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Corporate Social Investment in development: an analysis and critique of the Anglo American Chairman's Fund

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PLAGIARISM 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.

Signature: Joy Banda Date: 18/12/13

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Abstract

The purpose of this dissertation was to conduct an analysis and critique of the Anglo American Chairman's Fund. In conducting this analysis the development framework on which Anglo American bases its Corporate Social Investment (CSI) was examined. The relationship between Corporate Social Responsibility (CSR) and development literature specifically Modernization and Dependency theory set the theoretical foundations for the analysis of the Chairman's Fund. Three schools of thought were identified in the CSR literature namely; Neoliberalism, Neo-Keynesianism and Radical Political Economy. The role and implications of CSR theory and its proposed models (the CSR Pyramid and CSR Venn) was explored comprehensively in this analysis. The critique was based on two sub-objectives; to examine Anglo American's understanding and interpretation of CSR, and how its chosen areas of investment and development framework fell within this understanding. Research data was gathered using a qualitative approach and specifically involved the analysis of relevant Anglo American CSI documents covering the period 2005 to 2007. Selected documents included annual reviews of the Anglo American Chairman's Fund and case study reports. The findings revealed the intrinsic connection between CSR and development theories. Anglo American's interpretation of CSR is based predominantly on a Neoliberal framework whose main version is Modernization theory. From this it was inferred that the CSR Pyramid model is identifiable with Anglo American's CSI practices. Despite its contributions to development particularly in Education and Health, the Neoliberal framework adopted by the Chairman's Fund has had some negative implications such as reinforced inequality across South Africa's provinces and development sectors. The investigation of Anglo American's CSI framework also unveiled the porous relationship between CSI and mining legislation. The overlap between the two has meant that Anglo American attempts to meet its obligations to mining legislation such as the Mine Health and Safety Act of 1996 (MHSA) through CSI. However, the findings indicate that Anglo American has not always done so effectively. This is evidenced by case examples examined in this study which highlight instances where Anglo American failed to appropriately address the environmental and health consequences of its mining operations in host communities. In general the findings indicate that the framework on which Anglo American bases its CSI has had significant influence on the extent to which it can contribute to development.

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List of Acronyms

ACFS	African Children's Feeding Scheme
AsgiSA	Accelerated and Shared Growth-South Africa
B-BBEE	Broad-Based Black Economic Empowerment Act
BMF	Bench Marks Foundation
CDE	Centre for Development Enterprise
COSATU	Congress of South African Trade Unions
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
GEAR	Growth Employment and Redistribution
GDP	Gross Domestic Product
GNI	Gross National Income
IMF	International Monetary Fund
JET	Joint Education Trust
JSE	Johannesburg Stock Exchange
MDG	Millennium Development Goals
MHSA	Mine Health and Safety Act
MNCs	Multi-National Corporations
NGOs	Non-governmental Organizations
NPOs	Not-for profit Organizations
PPP	Pupil Progress Project
SEAT	Socio-Economic Assessment Toolbox
SMEs	Small to medium enterprises
Stats SA	Statistics South Africa
UNGC	United Nations Global Compact
UNICEF	United Nations Children's Fund
UN	United Nations
WHWC	Witkoppen Health and Welfare Centre
WTO	World Trade Organization

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1. Chapter 1

1.1. Introduction

Eradication of poverty in today's world is no longer an exclusive responsibility of the State. Through the practice of CSR more contemporarily referred to as CSI, the Private Sector has increasingly become involved in the global fight against poverty. Corporate Social Responsibility is based on the idea that Private Sector firms can help to reduce poverty while carrying out their usual business activities (Newell & Frynas, 2007). Corporate Social Investment refers to a company's contributions to society and community which are external to its everyday business practices (Trialogue, 2010). In South Africa which is the focus of this study, the origins of CSR are closely linked to the country's history. According to Idowu and Filho (2009) CSR served as an extension of the Government's efforts to address poverty and past inequalities. South African companies made attempts to address the abuses of the Apartheid regime. There was an increase in philanthropic initiatives through grants and managerial structures to facilitate development (Idowu & Filho, 2009). Moreover, the imperative towards CSR in South Africa was shaped by the Sullivan Principles which were introduced in the 1970s. The Sullivan Principles are codes of conduct which were aimed at American companies operating in South Africa during Apartheid. The codes urged companies to support economic, social and political justice, to support human rights and encourage equal opportunity at all levels of employment (The Sullivan Foundation, 2013).

At present the Broad-Based Black Economic Empowerment (B-BBEE) Act and the Mining Charter affirm the CSI agenda in South Africa. In adherence to these legislative provisions, South Africa's Private Sector companies are expected to contribute towards socio-economic development through CSI initiatives. A recent report by Trialogue indicates that R6.9 billion was spent on CSI by South Africa's Private Sector companies between 2011 and 2012 (Trialogue, 2012). With its rationale targeted at socio-economic development; CSI makes valuable contributions to challenges such as poverty, unemployment, HIV/AIDS and environmental degradation. It is estimated that 13.8% of the population in South Africa currently live below the poverty line of $1.25 (World Bank, 2012) and at the end of 2012 the country's unemployment

rate stood at 25.5% (Statistics South Africa, 2013). Anglo American is one of South Africa's many companies which have made outstanding CSI contributions with the aim of tackling the country's poverty challenges. Its CSI agenda is aligned with international development priorities such as the United Nations' Millennium Development Goals (MDGs) and the National macro-economic plan - Accelerated and Shared Growth-South Africa (AsgiSA) (Anglo American, 2007). In 2012, Anglo American's CSI spending on the development of local communities reached $154 million, up from $129 million in 2011 (Anglo American, 2012). The Anglo American Chairman's Fund in South Africa was named the top CSI grant-maker in the country for eight consecutive years by Trialogue (Anglo American, 2013). With this in mind, this study examined Anglo American's approach to CSI, specifically the development framework on which it bases this approach.

1.2. Key terms: CSR and CSI

While CSR and CSI are used interchangeably, these two concepts have slightly different meanings. Corporate Social Responsibility is considered an overarching system which informs a range of company activities for example health and safety, human rights, enterprise development and employment equity (Trialogue, 2007). Corporate Social Investment in contrast refers to a company's contributions to society and community which are external to its everyday business practices. It is aimed at improving the disadvantaged sectors of society. Corporate Social Investment is the commonly used term in South Africa and is closely linked to the country's history.

As indicated earlier in the introduction CSR emerged in the country as a response to the abuses of Apartheid. Private Sector companies were encouraged to support economic, political and social justice. However, over time the obligation towards CSR in South Africa evolved from CSR to CSI essentially moving from ethical obligation to a more philanthropic commitment to community giving (Visser, 2011). Moreover, there was a more positive reaction to social 'investment' rather than 'responsibility' as the term 'responsibility' was associated with the evils of Apartheid (Skinner & Mersham, 2008). For the purposes of this dissertation the concept which

was adopted is CSI rather than CSR as Anglo American conforms to the former definition as opposed to the latter.

1.3. Background to Anglo American's CSI initiatives

Anglo American is one of the oldest mining companies in South Africa which has a longstanding CSI policy that has been in existence since the 1950s. Each year Anglo American contributes a significant amount of money and resources for the development of South Africa's poor communities. In 2011 alone, Anglo American's business units spent more than R423 million on various community development initiatives including CSI (Anglo American, 2013). The objective of Anglo American's CSI initiatives is to make a positive and sustainable contribution to the people and communities in which it operates and beyond (Anglo American, 2007). To achieve these objectives, Anglo American provides financial support such as grants and scholarships to beneficiaries; it promotes skills development through learnerships and skills training and it also partners with the Government and local communities. Anglo American partners with various Government departments particularly for infrastructural projects. For example, the Department of Education has partnered with Anglo American and shared the project costs of school block buildings in rural communities.

The beneficiaries of Anglo American's CSI include the host communities in which the company operates, Non-governmental Organizations (NGOs), hospitals, learning institutions, community projects and small to medium enterprises (SMEs). With regards to the geographical spread of its funding, Anglo American's CSI is concentrated in the Gauteng and Limpopo provinces. However, support is extended to the rest of South Africa's nine provinces and also outside South Africa. Anglo American has three main CSI initiatives namely Anglo Zimele, the Socio-Economic Assessment Toolbox (SEAT) and the Anglo American Chairman's Fund. (See Figure 1).

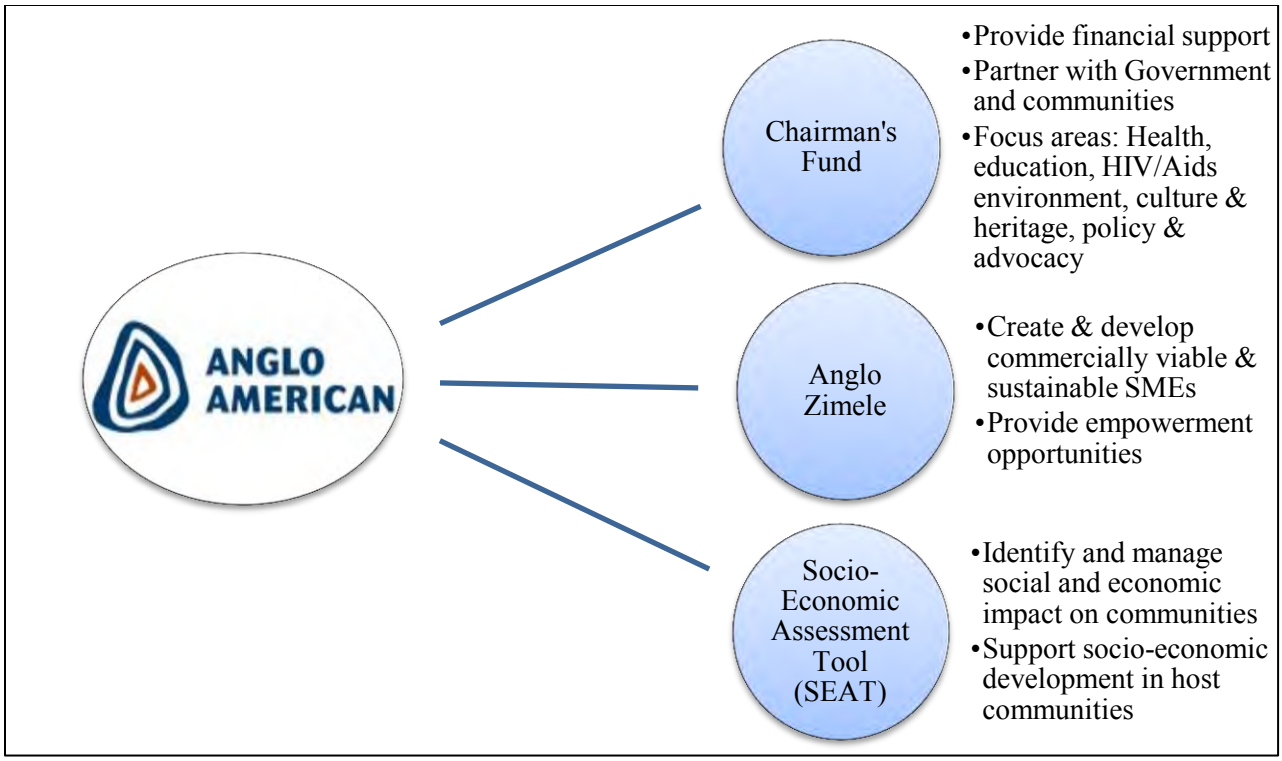


Figure 1 Anglo American CSI Initiatives

Anglo Zimele is an enterprise development and investment initiative fund. Its purpose is to create and develop commercially viable and sustainable SMEs. This is done through the provision of empowerment opportunities for previously disadvantaged South Africans (Anglo American, 2013). The SEAT is a programme that was set up to assess and support socio-economic development in Anglo American's host communities. Its goal is to identify and manage the social and economic impact of Anglo American's mining activities on its host communities.

The Anglo American Chairman's Fund, the oldest of the CSI initiatives was the first formally structured CSI initiative in South Africa. Since 1974 it has evolved to become a dedicated unit comprising the Anglo American and De Beers Chairman's Fund (Anglo American, 2013). In 1998 it took on its current name when it was renamed the Anglo American Chairman's Fund. The objective of the Chairman's Fund is to provide financial support and resources to sustain South Africa's communities. Whilst its mission is to remain the largest corporate donor, the Chairman's Fund attempts to address social needs such as education, HIV/AIDS and health by

providing practical community interventions and creating new opportunities for development (Tshikululu Social Investments, 2013). Each year, approximately R69 million is channelled to South Africa's provinces, with the majority of the funds concentrated in Gauteng and Limpopo (Anglo American, 2012). In 2011 at least 1,380 community projects were supported by the Anglo American Chairman's Fund and these projects reached 2, 132,624 beneficiaries (See Figure 2).

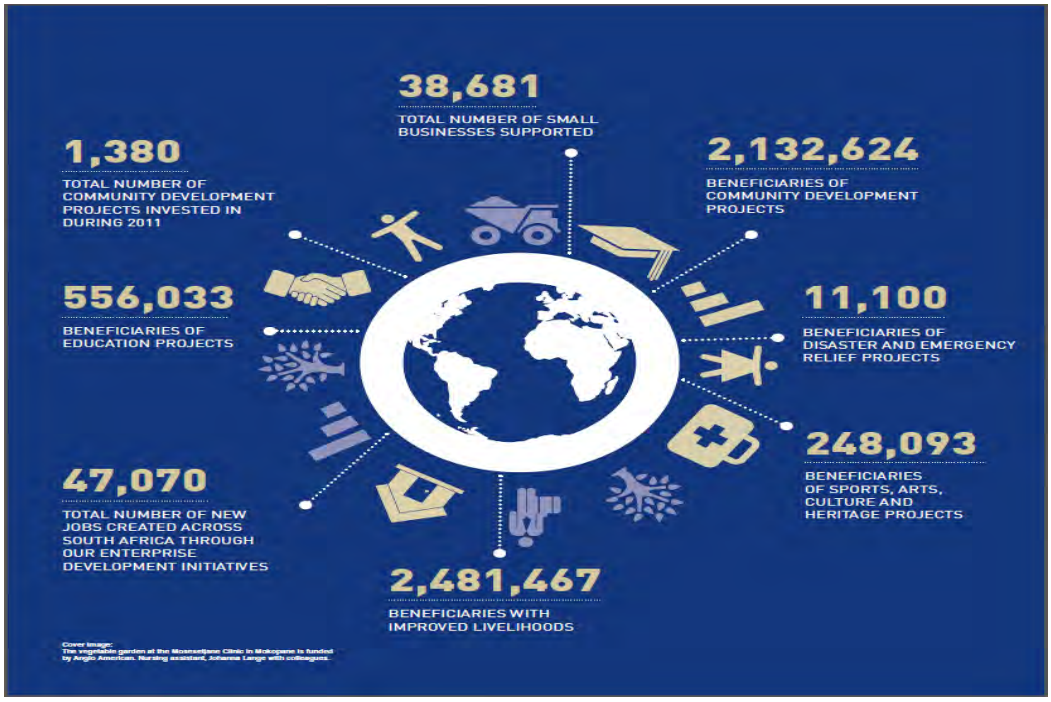


Figure 2 Overview of the total number of projects supported by the Anglo American Chairman's Fund in 2011. Source: Anglo American Transformation Report (2011)

Support from the Chairman's Fund is granted to development projects which promote community development and poverty alleviation. The key areas of investment are education, HIV/AIDS, health, welfare and development, environment, entrepreneurial development, policy and advocacy and arts, culture and heritage. Some examples of the projects funded by the Chairman's Fund include LoveLife Trust, an NGO for HIV/Aids prevention amongst South Africa's youth, Bethany Home Shelter, an organization which provides support for vulnerable women and children in Johannesburg, the Witkoppen Health and Welfare Centre (WHWC) in Johannesburg, United Nations Children's Fund (UNICEF), University of Cape Town – Centre for Popular Memory, Abalimi Bezekhaya and the Cape Flats Tree Project.

In alignment with the national development agenda and the United Nations MDGs, the Anglo American Chairman's Fund prioritises education, health and sustainable community development. Operating independently from Anglo American, Tshikululu Social Investments is a leading CSI management company in South Africa. It is the advisory body which oversees how and where the resources from the Anglo American Chairman's Fund are channelled. This involves screening and selecting potential beneficiaries of the Fund and also monitoring their use of the resources provided. The reporting system is a useful tool for keeping track of its beneficiaries' activities and indicates the contributions of the Chairman's Fund to community development.

1.4. Overview of the contributions of CSR

Knowledge on the relationship between CSR and development is found in case studies on businesses involvement in CSR, individual company reports and ratings of companies (Blowfield, 2007). Case studies and annual reports are particularly useful for their detailing of the contributions made through CSR. Trialogue's annual CSI Handbook highlights efforts by Private Sector companies to improve development needs in the sectors of education, employment, health and environmental sustainability. Figure 4 highlights trends in CSI spending by Sector for the year 2012.

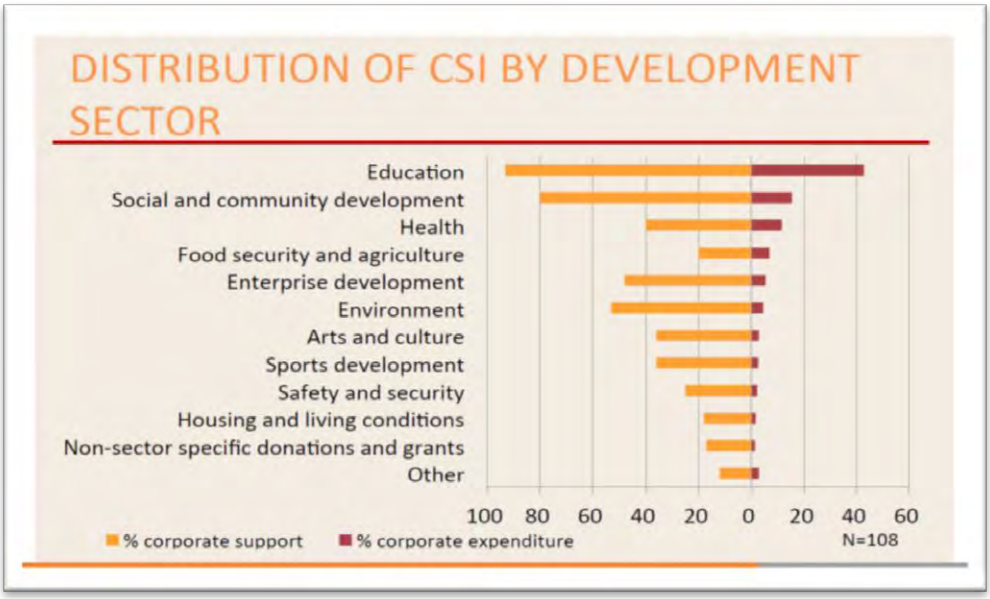


Figure 3 CSI distribution by Sector in 2012 Source: Trialogue Annual CSI Survey (2012).

Education, health, social and community development stand out as the sectors with the highest proportion of CSI expenditure. A study conducted by Trialogue in 2010 surveyed 100 top South African firms to determine the size and scope of CSI in schooling. The study helped to calculate the total CSI annual expenditure and illustrate trends in CSI spending. In 2010 the total expenditure was an estimated R5.4 billion and almost a quarter of it went towards bursaries, scholarships and university chairs (Trialogue, 2011). Trialogue estimates that CSI expenditure on education is around R1.75 billion per annum.

