A COMPARATIVE STUDY OF THE SOCIAL RESPONSIBILITY PRACTICES OF TWO SELECTED FINANCIAL INSTITUTIONS

A A D GROOTBOOM

A COMPARATIVE STUDY OF THE SOCIAL RESPONSIBILITY PRACTICES OF TWO SELECTED FINANCIAL INSTITUTIONS

By

ALAN AVRIL DOUGLAS GROOTBOOM

Submitted in partial fulfillment of the requirements for the degree of

MAGISTER in BUSINESS ADMINISTRATION

at the Port Elizabeth Technikon

Promoter: Prof L Radder

30 November 2002

DECLARATION

I **Alan Avril Douglas Grootboom** hereby declare that:

- The work in this dissertation is my own original work;

- All sources used or referred to have been documented and recognised;

- This dissertation has not been previously submitted in full or partial fulfilment of the requirements for an equivalent or higher qualification at any other recognised education institution.

_____   November 2002

ACKNOWLEDGEMENTS

I would like to acknowledge the guidance, assistance and support of all of the people who directly or indirectly provided their input into this work. In particular I would like to thank the following:

- My Creator and Personal Saviour who gave me the ability to complete this Masters dissertation.
- My wife Blanche for her patience and encouragement through the years of study.
- Professor Laetitia Radder, for her support and direction through this study. I am exceptionally grateful for her professional approach, which gave me the confidence to complete this study.
- Grant Udemans who helped me with the typing and editing.
- The staff of the MBA unit of Port Elizabeth Technikon for the several years of support.
- To Marilyn Philander for her assistance in the collection of material for the literature study.
- To each respondent who took part in the study.
- To my employers for their financial assistance during the years of study.

EXECUTIVE SUMMARY

Different forms of social responsibility practices have been prevalent in South Africa. Most of South African companies decided to bear the minimum costs when it comes to contributing to society. An improved version of social responsibility evolved since the transition in the 1990's and South Africa's re-integration into the global economy after lifting of economic sanctions. This came about after decades of large profit margins enjoyed by South African companies at the expense of low labour costs that led to inequalities in income distribution in South Africa.

The social responsibility involvement/programmes are more or less the same across similar companies in South Africa. The reasons for business engaging in social responsibility are varied, ranging from poverty alleviation to sustainable development of society. Executives started to buy into the idea that social responsibility can be beneficial to the business and society. The changing attitudes regarding the role of business in society have made social responsibility an increasingly prominent issue over the past decades, but to decide on which projects will have a mutually beneficial impact on society and business, was one of the major challenges that companies have to face.

It is against this background that the researcher investigated and compared the social responsibility practices of two selected financial institutions. The focus was on the practices of the two financial institutions in selecting targets for socially responsible involvement. This problem was supported by six secondary problems. The researcher first did a literature study to place social responsibility in perspective. The main purpose of the literature study was to identify and suggest how companies select the targets for said responsible involvement.

An empirical investigation was conducted, focusing on Standard Bank and ABSA Bank. The demarcation of the study was restricted to these organisations as the assumption was made that their social responsibility practices are representative of the social responsibility practices of the financial services industry.

The empirical study showed that the organisations under review did not have specific criteria that guide their selection of targets for social responsibility involvement. This highlighted an area of improvement on the social responsibility practices.

The results of the literature study and the empirical investigation indicated that to be proactive in the field of social responsibility, criteria for selecting targets should be set and social responsibility practices should be linked to the corporate objectives and should form part of the strategic planning process. An affirmative approach to social responsibility will ensure that the two financial institutions be perceived as socially responsible.

TABLE OF CONTENTS

CHAPTER ONE

RESEARCH DESIGN, DEFINITION OF CONCEPTS AND OUTLINE OF THE STUDY

CHAPTER TWO

SOCIAL RESPONSIBILITY IN PERSPECTIVE

CHAPTER THREE

SELECTING TARGETS FOR SOCIAL RESPONSIBILITY

CHAPTER FOUR

DESIGNING THE EMPIRICAL STUDY

CHAPTER FIVE

RESULTS OF THE EMPIRICAL STUDY

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

ANNEXURE A: QUESTIONNAIRE   83

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE

RESEACH DESIGN, DEFINITION OF CONCEPTS AND OUTLINE OF THE STUDY

1. 1   INTRODUCTION

Strong enforcement of a corporate code of ethics by itself is not sufficient to make a company a good corporate citizen. Business leaders who want their companies to be regarded as exemplary corporate citizens must not only see that their companies operate ethically but must also display a social conscience in decisions that affect stakeholders, especially employees, the communities in which they operate, and society at large (Thompson & Strickland, 2001: 436).

Corporate citizenship and socially responsible decision-making are demonstrated in a number of ways: having family-friendly employment practices, operating a safe workplace, taking special measures to protect the environment (beyond what is required by law), taking an active role in community affairs interacting with community officials to minimise the impact of layoffs or hiring large numbers of new employees (which could put a strain on local schools and utility services), and being a generous supporter of charitable causes and projects that benefits society (Thompson & Strickland, 2001 : 436).

Social responsibility becomes an integral part of the wealth creation process, which, if managed properly, should enhance the competitiveness of business and maximise the value of wealth creation to society (Corporate social responsibility research findings, 2001). Rampersad (2000:34) differentiates between social responsibility and social investment by illustrating (see Figure 1.1) the evolvement of corporate social investment from the broader social responsibility field. For the purpose of this study the researcher will only concentrate on the community needs challenges as an area of social responsibility.

FIGURE 1.1

THE EVOLVEMENT OF CORPORATE SOCIAL INVESTMENT FROM THE

BROADER CORPORATE SOCIAL RESPONSIBILITY FIELD

```
┌─────────────────────────────────┐
│ Corporate Social Responsibility │
└─────────────────────────────────┘
        │
        │   ┌─────────────────────────────┐
        ├───│      Socio-economic         │
        │   │       Responsibility        │
        │   └─────────────────────────────┘
        │   ┌─────────────────────────────┐
        ├───│   Moral,Ethical and Legal   │
        │   │         Compliance          │
        │   └─────────────────────────────┘
        │   ┌─────────────────────────────┐
        ├───│      Responsibility to      │
        │   │     company's employees     │
        │   └─────────────────────────────┘
        │   ┌─────────────────────────────┐
        ├───│  Community needs challenges │
        │   └─────────────────────────────┘
        │            │
        │            │   ┌─────────────────────────────┐
        │            └───│ Corporate Social Investment │
        │                └─────────────────────────────┘
        │                      │
        │                      │   ┌──────────────────────────────┐
        │                      ├───│    Community Developement    │
        │                      │   └──────────────────────────────┘
        │                      ├───│         Job Creation         │
        │                      │   └──────────────────────────────┘
        │                      ├───│          Education           │
        │                      │   └──────────────────────────────┘
        │                      ├───│           Welfare            │
        │                      │   └──────────────────────────────┘
        │                      ├───│  Small Business Development  │
        │                      │   └──────────────────────────────┘
        │                      ├───│            Health            │
        │                      │   └──────────────────────────────┘
        │                      ├───│      Rural Development       │
        │                      │   └──────────────────────────────┘
        │                      ├───│           Housing            │
        │                      │   └──────────────────────────────┘
        │                      ├───│         Environment          │
        │                      │   └──────────────────────────────┘
        │                      └───│       Arts and Culture       │
        │                          └──────────────────────────────┘
        │   ┌───────────────────────────────────────┐
        ├───│ Responsibility to Natural Environment  │
        │   └───────────────────────────────────────┘
        │   ┌───────────────────────────────────────┐
        └───│    Responsible Company Management      │
            └───────────────────────────────────────┘
```

Source: Adapted from Rampersad (2000:34)

1.2   MAIN PROBLEM

Businesses today take their commitment to the community seriously. Large and small companies realise that investing in the communities in which they operate is an important part of their business operation (Corporate social responsibility(a), 2001).

Rather than deny their social responsibility, or resist it by doing as little as possible, many companies are choosing to do everything that is required and to look for areas in which they can do even more for the mutual benefit of all stakeholders (Hellriegel, Jackson & Slocum, 1999: 205).

Social upliftment is no longer seen as the sole responsibility of government and charities. Companies are expected to share some of the spoils of business with the communities living in their shadows. Metropolitan chief executive, Peter Doyle, says it is not enough for businesses simply to throw money at good causes in the hope that those causes will be able to sustain themselves (Ryan, 2002:10). They need to enhance their current social responsibility practices to fit the current shifts and perspectives of social responsibility in the country. They also need to set criteria for selecting targets for social responsibility involvement for the mutual benefit of the organisation and society at large.

Sponsorships can be regarded as an integral part of Standard Bank's social responsibility and marketing communication strategies. Sponsorships energise their brand, making it more visible, interesting and relevant. By doing that they ensure that communication efforts become more effective.

As a South African Bank, Standard Bank supports sponsorship opportunities that have a national impact. Their sponsorships are focused on cricket (limited overs), the arts (visual and performing) and music such as jazz. With these sponsorships they hope to capture the spirit of the South African nation (Sponsorship, 2001). It is however, not clear how these targets are selected. The Absa Foundation focuses on education, HIV/Aids, income generation programmes and sport development

(The Absa Foundation, 2002). Absa also do not indicate how these focus areas are selected.

Organisations today, receive numerous requests for the funding of community projects. There is also a growing demand from communities to companies to address the pressing needs of society. Some companies only focus on social responsibility areas, which they felt will result in significant improvements in the financial performance of the company. Others may fund community projects with no financial gain in mind, but only to address the backlog of social delivery created by government. This could lead to a mismatch between the needs and objectives of the company and society at large. To simultaneously meet the needs of community and make a profit remains an experiment for most organisations especially when it comes to the selection of targets for social responsibility involvement. This leads to the following problem, which will be addressed by this research:

What are the practices of Standard Bank and Absa in selecting targets for social responsibility involvement?

1.2.1 SUB PROBLEMS

In order to develop a research strategy to deal with and solve the main problem, the following sub-problems have been identified:

(a)   What reasons do the literature study suggest that will inspire companies to become socially responsible?

(b)   What are the reasons for Standard Bank and Absa's involvement in social responsibility?

(c)   What, according to the literature, are the most popular targets for social responsibility involvement and the criteria for their choice?

(d)   How are the targets mentioned in (c) identified?

(e)   What are Standard Bank and Absa's targets for social responsibility involvement?

(f)   How do Standard Bank and Absa identify the targets mentioned in (e)

1.3   DEMARCATION OF THE RESEARCH

The purpose of the demarcation of research is to make the research topic manageable from a research point of view.

1.3.1   ORGANISATION

The study focused on Standard Bank and Absa only. These two financial institutions have been selected due to their vast corporate social responsibility programmes. They are also fairly representative of financial institutions in South Africa and it is therefore assumed that their social responsibility practices will be more or less similar to other financial institutions.

1.3.2   MANAGEMENT LEVEL

The study was limited to the persons in charge of the Standard Bank and Absa Foundations. The Foundations are involved in the decision-making process when deciding on targets for social responsibility and the provinces only act as a channel for the respective Foundations.

1.3.3   GEOGRAPHICAL DEMARCATION

The empirical component of this study was limited to the head office of Standard Bank and Absa, because decision-making takes place at head office.

1.3.4 SOCIAL RESPONSIBILITY INVOLVEMENT

This research was limited to the identification of the factors that influence Standard Bank and Absa's selection process. The main focus of this study was community needs challenges as illustrated in figure 1.1. This study, therefore, exclude all other province's selection criteria, but was guided by the policies and guidelines drafted by the head offices of Absa and Standard Bank.

The field of social responsibility can be divided into donation of products and services to benefit others, donation of money to charitable organisations, support of community activities, and sponsoring of arts/sporting events (Corporate social responsibility research findings, 2001).

1.4 DEFINITION OF SELECTED CONCEPTS

In this section, certain authors define key concepts that were used in this study. The researcher also provides a definition of each concept for the purpose of the study.

1.4.1 CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local communities and society at large to improve their quality of life (Corporate social responsibility (b), 2001).

Corporate social responsibility also means that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large (What is corporate social responsibility, 2001).

For the purpose of this study, corporate social responsibility refers to the obligation of an organisation to look for actions that protect and improve the welfare of society along with its own interests.

1.4.2 AFFIRMATIVE SOCIAL RESPONSIBILITY

Hellriegel et al (1999: 205) refer to affirmative social responsibility as the company's prerogative to do everything that is required and to look for areas in which they can do even more for the mutual benefit of all stakeholders.

For the purpose of this study affirmative social responsibility implies a proactive stance with regards to contributing to society's well being.

1.4.3 CORPORATE CITIZENSHIP

Ratshikhopha (2001: 2) defines corporate citizenship as the management of business operations in accordance with a set of core values and code of conduct in order to balance the legitimate interests of consumers, employees, business partners, shareholders, governments, communities and the environment.

For the purpose of this study, the same definition as above, will be used.

1.4.4 FINANCIAL INSTITUTION

According to Sykes (1982: 12) a financial institution is an establishment for the custody of money, which it pays out on a customer's order.

For the purpose of this study a financial institution will be defined as a concern or institution that provides financial services to its customers.

1.4.5 SPONSORSHIP

Sponsorship can be defined as the support of an activity or an event from which the sponsor expects to derive a tangible benefit (Wragg, 1994: 11).

For the purpose of this study sponsorship will be defined as a business deal, which is intended to be to the mutual advantage of the sponsor and the sponsored.

1.4.6 PHILANTHROPY

Anderson (1989: 243) defines philanthropy as the disposition or effort to promote the happiness or social elevation of mankind, by acts or charity, making donations and so on; love or benevolence toward mankind in general.

For the purpose of this study philanthropy will be defined a transfer of a charitable nature of corporate resources to recipients.

1.4.7 WHISTLE BLOWING

Whistle blowing is the disclosure by an employee of illegal or unethical conduct on the part of others within the organisation (Griffin, 1996: 124).

