. For this reason many companies in South Africa are concerned with the impact of HIV and AIDS. HIV and AIDS not only affect individuals, families and communities but its impact on business can also be devastating. Businesses are affected by the loss of production through absenteeism as well as the costs associated with retraining employees and healthcare. The high prevalence of HIV and AIDS, particularly among the economically active or working members of society, has been a drain on companies (Hamann, 2006:182). Justifiably then it is not surprising that many companies' CSR initiatives focus on HIV and AIDS and issues related around health and education. HIV and AIDS initiatives are also an important outlet for CSI funds as companies not directly affected by the disease are also compelled to assist in public education etc. Along with these health concerns there is also a notable tendency by companies to include training and skills development as part of their CSR but, as Hamann continues, these are not the only areas that CSR and CSI should be focussing on if they are to address some of the specific regional problems. He lists increasing poverty, high unemployment, lack of secure

livelihoods, urbanisation, lack of housing and services and degradation of the environment as vital issues that need to be addressed (Hamann, 2006:180). This last issue raised with regard to environmental degradation is also echoed by Fig (2005) who believes that much of the CSR and CSI initiatives of South African companies serves to conceal their ongoing environmental crimes that the government does very little to curb.

On the positive side are the more recent trends on improved reporting on CSR, CSI and corporate governance (Tsang et al., 2009). This is likely due to initiatives such as the King Commission 2 which provides companies with guidelines on how and what to report. Unfortunately this is still voluntary, but the rewards for companies that consistently and transparently report can include listing on the JSE's (Johannesburg Stock Exchange) Sustainability Index which can guide investors to these responsible companies. (Hamann, 2006:186)

### 1.5 Current Issues in CSR / CSI Research

Before beginning the discussion on the recent literature it may be of interest to briefly present some of the other important issues brought up by the authors on this topic as many of these relate to the current discourse. One of the most frequently mentioned and compelling within the development agenda is the Millennium Development Goal's (MDG's) as established by the United Nations (UN). Authors such as Hamann (2003), Sayer (2005) and Frynas (2008:274) see the MDG's as a call to companies to take more responsibility towards the achievement of these goals. The existence of other bodies and agendas are another indication that business and development appear to be linked. These include: Global Compact Principles (UN), the Commission for Africa, the World Business Council for Sustainable Development (WBCSD) and Business Action for Africa (Hamann (2003); while in South Africa, the King Commission and its guidelines for reporting, is also considered a key indication of some commitment from business. While the existence of these measures shows some intent to guide and include businesses in the global work of development, it still remains to be seen to what extent businesses are even aware of MDG's etc.

While it is becoming more evident that companies are taking their CSR and CSI initiatives more seriously, it is not quite so clear what the motivation for this may be. This leads to probably the most researched topic on CSR; which is the business case for CSR (Blowfield and Frynas, 2005:504). This topic, which is mentioned by most authors, shows clearly where many CSR / CSI practitioners must focus their attention. It appears that if it can be proven that CSR / CSI is good for business then its existence can be justified amongst the corporate world (Pfau et al., 2008). The argument centres on several potential benefits for business. These include that while CSR can create a positive public image and therefore attract customers and improve on brand loyalty, it may also offer internal benefits, such as attracting and retaining the best employees. Blowfield (2007), Hamann (2003:242-244), Blowfield and Frynas (2005:511) and Frynas (2008:277).

There does not appear to be a definitive consensus on this issue as of yet but most of the authors on this topic seem relatively comfortable with accepting the business case. This may be most evidently demonstrated by the refuted statements made by Milton Friedman. He famously stated that there is “only one social responsibility of business: to use its resources and engage in activities designed to increase its profits” as quoted by (Blowfield and Frynas, 2005:505) and refuted by Hamann (2003:240) and Husted and Salazar (2006:77) in so much as it would become exceedingly hard for businesses to make profits if their potential customers are becoming exceedingly poor.

## **2. Literature Review**

From conducting a review of the current discussions on CSR and development it became clear that while this is considered to be a very new field of analysis by those in-the-know, there is already emerging a centralised debate on whether it can be said that CSR / CSI contributes to development. The argument falls around three central points. The first being that CSR does not contribute to development, followed by those that believe that CSR does contribute to development and finally the argument that a lot more research is required on this topic before any such judgements can be made at all. While there appears to be authors that fall primarily into one specific side of the argument, many of the authors make arguments for all three cases in their discussions. This review will attempt to untangle these arguments and present separate cases for each.

### **2.1. CSR / CSI Does Not Contribute to Development**

While much of the research around CSR and CSI is concentrated around the business case there is an emerging discussion as to whether CSR and CSI can make a contribution to development. As very few authors on the topic are prepared to make a definitive call on this subject there is sufficient argument to make the case that CSR and CSI do not make a contribution to development. The problems identified by the authors highlight three significant areas where CSR and CSI falls very short of achieving any positive development outcomes and even questions whether development is the motivation of many CSR initiatives at all. While some authors question the motivations, others question the capabilities and implementation of CSR initiatives, and the compatibility between business and development.

### *2.1.1 Motivations of Business*

Probably the most damning argument against the relationship between CSR and development focuses on the motivations of businesses when undertaking CSR initiatives (Wettstein, 2009). As mentioned in the previous section and commonly quoted by authors is the argument made by Milton Friedman, who controversially claimed that the only real responsibility of business is to make a profit for the stakeholders of that business. Although many argue against this, it could well be that when businesses undertake CSI initiatives, it is purely an exercise in improving their profit or hiding some other negative aspect of their operations. Fig (2005:600) is one of the most outspoken of the authors on this negative aspect associated with CSR / CSI. He particularly focuses on the environmental crimes committed by large manufacturers in South Africa and how these have impacted poor people. Fig (2005:611) cites examples such as SAPPI, a paper manufacturer, and Eskom, South Africa's electricity supplier, as companies that conduct CSR and CRI initiatives which are widely publicised but in truth are merely a cover for extensive environmental degradation. The impacts of their operations are most severely felt by the poor people. The poor people that live in these areas have little option but to contend with poor living conditions and health threats, while initiatives such as the King Commission and Global Compact do not specifically address these concerns. From this perspective it is clear why Fig claims that South African companies contribute relatively little to CSR.

Fig's focus is mostly on South African companies but there are a group of authors that observe the behaviour of Multi National Companies (MNCs) with regard to their business activities and CSR initiatives particularly in developing countries. Authors such as Frynas (2005:584) and Jenkins (2005) highlight how many MNCs that operate in developing countries offer misleading CSR initiatives. They claim that while some community initiatives are undertaken they are only for appearances and are intended to pacify local or international critics and sooth the consciences of their employees. Some CSR initiatives are used to garner favours from governments in obtaining mining rights (Frynas, 2005:584). These authors point out that the negative impacts of MNCs

operations far outweigh any good they might do (Jenkins, 2005). CSR initiatives may also be used as a way to placate local communities while the companies concerned can continue their operations unimpeded; it appears that many of these CSR initiatives are empty promises to buy time or are poorly implemented and are of little benefit to anyone (Frynas, 2005:585).

Some companies do attempt to conduct good CSR and have admirable intentions; the problem however is the implementation and planning of these projects. Authors such as Blowfield (2007:685-689) and Frynas (2005:588) believe that many CSR and CSI initiatives in developing countries lack local understanding and knowledge; and many projects are undertaken without proper consultation with communities or stakeholders (Blowfield and Frynas, 2005:507). In some cases the CSR initiatives are copied from the developed world where they may have seen success; but they are not designed or appropriate for the developing world, which leads to ineffective and inefficient implementation (Blowfield, 2007:685-689). Some CSR initiatives can even be detrimental to the communities they should be helping as Jenkins (2005:537). He cites examples where new labour regulations, initiated through CSR campaigns, can actually take jobs away from poor people. While well researched and planned labour regulations will improve the working conditions of employees, they may also cause fewer jobs to be available.

### *2.1.2 Incompatibility with Business*

As discussed in the previous section, companies often attempt to conduct valuable CSR and CSI and have the desire to do good where they can. But the problems can go beyond the actual initiatives – to the incompatibility between business objectives and the objectives of development (Frynas, 2005:588). Some authors question whether business alone can balance this incompatibility to benefit the communities and groups they intend to help (Sharp, 2006). Firstly though, it is important to investigate some of the inherent



problems faced by businesses that undertake CSR initiatives. Frynas (2005:585-591) makes the case for the lack of skilled human resources to undertake CSR. It appears that often these initiatives become merely a public relations exercise as company staff do not have the skills and knowledge required to establish credible development projects even though their intentions may be good. This frustrating fact about many CSR initiatives is compounded by the lack of credible reporting on outcomes and impacts as most businesses will undertake their reporting internally which brings into question whether the findings can be accepted as unbiased (Blowfield, 2007). Hamann (2006:191) concurs and makes a call for a framework to be established on how sustainable development could be measured for CSR.

Besides the internal shortcomings of CSR departments within organisations there is potential incompatibility between the values of business and those of the intended recipients of their efforts. It is often the case that businesses may have their own ideas of what development means or what communities need. Without proper consultation between all stakeholders, including business, NGOs and the communities/recipients of the CSR initiatives, there is a high likelihood that no sustainable development can occur. It is also quite likely that within the relationship between the stakeholders, business will have the greatest influence over the implementation of projects and in essence the final say on any development issues. The business, through its CSR, can dictate the definition of development as they decide what needs of the community will be met through their investment (Blowfield, 2005:521). This could be very detrimental to the causes of communities as the definition of development and poverty from a business perspective could lack some of the understanding that the social sciences and development studies have for the subject. If along with incorrectly defining the concepts and a probable lack of proper community consultation there will also be a lack of understanding the societal and cultural norms of those communities (Blowfield and Frynas, 2005:510).

A further incompatibility with business can be observed by the criticism meted out against business and CSR / CSI by organisations and NGOs such as Christian Aid. Jenkins (2005) gives account of the strong reaction of such groups to what they perceive

as being a very poor response to the negative impacts of business on communities. Authors such as Frynas (2005:583) point out that many of these initiatives are used as a way to pacify their employees' consciences, such as those that work in the oil industry, and that no amount of CSR or CSI conducted could outweigh the negative impacts of this industry in reality (Bohdanowicz and Zientara, 2008). Jenkins on the other hand counters this by stating that many companies focus too much of their CSR or CSI initiative on mitigating their negative business impacts or image rather than undertaking any serious community development or poverty reduction programs (Jenkins, 2005:528). Hamann also argues that companies rely too much on their CSI initiatives or corporate philanthropy to prove they are good corporate citizens while other aspects of the business operations are ignored with regard to the harm they may cause (Hamann, 2006:190 - 191). They may even go as far as to measure the positive impacts of these initiatives while ignoring any negative impacts caused by other aspects of their operations.

The incompatibility with the ideals of business and development can extend further than businesses' CSR / CRI or even their environmental impacts. Jenkins and Blowfield both make mention of new business strategies that target the poorer sections of the population. This 'bottom of the pyramid' targeting by businesses, creating products specifically for these markets, can have very negative effects (Jenkins, 2005: 533) not only for the recipients; larger companies and MNCs that market to the poor could actually undermine smaller businesses that already serve this market (Blowfield, 2005:518). These smaller businesses often provide employment and support to local families, but lacking the buying power of larger companies, cannot compete against their lower prices. Although it is important to note that many small businesses have low survival rates and cannot offer the value that customer's expect and deserve. But as Fig (2005:615) maintains, SMME's (Small, Medium and Micro Enterprises) may only make a very small contribution to development unless they are part of a larger company's supply chain.

### *2.1.3 Implementation*

Although inefficient implementation has been mentioned in the previous sections it is worthwhile to mention further the problems surrounding the implementation of CSI / CSR initiatives. On this topic there is considerable consensus by the authors as seen by their suggestion of a more developmental approach to CSI and CSR. These sentiments are echoed by Jenkins (2005:528) who calls for a more developmental orientated approach to CSI / CSR in order to target the poor more specifically. This lack of well-targeted CSI not only leads to inefficiency but the funds will be wasted – as may be the case for many initiatives (Frynas, 2006:184). Besides the lack of focus as a potential downfall, Jenkins (2005: 528) also highlights the need for projects to be long term, as short term or once-off programs will not be effective in contributing to the long-lasting improvements in people's lives. Another implementation problem could be caused from the inception of the initiative, as Blowfield notes that many CSR initiatives are adaptations or copies of developed world programs, and are not specifically designed or applicable for the needs of the developing world (Blowfield, 2007:685-689). Along with this lack of relevance of inappropriate reallocated programs, is the very real problem (associated with far too many CSI / CSR programs) of a lack of clear and targeted objectives for each initiative. This again would lead to a waste of funds and very little improvement in the lives of the intended recipients and create a negative perception of CSI / CSR.

Top of their list of grievances however, is the lack of consultation. Blowfield and Frynas (2005:582) both agree that stakeholder dialogue is vital for CSR to be effective but in their findings the dialogue or consultation occurs mostly among the NGOs, government and the company involved, very seldom are the communities adequately consulted or represented in these discussions (Garvey & Newell, 2005). Frynas (2005:586-590) also highlights the lack of participation from development practitioners and recipient communities in the establishment of initiatives and how this lack of consultation and relevant expertise leads to a lack of understanding and knowledge of the local

communities and their needs. It is clear from these authors that consultation with and participation from the recipients of the initiatives are lacking in many projects, yet are still considered vital to the projects' success. It is suspected that in many instances, expecting full consultation with local communities could be considered idealistic and impractical.

## 2.2. CSR / CSI does contribute to development

The case against a positive relationship between CSR / CSI and development is extensive and convincing, but yet there are authors that see the potential benefits that business can contribute to development through CSR / CSI. Business has a set of skills that may be of value to both NGOs and government and has the ability to 'get things done'.

### *2.2.1 The Business Advantage*

As Sayer (2005:263) points out; corporate philanthropy should be strategic in its approach. The strategic approach to problems is an inherent skill of successful businesses and they should be able to apply these special skills to the problems of development when establishing CSR or CSI initiatives. The ability to plan strategically may be lacking in government or NGO-led development projects, particularly small scale projects. The opportunity exists for businesses that choose to become involved in CSR / CSI to bring this vital element to the field and improve the chances of success (Leisinger, 2007:334).

