

https://dspace.org/

Corporate citizenship in South Africa : a case-study of Coca-Cola South Africa.

Buckley, Lisa Keegan

2010-09-02
http://hdl.handle.net/10539/8595

Downloaded from a DSpace repository. https://dspace.org/

University of the Witwatersrand, Johannesburg

Faculty of Humanities
School of Social Sciences

Corporate Citizenship in South Africa: A case-study of Coca-Cola South Africa

Lisa Keegan Buckley

Supervisor: Dr Stephen Louw
Department of Political Studies

A Research Report submitted to the Faculty of Humanities, University of the Witwatersrand, Johannesburg, in partial fulfillment of the requirements for the degree of Masters of Arts (Development Studies)

2009-2010

Table of Contents

	Page
Table of Contents	i
Abstract	ii
Declaration	iii
Chapter One	**1**
- Introduction to research problem	1
- Methodology	2
- Discussion of global political economy	7
Chapter Two	**25**
- A Brief History of Development	25
- A Discussion on Transnational Corporations (TNCs)	35
Chapter Three	**41**
- A Discussion on Corporate Social Responsibility (CSR)	41
- A Presentation of Coca-Cola South Africa's (CCSA) CSI projects:	49
- Munsieville Leak Repair Project	52
- Modderspruit Community Centre	63
- Broodspruit Primary School	71
Chapter Four	**75**
- Conclusion	75
Bibliography	**79**
Appendix One	85

Abstract

This case-study of Coca-Cola South Africa's (CCSA) Corporate Social Responsibility (CSR) focuses on the company's potential for development in South Africa by way of examining its corporate social investment (CSI) projects. The discussion centres on the issue of relatively rapidly decreasing water resources, which are put under even greater strain in the context of an industrializing and 'developing' environment, thus demanding a re-evaluation of what one should take sustainable development to mean. The case-studies showed that CSI projects reproduced identified dominant trends of a wider capitalist globalization: namely processes of privatization and of increasing irresponsibility. One of the leak repair projects undertaken facilitated an overall move by the municipality towards the commercialization of water by of installing prepaid meters; another community water supply programme highlights the lack of planning, and hence the degree of irresponsibility on CCSA's behalf. All case-studies led to the conclusion that CSI is little more than soft marketing, the funding of projects to protect the image of the company, and as a consequence CSI reports remain largely narrative as opposed to scientific, and exaggerative in their claims.

Declaration

I hereby declare that this Research Report is my own, original, authentic and unaided work. It is being submitted for the Degree of Master of Arts (Development Studies) at the University of the Witwatersrand, Johannesburg, South Africa. It has not been submitted for any other degree or examination at any other university.

_____

Lisa Keegan Buckley

_____

Date

Chapter One:

Trans-national Corporations and Globalisation

"*Faced with the now well-documented freshwater crisis, governments and international institutions are advocating a 'Washington Consensus' solution: the privatization and commodification of water."*[1]

Introduction to the Research Problem

With a backdrop of an ever-more interconnected world, a process of globalisation has served to financially link previously disparate and isolated lands. Such a process is capitalistic in nature and both facilitates the movement of trans-national corporations across borders while that very same process comes reinforced by the movement of such goods. In short, it is a phenomenon fundamentally rooted in the market driven by a consumer society. In turn, given the variety of choice, brands are bought because the purchaser identifies with that brand and chooses to represent it. Specifically since the '90s economic policies have come under escalating scrutiny, and a considerable anti-globalisation movement has formed, which by and large tends to demonise corporations and their practices, leaving these latter under mounting pressure to construct a positive image for themselves. Beyond traditional marketing, which can relatively easily evoke feelings of happiness, freedom, energy, etc., CSI has a softer touch, presenting a more humane side of the corporation: a demonstration that the corporation is committed to giving back to the communities in which it works; committed to development.

This study is primarily an exploratory study, which seeks to examine the development potential of Coca-Cola South Africa's corporate social investment (CSI) projects focused on water. The first chapter will provide a comprehensive overview of the changing nature of the global economy, discussing its consequences for the social and political realms within which it manifests itself. It will consequently contain a discussion on capitalism, globalisation, and Trans-national corporations (TNCs), which also set the scene for an

[1] Barlow and Clarke (2002), p.xii.

understanding of development. The subsequent chapter will provide a discussion on TNCs and CSR and will be complemented by a consideration of the data collected. The concluding chapter will pull all of the discussions together to show that there is a mutually reinforcing dynamic between globalisation as a phenomenon and corporations as active institutions that reproduce this globalising circumstance, to the extent that characteristics specific to the capitalist system are reproduced through the CSI projects of CCSA.

Methodology

This research is a combination of desktop and qualitative analysis. The nature of this research requires an in-depth approach –as opposed to a quantitative analysis –as it seeks to investigate the relationship between CSR and development. Both of these terms (CSR and development) are subjectively loaded and for this precise reason the interviewees will have complete discretion to respond in whatever way they see fit, to describe how they relate to CSR and development, and how the two relate to each other. For this very reason, a quantitative framework would be inappropriate.

When undertaking research, every researcher must choose between two frameworks: quantitative analysis and qualitative analysis. The former refers to the study of data that is largely numerical: as the name suggests it seeks to quantify the data, resting on statistical analysis in order to measure the frequency of a trend. It relies on standardized questions that by their very nature impose limitations, rigidly guiding respondents' answers, not necessarily respecting their true opinion. In contrast the latter provides room for exploratory studies that seek to capture as accurately as possible a given reality. This kind of research allows room for an assessment of subjective experiences[2] and given the highly contested nature of CSR in general, and The Coca-Cola Company's CSR in particular, qualitative analysis is consequently much more suited to this research. It is after all a descriptive study.

[2] Grbich in Johnson and Waterfield (2004) p. 2.

The data analysis will be split into three sections. The first two, and the largest, will focus on two case studies of two project investment areas: the leak repair project in Munsieville and the clean water supply project to the community of Modderspruit. This analysis will base itself on primary data after having provided a brief overview of the location-specific circumstances presented in various secondary sources, namely reports. The following section will be a brief discussion of another investment area based on the findings that a preliminary investigation produced. Unfortunately, due to time and distance constraints, it was not possible to carry out further research on these sites. However the preliminary fieldwork yielded interesting data, which is why they have been included in the research –because although not in-depth the data does complement the findings of the other research sites and so as a consequence add to the validity of the project as a whole. This section will be comprised of a combination of primary and secondary data. On Coca-Cola South Africa's 2009 website, some details about the CSI projects they had undertaken were in fact posted (largely general information touching on the kind of projects intended or completed) - they were split into two categories: Leak Repair and Community Supply. This research will focus on a project area from each of these over-arching project categories. In addition, some preliminary data from a third site will be included. This latter site was chosen because CCSA invested in it precisely because it was a disadvantaged school in the same area as their bottling plant for Valpré Premium Water.

Primary data lays the foundation for the research. It is the raw material collected and exposed as evidence. It is quite basically the original material of the research and offers a fresh insight into both CSR in SA and TCCC's involvement and contribution to development, again, specifically in SA, given that I have not come across any other research or articles relating concretely to CCSA's CSR in SA. It therefore seeks to provide a comparative basis not only for corporate involvement in developing SA but also in the effects of TCCC's presence in SA and whether this can be said to constitute development or not, as CCSA claims. Resting on secondary data has the added advantage of saving time and capital, as restrictive distances prevented me from collecting all of the data myself. Nonetheless they provide a comprehensive overview of the relative material.

As a new-comer to South Africa, I tackled the research in two rounds. The objective of the first round was to gather as much general information as I could about South Africa and about its government and municipalities, about CCSA, about water… This largely involved me reading a wide variety of written texts such as newspaper articles, journals, and engaging in informal conversations with various stakeholders involved in the different relative areas.

Introductory conversations were conducted with the CSI departments of CCSA and ABI[3], as well as with officials in the Department of Water Affairs and Forestry[4] who guided me on general information on water extraction, borehole installations, catchment transfers, etc. In addition the district director for the department of education in Ladysmith[5] participated in similar conversations as did several people in the eDumbe municipality[6], while trying to locate who best to help me with my questions. The informal conversations are too many to mention as any time I came across somebody who could offer me some information I spoke with them about what they knew and what their opinions were. Some were more helpful than others but all were invaluable to the research in that each added useful information to give me a more complete picture of both the circumstances of the area, particularly to do with water, as well as corporate involvement within that same area and/or nationally…

The second round of the research involved mainly interviews and observatory research, as well as some discourse analysis, specifically on Coca-Cola documents. The interview schedules were influenced by the first round of research, allowing for more informed questions directed at more specific data that was needed. Round One of the research was not necessarily conducted before Round Two, in fact they largely over-lapped as the research itself demanded flexibility in investigating various areas of the project. For example, a formal interview with Water For All had already been conducted while

[3] Conversations with Tuli Mkatshwa (CCSA) (August 2009) and Monika (ABI) (August 2009).
[4] Conversations (and I include correspondence by email in this category as it was sometimes preferable for both me and stakeholders to communicate through email, for location-specific purposes) with Willem du Toit (DWAF), Jeanne Luoise de Klerk (DWAF) (July-September 2009).
[5] Interview with N.T. Nkosi (October 2009).
[6] Interviews with Vezi (Paulpietersburg water dept.) and Boikie (Paulpietersburg technical officer) (December 2009).

background research on CCSA's other implementing partner (Re-solve), as well as on CSR in SA in general, was simultaneously being undertaken.

The primary data collection involved conducting a total of 33 interviews, eight with government municipalities, CCSA, their bottlers and their implementing partners that lasted at least 40 minutes long, with some of these interviewees being interviewed a second time[7]. Then I conducted a total of 25 interviews with the beneficiaries of the CSI projects, whether community members, school teachers and principals, or other community officials that had been involved in the implementation of the projects[8]. These varied in duration, the shortest lasting ten minutes and the longest lasting 45 minutes. The length of the interviews when they were constricted in time was largely as a result of language and cultural barriers[9], although the necessary information was obtained, and the questions were answered.