Corporate Social Responsibility can attract demand from market segments particularly interested in social issues (Michael, 2003). Companies such as Anglo American, Nedbank and Old Mutual have embarked on CSR projects which have aided the development of communities. The Hippo water Roller project is one of Nedbank's CSR initiatives. The project focuses on the delivery of water to rural communities (Trialogue, 2010). By providing resources such as boreholes and tanks the project has improved access to water in rural communities. Corporate Social Responsibility at Anglo American supports a variety of development projects some of which were mentioned in Section 1.3. The Anglo American Chairman's Fund in particular is known for its generous contributions to health and education projects. Corporate Social Responsibility has had notable impact on environmental sustainability issues. A study by Frynas (2005) explored the impact of social responsiveness of oil companies Royal Dutch/Shell and BP. Through emphasis on renewable energy and containment of carbon dioxide emissions, these companies have had significant influence on global warming and other environmental challenges (Frynas, 2005). These examples highlight the usefulness of CSR as a tool for tackling poverty and meeting development needs.

1.4.1. Opportunities for partnership

Looking at the progression of CSR in South Africa, there has been emphasis on partnership and collaboration with the Government, NGOs and municipalities. The United Nations Global Compact (UNGC) is a prominent CSR initiative which has had a positive impact on partnering between communities and corporations. As one of the largest CSR initiatives in the world the UNGC aims to align business practices operations with principles in the areas of human rights, labour, environment and anticorruption (United Nations Global Compact, 2011). It brings

together corporations and communities to encourage sharing of skills and knowledge as a way of promoting development. Corporate Social Responsibility is thus instrumental in the creation of valuable partnerships between key stakeholders.

1.5. Rationale of the study: Problem Statement and research significance

Corporate Social Responsibility is a concept that has stimulated interest amongst researchers, scholars and academics. There is extensive literature on CSR and various theories have emerged from its exploration. Among the predominant theories of CSR are Neoliberalism, Neo-Keynesianism and Radical Political Economy. In addition are CSR models such as the CSR Pyramid and CSR Venn which have been formulated to guide the practice of CSR. The aforementioned CSR theories and models are largely embedded in classical economic theory. Corporate Social Responsibility is thus understood and practised mainly from an economic perspective. The relevance of this study is to draw on development theory specifically Modernisation and Dependency theories. It seeks to fill the gap in CSR literature on how CSR is understood and practiced from a development theory perspective. Moreover, given that CSR is aimed at promoting development it is vital to examine the implications of CSR theories and models. Using the Anglo American Chairman's Fund as a case study, the objective of this dissertation is to establish the development model on which Anglo American bases its CSI. The analysis is a critique of the Chairman's Fund which focuses on three areas; Anglo American's interpretation of CSR, its chosen areas of investment and the development framework on which it bases its CSR. The key question which was investigated is:

On what development model does Anglo American base its CSI strategy?

To effectively investigate the answers to this research question, the following key sub-questions were used in conducting the study: What is Anglo American's interpretation of CSR? Is it consistent with CSR models such as the CSR Pyramid or Venn? What are Anglo American's focus areas of investment? Why does it choose to invest in these areas? What are the implications of its adopted CSI framework on development? A full set of the questions employed to investigate this dissertation's research question are outlined in Annex 2.

***Why the Anglo American Chairman's Fund*?** The Fund is a renowned initiative with a sustained track record of success in CSI. Its outstanding contributions to community development in South Africa make it a suitable unit of analysis for this study. Although Anglo American has two other CSI initiatives (SEAT and Anglo Zimele) the Fund is more relevant to this study given its focus on community development. In addition the word limit of this dissertation restricted the scope of the study to only one of the three initiatives.

1.6. Structure of the study

This chapter introduced the concept of CSI and its origins in South Africa. It provided a detailed background of the Anglo American Chairman's Fund and also established the purpose of the study and how it fits into the broader knowledge of CSI. Chapter 2 is a review of the literature on CSR. It discusses the relationship between CSR and development, how CSR is practiced and ends with a critique of the concept. In the third Chapter is a description of the research process and methods of data gathering and data analysis employed. Chapter 4 discusses the findings of the study and provides an analysis of the research outcomes. The conclusion is provided in the final Chapter 5 of the thesis report.

2. Chapter 2 Literature review

2.1. Introduction

Since its inception in the 1950s, scholars and corporates continue to question the role of CSR in development. Whilst CSR proponents argue that it has positive implications for development, antagonists question the extent of its benefits. This Chapter expands on this debate by reviewing the prominent theories about CSR and examining the relationship between CSR and development theory. A summary of the CSR theories discussed is found in Annex 1.

2.2. Corporate Social Responsibility from a theoretical perspective

Three prominent schools of thought can be identified within CSR literature namely Neoliberal, Neo-Keynesian, and Radical Political Economy (Broomhill, 2007). Each school shares a different perspective on CSR with regards to its interpretation, its intended purpose and way of practice. Neoliberalism sees CSR as the adoption of a set of voluntary policies, codes or guidelines which are initiated and driven by the corporation. Neo-Keynesianism on the other hand views CSR as part of the Private Sectors' attempts to manage the impact of its practices on wider society. Radical Political Economy offers a rather cynical view of CSR; it questions the sincerity of its practice in society. To better understand each school's positioning in the CSR, it is pertinent to provide some contextual background on each of the theories beginning with Keynesianism followed by Neoliberalism which has been most influential in CSR literature.

2.2.1. Neo-Keynesianism

Keynesianism has long been a dominant way of thinking in macroeconomics. Published in 1936, John Maynard Keynes' book on the *Theory of Employment, Interest and Money* laid the foundations of Keynesian economic theory. His ideas marked the beginning of the Keynesian Revolution which challenged classical liberal economic theory. Based on Adam Smith's writings, classical economic theory maintains that the free market is self-regulating and operates through 'the invisible hand'. The invisible hand is a mechanism wherein demand and supply are at a constant. It assumes that demand is always equal to supply thereby maintaining a stable market, an assumption which Keynesianism deems invalid. The threat of 'stagflation' is

particularly worrying for Keynesian followers. As a critic of unregulated capitalism Keynes feared that the capitalist free market system would result in a halt in economic growth, characterised by mass unemployment; a situation referred to by economists as 'stagflation' (Skidelsky, 1977). Skidelsky correctly notes that under an unregulated capitalist system it is difficult for unemployment to be controlled by wages and prices as this implies the waste of skills. In addition the free market capitalist system is accused of justifying inequality in wealth and income (Skidelsky, 1977).

Effective functioning of the free-market requires a regulatory role which is played by the State. Keynesianism falls under the broader category of state-centred theories. Influenced by socialist thinking Keynesianism exhorts state intervention. Its followers contend that the purpose of the Government is 'to not do things that individuals are doing already…but to do those things which at present are not done at all' (Skidelsky, 1977, p. 34). The Government's mandate is thus to secure an aggregate volume of output corresponding to full employment. Instead of owning the means of production as socialism suggests, the State should regulate demand and expenditure. The centralisation of state planning according to Keynes creates suitable conditions which stimulate economic growth. Although Keynes (1936) strongly supports state intervention he does not rule out the role of the Private Sector. In fact his proposition is that as the Private Sector and the Government serve as key players in the smooth-running of the economy. Keynesianism thereby suggests the division of labour between the State and the market. The end-result is a mixed economy in which the free market operates in a democratic environment regulated by the State. The success of the Asian tigers (Hong Kong, Singapore, Taiwan and South Korea) attests to the potential of centralised State planning as proposed by the Keynesian model.

In spite of its pre-eminence between the 1940s-1970s, Keynesianism faltered following the emergence of new classical macroeconomics. Referred to as Neo-Keynesianism this new perspective on macroeconomics aimed to fill in the gaps in Keynesian thinking. It introduces microeconomic principles to classic Keynesianism and supports the Neoliberal notion of flexibility of wage and prices in the free market economy. However, as a State-led theory Neo-Keynesianism supports State intervention in the free market economy. The work of authors Mankiw and Romer (1991) propagated Neo-Keynesian thinking during the 1970s. According to

these writers there are a number of imperfections which affect the free market system. These include rigidity of prices, unfair competition and the monopolistic nature of Private Sector companies. Keynesianism tended to focus primarily on the imbalance in demand and supply as the central reason for the unstable capitalist free market system. Neo-Keynesianism on the other hand identifies additional factors leading to instability of the capitalist free market. Democracy is a necessary prerequisite for the smooth-running of the free market economy. The existence of monopolies and unfair competition are features of the capitalist market which result in a reduction in consumer welfare, excessive profits and unacceptable distribution of wealth (Shand, 1984). Monopolies originate from ownership of valuable natural resource for example oil, or control over protective measures such as customs barriers (Shand, 1984). In South Africa the entrenchment of monopoly relations dates back to the 1960s following the unearthing of diamonds and gold by the Anglo American Group (Innes, 1984). The threat of monopolization is for Neo-Keynesian followers a reason for State intervention. The Government is considered to have the capacity to improve the allocation of resources (Mankiw & Romer, 1991).

Neo-Keynesianism addresses the role of national and international regulation and co-operation in the practice of CSR. It recommends active promotion and enforcement of CSR obligations at policy level. According to Le Roux (2001) (as cited in Coetzee et al., 2001) there is need for South Africa's policy system to move beyond economics and address social challenges such as crime, poverty and inequality. Neo-Keynesianism shares a similar concern. In its interpretation of CSR, Neo-Keynesianism acknowledges the environmental, social and economic consequences of business practices (Broomhill, 2007). Its advocates recommend that CSR should constitute efforts by Private Sector companies to avoid and manage any negative impact of their activities on society and the environment (Skidelsky, 1997). Corporate Social Responsibility is thus a means of ensuring that the Private Sector companies are held accountable for their ill-practices.

State intervention is encouraged in order to guide CSR investment (Michael, 2003). As the 'regulatory other' of CSR, the Government is an influential force that determines what can be located inside and what falls outside the domain of CSR (Vallentin & Murrillo, 2011). For example, the Government may designate which areas of development CSR should be directed at. However, the Government is often required to facilitate rather than regulate the practice of CSR

(Michael, 2003). Examples of facilitation include promoting CSR and establishing rewards for CSR initiatives. In South Africa, there is simultaneous facilitation and regulation of CSR. For example, legislative provisions such as the Broad-Based Black Economic Empowerment Act (B-BBEE) and the Mining Charter are two ways in which the Government regulates the practice of CSR. The BEE Scorecard allocates points for participation in CSR. Furthermore, the reward and ranking for CSR initiatives under the Johannesburg Stock Exchange (JSE) facilitates the promotion of social responsiveness. Although the Government oversees the practice of CSR, CSR is often defined from a corporate standpoint.

A shortcoming of the Neo-Keynesian perspective on CSR is that it overlooks the politics behind Government encouraged CSR (Michael, 2003). For example, in South Africa the Government has in place legislation to regulate the practice of CSR. From a Neoliberal standpoint, CSR is supposed to serve as an extension to State-led development. Government encouraged CSR is thus considered a means of shifting the Government's responsibility for development to the Private Sector. Also it is worth noting that the Government faces contradictory tasks in steering the free market economy. On the one hand it has to sustain the process of accumulation and the private appropriation of resources. At the same time it has to remain an impartial arbiter of class interest (Held et al., 1983, p. 487) (as cited in Coetzee et al., 2001). A similar dilemma is notable in CSR. As an arbiter the Government is obliged to accept the autonomy of the Private Sector to initiate and direct its pathway in CSR. On the other hand the Government has to ensure that the respective needs of society are being met through CSR. It is somewhat difficult for the Government to successfully execute both roles simultaneously. For this reason collaboration between the Government and the Private Sector is vital for CSR to work effectively.

2.2.2. Neoliberalism

In the 1970s Neo-Keynesianism gradually lost its momentum following the rise of Neoliberalism. Neoliberalism emerged as a rebellion against Keynesian values which, in its turn, initially contested classical liberalism. It spurned beliefs that State intervention and regulation were necessary for the organization of the market. Under the governance of Prime Minister Margaret Thatcher in the Britain and President Ronald Reagan in the United States, the adoption

of Neoliberalism was characterised by the reduction of taxes and spending on welfare, privatisation of some Government owned enterprises and encouragement of entrepreneurship (Harvey, 2005). The past two decades have witnessed a global acceptance of Neoliberal thinking with international organizations such as the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO) openly supporting open markets and deregulation of trade. Post-apartheid South Africa also embraced Neoliberalism evidenced by its adoption and implementation of the Growth Employment and Redistribution (GEAR) policies in 1996.

One of the intentions of Neoliberalism is to create a favourable business environment for foreign investment. With the Private Sector steering the markets Neoliberalism calls for minimal State intervention in the economy. It perceives the free market as the mechanism through which freedom can be maintained. As a result its followers oppose centralised State planning. Neoliberals claim that Governments are politically biased and prone to making erroneous assumptions about the free market (Harvey, 2005). For example, Harvey notes that the State lacks sufficient information to second-guess market prices (Harvey, 2005). Moreover, the lack of accountability to the market means that States are likely to be corrupt and inefficient (Graaff, 2001).

Neoliberal policies are known to advance the interests of wealthy investors and large corporations. This is characteristic of the instrumentalist State in which the upper class (in this case Private Sector companies) strive to address their needs first. In South Africa the Glen Grey Act in 1984 served the interests of the mining industry, taxation which was imposed required black peasants in the Cape Colony to seek cash employment (Graaff & Le Roux, 2001) (as cited in Coetzee et al., 2001). According to Harvey a powerful and coercive State is needed to define and defend property rights, entrepreneurial freedoms and individual liberties. The ideal of minimal State intervention proposed by Neoliberalism is therefore not completely plausible.

Peter Drucker states '*If you find an executive who wants to take on social responsibilities, fire him. Fast'* (The Economist Intelligence Unit, 2005). Mention of CSR to Neoliberals is deemed an intrusion to the primary purpose of Private Sector companies. Neoliberalism has a rather sceptical view of CSR. The scepticism arises in relation to the benefits of CSR. It is argued that

CSR is invasive of business practices. This view is echoed by scholar Michael Friedman, who argues that the sole purpose of business is to generate profits, anything beyond that is outside the boundaries of business.

> '… there is one and only one social responsibility of business-to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.' (Friedman, 1962, p.133)

Friedman (1962) asserts that CSR takes away the main purpose of business which is to make profits. It is the role of the State to be the central driver of development and not the Private Sector. Everyday business practices such as tax payment and job creation contribute significantly to development which is why CSR is of secondary concern to most Private Sector companies. Furthermore, although companies are obliged to contribute to development through CSR, development itself is not the Private Sectors' main objective. Corporate Social Responsibility should rather serve as an extension of State-led development (Newell & Frynas, 2007).

As noted earlier, Neoliberalism emphasises self-regulation and minimal State intervention. The call for self-regulation is evident in Neoliberals perception of CSR as something which the Private Sector should shape and direct on its own. This is clarified in Broomhill's (2007) assertion that Neoliberals view CSR as a set of voluntary policies which are initiated and driven by the Private Sector. The UNGC is an example of an organization which practices CSR from a Neoliberal perspective. It emphasizes the role of the Private Sector as the motor and guarantor of development (Bair, 2004). In terms of its practice in development, Michael (2003) states that CSR is practised according to the risks and rewards of CSR activity. Neoliberals are of the opinion that CSR is profitable in the long-run. The assumption is that engaging in CSR fosters sustainable development of communities. Communities are a source of product demand, labour and capital supply this consequently serves as an incentive for Private Sector companies to engage in CSR (Michael, 2003). In addition, corporate image is preserved through CSR and Private Sector companies are more likely to be perceived as socially responsible by stakeholders.

Despite its scepticism of the concept, Neoliberalism embeds certain elements of CSR. As a matter of fact Kinderman (2011) contends that CSR is compatible with Neoliberalism. He views CSR as a by-product of Neoliberalism. This is not surprising considering that Neoliberalism's mandate is to maximise the role of the Private Sector in the economy. However, a key difference is that CSR extends this role to include participation of the Private Sector in political, social and environmental matters. In his article '*Free us up so we can be responsible!*' Kinderman (2011) describes the co-evolution of CSR in Britain over a span of 30 years. Making reference to Neoliberal policies introduced in the 1970s, Kinderman (2011) points out that the call for self-regulation paved the way for the rise of CSR. Corporate Social Responsibility initially emerged as an attempt to mitigate the negative effects of industrial practises. A similar proclamation can be made of the rise of CSR in modern day South Africa. However, in South Africa CSR initially emerged as a response to past inequalities of the Apartheid regime. Scholars such as Levy and Kaplan (2008) contest the idea that CSR is compatible with Neoliberalism. These scholars argue that CSR is 'a contemporary double-movement against global Neoliberalism' (Kaplan & Levy, 2008, p.143). The reasoning behind Levy and Kaplan's (2008) claim is that the introduction of Neoliberal policies deflects attention from CSR. On the contrary, Kinderman asserts that the introduction of Neoliberalism created a suitable climate for the growth of CSR (Kinderman, 2011). While I agree with Kinderman's viewpoint, I think that this may not necessarily be the case particularly from a South African context.

A formal electoral democracy is necessary for Neoliberalism to function. For Neoliberals like Friedman profit making is the essence of democracy, any Government which adopts anti-market policies is being undemocratic no matter how much support it receives (Chomsky, 1999, p. 9). With reference to CSR, if the Government is to side-line economic priorities of the Private Sector this would be considered undemocratic. This understanding of democracy according to Chomsky (1999) contributes to resentment and unrest amongst other classes. For example, critics and activists have come up against the Neoliberal based CSR agenda, an outcome I expand on this in my discussion on the Radical Political Economy School in section 2.2.3.

Neoliberals sound as though they are doing poor people, the environment and everybody a great service through their implementation of policies on behalf of the wealthy few (Chomsky, 1999).

The same can be said of CSR. Neoliberalism is criticised for its failure to address the misallocations of resources caused by CSR (Michael, 2003). It proclaims that the CSR should be adopted according to the economic rewards and risks incurred. Neoliberalism consequently overlooks the reinforcement of inequality. This is evident in the practice of CSR in the mining industry. For example, CSR efforts often go towards the communities in which mining companies operate. Figure 4 highlights the geographical discrepancies in CSR spending in South Africa for the 2011-2012 period. A significant amount of CSR support goes towards the regions in which mining companies operate. The result of this is the unequal distribution of resources across the country's provinces.