Not only does this opportunity exist for business, but as some would say (Hamann, 2006:181; Jenkins, 2005:529), it is actually obligatory for business to bring their skills and resources to development. In many developing countries government alone cannot handle the burden of all development. This may be due to a number of factors, but quite often governments lack the skills and resources to undertake a wide range of complex

problem-solving development initiatives. When the resources are available the problems of bribery and corruption within government can also hinder any real development, as Jenkins (2005: 529) notes. Working with business may alleviate some of these problems. Many companies may feel the pressure to make real commitments to CSR, particularly as they expand into international markets where they will be highly scrutinized (Fig, 2005:611).

Being involved with CSR and CSI can even impact the way in which businesses behave, while still keeping their fundamental business objectives in sight as mentioned by Blowfield (2005:522). Investing in CSR and CSI initiatives can make businesses more aware of how they conduct their own operations and the impact it has on their surrounding communities as well as their reputation as 'good' or moral business. This can be seen by the increase in the amount of CSR reporting undertaken by companies to prove their contributions, although much of this is still unsubstantiated (Blowfield, 2007:685-689). Realistically though, it is necessary for the CSR / CSI and development world to accept that some business objectives, such as making profit, may be fundamental and directly linked to the survival of the business (Blowfield 2005:523).

### *2.2.2. Business and NGOs (Development agencies)*

It is often the case that businesses undertaking CSR or CSI initiatives will choose to interact with NGOs or other development agencies in order to facilitate the project. It may be easier and more convenient for business to deal with organisations that are established and already have identified recipients than attempt to identify the potential recipients themselves. This is understandable although, as highlighted earlier, it is crucial for the recipients to have their own input into any development initiatives that may have significant impact on their lives. Authors like Gold (2004:634) that see the positive opportunities in these alliances, claim that businesses need to work with NGOs to produce new types of opportunities that will be more effective at assisting the poor. There are many business skills that are lacking in the NGO set-up and there is value in

learning from business (Gold, 2004:235, Utting, 2005). While many NGOs would agree that they may be lacking in business acumen there are many things that business could learn from NGOs.

On the other hand there are those NGOs and social movements who also serve as a watchdog and are able to put pressure on companies to improve their CSR and CSI. Lund-Thomsen (2005:228-231) emphasises the need for NGOs to produce 'counter information' to force companies and governments to step up their CSR particularly with regard to the environment. This is considered a particular problem in South Africa where the neoliberal policies of the government tend to be too lenient on environmental offenders. Without the watchdog NGOs, and those that support them, these violations would not come to light.

Some NGOs and development agencies have begun to see the potential of working with business – e.g. UK Department for International Development (DFID) (Jenkins, 2005) and if partnerships and linkages (Pedro, 2006) can be created between NGOs, business and government there is every opportunity that CSR and CSI can contribute to sustainable development as concluded by Hamann (2003:245-246).

### 2.2.3. SMME's

Small, Medium and Micro Enterprises (SMME's) is the collective term used for the different types of small businesses found in South Africa (for classification see Appendix 8.2). These businesses, according to Fig (2005:615) and Sayer (2005:252), have a positive impact on development due to their very existence. These organisations, which are sometimes informal or unregistered, are still responsible for up to 50% of employment in Africa (Fig, 2005: 615), particularly those from the poorer sector. This is a significant contribution to extreme poverty alleviation.

In some instances small businesses may combine a profit initiative with a development initiative as a part of the business function. These social enterprises, as they are known, come in many different forms and can combine employment and training with the needs of their local community. These businesses are different from NGOs in that they strive to be self-sufficient, ploughing profits back into the business to grow the operation. Sayer (2005:268) and Gold (2004:235) see great development potential in these types of businesses. In countries with high unemployment and a serious lack of skilled workers, as is the case in South Africa, these types of businesses may have the potential to effect real development, especially since they do not rely on charitable donations to become sustainable.

#### *2.2.4. Community Focus*

While social enterprises may be the way of development in the future, they would not be possible without close participation from the local communities that require their assistance (Achda, 2006; Eweje & Palakshappa, 2009; Goddard, 2005). All CSR and CSI as pointed out by Hamann (2003:248-250) needs to focus on the communities and have authentic participation. Authentic participation means that all members of the recipient community or group have been included in all aspects of the initiative. That includes the planning and implementation and should be undertaken from an equal footing. The recipients and the developers or businesses need to respect the cultural knowledge and customs of each other (Hamann, 2003:248). If this is undertaken as the foundation for CSR and CSI initiatives the positive outcomes of many more development projects would be ensured. However, it is not always possible to implement each initiative with the full support and understanding of the community. Initiatives may be very small or highly complex and expecting the full participation of all members of a community may be unfeasible. These initiatives may still represent a development potential.

### 2.3. More Research Required

The previous section is an attempt to find ways that CSR and CSI could contribute to development but in reality much of the discussion is based around hypothetical situations and although a best guess could anticipate that they may be successful, there is very little research to prove this. As mentioned earlier, most of the research surrounding CSR is an attempt to justify it as a profit maximising exercise from the business perspective. Whether CSR / CSI actually contributes to development is a question that neither the pessimists nor the optimists can agree on. What is obvious from their writings is that more research is required on this very important topic.

What then do the writers on this topic require in order to make a more conclusive finding? Blowfield (2007:685-689) for a start, requires more research to show that CSR reaches its intended beneficiaries. This is a common request, as it is not the sole domain of CSR authors. Development initiatives in general require comprehensive impact analysis or outcome findings to prove that they have indeed achieved what they set out to achieve; but more importantly, initiatives must attempt to focus their objectives and ensure that the real recipients are reached.

The problem with the current reporting is that often the business will undertake their own reporting or impact assessment (Blowfield, 2007:687). Besides the potential biased opinion they may have of their own efforts, the research and reporting style would most likely be that of the business world, when what is needed is a development approach to the reporting. This kind of approach would provide much more usable information on the impacts that CSR and CSI could potentially have on development (Morimoto et al., 2005) And although there are some reporting guidelines available (like the King Commission) these do not cover all aspects of business responsibility (Blowfield, 2007:688,). Blowfield (2007:692-694) calls for a framework to be established to provide consistent reporting on CSR and CSI initiatives and if done correctly, could improve CSR reportings' lack of "systematic rigour and failure to tackle key questions" which Blowfield and Frynas (2005:504) observe, as many business schools focus on public



relations agendas and the business case. Hamann (2003) adds that the impacts of these initiatives need to be measured over the long term in order to correctly measure the benefits; this is particularly important in developing countries where very little is known about the impacts (Blowfield and Frynas, 2005:506).

Beyond the improvement of reporting on the impacts of CSR, Hamann would also suggest that CSR or corporate governance needs more attention from sociologists and development scholars as the subject is still quite new and there is very little academic literature on the link between corporate citizenship and development (Hamann, 2006: 178). More broad-based empirical evidence using systematic methodologies is required before any link can be made between CSR and development, as highlighted by Frynas: “While many examples of supposedly win-win outcomes have been cited, we lack the broad-based empirical evidence to support them. More worryingly, the examples cited tend to fail to use any systematic methodologies from development studies to investigate the real-world impacts of those initiatives” (Frynas, 2008:275)

#### 2.4. Conclusion

This review of the current literature on the topic of whether CSI / CSR can contribute to development has touched on a wide range of potential issues. The positives and negatives of each argument have their merits, but it is only when they are applied to real-world CSI / CSR initiatives that their validity can be established. The arguments presented by the expert authors provide the technical information required to establish the potential contribution; but a theoretical guideline is also required to complete this analysis.

### **3. Sen's Development as Freedom Approach**

#### **3.1. Introduction**

From the previous section it is clear that many authors on the topic of CSR and CSI are sceptical as to whether there can be any contribution to development. The authors are particularly scathing on the motivations of business and their ability to look beyond self-interest in matters such as public perception and profit creating opportunities, particularly those companies with a global reach. Although not the only argument on this topic, it does create an opportunity to introduce a theory on development that could be applied to relieve some of the difficulties identified by these authors.

*Development as Freedom* and its Nobel Prize for Economics winning author Amartya Sen are considered by some to be the leading voice in development studies over the past 20 years. Amartya Sen was born in 1933 in Bangladesh and was greatly influenced by his experience of poverty and famine in this country and others in Asia. Much of his findings are based on research conducted particularly in India and he has worked with many development agencies (such as the UN) although he prefers not to work with governments. Sen has always maintained that his work is not to counsel others but rather to create discussion (Corbridge, 2002:183-185). Although his theory of *Development as Freedom* does not deal directly with the notions of CSR and CSI, the key concepts and elements of this theory provide direction to much of the arguments presented by other authors on this topic. *Development as Freedom* although designed to be targeted to policy makers at the macro level, also eloquently delivers the message of how important it is that development itself follows a people-centred approach. As an economist and ardent supporter of the work of Adam Smith, Sen sees great value in free markets and the trust that is required for these markets to operate fairly.

### *3.1.1. Sen and Self-Interest*

To return to the discussion on self-interest as mentioned above, what can be garnered from Sen to counter the argument that self-interest would undermine any CSR or CSI initiative that may be undertaken? Firstly Sen argues that the concept of self-interest does not necessarily exclude sympathy or concern for others (Sen, 1999:271). The interest and well-being of others can also be considered self-interest as broadly defined by Sen. As understood, this means that it is good for one's self if others also do well. The implication for CSI is that businesses can look after themselves and still show sympathy and concern without undermining their core business values. There is much evidence to show that it can be in one's own self-interest to look beyond the internal self-interest to those associated with outside values, such as community welfare and social justice (Sen, 1999:271). Sen observes that people are willing to make sacrifices, even at their own personal cost, to concerns beyond just sympathetic sentiments.

People are willing to go as far as to commit their time and resources but what values would motivate them to undertake such actions? Sen identifies four values that could explain the motivation of actions beyond self-interest. First of these may come from what Sen refers to as "reflection and analysis" (Sen, 1999:273). Here Sen notes that people may feel, through reflection and analysis of their situations, a certain amount responsibility or concern for others and that this may drive them into making decisions beyond their own self-interest. People may also be motivated by some benefit they may receive in return for some "good behaviour" such as good reputation or gaining the trust of others. It is easy to see that companies may also be driven through reflection and analysis to undertake initiatives beyond their own self-interest when the rewards may be as appealing as a good reputation and trust.

Secondly Sen found that people may be motivated by "following convention" (Sen, 1999:273). Standard conventions are commonly accepted among societies and may encourage people to undertake actions beyond their own self-interest, if it is something

commonly done or expected by society. Individuals may be driven to undertake these actions without much of their own critical assessment of the value to themselves, as they may just accept that if others undertake such actions there must be a value to it. Similarly, in the case of CSI and CSR, it may be that businesses observe that other businesses or competitors undertake such initiatives and feel compelled to do the same. In the case of South Africa, CSR and CSI are endorsed by the government and although individual businesses may not benefit directly from government, the incentive to follow convention makes it appear a worthwhile undertaking.

The third motivation identified by Sen that may encourage individuals to act beyond what they consider their own self-interest could be influenced through “public discussion” (Sen, 1999:273). Public discussion amongst groups, communities, societies and even the media can have a vast impact on what individuals considered valuable. These discussions can help societies or groups to obtain a certain amount of consensus on topics and issues that affect them personally or as a group. Sen also points out that discussion and public consensus are the backbone of democracy (1999:274). Public discussion therefore, can form the values that individuals live by, but it can also influence how businesses undertake their operations. Through the media, societies have become more aware of the many social and environmental problems being faced worldwide today, and public discussion on these topics have changed the values of individuals around the world. While at the same time, the media have disseminated information on the huge profits made by companies, often at the expense of poor people or the environment. Public discussion has changed people’s values and in doing so created pressure on business to conform to these values. CSR and CSI can be observed by the public as the values of that business and can decide if these values match their own, and base any decisions accordingly.

Fourth and finally on this topic of self-interest and human behaviour, Sen admits that it may in fact be all, or a combination, of the behavioural choice categories mentioned above that may influence new value creation. “Evolutionary selection” (Sen, 1999:274) as he calls it, means that individuals could be influenced by public discussion, following

convention and analysis and reflection, or a combination of these motivations when making decisions beyond their own self-interest. People choose to value things beyond their own self-interest even in a capitalist society, so it would be unlikely that businesses would be able to escape these human concerns. After all, businesses consist of individuals working together, finding common goals and values through discussion. Can any such cases in the business world be observed?

### *3.1.2. Stakeholder Dialogue and Sen's Community Involvement*

Authors such as Blowfield and Frynas are among those to have brought attention to the lack of stakeholder dialogue in much CSR and CSI work undertaken. While the term stakeholders would include business, government and NGOs, the often-excluded party from the negotiations are the very recipients of the project. This lack of participation from the people and communities who are the targets of these incentives, bring into doubt whether it will be possible for any development to occur. Not only will any initiative lack legitimacy, it could be misdirected and result in disillusionment for the community and a waste of money for the business. Sen would strongly agree with authors such as Blowfield, Frynas and Hamann. His 'development as freedom' is first and foremost a people-centred approach. While Sen agrees that the policies must first be put in place it is up to the communities and individuals to make use of them and gain the development benefits (Sen, 1999:10-12). All the while, it is vital that people have understanding and knowledge in order to fully participate in any decisions being made that may affect them or their communities (Sen, 1999:31-32). Sen writes:

“The ends and means of development call for placing the perspective of freedom at the centre of the stage. The people have to be seen, in this perspective, as being *actively involved* - given the opportunity – in shaping their own destiny, and not just as passive recipients of the fruits of cunning development programs. The state and the society have extensive roles in safe-guarding human capabilities. This is a supporting role, rather than one of ready-made delivery. The freedom-

centred perspective on the ends and means of development has some claim to our attention” (Sen, 1999:53)

This argument has due merit but what is the case in reality? Often development projects suffer from time and budget constraints and community participation may become a ‘nice to have’ but impractical in reality. How are these problems overcome in real world CSR and CSI programmes?

### 3.2. Sen’s Freedoms and Development

In Section 2 of this paper the lack of proper evaluation and reporting in CSR and CSI was mentioned by authors such as Blowfield, Frynas and Hamann. The lack of measured outcomes and impacts is not particular to CSR and CSI, and affects much development work undertaken today. In the case of CSR and CSI it is unfortunate but true that most businesses will undertake their own reporting, which brings into question the biased nature of any positive benefits they present. Much of the outcomes are based on assumptions and as Sen points out, this is no replacement for proper evaluation (1999:110). Perhaps what is needed is what Blowfield refers to as a “development framework” (2007: 692-694), which can assist businesses and communities to evaluate the outcomes of specific CSR and CSI initiatives.