For the purpose of this study whistle blowing refers to employee disclosure of illegal, immoral, or illegitimate practices on the employer's part.

1.4.8 MARKET TARGETING

Kotler and Armstrong (1996: 46) define market targeting as a process of evaluating each market segment's attractiveness and selecting one or more segments to enter.

For the purpose of this study the same definition will be used.

1.5   ASSUMPTION

It is assumed that social responsibility practices operate in the same way irrespective of the type of organisation.

1.6   THE SIGNIFICANCE OF THE RESEARCH

The purpose of business is not to 'do good', take care of others, or support the welfare system. Expecting this from business is not only inappropriate but also unfair. That is not to say that business should not behave ethically or with attention to social concerns. It should not, however, define this as its primary goal. These benefits should flow if businesses are meeting their primary goals like maximising profits and returns for shareholders (Beerel, 1998: 266).

The challenge for South African companies is to be profitable while addressing society's needs for a healthy environment to operate in. In order for them to achieve this, they need to identify the factors that will benefit them and the society at large. These factors will assist them in the selection of targets for social responsibility involvement.

As part of their Corporate Social Investment programmes, many South African companies have taken it upon themselves to invest in areas, which could rightfully be said to be the responsibility of government. The private sector recognises, however, that the government has such a backlog to make up that it is not always able to do everything (Hellriegel, Jackson, Slocum, Staude & Associates, 2001:136). By doing this, companies can set themselves up for failure by not identifying the benefits for the company and society at large, and only concentrate

on the backlog created by government. It is therefore imperative for companies to identify the factors that could give them a source of competitive advantage, and simultaneously addressing the needs of society at large.

Mintzberg and Quinn (1991: 549) are convinced that excellence in performance in social responsibility areas is a requirement their customers, employees and shareholders expect if they intend to compete successfully in the marketplace.

Standard Bank and Absa's managers, involved in social responsibility, can use the results of this research to determine whether the design of their current social responsibility programmes correspond with what the literature suggest and on the other hand, what programmes or activities are needed to enhance their social responsibility practices.

1.7   RESEARCH DESIGN

In this section the broad methodology followed in the study is described. A detailed discussion of the empirical study is presented in chapter four.

1.7.1 RESEARCH METHODOLOGY

The following procedure was adopted to solve the main and sub-problems:

1.7.1.1 Literature survey

Social responsibility practices with specific reference to selecting targets for social responsibility involvement were identified from the literature. The purpose of the literature study was to ascertain what the different authors suggest for the selection of targets for social responsibility involvement.

1.7.1.2 Empirical study

Structured interviews have been conducted with managers in charge of Standard Bank and Absa's Foundations, by using a questionnaire compiled by the researcher.

1.8   OUTLINE OF THE STUDY

The outline of the study is as follows:

Chapter 1   : Research design, definition of concepts and outline of the study

This chapter discusses the research design that was followed in the study, and puts forward the problems to be researched. Key concepts are defined and a breakdown of the study is given.

Chapter 2   : Social responsibility in perspective

In this chapter social responsibility is explained in general. Historical views on social responsibility are given as well as the areas of social responsibility involvement. Major arguments for and against social responsibility are summarised in this chapter.

Chapter 3   : Selecting of targets for social responsibility

Chapter three looks at the selection of the target audience for social responsibility involvement. Criteria used for funding is explored from the work of different authors and organisations in South Africa. Major beneficiaries of social responsibility involvement have been identified and areas of social responsibility support by South African companies are identified.

Chapter 4   : Designing the empirical survey

The design of the empirical survey is enlighten in this chapter. The purpose of the research is highlighted as well as the research instruments explained. Problems experienced with the research are also identified in this chapter.

Chapter 5   : Results of the empirical study

This chapter communicates and summarises the results of the empirical study.

Chapter 6   : Conclusion and recommendations

Chapter six serves as the conclusion of the study and provides recommendations based on the findings and literature reviews.

CHAPTER TWO

SOCIAL RESPONSIBILITY IN PERSPECTIVE

2.1   INTRODUCTION

Hellriegel et al (2001: 137) holds that a proactive, or affirmative approach to social responsibility is the most difficult, complex, and expensive concept for organisations to implement. South African companies experienced an increase in public interest in social responsibility and can therefore not avoid having people evaluate how well they perform in this regard. Companies need to consider and accept broader criteria for evaluating the organisation's performance on a social role than those required by law and the marketplace (Hellriegel et al, 2001: 137). They need to take more definite stands on issues of public concern. It is also imperative that managers and employees maintain and improve the current standards of the physical and social environment. This means that managers and employees need to accept responsibility for solving current social problems. They must show a willingness to adhere to legislative and political activities with regards to social responsibility. It is thus imperative that managers of South African companies adopt an affirmative social responsibility approach.

Social responsibility can thus be regarded as the obligation of an organisation to look for actions that protect and improve the welfare of society along with its own interests. Organisations therefore do have an effect on society through their actions and programmes. The impact an organisation has on society will determine the criteria that an organisation will use when selecting local targets for social responsibility. It is reasonable to assume that there are certain universal factors, which will result in positive consequences with society irrespective of the type of organisation. Part of this research is to find such universal factors, which will lead to organisations perceived by society to be socially responsible. This chapter will look at the historical views on social responsibility, the major objectives of social

responsibility, and the arguments for and against social responsibility, followed by a discussion of the management of social responsibility.

2.2   HISTORICAL VIEWS OF SOCIAL RESPONSIBILITY

Views of social responsibility held by organisations, the government, and the society at large have changed significantly over the last hundred years. Griffin (1996:111) identified three critical turning points in the evolution of social responsibility. The first he referred to as the entrepreneurial era, which is the period of time during the late 1800s when a few business owners (better known as the Captains of Industry) in the United States of America (U.S.), build huge empires in various industries. These individuals abused their power derived from their control and the influences of the industries at national level. This led to labour lockouts, discriminatory prices and policies, blackmail and tax evasion. Objections from public officials forced government to introduce laws that define the relationship among business, government, and society. The purpose of these laws was to highlight the role that business has to play beyond the pure maximisation of profits.

The next turning point according to Griffin (1996:111) occurred during the depression era, a period of time from 1929 through to 1930 during which the public blamed business for economic problems and sought to regulate business through government to prevent such problems in future. Large organisations that dominated the U.S. economy at that time were condemned for their irresponsible financial practices that led to the stock market crash in 1929. The U.S. government, to protect the investors and smaller businesses, passed several more laws. The U.S. government maintained that organisations should take an active role in promoting the general welfare of the U.S. public.

The last turning point advocated by Griffin (1996:112) was the social era, a period of great social unrest during the 1960's during which business was perceived as responsible for social problems and called on to help redress those problems. Organisational practices in U.S. came once again under scrutiny and tighter restrictions on pollution, consumer warnings on products such as cigarettes, and

increased regulations of many other industries all grew from concerns that were raised during this period.

In South Africa, the major turning point in social responsibility came in the post-apartheid era (also referred to as the New South Africa), an era starting after the release of Nelson Mandela from prison (in February 1990) and the unbanning of the African National Congress and other political organisations. This era also witnessed the lifting of sanctions imposed by international companies in protest against the injustice created by the Apartheid policies of the then National Party, who was in power for almost forty-eight years. It is in this era that South African citizens elected their first democratic government referred to as the government of National Unity.

Apartheid is said to have created numerous imbalances and inequalities, which expedited the emergence of social problems in major parts of South Africa. The new South Africa has inherited a racially skew distribution of wealth and resources, a major development backlog in the black community with a lack of social and physical infrastructure, a high unemployment rate, and appalling rural poverty and rural overpopulation amongst black people. These factors led to the introduction of the Reconstruction and Development Plan (RDP) by the Government of National Unity, aimed at redressing imbalances in the provision of utilities, social, and physical infrastructure amongst previously disadvantaged sections of the community.

It is against this background that South African businesses started to realise that it had to assume a socio-political role. According to Mersham, Rensburg and Skinner (1995:90) this included creating a generation of managers that are moral and entrepreneurial as well as capable of administering a large organisation. They further maintained that in addition to the socio-political role, business has tended in recent years to focus on the need for economic growth and recorded another author's view that the purpose of corporate social responsibility in South Africa is to assist in the development and maintenance of a socio-economic and socio-political environment that is conducive to real economic growth.

According to Alperson (1995:222) South African companies enjoyed large profit margins in the world at the expense of underpaid local labour. To this end they embarked on corporate social investment (CSI) to help the very communities they have impoverished. The increase in social investment programmes budgets by South African businesses over the recent years authenticated the increasing importance of social responsibility to these businesses.

2.3   OBJECTIVES OF SOCIAL RESPONSIBILITY

The major objectives for social responsibility involvement, can be summarised as follows:

- having family-friendly employment practices, for example, the granting of leave for family responsibilities;
- creating a safe workplace, for example, the provision of protective clothing for factory workers;
- taking an active role in community affairs, for example, the provision of facilities for community activities;
- supporting charitable causes and projects that benefits society, for example, donation of money for HIV/Aids awareness campaigns; and
- protecting the environment in which the company operates, for example, to minimise the pollution of the earth by using environmental friendly packaging.

These objectives will vary from one company to the next depending on the importance of social responsibility to that company as well as the social pressures from government and society. It also depends on the company's commitment towards solving or preventing general social problems. Corporations thus have considerable freedom in these areas of social responsibility. They can select which specific programmes or activities to become involved with – or not to become involved at all. Du Plessis (1996: 368) maintained that the primary objective of community involvement is that the enterprise should reinvest in the community to recognise their support for the enterprise.

2.4   ARGUMENTS FOR AND AGAINST SOCIAL RESPONSIBILITY

Various arguments for and against social responsibility have been put forward in literature, as are illustrated below.

2.4.1   ARGUMENTS FOR SOCIAL RESPONSIBILITY

There is a general agreement amongst people who favour social responsibility that businesses create numerous problems that need to be addressed, such as air and water pollution and resource depletion, which necessitate a solution from these businesses. Griffin (1996:115) further argues that because corporations are legally defined entities with most of the same privileges as private citizens, businesses should not try to avoid their obligations as citizens.

Another motive for social responsibility is profit. If organisations make clear and visible contributions to the communities, they can achieve an enhanced image and acquire greater market share for their products. Griffin (1996:116) supports this view by saying that although claims of social responsible activities can haunt a company if they are exaggerated or untrue, they can also work to the benefit of both the organisation and society if the advertised benefits are true and accurate.

Bartol and Martin (1991: 123) identified three major counterarguments that are typically advanced in favour of social responsibility to society. One argument is the antifreeloader that indicates that since businesses benefit from a better society they should bear part of the costs by actively working to bring about solutions to social problems.

The second argument is the capacity argument which states that the private sectors, because of its considerable economic and human resources, must make up for recent government cutbacks in social programmes.

The last argument refers to the enlightened self-interest argument which holds that businesses exist at society's pleasure and that, for their own legitimacy and survival, businesses should meet the expectations of the public regarding social responsibility. This will ensure that they do not suffer financially and go out of business. This latter argument is related to the law of responsibility, which state " in the long run, those who do not use power in a manner that society considers responsible, will tend to lose it" (Bartol & Martin, 1991: 123).

Anderson (1989:10) identified a further thirteen arguments in support of social responsibility activities:

- It is in the best long-run interest of the business to become intimately involved in and to promote and improve the communities in which it does its business.
- It can and should improve the corporate and local image of the company.
- It is in the shareholders best interest. By making communities a better place to live, it can entice superior and happier workers to the company who in turn will put better products and increase profits.
- Social actions can be profitable to the company if handled with care and forethought.
- It increases the visibility of the business firm and the business system and places them in a more favourable light and makes them a more viable institution with the general public.
- It will help prevent possible unpalatable and even destructive government regulations.
- "Business is partially responsible for getting themselves in the mess they are in so they should help to get themselves out of it".
- Ethical-moral and socio cultural norms require acts of social responsibility.
- It will help maintain and gain customers.
- Investors prefer to invest in socially responsible firms.
- Governmental agencies have miserably failed to solve many of the existing social problems. Business has the necessary talent, money and know-how to solve these problems so they should be encouraged to do so.
- It is better to prevent social problems from occurring.

- It is better to take some positive action than to take no action at all.

Lazarus (1997:54) believes that social responsibility programmes generate goodwill and loyalty and it is a reassurance for existing customers that business is out there to do good things for their community. He ascribed Ellerine's success in the Black Market to being socially responsible, community-friendly to these sophisticated markets.

For a corporate social responsibility program to be meaningful, there must be tangible benefits flowing from the investment made. The sustainability and affirmative consequence of programmes on communities supported are hence important indicators of success.

According to the business for social responsibility report (Introduction to corporate social responsibility, 2002), companies have experienced a range of bottom-line benefits, including:

- Improved financial performance: Business and investment communities have long debated whether there is a real connection between socially responsible business practices and positive financial performance.
- Reduced operating costs: Some corporate social responsibility initiatives, particularly environmentally oriented and workplace initiatives can reduce costs dramatically by cutting waste and inefficiencies or improving productivity.
- Enhanced brand image and reputation: Customers often are drawn to brands and companies considered to have good reputations in corporate social responsibility-related areas. A company considered socially responsible can benefit both from its enhanced reputation with the public, as well as its reputation within the business community, increasing a company's ability to attract capital and trading partners.
- Increased sales and customer loyalty: A number of studies have suggested a large and growing market for the products and services of companies perceived to be socially responsible. While businesses must first satisfy customers' key

buying criteria - such as price, quality, appearance, taste, availability, safety and convenience - studies also show a growing desire to buy based on other value-based criteria, such as smaller environmental impact, and absence of genetically-modified materials or ingredients.

- Increased productivity and quality: Company efforts that result in improved working conditions, lesser environmental impact, or greater employee involvement in decision-making often lead to increased productivity and reduced error rate.

- Increased ability to attract and retain employees: Companies perceived to have strong corporate social responsibility commitments often find it easier to recruit employees, particularly in tight labour markets.