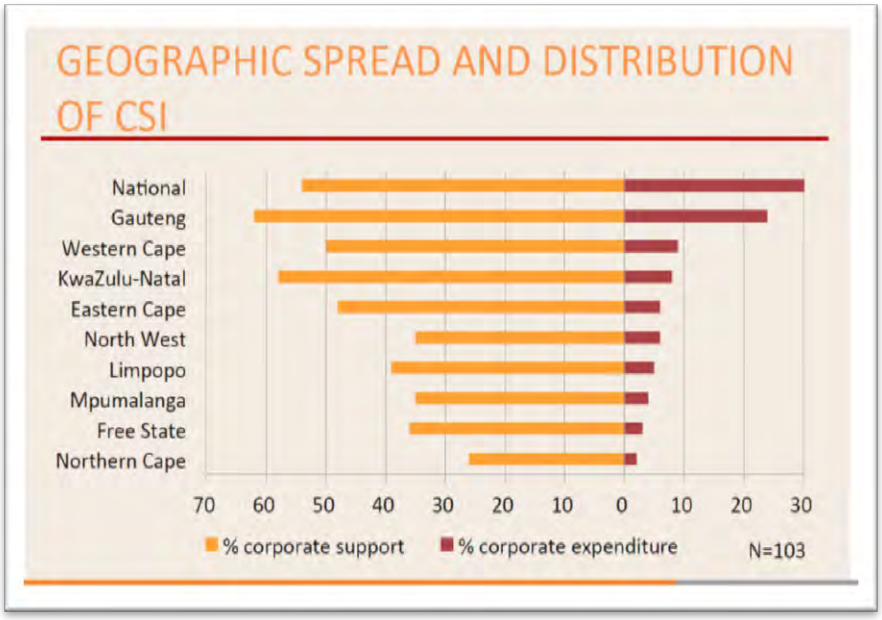


Figure 4 Geographic spread and distribution of CSI in South Africa 2012.
Source: Trialogue Annual CSI Survey (2012).

Harvey concurs with Chomsky (1999) that Neoliberalism contributes to inequality. He argues that the measures taken under Neoliberalism marked the beginning of a "momentous shift towards greater social inequality and the restoration of economic power to the upper class" (Harvey, 2005, p. 26). It marks a severe deprivation of the poorest nations. Neoliberal policies emphasize the accommodation of interests and overlook the power possessed by the poor to undermine a system they are against (Le Roux, 2001) (as cited in Coetzee et al., 2001). As a concept rooted in Neoliberal thinking, CSR similarly accommodates the interests of the Private Sector. Its use as a public relations and marketing tool are some of the ways in which it benefits

Private Sector companies. Powerful interest groups tend to distort and bias state intervention for their own benefit (Harvey, 2005). This results in growing inequality and unemployment. State intervention is thereby necessary in order to safeguard the lower class by providing welfare benefits such as unemployment insurance, education, minimum wages, water and electricity (Graaff, 2001).

2.2.3. Radical Political Economy

Stemming from a Marxist-Humanistic standpoint, Radical Political Economics examines the hostilities of capitalist system. It is critical of the imperfections of the capitalist free-market particularly inequality and the exploitation of the lower class. Radical Political Economics concurs that the link between capitalism and exploitation is inextricable. In fact exploitation is largely engrained in the capitalist system. Capitalism is distinguished by the private ownership of non-human resources by either individuals or institutions who are obliged to make profit if they want to stay in business and must therefore place financial calculation foremost amongst their concerns (Burkitt, 1984). Moreover, Capitalism assumes perfect competition in the free market. However, as indicated in Keynesian thinking, price rigidity inhibits perfect competition in the capitalist free market. Radical Political Economics scrutinizes all spheres of the political economy from the standpoint of the lower class. Driven by its concern for equality, Radical Political Economists shun capitalism. They see socialism as a better and just economic system, Dickinson (1939) defines Socialism as:

> 'an economic organization of society in which the material means of production are owned by the whole community and operated by organs representative of and responsible to a general economic plan, all members of the community being entitled to benefit from the results of each socialised plan planned production on the basis of equal rights' (Dickinson, 1939) (as cited in Sherman, 1972).

Based on his survey on Radical Economics in America, Bronfenbrenner (1970) attributes the rise of Radicalism to unsolved social problems such as inequality, pollution, racism and imperialism (as cited in Worland, 1972). The use of the Marxist-Humanistic approach by Radical Political Economists illuminates of some of these challenges within the capitalist free market system. The

Marxist-Humanistic method is a critique of all existing institutions from the viewpoint of the oppressed; those subject to exploitation, discrimination or any form of political repression (Sherman, 1972). It seeks to convey underlying principles in Marxist, post-Keynesian thought. Among the characteristics of this method are interconnectedness, conflict and change. I refer to each of these with reference to Radical Political Economic stance on CSR.

Society should be examined with consideration of its interconnectedness with its surroundings. How does man interact with the environment, political institutions and the economic system? Sherman (1972) narrows this down to the examination of relationships between humans, for example connections between producers and consumers. 'Who does what work? Who gives orders? What is the hierarchical arrangement? What are the rights concerning production and consumption of the product?' these are among the questions posed in examining the interconnections between society and the economy. Radical Political Economists pose similar questions regarding the relationship between CSR and Society. For example, who determines what CSR is? What is the hierarchical structure in CSR? Where does the Private Sector fall in relation to the Government and society? Who determines where CSR efforts should be directed? The community, the Government or Private Sector companies? For Radical Political Economists the lack of clarity on such questions contributes to their doubts about the legitimacy of CSR in society. In South Africa CSR is generally regulated by the Government. It indirectly influences the direction of CSR through its macro-economic policies which companies employ as CSR guidelines. However, as the contributors to CSR Private Sector companies ultimately decide where and how to invest through CSR.

Conflict is a second aspect of the Marxist method adopted by Radical Political Economics. The clash of interests between the owners of production and those who work is an inevitable part of the capitalist free market system. Capitalists cannot survive without workers from whom they extract profits, at the same time workers cannot survive without being hired by capitalists (Sherman, 1972). Corporate Social Responsibility is illustrative of the conflicts between the different groups in the capitalist system. From a Radical Political perspective, conflict of interest exists between the stakeholders involved in CSR; the Private Sector, Government and civil society. On one end the Private Sector's participation in CSR is driven by economic interests,

what can it gain from engaging in CSR? Meanwhile groups representing civil society (NGOs, NPOs and municipalities) feel that CSR should be driven by philanthropic concerns towards society, what can the Private Sector do to better society? The State lies somewhat in between the Private Sector and Society. As the watchdog of CSR, its concern is whether the Private Sector is meeting legal and ethical obligations in CSR. With the disharmony between the different interest groups it is not surprising that Radical Political theory discredits the concept of CSR.

Marxist Method recognizes change as an indication of evolution and development in society. Emphasis on change in Radical Political Economy is influenced by the belief that the present is understood by examining the past. Radical Political Economists thereby assume a retrospective stance in examining the capitalist free market system. Changes occur as society develops and it is vital to take note of such changes (Sherman, 1972). In its assessment of CSR; Marxist Method would consider trends in its practice. How has it evolved and what is its current state? What is the history of CSR? In my introductory chapter, I touched briefly on the origins of CSR. Past environmental disasters in the 1960s and 1980s had influence on the adoption CSR. The oil spillage at Prince William Sound Alaska USA in 1989 is one example illustrating the environmental impact of the corporate company Exxon (Idowu & Filho, 2009). Similarly the Deep Horizon Oil Spill (also referred to as the BP oil spill) in 2010 had dire consequences for BP, its stakeholders and on the environment. The environment is not the only factor to influence the adoption of CSR practices. Global warming, climate change and human rights abuses are additional challenges which have influenced Private Sector companies' responses to their stakeholders and the communities in which they operate (Idowu & Filho, 2009).

In South Africa the end of Apartheid had significant bearing on the rise of CSR. Corporate Social Responsibility has also evolved to become known as Corporate Social Investment in present day South Africa. Changes should be analysed in terms of conflicting forces within each connection (Sherman, 1972). There are situational changes which have influenced the practice of CSR in South Africa. For example, at the offset of CSR in the 1970s efforts towards CSR by the Private Sector were directed towards addressing past inequalities brought about by Apartheid. However, with the shift from CSR to CSI there has been more emphasis on the economic, environmental and legal priorities by Private Sector companies.

Of the three schools discussed Radical Political Economy is most critical of CSR. It casts doubts on its legitimacy particularly around its effectiveness of CSR. In CSR literature, civil society, NPOs, conservationists and activists against CSR resonate with Radical Political Economist thinking. Labelled by Kinderman (2011) as the Third Way, Radical Political Economy represents the needs of beneficiaries of CSR. The aforementioned schools Neoliberalism and Neo-Keynesianism represent the practice of CSR from the perspectives of the Government and the Private Sector. Radical Political Economy sheds light on the role of for profit and NPOs in the practice of CSR. It stresses the creation of public–private partnerships to ensure that CSR objectives are reached (Michael, 2003). Non-governmental Organizations are perceived as the motor for CSR. The reason for this is that NGOs are considered the face and voice of civil society. Not only do they represent the needs of the public, NGOs tend to have some influence on policy-making and often work in collaboration with the Government and businesses (Michael, 2003).

Consequently NGOs have to some extent the capacity to shape CSR debates. In his assessment of partnership in CSR in South Africa, Hamman and Acutt (2003) argue that proactive engagement of NGO's in CSR is necessary particularly for increased recognition of peoples' rights and power. However, one of the challenges with identifying NGOs as the motor for CSR is that they do not directly engage in CSR. Instead NGOs are in most cases the channel through which the Private Sector practices CSR. This is evidenced by the fact that Private Sector companies generally fund and support NGOs to execute and reach development goals. Furthermore, unlike the Private Sector whose CSR agenda is primarily driven by the business interests, NGOs are more concerned with serving the community. For instance, their focus is on addressing non-business interests such as climate change and human rights. The clash in interests can have a negative impact on the way CSR is practised and could limit the effectiveness of CSR in development.

Radical Political Economists argue that self-regulatory and voluntary principles of CSR are deliberately designed to shift attention from regulation and control of corporate power and also to legitimize activities which are harmful and destructive (Broomhill, 2007). Given the

prioritization of profit generation by the Private Sector it is expected that efforts towards CSR are to an extent made in vain. One of the drivers of CSR is self-interest. The Neoliberal School takes into account the risks and rewards of engaging in CSR. This indicates the underlying self-interest in CSR particularly for Private Sector companies. The legitimacy of CSR is thus questionable. The basis of this assertion is that CSR is considered as a strategy used by corporate companies to justify ill-operations (Christian Aid, 2004). Corporate Social Responsibility is used to deflect attention from the negative impact of certain corporate practices. This is particularly the case for oil and mining companies whose practices have adverse effects on the environment. Although it is important to challenge the authenticity of CSR, the emphasis should be on the consequences of CSR. Are companies delivering on their CSR commitments and are they pursuing the intended mission of CSR? Corporate Social Responsibility is also politically driven and often based on the public relations needs for the firm. For instance, Michael (2003) points out that many corporations include descriptions of their CSR as a strategy to attract labour. Furthermore, corporate image is often preserved through CSR practices as it portrays Private Sector companies as socially responsive.

As a Radical Political advocate, UK NGO Christian Aid argues that the contributions of CSR are exaggerated. In its report '*Behind the Mask: the Real Face of CSR'* Christian Aid (2003) expresses discontentment with the claims made about the contributions of CSR. According to Christian Aid there are cases where corporate companies have failed to fulfil their CSR obligations. For example, Shell Petroleum Development Company is accused of failing to complete four projects which were intended for the development of the Nigerian town Umuechem (Christian Aid, 2003). South African based CSI consultancy Trialogue raises a similar argument; it states that companies over-emphasize their inputs, the money spent, anecdotal stories of communities in CSR reporting. Little attention is paid to sustainable outputs and the developmental lessons learned (Trialogue, 2006). This study agrees with the points raised by Christian Aid and Trialogue that there is emphasis on the financial contributions made through CSR. Considering that CSR is intended to promote development, the focus should be on assessing whether the funds provided are in fact addressing development needs.

The motives behind CSR affect the potential of CSR in promoting development. There are four factors which drive companies to act responsibly; to gain competitive advantage, boost corporate image, maintain a stable working environment and keep employees satisfied (Frynas, 2005). Taking these factors into consideration it appears that CSR is centred on the firm, the focus is on how the company can benefit from CSR. Its assessment is generally twofold; there is the impact of social responsiveness on the business itself; what it gains from its engagement in CSR. Second is the impact on beneficiaries (communities or society); how they are affected by CSR initiatives of businesses. It is important to consider the developmental implications of CSR and to assess the role of development theory in CSR.

Vogel (2005) is critical of CSR in his evaluation of what it is able and unable to achieve. Although he does not completely oppose the practice of CSR Vogel states that CSR should be about going "beyond compliance"; it must include efforts to raise compliance standards' (Vogel, 2005). From a Neoliberal standpoint, Vogel's (2005) argument would be considered somewhat naïve. For supporters of Neoliberalism such as Friedman (1962), the idea that companies should be concerned with addressing social issues means that the core purpose of business is lost. Moreover, Kinderman (2011) criticises Vogel (2005) for not providing evidence to show that companies are willing to go beyond legal compliance when engaging in CSR.

2.3. CSR and development theories

Originating as a tactic used by the West to fight against communism, Modernization theory explains the development path taken by traditional societies. It attributes underdevelopment of the periphery to endogenous factors such as backward cultural practices, overpopulation and lack of education. In his book, *The five Stages of Economic Growth* Rostow (1960) identifies and describes stages of economic growth experienced by societies. As societies progress through the various stages of development they begin to adopt economic practices which prepare them for transition into the following stages. These preconditions include technology, new enterprises and industry, education and investment. In the 'take-off' stage societies are able to respond to forces that hinder economic growth. This is facilitated by increased investment, capital, and advanced technology.

Neoliberalism represents the third leg of Modernization theory in addition to Functionalism and Evolutionism (Graaff, 2001, p. 29). It emphasizes democracy, self-regulation and a free market economy. Neoliberals are known for their resistance to Government regulations including those that safeguard environmental and human health and that regulate working conditions and wages. From a Modernization perspective CSR is considered an additional driver for economic progression. The CSR agenda is built predominantly around Neoliberal thinking. For Neoliberals CSR is understood and approached from an economic perspective. Economic growth is also viewed as the primary driver for development. Given that Neoliberalism is influential of the CSR agenda, efforts towards CSR are generally aligned with their own economic interests. The self-interest of Neoliberals explains why its advocates would propose that CSR be initiated and driven by the Private Sector as noted by Broomhill (2007).

As societies modernize there is growing concern with social issues such as poverty, inequality, human rights and environment. Characteristics of a modern society include increased social cohesion, control of the environment, increasing and specialised adaptation national understanding and flexibility and lastly social maturation (Coetzee, 2001) (as cited in Coetzee et al., 2001). Neo-Keynesianism resonates with these elements of Modernization theory. It takes into account social progression in society while Neoliberalism focuses more on economic modernization. For Neo-Keynesianism CSR constitute efforts by Private Sector companies to avoid and manage any negative impact of their activities on society and the environment (Broomhill, 2003). Addressing challenges such as pollution, inequality and poverty is what makes for a modernized society.

2.4. So what do Modernization theorists in broad terms suggest is the path to development?

- *Emulation of the Western development model: Economic intervention*

For classical modernization theorists such as Rostow (1960) poor countries are to embrace entrepreneurship, foreign investment by MNCs, technology and innovation. Neoliberalism extends this to include free market principles such as privatization, lowered taxes and free trade. In essence poor countries should follow the path taken by their Western counterparts in order to develop.

- *Emancipation from the 'shackles of tradition': Economic and cultural intervention*

For modernization theorists' underdevelopment is the result of backward or cultural practices. Examples of 'backward' economic and cultural practices include feudal farming systems or polygamy. For development to take place such practices need to be abolished. Theorist Schmuel Eisenstadt contends that traditional societies need to adopt 'modern' economic practices such as production and export of primary and manufactured goods (Lewellen, 1995) Education and skills training are considered an essential part of eliminating the so-called 'backward' practices.

The abovementioned factors are plausible guidelines for how development can be reached. Investment, trade, education and technological innovation are particularly important in facilitating the development process. Investment and trade contribute to economic growth while education improves access to opportunities such as employment. Altogether, these factors enable societies to alleviate poverty. However, a weakness of Modernization theory is that it overlooks societal contexts. For example, Rostow's (1960) stage theory is useful in mapping out the phases of economic growth. However, descriptions of the stages of modernization are mostly based on the experiences of already developed Western states. It assumes that every society will automatically adopt 'modern' economic and cultural practices without consideration of the local or historical context. For example, for peripheral states the path to development is complex in part due to the ramifications of colonialism. As Dependency theorists argue, colonialism by Western capitalist states resulted in the underdevelopment of peripheral countries. The state of 'underdevelopment' is for the most part unaccounted for by Modernization theorists.

Unlike the Neoliberal and Neo-Keynesian schools, Radical Political Economy is related to Dependency theory. Dependency theory is a reaction against Modernization which is largely influenced by Marxist thinking. It depicts the polarization of the world into two; the core and the periphery. The core represents wealthy developed states specifically Western nations such as the United States and the United Kingdom. The 'periphery' refers to poorer nations such as those in South America and Africa. This polarization is symbolic of the unequal trade relations between the two (Graaff, 2001). Dependency theorists hold wealthy nations responsible for the lag in the periphery's development. Its development occurs at the expense of the 'periphery'. The existence

of metropolis-satellite structures reflects the exploitative relationship between the core and the periphery. It serves the tool through which the developed states appropriate resources from the periphery for its own purposes. The periphery provides primary goods (agriculture and mining) in return for manufactured products from the core. However, over time trade prices of goods decline while the cost of manufactured goods rises (Graaff, 2001). This results in the transformation of peripheral states into export economies and their engulfment into the exploitative capitalist system (Frank, 1972). Theorist Immanuel Wallerstein pays particular attention to the relations between countries in this system. His World Systems theory which is a variation of Dependency thought asserts that countries can move from periphery to semi-periphery to core (Lewellen, 1995).

As one of the forms of Modernization theory, says Dependency theory, Neoliberalism has a tendency to enforce dependency on the Global South nations within the world economic system. The self-reinforcing and self-perpetuation of the Neoliberal system breeds complex forms of dependency for nations and citizens of the Global South (Evans, 2008). Even though it is argued that there is much to be gained by the periphery in its trade relations with the West, Dependency theorists point out that the benefits hardly reach the rest of the society. Only the wealthy upper class benefit. The same can be said of CSR. As noted in the previous section the immediate communities in which Western corporations operate are the first to benefit from CSR.

Radical Political Economists perceive CSR as a modern form of the exploitative relationship between the Private Sector and civil society. They argue that self-regulatory and voluntary principles of CSR are deliberately designed to shift attention from regulation and control of corporate power and also to legitimize activities which are harmful and destructive (Broomhill, 2007). This implies that a Western corporation such as Anglo American operating in South Africa maintains the position of the United States and United Kingdom as ‘core countries’ and justifies its exploitative practices through CSR. Radical Political Economy emphasizes philanthropy and volunteerism as the best way to practice CSR. Since Private Sector companies are guilty of causing some of the adversities on wider society (exploitation, pollution, land degradation and global warming) the onus is on them to address social problems.

2.5. What does Dependency theory suggest is the path to development?

- *Delinking and economic upgrading*

'Underdevelopment was not an original state but a consequence of the negative impact of capitalism' (Frank, 1966) (as cited in Chilcote, 1984, p. 11). Dependency theorists contend that the solution for Africa's development is for it to dissociate itself from the First World. Temporary 'delinking' from the capitalist world system is necessary for peripheral countries to develop (Wallerstein) (as cited in Lewellen, 1995). Wallerstein also emphasises that countries can move within the capitalist system thus upgrading from a peripheral to a semi-peripheral to core. This represents economic upgrading which offers a gradual 'escape' from exploitation by powerful core countries.