None of the interviews carried out were rigidly structured, in fact I found it extremely difficult to stick to the question formatting that I had prepared beforehand, as, even when phrasing questions in the same way, respondents ended up answering in a variety of ways[10], this therefore tended to lead the conversations in different directions. Although they were always brought back to my initial interest the way respondents answer you, affects the way you react to the respondents. So for example, when interviewing one teacher, although she had interesting things to say about CSI, she also wanted to talk about the situation of the school as a whole, because the school was in need of help.

[7] Six of these were recorded with a voice recorder; two were done over the phone; and one was done old-school style with pen and paper.
[8] Of which, eight were recorded; and 16 were written manually.
[9] I say cultural barriers because, as a foreigner, it has been particularly striking to me how South Africans inter-relate with each other: an awful lot of people seem to be alienated from each other, in particular inter-racial communications. Although not all but in many relations the most striking thing for me was the balance of power, where often I have noticed that black people tend to act in a dis-empowered way especially when confronted by white people, but also when confronted with authority in general. No doubt this has to do with the history of the country, but nonetheless this dynamic colours and indeed filters interactions. Therefore I think it important to highlight this power dynamic as afterall I am a white woman who doesn't speak an African language, strengthening this gap of cultural alienation. From what I've read and heard gender also plays a big role although I personally didn't feel that this was an issue for me.
[10] But these are not necessarily incompatible with each other i.e. the information given did not necessarily contradict previous information obtained.

Obviously in this circumstance one cannot ignore the conversation and stick rigidly to an interview schedule, the conversations as a whole demand much more fluidity and adaptability. As a consequence interviews revolved loosely around various topics scheduled to be breached. This was not at all to my disadvantage, as it gave me added information that I might not have otherwise gotten: it allowed me to probe the interviewee on different areas of interest. Although we can call them formal interviews, these would be better described as informal conversations in that I had identified areas of interest that got discussed either way, but the interviews were done in such a way as to allow the respondent the freedom to elaborate on the areas they felt were necessary. At the same time this still allowed me room to steer the conversation when I thought it necessary.

Some respondents, although relatively few, seemed to feel slightly uncomfortable, not quite sure what it was that they were supposed to talk about, and/or how they should express themselves, even though I had tried to explain why I was there speaking as clearly as possible. It was indeed a handicap that I did not speak their language, as I'm sure that would have put the respondents more at ease. On the first visit to Munsieville I was accompanied by Tshidi (and Loveos Mambane and Robert Chake) who when necessary translated for me. The second visit I went alone. Having translators I believe facilitated the respondents who felt unsure or incapable of answering in English as indeed their answers were longer and more developed whenever Tshidi asked questions, as opposed to when I asked the same people questions in English. However, by the same token, the whole process (of visiting houses, etc.) gave an impression of being much more formal with four people, one young woman with a clipboard. Usually the residents spoke directly with me. I tried to be confident and firm but not over-powering, greeting the residents in Tswana, even though that was as far as my Tswana language skills went. The way they reacted to me varied: some were chatty and uninhibited while others were more shy and withdrawn.

If I learnt only one thing from this research about researching in general it would be that no matter how prepared you think you might be with the questions, or how together you

might think you and your research are, there will always be information that either escapes you during your interviews or more questions that spring to mind once you start to comb through the data and tease information out. It was precisely because of this that I conducted several follow-up interviews with various interviewees, in order to clarify information they may have given me or to ask new questions that had come to mind once I had had a chance to go over the various pieces of information I had already collected. More importantly, the interviews were in no way isolated from each other, so that data I got from one particular interviewee could have been considerably useful in guiding the particular questions that I felt I should ask another interviewee, not necessarily related to the same area of expertise.

The reliability of the research was ensured by examining two case-studies of CCSA's CSI projects. As their water initiatives are according to two overarching objectives (leak repair projects and community water supply projects) investigating one of each seemed the most logical choice to present a comprehensive overview of the investments undertaken. The validity was ensured through a relatively high number of interviews conducted to confirm information. Ethical consideration was adopted at all times when doing fieldwork: the focus of the research was explained and it was made clear that participants could stop the interview at any time.

The Global Political Economy

With less of a focus on the state as capable of effectively governing and more of a focus on the market, the CSR initiatives of the state largely disappeared, leaving the market (i.e. private businesses), not solely but in a growing trend, responsible for the development of society. Yet, in a world where reliance on the market has led to increasing inequality, this has equally led to the idea that private businesses must be aware of their public (or private) effects, especially in a marketing world where brands are linked to emotions. At the same time, corporations have a vested interest in selectively publishing data, and it is no secret that they do it, but how does one know when they're hearing the truth? It is for this very reason that one should focus on those initiatives that are taken as development,

especially when business is in the driving seat, merely because business has imperatives to undertake and strategies to fulfil.

Increased market integration is the backbone of globalisation and the primary mechanism for inflating globalisation is trade liberalization. Salil, in Adewale[11], promotes liberalized trade as an effective mechanism of distribution primarily because it allows for each product to be produced by whichever country has the comparative advantage on the production of that particular commodity, hence scarce world resources are allocated efficiently. Such a logic, endorsed by the General Agreement on Tariffs and Trade (GATT)[12], has facilitated "*the establishment of a global structure charged with the responsibility of erecting a new economic world order aimed at fostering greater trade integration and liberalization"*[13]. Lacking a statutory mandate, however, in 1994 at the Uruguay Round accord, 'global' agreement on the rules of trade conduct were solidly calibrated and embodied in the World Trade Organisation, resolutely shaping the economic fate of the world to come.

It is argued that over the past few hundred years, society has progressively edged closer to freedom. The White Paper on Local Government of the 9th of March 1998: "*political freedom in this instance clearly came along with the free market and the development of capitalist institutions*"[14]. Hayek[15] supports this assertion because, he argues, the particular nature of catallaxies is such that it allows interaction of individuals to benefit each other but to not interfere in each others' business.

An economy has a distinct set of rules to guide the means, while it arranges the ends in a hierarchical form, in contrast to a catallaxy, which is a matrix of inter-related economies i.e. any national or global economy, which cannot be said to have a goal or one united end. According to Hayek, it is the market that allows a peaceful society to develop because it allows an entirely new kind of interconnectedness, one where each individual

[11] Adewale (2008), p. 42/213.
[12] Signed on behalf of 44 countries in 1947, at Bretton Woods.
[13] Ibid, p. 43/213.
[14] White Paper on Local Government, 9 March 1998.
[15] Hayek (1976)

is anonymous to the other, while at the same time they can benefit from the other's knowledge and skills[16]. Thus all that needs to be considered when engaging in a transaction is what you are losing and what you are benefiting. Implicit in this is the fact that one is not morally obliged in any way, when engaging in exchange. So where a previous society, tribal or otherwise, might rest on values and morals to guide relations, this is not the case in a catallaxy, where money becomes the cloak for all transactions. As Hayek puts it: "the Great Society... is means-connected and not ends-connected"[17].

Similarly, Friedman[18] saw free-market policies as encompassing a newly-acquired freedom manifested as participatory democracy because each individual is a consumer 'free' to choose what to buy, where to go, who to be…liberated from the previously prescriptive impositions of what to wear and who one should be. Such a market provided an individual freedom that only a market could: rather than the corporate nature of a society being driven by spoken or unspoken morals it was to be increasingly driven by a purist, laissez-faire approach that in theory provided no prescriptions, just choices. Thus such an individualizing force put the singular party above the collective. Ultimately this is bound to problematise the notion of responsibility as this latter is grounded in a notion of accountability, in turn consolidated by an understanding of morals and obligations[19]. In a free-market society that overwhelmingly benefits a handful of corporations, more so than anyone else, the only responsibility that businesses and corporations have is to their shareholders: according to Anlgo-American law, businesses are not responsible for any externalities they may produce.

One of the points of contention that free-market economists had with existing society was that, in the '50s, in the Western world post WWII, the market was ineffectively un-free: labour laws guaranteed a minimum wage, thus interfering in the economy; education was largely state run, to ensure access for all, again intruding, ignoring laissez-faire

[16] Ibid.
[17] Hayek (1976) p. 110.
[18] Friedman (1962).
[19] Jeurissen (2004) .

prescriptions[20]… Although free-market advocates like Hayek and Friedman are no more satisfied with the contemporary world than their socialist and Marxist counterparts, the utopia of a free-market system will simply never exist.

Marx's elemental focus of his vast studies on the social world were fixated on economic institutions; as Marx and Engels hypothesised that with the development of the market as the most reckonable force, we are condemning all other social relations to being reduced to economic ones[21]. This logic is based on a recognition of capitalist laws of motions that will not compromise on the necessity of accumulating profit, as this is the stimulus that propels the system itself.

Capitalism is "*an economic system based on the private ownership of industry*"[22], fed, in theory, by the laws of competition. Just as every society is dynamic, the economic system itself is never static, thus if one seeks to participate, it is not only necessary to gain market share it is necessary also to maintain that share. In order to do this, however, one needs to accumulate profits, hence a concentrating force of only those activities essential to the production system sieves unprofitable processes from the production process as a whole.

With a wave of decolonisation post WWII for most parts of the Third World, newly found independence sought to locate nation states as autonomous bodies that were now in a position to develop industries and use resources for the benefit of that very same nation state, rather than have assets exported for the benefit of the colonial powers. Such a period saw the implementation of economic policies that centred around import substitution, to facilitate government-led development.