- Reduced regulatory oversight: Companies that demonstrate that they are engaging in practices that satisfy and go beyond regulatory compliance requirements are being given less scrutiny and more free reign by both national and local government entities.

Figure 2.1 outlines the business benefits of corporate social responsibility highlighted by corporate respondents in South Africa. It is evident form Figure 2.1 that there is a general agreement on the advantages of corporate social responsibility involvement amongst corporates in South Africa. It can further be said that they all agree that image is one of the most important benefits for involvement in social programmes.

FIGURE 2.1

BUSINESS BENEFITS OF CSI ACTIVITIES
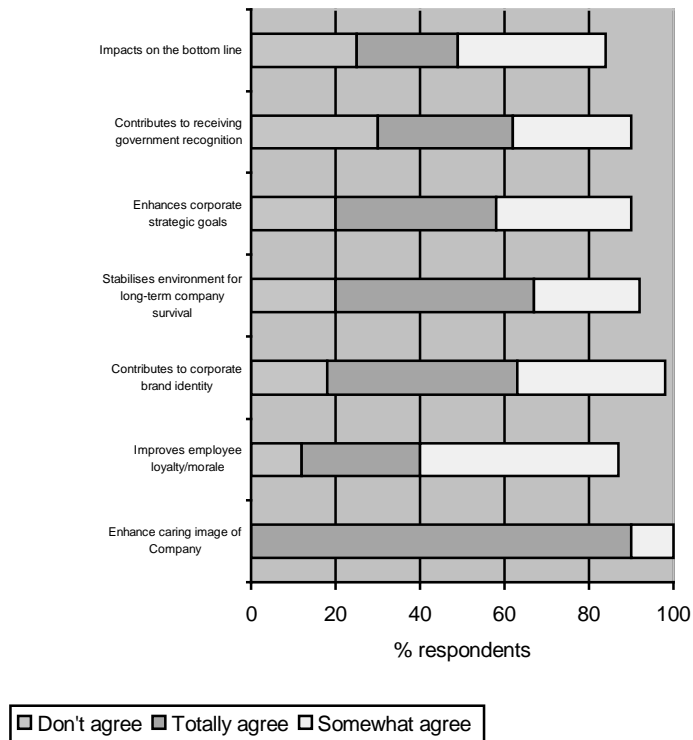
Source: Adapted from Corporate Social Investment Handbook (2001:11)

2.4.2 ARGUMENTS AGAINST SOCIAL RESPONSIBILITY

One of the main arguments against social responsibility is that the money spend on social problems, could have been distributed to the owners as a dividend. Another argument is the fear for conflict of interest, where a person responsible for social responsibility might select a social programme, which interest him or her and neglect the more needy areas (Griffin, 1996: 117).

Some critics feel that organisations lack the know-how to correctly apply social responsibility programmes. This argument focuses on the question of how a company will know which programmes deserve their support. This question will be

answered in chapter four dealing with the selecting of targets for social responsibility.

Anderson (1989:11) further identified twelve arguments against companies involvement in social responsibility activities:

- Society would be better off if it asked businesses only to maximise their efficiencies and thus lower costs.
- It violates the policy of profit maximisation, and as a result shareholders will suffer.
- It will increase the price of the end item, and as a result all purchasers of the end item will suffer.
- Most corporate executives lack the knowledge, perception, skills and patience to deal with and solve society's problems.
- Social actions cannot be measured, so why participate in them?
- The trade balance will suffer. Higher priced domestic goods will cause purchasers to buy foreign goods and local money will leave the country.
- Businesses already have too much power. Increased activity in the social arena will only increase its power to remould society to their way of thinking.
- Business is not directly accountable to the public; therefore, the public would have little or no control over where and how deeply a company become involved.
- It decreases short-run profitability.
- Shareholders are unhappy for numerous reasons.
- Governments should pass the laws they want obeyed and enforce them and not expect business to go beyond the law in solving the problems of society.
- If the government wants businesses to support social activities, if should give them adequate incentives to do so.

Cronje, Du Toit, Mol, Van Reenen and Motlatla (1998:255) quoted Milton Friedman's view against social responsibility as "the business of business is business". They also recorded Alfred Rappaport's view by saying the cost of social responsibility, does not increase the value of the company nor its stocks, but will be

passed on to consumers by way of higher prices or to employees as lower wages or to the shareholders as lower returns. These opponents are of the opinion that business makes it biggest contribution to society by producing useful products, providing jobs, and generating the wealth that makes their standard of living possible.

The arguments for and against social responsibility can be summarised as in Figure 2.2.

FIGURE 2.2

ARGUMENTS FOR AND AGAINST SOCIAL RESPONSIBILITY

Arguments for social responsibility   Arguments against social responsibility

Business creates problems and should therefore help solve them.		The purpose of business in society is to generate profits for owners.
Corporations are citizens in our society.	Social Responsibility	Involvement in social programmes gives business too much power.
Business often has the resources necessary to solve problems		There is potential for conflicts of interest.
Business is a partner in our society, along with the government and the general population.		Business lacks the expertise to manage social programmes.

Source: Adapted from Griffin (1996:115)

Although each of the arguments for or against social responsibility holds some merit, an important point to remember is that organisations do not operate in a vacuum. They need customers to buy their products and services as much as customers need organisations to supply these goods and services. Customers are part of the community and so are the organisations. This confirms the mutual relationship between society and business in general. The biggest question should

be to decide what the major stances are that an organisation can take concerning its obligations to society. This question will be addressed in chapter three dealing with the selection of targets for social responsibility involvement. A further question is to the degree of social responsibility that the organisation wants to adopt. Figure 2.3 reflects the degrees of social responsibility that a company can adopt.

FIGURE 2.3
APPROACHES TO SOCIAL RESPONSIBILITY

Degree of Social Responsibility

Social Obstruction	Social Obligation	Social Response	Social Contribution

Lowest   Highest
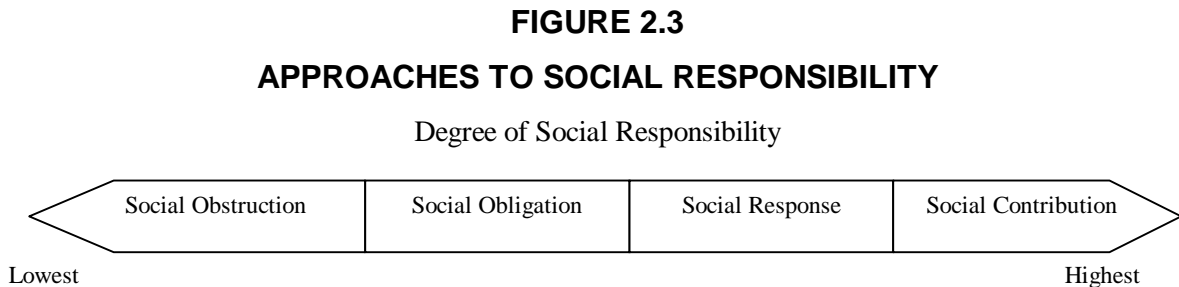
Source: Adapted from Griffin (1996:117)

Organisations who follow a social obstruction approach to social responsibility, normally do as little as possible to solve social or environmental problems (Griffin, 1996: 117). This is the lowest degree of social responsibility that a company can adopt.

Social obligation is a social responsibility stance in which an organisation does everything that is required of it legally but nothing more (Griffin, 1996: 117). This approach is most consistently with the arguments used against social responsibility, described in this chapter.

An organisation following the social response approach will normally meet its legal and ethical requirements but will also go beyond these requirements if the organisation is convinced that the social responsibility programmes proposed are worthy of their support (Griffin, 1996: 118). This approach is usually reactive.

Organisations who follow the social contribution approach normally see themselves as citizens in a society and proactively seek opportunities to contribute (Griffin,

1996: 118). This approach has the highest degree of social responsibility and is consistent with the arguments for social responsibility identified in this chapter.

2. 5   MANAGING SOCIAL RESPONSIBILITY

The scope of social responsibility as a strategic function in organisations has broadened over the last couple of years. This enlarged view of social responsibility resulted from increased pressures from society to see businesses act responsibly. Environmentalists have also join pressure groups to force companies to act responsibly in anything they do and not to circumvent their responsibility to the environment.

Great changes have taken place in the interrelationship between business and society and greater ones seem to be continually taking place. The challenge to managers of South African companies is to fully understand the impact of these changes on business and society and to gain the necessary social expertise to successfully address these changes to the mutual benefit of the business goals and the goals of society at large.

Anderson (1989:247) identified seven steps that an organisation need to take in managing their corporate contributions: align your gifts with your products and goals, put some distance between your corporate contributions effort and the CEO, choose the right organisational structure for your needs, pick a manager to give company money away, treat grant seekers like customers, set long-term budgets for contributions, and expect to prepare for opposition. They continue by saying that if the above-mentioned steps have been followed; the organisation needs to determine to whom the money should be given. They quoted six rules that can be followed:

- Organisations must not run their contributions programmes as a public relations experience;
- they must not automatically renew grants to programmes;
- companies should not get too involved in their grantees' day-to-day operations once they have written the cheque;

- the organisation should not try to please everyone;
- they must take a chance on an unconventional cause; and
- they must not work in isolation.

Two dimensions (formal and informal) of managing social responsibility in an organisation can be identified (Griffin, 1996: 123). These dimensions are discussed below.

2.5.1   FORMAL ORGANISATIONAL DIMENSIONS

The formal dimension normally comprises of the legal compliance with governmental regulations, ethical compliance and philanthropic giving. The legal compliance refers to the extent to which companies comply with the local, government and international laws that governs the way an organisation should operate, e.g. the Employment Equity Act. These laws are normally assigned to the divisional heads to ensure compliance in the organisation. For example, the Risk Manager will see to it that all staff complies to the laws that might put the company at risk, i.e. tax laws, employment equity laws, codes of conduct, and the like. Some organisations may have a legal department to interpret these laws and regulations, and ensure general understanding and reasoning behind the purpose of the law.

Ethical compliance simply refers to the extent to which staff of the organisation behaves in an ethical manner. Some companies may have a code of conduct as a standard of behaviour expected form their staff members. Cronje et al (1998:250) differentiate between ethical and unethical behaviour by saying that ethical business behaviour is individual behaviour that corresponds to what is generally regarded as correct business conduct, while unethical business practices refer to conduct that is in conflict with what is generally seen as the right or correct business conduct. They further maintain that ethical and unethical conduct depends on the norms or values of a particular community or subculture and the views of individuals within that community or subculture regarding what is right and wrong in certain circumstances – different subcultures and communities have

different social norms and morals. It is also important to note that in a country like South Africa, with its diversity of ethnic and cultural groupings, it is not practical to speak of generally accepted social norms and morals. South African companies who employ staff with disparate beliefs on ethical and unethical conduct thus need a code of conduct.

The third formal dimension, philanthropic giving, refers to the granting of funds or gifts to charities or worthy causes. A number of companies determine the budget for philanthropic giving as a percentage of pre-tax profits. This ensures that corporate giving is always affordable (Griffin, 1996: 124). One of the basic problems in philanthropic giving is to determine who should receive money and how much. Should the company distribute money evenly to worthy causes in the community or should they only concentrate on the high reward areas? This is addressed in chapter three, dealing with the selection of targets for social responsibility involvement.

Anderson (1989:24) advocated that the objectives of the company in the area of philanthropic giving should be as clearly defined and explicit as are those in economic policy and strategy. He further suggests that the company should be as firm about what it intends to be and do in this area as it is about the business in which it wants to be involved and the type of people it wants to attract to its organisation.

2.5.2   INFORMAL ORGANISATIONAL DIMENSIONS

Apart from the formal dimensions for managing social responsibility, two informal dimensions can be identified, namely organisational leadership and culture as well as whistle blowing.

The researcher is of the opinion that the leadership practices and culture of the organisation will portray the organisation's stance on social responsibility. It is imperative that executives communicate to their subordinates on the importance of

community and stakeholders to the business. The danger for not communicating a consistent message to subordinates is that their reaction or response to certain issues concerning the community might not be consistent with the company's policy on social responsibility.

Whistle blowing on the other hand, refers to the disclosure by an employee of the illegal or unethical conduct on the part of others within the organisation. According to Griffin (1996:124), the way a company respond to this type of practice often indicates its stance towards social responsibility. Whistle blowers often loose their jobs or face victimisation from managers who tend to turn a deaf ear to illegal practices by organisations. The ignorance displayed by the immediate line manager of the whistle blower may lead to criminal investigations if the whistle blower decides to escalate the matter to the higher powers or even the media.

2.6   EVALUATING SOCIAL RESPONSIBILITY

Griffin (1996:124) strongly believes that any organisation that is serious about social responsibility must ensure that its efforts produce the desired results. Many companies conduct a social audit, which is a formal and thorough analysis of the effectiveness of the firm's social performance. This audit requires that the organisation clearly define all its social goals, analyse the resources devoted to each goal, examine how well it is achieving the various goals and make recommendations about which areas need additional attention. The evaluation should apply to social responsibility as it would apply to any other organisational strategy.

Daft and Marcic (1998:147) recorded a model (Figure 2.4) for evaluating corporate social performance. The model indicates that total corporate social responsibility can be subdivided into four criteria – economic, legal, ethical, and discretionary responsibilities. The responsibilities are ordered from bottom to top based on their relative magnitude and frequency with which managers deal with the issue.

FIGURE 2.4

TOTAL CORPORATE RESPONSIBILITY

Discretionary Responsibility

Contribute to the
Community and quality of life

Ethical Responsibility

Be ethical. Do what is right. Avoid Harm.

Legal Responsibility

Obey the law

Economic Responsibility

Be profitable

Source: Adapted from Daft & Marcic (1998:147)

When companies evaluate their social responsibility programmes, they can utilise the model above to determine how well they perform relatively to the four criteria identified in the model. Their social responsibility programmes may vary in terms of importance to the criteria presented in the model. Some companies' programmes may lean more towards discretionary responsibility whilst others may only be towards economical responsibility. A perfectly equal mix of social responsibility programmes across the different criteria may also be evident in some companies.