- *Self-reliance: Debt repayment and minimal to zero acceptance of aid*

The idea of dependence spells for Dependency theorists the need for self-sufficiency. For Dependency theorist Dambisa Moyo reliance on aid is an obstacle to development. The stringent conditions under which aid is given by Western institutions such as the World Bank and IMF leave peripheral countries in a worse state than they already are. The self-reliance ideology is echoed by African scholars Samir Amin and Kwame Nkrumah who advocate for socialism particularly in African states.

- *Adoption of socialism*

In contrast to Modernization theory which endorses Neoliberal principles, Dependency theorists view socialism as the appropriate path to development. Socialism is one of three forms of economic systems (capitalist and communist) (Todaro, 1971). It is also referred to as a mixed economy in which productive resources belong to the Public Sector but also privately owned and operated. There remains however, significant Government influence and intervention in the socialist system. The core objective of socialism is to encourage self-reliance. It endeavours to limit dependence on other nations particularly on powerful capitalist economies.

Dependency theory is faced with the challenge that its solution for development undermines the implications of geographic location of a country's potential to develop. Endowment factors such as mineral resources, land and population or the lack thereof increase or decrease prospects for self-reliant development. In Asia the acceleration of China's economy had influence on the development of Hong Kong, South Korea and Taiwan (Seers, 1983). For a country like Lesotho

which is positioned as an enclave surrounded by South Africa, its dependence on the latter country is still reinforced due to geographical restrictions (Seers, 1983). The spread of globalization also makes it almost impossible for countries to be ultimately independent as dependency theory suggests. This is further facilitated by technology, open markets, increased investment by Multi-National Corporations (MNCs) and global advancement of the Neoliberal agenda by institutions such as the UN, World Bank and IMF.

2.6. Other solutions to development

Development discourse is predominantly based on capital, technology, education and policy planning; the successful combination of these being the indicator of development (Escobar, 1995). Theorists such as Amartya Sen go beyond the economic and technological prerequisites of development. In his book '*Development as Freedom*' Sen (1999) offers a framework which integrates economic, political and social indicators of development. Referred to as the Capability Approach, Sen's framework describes development as the expansion of peoples capabilities through the removal of sources of unfreedom such as poverty, lack of economic opportunities, deprivation of public services, tyranny and social neglect (Sen, 1999, p. 15). It offers an alternative view of how development is achieved**.** Traditional approaches recognize economic growth as the primary driver of development; reference is often made to economic indices such as Gross Domestic Product (GDP) or Gross National Income (GNI) which measure economic performance**.** Neoliberalism in particular emphasises economic freedom. Sen's (1999) framework on the other hand stresses that recognition of individual and social freedom is equally important in development.

For Sen development is attained through the removal of sources of unfreedom such as poverty, lack of economic opportunities, deprivation of public services, tyranny and social neglect (Sen, 1999, p. 15). It should involve improving people's life chances and expanding social freedoms. Freedom refers to the capability of a person to choose to enjoy or disregard life choices that enhance human well-being (Porter & De Wet, 2009). Capabilities are considered 'a person's ability to do valuable acts or reach valuable states of being, it represents the alternative combinations of things a person is able to do or be' (Walker & Unterhalter, 2007). Development

is consequently achieved by ensuring access to employment, education, health services and freedom of expression. Sen's (1999) framework bears similarities with Modernization theory's recommendations on how development can be attained. For example, the provision of economic opportunities and social services are all factors identified by Modernization theory as imperatives for development.

Bearing in mind that CSR's mandate is to promote development, the theoretical propositions discussed in this section should be incorporated in CSR literature. The solutions for development offered by Dependency and Modernization theory contribute to a holistic exposition of how CSR can be used as an effective tool for development. For example, from a Dependency perspective CSR should be targeted at promoting self-reliance. Philanthropy like aid is most likely to be viewed by Dependency theorists as an obstacle to development if it is not approached with caution. However, philanthropic contributions in CSR which are directed at development sectors such as education can enhance self-sufficiency. Drawing on Sen's (1999) Capability framework CSR should be practised in such a way that it enhances people's capabilities. It needs to advance the five freedoms democracy, social security, equality, transparency and economic facilities. The following Chapter provides an outline of the research methodology employed in this dissertation's analysis of the Anglo American Chairman's Fund.

3. Chapter 3 Research Methodology

3.1. Introduction

Research methodology is a procedure undertaken by the researcher to condense, organize and analyze data when conducting an empirical investigation in social science (Mouton, 2000). This Chapter is an overview of the research process employed in this study. It justifies the decision to employ a qualitative method, specifically case study research. The data collection and data analysis phases are each described in detail in the latter sections of the Chapter.

3.2. Synopsis of research method employed

Qualitative research is one of two research paradigms. In contrast to quantitative research which identifies cause and effect relationships between social phenomena, qualitative research is driven by an interest in interpreting social interactions expressed in daily life and in the meanings attached to these interactions (Marshall & Rossman, 2011). It involves the study of people, objects or events (Punch, 2005). The description of people's lived experiences, events, or situations in qualitative research is described as "thick". Attention is given to rich detail, meaningful social and historical contexts and the experiences of the subject being studied (Denzin & Lincoln, 2011). Qualitative data is often in the form of text, words or symbols. Its analysis is thus aimed at interpretation and identification of meanings from the data. As a pragmatic method, qualitative research allows the researcher to use multiple methods such as interviews, discourse analysis, participant observation, and case studies. Each method is selected according to its relevance and applicability to the research topic in question. For example, in-depth interviewing is most appropriate for studies involving the investigation of lived experiences while discourse analysis is fitting for detailed analysis of textual documents or speeches. The study found case study research a suitable method for the exploration of the Anglo American Chairman's Fund.

3.3. Why qualitative research and why case study research?

Qualitative data is the best strategy for discovery, exploring a new area and developing hypotheses (Miles & Huberman, 1994). The exploratory nature of this study required a qualitative approach. The richness of qualitative data allowed for vivid and 'thick' descriptions of the Anglo American Chairman's Fund approach to CSI. Moreover, qualitative research is applicable when validating, explaining and reinterpreting data collected from the same setting (Miles & Huberman, 1994, p. 10.). This study examined Anglo American's CSI reports with the intention to identify meanings behind the texts in the documents and assess the company's positioning in CSI literature. This process was facilitated by using case study research.

Case Study research: is an empirical inquiry that uses multiple sources of evidence to investigate a contemporary phenomenon (Yin, 1994) (as cited in Wimmer & Dominick, 2006). It draws on multiple data sources to investigate the unit of analysis. The following characteristics identified by Wimmer and Dominick (2006) qualified this research as a case study: Particularistic - this study focussed on a specific research unit, the Anglo American Chairman's Fund. Descriptive - the Findings constituted a detailed description of the Chairman's Fund. Inductive - patterns emerging from the data on the Chairman's Fund were identified and analysed. Heuristic - it made new interpretations on the Chairman's Fund based on the documents which were analysed.

3.4. Data collection

This study relied on secondary data gathered from the Anglo American Website, annual reviews of the Anglo American Chairman's Fund, survey reports done by Trialogue on CSI trends in South Africa. Secondary documents are those produced by people who were not present at the scene but who received eye-witness accounts to compile the documents, or have read eye-witness accounts (Bailey, 1994, p. 194) (as cited in Mogalakwe, 2006). The study drew on academic literature such as journal articles and publications on CSI and on the Anglo American Chairman's Fund. The use of documents required careful selection and justification of the inclusion and exclusion of certain literature. The selection of relevant literature was based on

criteria identified by Scott (1990) namely; authenticity, representativeness, meaning, credibility and accuracy. A justification for adopting these criteria is provided in Table 1.

Selection Criteria	Justification
Authenticity	The legitimacy and validity of the document. Is the document genuine and is the information true?
Representativeness	Whether the document is typical of its kind
Meaning	The clarity of the document. How clear is the document and is the provided information comprehensible?
Credibility	The evidence provided in the document
Accuracy	Is the information provided free from error and distortion?

Table 1 Summary of document selection criteria. Adapted from Scott (1990)

3.5. Questions pertaining to the documents used

3.5.1. Which documents were selected and why?

The following reports were analysed: the 2005 and 2007 Anglo American Chairman's Fund Review, the 2012 Sustainability Report and a 2001 pamphlet on Anglo American's CSI in South Africa by Robbins (2001). This study provides a historical perspective on the Chairman's Fund. Due to limited access to Anglo American's Fund reviews its focus is primarily on the time period between 2005 and 2007. All reports are available on the company's website. These were analysed as they are summaries of the CSI activities of the Chairman's Fund in each given year. They contain textual and graphical illustrations of the Fund's areas of investment. Documents from different years were selected in order to identify any regularities, similarities or differences in the way Anglo American has practised CSI overtime. To contextualise Anglo American's background as a company this study drew on a book by Innes (1984) which traces the historical origins of Anglo American in South Africa.

Additional documents which were analysed include reports on studies conducted by CSR activists (The Bench Marks Foundation (BMF), UK NGOs Christian Aid and War on want). The reports contain information on the perspectives of beneficiaries and communities which receive support from Anglo Americans CSI initiatives. These were analysed in order to clarify the claims made by Anglo American regarding the impact of its CSI.

3.5.2. What is the purpose of the reports and who are the target audience?

The purpose of Anglo American's Reports is to make public information on its CSI policies and practices. They communicate to key stakeholders what and how Anglo American is meeting its CSI obligations as a mining company and how it is contributing to the development of South Africa's communities. The reports by CSR activist NGOs bring to light the living conditions of poor communities despite social investment by Private Sector companies such as Anglo American. They offer an alternative view on the contributions of CSI or lack thereof. The target audience of these reports includes the Government, Private Sector companies, advocacy groups and the general public. They are particularly aimed at raising awareness regarding CSI concerns within communities.

3.5.3. How do they fare in terms of Scott's (1990) document selection criteria?

Each of the documents by Anglo American qualified as authentic and representative. The CSI reports were publically available and contained information that is typical of CSI reports. Included in the reports are graphs, statistics and an overview of the Chairman Fund's CSI practices. With regards to credibility and accuracy, the information which was analysed was generally comprehensible and supported by statistical evidence. However, after examining alternative reports by CSI activists such as the BMF this study questioned the credibility of Anglo American's reports. The studies by the BMF on Anglo American's CSI practices contest the legitimacy of the information provided by Anglo American. The BMF reports contain pictures and testimonials of the recipients of Anglo American's CSI. These alternative reports were also assessed for their credibility, accuracy and representativeness. As CSR activists the information provided by the BMF is representative of the communities which have been impacted by Anglo American's CSI activities.

3.5.4. What were the advantages of using documents?

Efficiency and cost-effectiveness: the data collection and analysis procedure was timesaving and cost-effective compared to other data collection methods such as interviews and surveys.

Availability: the documents which were used were publically available and contained information relevant to the study.

Unobtrusive: documents are 'unobtrusive' and 'non-reactive' if they are unaffected by the research process (Bowen, 2009). This characteristic addressed the problem of reflexivity in conducting the analysis of the Chairman's Fund. This study did not elicit any reaction which could have potentially influenced the findings as in the case of interview research.

Exactness and Coverage: documents provide broad coverage; they cover a long span of time, many events, and many settings (Yin, 1994). The selected documents covered the Anglo American Chairman Fund's CSI practices over time. Starting from its origins in the 1970s to more recent reports (2005 to 2007). Moreover, the CSI reports contained factual evidence and detailed information on the case study.

3.6. Data analysis

Document analysis was the procedure which was employed. The analysis of documents involves selecting, appraising (making sense of), and synthesizing data contained in documents. It yields excerpts, quotations, or entire passages that are then organised into major themes, categories, and case examples (Labuschagne, 2003) (as cited in Bowen, 2009). In conducting the critique of the Chairman's Fund I began by reading through the documents to get a sense of what the Chairman's Fund is about, its purpose and objectives. A set of questions was formulated to guide the analysis of each objective (See Annex 2 for sample questions guide). Using these questions facilitated the process of identifying patterns, explanations and regularities in the data.

A pattern-matching strategy was used. For example, quotes and excerpts from the reports were used to highlight similarities and differences between Anglo American's CSI rationale and the CSR theories. The same approach was used in comparing the information in Anglo American's reports and alternative reports by NGOs which have investigated the company's CSI practices. The coding process was aided by identifying key words related to research objectives and CSI

theories being used. For example, to examine Anglo American's interpretation it looked for words such as 'mission', 'goals' and 'purpose'. To gauge the framework on which it bases its CSI it looked at terms such as 'partnership' and 'stakeholder engagement'. The findings were categorized under each specified research objective and labelled as key observations.

3.7. Ethics

There are ethical concerns which arise in the practice of social research. Though this study was based on documents it had to take into account ethical obligation of social research. Four of these codes include informed consent, privacy and confidentiality, deception and accuracy (Denzin & Lincoln, 2011). In terms of confidentiality the documents which were used are publically available and thus there was no infringement of the company, Anglo American's privacy rights. Transparency was maintained by using data directly from the documents and accurately quoting excerpts from them. In addition the analysis of the documents was used solely for the purposes of this research study.

3.8. Limitations

The case study methodology relied on the analysis of CSI documents. This was an efficient and effective method for this exploratory study. However, one of its limitations is biased-selectivity. Yin (1994) states that in an organizational context the available (selected) documents are likely to be aligned with corporate policies and procedures and with the agenda of the organization's principles (as cited in Bowen, 2009). This study took into consideration the threat of bias in each of Anglo American's documents which was analysed. It maintained a neutral position in carrying out the analysis. An additional limitation was the lack of substantiated information. There were questions about the Chairman's Fund CSI practices which could not addressed due the limited amount of information in the documents. An interview with Anglo American as a key respondent would have allowed for the verification of the claims it made in its CSI reports. However, the request for an interview with Anglo American was declined (See Annex 4). Anglo American has three CSI initiatives in total namely; Anglo Zimele, SEAT and the Chairman's Fund. The Chairman's Fund was the main unit of analysis in this study. The validity of the findings is slightly affected by this. There are sections in the study's analysis of the Chairman's Fund which

could be validated by an overarching analysis of all three CSI initiatives. Provided in the next Chapter is the discussion on the findings from this study's analysis and critique of the Chairman's Fund.

4. Chapter 4 Findings and Discussion

4.1. Introduction

This study's analysis and critique of the Anglo American Chairman's Fund involved matching patterns in its CSI rationale to those identified in the CSR theories. It took into account the implications of the framework adopted by the Chairman's Fund. This Chapter provides the findings that shed light on the sub-objectives viz; a) examining the understanding and interpretation of Anglo American's CSR b) its chosen areas of investment c) the development framework on which it bases its CSI. It outlines the key observations made in the analysis of Anglo American's CSI reports and draws conclusions about its CSI practices. The ending sections of the Chapter describe the weaknesses of the CSR Pyramid Model, the proposed alternative model and their link to CSR theories.

4.2. Interpretation and understanding of CSR

In order to explore this research objective, the questions posed unveiled what Anglo American defines and understands to be CSR. The first part of this section describes what the Chairman's Fund states in its annual reviews is the purpose and objectives of CSR. It depicts what the Fund has committed itself to doing in terms of CSR. Examples of some of the projects in which the Fund has invested are explained in brief to illustrate how exactly Anglo American fulfils its CSR commitments. In line with this, the rewards and challenges faced by Anglo American in its CSR are taken into consideration. The last part of this section discusses observations made about the Chairman's Fund from a theoretical standpoint. It addresses some of the implications of Anglo American's use of predefined development policies specifically the MDGs and AsgiSA as guidelines for its CSI.

4.2.1. What is Anglo American's interpretation of CSR? What purpose does it serve in the company, the economy and society? Who does it benefit?

This study assesses the mission statements and objectives outlined in the Chairman's Fund CSI reports. In one of the reports which is a pamphlet on the origins of the Chairman's Fund, Robbin's (2001) states 'Corporate Social Responsibility is a high-sounding phrase which means different things to different people particularly in South Africa (Robbins, 2001, p.19). Robbins

(2001) outlines Anglo American's view on how businesses perceive CSR. From Robbin's (2001) assessment, CSR is considered a fluid concept by Anglo American. It has multiple meanings and it varies according to the purpose for which it is employed. For example, Anglo American concurs that for businesses CSR is generally interpreted with reference to the injustices of Apartheid. Companies also consider CSR a secondary business obligation thus attaching a negative connotation to it. Its last observation is that businesses see CSR as an advertising tool and way of minimizing negative perceptions of businesses (Anglo American, 2001) (as cited in Robbins, 2001). For Anglo American, each of these variations in CSR understanding holds true. However, Anglo American asserts that none of these have bearing on its own interpretation of the notion. The Former Chairman of the Fund, Clem Sunter maintains that what separates the Anglo American Chairman's Fund is that CSR has always been part of its business ethos and that it is not customer driven. It does not rely on CSR as an advertising tool as it is considered a waste of time (Robbins, 2001).

In its 2005 Chairman's Fund Review, Anglo American emphasises its commitment to addressing urgent social needs in its mission statement. It states that its objective in CSI is **'**to be the leading corporate donor in South Africa, through growing an informed understanding of the country's developmental challenges, to apply the resources at its disposal to maximum effect in supporting and adding value to practical interventions, creating new opportunity and addressing urgent social needs' (Anglo American, 2005, p.3). Drawing on these statements CSI is perceived by Anglo American as the instrument through which it contributes to development. It allows the company to create opportunities for disadvantaged individuals and communities.

Anglo American's reference to its successes as a leading CSI donor represents the company's pride in being a well-recognized CSI initiative. It enhances the company's corporate image which some CSR sceptics may view as a marketing tactic. However, even if employed for marketing purposes, Anglo American's motive is still influenced by its ethical and philanthropic obligations as a mining company. For example, its philanthropic activities through the Chairman's Fund are motivated by the desire to use part of its profits for the upliftment of poor communities. Anglo American states on its website that its goal is 'to make a real and lasting contribution to the development of the country and its people' (Anglo American, 2013). It

achieves this by creating jobs, paying tax and contributing to South Africa's GDP through its mining activities. In 2007 Anglo American contributed R11 billion in taxes alone to the South African economy (Anglo American, 2007). Corporate Social Investment is an additional means through which it fulfils its ethical and philanthropic goals.

4.2.2. How has Anglo American's interpretation and understanding of CSR changed over time?

This study found that Anglo American's understanding of CSR has evolved over time. Factors such as the political status quo, leadership and legislation have contributed to this shift. During Apartheid the Chairman's Fund mission was to use CSR as a tool to advance political change and redress past inequalities - it viewed CSR as philanthropic. With the adoption of Neoliberal policies after independence, Anglo American's CSR prioritised the advancement of its own interests. It embraced the newer version of CSR; namely CSI which shifts the focus of CSR from philanthropy to economic investment. Anglo American's earlier CSR reports e.g. (Robbins, 2001) use the term CSR and not CSI. The company now includes CSR in its business ethos (economic obligation); it emphasizes the need to be recognized as a responsible corporate citizen (ethical obligation) and engages in CSI to meet requirements of the Mining Charter (legal obligation).