A development framework would also provide a guideline for CSR and CSI practitioners and assist them in establishing programs. Development guidelines for CSR and CSI practitioners could be helpful in reducing some of the poor implementation problems highlighted by Jenkins, Frynas and Blowfield (also mentioned in Section 2). Many CSR and CSI practitioners are not trained or skilled in specific development theories and techniques, especially those in small to medium sized businesses, where employees are expected to be proficient in more than one aspect of the businesses’ operations. This is where Sen’s background in economics may be very useful. It is possible that Sen’s ‘Development as Freedom’ approach may bridge a gap between the business and the

development world. To deal with the lack of evaluating guidelines and poor implementation, along with the other problems assigned to the relationship between CSR and CSI to development, it may be advisable to look to Sen to provide some of these answers. Here some of the answers may lie with *The Five Instrumental Freedoms*

### 3.2.1 *The Five Freedoms*

According to Sen, freedom is the ability to “live a long life” and to “live a good life” (Sen, 1999:14). His theory of ‘Development as Freedom’ is founded on five freedoms. These freedoms cover all aspect of human lives and are the key to development. Sen argues that the existence of any unfreedoms - that is the lack of freedoms - is counter to development and leads to misery, unhappiness and even death. The five freedoms outlined by Sen are: economic opportunities, political freedoms, social facilities, transparency guarantees and protective security. These five freedoms are not only constitutive but are also instrumental; this means that not only are the specific freedoms a desired result or end, but they can lead to further freedoms or means. This ends and means approach to the Freedoms is crucial to understanding how Sen estimates the most effective development results can be achieved. All the Freedoms are connected and interlinked with each other, and the absence of one freedom could negate any perceived value from the other freedoms. Not only should governments strive to provide opportunities for people to pursue their freedoms, but individuals must strive to have the opportunity to be able to experience and take advantage of these Freedoms. The ultimate goal for Sen is that people have the opportunity to... “lead the kind of lives they value – and have reason to value” (Sen, 1999:18). (Sen, 1999:1-38)

Political freedoms include civil rights and

“refer to the opportunities that people have to determine who should govern and on what principles, and also include the possibility to scrutinise and criticize authorities, to have freedom of political expression and an uncensored press to

enjoy the freedom to choose between different political parties and so on” (Sen, 1999:38).

Political freedoms are particularly important to Sen, and accordingly he is in favour of democratic forms of government. Not only are political freedom and the right to free speech and a free press constitutive freedoms, they can also be instrumental in creating other freedoms that people have reason to value. Political expression can lead to many changes in government policies and programs that can have far-reaching impacts on other freedoms. For example, free speech and free association may encourage workers to join trade unions and put pressure on governments to introduce minimum wages. Being entitled to a minimum wage can vastly improve the economic facilities of workers and their families.

#### Economic Facilities

“Economic facilities refer to the opportunities that individuals respectively enjoy to utilize economic resources for the purpose of consumptions, or production, or exchange. The economic entitlements that a person has will depend on the resources owned or available for use, as well as conditions of exchange such as the relative prices and the working of markets.... [A]vailability and access to finance can be crucial influence on the economic entitlements that economic agents are practically able to secure” (Sen, 1999:39)

Economic facilities are vital in order to allow people to take control of their own destiny. People require the opportunity to enter into transactions on their own free accord, and sell either their labour or their products at a fair and market related price. What if, as mentioned in the previous example, workers could not secure a decent wage that they could live on? Firstly, they would not be able to provide adequate food, clothing or shelter for themselves or their family; but beyond that, they may also feel too ashamed of their poverty and low status within society, that they may be excluded, or exclude themselves, from taking part in public life. This reduces their political freedoms and their social opportunities.



## Social Opportunities

“Social opportunities refer to the arrangement that society makes for education, health care and so on, which influence the individual substantive freedom to live better. These facilities are important not only for the conduct of private lives (such as a healthy life and avoiding preventable morbidity and premature mortality), but also for more effective participation in economic and political activities.” (Sen, 1999:39)

Social opportunities as mentioned here are important not only for providing for a good quality life free from sickness, but good health and education can create more opportunities for people to express their political freedoms and economic facilities. Workers who do not have access to such resources will struggle to work if they become sick or disabled and are unable to remedy these maladies. Without proper education workers will struggle to learn new skills and make any advancement in their working lives. Education and health care for women is especially significant for development. Not only do these opportunities reduce the mortality of women and girl children, they can reduce birth rates and decrease the financial burden on poor families. (Sen, 1999: 48-53)

## Transparency Guarantees

“Transparency guarantees deal with the need for openness that people can expect; the freedom to deal with the need for openness that they can expect; the freedom to deal with one another under guarantees of disclosure and lucidity when trust is seriously violated the lives of many people – both direct parties and third parties – may be adversely affected by the lack of openness” (Sen, 1999:39)

Transparency guarantees provide a type of insurance that can protect people’s interests and allow them to function freely without fear of being taken advantage of. Transparency guarantees would ensure for example that if an employer, under the newly entitled minimum wage, were to renege on their promise to the government, the general public would find out about it and that employer would suffer the consequences. Not least of which would be a loss of trust. In many undemocratic countries these types of transgressions are covered up and the people have no recourse.

## Protective Security

“Protective security is needed to provide a social safety net for preventing the affected population from being reduced to abject misery and in some cases even starvation and death. The domain of protective security includes fixed institutional arrangements such as unemployment benefits and statutory income supplements to the indigent as well as ad hoc arrangements such as famine relief or emergency public employment to generate income for destitutes” (Sen, 1999:40)

Protective security is probably the last hope for many poor individuals and families. Even in so called ‘developed’ countries of the first world there are those people who cannot gain employment, either due to economic conditions, ill-health or disability. Without the provision of some assistance to these people, such as healthcare or unemployment benefits, many of them would surely starve. In many poor or undemocratic countries, these facilities are not available and many millions of people live in terrible misery. There should be some basic support for these people.

### *3.2.2. Development as Freedom and CSR / CSI*

As mentioned in the introduction to this section, *Development as Freedom* is designed as a guide to policy makers at the macro, national or state level. At this level, the freedoms of entire populations can be positively developed. Policy makers should ensure that their initiatives allow people to develop their freedoms to their fullest potential, and that all members of society have the opportunity to live a life worth valuing. While it is possible for a CSI / CSR initiative to influence government policies, this is not the only way that they can contribute to development of individuals. Smaller local projects should also follow a set of principles to ensure their effectiveness; after all, the responsibility of development does not solely lie with national and international policy makers. The fundamental principles of the five freedoms can be applied to smaller scale initiatives at the micro level. To establish this application, a shift from the macro level to the micro level is needed. Sen has always advocated a people-centred approach and this is not lost

when focus is shifted to smaller initiatives. The fundamental difference is the amount of people that can be impacted, but the extent can be just as effective. Smaller scale CSI / CSR initiatives can have vast impacts on the freedoms available to individuals, groups and even nations. Applying sound development principles such as the five freedoms is just as significant at the CSI / CSR level. The evaluation of these CSI / CSR initiatives against the five freedoms may provide some insight into their development potential. This shall be undertaken in section 5.

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## **4. Methodology**

To establish the topic for this research into CSI / CSR and development, an extensive search was made through all the journals and academic information currently available. While reviewing the available literature it became apparent that what is currently required in this field is further research into the development potential of CSI and CSR. This research was undertaken in three parts, namely: the desk research, the field research and the analysis of the case studies.

### **4.1 Desk Research – Literature Review**

The desk research began with an investigation into the available academic literature on the topic of CSI / CSR and development. Much of the research is new and mostly found in journal articles, with relatively few current books on the topic available. Once the desk research established which authors were most prominent in this area, they became the focus of further investigation and ultimately formed the basis of the literature review. The literature review highlights some of the major current discussions on CSR and CSI and then extracts the three main arguments as to whether CSR / CSI are believed to contribute to development. The key elements of the arguments are then extracted and will be used in the analysis of the case studies. The key elements are: motivations, compatibility, implementation, business advantage, business and NGOs and community focus, research and sustainability.

### **4.2 Desk Research – Sen's Development Theory**

In order to effectively establish the development potential of CSI initiatives a development theory was required to measure the case studies against. By analysing the case studies against a development theory, a more accurate assessment of the development potential can be made. As mentioned previously, *Development as Freedom* was designed as a guide to macro development policies but in this case will be applied to the micro level CSI initiatives of small companies.

### 4.3 Field Research

Once the literature review and theory had been established the field research was undertaken. It was decided that small case studies would provide sufficient in-depth information required to conduct the analysis.

#### *4.3.1 Selection criteria*

Due to the negative perception of many of authors towards MNCs and large companies it was decided that the research should focus on local smaller businesses. There were further reasons for this selection choice. Selecting smaller local companies meant that the companies and the CSI initiatives selected would have a greater chance of having a local impact, due to their proximity to the communities they work with. Also large company's CSI initiatives can span vast geographical areas and lack the first-hand knowledge of the CSI managers.

Using both a network sampling and purposive sampling techniques, seven local, small companies that were known to have some CSI initiatives were identified. From this group five were randomly selected to be part of the sample. One Company declined to be part of the research as they felt their CSI initiatives were too insignificant to be of interest, even though it was conveyed to them that this was not a negating criteria. A further company did not respond to messages left by the researcher. The CSI initiatives of the selected companies were completely unknown at the time of the interviews and only current or recent CSI initiatives were included.

#### *4.3.2. Interview Technique*

An interview schedule was designed and face-to-face, in-depth, qualitative interviews were conducted with the CSI managers of each of the companies. Each CSI manager was asked a set of questions relating to any current or recent CSI initiatives they had

undertaken and their responses recorded in interview notes (See appendix 8.2). In total seven CSI initiatives were extracted from the interviews to use as case studies, which would be analysed against the desk research undertaken prior to the interviews.

#### *4.3.3. Case Study Analysis*

Citizen Surveys was the largest of the small companies and had five initiatives. TeraNova was the next company and although they only had one project currently running it was a large and time-consuming endeavour for this small company. The smallest company was Makoya Makaraba which had one initiative which was very closely related to their primary business function. It was decided to include this initiative as the concept of the social enterprise had been mentioned in the literature review.

Some of the CSI initiatives did not have formal names and in these cases a name was created to avoid confusion between the initiatives and the programs they supported. Each of the seven CSI initiatives were analysed against the research conducted prior to the interviews. It was decided that due to the varying nature of all the initiatives, each initiative should be considered individually and the merits of each established separately. The initiatives were then analysed against the expert authors' opinions (techniques) and the five development freedoms (theories). These are listed below along with some potential analysis question:

*Motivations:* What were the motivations of the business to establish this initiative; how do these motivations relate to arguments made by the authors; and how does this impact on the initiative?

*Compatibility:* Is there some level of compatibility between the company and the initiative or the recipients of the initiative? How does the compatibility influence the initiative?

*Implementation:* How was the initiative implemented; what resources were required and what problems or successes can be observed?

*Business Advantage:* What special advantage inherent to the business can be brought to this initiative? Have the company used their business advantage in a positive or negative manner?

*Business and NGOs and Community Focus:* How has the business used its connection with outside organisations such as NGOs, NPOs or even government? What community consultation was undertaken for the initiative?

*Research and Sustainability:* What are the long term plans for the initiative? Will the program require ongoing or once-off support? What research on the impacts or outcomes have been undertaken?

And from Sen's Five Freedoms:

*Political Freedoms:* How would this initiative affect the political freedoms of the recipients? How does this freedom impact on the other freedoms?

*Economic Facilities:* How could this initiative impact the recipients' economic facilities? Does it impact on their ability to create their own livelihoods? What is the current and future potential impacts of the initiative?

*Social Opportunities:* Does this initiative help to provide any opportunities to obtain an education or basic health care for the recipients or their families? What future impacts can be anticipated?

*Transparency Guarantees:* Does this initiative provide opportunities to improve the transparency guarantees between communities and individuals? Currently or in the future?

Protective Security: Does this initiative help in anyway to provide for individuals, families or communities in extreme or life threatening circumstances? Does it provide a safety-net for these times?

University Of Cape Town



## **5. Case Studies Analysis**

The objective with these case studies is not to criticise nor praise the efforts of local businesses but rather to highlight the areas of concern presented by the expert authors in this field and to discover the development *potential* as identified by Sen's Five Freedoms. Each case study will be presented with a short introduction of the business involved and then the analysis, using the established techniques and theories extracted from the desk research.

### **5.1 Al-Noor Orphanage (NPO) Project - (Citizen Surveys)<sup>1</sup>**

The Al-Noor Orphanage Project is a CSI initiative undertaken by Citizen Surveys. Citizen Surveys is small research company based in Woodstock, Cape Town. Although the company is based in Woodstock their clients are dispersed throughout the country, and include large NGOs such as UNESCO and MNCs such as MTN (cellular telephone company). None of their clients are based in Woodstock but much of their CSI is undertaken in this lower-income suburb. Citizen Surveys does not have a specific selection criterion when it comes to selecting their CSI initiative. Instead they rely mostly on community to bring these to their attention. Citizen Surveys feels strongly that they should provide assistance to their local community wherever it is needed. They have undertaken many small CSI projects in the past; the ones included in this study are their current or most recent initiatives.

The Al-Noor Orphanage is an orphanage based in Woodstock, and Citizen Surveys have been providing support and assistance in the form of financial support and in-kind donations since 2005. These donations and funds include ongoing financial support towards the general running and administration costs of the orphanage. They also make provision for the purchase of specified goods that the children might need, e.g. shoes etc.

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<sup>1</sup> All Citizen Surveys CSI initiatives interviews were conducted with Abdullah January at Citizen Surveys offices, Woodstock, 18 November 2009.

The orphanage provides support to orphaned Muslim boys and girls and street children and is registered with the relevant social welfare authorities.