2.7   SUMMARY

This chapter discussed social responsibility in general. The historical views have been explored as well as some major arguments for and against social responsibility. Some approaches to social responsibility have been illustrated and attention has been given to the management of social responsibility. The next chapter will deal with the selection of targets for social responsibility involvement.

CHAPTER THREE

SELECTING TARGETS FOR SOCIAL RESPONSIBILITY

3.1   INTRODUCTION

South African communities face many social problems that require far more resources than what is available. There is no doubt that choices need to be made and priorities need to be established. Sometimes communities dictate the priorities, whilst on the other hand business influences community priorities directly. Companies also receive numerous requests for artistic, sport, educational, and charitable assistance serving both special groups and the community as a whole.

Post, Frederick, Lawrence and Weber (1996: 494) maintain that corporate contributions to educational, charitable, scientific, and community programmes help sustain vital community institutions while benefiting business in a variety of ways. Companies need to decide whether they will support all or some of these requests. It is against this background that companies need to select targets for social responsibility and to establish criteria for selection.

It is evident that most companies select targets for social responsibility involvement that adds an extra dimension to their marketing plans and builds substance for the lifestyle characterisation of their products or services as well as corporate image. Social responsibility can hence be focussed on various areas.

According to Du Plessis (1996: 369) the main areas of social responsibility in South Africa are sport sponsorships, training and education, nature, information and culture. Companies mainly select targets from these areas depending on the corporate objectives of the company.

This chapter will particularly look at how companies identify their targets for social responsibility involvement with specific reference to sponsorship and charitable giving. The researcher is of the opinion that sponsorship and charitable giving are

the most common forms of social responsibility involvement across companies in South Africa.

3.2 DETERMINING THE TARGET AUDIENCE FOR SOCIAL RESPONSIBILITY

To select a money recipient, companies need to carefully assess their objectives and resources before a target market can be selected for contributions to worthy causes. The abilities and expertise of the organisation have to be linked to the characteristics and needs of the 'consumers' in the different market segments.

Kotler and Armstrong (1996: 46) define market targeting as a process of evaluating each market segment's attractiveness and selecting one or more segments to enter. They further advocate that a company should target segments in which it can generate the greatest customer value and sustain it over time. They also mentioned that a company with limited resources might decide to serve only one or a few special segments. The larger companies may seek for full market coverage.

Each company may differ greatly in its ability to apply social responsibility in the different segments of the community. Kotler and Armstrong (1996: 234-235) maintain that instead of trying to target the entire market (community), a company could identify a part of the market (community) it can best serve. This helps an organisation to focus on the target audience, instead of scattering its efforts on a large heterogeneous market. Lamb, Hair and McDaniel (2000: 173) refer to this marketing tactic as benefiting segmentation. They maintain that the ultimate aim of benefit segmentation is to group potential customers on the basis of their needs and wants, instead of other characteristics such as age or gender.

Kitchen (1997: 136-137) advocated that organisations need to plan their corporate social responsibility programmes in line with their corporate objectives and that it is best achieved by formulating policy and setting criteria as to what types of projects they will undertake and support. Criteria could be that the project should be locally

based, the project being run by or for the youth market, or that the project should encourage self-help.

Successful target market selection obviously demands intensive market research. Companies will have to identify key focus areas such as the disadvantaged, elderly people, environmental issues, economic development, and the like. Based on these focus areas, guidelines can be set for example: Will the project support the company's main focus areas? Will the project have some relevance to the company? Is it a registered or recognisable charitable or community organisation? Does the project demonstrate the benefits to the company?

Guidelines for rejecting requests also need to be set by the company, for instance: no support for individuals, no support for projects outside the region, or no support to political/lobby pressure groups or trade unions. This will help in the sifting process and will save time and resources.

When evaluating whether to support requests for grants and donations, the following questions need to be considered: Does it fit in with company guidelines? Does it overlap with support for an existing project? Has the company supported it in the past and what was their experience? How effective is the charity?

Skinner and Von Essen (1992: 86) suggest that the following guidelines be followed when selecting suitable projects to support:
- Acceptability by community – have all parties been consulted and has some consensus been reached?
- Nature of the project – is this a 'grass roots' project that affects the beneficiaries directly and does the project reach a large proportion of the community? Does the project lead to change or does it merely maintain the status quo? Does the project address matters of real urgency with both short an long-term benefits? Does the project lend itself to being duplicated in other areas if it proves successful? Is the project preventative rather than curative in nature? Will the project eventually become self-funding? Is the project non-racial?

- Cost – Will the organisation make a recognisable contribution? Will it be an on-going commitment or basically getting the project off the ground? What tangible benefits will flow from the project for the participants and the company?

In focussing on sponsorships in particular, Mersham et al (1995:148) identified four considerations an organisation needs to keep in mind:
- Can the company's internal organisation cope with the additional work a sponsorship will create? The details of the organisation of a sponsorship can be intricate and time-consuming.
- What are the attitudes of the sport administrators, in the case of sports sponsorship, and the arts associations, in the case of cultural sponsorship, towards sponsorship? How much input do they want?
- What is the media coverage likely to be?
- What other sponsors will there be?

Wragg (1994: 39) adds some more questions: What would be the objective of sponsorship? Which audiences essential to the organisation's success would be reached through sponsorship? What activity or event is of most interest or concern to these audiences? Which geographical territories need to be covered? What is the desired image of the company, its products or brands? He believes that the same criteria can be applied when sifting requests for charitable donations.

3.2.1   ASSESSING SOCIAL RESPONSIBILITY ALTERNATIVES

Mersham et al (1995: 102) also proposed that a company should use a checklist of criteria for corporate social investment. Companies need to assess whether they can deliver on its promises to society and check whether the project is compatible with the corporate philosophy and /or stakeholder's directives. An assessment needs to be undertaken to discover whether the corporate involvement will reach the community to which the investment is addressed.

Another item on the checklist is to ascertain if the corporation can dedicate sufficient advance time/resources to get maximum media/community exposure. They need to find out if the community can handle the project or if it will be corporate-driven. One major consideration is to assess whether the response to social investment offer the opportunity for developing new business and new contacts to the organisation. Organisations also need to ascertain whether they are willing to dedicate long-term support for the effort as it takes time to mature. Companies need to determine how this investment will utilise the talents of employees.

The requests from communities should be assessed to determine if the proposed investment can include in–kind services or products to reduce cash outlay. The final assessment should be to discover whether top corporate management supports the social/community investment. All of the items in the checklist should be scrutinised in conjunction with a company's corporate social responsibility policy.

It is evident from the above considerations, that the company must first identify its own business needs before it can assess whether the sponsorship or donation is related to the company's business needs. Companies may wish to improve or restore confidence, initiate social responsibility, underline company stability, correct misconceptions, plead a case, improve attitudes and opinions, or improve employee morale. Skinner and Von Essen (1993:236) cited that sponsorships for example should meet the organisation's need more efficiently and certainly less expensively than alternative solutions.

There are claims that companies sometimes sponsor unsuitable events because they have no suitable alternative. They feel that they ought to do something but are at the mercy of whoever offers them a sponsorship opportunity because there is no worthwhile alternative. The danger of this type of practice is that the company may waste money on issues that will not result in benefits to the company and the intended recipient of the money.

Kotler and Andreasen (1987: 330) identified five common guiding criteria used by foundations to appraise a project proposal: the importance and quality of the project, the neediness and worthwhileness of the organisation, the organisation's ability to use the funds effectively and efficiently, the importance of satisfying the persons who are doing the proposing, and the degree of benefit that the foundation will derive in supporting the proposal.

3.2.2 EVALUATION CRITERIA FOR SOCIAL RESPONSIBILITY INVOLVEMENT

Sleight (1989:111) arranged the major evaluation criteria for social responsibility involvement under four headings, namely, image, audience, sales and miscellaneous. Questions pertaining to these groups are summarised in Table 3.1.

In addition to the options proposed by Sleight, companies could also make use of the criteria for project appraisal as put forward by The International Fundraising Consortium (INTERFUND) (2002). It is proposed that:

- the project should show some evidence of community involvement and participation;
- project leaders should have the ability to administer funds in an accountable and cost effective way;
- the project leaders should show commitment to co-ordination and networking with other organisations active in the same region or sector;
- the long-term institutional sustainability and the prospects for attracting resources and finance from International and other South African sources should be considered;
- there must be a commitment to local skills development and empowerment; effective and accountable leadership should be evident; and
- a commitment to commit to issues of transformation such as racial equity, leadership development and gender equity must be evident

TABLE 3.1

EVALUATION CRITERIA FOR SELECTING THE EVENT TO SPONSOR

Image and Awareness	• Does it provide good fit with the brand or corporate positioning? • Does the event/sport or activity have a clean image, or is it associated with violence or hooliganism, or drug taking? Will that image affect the sponsor? • Can the sponsor's name be associated with the event? • How visible will the sponsorship be? • What level of media coverage is expected?
Audience	• Who is the audience for the event? • Do the event participants fit with a target audience in terms of demographics and psychographics? • How many participants can be reached? • Can the event be used to reach special interest groups or specialist markets?
Sales	• Has the sponsorship the potential to effect sales? • Does it have sales promotional potential? • Are there any on-site sampling opportunities? • Are there on-site sales outlets? • Are the competitors able to sell on-site?
Miscellaneous	• Is it a sole or co-sponsorship opportunity? • What manpower will the sponsor need to put into the project? • How much control will the sponsor have? • Does the event have continuity or is it a once off? • Are there possible long-term benefits or opportunities? • Can results of success or failure be measured? • Does the event add an extra dimension to your communication activities that aids the projection of a product lifestyle image?

Source: Adapted from Sleight (1989:111)

Although none of the examples include budget availability as a criteria, its importance is reflected in the subsequent discussion. Most companies set budgets as a percentage of after tax profits, which means when the company does not perform well, budgets will be less and vice versa. Figure 3.1 illustrates the movement in the corporate social investment (CSI) budget from 2000 to 2001 whilst Figure 3.2 highlights the anticipated CSI budget for the next two years. It is

pleasing to note that 50 percent of the corporates in South Africa, increased their budgets and a further 29 percent remained the same.

FIGURE 3.1

CHANGES IN CSI BUDGET FROM 2000 TO 2001
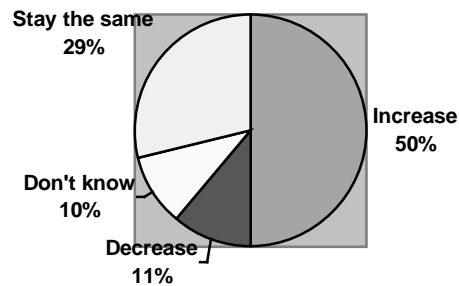
Source: Adapted from Corporate Social Investment Handbook (2001:83)

FIGURE 3.2

CHANGE IN CSI BUDGET ANTICIPATED THE NEXT TWO YEARS
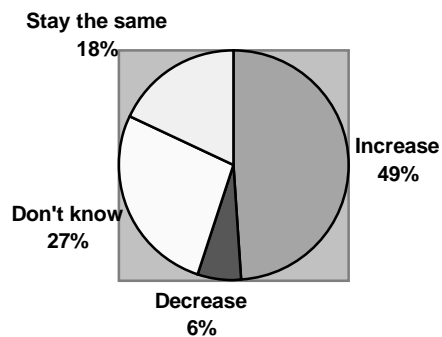
Source: Adapted from Corporate Social Investment Handbook (2001:85)

The anticipated decrease of 6 percent is encouraging compared to the 2000/2001 decrease of 11 percent. The fact that more corporates (27 percent), do not know whether their budgets will increase or decrease highlights the lack of proactive planning in the field of social responsibility. It could also be due to the fact that social responsibility is not part of the strategic planning process.

3.2.3 BENEFICIARIES OF SOCIAL RESPONSIBILITY EFFORTS

Donnely, Gibson and Ivancevich (1987: 656) identified two classes of beneficiaries of social responsibility efforts, namely, internal and external beneficiaries. The internal beneficiaries include customers, employees and shareholders while the external beneficiaries include the society at large. Figure 3.3 summarises the two classes and their dependents.

FIGURE 3.3

INTERNAL AND EXTERNAL BENEFICIARIES

```
                        ┌──────────────────┐
                        │  BENEFICIARIES   │
                        └──────────────────┘
                    ┌────────────┴────────────┐
            ┌──────────────┐          ┌──────────────┐
            │   INTERNAL   │          │   EXTERNAL   │
            └──────────────┘          └──────────────┘
         ┌────────┼────────┐                 │
   ┌──────────┐ ┌──────────┐ ┌──────────────┐ ┌──────────────────┐
   │ CUSTOMERS│ │EMPLOYEES │ │ SHAREHOLDERS │ │ SOCIETY AT LARGE │
   └──────────┘ └──────────┘ └──────────────┘ └──────────────────┘
```
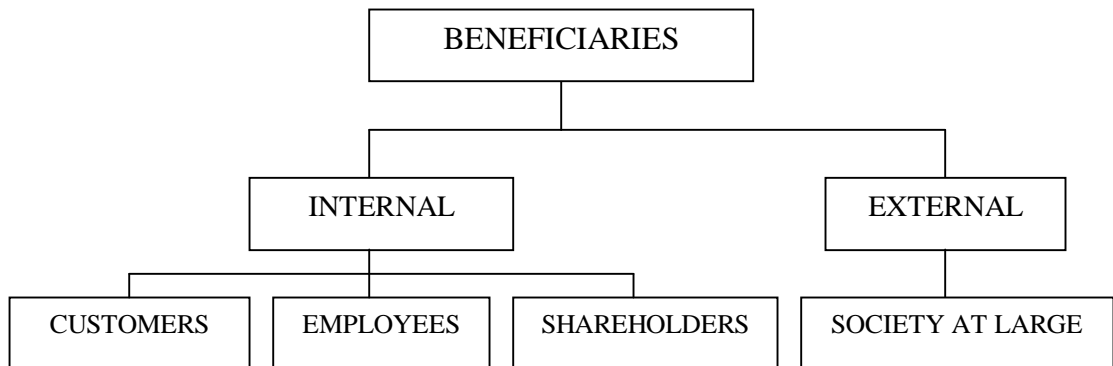
Source: Researcher's own construction

Beneficiaries will vary from one company to the next depending on the social responsibility objectives of that company. Companies can meet their obligations to customers by providing complete and accurate product information, and by implementing advertising programmes that are truthful in all respects regarding the product performance. Their responsibility towards employees will entail the provision of a safe and productive workplace within which employees can operate.