Fostering a progressively hostile environment for TNCs –fixed prices, high taxes, etc; - import substitution policies waned under pressure from champions of free-market capitalism: for example in Chile, the Ford Foundation and USAID funded exchange

[20] Klein, (2007)
[21] Marx and Engels (1888)
[22] Collins Concise Dictionary and Thesaurus (1995)

programmes for Latin American students to be taught the Chicago Boys' economics. Contemporaneously, the International Telephone and Telegraph Company plotted with the members of the US government for Allende's removal, through bribing of Chilean opposition leaders. Unsuccessful as these strategies were, democratically elected Allende perished in a coup in 1973. But this case in point illustrates the pressures countries come under when they jeopradise the profits of TNCs[23].

Born in the late 19th century, throughout the 20th century corporations saw their power expand exponentially to the extent that today they rival even nation states in the scale of their economies. This sets the scene for the context of this research because, as touched on earlier, globalisation is primarily an economic phenomenon that facilitates the trans-national movement of corporations through the implementation of neo-liberal theories. Thus the political economy of a country cannot be seen in isolation but rather must be understood in terms of its broader historical and political circumstances.

The education system, for example, serves a preparatory function instilling values and logic that will be likely reproduced in a solid work ethic, regardless of the economic system in place[24]. Thus it is inextricably linked to the economic system and seeks to reproduce the values that serve the economy: in modern society, a capitalist economy, an individualistic and privatizing force[25]. This point is not a condemnation of capitalist society –to be sure there are both good and bad elements in it: the world is neither all black nor all white, but the fact still remains that many social scientists have indeed acknowledge the privatizing and individualizing force held within such an economy. As in the latter part of the twentieth century such a force has deepened its roots through liberalizing and privatizing processes it is important to be able to recognize the consequences of such a force…

[23] For a deeper discussion of the sequence of events, see Klein (2007).
[24] For more a more detailed analysis of the education system and its role of reproduction see Bourdieu and Passeron (1977).
[25] See for example, Anthony Giddens' (1971) discussions on exchange as an individualizing force which (exchange) climaxes under capitalism; Bauman (2001).

The 20th century has seen the greatest expansion of global capitalism, economically uniting the entire globe. Although globalisation remains primarily an economic phenomenon, one cannot forget that the implementation of economic policies has ramifications for the social, political, demographic, even historical disciplines. The degree to which the world is ever-more interconnected has sparked excitement and frustration from all corners of the globe. As Ulrich Beck explored, modern society can be characterized as a *risk society* quite simply because the risks that modern science produce are greater than ever before because technology poses threats that are no longer spatially nor temporally confined[26]. Increasingly financially interconnected, such risks apply to the market order, thus consolidating the need for corporate cooperation.

My point is that such processes (individualization, etc.) have benefited a few elite (through strategies of divide and conquer) rather than benefiting the majority because when this latter is divided it is easier to quell the union. Labour laws for example were enshrined in legislation to protect the worker, but this did not stem out of corporations' sense of responsibility; rather it appeared as a compromise proposed by corporations to quell the growing discontentment of workers, demanding the expropriation of resources[27]. The industrial revolution consolidated an individualizing force in that it introduced processes of specialization, separating the worker from the natural world as well as separating him from the production process as a whole. He was therefore compartmentalized, programmed for a certain task. This had positive consequences in that it increased efficiency, but it similarly had negative effects as it deepened a sense of alienation[28], prompted by a disjointed and insignificant routine.

The specialization of the workforce however holds significant economic benefits: an expert division of labour saves both time and money increasing the potential surplus to be reinvested, thus maximising profit potential. Additionally, developing new technologies allows for an even more heightened level of efficiency, being able to take on tasks that humans might have been incapable of doing, and potentially even replacing the worker

[26] Beck (1992).
[27] Bakan (2004).
[28] For more discussion on Marx' alienation and Durkheim's work on suicide see Morrison, K. (2006).

himself, thus diminishing the wage burden on the company. In addition such a process of specialization removes the worker from the overall process of production, alienating himself from the work itself and from his fellow workers.

By the same token, the drive for profits similarly sees an outsourcing of labour and resources that are not subject to the same rigid legislature, backed by a strong institutional and regulatory capacity, of the developed nations. As a consequence, an ever-more globalised world is witness to a growing trend of labour casualisation and informalisation, creating an unstable and insecure economic situation particularly for the lower classes of society.

The Informal Sector, as illustrated by Meagher[29], sprouts from the incapacity of the state and market to include a given per centage of the population within its formal workforce. This population is then forced to find other means of making money in order to survive. The process of informalisation is a response to the formal sector's demand for cheap and flexible labour, to the point of exploitation. Given the many barriers to working within the formal sector, people turn to the creation of money in any way possible. Informal activities are increasing, particularly in the face of the crisis, as wage cuts are cutting deeper into the masses' pockets, and employers are less and less concerned with social security[30].

Despite the neo-liberal assumption that the informal sector (IS) grew because of excessive state regulation, Meagher[31] sites empirical evidence that shows that in countries where state intervention is high (Sweden, Norway and the Netherlands) the IS is relatively small; in comparison to countries where there is little state regulation there tends to be a considerable informal sector (e.g. Italy, USA). Meagher found that the IS, contrary to some perceptions, is not founded on feelings of solidarity because there are no formal rules; in fact it is extremely hierarchised and rigidly divided, mirroring a formal reflection. It too relies on a highly exploited workforce, forced to work long hours for

[29] Meagher (2005).
[30] Ibid.
[31] Ibid.

minimal wages; this class works for little more than subsistence[32]. Although not the focus of the research, processes of casualisation and informalisation are mirrored in CCSA's presence in SA: according to a 2007 fact sheet, for every job created directly within the Coca-Cola system, at least one is created outside of it. The success of Coca-Cola rests on its strategically successful supply chain, which manages to get its product into even the most remote corners. Although not the focus of the research, processes of casualisation and informalisation are mirrored in CCSA's presence in SA: according to a 2007 fact sheet, for every job created directly within the Coca-Cola system, at least one is created outside of it.

As Hayek[33] asserted social conflict stems not so much from what people lack access to but from what they think they should have access to. Hence if a system has a qualitatively hierarchical tendency, people will seek to reproduce that value system simply by trying to reach the top. For example, a study of Norwegian adolescents[34] showed that the middle class were less likely to be prejudiced against immigrants than the working class –the reason being that it was the working class that stood to lose as it was pitted in competition against the working class immigrants. Thus the working class felt they were in a situation of conflict, and acted accordingly, because they felt they were being denied something (jobs) that they had a *right* to –more importantly that they had more of a right to than the foreigners.

A society is only natural in that humans as a product of *nature* have created it, otherwise it remains social in nature, a characteristic that the natural gives way to, as we are taught that the social factor frequently overrides natural tendencies, especially in civilized societies. It is a socio-political construct that runs according to its own laws, sometimes implemented and chosen through rational, calculated decisions, other times recreated by unconscious action. As such it is vital for anyone who seeks an understanding of society to investigate the driving mechanisms, the propellers. In an increasingly globalised world, economic and political relations are becoming more and more streamlined, more and

[32]Ibid.
[33] Hayek (1976).
[34] Pederson (1996).

more convergent, despite different cultural and historical circumstances of a wide variety of countries. A politico-economic convergence has been facilitated by a process of globalisation, which has allowed the normalization of production processes: inextricably linking countries all over the world to a common daily routine of standardized employment. The development policies that are being recommended are therefore a good place to start for an understanding of what makes the world go round, as it tackles the issue of how best a country can develop: what policies and what priorities it should undertake. In addition, the world indeed is increasingly globalised, but this globalisation does not represent the free-movement of people, rather it has facilitated the free(er)-movement of goods and services, and as such it remains a primarily economic achievement[35]. Hence, in an increasingly economically-uniform world countries worldwide come under strenuous pressure to contribute and hence to reproduce the dominant economic structure. The question remains why, especially in 3rd world countries, given that the recommended policies of liberalization and privatization have been shown to increase inequality and exacerbate social tensions, do such policies continue to be implemented?

South Africa is in itself an interesting case: primarily because of its anti-democratic history which in '94 was said to have blossomed into the Rainbow Nation in which all have a say. It poses a particularly interesting case in the context of a global convergence towards neo-liberal policies because with its transformation into a 'democratic' state, it was to redress the issues of vast inequality that had pervaded SA society, really since the Europeans arrived[36]. Thus with the shedding of Apartheid and embracing of a new democratic and egalitarian SA society, the government's mandate was indeed to converge social inequalities[37], leveling the plain: one of the major objectives of development, philosophically at least.

[35] This is not to ignore the benefits of globalisation for people, rather it merely seeks to locate the priorities of globalisation which are rooted in the economic.
[36] I do not mean to infer that before the Europeans arrived the territory that SA occupies was a utopic egalitarian society: im sure it was not. Nonetheless, the standardization and institutionalization of a racial hierarchy, although I admit primarily economic in its motivation, did imbue devastatingly powerful relations into SA.
[37] As outlined in the preamble to the South African Constitution.

Yet what is meant by development is measured against the western world's standards: after all, we speak of developed countries (DCs) and less developed countries (LDCs)[38]. How to develop is prescribed by the western world through the International Monetary Fund (IMF) and the World Bank (WB) and various other international institutions, and indeed it is a lucrative business[39], thus the understanding of 'development' is not likely to be reconsidered without a reconsideration of the global political economy.

1994, the new South Africa was introduced to the world, the latter increasingly neo-liberal. Hence in a country that was so starkly imbalanced in terms of power and seemingly sought to redress such inequalities, just when it was to tackle these issues its government saw fit to focus on an over-arching macroeconomic policy (GEAR), which advocated such politics of liberalization of trade investments, privatization and the lowering of tariff and non-tariff barriers. This of course was a strategic move on the part of the South African government to stabilize the country and attract foreign direct investment, thus creating an environment fit for economic growth.

On the ground, however, it demonstrated to the people that the anticipated socialist policies for a free SA had not been set in motion and instead they saw soaring unemployment and the implementation of privatization policies: including the privatization of the world's most precious resource: water.