### *Motivations*

Citizen Surveys' motivations for choosing to support this initiative appear to be altruistic. The company does not advertise this CSI initiative which would therefore make it unlikely to have any influence on their potential clients. This CSI initiative does have an impact on their BEE rating which is very good (Level 1). As Citizen Surveys is a research company their physical impact on their local community is minimal but yet they feel it is their duty to assist the community they operate within. Their support for the orphanage is in direct response to the problem of street or homeless children that are common in the area. While they realise that they do not have the capacity or skills to deal with these problems themselves, they feel compelled to assist in alleviating these problems. They do this for the community by supporting those organisations that they can assist. This includes the SAP (South African Police) and the local trauma services. In this way Citizen Surveys can be more confident that the planning and implementation is left to those who have the required skills to undertake such operations. To ensure that the financial support and in-kind donations to the orphanage are not misused and reach the intended recipients, Citizen Surveys prefers to pay for specific items that can be invoiced, such as electricity bills. When required, they will purchase and personally deliver other goods, such as the shoes mentioned earlier, but they are not personally involved in any other aspects of operations.

### *Compatibility*

As mentioned by authors in earlier sections, there can be an incompatibility between the objectives of business and the objectives of development. They debate whether business can make a significant contribution to development and still keep their business objectives focused. In the Al-Noor Orphanage case it is definitely in the interest of the business to take care of the homeless and street children from the community they operate in. Often these children live in poor conditions with very little resources and may resort to crime. This can affect all those living and working in the area. So not only is it a

responsibility of those working and living in the community to assist these children, but by assisting the street children they are also making the community safer for the companies' employees and clients, who need to visit the offices on a daily basis. Citizen Surveys' support for the Al-Noor Orphanage has given the business a positive reputation within the community and members of the community will often visit the offices if they discover a homeless child or other similar emergencies. This can have an impact on the functioning of the business as the CSI Manager at Citizen Surveys is also the Financial Manager for the company. Sometimes his CSI duties can detract from his work for the company. The company however seems happy to accept this. Their support for the community within which they operate is vitally important to them as a Muslim organisation.

### *Implementation*

The Al-Noor Orphanage project is an initiative that Citizen Surveys initially undertook to support in 2005; but before this happened, the staff of Citizen Surveys undertook a detailed 'site inspection' of the orphanage and its operations. With consultation with the staff of the orphanage they established in what way Citizen Surveys could assist them. The staff then established a clear objective for assisting the orphanage where they can, and in that way also support the community. In this case they were able to provide financial support to the orphanage and were motivated by their desire to assist the orphanage and also improve their BEE rating. They hope that this initiative will lead to improved education and facilities for the children. Citizen Surveys however, does not conduct any impact or outcomes assessment and do very little reporting for this initiative. They do require the orphanage to submit invoices for their records each month, therefore ensuring the money is used for what it is intended. They also visit the orphanage regularly; but beyond this, little is known of the effectiveness of the orphanage in fulfilling its role towards the children.

### *Business Advantage*

The nature of the relationship between the orphanage and Citizen Surveys only allows for limited interaction. Therefore there is little opportunity for the orphanage to learn the

business techniques that could be of value to this NPO. It is not known whether the orphanage lacks the competencies to efficiently undertake the required administration, strategic planning or other business proficiencies. Any such assistance or training could be useful to them in obtaining further assistance or becoming self-sufficient, which is also an objective of this initiative. Citizen Surveys' financial support however, is necessary if the orphanage is to continue to operate; even though they receive some support from government, this is not sufficient to provide the level of facilities they need. Working on this initiative has had little influence on the business operations of the company.

#### *Business and NGOs and Community Focus*

The Al-Noor Orphanage had been operating for sometime before they were adopted as a CSI initiative by Citizen Surveys. The association however has allowed Citizen Surveys to assist their local community by supporting an existing NPO. Their role within the community also facilitates work with the SAP and the local trauma and social services. This is an area that Citizen Surveys knows very little about but through their collaboration with all these organisations they are able to contribute to what they perceive as a need in their community.

#### *Research and Sustainability*

No research on the impact of this project on the lives of the orphaned children has been undertaken but the Al-Noor Orphanage project will be continued by Citizen Surveys indefinitely. Citizen Surveys hopes that the project will become more focused and allow the orphanage to become more self-sustaining in the future. It is unlikely that such an institution would be able to sustain themselves without assistance from government and private sector.

#### *The Five Freedoms*

##### Political Freedoms

The Al-Noor Orphanage Project initiated by Citizen Surveys brings together the SAP services, social welfare and trauma services along with the work done by the orphanage

to provide education, and a safe and secure environment for the children. This initiative clearly attempts to improve the political freedoms of these children by enforcing their rights. Children have the right to live free and happy lives away from abusive and dangerous environments. It is these circumstances that often lead to these children becoming homeless or street children in the first place. They have the right to an education so that they have opportunities in the future to live the lives that they have reason to value. Without the work done by all these institutions and supported by the Al-Noor Orphanage Project these children could still be living very unhappy lives and not recognising their own rights that are subscribed in the democratic constitution of South Africa.

#### Economic Facilities

The orphans that reside at the Al-Noor Orphanage are all children and therefore have very little opportunity to exercise their economic facilities. Children are not permitted to work in South Africa and are required to attend school. The Al-Noor Orphanage Project therefore cannot provide means to improve their personal capability to purchase goods etc. The project however, can provide economic assistance to the orphanage, which in turn provides education, health care and other services. These will ultimately provide the children with the opportunity to enjoy economic facilities and freedoms when they reach adulthood. When they reach adulthood the children should be able to get goods jobs if they have completed school; and should be healthy and drug free due to the support and health care provided by social services and the orphanage. Also many of the children are previous street children and it would not be advisable to provide them with cash as this could be used to purchase drugs or used for other freedom-denying activities such as crime and prostitution. To guard against this, Citizen Surveys will purchase any items that the children may need and the staff will personally hand it over to the children.

#### Social Opportunities

Social opportunities are provided to the orphans at Al-Noor orphanage through the work done by the orphanage workers, through the support from the government Social Development Department, as well as the SAP and trauma services. The Al-Noor

Orphanage Project provides additional financial support to supplement the work done by all the other services. The children receive education through the Department of Education and here again the support from the Al-Noor Orphanage Project aims to improve the educational opportunities available to the children. The hope is that once they reach adulthood they will be able to maximise their political freedoms and economic facilities. For the meantime though, the social opportunities they receive currently, will protect them from the starvation and health problems associated with living on the street; while having a safe environment to live in and attending school will encourage their self-confidence and self-respect.

#### Transparency Guarantees

Many of the children living at the orphanage were previously living a very precarious life on the street. The trust created by living in a more secure and permanent environment may not ever repair the broken trust and betrayal experienced by these children. The hope may be that the children will learn to expect and receive the kind of support that the orphanage has offered to them; that in the future their past hard times will not adversely affect their attitude of trust towards societies and individuals. Without the ongoing monthly support from the Al-Noor Orphanage Project, the orphanage may struggle to keep up its commitment at the level of support the children should expect.

#### Protective Security

Protective security is provided to the orphans through the Al-Noor Orphanage. The orphanage acts as a 'security net' for the homeless and street children. Many of these children have lost their parents or have run away from home because they did not feel safe in that environment. Without the orphanage these children could face extreme physical and emotional dangers living on the street. The orphanage provides a home for the children and also facilitates their access to the social opportunities that the government provides. This improves their capability to live the lives they have reason to value in the future. The direct support that the orphanage receives from the Al-Noor Orphanage Project through the ongoing paying of their bills keeps the home open and running at its best. In this way they can also provide the best for the children.

## 5.2. Xenophobia Refugee Crisis Initiative - (Citizen Surveys)

In 2008 a refugee crisis emerged in South Africa, due mainly to conflict between local township residents and the foreign nationals or refugees that also reside in the township. The reasons for the conflict were diverse but many local township residents felt that the foreigners were stealing their jobs and were involved in crime. Some of the local township residents orchestrated attacks against the foreign residents and many were injured or murdered. The foreign residents could no longer remain in their homes and had to flee with their belongings to safer areas. To deal with the vast numbers of displaced and homeless refugees, the government made a request to local social organisations, churches, mosques etc. to assist them in providing basic shelter for the refugees. The local mosque in Woodstock was approached to provide assistance. Abdullah January, the CSI Manager (also Financial Manager) of Citizen Surveys is an active committee member of the mosque. He undertook the responsibility of overseeing the project and organising the financial support by establishing the Xenophobia Refugee Crisis Initiative (XRC) as a CSI project for Citizen Surveys. The XRC initiative pulled in resources from the community through food, clothing and blanket collection; while many of the staff members were actively involved in the running of the shelter that was established at the mosque. The XRC initiative not only provided the logistical staff, funds, goods and recruited volunteers, but also established a registration system to capture the details of the 450 (men, women and children) refugees at their shelter. This facilitated a more adequate estimate of their needs and assisted in reuniting families with lost family members.

### *Motivations*

The motivation for Citizen Surveys to establish the XRC initiative was due to their sense of obligation and a willingness to help when the government made a request for assistance from the local mosque. There was little benefit to Citizen Surveys in undertaking this initiative; in fact the operation had a considerable negative impact, not only on Mr January and Citizen Surveys but also on the mosque. The government had initially indicated that they anticipated their assistance would only be required for 3 to 4 days. In reality, the operation ran for much longer, and repeated requests for further

assistance from government were ignored. The reputation of the local mosque was also brought into disrepute when it was alleged in the local papers that male refugees residing at the mosque were frequenting local resident prostitutes. This caused considerable unhappiness in the community and caused severe stress to Mr January and he had to be hospitalised. Clearly the motivations behind the XRC initiative were admirable and many refugees were helped; but without adequate information and support from the government, the project could not be well planned or implemented and had unforeseen negative impacts for the community.

### *Compatibility*

There are considerable questions to be asked about the compatibility between business and CSI initiative here. The motivations for undertaking the project are clearly admirable but it may be the case that the capacity of Citizen Surveys to undertake this exercise was lacking. In their defence, they were under the impression that their input would only be required for a few days; but as the project extended for many more weeks, the staff and CSI manager at Citizen Surveys began to feel overwhelmed, under-resourced and abandoned by government. Perhaps more specialist expertise was needed to cope with this highly volatile situation. It may have been more appropriate to have left the management to other agencies such as social services, with Citizen Surveys providing more of a support role. The local community also became unhappy and found the reports of prostitution associated with these refugee outsiders unacceptable. Mr January, the CSI manager, had to take almost a month off work to take care of all the problems surrounding the XRC initiative. It fortunately did not have any knock-on effects on his work as the financial manager, but did adversely affect his health. It is also fortunate that there were no further incidents involving the refugees, as this may have led the community to form a negative perception of both Citizen Surveys and the mosque.

### *Implementation*

The problems with implementation regarding this project also relate to compatibility; and again, when the XRC initiative was established the full extent of the problem was not realised. Without the necessary expertise to deal with complex situations involving



refugees and locals, the XRC initiative implemented what they considered appropriate action by setting up the shelter in the mosque. The mosque representatives agreed with the plans upfront, but the XRC initiative did not have sufficient resources and skilled staff to handle all the extra pressure that was experienced and they struggled to manage and implement the project.

#### *Business Advantage*

Though the compatibility and implementation were poor, Citizen Surveys did manage to impart a certain degree of their business advantage. As a research company that handles many and widely varying projects, the company has many skills and techniques that could be valuable in a situation such as the refugee crises. The XRC initiative implemented a registration process, using their research techniques, to record and assess the refugees and their needs. The system was specially designed to facilitate the reconnecting of lost family members and was undertaken with some success. The logistical expertise used in managing the volunteers, staff and funds were also extremely valuable and probably accounted for the fact that there were no further negative incidents during the time.

#### *Business and NGOs and Community Focus*

The XRC initiative was led by Citizen Surveys who used the facilities at the local mosque to provide shelter for the refugees. Citizen Surveys received assistance from the Treatment Action Campaign (TAC), a NGOs specialising in assistance to HIV/AIDS victims and their rights, but this did not cover all the needs of the refugees. The local community also assisted by donating goods, but other than that were not consulted on the issue of how best to deal with refugees; after all, these refugees were not originally members of their community but lived in surrounding areas. The XRC initiative did its best to deal with the refugee crises and the impact on the community may have been a lot worse if they had not intervened.

### *Research and Sustainability*

No research was undertaken to establish where this initiative could have been improved or what impact it had on the refugees or the local community. This project, however was a once off initiative and response to an immediate crisis.

### *The Five Freedoms*

#### Political Freedoms

The XRC initiative was established to deal with a situation of clear civil rights violations. The refugees living in the townships surrounding Woodstock have rights, even those illegally residing in South Africa. Without the assistance of the media, the government and many private organisations such as Citizen Surveys, these refugees would have struggled to find appropriate support. It is unfortunate that the countries that these refugees originate from cannot provide the political freedoms and economic opportunities that people require in order to live good lives and must therefore leave their homes and families and travel to foreign countries where they face further persecution and hardships. In South Africa they still have few political freedoms as they are not citizens, cannot vote and are victimised by the communities they live in. The XRC initiative and others like it may go some way to raising awareness of the lack of political freedom experienced by refugees and highlight the need for reforms in their countries of origin.

#### Economic Facilities

The economic facilities of the refugees have been seriously hindered by the xenophobic attacks and their opportunities to create livelihoods for themselves and their families have been affected. Some refugees had their businesses destroyed in the attacks, which may have been their only means to support their families. Other refugees who may have had employment also had to abandon their homes and belongings in order to safeguard their lives. Without the shelter provided by the XRC initiative, many of these people would struggle to attend their work and may even have lost their jobs. It could also be argued that the economic facilities of the local community residents of Woodstock were negatively affected by the influx of unemployed refugees who would compete for the

same limited job market. Being unable to work and living in a shelter can also be very demoralising for people and the insecurity and fear caused by the attacks could have long lasting impacts on the refugees.

### Social Opportunities

During their stay at the shelter provided by the XRC initiative, the refugees had access to basic health care provisions, food and shelter. The facilities provided to them free of charge provided limited social opportunities but were significantly better than if they had been left to fend for themselves on the streets. Living unsheltered on the streets where they are more likely to contract illness and disease would have been a likely reality. The disruption caused to the children meant that most of them could not attend school and the XRC could not provide this facility for them. It can only be hoped that the limited facilities provided by the XRC were sufficient to arrest any further deterioration of their health and wellbeing, so that once the crisis had abated they could return to their homes and continue to work to improve their quality of life.