The company's ultimate responsibility to their shareholders is to maximise their returns. Finally, their responsibility towards the society is to contribute meaningfully to the economic, environmental and social well being of society, while aiming consistently to build and sustain its corporate standing and conditions favourable to

gainful business. This is inspired by a desire to give something back to the communities that support them.

3.3 AREAS OF SUPPORT IN A SOUTH AFRICAN CONTEXT

The researcher strongly believes that the main aims of South African companies' support for social investment projects are to: alleviate poverty, provide quality health care, preserve the environment, create jobs and career opportunities, improve the quality of working life, and to provide safe liveable communities with good housing and efficient transport. Companies' contributions are thus invested in a wide range of projects usually with not-for-profit partners, covering education, the environment, health, welfare, and arts, culture and recreation.

Education seems to feature prominently in most companies' social investment programmes with the main emphasis on secondary and tertiary education. The main reason for this is that South Africa still has a large core of unskilled and under-skilled labourers whom remain in poverty. Gencor, Sasol, Anglo, Anglovaal and South African Breweries (SAB) are some of the main contributors to upgrade the teaching skills of black teachers. They also offer a wide range of bursaries for university and technikon education.

Another important element of social investment in South Africa is housing assistance particularly for Blacks. The Delta Foundation contributed generously towards housing for Delta's employees. The Abahlali Housing Association has been established in Port Elizabeth to address the housing needs of the formally employed sector, specifically those earning between R 1 500 and R 3 500 per month and who are eligible for a housing subsidy. The Delta Foundation has developed the innovative "rent to buy" strategy on a partnership basis to address the housing needs of this sector (Corporate Social Investment Handbook (2001:29).

Skinner and Von Essen (1995: 326) also highlighted job creation through the support of entrepreneurial efforts as an area for support. Sappi has a business

education programme in Kwazulu-Natal where the local population is supported in developing plantations from which they earn a living. Murray and Roberts on the other hand, promotes job creation through its support of the African Council of Hawkers and Informal Business (ACHIB).

Another area of support is the cultural support programmes and the support for the arts. Standard Bank sponsored one of the biggest art exhibitions in South Africa, namely, The Grahamstown Arts Festival. Sasol also erected a arts museum at the University of Stellenbosch for running of art exhibitions and the housing of the University's art collection.

Environmental projects recently gained a lot of support from large companies in South Africa. It is also evident that certain corporates allocate relatively more resources to environmental projects than others. The Rembrandt group in South Africa is well known for its support to the SA Nature Foundation.

There is also a considerable amount of companies spending large amounts on health projects. SAB for instance, supports primary health care in general and also provides basic health facilities. One of the biggest challenges facing companies that invest in health projects is the HIV/Aids pandemic. All companies would probably place HIV/Aids on their agendas when discussing budget allocations for the next financial year.

Figure 3.4 summarises the allocation of total corporate social investment funding in South Africa. Education featured once again as the major area where companies invest their money in.

FIGURE 3.4

HOW CSI FUNDS ARE SPENT IN SOUTH AFRICA (2000/2001)
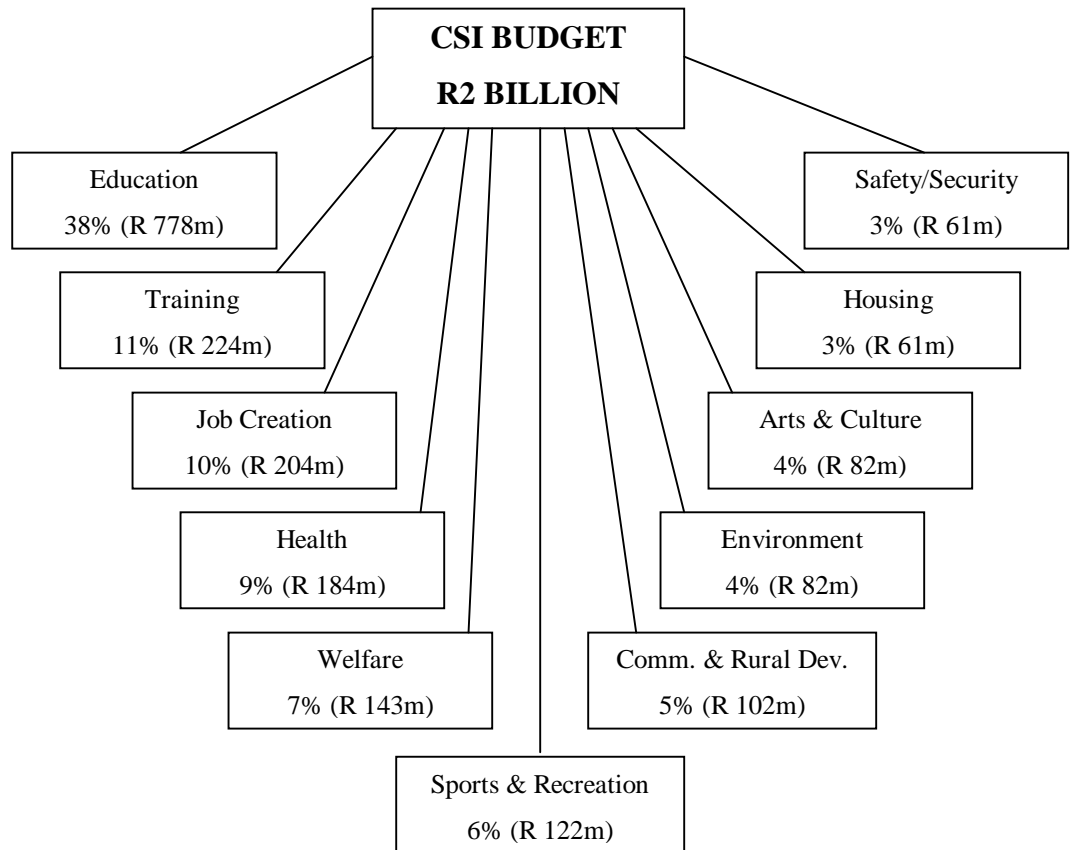
Source: Adapted from The Corporate Social Investment Handbook (2001: 95)

Table 3.2 summarises examples of the areas of support and targets selected by some well-known South African companies.

3.4 SUMMARY

In this chapter attention has been given to the selection of targets for social responsibility involvement. The major beneficiaries of social responsibility practices have been identified. Areas of support given by South African companies have been explored and identified. The next chapter deals with the design of the empirical study, and introduces the empirical research.

TABLE 3.2

AREAS OF SUPPORT

Company	Area of Support	Target Audience
Anglo American	Education	Tertiary Education
		Secondary Education
		Primary Education
		Non Formal Education and Training
		Charity
		Community development
		Health
	Community	Cultural
		Social upliftment
Nedcor	Education	Educate the nation
		Job Creation
		Welfare and Housing
	Community	Youth Development
		Community affairs
		Upliftment of arts
	Environment	Greening of environment
The Premier Group	Education	Rural Education
		Training and Empowerment
		Teacher upgrading
		Pre-school educare
		Adult basic education
		Self help
	Community	Poverty relief
		Welfare
		Conservation
	Environment	Culture

Source: Adapted from Visser (1995: 4.12)

CHAPTER 4

DESIGNING THE EMPIRICAL STUDY

4.1 INTRODUCTION

In chapter 2 social responsibility was discussed in general through a literature review. Chapter 3 discussed the selection of targets for social responsibility involvement. The empirical study focused on the aims and practices of two selected financial institutions in selecting targets for social responsibility involvement.

The empirical investigation is limited to the social responsibility departments of two selected financial institutions. Both institutions formed a Foundation a few years ago to deal with social responsibility issues. The investigation will focus on the management of the two Foundations.

This chapter explains the methods and procedures utilized in this study. The research design, the units of analysis, and instrumentation are enumerated. In addition, data collection and the rationale for the data analysis are depicted. The research assumptions and delimitations are also explained.

4.2 RESEARCH DESIGN

The research design is based on the decisions with regards to the purpose of the research, the intended use of the research, units of analysis, the time dimension and the data collection techniques used. According to Allison, O'Sullivan, Owen, Rice, Rothwell and Saunders (1996:4) research is a systematic enquiry that is reported in a form that allows the research methods to be accessible to others. They maintain that research involve the seeking of solutions to problems or answers to questions. To this end the research design for this study was broken down into a main problem and six sub problems.

The main problem was:

WHAT ARE THE AIMS AND PRACTICES OF STANDARD BANK AND ABSA IN SELECTING TARGETS FOR SOCIAL RESPONSIBILITY INVOLVEMENT?

The main problem was accompanied by six sub problems to espousal of the solution to the main problem namely:

- What reasons do the literature study suggest will inspire companies to become socially responsible?
- What are the reasons for Standard Bank and Absa's involvement in social responsibility?
- What according to the literature are the most popular targets for social responsibility involvement and criteria for their choice?
- How are the targets mentioned identified?
- What are Standard Bank and Absa's targets for social responsibility involvement?
- How do Standard Bank and Absa identify the targets mentioned?

4.2.1 TYPES OF RESEARCH

There are two types of research, namely pure and applied research. Pure research is that which has no obvious practical implications beyond contributing to a particular area of intellectual enquiry. Applied research, on the other hand, is problem focused and is directed towards solving some particular intellectual question that has practical implications for a client outside the academic world. (Riley, Wood, Cark, Wilkie & Szivas, 2000:8) The current research can be classified as applied research. According to Meyer (2001: 52) applied research tries to solve specific practical problems. The results of this research, favourable or unfavourable, can be used to refurbish the social responsibility practices at the selected financial institutions.

4.2.2   THE PURPOSE OF THE RESEARCH

A descriptive study is undertaken to acquaint the researcher with the characteristics of organisations that follow certain familiar practices like social responsibility practices engaged by selected organisations. Leedy (1997: 250) maintain that data in descriptive survey research are particularly susceptible to distortions through the introduction of bias into the research design. Attention should be given to preserve the data from the influence of bias. Obtaining accuracy is not always possible, due to bias, time, or the associate expense. Therefore, the purpose of the research design is not necessarily to collect the most accurate information possible, but to obtain the most valuable information, as accurately as possible, in order to reach the necessary decision. The underlying purpose of the present study was to determine and identify the social responsibility practices of two selected financial institutions. The main reason being to ascertain whether the two selected companies have similarities or differences in their social responsibility practices with specific reference to their selection of targets for social responsibility involvement.

4.2.3   UNITS OF ANALYSIS

The researcher has selected two financial institutions, namely, Absa and Standard Bank, as these two organisations were deemed to be representative of the financial services industry. The similarities and differences between the two organisations are evident from the subsequent discussions.

4.2.3.1   ABSA

- **Vision:** To be a customer focussed financial services group in targeted market segments.

- **Mission:** To be partners in growing South Africa's prosperity, by being the leading financial services group serving all our stakeholders.

- **Ultimate Goal:** To be a truly South African organisation that is globally competitive with the aim of deriving most of our income from South African business while focussing strongly on competing internationally.

- **Absa Foundation:** The Absa Foundation is the community development and social investment arm of the Absa Group. The mission of the Absa group is to be partners in growing South Africa's prosperity. The Absa Foundation will advance the Group's image through growing partnerships by providing financial and other resources to disadvantaged communities to ensure sustainable development. The Foundation operates as a Trust and is funded annually to an amount of two percent of the declared dividends (The Absa Foundation, 2002).

The principles of Absa's community development programmes include:
- Adopting a community development approach to project funding – rather than a cheque-writing one.
- Actively involving Absa staff in project management and evaluation to build the capacity of the projects funded.
- Ensuring projects are effective by adopting a partnership with recipients.
- Empowering people in disadvantaged communities so that they can help themselves

Figure 4.1 shows the investment in social responsibility issues for 1994 –2001.

FIGURE 4.1

INVESTMENT OF ABSA FOUNDATION 1994-2001
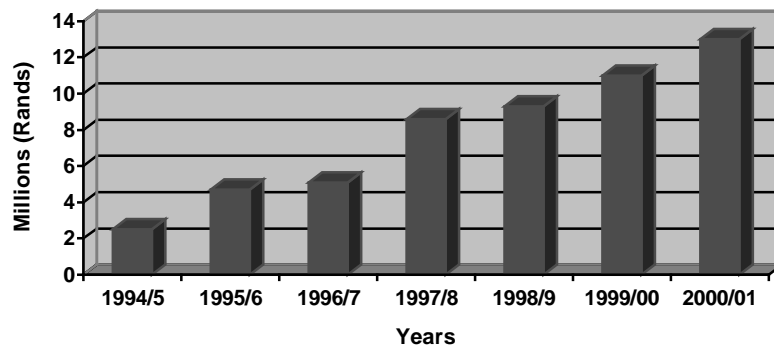
Source: Adapted from The Absa Foundation (2002)

4.2.3.2   STANDARD BANK

- **Vision, mission and goals:** The group does not have a vision and mission statement. The internal business units drafted their own vision and mission statements.

- **Standard Bank Foundation:** The Standard Bank Foundation, established in 1985, is the primary channel for the group's social investment programme. Between 1999 and 2001, the Foundation donated more than R35 million to some 1000 community development programmes (Corporate social investment, 2002).