The commodification of such a resource pits people against people and people against corporates, both government and corporations, thus guaranteeing a significant gap between the rich and the poor in relation to resource access. Particularly in South Africa, the privatization of basic resources such as water are contentious issues. The

[38] N.b. we don't speak of more developed countries.

[39] If we have learnt anything from Ford's successful growth in the early part of the 20th century let it be that people with no money won't be able to purchase the products one produces, hence a clever way to increase market share is to ensure that people have enough money to consume the commodities produced. According to the same logic then if 3rd World countries do not have enough capital to purchase 1st World products, the 1st World's market is limited. Hence providing loans to developing countries who lack certain finances serves 2 functions: it provides loans to countries so they can contribute to the global economic structure dominated by the countries of the West and consequently stimulate the latter's production; and it ensures that that money loaned will not be at a loss because it will be repaid, even with interest.

South African constitution is known the world over for its humane rhetoric and rights-based framework; the constitution indeed had a transformative undertone[40], as it seeks to redress the vast issues of inequality as a result of a discriminatory and brutal system by recognizing the injustices of the past and consequently granting all citizens access to sufficient water.

Whiteford and McGrath[41] concluded a study indicating that SA had the worst income distribution in the world for any country with available data. Almost all of the increases in income accruing to the black population were directed at the richest 20%, while the remaining 80% saw their socio-economic conditions worsening[42]. Although SA did indeed see moderate growth after a few years of a liberalized economy, it similarly saw stark rises in unemployment and inequality. The transition to a democratic society failed to bridge the inequality gap in SA.

Contemporaneously SA underwent structural social changes: people's diets started to change, incorporating more fruit and vegetables than the traditional mealie meal and meat; more people now owned their homes –from 35% in '85 to 65% in '94 –although the quality of substantial building materials is said to have declined and the average number of rooms per household has not changed[43]. Yet the overall structure of people's day-to-day lives does indeed seem to have changed: only four per cent of respondents thought of unemployment as a disadvantage to township life in 1975 compared TO 44% in 1995[44]. This indicates that people are more reliant today on something that employment gives them (money) than they were 20 or 30 years ago, and consequently these figures demonstrate a move away from a subsistence economy into a consumer-driven society, which is primarily reliant on the market. Rights, however, to basic resources like water, were to be guaranteed regardless of market forces. But slowly, there is a changing perception in what the right to access water means, which has resulted in the privatization and commodification of a vital resource, an exclusive power.

[40] http://www.infor.gov.za/documents/constitution/index.html
[41] Whiteford and McGrath in Moller (1998).
[42] Ibid.
[43] Ibid.
[44] Ibid.

Hence the market if only for this reason cannot be ignored in a study of development. Prescribing 'free'-market policies and representative democracy compliment each other because they both give the illusion of being controlled by no one person or body, but are decided on by all, thus they compliment a notion of a free and egalitarian society. This can be seen as problematic for society as conflict, stressed by Hayek[45], arises not so much from what people lack access to but rather it stems from what people think they ought to have access to[46]. Now in a 'free' society where you are as entitled as the next person to have all the greatness the world has to offer your sights are set high. The market, and democracy in theory for that matter, prohibits no-one from participating giving the illusion of being unbiased and open to all. But of course the economically-isolated are definitively refused access as they lack the necessary resources for participation, which is the driving motivation for government bodies to redress these imbalances and make the playing field more equal, through social security and welfare benefits. With increasing privatization, more responsibility is placed on the individual and less on the rights of the individual that the state is supposed to guarantee. Thus everyone remains responsible for themselves, and in theory get what they work for. However, in a country, and in a world, where inequality is on the rise, the privatization of certain resources, especially basic ones, means that the economically marginalized will remain pitted against those who are economically privileged in a battle for a limited resource.

Foreign affiliates controlled one third of all exports in 2001 and one tenth of world GDP! These are staggering numbers, which indicate the strength of the TNC's position and therefore their incredible influence. In fact, the phenomenon of globalisation occurred at a time when the gap between the poor and the rich was widening; which does not necessarily indicate a causal relationship but nonetheless begs the question of whether or not economic liberalisation (permitting globalisation) is beneficial to developing countries. As with everything, there are advantages and disadvantages, and equally so these must be weighed against each other in order to determine whether it helps or

[45] Hayek (1976)
[46] Ibid.

hinders development.

The past three decades have seen a growing trend of privatization, and water is no exception. The total available freshwater on the entire planet is less than one half of one percent of all water on Earth[47]. This resource is put under growing stress because of a variety of factors:

- the world is witnessing an exponentially bulging population: by 2025 the world will be home to an extra 2.6 *billion* people, a 57% increase from a 2002 baseline figure[48]. Ignoring the implications of this on direct water consumption, such an increase in population puts a considerable strain on the agricultural sector, the most water-intensive of them all, for increased food production. It should be noted, that with less of a focus on small-scale and subsistence farming, and more of push towards a growing agribusiness farming, a percentage of what's considered agriculture should be re-categorised as industrial.
- Yet agriculture is not the only problem: industry is growing, claiming from 20-25% of the world's freshwater resources, to double by 2025.[49]
- And similarly what is considered development contributes to exacerbating the freshwater problem: massive pollution, and the continuous recycling of water sources, deteriorates water quality; and deforestation, damming and construction greatly limit the amount of water able to replenish underground water sources – known as a drop in capillary action[50].

35% of all freshwater species have become extinct or endangered over the last few decades, and whole freshwater fauna systems have entirely disappeared[51]. At the same time, the use of manufactured chemicals has exploded over the last three decades,

[47] Ibid, p. 5
[48] Ibid, p. 7
[49] Ibid, p. 7. Barlow and Clarke (2002)continue: in the US alone 300 billion L of wastewater are produced a year, after having used one and a half thousand L/year. My reasoning in highlighting the case of the US is not to point fingers or to attack the 'empire', rather it is to illustrate that the US is, arguably, seen to be the most developed country in the world and as such it dictates the pace and direction of development, thus for expectations of what is to come we should look towards what we're following.
[50] For more information, see Slovakian NGO 'People and Water'.
[51] Barlow and Clarke (2002), p. 27.

aggravating the pollution crisis. By the same token, irrigated land has doubled in the US over the 30 years –in the early 2000s, 40% of human food came from irrigated land[52]. The building of dams and reservoirs has also increased, and as illustrated by Patrick McCully[53], submerged land creates the ideal environment for bacteria that absorb mercury from the soil, thus mercury gets granted access to the food chain.

Although it is rarely too difficult to present sensationalist figures, which invoke feelings of outrage followed by an itching to somehow resolve the situation, these figures nonetheless hold truth in them and so they consequently stress the importance of re-evaluating our entire system; not because one should disagree with the philosophy behind it but purely because in a concentrated risk society the extinction of a butterfly for example can have devastating ramifications. Most of these documented exacerbated water scarcity problems stem from the '70s. This could be due to lacking data for previous periods, granted, but given the areas that are likely to put the most stress on freshwater resources in the coming decades (as outlined above) it would seem logical and relatively safe to draw the conclusion that what is taken to mean development at the very least deserves a re-evaluation. Especially given the fact that specifically in the case of Coca-Cola, they are in the process of constructing a new plant for the production of Valpré Premium Water, just outside of Johannesburg, in Heidelburg, as this commodity has seen a 300% growth from 2000-2006[54].

Whether one stands on the left or on the right, a growing population will heighten water scarcity which cannot be naively attributed to a capitalist system, yes, but the trend towards industrialization and as a consequence urbanization, will undoubtedly put added stress on an already over-used global source. I hold no answers for this conundrum at this point in time, nor do I pretend to condemn the current system blindly, but a consumer society does produce many gadgets, largely for the North, that are simply unnecessary when faced with questions of life and death, largely for the South, and based on this I would argue that serious thought needs to be given as to the way forward.

[52] Ibid, p. 44.
[53] McCully (1996).
[54] Interview with Mr Lombard, plant manager of Valpré, Paulpitersburg, in December 2009.

At the Second World Water Forum in The Hague in 2000 the understanding of water as a human right began to slowly change to water as a human need. Thus it is something that is needed just as clothes are needed, just as food is needed, just as housing is needed: but these things are not guaranteed by the state so by inference neither should water be. The argument in favour of cost-recovery strategies when it comes to water is that the purification and delivery of water is an expensive process. Those who use the service should pay the cost. "*And its now, I think, being proved fairly clearly that the statement of 'water is a basic human right' is a meaningless statement because there is a right to access but there's a responsibility to manage."*[55]

According to a UNESCO-IHE report on business' water footprint Coca-Cola is ranked with the largest water footprint for beverage companies, ahead even of Anheuser Busch, producer of beer[56]. Coca-Cola is the world's largest beverage company, owning almost 500 different brands, including 12 billion-dollar brands[57], and serving 1.6 billion servings a day in over 200 countries[58]. It originally came to South Africa in 1928, introducing Coca-Cola to the African continent. Over the years, it has grown to be a one-country business unit –previously SA operations were responsible for CC in various sub-Saharan African countries but the SA market alone has grown to such an extent as to curtail export capabilities[59].

South Africa is a significant emerging market, thanks to the materialization of a growing middle class with an increased purchasing power. Given SA's impressive growth rates over the last decade it's not surprising that it represents the largest Coca-Cola market for the entire African continent[60], with 235 servings per capita each year.