### Transparency Guarantees

The attacks against the refugees would seriously have damaged their trust for the communities where they were residing. To be able to live in a safe community and know that your neighbours will not turn against you should be a transparency guarantee for all individuals. To have that vital trust broken by your fellow community member would have been particularly difficult for the refugees. Especially since many of them fled such persecutions in their own land. To be unable to live freely and openly as the nationality, faith or ethnicity that you are, without fear of persecution, can have serious consequences on people's ability to play an active role in that community. This can also impact on their self-esteem and hold people back from obtaining work or seeking help when needed. The XRC initiative provided a small but significant comfort to the 450 refugees that they assisted, by providing tangible evidence that not all communities in South African have such negative attitudes toward them. This could go some limited way to rebuilding the trust of refugees for the society they live in. Some of the refugees managed to find new accommodation in Woodstock and the surrounding suburbs where the multi-cultural

communities that reside there are more tolerant to people of different nationalities and faith.

### Protective Security

Protective security is needed as a safety net in times of severe hardship for people. It is often seen as the responsibility of governments to assist these people and prevent them from reaching the lowest human points of starvation or death. In the case of the xenophobia refugees, this protective security was provided by the XRC initiative and the hard work of the staff of Citizen Surveys. The initiative itself may not have been able to show too much in the way of promoting the other freedoms, but it did provide a safe place for the victims when they had very few other options, and while their lives were in danger, which is the aim of protective security.

### 5.3. Tahir Levy (Al Gidman - Social Welfare Department and Community work)

#### Support Program - (Citizen Surveys)

Tahir Levy is a self-employed community worker based in Woodstock who has been offering social services and guidance to the community for 50 years. He offers a wide range of assistance to the residents, which can vary from HIV/AIDS counselling, to drug addiction, divorce, wills and testaments. In 2002 it came to the attention of Citizen Surveys that Tahir Levy's one man agency, Al Gidman, was struggling to stay open due to lack of funds to cover basic operating costs, such as telephone and rent. The Tahir Levy Support Program was established, and each month Mr Levy submits his telephone and rent account to Mr January at Citizen Surveys who pays these bills on his behalf. The support allows Al Gidman to operate more often and more effectively and therefore able to assist more people within the local community.

#### *Motivations*

Tahir Levy is not only a well known and respected member of the community but he is also considered a community leader in Woodstock. When it was brought to the attention

of Citizen Surveys in 2002, that he required assistance, they saw it as an opportunity to give something back to community. By supporting Al Gidman and Tahir Levy he could continue his work in the community. Although the residents of Woodstock and surrounds are not considered potential clients of Citizen Surveys they have become known in the area for their positive role in the community. This often leads to individuals looking for assistance arriving at their offices. Their support of Mr Levy allows them to send these people to an expert who can assist and advise them professionally. Citizen Surveys do not advertise their association with Mr Levy and see their incentive as a small tax write-off and extra credit for their BEE rating.

### *Compatibility*

Citizen Surveys consider themselves a part of their local community and as such feel a certain amount of responsibility to assist where they can. The Tahir Levy Support Program allows the company to use Mr Levy's services as a referral when they are needed. It is quite often the case that community members in need of help or who are experiencing hardships will approach the company for assistance. Most times Citizen Surveys, as a research company, are unable to provide the kind of support these individuals need beyond small cash donations. Cash donations are not their preferred means of assistance as the money may not be used as it was intended. By supporting Al Gidman in its operations to serve the community, Citizen Surveys can confidently refer these community members to Mr Levy's offices. This demonstrates appropriate compatibility between the business, a social service and the community.

### *Implementation*

There was relatively little consultation with Mr Levy before the Mr Levy Support Program was established. Citizen Surveys were made aware of the plight of the Al Gidman agency through a local community newspaper. The article made special mention of Mr Levy's need of a telephone and how he could not currently afford it. Citizen Surveys decided to offer any assistance they could and they also discovered that Mr Levy needed help with his monthly rent. The rent was needed for the small office space he lets to see his clients, and Citizen Surveys offered to assist in this regard too. Each month Mr

Levy submits his accounts to Mr January and his accounts are paid by Citizen Surveys. This ensures that the funds are spent where they are intended. The Tahir Levy Support program is considered a long term commitment by Citizen Surveys and they will continue to support Al Gidman as long as it is required. They have no further expectations of Mr Levy other than that he continue his work with the community.

#### *Business Advantage*

The business advantage from Citizen Surveys is minimal in the Tahir Levy Support program. The Al Gidman agency and Mr Levy have been operating as a social worker/service in the community for 50 years, and Citizen Surveys has not interfered in any of the operations and systems that Mr Levy employs to undertake his work. As a research company covering an array of research topics, they are required to have special techniques for extracting, storing and reporting on information as well as being highly efficient, organised and adaptable in order to be successful. There is no doubt that a business advantage could be created in this case.

#### *Business and NGOs and Community Focus*

The Tahir Levy Support program is another case where business and NGOs can work together to support the community better. Mr Levy also works closely with local police and social services. The community newspaper that published the article concerning Mr Levy shows that he has considerable support from the community; this can also be observed by the amount of clients he sees each day. Citizen Surveys has no in-house resources to deal with social problems in the community, but by supporting Al Gidman they can keep a valuable resource available to them.

#### *Research and Sustainability*

Citizen Surveys undertakes little research on their CSI initiatives beyond invoices and basic reporting. The Tahir Levy Support program is slightly different in this regard. Each year Mr Levy provides a report including the types of incidents and numbers of cases he has dealt with. Although the cases are not detailed it does give an indication of what type of problems he assists the individual with. Most common amongst the cases is where his

advice or counselling is required. He also assists many clients with obtaining disability grants, affidavits, housing, alcoholism, spousal abuse and many other problems. His report gives a good indication of the general problems faced in the community but no further research is undertaken or compiled from the information he presents. This initiative will be sustained for as long as Mr Levy continues to offer his services. Mr Levy however, is no longer a young man and will not be able to continue indefinitely.

### *The Five Freedoms*

#### Political Freedoms

The Tahir Levy Support program provides Al Gidmah with the resources it needs to operate by providing the funds for the rental of the office and the telephone account. With this support Mr Levy is able to continue his work and support for the community. Mr Levy is not only a community worker he is also a voice for the community and considered a community leader. Mr Levy actively speaks out against what he observes as 'hardships and injustices' in the community he is a member of, and has had his views published in the local papers. He is particularly vocal about poverty and how it is increasingly hard for poor people to buy food and pay for rent in the current economic conditions, where even the NGOs are struggling. In this way Mr Levy is using his position and status in his community and in Cape Town to provide awareness of the problems faced by the poor and destitute. Mr Levy was also honoured for his work and received civic honours from the City of Cape Town.

#### Economic Facilities

The Al Gidmah agency, through the work it does, is able to assist many individuals to improve their economic facilities. The agency does not employ any workers but is able to provide the support that may be needed to improve people's opportunities to gain employment. And in this way, they are able improve their quality of life and self confidence not only for themselves but also for their families. In South Africa it is very difficult to obtain a job if you do not have a valid identity document. Mr Levy assists people without identity documents to obtain the relevant documents so that they can

apply for available jobs. He also assists the unemployed in finding jobs but it is not known what success he has in this regard.

### Social Opportunities

The services provided by the Al Gidmah agency allow the members of the community to take greater advantage of their social opportunities. Assisting mothers to access their maintenance grants is often the only way that they can obtain the funds needed to pay for their children's school fees. His assistance in divorce cases, custody cases and other domestic cases provides opportunities for women and children to live healthier and happier lives away from their previously abusive households.

### Transparency Guarantees

Mr Levy promotes the causes of the community he assists and in so doing is attempting to create further transparency guarantees for the residents. The type of work he undertakes involves great trust as much as it involves very sensitive and personal issues for his clients. Mr Levy maintains the trust of the community while working to improve their position to obtain more assistance from government and NGOs. In his own way, he can 'restore the faith' of community members who feel that they have been let down by their government, employer, community or family.

### Protective Security

Most vitally amongst the freedoms promoted by the Al Gidmah agency is the protective security it allows people to access. The members of the Woodstock community are diverse and many are from the lower income groups. These people and their families often do not possess the confidence, education or knowledge to access what securities might exist for them. The shame associated with being unemployed may stop an individual from accessing their unemployment insurance. Mr Levy is well known and trusted among the community members and may provide an easier route for people to access the services available to them. Many people may not even be aware that there are resources available to them. Mr Levy's cases include disability grants, maintenance grants, old age homes, District 6 land claims, hospitals and doctors, U.I.F.



(Unemployment Insurance Fund), child abuse and housing. Through his work he can help to facilitate that all these protective opportunities are available to those who need them. The outcomes of this work will improve the quality of life for many; but will also improve their capability to create better futures for themselves. Disability grants, maintenance grants, U.I.F. can keep entire families going in hard times. Access to hospitals and doctors and child abuse services can save lives and land claims and housing can change people's futures. The Tahir Levy Support program initiated by Citizen Surveys provides a safe space for the community members to visit Mr Levy; and the telephone line provides access to his services for those who are unable to get to the office or who may not have the confidence to do so.

#### 5.4 Cape Talk: Educate an Orphan Pledge - (Citizen Surveys)

The Cape Talk: Educate an Orphan pledge was established by Citizen Surveys in February 2009 and was initiated through a campaign run by a local radio station, Cape Talk. The campaign was run throughout the country by its affiliate radio stations. The goal of the campaign was raise to funds, through corporate pledges, to sponsor the education of orphaned children. The Cape Talk: Educate an Orphan Pledge pledged to donate R 18 000.00 which would cover the education costs for ten children for twelve months. Citizen Surveys have no further knowledge of the type of expenses that their donation would cover, and as this was a national campaign, did not know where the children lived.

#### *Motivations*

The motivations for undertaking this initiative were twofold. Firstly they hoped to be able to help the orphaned children to obtain an education and have bright futures. Secondly they were incentivised by fact that this kind of donation provides the company with certain tax benefits and improves their BEE rating. Citizen Surveys had nothing further to do with the campaign after they had made the donation. This initiative required no hands-on commitment from the company or the staff and did not involve the local

community. The fact that this campaign was run nationally on affiliated radio stations may also have provided some advertising for the company.

#### *Compatibility*

There is not much to comment on the compatibility between the business and the initiative in this case. No staff members were actively involved and the children who received the assistance were unknown to the company. As a research company that does a significant amount of social research being associated with a campaign that assists orphaned children to obtain an education could be of value. Particularly to their clients who would no doubt see the importance of education, particularly in South Africa.

#### *Implementation*

Due to the nature of Citizen Surveys' involvement with this campaign, not much is known about the implementation. Citizen Surveys provided the funds by cheque to an intermediary (the radio station) who in turn conveyed the pledge to the organisation that would undertake the allocation of funds and placement of children in schools.

#### *Business Advantage*

No real business advantage can be inferred from this initiative besides the fact that businesses have the resources available to provide funds to these kinds of projects which are lacking in funds.

#### *Business and NGOs and Community Focus*

The Cape Talk: Educate an Orphan pledge was essentially Citizen Surveys' contributing to the CSI initiative of another organisation, in this case Cape Talk Radio station and its affiliates (owned by Primedia). The radio station offered its services to promote the pledge campaign and attract funds from their listeners. In return the listeners would receive mention on the radio station. To this regard the community of the radio station were involved and the funds transferred to an NGO to undertake the implementation.

### *Research and Sustainability*

The donation pledged by the Cape Talk: Educate an Orphan pledge was to cover the education costs of ten children for twelve months. It is not known if Citizen Surveys will contribute again in 2010. The current donation is for one year only and this does not assist in the sustained education of the children. If the campaign is run again the following year there is no guarantee that the same amount of funds will be obtained from the pledgers; and if the same amount of children will be able to attend school. If this is this case, then some children would have their education severely disrupted. It would be hoped that each year more children could be helped, but it is not even certain that Cape Talk will run the campaign again in the future. No further research or feedback on the campaign or children has been received from Cape Talk or undertaken by Citizen Surveys.

### *The Five Freedoms*

#### Political Freedoms

Not much is known about the implementation of this project as to what particular assistance the children receive. If, as the campaign claims, the children will receive an education through the pledge made by the Cape Talk: Educate an Orphan pledge, then it is possible that these ten children will be able to enjoy many political freedoms in the future. An education provides people with the opportunity to better understand the society they live in and articulate themselves in such a way that they can change that society, if they choose to do so. Without an education, individuals may be unaware of their rights and unable to express themselves politically.

#### Economic Facilities

Education is a vital component to allow individuals to become productive and active members of society and this means being able to work and provide for yourself and your family. Many orphans are limited in the resources they have access to as they do not have families to assist them and provide for their education. Without education it is extremely hard to find employment, especially with the current lack of jobs in South

Africa. Having an education will give the ten orphan recipients of the Cape Talk: Educate and Orphan pledge a chance to increase their capabilities and the opportunity to create the lives they hope to live. This, however, can only be assured if the children receive sponsorship for all the years needed to complete school.

#### Social Opportunities

Social opportunities refer to the arrangements that a society makes to provide education and basic healthcare to all its citizens. As mentioned above, a lack of education can make it very hard to obtain a job, but it can also impact on a person's ability to use their political freedoms too. This CSI initiative provides an opportunity for education to ten children but could have immeasurable impacts on their futures and well as that of their future families and communities. What is not known is what quality of education will be received and this would also impact the children's futures.

#### Transparency Guarantees

The transparency guarantees issues that surround this initiative have the potential to impact negatively or positively on the orphans. It is not clear from the information provided for this initiative what would happen to the children if the funds from the combined pledges are not matched for the future years of their education needs.

#### Protective Security

The Cape Talk: Educate an Orphan pledge is purely a sponsorship for education requirements. It is not known what circumstances the orphaned children are currently living in but it is unlikely that they do not have even the most basic shelter if they have been included in this program.

#### 5.5. Fatima Arendse Wendy House Project - (Citizen Surveys)

In February 2009 Citizen Surveys received a personal plea from a Mitchells Plain resident named Mrs Arendse. Mrs Arendse was a 27 year old widow who had been left

destitute by the death of her husband; and her own inability to work due to a psychological illness. Mrs Arendse and her two young children were at this time residing on the living room floor of her mother's small house. She had heard that Citizen Surveys provided assistance to people in need and wrote a letter to them requesting assistance in obtaining a Wendy house (small pre-fabricated one-roomed wooden structure) that could be put up in her mother's backyard. The Fatima Arendse Wendy House Project was established and Citizen Surveys purchased a Wendy house for Mrs Arendse and her children. The staff of Citizen Surveys worked to clear Mrs Arendse mother's backyard and erect the Wendy house.