Under the leadership of Sir Ernest Oppenheimer, the Fund's emphasis was on making a contribution to society through the redistribution of opportunity. With Clem Sunter as Chairman, the Chairman's Fund CSI mission affirmed the Neoliberal principle of market-led CSI. Sunter's standpoint is that CSI is an integral part of Anglo American's business ethos (Anglo American, 2005). Although Anglo American's interpretations of CSI have evolved over time its core mission, which is to contribute to the betterment of society remains unchanged. This indicates that Anglo American's CSI rationale is still driven by the motive to contribute its profits to the development of poor communities in South Africa. At the same time it cannot be dismissed that CSI still works to enhance the company's corporate image.

4.2.3. Does the Anglo American Chairman's Fund have a specific strategy or approach to its CSI practices? What does this CSI strategy entail? How does it involve communities?

In selecting its beneficiaries, the Chairman's Fund looks for organizations which display leadership, determination and commitment to development. 'It distinguishes between those who see themselves as victims and potential victors' (Robbins, 2001, p.18). These are the elements which make its CSI contributions effective. The Fund's emphasis on leadership and commitment determines the selection of beneficiaries. The company's CSI strategy is based on three objectives which are to be the investor, partner and employer of choice (Anglo American, 2007). Partnership and stakeholder engagement are key aspects of Anglo American's CSI strategy. 'The Chairman's Fund actively seeks to partner and build relationships with beneficiaries, fellow donor organisations, government and state departments' (Anglo American, 2007, p. 8).

The channels of engagement with the Government include face-to-face meetings with representatives and open dialogue. Communities are involved through engagement sessions and a grievance system through which they can raise their concerns (Anglo American, 2012). The Chairman's Fund works closely with Government departments to assist with the delivery of facilities to communities. For example, the Chairman's Fund has collaborated with departments in the Western Cape and Mpumalanga where resources such as computer laboratories and ablution facilities have been constructed through joint funding. In 2005 the Chairman's Fund shared a R30 billion project cost with the Department of Education in Limpopo to provide infrastructural facilities to rural schools in Shunekuhle (Anglo American, 2005). The community was provided with nine schools in the Magakula area and eight schools in the Apel area. In this report Anglo American states that this area was selected specifically as an area of strategic importance to Anglo Platinum.

In its 2005 and 2007 CSI reports Anglo American states that its mission is to remain the largest corporate donor. This is commendable given that the shortage of funding is an obstacle to development in South Africa. However, considering that the core of CSI is development should Anglo American's focus be on maintaining its position as the largest corporate donor? Consideration of its main objective; development, should be prioritised. Concern with its

position as a leading donor should rather serve as a motivating factor for it to continually make an impact through CSI. This issue is also raised by Trialogue in its 2006 Sustainability Report. According to Trialogue (2006) most corporate companies focus on highlighting the financial contributions made through their CSI practices. No mention is made of the developmental lessons gained from engaging in CSI. The Chairman's Fund annual reviews summarise the total financial investments made in various development sectors. They provide evidence of Anglo American's extensive contributions as a leading CSI donor.

With regards to the developmental lessons learnt, Anglo American receives narrative reports from its beneficiaries outlining the outcomes of their projects. Beneficiaries are expected to provide a case study illustrating how the project has made a difference to an individual or community's well-being. They also have to highlight the key challenges faced in implementing projects. Such a procedure is necessary because it provides Anglo American an overview of the developmental impact of its CSI inputs. Anglo American only conveys partially its developmental lessons in its 2005 and 2007 Chairman's Fund reviews. For example, it provides a case study of an organization such as the Alexandra Committee which it supported by funding its operational costs.

A developmental question to consider is whether the Chairman's Fund makes greater contribution by funding operational costs or funding project implementation costs only. Another developmental question that the Chairman's Fund does not indicate is whether CSI has greater impact when targeted at advocacy or infrastructural projects. In other words does the Chairman's Fund contribute more to development through advocacy or through infrastructural support? Given the role of advocacy in advancing transformation in South Africa, a significant contribution to development is likely to be made through investment in this specific area. While investment in infrastructural development is needed, it requires effective co-operation between key stakeholders, the Government, NGOs and Anglo American. However, collaboration between these parties is not always fruitful. Section 4.4.6 in this Chapter provides a detailed case study example where Anglo American's efforts to invest in infrastructure in a rural community proved futile.

4.2.4. What are the rewards and challenges of engaging in CSI?

Anglo American practises CSI with consideration of the rewards and challenges involved. Its consideration of these factors is important for two reasons. Firstly the Neoliberal view is that CSI is profitable in the long run has influence on how and where Anglo American's chooses to direct its CSI. For example, its investment in education in particular is based on the fact that it contributes to further development of society. It advances social transformation and addresses the problem of inequality. By investing in education Anglo American creates opportunities for disadvantaged groups, it builds on human resource development which is beneficial for the company and the country at large. Additional rewards of CSI for Anglo American include the preservation of its corporate image and the recognition of its efforts to promote development. The idea of preserving corporate image is what CSR activists from a Radical Political standpoint hold against Private Sector companies like Anglo American.

The second reason for acknowledging the challenges of CSI is that CSI inputs are not always used for their intended goals. This gives the Chairman's Fund reason to cautiously select potential beneficiaries. It is vital that CSI funding be directed at projects that will make meaningful contributions to development. Anglo American's efforts to ensure that CSI funding is rightfully used is important to note. It is comparable to one of Sen's (1999) indicators of development- transparency guarantees. The Chairman's Fund has endorsed a CSI funding application procedure which is overseen by Tshikululu Social Investments. The application outlines Anglo American's target areas of investment and sets out specific criteria to be met by potential beneficiaries. Funded projects are expected to fall within the following lines of development; poverty alleviation, capacity-building; children and youth; thought leadership; monitoring and evaluation; innovative solutions; partnerships with Government, other donors and NGOs; national impact; supporting public and civil society delivery systems and community engagement and ownership of projects (Anglo American, 2012). After funding has been granted beneficiaries are required to submit narrative reports which give details on the outcomes of the supported project. Anglo American states that it conducts field visits to follow up on the progress of its funded projects. These steps by Anglo American are important in that they indicate the company's efforts to minimise the threat of corruption, specifically the misuse of CSI funding.

Curbing corruption in CSR in this case thus falls under Sen's (1999) list of development indicators 'transparency guarantees'.

'In South Africa, poor capacity in municipalities potentially jeopardises our ability to deliver on social and labour plan commitments and promote broader social stability' (Anglo American, 2012, p. 3). Anglo American's claim raises an important point regarding the extent to which CSI can be executed effectively. It sheds light on one of the impediments to effective CSI engagement which is the lack of capacity amongst key stakeholders. The lack of capacity has implications for the extent to which Anglo American can determine the extent of its CSI impact. For example, even if the Chairman's Fund is to allocate funding for education or health infrastructure; without the necessary personnel its ability to contribute effectively to development is stifled. The lack of sufficient or qualified personnel in the Education and Health sectors render Anglo American's infrastructural provisions futile. For example, in 2010 Chaneng community in Limpopo Province was provided a computer block building by Anglo American as part of its CSI (See Figure 10). The building became redundant due to the lack of trained teachers in the community (The Bench Marks Foundation, 2012). Not only does this result in the waste of resources, it also defeats the purpose of Anglo American's CSI mission to uplift poor communities. Having provided a general overview of Anglo American's interpretation of CSR, the next sub-section attempts to identify patterns in its interpretation which can be linked to the CSR theories.

4.2.5. Are there any theoretical patterns notable in Anglo American's interpretation of CSI?

Investment by the Chairman's Fund bears some similarities to Sen's capability framework which calls for the advancement of social freedoms. Access to basic needs, empowerment and gender equality are means through which development is practiced and attained. Anglo American itself is not directly involved in the process of expanding these freedoms. However its financial provisions allow organisations such as JET, Lovelife and the African Children's Feeding Scheme (ACFS) to alleviate poverty and address urgent development needs. Anglo American states in its 2007 report that the Chairman's Fund 'has adopted a holistic, far-reaching approach that goes beyond the parameters of Anglo American's business interests to focus on the country's broader,

long-term developmental needs ' (Anglo American, 2007, p. 7). Anglo American's commitment to an inclusive CSI approach resembles what Sen (1999) identifies as an indicator of development – equality. Again Anglo American does not necessarily state that it draws on this element of Sen's development framework. Nor does it state directly that its intention is to promote equality. Its support for previously disadvantaged communities advances social transformation which in essence paves the way for equality. Interestingly the examination of Anglo American's geographic and sectorial CSI spending patterns indicates the opposite outcome, specifically the reinforcement of inequality (See section 4.3.3).

The key words explaining the purpose of the Chairman's Fund 'to make use of resources to create an environment which enables people to assume greater control of their lives' resembles the Modernization principle of empowerment. Using resources to create an empowering environment is done by providing opportunities for education which increases chances of employment. Employment is an important part of development. In 2007 the Chairman's Fund contributed towards the operational costs of the Alexandra Education Committee. This organization raises funds to provide bursaries to underprivileged individuals in Alexandra Township in Gauteng. Anglo American's provision of financial and infrastructural support in the Education and Health sectors also represents the process of modernization. Anglo American does not spell out explicitly that its intentions are targeted at modernization. However, its emphasis on education, particularly mathematics and science are what modernization theorists view as imperatives for development.

Anglo American states that poverty, instability and inappropriate economic policies are not conducive to doing business (Robbins, 2001). This assertion is reflective of Neoliberal perspective of CSR noted by Michael (2009). Neoliberals view communities as a source of product demand, labour and capital supply. This in turn serves as an incentive for Private Sector companies to engage in CSR (Michael, 2003). Despite Neoliberal influence, Anglo American's interpretation of CSR also bears Neo-Keynesian principles. The company is not overtly sceptical of CSR as mainstream Neoliberals are. It endorses CSR in its business ethos and shares the Neo-Keynesian view that CSR is necessary, useful for addressing social problems and beneficial for society and the company as a whole. The Chairman's Fund commitment to 'addressing social

needs' and 'providing opportunities for disadvantaged individuals' indicates concern for equality and management of negative business practices.

4.2.6. What are the implications of employing the MDGs and AsgiSA as guidelines for CSI?

The Chairman's Fund draws on the MDGs and national growth policies such as AsgiSA to guide its CSI agenda. Are the MDGs and AsgiSA appropriate guidelines for CSI? These targets are useful in providing an overview of the urgent development needs by sector at global and national level. However, they should not be taken at face value. Critics of the MDGs question their validity particularly their applicability to Africa. For example, the MDGs are viewed as poorly and arbitrarily designed to measure progress against poverty and deprivation (Easterly, 2008). In accord scholar Samir Amin believes that the goals are merely statements which lack depth (Amin, 2006). They simply indicate the target areas of the poverty reduction agenda and fail to specify how progress will be measured.

The process of achieving the MDGs is compatible with 'liberalization' principles; privatisation of Government owned enterprises, reduced taxes, minimal state control and reduced expenditure (Amin, 2006). These Neoliberal elements all have implications for the alleviation of poverty. The lack of regulation in particular exacerbates poverty, inequality and unfair competition. A similar argument is applicable to the AsgiSA policy. Formulated in 2004 the AsgiSA document identifies the constraints which have hampered economic growth and development in South Africa. Infrastructure and investment are deemed the key ingredients for accelerating growth and development. What makes AsgiSA a useful CSI guideline is that it promotes shared growth and joint participation. However, similar to the MDGs, AsgiSA is also criticised for its Neoliberal bearing. The Congress of South African Trade Unions (COSATU) argues that:

> 'AsgiSA is supposed to be an initiative to share out the country's growing wealth more equitably…selling off public assets will do exactly the opposite. It will enrich a small minority who are in a position to buy assets from the state and deepen the poverty of the people who work for, or rely on the services provided by, these utilities' (COSATU, 2006).

Taking into account these concerns, it is crucial for Anglo American to identify and indicate the implications of using predefined development targets as guidelines for its CSI. Dependency theorists for example would argue that Anglo American's use of these neoliberal-based guidelines for CSR contributes to exploitation which in turn impedes development. This study did not fully establish whether exploitation is in fact a notable implication of Anglo American's endorsement of the neoliberal-based MDGs and AsgiSA in its CSI. However, a detailed analysis of Anglo American's investment areas in Section 4.3.3 of this Chapter highlights inequality as one of the implications of the Neoliberal influence on the company's CSI practices.

The findings on Anglo American's interpretation and understanding of CSR discussed in this section point out that CSR is recognised by the company as more than just an auxiliary function. Initially perceived as philanthropy, the concept has over time been embraced by Anglo American as part of the company's core business principles. Changes in leadership, political status quo and the introduction of legislative requirements have had notable influence on Anglo American's interpretation of CSI. The shift from CSR to CSI in the company's definition of the concept is an indication of this change in interpretation.

In terms of theoretical influence, elements of Modernization theory's recommendations for development are evident in Anglo American's interpretation and understanding of CSI's purpose. Its acknowledgement of the Chairman's Fund as the vehicle through which it creates opportunities for empowerment and social transformation can be equated to Sen's (1999) idea of advancing development. Anglo American's interpretation of CSR also bears similarities to the Neoliberal perspective whose main version is Modernization theory. The company's incorporation of the MDGs and AsgiSA which are predominantly Neoliberal highlight this clearly. Taking into consideration the implications of Neoliberalism specifically poverty, inequality and unfair competition, its bearing on Anglo American's CSI interpretation is disconcerting. Anglo American's neglect of these implications is indicated by the lack of clarification in its 2005 and 2007 Chairman's Fund reviews demonstrating why these specific macro-economic policies (MDGs and AsgiSA) have been adopted as CSI guidelines. The following sections on Anglo American's areas of investment and adopted CSR framework

illustrate how the aforementioned theoretical facets play out in its Anglo American's CSI practices.

4.3. Areas of investment

4.3.1. In which sectors does the Chairman's Fund invest?

Anglo American's chosen areas of investment are important to consider in this analysis as they have implications for the extent to which it realises its CSI mission to promote development. The purpose of this section is to outline the sectors and areas in which the Chairman's Fund invests. The questions posed highlight the implications of Anglo American's decision to invest in certain sectors/areas over others.

Education is the Chairman's Fund main investment area followed by HIV/Aids and Welfare and Development sectors. In 2007 grants towards education and health totalled R68, 718, 267 million (Anglo American, 2007). The target areas in education are early childhood development; quality schooling with focus on primary school teacher development, management and leadership at school and district level; quality education for learners with special educational needs, improved infrastructure with a focus on upgrading rural schools and key subject areas maths, science and language, numeracy and literacy development (Anglo American, 2012). In the 1990s Anglo American helped to address the education crisis in South Africa. The company contributed R560 million to the establishment of the Joint Education Trust (JET) (Robbins, 2001). JET's mission is to improve the quality of education and the relationship between education, skills development and the world of work (Joint Education Trust, 2013). The development and evaluation projects by JET are targeted at poor, marginalised and disadvantaged communities across the country (Joint Education Trust, 2013).

JET has formed public/private partnerships as a means to facilitate its core mission. Corporate Social Investment in particular is an important channel through which its partnerships with Private Sector companies such as Anglo American are solidified. Together with the Government and NGOs, JET has an alliance which facilitates human resource development through improved

education in the country. It has a variety of projects which emphasise evaluation and continuous improvement of South Africa's schooling system.

An example of its ventures is the Pupil Progress Project (PPP). Commissioned in the Western Cape in 2008, the PPP was set out to examine how variables namely; socio-economic conditions, management practices in the school system at district level, resources e.g. school buildings and pupil-teacher-ratios, all interact in shaping the learning experiences of school pupils (JET, 2013). Such a project is necessary because it yields useful information about determinants of education quality. From this, JET's donor the Anglo American Chairman's Fund is able to gauge whether its investment is better directed at specific determinants, for example improved living conditions, infrastructural/resource provision or teacher training. As it stands Anglo American invests mainly in infrastructural development. Though admirable, the challenge is that poverty is a root factor which hampers the effectiveness of education delivery. Perhaps Anglo American needs to look into investing co-jointly in education and poverty alleviation, specifically improving living conditions in poor communities. This would make Anglo American's investment in education worthwhile in the long run. If this extends beyond the company's CSI parameters, active partnership with the Government or advocacy for poverty alleviation are solutions to fully embrace.

With regards to health, the Chairman's Fund primary focus is HIV/Aids. Its objective is to strengthen the Public Healthcare System, prevent HIV/Aids and support hospices (Anglo American, 2012). Anglo American's initial approach in HIV/Aids aimed at awareness, education and prevention. However, with the worsening of the epidemic, Anglo American adopted a two-pronged approach targeted at the prevention of HIV/Aids and management of its impact (Robbins, 2001). The Chairman's Fund focus has evolved over time to include other sectors. In 2005 and 2007 it invested in these additional areas Welfare and Development, Arts and Culture, Policy and Advocacy, Entrepreneur Development and Environment. Looking at the Sectors in which the Fund invests, it is reasonable to infer that Anglo American's approach is comparable to Modernization theory. To be specific it is comparable to Sen's (1999) development framework. The Fund's sectors of investment, particularly its focus on transformation addresses equality, access to basic needs (education and health) and the enhancement of peoples'

capabilities; components which Modernization theory, specifically Sen's (1999) framework advocate for in development.

4.3.2. Are there any development sectors which are prioritised over others in CSI spending, if so what are the reasons for this? What are the implications?

Anglo American states that its prioritization of education and HIV/Aids is driven by the fact that these two are urgent areas of concern in the country. But besides education and health, violence and crime are urgent social needs. Violence and injury are the second largest cause of death in South Africa (Lancet, 2001). Crime is also rife with statistics reaching Gauteng (49,1%), Western Cape (44,1%),and Mpumalanga (48,3%) (Stats SA, 2012). These are areas in which the Chairman's Fund allocates negligible funding. Other sectors such as environment are catered for by Anglo American's Zimele CSI initiative which has a Green Fund. This particular fund invests in projects which mitigate greenhouse gas emissions, reduce energy and water consumption, and improve waste and emissions management (Anglo American, 2013).