[55] Interview with Charles, Private Contractor, in September 2009.
[56] Beer, as opposed to soft drinks, requires a significantly higher input of water per L of finished product.
[57] TCCC News Release of March 16 2009.
[58] Ibid.
[59] Valpré, before 2003, was exported to Swaziland, but due to increased demand in SA export of the bottled water ceased –Interview with Mr Lombard, Plant Manager at Valpré, Paulpietersburg.
[60] Coca-Cola South Africa website - http://www.coca-cola.co.za/about.aspx

Coca-Cola was worth an estimated US$68 billion in 2009, according to "Interbrand.com", and is ranked as the top brand worldwide, ahead of companies such as IBM, McDonald's, Toyota, Google and even Disney[61]. Arriving at a slightly higher figure, Share the World's Resource puts CC's worth at US$ 95 billion[62]. Whatever its value, its presence is felt in every corner of the globe, even in relatively successful restrictive markets like Cuba[63]. Yet what sparked this research was the extent of its presence in South Africa: one cannot walk down the street in any city in SA without seeing a shop or restaurant with a branded Coca-Cola sign and even in rural areas one doesn't need to go far before coming across an advertised resting stop within five km or a primary school whose name is dwarfed by the branded advertising. Indeed, at first glance, South Africa truly does seem a corporate country.

What brought me to focus my research on Coca-Cola was not only the striking company of the corporation in South Africa but it was the apparent controversy surrounding the Company's sense of corporate social responsibility. On the one hand, Coca-Cola has received much attention and approbation for its corporate social responsibility efforts. It has been recognised for its endeavors across a variety of fields highlighting its social responsibility efforts and has even won an award for being one of the World's Most Accountable Corporations[64].

Publications on the Coca-Cola system's controversial practices in several countries have led to increasing dissension questioning the degree that we can praise their practices as dependable and sound. They have been accused of a variety of human rights abuses from complicity in the murder of trade unionists in Columbia[65], to the endorsement of anti-semitic practices in Egypt through the purchasing of the Bigio's land once it was seized

[61] http://www.interbrand.com/best_global_brands_intro.aspx?langid=1000
[62] http://www.stwr.org/health-education-shelter/why-boycott-coca-cola.html
[63] Although it should be noted that Coca-Cola brands are found only in Varadero, the popular tourist destination, and are appreciably rivaled by the national Ciego Montero brand of soft drinks.
[64] The Coca-Cola Company has provided a concise list of awards that the company has won or been nominated for. For more information see http://www.thecoca-colacompany.com/ourcompany/awards_recognition.html.
[65] For more information see, Leech, G.M. '*Coca-Cola Accused of Using Death Squads to Target Union Leaders'* - www6.svsu.edu/-boles/index/coca-coladeath.htm

by the government in '94. Coke ignored the morally questionable issues that land seizure based on racial profiling raise, and endorsed the government's seizure by purchasing land from the Egyptian government, even though Coke had been operating a plant on the Bigio's land since the '30s[66]. But as the core of this research centers on water, let me speak only of their aquatic efforts.

With the Ancham CSR excellence awards, Coca-Cola won the open category for their RAKNAM, or 'love water', programme. Closer to home, in South Africa, CCSA has been noticed for its appraised leak repair project in Munsieville, Sharpeville and Ekurhuleni in 2006. In 2009 Coca-Cola India received an award for its corporate social responsibility leadership in replenishing groundwater sources[67].

Yet despite it being recognized as one of the "most-admired" and "most-respected" companies[68], there remains much controversy around Coca-Cola's global practices[69]. In India, and elsewhere, there have been on–going protests against Coke bottling operations in the states of Kerala and Tamil Nadu for water depletion, as areas surrounding the bottling plants have suffered dried-up water sources that once were available to the neighbouring communities[70]. This has had drastic consequences for the livelihoods of the nearby villagers, who in addition to the increased scarcity of water, have also had to tolerate soil pollution after Coke factories distributed sludge as fertilizer, which contained a plethora of heavy metals including cadmium[71]. Heavy metals are extremely toxic in excess amounts, especially given that they are difficult for the human body to digest.

---

[66] http://www.jlaw.com/Briefs/cocacola1.html
[67] Coca-Cola India received a Golden Peacock Global award. For more information see http://www.thecoca-colacompany.com/citizenship/news20090520_golden_peacock.html
[68] http://www.thecoca-colacompany.com/ourcompany/awards_recognition.html
[69] There are a variety of articles that negate Coca-Cola's responsibility for declining water levels in various Indian states, yet the Central Ground Water Board in India confirmed that water sources were in fact depleted as a direct result of CC's water-extraction practices in the respective area. For more information see: http://www.indiaresource.org/campaigns/coke/.
[70] According to a Counter-Punch article of April 16/17 2005, a CC bottling plant at Plachimada, Kerala was producing up to 1,224,000L of soft drink each day. This figure was calculated assuming 1L bottles. The number is debated but 1L of Coke requires at the very least 2L of water throughout its production process. For more details, see: http://www.thewe.cc/weplanet/news/asia/india/coca_cola_and_plachimada.htm.
[71] http://www.stwr.org/health-education-shelter/why-boycott-coca-cola.html

Contaminated soil consequently guarantees contaminated produce, which logically is destined for human consumption, thus heavy metals gain entry to the human body.

Due to the nature of the franchise system, it is often easy to accept the benefits of limited responsibility while at the same time reject any responsibility at all. The invaluable question that the franchise system raises is thus: does knowledge indicate complicity and does complicity imply responsibility?

Water quite literally is the basis for all life on Earth. Perhaps the communities in India whose access to water is threatened as a direct result of industrial over-extraction is merely a prelude to what is to come for the entire global population, that is that water as a public good and right is disintegrating into the shadows, while a privatization and commercialization of water is guaranteeing that those with enough economic power will never have to feel the pinch of privatization policies.

Chapter Two

Development from North to South

A Brief History of Development

The notion of development as we know it today was re-born post-WWII, in the 1950s and '60s, and like everything else in this world, it was a product of the circumstances in which it was created. Thus, development, and its primary means of export -the TNC- are merely extensions of the colonial and imperial systems out of which they were born.[72]. Apter (1976)[73] breaks down the model of development into three stages: the start of the Industrial Revolution; the export of such goods and capital to colonised lands, laying the structures for internationalised trade; and the materialisation of the multi-national corporation. These three stages represent shifts in the global balance of power, yet they have successfully served to concentrate power and capital in a handful of elites. The first stage led to metropolitan powers gaining control over far-away lands: colonialism. The second, allowed a 'cartelisation' of the global world. The third, concedes a provincialisation of peripheral centres. Thus the question is begged: are TNCs and international trade merely an extension of a colonial and imperial power?

If so, it would seem to me that at the very least this would require clarification on the role of TNCs and development. After all, the independence of previous colonies in and of itself was considered part and parcel of development. Over the past few decades the dominant development strategy has been to privatise and liberalise trade investment regulations, creating a stable and attractive environment for foreign companies to invest in LDCs. At the same time, the advocated form of rule is representative democracy, which is presented as the most egalitarian and just way of governing, thus a promoted mode of development (the implementation of neo-liberal policies), associated with TNCs, is equally linked to notions of freedom (of choice) and equality for all. Thus the colonial

[72] Ranis, in Apter and Goodman (1976).
[73] Apter, in Apter and Goodman (1976), p.6.

and imperial system is reproduced under the guise of any given country asserting it's autonomy to participate in the global economic system and thereby assure themselves a share of the market.

Post WWII, the international situation at that time was one of tension, stemming from the divide permitted by two opposing ideologies represented through the 'Cold War'. Indeed each bloc's basic objective was to extend the tentacles of the empire as far as possible in order to maintain its relatively advantaged position. At this stage the world was in a state of 'development', in a strict sense of transformation: globally, countries had been devastated by war[74], in a state of (economic and social) depression; practically the entire continent of Africa, as well as other parts of the Third World, was on the brink of independence, the independence in theory to decide political orientation - hence the opportunity, and ultimate necessity, for both super powers to expand their trading base.

With the wave of decolonisation appearing to be the manifestation of universal values of equality and freedom, countries were now in search of economic freedom to accompany the newly-acquired political liberation. In short, there was an automatic assumption that economic growth led to development. As Truman stated in his inaugural address of January 20th 1949, "*economic recovery and peace itself depend on increased world trade*"[75]. Speaking of developing nations, and after clarifying that the US' aim should be to "*help the free peoples of the world, through their own efforts, (to) produce more food, more clothing, more materials for housing…to lighten their burdens*", Truman carries on to highlight that experience has shown us that as countries expand and progress industrially so too does their trade with the US. Thus the US has a vested interest in helping countries progress and expand industrially as this progresses and expands the US' share of the international market. However, this trading base is in no way egalitarian, in fact it is highly lopsided.

[74] Michael White estimates that there were 165 wars during the 20th century which killed over 6000 people, with a total of around 180 million people killed. http://users.erols.com/mwhite28/war-1900.htm
[75] http://www.presidency.ucsb.edu/ws/index.php?pid=13282

To rest on some of the assertions put forward by Ulrich Beck[76], the world is threatened by a globalised 'risk society', one in which the risks are not evenly spread. The notion of modernisation and progress rests on technology, which in turn rests on scientific (educated) knowledge; for this reason, the vast majority of people who rely on 'technology' and even reproduce its importance, have no control over these processes and are heavily reliant on experts to advise them. Furedi[77] highlights the fact that risks are not evenly and universally spread but rather that certain people because of geographic location or social positions (capital-relative) are mostly exempt or at least protected from the insecurities of risks, whether natural, or socially-constructed, such as the market.

The IMF and the Bank for Reconstruction and Development, today the World Bank, were, and are, the international financial institutions that are to guarantee security …and provide loans for countries in need. In fact the dominant ideologies over the past fifty years have all focused on the imperative of injecting capital into developing economies as a necessity for growth, primarily through industrialisation. As Schuurman argues in his paper[78], the notion of progress is inseparable (according to Western ideals) from the notion of technological progress, which rests on a process of industrialization, based on manufacturing and production. Industrialising a country means opening it up to a different mode of production than has probably been in place, and enforces a change in the way people see society and anything that exists within it, in this case by way of individualising, categorising and encouraging consumerism.