### *Motivations*

The motivation in establishing the Fatima Arendse Wendy House Project and providing the Wendy house were twofold. Citizen Surveys wanted to assist Mrs Arendse and her family by providing them a home of their own; and they felt this would be a positive exercise for their staff members. Including your staff in a project where they can see the impact of their work can go a long way to increasing the positive attitude of valuable staff towards a business. It may also be the case that Citizen Surveys wanted to further their reputation within their community and the surrounding communities.

### *Compatibility*

The Fatima Arendse Wendy House project was a relatively small once-off initiative that did not require tremendous inputs of time or funds from Citizen Surveys. Due to this and the fact that few people outside the business would be aware of the project means that there are few compatibility issues surrounding this initiative. Mrs Arendse does not live in Woodstock and is therefore not part of the local community or of the business; but for the staff of Citizen Surveys this project would have improved their feelings of goodwill towards their employer.

### *Implementation*

Implementing the project did not require any special skills beyond planning and logistics which are in-house skills of Citizen Surveys. The staff were managed by Mr January,

and all members contributed some of their time and effort to clear the yard to create a space for the Wendy house. There were no implementation problems associated with this project.

#### *Business Advantage*

As mentioned above, the skills of Citizen Surveys such as planning and logistics would have made this project relatively easy to execute, but beyond this there is little evidence of a business advantage. Erecting the Wendy house was a one-off project and Citizen Surveys had no further interaction with Mrs Arendse.

#### *Business and NGO's and Community Focus*

Mrs Arendse approached Citizen Surveys on her accord, as she had heard from other members of her community that they give assistance to individuals who require assistance. The nature and size of her request also meant it was not required to involve other NGOs in this project. From Mrs Arendse's letter however, it is clear that she had struggled since her husband had died and was not able to work due to her own mental illness. It may have been more appropriate in this instance to include other NGOs or government agencies that could provide further assistance for Mrs Arendse and her family.

#### *Research and Sustainability*

No follow up research was undertaken by Citizen Surveys to establish what impact the Wendy house had on the Arendse family. No plans have been set in place to ensure the upkeep and maintenance of the house and this will now be the responsibility of Mrs Arendse. For these reasons no sustainability can be assured.

#### *The Five Freedoms*

##### Political Freedoms

The political freedom potential of this project is minimal, especially since Mrs Arendse and her family were not homeless before the Wendy house was provided for them. It

could be inferred that having her own house could encourage Mrs Arendse confidence to take a more active role in the political life of her community and express the shortcomings in the protective securities that left her without a home of her own to start with.

#### Economic Facilities

Once again the economic facilities improved by this initiative are also rather minimal. The Wendy house provides Mrs Arendse with a home of her own, but it is not known if this will assist in her being better able to obtain a job with her current mental ill health. The impact on the children is also uncertain but the example set by their mother in her attempt to be independent may encourage them to strive for the same as they get older.

#### Social Opportunities

The social opportunities available to Mrs Arendse and her children would have changed very little due to the provision of the Wendy house. It is not known whether it may have in fact been better for the health and wellbeing of the children to remain under the supervision of their grandmother who they were previously living with, than alone with their mother.

#### Transparency Guarantees

Transparency guarantees are also little improved by this initiative.

#### Protective Security

Before the Fatima Arendse Wendy House project was established the Arendse family could rely on their family to assist them in very hard times. The tragedy that befell Mrs Arendse only impacted her and her immediate family and therefore the rest of her family could afford to provide some support to her without leaving themselves in a much worse off situation. Protective security in this instance was provided by Mrs Arendse's family and not by the initiative undertaken by Citizen Surveys.

## 5.6. VHV - Insurance Company Project - (Terra-Nova)<sup>2</sup>

Terra-Nova is a small tourism company based in Woodstock (Cape Town). They provide incentives and tour packages to their overseas clients when visiting South Africa. The majority of their clients are large corporations from Germany. As part of their service offering to their clients, Terra-Nova has established a small CSI department, headed by Nici Meyer, which assists their overseas clients in establishing CSI initiatives in South Africa. This service is offered to their clients as part of Terra-Nova's CSI. Beyond this Terra-Nova have no formal CSI / CSR strategy. They do undertake some small policies such as recycling etc.

VHV is a large German insurance company that became aware of the work done by Terra-Nova and decided to undertake a staff donation initiative, to raise funds for a community project in South Africa, as part of their CSI. Terra-Nova was then approached and the VHV project was established. Terra-Nova's responsibility with regard to this project is to find an appropriate recipient or project to receive the funds, and facilitate the transactions required to complete the project. Nici the CSI manager found a day care centre (Kiddies Edu) in Philippi that was operating from a shack. The day care was in need for a fixed permanent structure to provide proper care and education for the approximately 50 children that attend. VHV approved of the kindergarten suggestion and pledged to assist in the construction of a permanent structure to the cost of R300 000.00.

### *Motivations*

Terra-Nova is primarily a tourism enterprise but through their years of providing tours to large overseas companies they discovered that many of these organisations were very interested in getting involved in development projects in South Africa. The clients felt that since they were sending so many of their employees on expensive holidays that the countries they visited should also receive some benefit. Added to this was the

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<sup>2</sup> Tera-Nova CSI initiative interview was conducted with Nici Meyer at Tera-Nova offices, Woodstock, 11 November 2009.



opportunity for their employees to visit the projects they had helped establish and have the sense that the company they work for was doing some beneficial for others. This was the primary motivation behind Terra-Nova establishing a small CSI department, as they hoped that their potential clients would see this as a ‘value-added’ service and would choose their company as tour operator. Undertaking and facilitating these CSI projects also enhances Terra-Nova local reputation and adds towards their BEE status. It is also an opportunity to differentiate themselves from their competitors who do not offer this service.

### *Compatibility*

Terra-Nova identified a need that their clients had and provided the service to facilitate this need. They also actively encourage their other clients that are not as socially aware to consider a CSI initiative. Many of their mostly German clients do not undertake any similar initiatives in their own country, but some are aware of the poverty and poor conditions experienced by some residents of the countries they visit. Terra-Nova will most often include a township or rural tour in their packages when presenting to their potential clients, as most of them are hoping for a legitimate experience of the country they are visiting. These tours allow foreign visitors to observe firsthand the circumstances that many South African live in and as a consequence want to become involved in community projects themselves. This is how a German insurance company can become involved with the support of a township day-care centre. Terra-Nova undertakes numerous township tours each month and is constantly reminded of the need to make a contribution to the communities that provide them with these enjoyable and enlightening excursions for their clients. Although this demonstrates a most unlikely compatibility there is a connection between all parties and it is important that the poorer communities also benefit from the visitors. The potential negative social and environmental impacts of the tourism industry aside.

### *Implementation*

The implementation of this particular initiative is complicated, due to the distance and number of stakeholders involved. The implementation is not the sole responsibility of

Miss Meyer even though she has facilitated the initiative and discovered the recipient. The situation is complicated by the expectations of the German donor and local NGOs that work with the day-care centre. VHV wants to ensure that 100% of the funds go directly to the day-care facility and that no other NGO receive a portion of this money. This is very difficult as Margaret, the owner of the day-care, does not have the knowledge and skills to run a complex building project. Beyond this, Kiddies Edu already receives a lot of support from an NGO called SAEP, which does have the facilities to undertake this project and can ensure that the correct facilities are provided for the children. Miss Meyer had hoped that SAEP could handle the funds and implement the project, but this has caused unhappiness with VHV and frustration for Miss Meyer. At the time of this interview, the outcome of this implementation problem had not been resolved.

#### *Business Advantage*

The business advantage that Terra-Nova brings to this initiative can be found in the relationship between their clients and the communities they work in. The clients of Terra-Nova are large companies with the funds available for worthy projects. Their interaction with the communities that Terra-Nova takes them to is what leads to the establishment of CSI initiatives. Terra-Nova has the skills and techniques to plan and organise large events and incentives. These skills should make implementing CSI initiatives relatively easy for them but as in the case of the VHV project, they have not been able to forge past these problems. It is suspected however, that Terra-Nova deal with these types of problems in their normal day-to-day operations, and will therefore be able to find a solution that keeps everyone happy.

#### *Business and NGOs and Community Focus*

The VHV project points out some of the problems that can be encountered when working with multiple NGOs. The day-care centre requires the assistance of other NGOs in order to operate. In some cases NGOs have been accused of using the majority of funds from donors for themselves, with little reaching the intended beneficiaries. For this reason it is understandable that VHV would rather the money went directly to the day-care centre.

Unfortunately the owner of the day-care centre does not have the competencies to manage such a large project. It is also hard in this case to establish whether there is any valid community involvement. The owner of the day-care and the parents of the children who attend it do not appear to be included in much of these deliberations, which is concerning.

### *Research and Sustainability*

No research on the outcomes or impact of this initiative have been planned at this stage and it is probably unlikely that any will be undertaken as both VHV and Terra-Nova have indicated that all the funds should go into the building project. At this point it is also not known how the building will be maintained in the future and who will be responsible for the maintenance. For Terra-Nova this is a once-off project and no plans for future involvement with the day-care are currently being discussed.

### *The Five Freedoms*

#### Political Freedoms

To establish if this initiative can potentially contribute to development through the five freedoms the implementation problems would need to be overcome. If this can be achieved and the permanent structure constructed, the children will have a safer environment to learn and play in. The children's parents will also feel more confident in the safety and shelter of the structure when they are attending their jobs, especially in the rainy winter months. It is hoped that having a permanent structure to educate and care for the children will promote better learning and prepare them better for school when they are older. The permanent structure will allow Margaret to establish an improved education program and attract better teachers, which is her goal with this initiative. If these goals can be achieved the children will no doubt stand a better chance of being prepared for school and therefore coping better at school. Having the ability to cope well at school should allow the children to one day be in a position to use their political freedoms to the best of their ability. Margaret also hopes to be able to keep the day-care open 24 hours a day, to assist the children of parents who work at night time.

### Economic Facilities

It has been mentioned in previous case studies how important education is in a person's future ability to get a good job; but research has also shown that a lack of quality preschool education can prevent children from reaching their full potential at school. Those children who do not receive the basic preschool education are known to struggle when they attend regular school as apposed to those that had received some preschool education. If Margaret does manage to improve the standard of education through having a proper building, then the children will have a much greater chance of doing well at school and achieving their potential. These children could go on to enjoy much greater economic opportunities in the future.

### Social Opportunities

The creation of a proper day-care facility will have the most impact on the social opportunities for the children. The day-care provides supervision, care and basic education for the children of working parents. If the children did not have a day-care to look after them while their parents are at work then many of them would be left in unsatisfactory circumstances. The children may also be left in the care of older siblings, unemployed or elderly family members, or perhaps they may even be left on their own. Although the children may be safe with family members, it is doubtful that they have the time or the skills to provide the children with the stimulation and socialisation they need at the crucial stage in their development. A fully functioning day-care should be able to provide for the well-being and basic education of the children and provide them with the best possible start. This will improve the economic and political freedoms they will have the opportunity to enjoy in the future.

### Transparency Guarantees

There are few transparency guarantees that can be extracted from this case study although it would be hoped the day-care centre would live up to the trust the parents would have to be placed in order to leave their children at the centre.

## Protective Security

All the children who attend the Kiddies Edu day-care have families that care for them, and the centre therefore does not provide much in the way of protective security. It would be hoped that if any of these children were to find themselves in a situation where they no longer had anyone to care for them, that the day-care would assist them in finding suitable support from other NGOs or government agencies.

### 5.7 Makoya Makaraba Skills Development and Sustainability Initiative - (Makoya Makaraba)<sup>3</sup>

The Makoya Makaraba Skills Development and Sustainability initiative (MMSDS) is not a traditional CSI initiative. From the definition established earlier, CSI initiatives are projects external to the business function. Makoya Makaraba is a small business established with a development and profit goal. Although the MMSDS is not a traditional CSI it is part of a growing trend in CSR / CSI and constitutes more of a social enterprise. Makoya Makaraba was established in 2004 and operates from a workshop in Diep River. Michael Souter is the owner of the business and currently employs ten fulltime staff with a further ten staff available for large orders. Makoya Makaraba design and produce Makaraba's that they sell to the public or organisations through their website. Makaraba's are stylised construction hardhats that are painted, cut and shaped to display the designs enjoyed by football supporters. The hats have become very popular with the 2010 World Cup just around the corner and especially since the hats can be customised for individual clients. Mr Souter's motivation for creating his Makaraba business was in response to his desire to create employment and transfer skills to unemployed people. Mr Souter was nearing the time when he felt he should retire from his career as a graphic designer and wanted a small business that would keep him busy and allow him create some employment for others. His ambitions for the business have not changed but he now hopes that some of the men he has trained will be able to start up their own Makaraba businesses in the future. In this way Makoya Makaraba may be considered a social

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<sup>3</sup> All Makoya Makaraba CSI initiatives interviews were conducted with Michael Souter at Makoya Makaraba workshop, Diep River, 23 November 2009.

enterprise and the goals and motivations of this operation may have the potential to contribute to development.

### *Motivations*

As mentioned above, the motivations for establishing the business were to provide employment for local unemployed men and to provide Mr Souter some small operation that could keep him busy and provide a little income as he reached retirement age. Mr Souter had previously worked as a graphic designer but felt that he could no longer compete with the younger designers in this competitive industry. He had originally hoped that he would be able to find unemployed workers that already had some printing skills and he approached Men on the Side of the Road (MSR). MSR is an NGO that assists men that are able to work in semi-skilled and skilled trades such as building and construction by providing a network of work opportunities and references. Unable to find any men with the skills he was looking for, he decided to hire three men from MSR and train them himself to undertake the painting and designing required to create a Makaraba. As time went by and interest in the Makaraba's grew he has hired and trained many more men and currently employs ten fulltime staff. His goals for the business have also changed and he now hopes that some of the men he has trained will be able to start up their own small Makaraba businesses with the techniques they have learned.