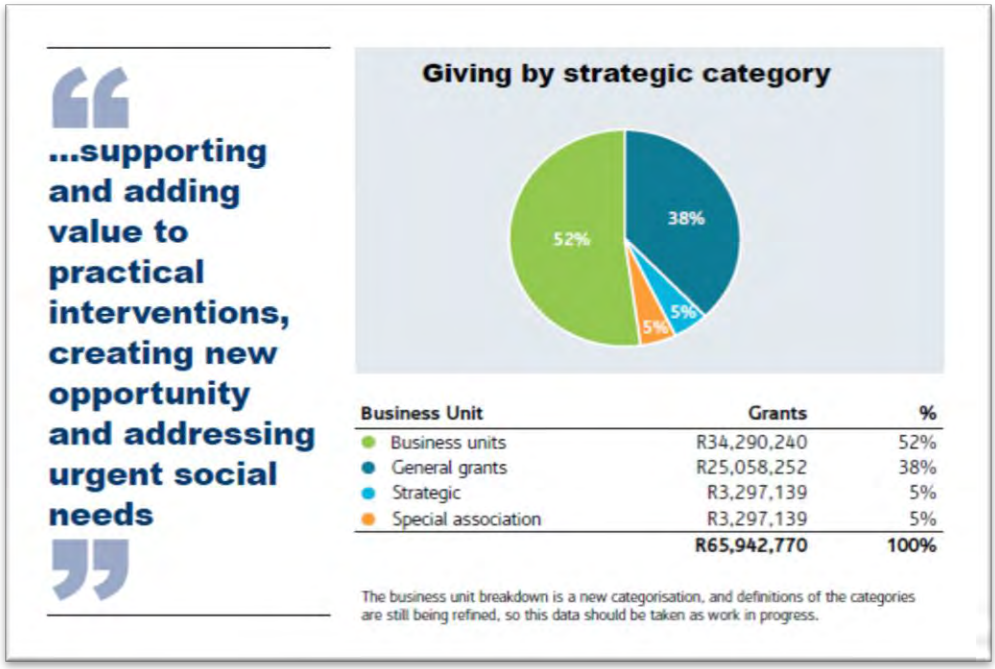
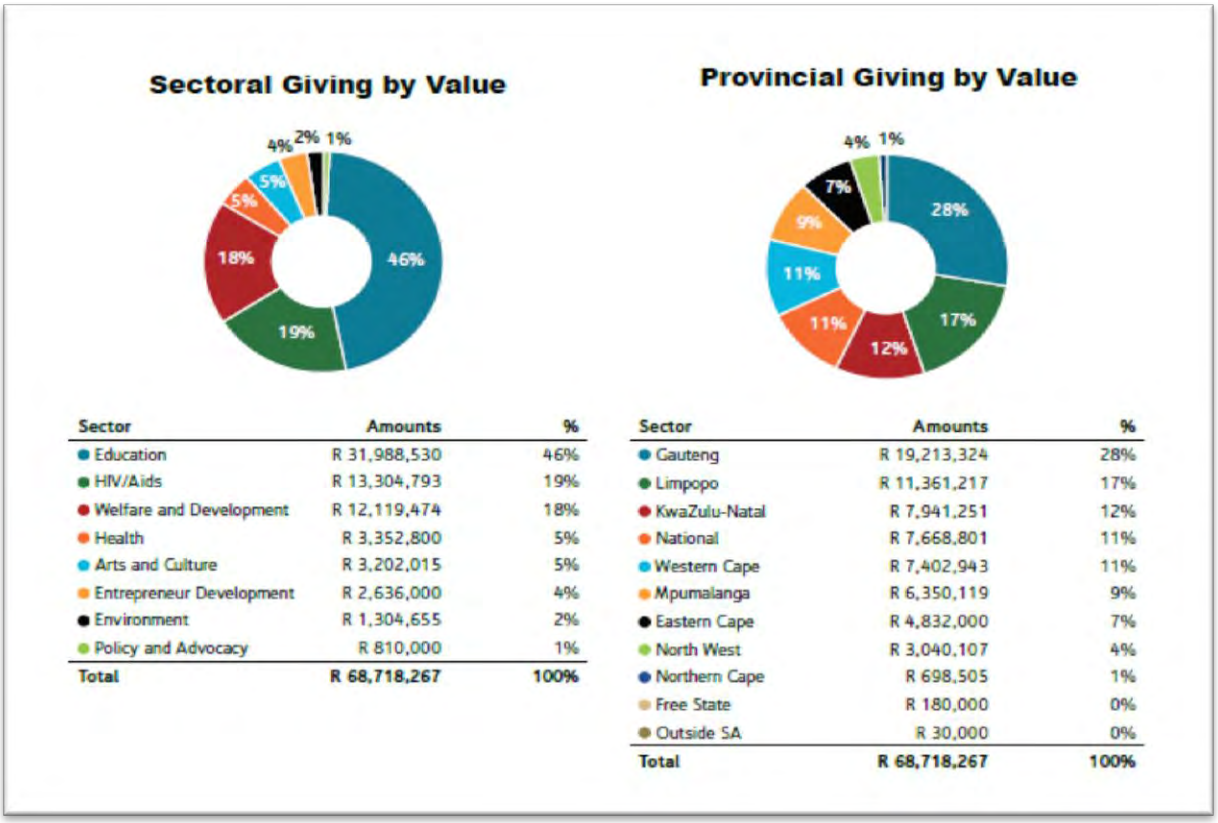


Figure 5 Giving by Strategic Category
Source: Anglo American Chairman's Fund Review (2007).

Anglo American does not indicate what falls under the 'general grants' category in Figure 5. However, in its 2005 report Anglo American highlights examples of grants which were allocated to individual projects, many of which were aimed at infrastructural upgrading, HIV/Aids and educational training. Grants were given to schools in Mpumalanga and Limpopo for the construction of additional classrooms and laboratories (Anglo American, 2005). Others are targeted at projects which provide educational training in mathematics and science. An implication of the Fund's investment in specific sectors over others is the discrepancy in CSI spending. The Literature Review Chapter discussed the results of the 2012 national CSI survey by Trialogue which highlights discrepancies in CSI spending at national level. A similar pattern is apparent in Anglo American's CSI spending in its 2005 and 2007 Chairman's Fund reviews. Below are graphical depictions of the spending patterns of the Chairman's Fund. Figure 6 indicates the Sectors and Provinces in which Anglo American directs is CSI spending in 2007.



Sector	Amounts	%
Education	R 31,988,530	46%
HIV/Aids	R 13,304,793	19%
Welfare and Development	R 12,119,474	18%
Health	R 3,352,800	5%
Arts and Culture	R 3,202,015	5%
Entrepreneur Development	R 2,636,000	4%
Environment	R 1,304,655	2%
Policy and Advocacy	R 810,000	1%
Total	**R 68,718,267**	**100%**

Sector	Amounts	%
Gauteng	R 19,213,324	28%
Limpopo	R 11,361,217	17%
KwaZulu-Natal	R 7,941,251	12%
National	R 7,668,801	11%
Western Cape	R 7,402,943	11%
Mpumalanga	R 6,350,119	9%
Eastern Cape	R 4,832,000	7%
North West	R 3,040,107	4%
Northern Cape	R 698,505	1%
Free State	R 180,000	0%
Outside SA	R 30,000	0%
Total	**R 68,718,267**	**100%**

Figure 6 The Chairman's Fund CSI spending by Sector and Province 2007.
Source: Anglo American Chairman's Fund Review (2007).

In terms of geographical spread, in 2007 Gauteng province received the largest amount of funding totalling R19,213,424 (28%) followed by Limpopo which received R11,361,217 (17%). Similar provincial discrepancies are notable in the 2005 annual review. The North West and Eastern Cape received 4% and 1% of the Fund's total spending respectively. There is no provincial breakdown of its CSI spending for the CSI reports after 2007. Sector-wise, education and HIV/Aids receive the largest proportion of the Chairman's Fund CSI. In 2007 education received funding amounting to R31,988,530 and HIV/Aids R13,304,793 compared to environment and advocacy which received R1,304,655 and R810,000 respectively. In South Africa advocacy is a prominent means through which social transformation has been advanced. Steps taken by organizations such as the Treatment Action Campaign and social movement groups such as Abahlali baseMjondolo illustrate advocacy's potential to successfully influence policy formation. In its 2007 Chairman's Fund Review, Anglo American acknowledges the role of advocacy in advancing national policy research. Its investment in advocacy is targeted primarily at organizations that support women and children's rights. Being that education is central focus, in 2007 the Chairman's Fund extended a three year grant to the Centre for Development Enterprise (CDE), an advocacy organization which specialises in research and policy formation in education (Anglo American, 2007).

The CDE which describes itself as one of South Africa's leading development think-tanks, draws on international best practices to inform national policies for social and economic development (Centre for Development Enterprise, 2013). Its activities present a fairly radical approach to addressing challenges in South Africa's Education Sector. In a recent press release the CDE proposed that the Government experiment with contract schools particularly in poor communities. Essentially the contract school system is a partnership in which the Government provides funding, support and clearly defined goals, while the Private Sector introduces innovative ways of delivering schooling and improving the quality of education in the Public Sector, particularly in poor communities (Centre for Development Enterprise, 2013). As indicated in the Literature Review Chapter Radical Political theory stresses the creation of public–private partnerships as a means of ensuring that CSR objectives are reached. Anglo American's support for advocacy is however minimal compared to other areas of CSI in which it invests. A reason for this is that Anglo American's CSI prioritises sectors which are aligned with

its own strategic needs. This is problematic because it raises suspicion regarding the legitimacy of its CSI intentions. The following sub-section goes into further detail about the implications of Anglo American's chosen areas of investment.

4.3.3. Key observations - Reinforcement of Inequality

This study's assessment of Anglo American's CSI spending patterns shows that there is unequal redistribution of opportunity. Figure 7 which is based on the Living Conditions Survey 2008/2009 conducted by StatsSA depicts poverty incidence across South Africa's provinces. The 'upper-bound' poverty line takes into account food and non-food needs. Poverty share refers to the share of total number of poor households in the country. The purpose of this figure is to show patterns of poverty across the provinces. With this illustration it is possible to compare the concentration of Anglo American's investment areas with consideration of the geographic spread of poverty across the country's provinces. The skewed distribution of the Chairman's Fund CSI support has reinforced a pattern of inequality at provincial and sectorial level. Anglo American has Platinum mining operations in Limpopo and the North West. Limpopo (62,1%) and the Eastern Cape 49,6% which are the poorest provinces receive the least Funding (See Figure 7). North West poverty incidence is 41,8 % compared to Gauteng at 20,2% which receives the most funding from the Chairman's Fund.

Table 12: Poverty incidence and poverty share of households by province (upper-bound poverty line)

	All households	
Province	**Incidence (%)**	**Share (%)**
Limpopo	62,1	15,8
Eastern Cape	49,6	16,7
Mpumalanga	47,7	8,7
Northern Cape	44,0	2,5
Free State	43,9	7,6
KwaZulu-Natal	43,6	20,9
North West	41,8	8,3
Western Cape	21,4	6,4
Gauteng	20,2	13,2
Total	**38,0**	**100,0**

Figure 7 Poverty incidence and poverty share of households by Province 2008
Source: StatsSA (2013)

In 2007 education received the highest proportion of the Government's budget (R105,5 billion) and health received R62,7 billion. Housing and community development received the second least proportion (See Figure 9). Over-allocation of resources in one sector (Education) by all stakeholders (the Government and Private Sector companies like Anglo American) leaves other areas specifically community development neglected. Community development is particularly important considering that the Chairman Fund's mission is to address social needs of poor communities. Strategic allocation of resources is essential to ensure equitable development across the sectors and provinces.

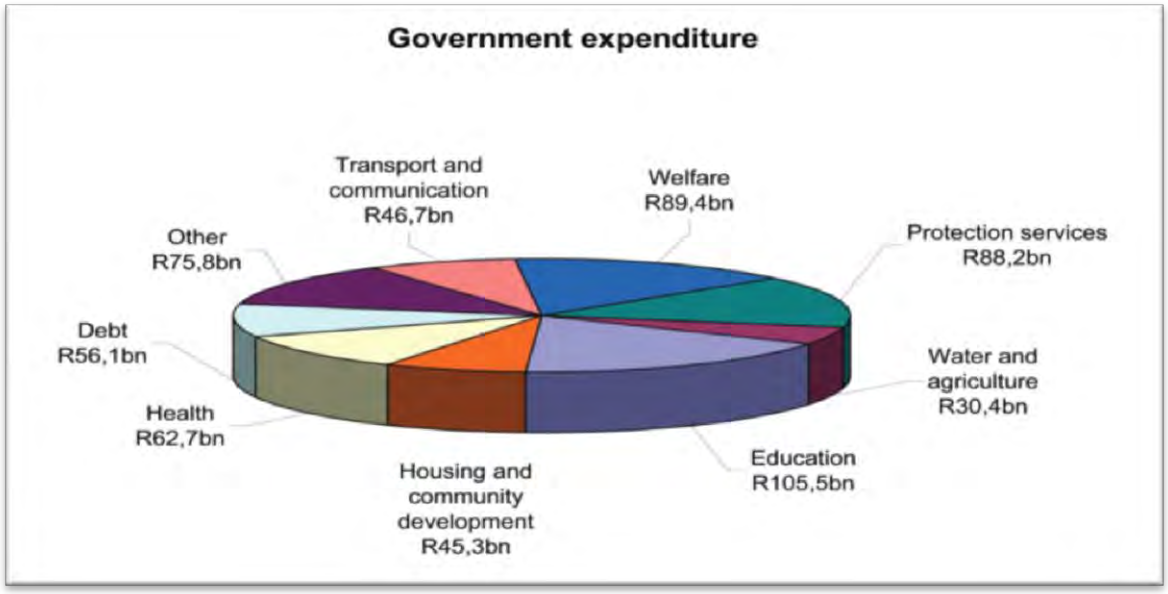


Figure 8 South Africa's National Budget 2007. Source: National Treasury (2007)

Anglo American's prioritization of certain sectors (education and HIV/Aids) should be justified by providing statistical evidence showing that these are urgent development needs. Similarly its decision to allocate greater funding to Gauteng and Limpopo provinces needs to be verified by providing statistical evidence indicating the levels of poverty and need in these regions. Although Anglo American does not indicate these verifications in its reports, a closer look at its CSI projects shows the company's efforts to minimise disparities within its key investment sectors. The Chairman's Fund supports organizations which work towards economic empowerment in the formal and informal sector (Anglo American, 2007). The Joint Education Trust in particular has an important role in advancing Anglo American's objective of empowerment through education. Anglo American's investment in the JET paves the way for

poor communities to have access to further opportunities such as employment and skills training. This is one of the ways through which Anglo American is able to address inequality. Another example is the ACFS which provides an empowerment scheme targeted at developing women's skills through training in sewing, cooking and gardening (Anglo American, 2007). The Chairman's Fund invests in projects which ultimately enhance people's capabilities. This is important from a Dependency perspective, education creates a sense of independence which is a step towards development. Moreover, social challenges such as substance abuse, crime and violence are indirectly addressed through investment in education.

The discussion in this section highlights three main points. Firstly, Anglo American's chosen areas of investment indicates a Modernization theory approach. Anglo American does not state that this is its intention. However, its investment focus is on providing opportunities for education and access to health care speaks to the Modernization theory's idea of how development is achieved. Sen's (1999) Capability Framework in particular stresses the importance of education, employment and health access as a means and end to development. A second point is that Anglo American seeks to address the problem of inequality by supporting poor communities and investing in the key sectors Education and Health. While this is praiseworthy, in the CSI reports which were analysed Anglo American does not justify with statistical evidence that these are critical sectors of need. The inclusion of statistical evidence in its CSI reports is important as it highlights that these are in fact urgent development needs which should be prioritised. A third point is that Anglo American's CSI spending patterns reinforces inequality. Although this is not the company's intention, the discrepancies in its CSI spending across South Africa's provinces contributes to unequal access to opportunities. As indicated in the Figures provided Anglo American's CSI funding and CSI spending at national level is generally concentrated in the Gauteng region. This leaves other provinces such as the Eastern Cape and North West at a disadvantage. Collaboration with the Government is an effective way to address this as it facilitates equitable development across the Country's provinces.

4.4. CSR model and framework used

In analysing the CSR development framework adopted by Anglo American this study drew on the predominant CSR models proposed by Carroll (1991); the CSR Pyramid and Venn model. This section examines how these CSR models have been incorporated into Anglo American's CSI. It evaluates Anglo American's claims about its CSI practices with consideration of the allegations made against it by CSR activist organizations. The section ends with a discussion on the perceived weaknesses of the CSR models and how they relate to the CSR theories.

The CSR Pyramid depicts four responsibilities that should be incorporated in CSR practices; these are economic, legal, ethical and philanthropic (See Figure 9).

Figure 9 CSR Pyramid. Source: Carroll (1991)

At the base of the CSR Pyramid is *economic responsibility* which takes into account the main purpose of business, which is to maximize profits. *Legal responsibilities* are associated with compliance with Government expectations and regulations. *Ethical responsibilities* require businesses to recognize moral and ethical norms of society. They have the responsibility to behave in a fair manner and to do what is right. In recognizing these norms businesses are urged to go beyond legal compliance and to operate with integrity. Carroll (1991) explains *philanthropic responsibility* as the component that requires businesses to perform in a manner which is consistent with philanthropic expectations of society. Businesses need to partake in community building initiatives. Carroll gives the example of managers and employers participation in voluntary and charitable activities (Carroll, 1991). He states further that the

provision of assistance to Private and Public educational institutions is an important part of philanthropic responsibility. Philanthropic responsibilities emphasize the role of firms to act as good corporate citizens. According to Carroll a socially responsive firm should 'strive to make a profit, obey the law, be ethical, and be a good corporate citizen' (Carroll, 1991, p. 39). This suggests that firms should incorporate all four responsibilities in order to be deemed socially responsive. As a widely used framework, Carroll's (1991) Pyramid Model is praised for its ability to capture key aspects of CSR. It provides a clear depiction of the economic, legal and ethical considerations in CSR. The advantages of this model are that it is simple, logical and easy to understand (Visser, 2005).

4.4.1. Which components of Carroll's CSR hierarchy does Anglo American prioritise? What are the reasons for this?

Anglo American is used by Visser (2011) as a working example to illustrate the incorporation of Carroll's (1990) model. Anglo American does not state that it identifies with Carroll's CSR Pyramid. However, in his analysis of Anglo American's CSI, Visser (2011) asserts that the company's CSR approach resonates with the components depicted in the CSR Pyramid Model. On economic responsibilities, Anglo American goes beyond profit maximization; its business practices promote black economic empowerment and distribution of benefits to its employees. In addition, some of its economic contributions are through tax payment to the Government and the creation of employment. According to Visser (2011) Anglo American is subject to the South African Mining Charter. It is legally bound to a commitment to ensure that the previously disadvantaged have access to mineral resources and the benefits associated with them. The company does this by joining partnerships with empowerment companies and black-owned firms (Visser, 2011). The Chairman's Fund represents philanthropic efforts by the firm. This initiative addresses HIV/AIDS, education and health concerns in communities. In terms of ethical responsibilities, Anglo American states in its business principles that it openly condemns corruption. In 2003 the firm adopted a whistle-blowing facility which permits employees to report any violations of its business principles (Visser, 2011, p. 268). From Visser's (2001) assessment Anglo American's CSR practices reflect the four responsibilities identified in Carroll's Pyramid Model. The following sub-section describes the findings based on this dissertation's analysis of the Chairman's Fund.

4.4.2. Key observation - Verification of Visser's (2001) findings vs. Counter claims against Anglo American

This study confirms Visser's (2011) findings that Anglo American fulfils most of its economic and legal CSR obligations. In its 2007 Chairman's Fund review Anglo American draws on a 1954 quote by Sir Ernest Oppenheimer which states:

> *"*The aims of this Group have been – and will remain – to earn profits but to earn them in such a way as to make a real and permanent contribution to the well-being of the people and to the development of southern Africa.*"* Sir Ernest Oppenheimer, 1954. (Anglo American Chairman's Fund Review, 2007, p. 6).