There exists today a crisis in development theory, which was spawned by five decades of inaccurate and incapable development theories as they strived to find a universally applicable development strategy. As Brett[79] accurately discussed, the crisis in development theory branched largely from its policy-oriented nature, which is inextricably bound by truth claims, fired from both the left and the right. To illustrate, I will give just a brief outline of the dominant trends in development studies since the '50s.

[76] Beck (1992)
[77] Furedi, in Schuurman (2000).
[78] Ibid.
[79] Brett (2008).

The timeline I give reflects, as I said, the dominant trends and general consensus consolidated largely by the US and its resident international financial institutions (IFIs) such as the WB and the IMF[80], and should not be taken to mean that there were/are no deviating or alternative perspectives on development strategies during these times. Naturally that is never the case. In fact no matter how clear a picture we think we might have of any given image that presents a homogenous portrait, if our focus changes and magnifies that image a hundred times clearer, a whole new, ever-more detailed image will appear, revealing an infinite number of intricacies that previously exist did not. This is the natural law, and this is the driving force behind any kind of sociological analysis, especially qualitative, because the closer we can look at one particular issue the more likely we are to accurately understand it.

The '50s and '60s are characterised by a post-war consensus, which rested on the assumption that developd countries 'got it right' and so their policies and structures needed simply to be transferred to LDCs in order for growth to occur[81]. In '57, Arthur Lewis[82] proposed his classical dualism theory, which looked closer at the dualist nature of society: the dichotomy of the subsistence sector versus the capitalist sector, and how these two are inter-related, as well as the dualist nature of the global economy: the countries of the north and the countries of the south. Although his work represented a figurative milestone for development economics, Lewis was not alone in examining this dynamic - indeed, around this time (1958), sociologists like Pierre Bourdieu[83] were also looking into the societal metamorphosis from a subsistence society to a capitalist society. Although for both, much of their analyses is rooted in rural-urban migration, Bourdieu looks more at 'social capital' while Lewis examines economic relations. What is worth noting about these early development days, is that development was taken as synonymous to industrialisation, in other words industrialisation was seen as the backbone of economic growth in that without it the economy would be paralysed. With

[80] WB and IMF head offices are based In Washington DC.
[81] e.g. the Harrod-Domar model.
[82] Lewis (1957)
[83] Bourdieu (1958)

increasingly globalised trade-relations throughout the entire 20th century, this statement is reasonably accurate. After all, the 20th century saw capitalism spreading the world over, consolidating the dependence and inescapable reliance on money as the median mechanism for all transactions. How does one increase money, or profits? By increasing production.

Lewis' contribution provided a theory for the basis for growth: that the large population in the rural areas will be attracted to the newly-industrialised areas by relatively higher wages, thereby forming a surplus of labour which keeps wages low enough for the industry to make good profits. This model assumed that profits would then be re-invested thus constituting development. What is important to remember from this is that development was seen as synonymous to industrialisation.

By the '70s however, there was an increasing appreciation for the role of technology in promoting development, which saw a rise in Research and Development based on a notion of science, which, on the one hand, set the basis for 'new growth theory' while at the same time this dependence mirrored international pressures for a universal adoption of neo-liberal, free-market forces.

At the same time, Kuznet's[84] preoccupation with why some LDCs were successful and some not, emphasised that the key to development was structural change over time (i.e. of the agricultural, industrial and services sectors). And indeed that development itself is an evolutionary process of constant improvement -in this way, there is no beginning an no end, but rather is a continual process in and of itself. This critique of growth theories, along with the fact that there had been much concern with the economic stagnation of developd countries since the turn of the century[85], fed the much more market-oriented approach of the Washington Consensus (1970-2000s) -which included prescriptions of privatisation and market-based exchange rates[86]. This perspective emerged due to an

[84] Kuznets (1968)
[85] Ibid. p. 2.
[86] The term 'Washington Consensus' wasn't coined until the '90s but it has expanded to signify neo-liberal free market policies, in general regardless of era.

increasing disillusionment with the role of the state in developing societies. Nevertheless, this market-oriented approach encouraged corruption and rent-seeking behaviour (among other factors), as states still had the discretion to decide which companies to support in the promotion of industrialisation, as was to be expected since history had shown us. From this period onwards, power was increasingly invested in capital and as we have seen with the last few hundred years, capital is omnipresent, just as Burawoy[87] takes power to be omnipresent: since we cannot escape it we need to incorporate it into our understanding of all relations.

By the 1970s the development paradigm concentrated on the importance of technology, although theorists such as Solow had proposed this as far back as 1957. This shift to technology as the driving mechanism for growth requires economic stability as it involves a transfer of 'advanced' technology from a developed country to a lesser developed one. This technology by definition will originate in 'advanced' societies that have the necessary funding to continue with Research and Development, and hence it will largely involve a transfer of technology from the countries of the North to the countries of the South. Thus, trans-national corporations have a pivotal role to play and are in a strategic position to be able to transfer such technology, and as a consequence they become the primary exporters of development.

From the late ‘80s and ‘90s onwards, with the collapse of the USSR and thus a counter-hegemonic power to the US, FDI replaced Aid as the main catalyst for communication between developed and developing countries while at the same time it also became a beacon of hope for generating development. Throughout the Cold War, both superpowers were competing for the favour of Third World countries, in an attempt to guarantee access to markets. With the disintegration of the soviet block, the US’ power base expanded exponentially. As a consequence it no longer ‘needed’ to entice developing countries over to the side of ‘democracy as freedom for all’. It therefore could be ever-more restrictive in terms of lending its capital and expertise, resulting in a convergent move towards a neo-liberal global economy with the US triangulated on top. As a

[87] Burawoy (1998).

consequence, TNCs have become increasingly core in implementing development programmes, whether through creating new job opportunities or through funding individual development projects, for example.

The increasing role of corporations in national and global development was encouraged by the shift to an economic focus on the macro-economics, thus Structural Adjustment Programmes (SAPs) were being increasingly implemented. SAPs, in the words of Welch and Oringer[88], "*mandate macroeconomic policy changes that obligate recipient nations to liberalize their trade and investment policies*"[89]. The logic behind the SAPs sprang out of a recognition that there were certain institutional and infrastructural weaknesses in LDCs and if these were not to be addressed then injecting more capital into the economy will do little good because it will be invariably misdirected and wasted.

While this rationale is grounded in some sense, in reality, SAPs served as loan conditions, which guarantee that the governments of LDCs have to amend their macro and micro-economic policies if they want not only to be able to compete on the international market, or attract Foreign Direct Investment, but in order to even 'qualify' for Aid from certain governments, like the US'[90], (provided, of course, that they were not already in line with the IFIs' mandates, such as South Africa with GEAR). Thus LDCs are put in a precarious position where they must choose to between bending to the rules of foreign countries and companies in order to attract capital or forego such structural adjustment risking economic isolation.

Since the time of their conception up until the '70s, the WB and the IMF had given loans unconditionally and at low interest rates. By the '80s however, the tables had turned. SAPs were born out of the 1970s' debt crisis: as a result of increasing inflation, the US government decided to raise interest rates, so developing countries that had been taking out loans with US banks now had to pay greater interest rates[91]. Shortly after, the

[88] Welch and Oringer - http://www.fpif.org/briefs/vol3/v3n3sap.html
[89] Ibid.
[90] Ibid.
[91] Jauch (1999).

European banks followed suit and the debt crisis was born. Pretty soon, LDCs were unable to pay off the loans and new loans had to be taken out in order to pay the old ones.

According to Jauch's calculations, developing countries spend US$160 billion on debt repayments a year -over two and a half times the amount of aid they receive -a lucrative business. French president Mitterand admitted in 1994: "*Despite the considerable sums spent on bilateral and multilateral aid, the flow of capital from Africa toward the industrial countries is greater than the flow of capital from the industrial countries to the developing countries*"[92].

The Bretton Woods Institutions (aka IMF and WB) were originally created to help in rebuilding Europe and other war-devastated countries post-WWII by providing short-term loans to countries with balance-of-payments problems. Today they still serve as global money-lenders, although with an added restriction of conditionality. These institutions were proposed by the US and England, and supported by the Allied Nations. The internal mechanics of them is a very undemocratic system: members' power is determined by the amount they pay in subscriptions, once again with the countries of the North, or the West, whichever orientation you prefer, managing to maintain control over supposedly *Inter*-national bodies.

Neo-liberal policies consolidate and reproduce the industrialised countries hegemonic power over the rest of the world primarily because they are in a position of relative advantage. Thus, being in a continual situation of debt translates into a very real need to increase exports, as this allows access to foreign currency. This forces the domestic market to take a back seat, as the consumption patterns in the North will invariably dictate production patterns in the South. As is the nature of competition, developing countries are pitted against each other in the market, so that the price of commodities is dropped down, which is beneficial to the industrialized northern countries, but devastating to already ‘struggling’ economies. For example, between 1980-1992

[92] Toussaint and Comanne, in Jauch (1999).

developing countries lost 52% of their export income due to deteriorating prices[93].

South Africa itself was not forced to follow SAP guidelines as a condition for loans. However, it is a member of the World Trade Organisation (WTO), and it is important to note that both the IMF and WB have been granted observer status on WTO committees[94]. Nonetheless, the economic policies of SAPs are mirrored in the economic policies of the Growth Employment and Redistribution strategy (GEAR) implemented in 1996 in South Africa, advocating policies of privatization and liberalization of trade and investment criteria. Over the last four decades, growth has declined steadily from six per cent in the '60s to an average of 1.3% during the '90s – growth had reached higher peaks but due to disinvestments of a handful of large companies (e.g. SAB) who moved their head offices to London, this figure continued to decline[95]. Between 1981 and 1999 unemployment levels of semi-skilled and unskilled workers soared, with 1.3 million people qualifying as unemployed, although it should be noted that the SA economy had already started to slump in the '70s. Indeed, in 2000, 36% of the population was unemployed [96].