### *Compatibility*

There is a relatively good degree of compatibility between the Makaraba business and the objectives of Mr Souter. He identified a need for employment and training and realised that he could provide both while still making a small income for himself. His previous experience in the graphic design industry gave him the skills that he could pass on to his employees. Unfortunately there is not much opportunity to teach the business skills necessary to achieve his ultimate goal, which is to have some of his employees start their own business. Makoya Makaraba is a small business and Mr Souter is responsible for training, design, sales, marketing and all other aspects of the business, which keeps him very busy. The employees that may show some aptitude, desire or ambition to start their own businesses would not have much opportunity to gain these business skills from the

work environment at Makoya Makaraba beyond observing Mr Souter. He has had some success though, as one of his previous employees has started up a Makaraba business in Johannesburg.

### *Implementation*

As mentioned above, Mr Souter has the skills required to teach the art and design of Makaraba making but not necessarily the time to teach the business skills. This process of establishing his own business also required Mr Souter to learn the business skills needed to run your own business. For this reason some implementation is lacking with regard to the objectives of this initiative.

### *Business Advantage*

The business advantage that Mr Souter brings to this MMSDS initiative is his own skills in art and design, which provide the men with the necessary skills to create Makaraba's of a high quality. Unfortunately, due to the fact that the business is small but growing, he has not had any opportunity to demonstrate to the employees the skills required to run their own business.

### *Business and NGO's and Community Focus*

The men hired to work at Makoya Makaraba were members of the NGO Men on the Side of the Road (MSR). This provides Mr Souter with some form of reference for the work they are capable of doing and a certain amount of reliability. The original goal for the employment strategy at Makoya Makaraba was to hire only South African nationals, but currently all his employees are foreign local residents from other Southern African countries. The reason given for this is that Mr Souter has found through experience that it is preferential to work with men from the same country, as this causes less conflict in the work environment. There is relatively high turnover of staff at Makoya Makaraba and it is hoped that Mr Souter's ambition of employing South Africans can be achieved.

### *Research and Sustainability*

No research on the impact or outcomes of this initiative have been undertaken beyond Mr Souter's own observations and knowledge. He is aware of a previous employee who has managed to start his own business in Johannesburg, but does not have any particulars of this operation. Mr Souter does not plan to continue this work indefinitely and is considering handing the business over to someone else after the world cup. Whether the business will be able to survive without Mr Souter is uncertain; as is whether the MMSDS will continue after he has left.

### *The Five Freedoms*

#### Political Freedoms

The workers who are able to gain employment at Mokoya Makaraba will not only benefit from the economic facilities created, but they will gain a certain amount of confidence due to being gainfully employed. Before joining the business they were members of Men on the Side of Road which, although it does great work in providing assistance to unemployed men, often provides only temporary or casual work. Being a full-time employee provides more security and encouragement to the men, and it is hoped this confidence will allow them to become more actively involved in the political activities of the communities and societies they live in. This may be particularly significant as currently all the men employed at Makoya Makaraba are not South African citizens, although previous employees have been South African citizens. The earlier case study related to the xenophobic attacks in 2008 highlights the potential problems created by intolerance to foreigners in this country and it is not known if the current employees have suffered due to the xenophobic nature of some communities. An unwanted outcome of the MMSDS may be that the recipients have fewer political freedoms due to their new employment status.

#### Economic Facilities

MMSDS provides employment opportunities the ability to earn an income and learn new skills. This initiative vastly improves the economic facilities of the men employed. Their



previous casual work with MSR would not be able to provide them with the security of being certain of weekly wage. This would allow them and their families to more effectively use their social and political freedoms. The MMSDS could even encourage some of these men to start up their own businesses, as the start up costs are low, and provide opportunities to other unemployed individuals.

### Social Opportunities

The MMSDS initiative provides training and skills to unemployed men but beyond this it also creates social opportunities for the families. A small but consistent wage will provide opportunities for their children to attend school and better health care for their wives and children. Unfortunately the staff turnover at Makoya Makaraba is quite high and it is not known if the men that leave are moving on to better jobs or not.

### Transparency Guarantees

Few transparency guarantees can be inferred from this initiative besides the trust that is created through the permanent employment that Mr Souter now provides the workers.

### Protective Security

Being in full-time employ gives these men, who were previously temporary or part time, the protective security that they and their family need not only to survive but also to create futures that are of value to them.

These case studies represent the analysis and findings from the initiatives that were investigated; further conclusions will be drawn in the following section.

## **6. Conclusions**

This research paper attempted to establish if CSR and CSI initiatives can contribute to development. Investigations into the definitions of these terms highlighted the complex nature of the relationship between CSR and CSI, but do go some way in establishing a more coherent understanding of the terminology; particularly in the South African context. CSR does offer an acceptable definition for the internal and external responsibilities that businesses adopt. CSI, while forming part of CSR, is an appropriate term for the external initiative undertaken by businesses. The case studies presented follow this terminology well, with the exception of the Makoya Makaraba initiative which may be considered a CSR and CSI initiative.

Following the establishment of acceptable terminology, a discussion could be established from the work of recognised experts in this field. The experts, challenged with the question as to whether CSI / CSR can contribute to development, created an interesting discussion. The discussion was focussed around three main arguments. Those being that CSR / CSI cannot contribute to development; CSR / CSI can contribute to development; and finally the argument that more research was required on this topic. Accepting this challenge, the research then attempted to establish an acceptable development theory that could be applied to some real-life case studies in order to further evaluate their potential.

Sen's *Development as Freedom*, with its five freedoms, was identified as a possible theory to analyse against the case studies. Sen's five freedoms being: political freedoms, Economic facilities, social opportunities, transparency guarantees and protective securities. Each freedom was used at the micro level to establish if any development potential could be observed from the case studies. It was established that although the individual case studies were different, all of them could expose some development potential when analysed through the five freedoms. The five freedoms were able to show where the CSI initiatives had higher development potential and also where little development potential would be possible. This research also uncovered that the five freedoms have potential to be used to measure the outcomes or impacts of small scale

development projects. Unfortunately the scope of this research did not extend to measuring these. This could be a topic for future research. It is also anticipated that the five freedoms could be used in the planning stages of CSI initiatives, and therefore improve their development potential.

From the case studies presented in the previous section, some further conclusions can be drawn. Firstly, it is clear that some businesses do have positive motives for undertaking CSI. From case studies such as the Al-Noor Orphanage project and the Tahir Levy Support initiative, it is clear that some businesses are aware of the needs of their local communities, and feel a need to assist where they can. Both these cases demonstrate that in fact businesses can undertake this kind of work without a major alternative pay-off for the company. Small business may have good motivations but they can sometimes over commit to projects, which can lead to poor implementation. This is especially evident when they attempt to manage the entire initiative themselves, as can be seen in the Xenophobia Refugee Crises initiative. Businesses should choose initiatives that they have specialised skills in. They should ensure they have the human and financial resources to undertake such endeavours. Using their business advantage is the key to good implementation. If an initiative is too large or complex it may be in the best interest of some small businesses to consider a supporting role rather than taking on more than their resources and skills can cope with. Working with NGOs, NPOs and government agencies can add value to initiatives such as the Tahir Levy Support Program. But it can also have negative outcomes as is the case with the VHV- Insurance Company project and the Xenophobia Refugee Crises initiative. It is also important to note that none of these initiatives undertook any type of community feedback or consultation. This may be due to the fact that they are mostly small projects with limited impact on the community at large; or that they were personal individual support projects, as in the case of the Wendy House project. Some of the projects already existed, such as the Al-Noor Orphanage and the Tahir Levy Support program, and as such already had the support of the community. This cannot be said for some of the other initiatives. No community consultation was undertaken in the case of the Xenophobia Refugee Crises initiative

which had some negative impacts on the community; and The VHV- Insurance project is already experiencing problems.

When Sen's *Development as Freedom* is used to establish the development potential of CSI and CSR initiatives, it's a case of big impacts in a small number of individual cases. Although further research is needed to quantify the outcomes from these cases, it is possible to establish the potential successful outcomes, along with the potential negative outcomes. From the case studies presented it appears there is development potential for these small initiatives, if well executed. Initiatives such as the Al-Noor Orphanage project, the Tahir Levy Support program and the VHV – Insurance Company project provide support to significant social opportunities for the recipients. Improved social opportunities for the recipients of these initiatives can lead to improved economic facilities in the future. The Makoya Makaraba Skills Development and Sustainability initiative allows unemployed men to develop their economic facilities. Even though some of these initiatives are very small, such as the Fatima Arendse Wendy House project, the potential for development on an individual level is of significant value. This is particularly the case in countries such as South Africa, where government resources and skill are overwhelmed by the sheer size of the job at hand.

This research shows that the CSI initiative of small businesses do have the potential to contribute to development. None of the initiatives investigated in this research had attempted to establish specific development objectives or discovered any development theories to assist them. Yet they were still able, with their limited resources, to create a potential for development. If businesses are able to assist in the development of their own local communities, even in small ways, this can go a long way in developing the country. Once you take into account the amount of businesses, and particularly small businesses, the development potential is vast.

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## **8. Appendix**

### **8.1. Interviews**

#### **Interview A: Citizen Surveys**

Date: 18 November 2009

Company name: Citizen Surveys

Interviewee name: Abdullah January

#### Company description:

Citizen Surveys is a small to medium sized research company based in Woodstock, Cape Town. They do not have a formal CSI/CSR strategy but are very active in their local community. Their employees actively interact with the community to identify needs but they are also well known for their assistance to needy causes and sometimes approached by destitute individuals. They work closely, and provide support where possible, to many of the local social services including the South African Police, the Trauma Services and community social workers. They are currently involved in a number of initiatives some of which are once-off while others are ongoing. Much of their work is done through the local mosque. The ultimate hope for Citizen Surveys is that the recipients of their CSI initiatives (i.e. the organisation or individuals) will become self-sufficient. Abdullah who manages many of the projects does so during his working hours and is duly remunerated; he is also a commissioner of oaths. Their potential clients do not come from their surrounding community and they do not advertise any of their CSR initiatives. Citizen Surveys has a level 1 BEE rating.

#### Project specific questions:

1. Name of current project: Al-Noor Orphanage (NPO)
2. Description: Al-Nor is an orphanage in their local community that provides shelter and to both local (South African) and non-local (mostly refugee) orphans who are almost entirely African. Citizen surveys provides on going support for the orphanage on a

monthly basis by paying for general operating costs such as electricity. Citizen Surveys also provide for the children's specific material needs as they arise such as shoes. It is very important to Citizen Surveys that they do not just provide cash and in most cases will purchase and deliver any goods they provide to the children. They also provide for a small grant of R1000.00 each month to help with general admin costs. Boys and girls at this Muslim orphanage and it is registered with social welfare.

3. Who are the recipients? Al-Nor Orphanage and the children they support

4. Is the project local (within Cape Town or surrounds)? Yes, in Woodstock

5. What are the projects objectives (are they clear)?

The objective of this initiative is to provide support not only to the orphanage but to the larger community in general. Citizen Surveys hopes to alleviate some of the problems associated with street children and also works with the SAP and trauma services in this regard.

6. When was this CSI projects inception? Citizen Surveys have been working with Al-Nor since 2005 and their support has increased each year.

7. How was it established? Citizen Surveys approached the orphanage, which was their direct neighbour at the time, and offered support. At the time Abdullah was treasurer of the Salt River Community organisation and had heard of their plight.

8. What consultation was undertaken with stakeholders and particularly the recipients? Citizen Survey staff undertook a site inspection to ascertain their status and needs. They discussed with the manager (S.V, Manuel) what needs they could fulfil and undertook to assist them. CS is adamant that any assistance/money they provide must reach the intended recipients.

9. Are recipients actively or passively involved in the project? Al-Nor is actively involved and needs to send documentation to CS each month (for tax purposes). The children are not involved but do interact with CS staff when they provide specific goods such as shoes.

10. Have you measured any outcomes from this project? Not really, the motive is purely to offer support to the orphanage and improve CS BEE rating.

11. What outcomes or benefits do you anticipate from this project? Better education and facilities for the children

12. Any involvement from government or NGOs? The government does support the orphanage through its Social Development Department.

13. What are the long term plans for the project (sustainability)? The hope is that the orphanage will become self-sustaining. CS will continue to support them indefinitely.

Project specific questions:

1. Name of current project: Xenophobia Refugee Crisis

2. Description: CS responded to the crises that arose from 2008 from the xenophobic attacks on foreign refugees residing in Cape Town. Working with the local mosque they managed to acquire shelter for the refugees. CS also provided all the logistics required to run the centre that included a registration process that allowed the refugees to be reunited with missing family members as well as recruiting and managing the volunteers and sourcing for donations. Abdullah paid a high personal price with regard to his health while working on this project. There was considerable stress caused by conflict between the refugees themselves and allegations of inappropriate behaviour between the refugees and the local community. Most of the refugees were not from the local area but had fled

from the townships. 450 refugees were assisted and CS paid R 17 500,00 of their own funds towards the project. Many of the CS staff assisted.

3. Who are the recipients? The 450 foreign refugees including men, women and children.
4. Is the project local (within Cape Town or surrounds)? Yes, the mosque is in Woodstock and the refugees were from surrounding townships.
5. What are the projects objectives (are they clear)? To support the refugees with shelter, food and water.
6. When was this CSI projects inception? When the crisis was identified in 2008
7. How was it established? It was established in response to the request from government for assistance in the refugee crises in 2008. The government had originally stated that the crisis would only last 3 or 4 days but it lasted much longer.
8. What consultation was undertaken with stakeholders and particularly the recipients?
9. Are recipients actively or passively involved in the project? Passively, they were merely the recipients.
10. Have you measured any outcomes from this project? No
11. What outcomes or benefits do you anticipate from this project? There were some negative outcomes from this project and the mosque suffered damage not only to the physical structure but also to their reputation as a local newspaper published a very negative article about prostitution involving local women and male refugees. Personally Abdullah also suffered from the extreme stress and was admitted to hospital. He has recovered.

12. Any involvement from government of NGOs? CS worked with their local mosque and although the government had asked them to assist in the crises they did not reply to a personally delivered letter of request for government assistance. The Treatment Action Campaign (TAC) were also involved.