The focus areas of Standard Bank's social responsibility programmes are:
- Education and skills training;
- Health and social welfare;
- Heritage and the environment;
- Arts; and
- Science and Technology

4.2.4   METHODOLOGY

The empirical study was conducted by using in-depth telephone interviews. A structured questionnaire was used (see Annexure A) to facilitate the interview process. The process followed during the empirical study is set out below. Two people were interviewed, one from each company. The respondents were both in charge of the Foundations at the respective companies and were the best informed about the social responsibility practices of the selected companies.

4.2.4.1   QUESTIONNAIRE CONSTRUCTION

Leedy (1997: 191) states that a common instrument for observing data beyond the physical reach of the observer is the questionnaire. The questions were selected to identify the social responsibility practices of two selected financial institutions with specific reference to Absa and Standard Bank. The questionnaire was constructed to facilitate a telephonic interview. According to Leedy (2001:197) telephonic interviews are less time consuming and less expensive and the researcher has ready access to virtually anybody who has a telephone.

(a)   Types of questions used

Allison et al (1996: 82) states that a questionnaire could contain open and closed questions. A closed question is only possible where responses are predetermined and typically requires the respondent to tick boxes. Open questions allow participants to define and describe a situation or event. An open question is designed to encourage the interviewee to provide an extensive and developmental answer and may be used to reveal attitudes or obtain facts (Saunders, Lewis & Thornhill, 2000: 260). Both open and closed questions were used in the questionnaire for the empirical study.

The questionnaire was divided into two sections. Section A was made up of personal questions that offered choices for the respondents to tick. Questions in

this section surveyed the position, number of employees in the CSI department and the general social responsibility practices of the respondents.

Section B was made up of closed questions requiring respondents to record the degree to which they concurred with certain statements. Allison et al (1996: 83) advocate that the most widely used form of scaled items where the respondent chooses a point on a scale that best represents his/her view, is the Likert scale. In Section B a four point Likert type scale, ranging from unimportant to very important, was used.

(b)   Wording of questions

Thomas (1996: 121) affirms that questions should not lead respondents who do not have clear views of their own on a particular issue. Grammar should be simple and the aspects that the respondent has to keep in mind in order to understand the question should be limited. Specific terms should be used in preference to abstract ones, ensuring a clear understanding of the question by the respondent. Leedy (1997: 196-197) maintains that there are key issues pertaining to questionnaire design. These are as follows:

- Use simple and concise language;
- Do not make unrealistic demands of those who fill in the questionnaire;
- Each question should ask about only one topic;
- Each question should have no escape route, this is don't know, no comment;
- Each question should be polite;
- Be straight forward and guard against double meanings;
- Get the question order right;
- Make the layout easy to follow;
- Give clear instructions; and
- Test the questionnaire first.

(c) Length of questionnaire

According to Thomas (1996: 121) a questionnaire should not be long and complicated. More pages with a clear and user-friendly layout are better than fewer pages of a cramped and forbidding layout.

All the above principles with respect to wording of questions and length of questionnaire were followed when constructing the questionnaire.

(d) Administering the questionnaire

The questionnaire was e-mailed to the respondents to familiarise themselves with the questions before the telephone interview was conducted. This facilitated the interview process.

4.3 PROBLEMS EXPERIENCED WITH THE RESEARCH

Initially, the respondents agreed to be interviewed, and did not have any problems whatsoever. They all pledged their support co-operation and showed willingness to participate in the research. As the research progressed, the following general problems were experienced:

- A lack of up-to-date literature on the topic;
- Interviews cancelled at the last moment, requiring much rescheduling;
- Difficulty in reaching certain individuals;
- Timing of the telephone interview;
- Respondents complaining about the length of the questionnaire; and
- The researcher's work responsibilities/commitments interfering with the research process.

Notwithstanding all these problems, the researcher managed to overcome the problems and complete the research on time.

4.4   SUMMARY

In this chapter the methodology was discussed in detail by referring to the research design, the purpose and use of the research and the problems that were experienced. In chapter five the results obtained form this empirical study are summarised and analysed.

CHAPTER FIVE

RESULTS OF THE EMPIRICAL STUDY

5.1   INTRODUCTION

In chapter four the methodology employed to do the empirical investigation was discussed. This chapter presents the results of the empirical study, followed by the summary of the results of each question.

5.2   RESULTS OF SECTION A

The results of section A incorporates the personal details, the core business of the respondents, the vision and mission, main objectives of social responsibility and other social responsibility practices of the organisations.

5.2.1   PERSONAL DATA

Table 5.1 summarises the personal details of the respondents.

TABLE 5.1

PERSONAL DATA

	Absa	**Standard Bank**
Name of respondent	Lettie Miles	Andrea Parkerson
Position in company	CSI Manager	Manager: Foundation
Department	Absa Foundation	Standard Bank Foundation
Core business	Financial Services	Financial Services

Both respondents are at managerial rank and work in the department that deals with social responsibility issues.

5.2.2 VISION AND MISSION

Table 5.2 reflects the vision and mission of the participating companies.

Absa's vision statement is focused on selected markets. Standard Bank does not have a mission statement for the Standard Bank group as a whole. They have done away with it some years ago. Their internal departments and business units have mission statements of their own for example, Stanbic Africa's mission is to be a customer-centric socially responsible African Bank providing relevant banking services to their chosen markets.

TABLE 5.2

VISION AND MISSION

	Absa	Standard Bank
Vision	To be a customer focused financial services group in targeted market segments.	Not applicable
Mission	By being the leading financial services group serving all our stakeholders.	Not applicable

5.2.3 MAIN OBJECTIVE OF SOCIAL RESPONSIBILITY

Table 5.3 illustrates the main objective of Absa and Standard Bank's social responsibility practices.

TABLE 5.3

MAIN OBJECTIVE OF SOCIAL RESPONSIBILITY PRACTICES

	Absa	Standard Bank
Objective	To promote sustainable development by investing in resources in the community they serve.	To have an impact on development issues in South Africa in a strategic, sustainable way.

In both companies the emphasis is on development and more specifically sustainable development. Hellriegel et al (1999: 200) defines sustainable development as the conduct of business in a way that protects the natural environment while making economic progress.

5.2.4 SOCIAL RESPONSIBILITY DEPARTMENTS

Table 5.4 summarises the social responsibility departments for the two responding companies.

TABLE 5.4

SOCIAL RESPONSIBILITY DEPARTMENT

	Absa	Standard Bank
Number of staff	13 staff members	3 staff members
Head of Department	Lettie Miles	Andrea Parkerson
Head reporting to	General Manager CSI	Director Social Strategy

Absa employed ten more staff than Standard Bank. Nine of Absa's staff is designated to the programmes they invest in and they also employ four support staff. Absa's CSI department has its own management committee and Board of

Trustees, comprising of the chief executive officer (CEO) as well as other Absa executive directors.

5.2.5   SOCIAL RESPONSIBILITY PROGRAMMES

Table 5.5 below summarises the social responsibility programmes of the two responding companies.

TABLE 5.5

SOCIAL RESPONSIBILITY PROGRAMMES

	Programmes	Ranking
Absa	Arts and Culture	Not Available
	Education	"
	Health care	"
	Sport Development	"
	Entrepreneurship Development	"
	Staff Community Involvement	"
Standard Bank	Welfare Development	4
	Arts and Culture	6
	Education	1
	Health care	5
	Sport Development	9
	Business Development	8
	Conservation and Environmental Education	7
	Job creation	3
	Entrepreneurship Development	2
	Financial literacy	1

Standard Bank's respondent maintained that financial literacy is their core area, as is education, but they have a wide range of focus areas due to the wide client range of the bank. The respondent further enunciated that the Standard Bank Foundation has historically concentrated on education, and since there are such

great developmental needs in the sector, and the sector has such a far-reaching impact on society, there has been reason to continue this focus.

Absa's programmes are designed based on the fact that their future as a business is tied to the sustainable development of the people and community of South Africa. Since they have a sustainable developmental approach, they have done extensive research to ensure that their programmes are in line with national priorities (such as governmental, NGO trends as well as trends in the corporate sector) and address development indicators such as poverty issues. Based on this, Absa has prioritised their programmes according to key focus areas as illustrated in Table 5.5. Absa's respondent refrained from ranking the programmes in order of importance because Absa believes that sustainable development requires interventions in all these areas for the country to prosper.

Both respondents said that there is no specific criteria for selecting targets for social responsibility and that they use the project proposal to appraise according to their perception if the project is worthwhile to consider or not.

5.2.6 FUNDING OF SOCIAL RESPONSIBILITY PROGRAMMES

Standard Bank mainly fund their social responsibility programmes through cash and donations. They sometimes use sponsorships in kind such as venues for conferences. Absa on the other hand fund their social responsibility programmes through cash, donations, sponsorships and other means, depending on the needs and interventions required. They also do non-financial contributions in the form of providing venues to projects that they get involved in, including in-kind donations like computers.

5.2.7   SOCIAL RESPONSIBILITY PROGRAMMES DECISION MAKING

Absa's respondent depict that the CSI department operates as a trust with a Board of Trustees, who is responsible for decision-making. In Standard Bank, a committee consisting of people with expertise in various areas, makes the final decision on funding. The respondent maintains that this approach will ensure that a wide range of factors is taken into account.

5.2.8   BUDGET FOR SOCIAL RESPONSIBILITY

Both respondents declared that there was slight year on year increases in the budget allocation for social responsibility practices. Standard Bank's social responsibility budget has been determined by the allocation of one percent of the after tax profits of the bank, whilst Absa's allocation is two percent of declared dividends each year. Thus, if profits increase, the budgets of the respondents will also increase.

5.2.9   PUBLICATION OF SOCIAL RESPONSIBILITY SPENDING

Absa and Standard Bank record their social responsibility spending in their annual reports. Absa also uses external media like newspapers, CSI journals and in particular the CSI handbook to publish information on their CSI spending.

5.2.10 SOCIAL RESPONSIBILITY POLICY

The researcher raised a question to the respondents to ascertain whether they operate with a social responsibility policy. Both respondents replied positively. The CSI team of Absa is responsible for drafting a policy but the final approval rests with their Board of Directors. Standard Bank's social strategy department drafted their policy and the bank's executive team ratified it.

5.2.11 BENEFITS OF BEING PERCEIVED AS A SOCIALLY RESPONSIBLE COMPANY

According to Absa's respondent, one of the benefits is that they will be positioned as a caring company. She also mentioned increased customer and employee loyalty as well as shareholder value and returns of investment as some of the benefits for being socially responsible. Standard Bank's respondent holds that it is key to a healthy company image to be perceived as socially responsible. The respondent also maintained that they cannot prove as yet whether their social responsibility programmes resulted in improved financial performance.

Table 5.6 recapitulates these benefits.

TABLE 5.6

PERCEIVED BENEFITS OF SOCIAL RESPONSIBILITY INVOLVEMENT

Benefits	Absa	Standard Bank
Improved financial performance	√	N/A
Enhanced brand image and reputation	√	√
Increased sales and customer loyalty	√	√
Increased ability to attract and retain employees	√	√

5.2.12 TARGETS FOR SOCIAL RESPONSIBILITY INVOLVEMENT

Table 5.7 articulates the main targets for social responsibility involvement.

TABLE 5.7

TARGETS FOR SOCIAL RESPONSIBILITY INVOLVEMENT

	Targets
Absa	Health Care – Aids
	Visual arts
	Museum and Heritage
	Maths, Science and technology
	Teacher training
	Early childhood development
	Entrepreneurship Development
	Staff Community Involvement
Standard Bank	Rural Development
	Women and children
	Poverty alleviation
	Education

5.2.13 CRITERIA FOR SOCIAL RESPONSIBILITY INVOLVEMENT

No response was received from either of the respondents with regards to the criteria used for social responsibility involvement. Both respondents indicated that their objectives of social responsibility dictate the selection of targets. They mentioned that the decision is based on the proposal presented and the perception that the project might enhance the image of their companies. Hence no criteria are in place.

5.2.14 STAFF PARTICIPATION/INVOLVEMENT IN SOCIAL RESPONSIBILITY

Both respondents confirmed that their staff are involved and informed about social responsibility. They all use internal magazines/newsletters, internal electronic media, circulars, fanouts, and the like, to inform staff about the social responsibility initiatives. The respondent of Absa also highlighted the staff involvement programmes like casual days, "give as you earn" and world aids day campaigns.

Standard Bank staff is encouraged to make individual and group donations to organisations, which the foundation then matches to the amount raised by staff to the maximum of R5000 per project. They engage their staff every year on a national fundraising exercise around a specific project.

5.2.15 IN-HOUSE TRAINING FOR STAFF DEALING WITH SOCIAL RESPONSIBILITY

Standard Bank provides no in-house training with regards to social responsibility. Absa, on the other hand, provides internal education especially on HIV/Aids. They also provide orientation information on CSI as well as training on trends, procedures and grant making best practices.

5.2.16 MAJOR ACHIEVEMENTS IN SOCIAL RESPONSIBILITY

Absa's respondent identified the following achievements with regards to social responsibility:
- The funding of sustainable projects, aligned with, and in partnership with government and NGO's.
- Achieving of strong employee involvement in community projects.
- Gaining senior management's buy-in.
- Attaining a dedicated internal and external Public Relations and communication plan.

- Receiving the following awards:
  - o Mail and Guardian award for investing in the future.
  - o PMR: Category – Sector winner in social upliftment for the past three years and overall winner of the Renaissance Award in 2001.
  - o Corporate Care Check Survey: Number one most caring corporate.

Standard Bank recorded that their achievements were in the development of their financial literacy programme together with the Department of Education, which was accepted into the curriculum nationally. They also mentioned that their staff fundraisers with Red Cross Children's Hospital and Variety Club children's charity have been very successful.

5.2.17 SOCIAL SPENDING PROGRESS MONITORING

The Foundation staff of Standard Bank travels and visits projects and receives and evaluates reports. Absa use their CSI consultants to monitor the projects through telephonic follow-up and on-site visits to projects at least three times a year.

5.2.18 PARTNERSHIP WITH COMMUNITY

Both organisations form partnerships with the community where humanly possible. They do not particularly follow a prescriptive approach.