GDP growth was also 3.7% in 2002, 3.1% in 2003, four point nine per cent in 2004, 5% in 2005 and 5.4% in 2006 before dropping to 5.1% per cent in 2007. Nor did GEAR manage to reduce poverty or improve service delivery. But it did manage to drop considerably the budget deficit from 5.1% in 93/94 to 0.5% in 2005/2006[97]. Tax revenue has been steadily and continuously increasing, with the 2006/07 figures (just over ZAR 475 billion) reaching over three times the tax revenue in 96/97[98].

Recognising that human development must be included in an analysis of development is oxymoronic: It rests on the basis that it is not merely enough to measure development according to economics because this does not necessarily indicate the well-being of a nation's citizens, therefore other criteria such as social conditions must be taken into

[93] For more information see the work of Toussaint and Comanne (1995), George (1995), and Bournay (1995).
[94] www.wto.org
[95] Lewis J.D. (2002).
[96] Ibid.
[97] http://www.southafrica.info/about/facts.htm#business
[98] Ibid.

consideration. Now in recognising money as the median for all transactions we are recognising that 'development' as we know it (the better things in life, the comforts…) can only be achieved through economic means. You see the fundamental contradiction in recognising that human development needs to be considered is that micro-economic policies are pitted against macro-economic policies, which are implemented to increase overall competitiveness in the global economy and attract inward FDI as a way of doing this. Thus the need to accumulate capital becomes greater than the need to re-distribute. Macro-economic policies concern taxes, exchange rates, investment obligations…. And this is mirrored in the construction of a notion of development as synonymous to the way the western countries live -despite the fact that it is these very same countries who define what development should be taken as, no doubt because benefits also accrue to these latter, thus when we speak of development it is not simply development of the developing world that we should consider but we should consider how the development of the developing world helps develop the global economic system in its entirety.

The problematic nature of such a dynamic stems from the fact that in the contemporary world money is the mode of all transactions; it is the mechanism we use to appropriate materials, to achieve goals, etc. It therefore becomes central to all of the world's communications. So in order to develop the education system, or the health system for example, capital needs to be invested, and, in the modern-day world of globalised trade relations, in order to invest it, it needs to be accumulated, and in order to accumulate it, it needs to be attracted.

TNCs and increased globalised trade is advocated as the most effective way to rebalance inequality, as it increases developing countries' access to capital. However, the very nature of TNCs, the very way they are structured, is highly hierarchical, formed as a pyramid where decisions are taken at the top, and implementing employees carry out mandates at the bottom. Indeed as is to be expected, TNCs do what they can to discourage horizontal transfers of knowledge and technology as this would increase competition, challenging the corporations' sovereignty.[99]

[99] Moran and Dunning (1993).

Nonetheless, in order to be able to address the issue of development there must first be consensus on what this development is and thus how it can be measured. In the past, measurement was largely related to industrial/private production, related to issues of efficiency. The agricultural and industrial sectors have shrunk to give rise to the services sector, which should imply that we need a new form of development measurement. Lewis and Lockhart[100] propose the 'change-agent model' –which defines inputs and outputs differently to the classical, industrial conception. This model seeks to capture the effect of 'services' on its surrounding environment, thus it defines inputs as those services that act on its surrounding environment to produce "*changes in the well-being of clients, families or communities (output)*".

Development, now reflected in the growing services sector, must therefore be seen on several levels: as involving social, physical, psychological, political and cultural reverberations from services generated. Development, in this study, is seen as an evolution or change in existing practices that can be said to improve the quality of life of a given individual or community in a sustainable manner.

A Discussion on Trans-national Corporations

To unpack what being corporately socially responsible means, we must first clarify three concepts: 'the corporation'; social and environmental externalities; and responsibility. The corporation as we know it today, literally grew out of an industrialization process in industrializing Europe during the 1800s[101]. Permitted by colonialism and imperialism, these industries were exported to various parts of the world spawning international capitalism. The stability of these relations broke down in the 20th century as a result of two world wars, depression, and a wave of independence for the colonial lands. Nonetheless, the second half of the 20th century saw the rise of increased international trade with the multinational enterprise being the primary mediating instrument, resulting

[100] Lewis and Lockhart (2002)
[101] Bakan (2004); Apter (1976).

in a center-periphery focal point of a single global system, paralizing host-country policy autonomy[102].

The Multi-national corporation is an agent of the '*regionalisation and internationlisation of metropolitan enterprise'*[103]. As a consequence it is a solid mechanism of correspondence between nation states which takes place through private channels: the market. Inter-nationalisation flourished in the 18th century, with increasing movement across borders leading to increased trade between countries. Trans-nationalisation, however, began at the turn of the 20th century when companies started operating in foreign countries, transcending borders[104]. By the 1960s, increased conglomeration ensured that TNCs were the primary vehicle for internationalization. At the same time the mid-20th century saw the growth of the services sector predominantly due to the introduction of the welfare state, the expansion and concentration of the military complex and the growth of global manufacturing alongside increased urbanization[105].

The term 'multinational' was coined by Lilienthal in 1960[106]. Following Plummer's discussion of international combines[107], Fieldhouse concludes that there were 3 primary reasons for their establishment: a drive to keep plants fully employed, and hence productive; an escape from intense competition; and "*the desire to substitute certainty for the uncertainties of business as previously conducted*"[108], i.e. more favourable terms of trade. As Edith Penrose[109] points out, firms will grow exponentially relative to their ability to adapt and develop management strategies depending on the opportunities presented in the environments within which they operate. Logically then, a move to a new environment produces a whole new set of possibilities for growth. Maurice Byé simultaneously to Penrose, was unrolling the motivation for international firms: their

[102] Apter in Apter and Goodman (1976) p. 3.
[103] Apter and Goodman (1976).
[104] Cavanagh and Clairmonte (1985) p.317.
[105] Ibid, (p. 319)
[106] Fieldhouse (p. 10) in Teichova, Lévy-Leboyer and Nussbaum (1986).
[107]Ibid, p. 13.
[108] Ibid, p.14.
[109] Ibid, p.14.

distinct immunity from the conditions of national governments and conventional economic restraints –i.e. that TNCs "*are an organized set of resources depending on a single decision-centre capable of autonomous activities in the market*"[110]. Dunning's contribution to the understanding of the rise of TNCs was to see inter-national combines primarily as the growth of firms rather than the export of capital, as is suggested with the term Foreign Direct *Investment* [111]. Similarly, Tsurumi, in his paper *The multinational spread of Japanese firms and Asian neighbours' reactions*[112], shows the distinction between US and Japanese firms in that Japanese companies expand internationally to secure raw materials in foreign countries whereas US firms tend to make strategic decisions in conquering foreign markets. As Dunning suggested both are ways of extending and kindling the growth of the firm.

The rise of the TNC consolidated the imperative for developing countries to implement policies that would protect themselves from the often-devastating consequences of such a power struggle. The transnational corporation is in a position of relative advantage because it has the authority to decide where it will 'set up shop'. It therefore has great sway in 'convincing' governments to give attractive tax breaks, to minimize investment restrictions, etc., as otherwise the TNC is likely to take its business elsewhere –to yet another LDC that has better conditional terms[113]. As a result the economic market place becomes increasingly politicized. Indeed for Apter and Goodman (1976) economic gains are as a result of negotiation rather than controlled market forces[114] as the presence of the TNC strangles competition and often squashes local enterprises because it demands a monopolistic advantage over local industries[115].

---

[110] Ibid, p. 15.
[111] In *American Investment in British Manufacturing industry* Dunning notes that in 1995 the average rate of return for US companies in the UK was 19.5%, compared to 15% on all overseas operations, and 10% on domestic activities. (In Ibid, p. 15.)
Interestingly, Coca-Cola, during the period 98-2002 recorded a return on equity at an average of 37.08%, while its return on capital for the same period averaged at 33.6%. http://www.buffettsecrets.com/coca-cola-invest.htm
[112] Tsurumi in *Apter and Goodman* (1976).
[113] Apter in Apter and Goodman (1976). (p. 3) mentions the Lagos Agreement of 1973, when 39 African states agreed to harmonise their positions so as to increase their bargaining capacity and hopefully reach more favourable terms of trade.
[114] Apter in Apter and Goodman (1976) p. 2.
[115] PK Ray, p. 15.

The crisis of the '70s saw world GDP exports grow from 16% to 27%. Out of an estimated recorded US$585 billion in global export revenue in 1981, the US accounted for one fifth of this[116]. The US particularly, was therefore in a strategic position to influence the international market, after all, the 70s experienced a global crisis, indicating capital funds were low, which leads to increased loans, which manifests in increased dependency on international lending institutions, thus guaranteeing a self-perpetuating dynamic.

One way of maintaining this strategic position would be to liberalise trade and investment requirements, ensuring that LDCs' markets would be open to foreign imports, expanding the US' trading base, and placing TNCs in a powerful position to be able to source materials and labour cheaply, so as to drive down the price and increase competition. A solid illustration of this, is the experience of the South African textile industry: between 91-97, 50 000 (out of a total of 200 000) lost their jobs because South African clothing companies were unable to compete with cheaper imports from south-east Asia[117]. Naturally, increased competition led to retrenchments and a process of casualisation.