13. What are the long term plans for the project (sustainability)? It was a once off response to a request for help.

Project specific questions:

1. Name of current project: Tahir Levy (Al Gidman - Social Welfare Department and Community work)

2. Description: Tahir Levy is a self-employed community worker service based in Woodstock and servicing the surrounding communities. He undertakes a wide variety of services for the local residents including: Aids counselling, disability grants, financial support, child abuse, legal advice and many more. He has been operating in the area for 50 years and is respected as a community leader. CS heard that his agency was struggling from lack of support and have been paying his rent and telephone bill for a number of years (approx. 10 years). He submits his accounts to CS each month and they pay the bill for him. CS also refers any people in need of help to him. He works closely with local social services and police and has been recently honoured by the City of Cape Town with a Civic Award for his work.

3. Who are the recipients? Directly Tahir Levy but indirectly all the people is able to assist due to the support from CS

4. Is the project local (within Cape Town or surrounds)? Very local, Woodstock and surrounds

5. What are the projects objectives (are they clear)? To provide financial support to Al-Gidmah so that Levy can continue his community work. CS is assisting the local residents by helping to maintain his operations.

6. When was this CSI projects inception? 2002

7. How was it established? Al-Gidmah's lack of support was highlighted in a local paper/newsletter (Muslim Views). CS then approached Levy when they were made aware from other community members that he was struggling.

8. What consultation was undertaken with stakeholders and particularly the recipients? His lack of a telephone was highlighted in the article.

9. Are recipients actively or passively involved in the project? Passively

10. Have you measured any outcomes from this project? Each year Levy provides a detailed account of all the services he has provided. The outcomes from these are not measured.

11. What outcomes or benefits do you anticipate from this project? That Al-Gidmah will continue to operate to serve the community and may one day become self-sufficient.

12. Any involvement from government of NGO's? Al-Gidmah is an NGO and works with other NGO's, social services and the police.

13. What are the long term plans for the project (sustainability)? CS support will be ongoing

Project specific questions:

1. Name of current project: Cape Talk: Educate an Orphan Pledge
  
2. Description: Cape Talk (Primedia), a local radio station, ran a fund raising campaign to obtain pledges to sponsors the education of orphaned children. CS pledged to support 10 children for the 2009 school year and donated R18, 000.00 to do so. This fund raising campaign was run nationwide through affiliate radio stations
  
3. Who are the recipients? The 10 school children (but this cannot be confirmed as the funds were handed over to Primedia).
  
4. Is the project local (within Cape Town or surrounds)? The children are from all over the country.
  
5. What are the projects objectives (are they clear)? To provide school fees for orphaned children so that they can receive an education
  
6. When was this CSI projects inception? CS have committed to this project in Feb 2009
  
7. How was it established? Through a fund raising drive undertaken by a local radio station.
  
8. What consultation was undertaken with stakeholders and particularly the recipients? No, it was purely a donation.
  
9. Are recipients actively or passively involved in the project? Passively
  
10. Have you measured any outcomes from this project? No

11. What outcomes or benefits do you anticipate from this project? That 10 orphaned children will receive an education. There are also tax benefits and BEE accreditation considered as benefits of this project.

12. Any involvement from government of NGOs? Unsure of which NGOs may be involved.

13. What are the long term plans for the project (sustainability)? Undecided, it may be a once off donation.

Project specific questions:

1. Name of current project: Fatima Arendse Wendy House Project

2. Description: In February 2009 CS received a letter from Fatima Arendse a 27 year old resident of the nearby Mitchells Plain suburb. She had fallen on hard times when her husband passed away (Tuberculosis) leaving her with 2 small children (2 and 5 years old). In February 2009 she was unemployed due to a condition that she is receiving treatment from a psychiatric hospital (Lentegeur). She has been living with her children on the living room floor in her mothers' small house. Mrs Arendse wrote a letter explaining her circumstances and requested assistance from CS to obtain a Wendy house for herself and her children to live in. CS purchased the Wendy house on her behalf, arranged to have an area cleared in Mrs Arendse mothers yard and erected the building. The CS staff were very actively involved in this project. [increased dignity]

3. Who are the recipients? Fatima Arendse and her 2 children

4. Is the project local (within Cape Town or surrounds)? Yes, Mitchells Plain

5. What are the projects objectives (are they clear)? Yes, to provide appropriate shelter for the Arendse family



6. When was this CSI projects inception? When the letter was received February 2009
7. How was it established? After a letter was received from Fatima Arendse. She had heard that CS provided help to destitute people from others in the community.
8. What consultation was undertaken with stakeholders and particularly the recipients? The request came directly from the recipients.
9. Are recipients actively or passively involved in the project? actively
10. Have you measured any outcomes from this project? No outcomes were measured
11. What outcomes or benefits do you anticipate from this project? That Mrs Arendse will benefit from having a residence of her own for herself and her family.
12. Any involvement from government of NGOs? No
13. What are the long term plans for the project (sustainability)? It was a once off project.

General questions:

14. Have you heard about the millennium development goals? No [this is surprising as CS have done work with UNESCO previously]. A copy of the MDGs and the Global Compact was given to Abdulla]
15. Has being involved in CSI influenced the way you do business / How? Not really, this is something that the individuals from CS have been involved with in their own capacity for a while. Abdullah believes this is the responsibility of Muslims to their community. Although most of their projects involve Muslim recipients this is not their only focus. They only real perceived benefit of from these projects is the improved BEE status that improves their opportunity to tender.

16. What kind of reporting do you undertake for your CSI? Very detailed records are kept by Abdullah the financial manager. This is mainly for tax and BEE reason. External auditors have established their BEE rating at Level 1 which is the highest level. No impacts or outcomes are measured for their CSR initiatives.

### **Interview B: Terra-Nova Tours**

Date: 11 November 2009

Company name: Terra Nova Tours CC

Interviewee name: Nici Meyer (Project Manager)

Company description: Terra-Nova is a Cape Town based tour company focussing on incentive tours for German based companies.

#### Project specific questions:

1. Name of current project: VHV - Insurance Company Project

2. Description:

VHV is a German insurance company and client of Terra Nova that is looking to provide funds to a worthy cause in South Africa as part of their CSI. Terra Nova services to their clients includes facilitating and setting up CSI projects... this constitutes part of Terra Nova's CSI and they do not charge the client for the service. The VHV – Insurance Company Project is a Christmas initiative that allows the employees of VHV to make a small donation (minimum 10Euro) into a fund set up for the project. VHV are anticipating they will raise R300 000.00 for the project and have asked Nici to find a worthy recipient for the funds. Through previous work with James, (Uthendo – NGO) a kindergarden in Philippi was found, Kiddies Edu. The money raised will be used to build a fixed structure for the kindergarden as currently they use a shack (informal dwelling).

3. Who are the recipients? Kiddies Edu based in Philippi that provides day care and very basic primary education to about 50 children aged between 2 and 6 years old. The owner of the day-care is Margaret. The funds however will be managed by an NGO that already

provides services to the day care called SAEP. This has caused conflict with the donor as they are concerned that not all the funds will be put into the building. Nici has attempted to explain that the owner of the day care, Margaret, does not have the skills and competencies to run such a building operation on her own.

4. Is the project local (within Cape Town or surrounds)? Yes, Philippi (Cape Town township)

5. What are the projects objectives (are they clear)? To raise money to establish a fixed structure for the Kiddies Edu

6. When was this CSI projects inception? October 2009

7. How was it established? Establish through a Terra Nova marketing initiative that VHV discovered and then approached Terra Nova with their idea. It originated with VHV but Terra Nova suggested the recipient as VHV has little local knowledge.

8. What consultation was undertaken with stakeholders and particularly the recipients? No. None before projects inception, but a key informant (James – from Uthendo, NGO) had worked with Kiddies Edu and was aware of their needs. Nici then connected their client (VHV) to the recipient (Kiddies Edu)

9. Are recipients actively or passively involved in the project? Passively. SAEP (NGO) are managing the project for Margaret the owner of Kiddies Edu.

10. Have you measured any outcomes from this project? Not yet

11. What outcomes or benefits do you anticipate from this project? That Kiddies Edu will have a permanent structure to operate from and this will provide a platform to run a proper centre. Ultimately Margaret (according to Nici) hopes to establish a 24hr centre for the children of night workers and to employ more helpers and staff (trained teachers)

12. Any involvement from government of NGOs? SAEP – NGO, Uthando – NGO, no government involvement at the moment.

13. What are the long term plans for the project (sustainability)? There are no long term plans at this stage. It is a once off project. [the building will be there for a long time but what about maintenance?]

General questions:

14. Have you heard about the millennium development goals?

Yes, but do not know any details [Was provided with list of MDG's and Global Compact Principles]

15. Has being involved in CSI influenced the way you do business / How?

Yes, Terra Nova now actively looks for other small companies to provide services to them especially those that are BBBEE compliant. They actively spread the word about CSI and doing 'good' for those in need and the environment to their clients and others that they encounter. They are now carbon neutral and promote this on their emails thereby also spreading this message. They recycle office waste. Terra Nova have started to see a ripple effect from their initiatives and noticed that people have started to ask them more questions about CSI and CSR.

16. What kind of reporting do you undertake for your CSI? Just basic reporting.

### **Interview C: Makoya Makaraba**

Date: 23<sup>rd</sup> November 2009

Company name: Makoya Makaraba

Interviewee name: Michael Souter (Owner)

Company description:

Makoya Makaraba is a small (micro) business based in Diep River. The workshop that the business is run from serves as production site for stylised hard hats (Makaraba's) that are associated with soccer supporters. The workshop obtains the standard hard hats from local suppliers and cuts, shapes and paints them with numerous designs. The business has been running since 2004 when the owner who was previously a graphic designer felt that he was no longer able to compete in the competitive and young design world and decided to start up the Makaraba business as a small side operation to keep himself busy. With the Soccer World Cup for 2010 just around the corner business has started to boom, mostly through his website. He currently employs 10 full time staff members with another 10 used on a casual basis. All the men were previously unemployed and were approached through their associated with MSR (Men on the Side of the Road) Michael has trained all the men in the art and design skills required to produce the makaraba's.

#### Project specific questions:

1. Name of current project: Makoya Makaraba Skills Development and sustainability
2. Description: Michael hopes that through successfully training his workers that they will be able to start up their own small manufacturing operations. The start-up costs of such a business would be very low. He also hopes that the skills they learn will be useful to them in other employment opportunities.
3. Who are the recipients? The previously unemployed labourers who he now employs. They are from all over Southern Africa but Michael hopes that one day they will all be South Africa at this point it is easier to work with men from similar regions as it causes less conflict between the workers.

4. Is the project local (within Cape Town or surrounds)? Very local, Diep River
5. What are the projects objectives (are they clear)? The objectives are not clearly defined, but originally the business was established to create employment but now Michael hopes that the employees will eventually be able to start their own small businesses.
6. When was this CSI projects inception? 2004 (only 3 workers then)
7. How was it established? In 2004 Michael decided to approach Men on the Side of the Road (MSR) which is a project that links unemployed labourers to obtain work opportunities through setting up collection points on the side of the road. Michael was looking for men that might have some printing skills that he could hire. He was unable to find any men with these skills so decided to employ just three men and teach them the art and design skills needed to make the makaraba's.
8. What consultation was undertaken with stakeholders and particularly the recipients? No, Michael had the idea to create work for himself and others.
9. Are recipients actively or passively involved in the project? Relatively passively.
10. Have you measured any outcomes from this project? No outcomes measured
11. What outcomes or benefits do you anticipate from this project? One previous employ has started his own operation in Johannesburg. The future hope is that the workers will establish their own business.
12. Any involvement from government of NGOs? Just that the men are from MSR

13. What are the long term plans for the project (sustainability)? Unsure, he may pass the business on to someone else after the world cup is over.

General questions:

14. Have you heard about the millennium development goals? No, not at all [Was given a copy by interviewer]

15. Has being involved in CSI influenced the way you do business / How? No, the business is more of a social enterprise although it does make profit it is often shared amongst the employees.

16. What kind of reporting do you undertake for your CSI? Not really any reporting although the skills development aspect of the operation is highlighted on the website.

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## 8.2. SMME Categories

Column 1	Column 2	Column 3	Column 4	Column 5
Sector or sub sector in accordance with the Standard Industrial Classification	Size of class	The total full-time equivalent of paid employees	Total turnover	Total gross asset value (Fixed property excluded)
Agriculture	Medium	100	R5m	R5m
	Small	50	R3m	R3m
	Very Small	10	R0.50m	R0.50m
	Micro	5	R0.02m	R0.01m
Mining and Quarrying	Medium	200	R39m	R23m
	Small	50	R10m	R6m
	Very Small	20	R4m	R2m
	Micro	5	R0.20m	R0.10m
Manufacturing	Medium	200	R51m	R19m
	Small	50	13m	R5m
	Very Small	20	5m	R2m
	Micro	5	R0.20m	R0.10m
Electricity, Gas and Water	Medium	200	R51m	R19m
	Small	50	R13m	R5m
	Very Small	20	R5.10m	R1.90m
	Micro	5	R0.02m	R0.10m
Construction	Medium	200	R26m	R5m
	Small	50	R6m	R1m
	Very Small	20	R3m	R0.50m
	Micro	5	R0.20m	R0.10m
Retail and Motor Trade and Repair Services	Medium	200	R39m	R6m
	Small	50	R19m	R3m
	Very Small	20	R4m	R0.60m
	Micro	5	R0.20m	R0.10m
Wholesale Trade, Commercial Agents and Allied Services	Medium	200	R64m	R10m
	Small	50	R32m	R5m



	Very Small	20	R6m	R0.60m
	Micro	5	R0.02m	R0.10m
Catering, Accommodation and other Trade	Medium	200	R13m	R3m
	Small	50	R6m	R1m
	Very Small	20	R5.10m	R1.90m
	Micro	5	R0.20m	R0.10m
Transport, Storage and Communications	Medium	200	R26m	R6m
	Small	50	R13m	R3m
	Very Small	20	R3m	R0.60m
	Micro	5	R0.20m	R0.01m
Finance and Business Services	Medium	200	R26m	R5m
	Small	50	R13m	R3m
	Very Small	20	R3m	R0.50m
	Micro	5	R0.02m	R0.10m
Community, Social and Personal Services	Medium	200	R13m	R6m
	Small	50	R6m	R3m
	Very Small	20	R1m	R0.60m
	Micro	5	R0.20m	R0.10m