5.2.19 SPONSORSHIP AS A MUTUALLY BENEFICIAL COMMERCIAL ARRANGEMENT

Standard Bank and Absa's respondents confirmed that they see sponsorship as a mutually beneficial commercial arrangement.

5.2.20 IMPORTANCE OF SOCIAL RESPONSIBILITY

Table 5.8 reveals the importance of certain statements with regards to social responsibility.

TABLE 5.8

IMPORTANCE OF SOCIAL RESPONSIBILITY

Statements	Absa	Standard Bank
To fulfil philanthropic and charitable responsibilities	Important	Important
To monitor new opportunities which can enhance the organisation's ability to help solve social problems.	Very Important	Very Important
To assist voluntary those projects which enhance a community's quality of life.	Very Important	Important
To pursue only those opportunities which provide the best rate of return.	Unimportant	Unimportant
To consistently expand philanthropic and voluntary efforts over time.	Unimportant	Unimportant
To integrate social issues with strategic planning.	Very Important	Very Important
To use laid down criteria for selecting targets for social responsibility involvement.	Very Important	Very Important
To formulate a policy with regards to the social responsibility practices of the company.	Important	Very Important
To do a social audit to establish changes in social needs.	Very Important	Important

Both companies regard the monitoring for new opportunities to address the social problems in society, as very important. They also do not only pursue those opportunities, which will result in the best rate of return. It is also very important for them to integrate social issues with strategic planning.

5.2 SUMMARY

In this chapter the results of the empirical study were analysed, presented and summarised. The conclusions made from both the empirical study and the literature study will be discussed in chapter six.

CHAPTER 6

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1   INTRODUCTION

In the previous chapter the results of the findings with regard to social responsibility practices of two selected financial institutions were discussed. The findings highlighted some similarities and differences between the two financial institutions with regards to their social responsibility practices.

In this chapter, conclusions and recommendations are made from the results based on the literature study, as well as on the comparison of the two financial institutions' social responsibility practices.

6.2   CONCLUSIONS

In this section the conclusions of all findings made in chapter five will be discussed.

6.2.1 PERSONAL DATA

Both organisations entrusted social responsibility issues to a dedicated department captained by managerial employees. The conception of these departments draw attention to the importance of social responsibility to the organisation.

6.2.2 VISION AND MISSION

It can be safely assumed that Absa's social responsibility practices can help them to achieve their vision. The main reason for this assumption is that when stakeholders regard one to be socially responsible, they may support the organisation more. This view is supported by the major bottom-line benefits highlighted in chapter two.

6.2.3 MAIN OBJECTIVE OF SOCIAL RESPONSIBILITY

It is noticeable that both companies would like to witness that the projects they invest in, could sustain themselves over a period of time. The objectives logged by the two organisations relate to the common objectives stated in chapter two and also ties in with the main objective emphasised by Du Plessis (1996: 368). The objectives connect directly to the importance of social responsibility as well as the target selection for social responsibility involvement. If a proposal for funding falls outside the objectives of the organisation, there is a high probability that the organisation will reject the proposal.

6.2.4 SOCIAL RESPONSIBILITY DEPARTMENTS

Judging that both companies' departments serve the whole of South Africa, the three staff of Standard Bank appear to be insufficient. Proper controls of the projects cannot be achieved with only three staff members. The fact that Absa's social responsibility has a Board of Directors, emphasise the importance of social responsibility to Absa.

6.2.5   SOCIAL RESPONSIBILITY PROGRAMMES

The social responsibility programmes of the researched companies are similar, with education standing out to be the major area of social responsibility involvement. The programmes of the two organisations correspond with the areas of social responsibility mentioned by Du Plessis (1996: 369) and Post et al (1996: 494). Absa remarked that proper education is one of the important building blocks of a nation. Kitchen (1997: 136) maintained that organisations must select their social responsibility programmes in line with their corporate objectives.

6.2.6   FUNDING OF SOCIAL RESPONSIBILITY PROGRAMMES

The funding of the social responsibility programmes across the two organisations appears to be identical.

6.2.7   SOCIAL RESPONSIBILITY PROGRAMMES DECISION MAKING

In Absa's case, the decision making on social responsibility programmes are made at a very high level. This high level of involvement will ensure that the project of calibre is selected and that all projects falling outside the objectives of the social responsibility department are rejected. It also ensures that the correct targets are selected.

The respondent of Standard Bank did not specify the calibre or level of the committee used by them for decision making purposes. Standard Bank's decision making may be easier and more efficient because of the utilisation of people with expertise in various areas.

6.2.8   BUDGET FOR SOCIAL RESPONSIBILITY

The literature study revealed that social responsibility budgets are determined by the allotment of a percentage of the after tax profits. The two organisations followed the same approach. The performance of the company, dividends, and inflation rate may affect the final figure.

Both organisations confirmed a year on year increase in social spending, which correlates with the movement of CSI budgets documented in the Corporate Social Investment Handbook (2001: 83-85).

6.2.9   PUBLICATION OF SOCIAL RESPONSIBILITY SPENDING

The decision to publicise a company's social spending is directly linked to the benefit of enhancing a company's image and reputation. Absa conformed well to its approach to publicise their spending on social issues more widely. Standard Bank will not achieve market coverage if they only publicise their social spending in their annual report. The majority of South Africans do not pay particular attention to company's annual reports. Newspapers and magazines are more freely available and accessible than companies' annual reports.

6.2.10 SOCIAL RESPONSIBILITY POLICY

The two organisations use a policy to guide their social responsibility activities. In both organisations, their respective executive members sign off this policy.

6.2.11 BENEFITS OF BEING PERCEIVED AS A SOCIALLY RESPONSIBLE COMPANY

Both financial institutions hold that enhanced brand image and reputation, increased sales and customer loyalty and increased ability to attract and retain employees, are the main benefits perceived to result from their involvement in social issues. This is in line with the benefits listed in the Corporate Social Investment Handbook (2001: 11) and the Business Report for Social Responsibility (Introduction to corporate social responsibility, 2002). Absa felt that improved financial performance is also a direct result from being socially responsible, whilst Standard Bank indicated that they cannot measure the improvement of financial performance due to being socially responsible.

6.2.12 TARGETS FOR SOCIAL RESPONSIBILITY INVOLVEMENT

The targets of both organisations fall into the broader categories of education, welfare, arts and culture, environment, and the like, which are similar to the targets revealed in the literature study. They are also selected with the same aims documented in the literature study, namely, to alleviate poverty, to provide quality health care, to preserve the environment, to create jobs and career opportunities, to improve quality of life, and to save liveable communities. Not one of the organisations follows a particular process to identify the targets for social responsibility involvement. This approach relates to a more reactive involvement in social responsibility, than an affirmative proactive approach advocated in the literature study.

6.2.13 CRITERIA FOR SOCIAL RESPONSIBILITY INVOLVEMENT

The decision to become involved in social responsibility is only based on the proposals presented to the two organisations. They did not use any criteria for the

selection of social responsibility programmes. Their objectives of social responsibility guide the selection of targets.

The criteria endorsed by Kotler and Andreasen (1987: 330), Sleight (1989: 111) and other authors mentioned in the literature study, will assist the two organisations in the appraisal of proposals presented. If there are no criteria, the two organisations will find it difficult to be proactive and to apply an affirmative social responsibility approach, as they have to wait for proposals first. Absa is more in line, because in the absence of criteria, they still do some intensive research on trends in the social environment. This will enhance their chances of being proactive in the field of social responsibility.

6.2.14 STAFF PARTICIPATION/INVOLVEMENT IN SOCIAL RESPONSIBILITY

The involvement of staff in social responsibility appears to be successful in both organisations. Their encouragement to get staff involved will help them to change staff's perceptions of the organisation from being just an employer to a caring employer, which could lead to the organisation being perceived by staff as an employer of choice. Staff is part of the community and they will act as ambassadors for their organisations in the community.

6.2.15 IN-HOUSE TRAINING FOR STAFF DEALING WITH SOCIAL RESPONSIBILITY

The provision of training to staff involved in social responsibility emphasises the organisation's commitment to society's needs and to ensure that the needs of society are met to their satisfaction.

6.2.16 MAJOR ACHIEVEMENTS IN SOCIAL RESPONSIBILITY

Absa's achievements in social responsibility put them on top as one of the most caring companies in South Africa. Their remarkable achievement could be attributed to their focussed approach to social responsibility and senior management's buy-in. The size and structure of their social responsibility department could well be contributed to their success. Standard Bank on the other hand, still needs to make a significant impression on the major stakeholders in the country.

6.2.17 SOCIAL SPENDING PROGRESS MONITORING

The size of Standard Bank's CSI department may not cover the whole of South Africa to the same extend as Absa. They will also be less proactive as the bulk of their time will be spend in office assessing and transferring funds for projects. Absa's more frequent visits to their projects will ensure that they keep in touch with the developments of the projects as well as gaining information on recent trends in the communities.

6.2.18 PARTNERSHIP WITH COMMUNITY

There appears to be no better way of getting the community behind you than by forming a partnership with them. This will ensure that the company only concentrates on issues that the community regards as essential and the targets will then be selected accordingly. The buy-in from the community side will ensure that the company meet its social responsibility objectives. A prescriptive approach is needed to guide this partnership. Mutual understanding will be one of the key factors in addressing the needs of business and society. Numerous companies who adopt a partnership approach find synergies between the resultant objectives of society, local communities and upcoming corporate goals.

6.2.19 SPONSORSHIP AS A MUTUALLY BENEFICIAL COMMERCIAL

   ARRANGEMENT

Standard Bank and Absa see sponsorship as a mutually beneficial commercial arrangement. They expect some form of return from the sponsored event. Standard Bank sponsors cricket nationally, while Absa is involved in sponsoring athletics. They hope that the coverage they gain will result in increased business from the public.

6.2.20 IMPORTANCE OF SOCIAL RESPONSIBILITY

The two financial institutions recognise their obligation as some of the leading corporations to contribute to the broader socio-economic goals of growth and development of the country. In South Africa, social responsibility is more important than in any other country. The main reason being the Apartheid policies of recent years, which created major obstacles for economic growth and the growth of society as a whole. Government's negligence when it comes to addressing the social problems faced by many South Africans further fuelled this. The concentration of wealth in a relatively few hands, further resulted in South Africa being labelled as a country with the most unequal income distribution. The majority of South African companies only responded to social responsibility issues when these issues become threats to their business activities in the community they operate in.

6.3   RECOMMENDATIONS

The results of the study have highlighted certain areas that need particular attention. These areas will be briefly discussed below. The recommendations are made to both organisations.

6.3.1 VISION AND MISSION

For a company to show senior management's commitment to social responsibility issues, a vision and mission should be crafted. The mission and vision must incorporate the company's stance on social responsibility. Therefore, Standard Bank needs to craft a vision and mission statement, which should express the company's stance on social responsibility.

6.3.2 SOCIAL RESPONSIBILITY DEPARTMENT

The social responsibility department must be correctly staffed to improve and enhance the social responsibility practices. The staffing should be in such a way that the department can display a proactive affirmative approach to social responsibility. The staff in the departments must change the stereotypical thinking and perceptions. Senior management's involvement in these departments is crucial for the buy-in at all levels of the organisation.

6.3.3 SOCIAL RESPONSIBILITY PROGRAMMES

The programmes should be community-centred and must have a significant, measurable impact on the society and business. It is important that the programmes offer potential for social and economic benefit for business and society at large. The main aim of the programmes should be that they are sustainable and feasible with an affirmative result on the community. It will be beneficial if the programmes can be adapted to other communities as well. The programmes should promote the brand of the company in the previously disadvantaged communities. The financial institutions should in the future design programmes for social responsibility involvement that is specific and tailored to the needs of the community. The companies should refrain from deciding on behalf of the community what their needs are, but rather encourage the community to make their needs known.

Finally, it is important that the organisations encourage open discussions in the community to identify the major concerns in the community so that the organisation can respond to it if these concerns could affect the survival of the organisation. There are numerous issues that companies were responsible for in the last couple of years, such as, toxic gas leaks, asbestos poisoning, exploitation of local, uneducated populations, pollution, redlining of rural areas for the granting of home loan, and the like. These issues need to be flagged to organisations, so that they can respond accordingly. Companies thus have to follow a social contribution approach.

6.3.4 PUBLICATION OF SOCIAL RESPONSIBILITY SPENDING

To receive the necessary exposure, the organisations need to ensure that they select the right medium to convey their message of social responsibility to all stakeholders. It is important not to underestimate the influence of the local press. The bulk of the companies in South Africa steer their social responsibility activities in such a way that it will enhance the image of the company. The latest King II report also states that companies' annual reports must have a triple bottom-line effect, which put corporate behaviour in a far broader context. This triple bottom-line encompasses a broader spectrum of stakeholders, namely, the community, service providers, customers, the media, and environmental lobby groups.

It is recommended that all community based programmes and social responsibility initiatives, be published in the local newspapers and magazines. All staff should also be informed of the latest developments in the field of social responsibility. The organisations need to research the available media and identify key media contacts. They must brief these contacts on the social responsibility issues and also supply them with a programme of social initiatives planned, so that they can follow and publicise these activities. They must also try to arrange for interviews and visits for the media contacts to ensure that their reporting is accurate and will have a sizable impact on the communities they serve.

One person in the social responsibility departments of the two financial institutions must be tasked to write special articles and features on a more frequent basis and should also encourage debates on issues of importance. Lastly, the publication of social responsibility issues must form part of the bank's co-ordinated corporate communications strategy.

6.3.5 TARGETS AND CRITERIA FOR SOCIAL RESPONSIBILTY INVOLVEMENT

It is recommended that both organisations develop clear understandable criteria and guidelines. This will ensure that all projects will be appraised on in a consistent way. One can select targets effectively, only if there are guidelines and criteria to follow.

Through the research, the researcher discovered that numerous South African companies lack a clear understanding of its strategy and objectives. It is also evident that the positioning of the social responsibility programmes in the company plays an important role in the decision to grant money to community.