Although this quote dates back to the 1950s its inclusion in the 2007 report suggests that Anglo American still considers it relevant to its CSI approach. Whether this is the case at present is an aspect which should be explored given the changes the company has experienced over time. Anglo American endorses the same principle in its business vision and mission stating that 'As a major business player in South Africa, we aim to make a real and lasting contribution to the development of the country and its people' (Anglo American, 2013). As CSI initiatives, the Chairman's Fund, Zimele and SEAT are examples illustrating Anglo American's injection of its profits to the development of South Africa. The activities of these initiatives particularly the Chairman's Fund highlight the fulfilment of Anglo American's philanthropic responsibilities. In addition, in 2007 Anglo American's economic contributions accounted for 2% to 2.25% to South Africa's GDP and 4% in 2012 (Anglo American, 2007) (Anglo American, 2013). These examples validate Anglo American's commitment to make a positive contribution the economy and society. However, despite its positive contributions economically, claims against Anglo American's mining practices highlight the neglect of the company's ethical and legal responsibilities. The Chairman's Fund concern for profits (economic responsibility) is prioritised over concern for society (ethical responsibility). The company has in certain instances been accused of not efficiently addressing the detrimental effects of its mining operations on poor communities in South Africa. Section 4.4.4 provides detailed case examples illustrating this observation.

4.4.3. What is the impact of change on Anglo American's approach to CSI?

The changes experienced by Anglo American over time have great influence on the CSI framework adopted by the Chairman's Fund. For example, leadership, legislation and political status quo are factors which have had an impact on Anglo American's interpretation of CSI. The same can be said of the framework on which it bases its CSI. For example, in present day South Africa, Anglo American adheres to CSI regulations set by the Mining Charter. The fulfilment of its philanthropic responsibilities is no longer an option but rather an expectation which is set and regulated by CSI legislation such as the BEE Act and Mining Charter. This in turn forces Anglo American to ensure that a portion of its profits is directed at community development. As for ethical responsibilities, there is a fine line between what is expected of Anglo American as a CSI adherent and as a mining company. On one end, a framework like the CSR Pyramid requires Anglo American to address ethical concerns as part of its CSI. At the same time Anglo American is required by legislative provisions such as the MHSA to operate responsibly and minimize the negative effects in its mining operations. The question to thus explore is, does Anglo American view CSI as separate from its other obligations as a mining company?

To answer this question this study looked at what Anglo American states is the purpose and scope of its CSI in its reports and what the company states on its website is its obligation to ethical practices as a mining company. On its website Anglo American states, 'We operate in a socially and environmentally responsible way, supporting the sustainable development of the societies in which we work. We are committed to environmental stewardship and minimizing the impact of our operations, and behave with integrity to create and maintain strong and respectful relationships with the communities around our operations' (Anglo American, 2013). This statement indicates that Anglo American intends to operate ethically outside of its CSI obligations. However, as indicated in the following parts of this section, CSI is one of the ways in which the company compensates for its shortcomings in meeting its ethical obligations as a mining company. This study analysed documents by activist NGOs which contest Anglo American's claims regarding its ethical practices.

4.4.4. Anglo American's CSI, its mining operations and the Environment

Anglo American continues to face criticism as a result of the adverse effects of its mining operations on the environment. In 2008 (NGO) Nunamta Aulukestai (Caretakers of Our Land) and the Renewable Resources Coalition investigated Anglo American's mining operations in Ghana, South Africa, Zambia and Zimbabwe. Their investigation reviewed Anglo American's track record regarding worker safety, public health, community and the environment. In South Africa the operations of Anglo American's platinum mining have resulted in numerous spills, accidental discharges and high emissions of sulphur dioxide (Mattera, 2008). This example raises an important question: does Anglo American consider environmental management a part of CSI or part of its daily mining operations? To answer this question, it is useful take a holistic view of Anglo American's CSI initiatives.

Anglo American's three CSI initiatives the Chairman's Fund, SEAT and Zimele do not all directly address the environmental impacts of its mining operations. The Chairman's Fund invests in the environment but its focus in this specific sector is education and training, conservation and eco-tourism (Anglo American, 2007). The SEAT initiative deals with the social and economic impacts of Anglo American's mining operations. Zimele has in place the Green Fund which targets investment opportunities that mitigate greenhouse gas emissions, reduce energy and water consumption, and improve waste and emissions management (Anglo American, 2013). Given these descriptions of how each initiative addresses environmental concerns, the answer to the question about what Anglo American considers part of its CSI is that CSI is used by the company to compensate for the environmental impact of its mining operations. For example, by investing in health (through the Chairman's Fund) Anglo American indirectly addresses the environmental consequences of air pollution on communities.

4.4.5. Anglo American's CSI, its mining operations and the relocation of communities

'We want all our employees to enjoy quality housing and living conditions' (Anglo American, 2012, p. 43). Where communities have been displaced the Chairman's Fund commits itself to supporting relocation, for example providing houses and building schools. However, tensions have arisen between Anglo American and locals in the communities in which it operates. Land

ownership and displacement are major concerns amongst communities relocated due to mining activities. The Bench Marks Foundation (BMF) a research and advocacy organization in South Africa has conducted extensive research on CSR activities of mining companies such as Anglo American. Through community participation it monitors MNCs operating in Southern Africa to ensure that they meet minimum social, environmental and economic standards (The Bench Marks Foundation, 2013). In 2008 the organization commissioned an investigation of Magobading community in Limpopo which was displaced from its land and relocated to the Mecklenberg Township by Anglo Platinum (Mattera, 2008). The study found that villagers in Limpopo were not being adequately compensated following displacement from their land.

4.4.6. Quality of infrastructure provided through CSI

Photo 5: An Anglo Platinum CSR advertising board in Chaneng

Photo 6: Wall-less and door-less toilets in a Chaneng school. This reminds of the lack of privacy that mine workers suffer in change rooms and during medical check-ups

"They put in a computer centre at the school, without first checking that the Department of Education budgeted for a teacher, so now the computer centre is just standing there, unused." Chris, Chaneng community member.

Figure 10 Anglo Platinum CSI in Bojanala district North West Province.
Source: The Bench Marks Foundation (2010)

Figure 10 is an illustration from a report by the BMF on Chaneng, a mining community which is supported by Anglo Platinum. The captions in the Figure highlight key concerns regarding the quality of the company's CSI activities. Anglo American has made infrastructural contributions but to what extent can they be deemed useful? The computer centre in Figure 10 for example is redundant because of the lack of teaching staff. This indicates that there is no collaboration between Anglo American and the Government or municipalities despite its emphasis on

partnership. While Anglo American provides infrastructure (schools and hospitals) the Government should invest in training the personnel needed to run these services. At the same time NGOs and municipalities must continue to engage communities by creating a platform on which they can raise their CSI related concerns.

4.4.7. Anglo American's CSI, its mining operations, Public health and other social needs

Although Anglo American attests to its contributions to health, activists have not remained silent about the effects of the mining company's operations on health. Chemical spillages from Anglo American's mining activities pose a threat to the health of its host communities. For example, overflows of mine tailings water have degraded surface and contaminated groundwater of the Vaal River (Mattera, 2008). A study conducted by Schirnding, Mathee, Kibel, Robertson, Strauss and Blingnaut (2003) examined blood lead levels of children living in a lead mining area in the Northern Cape. It found that children with raised blood lead levels performed less well at school relative to other children. The high blood levels are the result of lead dust brought home by mineworkers on their clothes (Schirnding et al., 2003) (as cited in Mattera, 2008). The pollution is a direct result of Anglo American's mining operations. The responsibility of managing it is not necessarily a CSI duty but mining companies are expected to operate ethically and ensure that their mining activities do not harm the environment or communities. Based on the requirements of the Mining Charter, support for communities affected by mining operations is part of CSI.

The above case studies indicate that Anglo American fell back on its ethical responsibilities as a CSI advocate and as a mining corporation. The Mining Health and Safety Act 29 of (1996) (MHSA) protects the health and safety of persons at mines; it requires employers and employees to identify hazards and eliminate, control and minimise the risks relating to health and safety at mines. Mining owners are required to ensure, as far as reasonably practicable, that the mine is commissioned, operated, maintained and decommissioned in such a way that employees can perform their work without endangering the health and safety, of themselves or of any other person. Drawing on these stipulations, the MHSA holds Anglo American accountable for the health and safety of anyone affected by its mining operations. The management of health concerns can be considered as separate from CSI obligations. However, the CSI initiative SEAT

assesses the social and economic impacts of Anglo American's mining operations; it identifies areas where improvements need to be made. In addition it attends to grievances of host communities. This suggests that Anglo American's attempts to meet its obligations to the MHSA through CSI. However, evidence from the case studies discussed in this section shows that Anglo American's attempts to do so have been inconsistent. As noted in the North West Province lead pollution example, Anglo American failed to minimise and address the health impact of its mining operations. The company has thus not always met its ethical and legal obligations.

A Community Monitoring Project conducted by the BMF in 2010 investigated concerns amongst mining communities in the Gauteng and Limpopo provinces. The report on Sterkwater-Gapila, a community relocated by Anglo Platinum indicates that crime is the biggest challenge facing the community. A contributing factor is the lack of street lights in the community which hampers security. In addition, though local community structures in place monitor crime, the community requested Anglo Platinum as the relocation sponsor and the Government to establish crime watch blocks in order to manage crime (The Bench Marks Foundation, 2010). In such a case, should the Chairman's Fund be responsive to the urgent needs of specific localities, particularly those beyond its areas of operation (e.g. crime)? Given the gravity of its mining impact on communities, the Fund could perhaps tailor its CSI support to meet urgent social needs. However, Anglo American can also advocate for Government support or intervention by NGOs to address specific development needs which are beyond its scope.

Although Anglo American boasts its contributions to development through its CSI the consequences of its mining operations remain grave. The examples discussed contradict Anglo American's principles of social responsibility. It leads this study to question the legitimacy of Anglo American's CSI. Should the Chairman's Fund be vetted by an inspection committee? and should their activities be publicly audited? Or rather should Anglo American's neglect of its obligations to the MHSA be monitored through CSI? The answer to these questions is that a monitoring body is certainly required to watch over Anglo American's CSI practices. Public auditing of its CSI and mining operations is necessary to ensure company accountability. The Government as a regulator and facilitator of CSR has an important role in this regard. The link between mining and CSI legislation also needs to be clarified.

The findings discussed thus far highlight important observations about the type of framework on which Anglo American bases its CSI. The Neoliberal influence in its CSI interpretation has meant that Anglo American's CSI practices relates closely to the CSR Pyramid. Although Anglo American does not state explicitly that this is the model it has adopted, the way in which it prioritises its CSI obligations is similar to CSR Pyramid layout. Looking at its three CSI initiatives, Zimele represents the economic component while SEAT and the Chairman's Fund fall under the legal and philanthropic component. What is interesting is that even as the 'philanthropic' component the Chairman's Fund CSI approach is similar to the CSR Pyramid. Section 4.3 on the company's areas of investment indicates Anglo American's prioritisation of economic CSI obligations.

The haze between CSI and standard mining obligations is a point of concern raised in this discussion. Although there is no clear distinction between what constitutes CSI and responsible mining, a look at Anglo American's CSI initiatives shows that the company views the two concurrently. However, the case study examples are evidence that Anglo American's has not always fulfilled its CSI commitments and its obligations to operate responsibly as stipulated by legislative provisions like the MHSA and Mining Charter.

The case studies by the BMF and the reviews on Chairman's Fund have been useful in conducting the analysis and critique of the Fund in this section. However, the conflicting claims between then need to be examined closely. The next sub-section on bias and objectivity expands on this observation and outlines the implications of the differing claims in conducting the overall analysis of the Chairman's Fund.

4.4.8. What concerns arise from examining the conflicting claims between Anglo American's CSI reports and those by activist organisations such as the Bench Marks Foundation?

One of the challenges arising from assessing Anglo American's CSI claims is the threat of bias and maintaining objectivity. Given the concerns raised by the BMF in the case study examples discussed in the previous section, it was important in this study to consider the position from

which Anglo American and the BMF base their claims. On one end Anglo American shares its own Neoliberal perspective on the impact of its CSI. In contrast, the activist NGOs such as Christian Aid and the BMF share a Radical Political perspective which is generally critical of CSR. Anglo American has challenged claims against it by War on Want, a UK based NGO. In 2007 War on Want published a report in which it compared and contrasted the rhetoric of Anglo Americans CSR to its actual practices. It asserted that Anglo American is profiting despite associated human rights abuses and in the Philippines and South Africa, local communities have faced severe repression for protesting against Anglo American's operations (War on Want, 2006). In response, Anglo American argued that the NGO did not approach the company in consultation and that its allegations about the company's CSR practices were inaccurate. Anglo American justified its practices by citing that relocated communities in the Magobading and Makopane mining areas were offered improved housing and compensation by subsidiary Anglo Platinum (Anglo American, 2007). Moreover, Anglo American acknowledged its faults with regards to failed communication between itself and the affected communities.

Having assessed Anglo American's CSI contributions for the period between 2005 and 2007 its rebuttal against War on Want is defensible. The examples of community projects it has invested in through the Chairman's Fund illustrate the company's efforts to fulfil its CSR obligations. Moreover, the failure of War on Want to consult with Anglo American affects the validity of its allegations. However, as indicated in this section, previous studies by other CSR activists cite similar concerns regarding Anglo American's failure to address the socio-economic and environmental impact of its mining practices. Additionally, the company's decline for an interview about its CSI practices for this study in particular raises questions about Anglo American's transparency (See Annexure 4).

Looking back at the point raised previously regarding the link between CSI legislation and mining, it is interesting to note here that the lack of clarity on what constitutes as CSR and responsible mining has some impact on how Anglo American is perceived. Non-governmental Organizations infer that a mining company such as Anglo American should address human rights abuses as part of CSR. Mining legislation on the other hand stipulates that this should be part of a company's efforts to operate ethically and responsibly. What is important is that Anglo

American operates responsibly, by minimising the impact of its mining operations and at the same time use CSI as means of recompensing communities affected by its activities. Anglo American should better substantiate the extent of its CSI engagements by including excerpts from stories or progress reports by its beneficiaries in its annual CSI reviews. To address the problem of misrepresentation activists such as the BMF should take into account the positive contributions of Anglo American's CSI.

This section on bias and objectivity highlights the conflicting views which exist between Anglo American and CSR activist organizations. Without consideration of these contradictions there is potential to form a distorted opinion of Anglo American, the BMF or any other CSR activist organization for that matter. Given the pictorial evidence from the case studies conducted by the BMF it is possible to disregard Anglo American's CSI efforts. At the same time Anglo American provides in its reports evidence of its efforts to address poverty through its CSI initiatives. To conduct a fair analysis and critique of the Anglo American Chairman's Fund it was thus important in this study to remain objective in assessing each of the documents; those belonging to Anglo American and the BMF. Concerns arising from the CSR models used in the practice of CSR are discussed in the following section. It looks specifically at the CSR Pyramid, its limitations and implications for how CSR is practiced in general.

4.4.9. Examining the weaknesses of the CSR Pyramid

This discussion on the shortcomings of the CSR Pyramid is more of a critique of the model itself and not of Anglo American's application of the model. As noted in Section 4.4.1 Anglo American does not state that it validates or accepts the CSR Pyramid. However, in his analysis of Anglo American, Visser (2011) likens the company's CSI approach to that of the CSR Pyramid. This study only confirms Visser's (2011) assertion that the Anglo American attempts to fulfil most of its economic, philanthropic and legal CSR obligations although it has not always done so effectively.

The CSR Pyramid implies a hierarchical formation of CSR responsibilities. This contributes to an imbalance in the prioritization of the four responsibilities. For example, economic responsibility at the bottom of the CSR Pyramid suggests that CSR efforts are concentrated at

this level. Similarly the placement of ethical and philanthropic responsibilities at the top of the CSR Pyramid suggests that these are of less significance in the CSR framework. The CSR Pyramid fails to capture the overlapping nature of the different responsibilities (Schwartz and Carroll, 2003). Moreover, it lacks complete development of the economic, ethical and legal components of the model. The labelling of philanthropy as a separate category is a weakness of the CSR Pyramid. This component of the model is deemed unnecessary and confusing (Schwartz & Carroll, 2003). The reason is that philanthropy by nature is considered voluntary, thus labelling it as a responsibility is inaccurate. It is also difficult to distinguish between ethical and philanthropic responsibility in Carroll's Model. For example, in Anglo American's case are charitable contributions by the Chairman's Fund considered ethical or philanthropic? Visser (2011) considers them philanthropic. Also the company's obligations to the Mining Charter indicate that the Chairman's Fund is not 'voluntary' or 'philanthropic' by nature. It serves as a legal and ethical obligation instead.

4.4.10. Limited applicability

The CSR Pyramid is biased towards American context (Lindgreen, Swaen and Campbell, 2010). A cross-cultural comparison of CSR orientation was conducted in a study by Burton, Farh and Hegarty (2000). The study by Burton et al. (2000) explored CSR orientation amongst business students in Hong Kong and the United States. The objective was to determine whether the different cultures weigh the four types of corporate responsibilities differently. The Aupperle survey was used to determine students' CSR orientation. This specific survey is an instrument pioneered by Aupperle (1984) (as cited in Burton et al., 2000) to measure CSR orientation. It constitutes statements representing each of the four CSR responsibilities in Carroll's pyramid. The respondents are expected to rank each statement in order of importance. Although the study found similarities in the interpretation of CSR responsibilities, the weighting given to each type of responsibility varies across cultures (Burton et al., 2000). For example, the U.S students weighted legal responsibility higher than those from Hong Kong. One reason is that the U.S is considered to have a more legalistic culture. In contrast, Hong Kong culture which emphasizes materialism and pragmatism seemed to influence weightings on ethical responsibility (Burton et al., 2000). Applied in a European context, ethical responsibilities have higher priority than in the USA (Crane & Matten, 2004) (as cited in Visser, 2005).

In Africa CSR is the mechanism through which the Private Sector is expected to contribute to development. The lack of a universal definition of CSR leads us to question; *on what definition would Africa base its CSR practices?* Moreover, *whose definition of CSR is applicable to the African context?* In response Visser (2011) proposes a CSR Pyramid which is applicable to developing countries. In this model the CSR components are reordered and placed according to the level at which they are prioritised. At the bottom of the CSR Pyramid is economic responsibility which is a key aspect of CSR in Africa.

In contrast to Carroll's CSR Pyramid which ranks legal responsibilities as the next important component in CSR, Visser's (2011) pyramid places philanthropic responsibilities just above economic responsibilities. One of the reasons why philanthropy is important in Africa is that CSR is still relatively new to most countries hence CSR activities have been equated to philanthropy. Just above philanthropic responsibility are legal and ethical responsibilities. Visser (2011) maintains that the Legal system in developing countries is weak due to a lack of infrastructure and resources. Consequently, companies are not under pressure to conform to legislative obligations. This in turn has implications for CSR in terms of legal responsibilities of companies. Ethical responsibilities are not a common feature of CSR practices in developing counties. Corruption is a major challenge in developing countries and has a negative effect on business. Ethical responsibilities are consequently thwarted by the existence of corruption in most developing countries. Although Visser proposes this model, he maintains that this pyramid is not a depiction of how CSR should be in Africa, rather it simply represents how CSR manifests itself in developing counties (Visser, 2011). The model can consequently be used as an illustration to identify areas of CSR that could be improved.

4.4.11. Alternatives to the CSR Pyramid?

A modified version of the CSR Pyramid is proposed by Schwartz and Carroll (2003). The model is a Venn diagram with three components namely legal, economic and ethical responsibility. A key difference is that it captures the overlap that between the different CSR components unlike the CSR Pyramid. Moreover, the philanthropic component is not a separate component but is

embedded in the ethical and economic components. It indicates that the CSR responsibilities are equally important unlike the hierarchical structure of the CSR Pyramid.

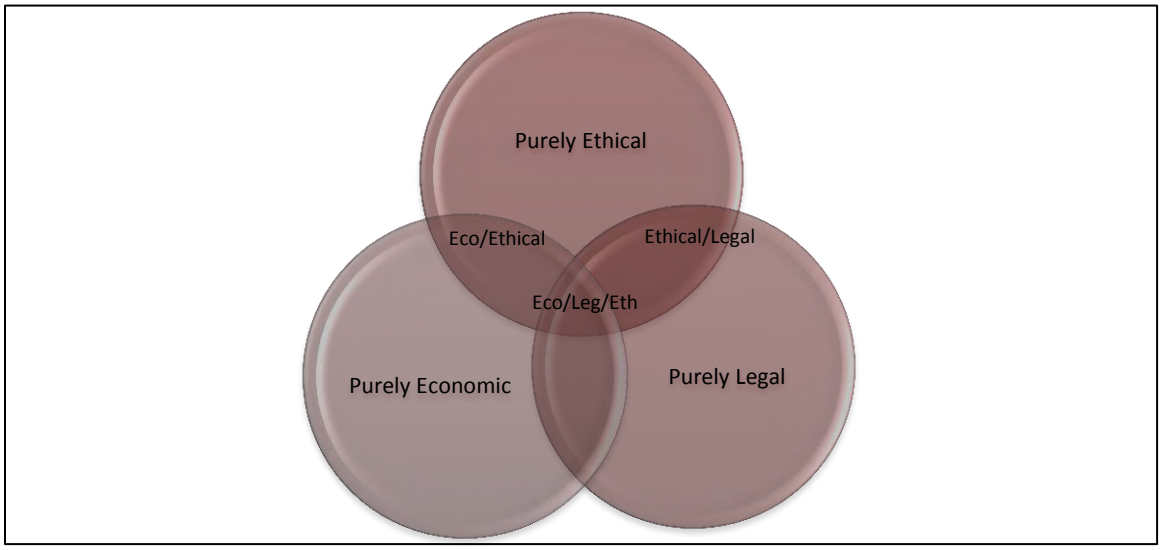


Figure 11 CSR Venn diagram. Source: Schwartz & Carroll (2003)

As indicated in Figure 11, the overlap of the three CSR components highlights seven subcategories of the responsibilities namely purely ethical, economic ethical, economic/legal, legal/ethical and an overlap of all three domains economic/legal/ethical. The economic/ethical category represents corporate activities that are driven by economic and ethical motives simultaneously. Environmental firms, for example, The Body Shop incorporate two responsibilities simultaneously. Its sale of green products represents the economic and ethical responsibility (Schwartz & Carroll, 2003).

Under the legal/ethical component are measures taken by the corporation that are legally required but are also ethical. An example is pharmaceutical firms which offer drugs at a low cost. According to Schwartz and Carroll (2003) there are a few firms whose CSR efforts fall under economic/legal, with exception of firms that make use of laws for opportunistic economic gain. The reason is that activities requiring legal compliance are also considered ethical. For example, firms operating in developing countries where environmental and product safely laws are lenient (Schwartz & Carroll, 2003). This indicates the overlap between the economic and legal motives, although it is considered unethical.

Any activity that shows that a company is complying with the law, operating ethically and maximising profits all at the same time falls under the economic/legal/ethical. In 1994 Wal-Mart stopped the sale of cigarettes in Canadian shops. This decision according to Schwartz and Carroll (2003) was driven by economic/legal/ethical concerns. The firm would have considered the legal and ethical implications of selling cigarettes. Economic concerns could be linked to the potential loss of customers if Wal Mart were to permit the sale of cigarettes. Philanthropy remains the least recognized component in the CSR Pyramid and the CSR Venn rules it out altogether. The exclusion of the philanthropic component in the Venn Model is problematic. Philanthropy represents efforts by Private Sector companies to go beyond legal and ethical compliance in CSI. For this component to be excluded undermines the value of Philanthropy which is an important part of CSR.

Although the CSR Venn is an improved version of the CSR Pyramid it is difficult to distinguish between some of the CSR categories, particularly the economic/legal component. This is because there is a thin line between what is considered economic and legal but not ethical. Generally activities which are economic and legal would most likely be ethical. Another problem is that most CSR activities are largely economic, ethical and legal. This means that having separate categories such as purely legal, ethical and economic is unrealistic. Schwartz and Carroll (2003) acknowledge this in their critique of the three domain approach and state that some firms perceive the three categories as intertwined and inseparable. The exploration of alternatives to the traditional CSR model provides useful information on how approaches to CSR can be improved. The CSR Venn captures the interconnectedness of CSR components. Visser's (2011) proposal of a pyramid model for developing countries indicates that CSR frameworks should be altered to fit the context in which they are applied.

4.5. Linking CSR theories to the proposed Models

The CSR Pyramid illustrates a Neoliberal perspective on how CSR should be practised. At the bottom is the economic component which takes precedence over philanthropy, legal and ethical obligations of CSR. Private Sector companies engage in CSR activities which maximise their profits in the long run for example investing in SMEs or small businesses. This explains why

philanthropy and ethical concerns are given least priority in both of the CSR models. Although companies are obliged to comply with CSR legislation, the legal component in this model conflicts with Neoliberal advocates who call for self-regulation and minimal state intervention. There is little concern with philanthropy as businesses see CSR as an investment which should yield profits in some way.

The CSR Venn model is reflective of the Neo-Keynesian perspective. This model portrays the simultaneous interaction of the economic, ethical, legal components of CSR. Each of these components is expected to promote equality and democracy in some way. The Neo-Keynesian school accounts for environmental, social and economic consequences of business practices (Broomhill, 2007). Its consideration of these is depicted in the CSR Venn model's overlap of the economic and ethical components of the model. Ethical responsibilities are particularly important as they hold companies accountable for their malpractices. Although philanthropy is excluded from the CSR Venn model it is still accounted for by Neo-Keynesianism. Neo-Keynesianism deems state regulation and facilitation vital and necessary for CSR to be effective. A modified version of the model based on Keynesianism would therefore depict shared responsibility between the Private Sector and the Government in CSR.

Radical Political Economy theory is highly critical of the notion of CSR. In fact, advocates of this school would most likely reject both the CSR Pyramid and Venn model as depictions of how CSR should be practised. Because of their distrust of CSR's legitimacy, the philanthropic component is perhaps the only feature which Radical Political Economy could accept as an indication of genuine CSR. Similar to Neo-Keynesianism a CSR model based on Radical Political Economy supports joint partnerships between the private and public sector, with philanthropy as the main objective.

In the discussion on Anglo American's interpretation of CSR it was established that Neoliberalism is predominant in the company's interpretation of CSR. This section's discussion on the link between the CSR models and CSR theory indicates that the CSR Pyramid illustrates the Neoliberal perspective of CSR. As mentioned in the earlier sections of this Chapter, Anglo American does not state that it endorses either the CSR Pyramid or CSR Venn Model in its CSR

approach. However, given the influence of Neoliberalism in its interpretation of CSR, this study infers that Anglo American's approach to CSR is to a great extent similar to the CSR Pyramid. In light of this, the limitations of the CSR Pyramid should be taken into consideration. The prioritisation of economic and legal obligations over the other components is problematic. Given the extent of Anglo American's mining impact on the environment and health, neglecting ethical obligations as indicated by the case study examples is a weakness of the CSR Pyramid. Having discussed the findings on Anglo American's CSI interpretation, its areas of investment and CSI framework in this Chapter; the subsequent and final Chapter reflects on the overall research objectives of this study. It draws final conclusions about the analysis and critique of the Anglo American Chairman's Fund.

5. Chapter 5 Conclusion

The core objective of this study was to analyse and critique the Anglo American Chairman's Fund. In conducting this analysis it aimed to identify the development framework on which the Chairman's Fund bases its CSI. To investigate the development framework on which Anglo American bases its CSI the link between CSR and development theory needed exploration. The three schools of thought in CSR; Neoliberalism, Neo-Keynesianism and Radical Political Economy were examined in detail together with two development schools Modernization and Dependency theory. A key observation made is that CSR falls mainly under the Modernization perspective. Neoliberalism, whose main version is Modernisation theory has significant bearing on how CSR is understood and practiced. The other two schools though recognized have limited influence on the practice of CSR. Radical Political Economy for instance identifies with Dependency theory and has a critical view of CSR. Emphasising State regulation of CSR, Neo-Keynesianism is accepting of CSR and recognises its potential to advance development. What stood out in the exploration of the theories in this study is that despite its scepticism of the concept Neoliberalism remains influential on CSR.

With regards to the case study, Anglo American, its adoption of the MDGs and AsgiSA as its CSI guidelines is an indication of the predominance of Neoliberal thinking in its CSR approach. Another indication is the reflection of the CSR Pyramid framework in its CSI practices. It was established in this study that Anglo American does not state nor indicate in any way that it has endorsed the CSR Pyramid or Venn Model. However, an examination of the ways in which it engages in CSR conveys characteristics similar to those depicted in the CSR Pyramid. Furthermore, in examining the link between the CSR theories and CSR models this study found that the CSR Pyramid model is shaped by Neoliberal thinking while the Venn Model resonates more with Neo-Keynesianism. It is therefore expected that the Neoliberal influence on Anglo American's CSI interpretation contributes to its resonation with the CSR Pyramid.

While the CSR Pyramid is useful in depicting the major components of how CSR can be best practiced its weaknesses are a cause for concern. This study found that the prioritisation of economic and legal obligations results in the neglect of ethical and philanthropic activities which

are equally important in CSR. In Anglo American's case the findings of this study highlight instances where the company breached its ethical and legal obligations. Its failure to fully address the devastating effects of its mining practices on the environment and people's health led this study to question the extent of its CSI contributions to development. An additional concern which was observed is that the Neoliberal influence on this model generally downplays the role of ethical and philanthropic obligations. These components are especially important given the extent of the environmental, health and safety threats posed by mining operations in host communities.

In terms of development, Anglo American's CSI framework has had serious implications for the extent to which development is achieved. Anglo American's emphasis on empowerment through education is an approach which Modernization theorists deem essential for development. The Chairman's Fund is geared at enhancing people's capabilities which is similar to what Amartya Sen (1999) proposes as a vital step towards development. Efforts made by the Chairman's Fund to enhance community development should be credited. The Anglo American Chairman's Fund has made considerable contribution to development, particularly in South Africa's Health and Education sectors. This is proven by its track record as one of the most successful CSI initiatives. However, the examples of the studies by Radical Political activists such as the BMF and War on Want urge careful examination of Anglo American's claims about its CSR contributions. The studies cited in the Findings and discussion Chapter highlight the contradiction between Anglo American's principles of social responsibility and what it stands for as a CSI advocate. In addition the Neoliberal influence on Anglo American's CSI framework has unintentionally reinforced inequality across South Africa's provinces. The skewed patterns of its funding should be adjusted to match areas and sectors of need. Another suggestion is for Anglo American to substantiate with statistical evidence its reasons for investing in certain areas over others. Also important is for the company to acknowledge and highlight the implications of using neoliberal-based CSI guidelines such as the MDGs and AsgiSA.

The vague distinction between CSI and mining legislation is an area that needs to be addressed to improve CSR's effectiveness as a development tool. It was found in this study that the relationship between CSR and mining regulation is somewhat contradictory. On one end mining

regulation advocates for responsible mining. It requires Private Sector companies such as Anglo American to manage and minimize the impact of its mining operations on the environment, people's health and safety. Corporate Social Investment in contrast is a means through which mining companies address or rather, compensate for the negative effects of their mining practices.

For Anglo American responsible mining is considered as a mining legislation obligation and CSI duty. This is highlighted by the SEAT CSI initiative which addresses community concerns about the impact of Anglo American's mining operations. However, due to the precarious relationship between mining regulations and CSI, examining the contributions of Anglo American's CSI is complicated. Specifically, weighing the extent of its impact on development is intricate because CSI is in part used by Anglo American as a means to compensate for its failure or inability to operate responsibly or meet its obligations to the MHSA. With this in mind, concurrent monitoring of CSI and mining operations is vital. The Government as a regulatory body of CSI has an important role to play in this regard. Furthermore, the lack of collaboration between key stakeholders, the Private Sector, the Government, NGOs and municipalities hampers CSI's impact on development. Partnership is crucial and needs to be pursued actively if CSI is to make substantial difference in South Africa's communities.

As a closing point, in this study, the analysis of the Chairman's Fund alone is not completely reflective of the company's overall development framework. Due to the limited scope of this study it is difficult to make conclusions regarding the weaknesses of Anglo American's overall CSI initiatives. Anglo American has two other CSI initiatives namely Anglo Zimele (an enterprise development and investment initiative fund) and SEAT (a programme that was set up to support socio-economic development in Anglo American's host communities). An overarching analysis of all three initiatives could strengthen the outcomes of this study and provide a platform for further research on CSR and development theories.

6. Annex

6.1. Annex 1: Summary of CSI theories

	Neo-Liberalism (Modernization Theory)	Neo-Keynesianism (State-led Modernization Theory)	Radical Political Economy (Dependency Theory)
Interpretation of CSR	➢ *Adoption of voluntary CSR policies* ➢ *CSR initiated and driven by the Private Sector* ➢ *Primary objective of the Private Sector is to generate profits*	➢ *Management of the negative impact of business practices on wider society e.g. pollution* ➢ *Focus should be on promoting equality and democracy*	➢ *Voluntary contributions to society* ➢ *Ethical practices (addressing social issues e.g. poverty, inequality, racism, pollution)* ➢ *CSR = philanthropy*
Stance on CSR	➢ *Sceptical of CSR* ➢ *Sees development as the Government's responsibility* ➢ *Prioritises economic gains of engaging in CSR* ➢ *CSR is a secondary aspect of business* ➢ *Preservation of corporate image through CSR* ➢ *Engaging in CSR fosters sustainable development of communities* ➢ *CSR is profitable in the long-run*	➢ *Accepts CSR* ➢ *Sees CSR as necessary and beneficial for the company and wider society* ➢ *CSR is a way of bringing equality* ➢ *CSR should be monitored by the Government* ➢ *Recommends active promotion and enforcement of CSR obligations at policy level*	➢ *Most critical of CSR* ➢ *Doubts legitimacy of CSR* ➢ *Questions effectiveness of CSR* ➢ *Emphasizes the role of profit and non-profit organizations in the practice of CSR* ➢ *Stresses the creation of public–private partnerships to ensure that CSR objectives are reached*

		➢ *National and international regulation & co-operation is necessary in the practice of CSR*	
CSR Model	➢ *CSR Pyramid* ➢ *Emphasis on Economic obligations*	➢ *CSR Venn model* ➢ *Integration of Philanthropic, Ethical and Economic CSR obligations*	➢ *Rejects both models* ➢ *Calls for philanthropy instead*

Annex 1: Table 2 Summary of CSR Theories

6.2. Annex 2: Analytical questions guide for the Anglo American Chairman's (CSI) Fund

Understanding and interpretation of CSI	➢ What is Anglo American's interpretation of CSR? What purpose does it serve in the company, the economy and society? Who does it benefit? ➢ What are the objectives of the Chairman's Fund? ➢ Does the Anglo American Chairman's Fund have a specific strategy or approach to its CSI practices? What does this CSI strategy entail? How does it involve communities? ➢ What are some of the challenges facing companies in their engagement in CSI? How can they be addressed? ➢ Where in the CSR literature does it fit in? Theories on CSR: Neo-liberal approach, Neo-Keynesian, Radical Political
Areas of investment	➢ In which sectors does the Chairman's Fund invest? ➢ Are there any development sectors which are prioritised over others in CSI spending, if so what are the reasons for this? What are the implications?
Development model used	➢ Which components of Carroll's CSR Pyramid does Anglo American prioritise? - Philanthropy, Economic contributions, Ethical accountability or Legal obligations. What are the reasons for this? ➢ Does Anglo American call for self-regulation in its CSR strategy? ➢ Does the information provided in its CSI reports give the impression that responsibility for development lies with the Government? ➢ What do they say about the role of NGOs, State and civil society in their CSR?

	➢ Is there collaboration with the state or civil society organizations (NGOs)? ➢ How has it responded to claims made against them – regarding their unethical practices?
Questions to guide analysis of the specific documents	Which documents has the researcher selected and why? What is the purpose of the annual reports? Who are the target audience for the reports? What is Anglo American's positioning? Are their views one-sided or do they represent the views of minority groups (e.g. the communities it supports) How do they represent and refer to minority groups? What observations emerge from the reports?

Annex 2: Table 3 Analytical questions guide

6.3. Annex 3: Summary of key findings

The development framework on which Anglo American bases its CSI	
➢ Based on Neoliberal framework but ➢ Accepts CSI- considers it necessary for development and for the company ➢ CSI approach is similar to the CSR Pyramid model ➢ Evidence of Modernization strain ➢ Autonomous approach to CSI ➢ CSI strategy aligned with its strategic needs ➢ Profits are the main interest ➢ Unintentional reinforcement of inequality (Sectorial and Provincial discrepancies in CSI spending) ➢ The link between CSI legislation and mining responsibilities permeable ➢ Inextricable connection between CSR and Neoliberalism	➢ Evolution of CSR approach- From philanthropy to economic contributions ➢ Aligned with national and international development priorities (MDGs) – (no indication why these are used: overlooks their criticisms) ➢ There is no joint/shared understanding of CSR between the stakeholders, Private Sector, Government and society ➢ Weak stakeholder collaboration ➢ Counter claims- There exists conflict between what Anglo American reports about its CSI vs. what CSR activists have observed

Annex 3: Table 4 Summary of key findings

6.4. Annex 4: Request for interview with Anglo American

Tue 2013-07-23 09:12 AM
Inbox
To: Joy Banda;

Dear Ms Banda,

Many thanks for your email and wanting to include the Chairman's Fund in your research. Unfortunately we will not be able to meet your request for an interview as per the request below.

I wish you well in your masters studies.

Regards
Deepa

REPLYREPLY ALLFORWARD
mark as unread

Joy Banda
Mon 2013-07-22 01:39 PM
To: dpatel@tshikululu.org.za;

Dear Ms Patel,

I am a student at the University of Cape Town and studying my Masters in Development Studies. My thesis is on the role of Corporate Social Investment in development. I am doing a case study on the Anglo American Chairman's Fund.

The Chairman's Fund has been recognized as one of the most successful CSI initiatives in the country. I would like to hear from you, what is it that makes the Chairman's Fund a successful initiative? what would you say are some of the key characteristics which make your impact on communities worthwhile? I am particularly interested in learning more about the Fund's success in promoting development in disadvantaged communities. Your feedback on these questions will be help me greatly with my thesis research.

I would like to conduct an interview to get feedback if possible, I am willing to conduct one via Skype or telephone, whichever is easier and convenient for you. I would really appreciate your time and assistance.

Kind regards

Joy Banda

6.5.Annex 5 Referencing format

I have used the APA referencing guide for citation and referencing. Each contribution to, and quotation in this dissertation from the work(s) of other people has been contributed, and has been cited and referenced.

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