The organisations must conduct a social audit in an attempt to identify, measure, evaluate, report on, and monitor the effects that the organisation have on the society in which they operate. This will enable them to assess the competitor's involvement in social issues, to identify the decision makers in the community, to identify community needs including charitable organisations, schools, voluntary workers, and educational programmes. They will also be able to identify existing customers who operate community projects. This will also result in communities perceiving the banks to be interested in community matters. It will ultimately lead to the organisation being rated as a caring company.

The results of the social audit can then be used to revise current policies if needed, enhance criteria set previously, influence future budget allocations, re-align the capacity of the social responsibility departments, upgrade in-house training

programmes, aid in the setting of new objectives and the like. The results will also help to organisations to have a pro-active, integrated approach to social responsibility. The partnership with the community will also strengthen.

The social audit should form the basis of future selection of targets for social responsibility involvement. The advantages will be that the companies will improve and restore confidence, initiate social responsibility, correct misconceptions and stereotype thinking, improve senior management' opinions about the importance of social responsibility, and lastly it may improve employee morale and loyalty.

The appropriate audience, which will most likely produce significant results, can then be targeted. The organisations should focus primarily on the needs of the communities in which they operate and support the initiatives of their staff members.

The researcher recommends that the organisations adopt the following steps when selecting targets for social responsibility involvement:
- Assess the environment in which the company operates.
- Revisit the criteria formulated in the social responsibility policy document in conjunction with the findings of the environmental assessment.
- Demarcate the target audience.
- Define the expected results.
- Identify the strategy and action plans to be followed.
- Check the budget availability.
- Re-examine and evaluate the target audience.
- Select the target.

The following additional targets for social responsibility are recommended: tuberculosis relief, life skills, disabled people, small business capacity building, and skills development.

6.3.6 IN-HOUSE TRAINING FOR STAFF DEALING WITH SOCIAL RESPONSIBILITY

The researcher recommends that all staff working in the social responsibility departments complete a course in community capacity building. An induction programme needs to be in place for all new employees joining the social responsibility departments.

6.4 RECOMMENDED FURTHER RESEARCH

The are numerous companies contributing to society for business gains. However, there are significant questions about whether the contribution to society results in actual improvements in the financial performance of the company. The one respondent in this research study also indicated that they do not know how to measure the impact of contributions to society on the bottom-line of the company. Further research can be undertaken to measure the impact of social responsibility programmes on the financial success of the company.

REFERENCES

Allison, B., O'Sullivan, T., Owen, A., Rice, J., Rothwell, A. & Saunders, C. 1996. Research skills for students. London: Kogan Page.

Alperson, M. 1995. Foundations for a new democracy: Corporate social investment in South Africa. Johannesburg: Ravan Press.

Anderson, J.W. 1989. Corporate social responsibility. New York: Quorum Books.

Bartol, K.M. & Martin, D.C. 1991. Management. New York: McGraw-Hill.

Beerel, A. 1998. Leadership through strategic planning. London: International Thompson Business Press.

Corporate social investment. [Online], Available: http://www.standardbank.co.za/site/investor/corp_social02.html. [2002, November, 27].

Corporate social responsibility (a). [Online], Available:http://www.aandb.org.uk/content/2/page_80.shtml[2001, November, 7].

Corporate social responsibility (b). [Online], Available: http://www.wbcsd.org/projects/pr_csr.htm.[2001, November, 6].

Corporate social responsibility research findings. [Online], Available: http://www.conferenceboard.ca/ccbc/csr_topics/csr_findings.htm [2001, November, 7].

Corporate social responsibility – 'What does it mean?'. [Online], Available: http://www.mallenbaker.net/csr/CSRfiles/definition.html [2001, November, 6].

Cronje, G.J. De J., Du Toit, G.S., Mol, A.J., Van Reenen, M.J. & Motlatla, M.D.C. 1998. Introduction to business management. (4th Ed). Johannesburg: International Thompson Publishing (Southern Africa) (PTY) Ltd.

Daft, R.L. & Marcic, D. 1998. Understanding management. (2nd Ed). Fort Worth: The Dryden Press: Harcourt Brace College Publishers.

Donnelly, J.H., Gibson, J.L. & Ivancevich, J.M. 1987. Fundamentals of management. (6th Ed.) Illinois: Business Publications, Inc.

Du Plessis, P.G. 1996. Applied business management: An introductory survey. Pretoria: Kagiso Tertiary.

Griffin, R.W. 1996. Management. (5th Ed). Boston: Houghton Mifflin Company.

Hellriegel, D., Jackson, S.E. & Slocum, J. 1999. Management. (8th ed.). Cincinnati, Ohio: South Western College Publishing.

Hellreigel, D., Jackson, S.E., Slocum, J., Staude, G. & Associates. 2001. Management. Cape Town: Oxford University Press.

Introduction to corporate social responsibility. [Online], Available: http://www.bsr.org/Intro.html .[2002, September, 13].

Kitchen, P.J. 1997. Public relations principles and practice. London: International Thompson Business Press.

Kotler, P. & Andreasen, A.R., 1987. Strategic marketing for non-profit organisations. (3rd ed.) Englewood Cliffs: Prentice-Hall International, Inc.

Kotler, P. & Armstrong, G. 1996. Principles of marketing. (7th ed.). Englewood Cliffs: Prentice-Hall International, Inc.

Lamb, C.W., Hair, J.F. & McDaniel, C. 2000. Marketing. (5th ed.) Cincinnati: South Western Publishing Co.

Lazarus, D. 1997. How winners reach – and sell – the black market. Professional Management Review, August.

Leedy, P.D. 1993. Practical Research: Planning and design. (5th ed.) New York: Macmillan Publishing Company.

Leedy, P.D. 1997. Practical Research: Planning and design. (6th ed.) Upper Saddle River: Merrill.

Leedy, P.D., and Ormrod, J.E. 2001. Practical Research: Planning and design. (7th ed.) Upper Saddle River: Merrill Prentice Hall.

Mersham, G.M., Rensburg, R.S. & Skinner, J.C. 1995. Public relations, development and social investment: A South African perspective. Pretoria: J.L. van Schaik Publishers.

Meyer, I.T. 2001. Challenges facing a financial institution to improve service quality and customer retention. Unpublished MBA dissertation. Port Elizabeth: PE Technikon.

Mintzberg, H. & Quinn, J.B. 1991. The strategy process.(2nd ed.). Englewood Cliffs: Prentice-Hall, International, Inc.

Post, J.E., Frederick, W.C., Lawrence, A.T. & Weber, J. 1996. Business and society – Corporate strategy, public policy, ethics. (8th ed.) New York: McGraw-Hill, Inc.

Rampersad, R. 2000. The Significance of corporate social investment within the field of public relations with specific reference to selected Kwazulu-Natal corporations. Unpublished M. Tech dissertation. Port Elizabeth: PE Technikon.

Ratshikhopha, N.E. 2001. Corporate social responsibility versus corporate citizenship accountability. Paper presented at the accountability conference, Cape Town.

Riley, D., Wood, G., Cark, G., Wilkie, P. & Szivas, L. 2000. Research design. Cambridge: Director books.

Rockey, V. 2001. The corporate social investment handbook. (4th ed.) Cape Town: Trialogue.

Ryan, C. 10 November 2002. Having a conscience becomes good for business. Sunday Times, 10.

Saunders, M.N.K., Lewis, P. & Thornhill, A. 2000. Research methods for business students. (2nd ed.) Harlow, England: Financial Times/Prentice Hall.

Skinner, J.C. & von Essen, L.M. 1992. Profit from pro-active public relations. Cape Town: Juta & Co, LTD.

Skinner, J.C. & von Essen, L.M. 1993. The South African handbook of public relations. Johannesburg: Southern Book Publishers.

Skinner, J.C. & von Essen, L.M. 1995. The handbook of public relations. Johannesburg: International Thomson Publishing (Southern Africa) (Pty) Ltd.

Sleight, S. 1989. Sponsorship, what it is and how to use it. London: McGraw Hill Book Company (UK) Limited.

Sponsorships.[Online],
Available:http://www.standardbank.co.za/site/about/aboutSponsor.html.[2001, November, 7].

Sykes, J.B. 1982. The concise Oxford Dictionary of Current English. New York: Oxford University Press.

The Absa Foundation. [Online], Available:
http://www.absa.co.za/About_Absa/0,2999,1879,00.html. [2002, November, 18].

The international fundraising consortium. [Online], Available:
http://www.interfund.org.za/funding.html. [2002, November ,11].

Thomas, R. 1996. Research methods, guidelines for postgraduates. London: Arnold.

Thompson, Jr. A. A. & Strickland, A.J. 2001. Strategic management concepts and cases.
(12th ed.). Boston: McGraw-Hill, Irwin.

Visser, C.J.D. 1995. Corporate accountability on human resources. Harrismith: Pierd
Resources.

What is Corporate Social Responsibility (CSR)? [Online], Available:
http://europa.eu.int/comm/employment_social/soc-dial/csr/csr_whatiscsr.htm [2001,
November, 6].

Wragg, D. 1994. The effective use of sponsorship. London: Kogan Page Limited.

ANNEXURE A

QUESTIONNAIRE

A COMPARATIVE STUDY INTO THE SOCIAL RESPONSIBILITY PRACTICES OF TWO SELECTED FINANCIAL INSTITUTIONS

SECTION A

PERSONAL DETAILS

Name _____

Position _____

Department _____

Company _____

1.   What is your company's core business?

   _____

   _____

   _____

2.   What is your company's vision/mission or value statement?

   _____

   _____

   _____

   _____

3.   What is the main objective of the corporate social investment/responsibility

   programme within your company?

   _____

   _____

   _____

   _____

4.	Does the company have a department that is predominantly responsible for corporate social investment/ responsibility issues? Please tick the appropriate response.

Yes ☐ (continue to next question)

No ☐ (answer question 5)

What is the staff compliment within this department?

_____

Who is the head of this department?

_____

Who does the head of this department report to?

_____

5.	If your company does not have a department that specifically deals with corporate social investment/responsibility, please state which department deals with these issues?

_____

6.	Please tick the type of corporate social investment/responsibility programmes that your company focuses on. Please state why. Also indicate the order of importance, and provide reasons for this order.

	Tick	Rank Order
Welfare Development	☐	☐
Arts and Culture	☐	☐
Education	☐	☐
Health Care	☐	☐
Sport Development	☐	☐
Business Development	☐	☐
Conservation and Environmental Education	☐	☐
Job Creation	☐	☐
	☐	☐

Entrepreneurship Development and Skills training

Other (please specify)

_____

_____

6.1   Reasons for focussing on specific programmes?

_____

_____

_____

6.2   Reasons supporting the rank order?

_____

_____

_____

7.   How are the corporate social investment/responsibility programmes funded? Please
       tick.

       Cash   ☐

       Donations   ☐

       Sponsorship   ☐

       Other (specify)   ☐

       _____

       _____

8.   Who assists in the decision making process in terms of funding? Why?

       _____

       _____

9.   Has the budget for corporate social investment/responsibility changed over the past
       two years? Please tick the appropriate response and please state why.

       Slight increase   ☐

       Drastic increase   ☐

No change ☐

Slight decrease ☐

Drastic decrease ☐

_____

_____

10. Does the company publish information on corporate social investment/responsibility spending? If yes, please state where and who is responsible for this. . If no, please state why not.

Yes ☐

No ☐

_____

_____

_____

_____

11. Does your company have a defined corporate social investment/responsibility policy? If yes who is responsible for formulating such policies and what is the underlying reasons for these policies. If no, what are the reasons?

Yes ☐

No ☐

_____

_____

_____

_____

12.   What are your thoughts regarding the opportunities/rewards/benefits of being perceived as a social responsible company?

   _____

   _____

   _____

   _____

13.   What benefits do your company receive from your social investment/responsibility programmes? Please tick.

Improved Financial Performance	☐
Reduced Operating Costs	☐
Enhanced Brand Image and Reputation	☐
Increased Sales and Customer Loyalty	☐
Increased Productivity and Quality	☐
Increased Ability to Attract and Retain Employees	☐
Reduced Regulatory Oversight	☐
Access to Capital	☐
Other (specify)	☐

   _____

   _____

   _____

14.   What are your targets for social investment/ responsibility involvement?

   _____

   _____

   _____

   _____

15. How do your company identify the targets for social investment/responsibility involvement? Criteria.

_____

_____

_____

_____

16. Is staff informed about the initiatives the company is involved with? If yes, please state how information is disseminated.

Yes ☐

No ☐

_____

_____

_____

17. Is there staff participation in corporate social investment/responsibility activities? If yes, please explain.

Yes ☐

No ☐

_____

_____

_____

18. Does the company have any form of in-house training regarding social investment/responsibility? If yes, please discuss the role of the training, if no please state why not.

Yes ☐

No ☐

_____

_____

19. Could you please state the company's major achievements with regards to corporate social investment/responsibility.

_____

_____

_____

_____

20. How does the company monitor progress of its investment? Who is responsible for this? If not, why not?

_____

_____

21. Does your company form partnerships with the community when it comes to social investment/responsibility programmes, or do you have a prescriptive approach?

Yes ☐

No ☐

If no, why not?

_____

22. Does your company see sponsorship as a mutually beneficial commercial arrangement?

Yes ☐

No ☐

If no, why not?

_____

SECTION B

Based on their relative importance and application to your firm, rate each statement from being unimportant to extremely important in the space provided.

	Very Important	Important	Unimportant	Very Unimportant
To fulfil philanthropic and charitable responsibilities				
To monitor new opportunities which can enhance the organisation's ability to help solve social problems.				
To assist voluntary those projects which enhance a community's quality of life.				
To pursue only those opportunities which provide the best rate of return.				
To consistently expand philanthropic and voluntary efforts over time.				
To integrate social issues with strategic planning.				
To use laid down criteria for selecting targets for social responsibility involvement.				
To formulate a policy with regards to the social responsibility practices of the company.				
To do a social audit to establish changes in social needs.				

Thank You.