In contrast to the industrial corporations of 19th century England, the TNCs of today are largely capital intensive rather than labour intensive. As a result, the workforce is minimally politicized and unionized, due to a shrinking of its size, thus a shrinking of its power resulting in a society of corporatism, where decisions are implemented from the top, rather than from the bottom as in a democracy[118]. In the 1800s European governments were responsible to their citizens as well as their workers. Corporations had to respect certain conditions and rights otherwise the government would be breathing down their necks, from pressure placed on them from civil society. In a globalised world, lacking a globalised law, corporations are held responsible to noone. Not to mention the rise in contract workers –as opposed to permanent employees – which legitimises minimal health benefits and minimal wages, curtailing the responsibility of companies,

[116] Cavanagh and Clairmonte, 1985 (p. 320).
[117] Jauch (1999).
[118] Apter in Apter and Goodman (1976).

and eroding the only responsibility that is enshrined in legislature: labour laws. Indeed, regulation was only proposed when the pressure from workers calling for the expropriation of corporate estates was so great as to force corporations to make a compromise: increased regulation.[119]

Out of the top 200 TNCs, 80 of them (in 1985) had their headquarters in the US, with Japan in second place hosting 35. Clairmonte and Cavanagh divide service TNCs into three categories: single-line service TNCs, that specialize in one product; transnational service conglomerates (single-line firms that have to diversify because corporate capital seeks to sustain profitability); and transnational integral conglomerates –that spill over into other sectors other than where originally started, again to ensure continuous profitability primarily through mergers and acquisitions. These latter corporations are not restricted to one sector but rather they dabble in all 3 sectors. These are fuelled by commercial and investment banks that promote concentration in non-financial industries promoting the corporate merger movement –according to congressman Wright Patman, ex-chairman of US house sub-committee on banking and currency[120].

The structure of the global economic system, as has been discussed above, is such that the US primarily, but alongside other developed countries of the West, stands to gain from increased liberalized, international trade, as this expands the former's trading base, guaranteeing a market for exports, and a favourable price for imports. Whether it was deliberately and strategically built up in such a way is irrelevant. What is relevant is that the playing field for globalised trade is un-level, with some players in a relatively advantaged position. This is the foundation of modern society and how the economic system is built raises invaluable questions as to the nature of the entire system: unconditionally free or coincidentally imprisoned?

Given the nature of both the TNC and the global trading system, it is therefore problematic to incorporate and consolidate a notion of social responsibility into

[119] Bakan, (2004) p. 153.
[120] Cavanagh and Clairmonte, (1985) p. 323.

corporations' decision-making processes. Acclaimed economist Milton Friedman purports that corporations follow their own interests in order to maximize profits. It therefore may be a logical and rational decision for companies to keep good relations with the communities in which they work if it increases profits. But this is not social *responsibility*, it is the pursuit of profits under the guise of good public relations[121].

[121] Friedman (1970).

Chapter 3
Corporate Citizenship, CSR and Coca-Cola South Africa

A Discussion on Corporate Social Responsibility (CSR)

Just as the idea of CSR has been greatly inflated over the last few decades there has been a shift in focal point from a shareholders' stake in business to what has been termed a stakeholders' stake – i.e., incorporating anyone and everyone who is affected by a companies' actions, thereby recognizing the interconnected nature of society, an action in one place can have a significant effect on previously unrelated matters over there… However legally, businesses have no obligation (or at least very little) to be held accountable for the externalities they produce[122]. They are legally responsible first and foremost to their shareholders. As their legal duty is to maximize profits, a company can be prosecuted by shareholders if they feel funds have been misdirected to non-profit-producing activities, such as social investments.

Stakeholders have no voice at the board of directors of any company, unless they can shout loud enough to be heard, first by the public and then consequently by the corporation. When asked about activists against Coca-Cola's abuses in India, Friedman maintains his position that these are not stakeholders and that Coca-Cola should do what it can to suppress those voices; after all, they are bad for business: "*They should consider them as problems for running the business. They have to be counted, and it's perfectly sensible for Coca-Cola to spend money on trying to reduce the influence of such groups*" [123]. Thus anything that is bad for business –measured against the potential financial benefits of an action –is dealt with strategically, including through the suppression of information.

[122] Bakan, (2004).
[123] Friedman (2005).

Any notion of responsibility is rooted in an understanding of accountability[124]. As such, certain basic clarifications as to where responsibilities start and finish and to whom somebody is responsible need to be clearly set out. If there are no mechanisms for people or states to hold corporations accountable for their actions, then they simply will not be held responsible. Although of course companies have been taken to court on several occasions[125], it is next to impossible for individuals to win a case against a corporation, simply because they are highly unlikely to have the resources to be able to pursue criminal prosecution, apart from the fact that a myriad of misinformation is produced by firms –trying to protect their interests –which ultimately disables stakeholders' potential for organising against a corporation[126].

The idea of being corporately socially responsible can be traced as far back as the birth of human societies, as for people to live together they formed a social contract, an understanding of what could and could not be done. Indeed the word corporate represents nothing more and nothing less than a collective, shared or communal entity; a corporation also known as an association, a society[127].

Any understanding of what it means to be responsible is firmly grounded in an understanding of morality; of what is right and wrong; and in understanding the consequences of one's actions, even if the consequences are not considered before the act itself. The legal system is an institution that serves to regulate society, and as such it does so propelled by the dominant cultural capital of the time[128]. With industrialisation came the notions of efficiency and profit maximisation (over all else, namely morals), which simultaneously fuelled stark differences in ideology. Development's unresolved problems remain unresolved because it is predominantly a policy-oriented discipline; ergo relevant parties are divided by political differences, thus consensus is difficult to reach. Similarly

[124] *C*ollins Concise Dictionary and Thesaurus (1995) defines responsibility as "having control or authority over" and "being the agent or cause" of a particular action.
[125] E.g. Exxon for the Exxon Valdez oil spill in '89 - (http://www.businessethics.ca/blog/2008_02_01_archive.html) ; Ford for placing the fuel tank too close to the back of the car, causing a woman and her 2 children to be severely burnt –Bakan (2004).
[126] This point will be further illustrated through data analysis of this research.
[127] Nzekwu (2007); Collins Concise Dictionary and Thesaurus (1995*)*.
[128] Marina (2000).

CSR's problematic nature stems from the fact there is no agreement on the role of CSR, nor of its actual definition as there is no consensus on what externalities companies should be held responsible for, if any. The problematic nature of CSR can be illustrated through Durkheim's[129] distinction between social fact (those dynamics or laws that are internalised and universal) and social currents (those social laws that are not yet crystallised, that could be described as propositional). At this point in time, being socially responsible is a social current, evadingly unclear.

The Business Directory describes corporate social responsibility as equivalent to corporate citizenship which is primarily "*the legal status of the corporation*", but additionally it is the "*sense of responsibility*" the corporation has towards the community and environment in which it works[130]. It goes on to specify that the corporation will embody this responsibility through "*waste and pollution reduction processes*"; "*through educational and social programmes*"; and by ensuring good returns. This definition is fundamentally weak because it incorporates no notion of responsibility for actions that produce negative externalities –social and environmental consequences.

The World Bank's International Financial Corporation (IFC) defines CSR as businesses' "*commitment to sustainable economic development… in ways that are good for business and for development*"[131]. Although this definition is closer to incorporating the notion of responsibility in it by speaking of sustainable practices, it speaks only of 'sustainable economic development', which highlights the fundamental contradiction of CSR in the first place, and negates, or at the very least limits, the fundamental motivation for its inception: that companies overlook social and environmental externalities they produce in order to maximize profits –economic development. Moreover, as I have outlined above, development studies over the past fifty years has consolidated the central position money plays in 'developing' a society and in this way it has largely been restricted to a one-size-fits-all.

[129] Durkheim (1952).
[130] http://www.businessdictionary.com/definition/corporate-citizenship.html
[131] http://www.ifc.org/ifcext/economics.nsf/content/csr-intropage

The notion of citizenship is key to a democratic practice as it is the individual citizen who is the focal point of democracy. The citizen is guaranteed rights and freedoms within the system but it also has duties to the system that guarantees its rights. The metaphoric term 'corporate citizenship' is being increasingly used in the business world[132]. Jeurissen[133] argues that concept of citizenship can be understood in terms of a moral obligation of citizens to actively participate in society, externally coerced by cultural, social, political and economic factors. This participation in turn is guided by a social contract, an understanding of a collective responsibility, and active responsibility and the juridical state. The social contract is respected only through a moral commitment, thus "*living under the social contract is a form of self-binding …(it is) a limitation in everything done*"[134]. It is argued that each citizen has a responsibility to contribute to the common good, and therefore as an active member of society s/he has the responsibility to consider the cultural, political, social and economical sustainability of the community.

As would seem logical then the precautionary principle places corporations at the centre of responsibility for externalities it may create: it dictates that corporations should automatically suspend actions that have some correlation to the harm of human health or of the environment. In addition corporations should bear the burden of proving positive or negative externalities alike[135]. I find this final statement problematic because as free-market advocates like Friedman supported business is legally bound to maximise profits and thus activities that threaten those profits can be legitimately silenced, peacefully of course. Hence selected information gets dispersed and so largely stakeholders have to rely on business' accounts of the truth. A case in point is CCSA's, and TCCC's in general, refusal to recognise aspartame as a threat to human health. Although it is true that studies on aspartame have failed to unanimously produce a causal link between the artificial sweetener and health problems, most studies have shown a correlation between the two, and several have shown causation. For sixteen years before it was approved the Food and Drug Association (FDA) in the US had systematically refused to approve

[132] Jeurissen (2004).
[133] Ibid.
[134] Ibid.
[135] Ibid, p. 86.

aspartame for public consumption. In 1981, aspartame was finally passed, when the CEO of Searle at the time was on Reagan's transition team –Donald Rumsfeld. Its approval stood to greatly benefit soft drinks companies but was to be detrimental to the health of US, and later, global citizens: As Dr. Roberts reports: *"The causative role of aspartame products has been repeatedly shown by (a) the prompt improvement of symptoms (grand mal seizures, headache, itching, rashes, severe gastrointestinal reactions) after stopping aspartame products, and (b) their recurrence within minutes or hours after resuming them"*[136]. Nonetheless, even in 2008, CCSA continues to support aspartame and deny its causal link to health problems, including brain tumors, birth defects, migraines, lymphoma… I therefore reject the precautionary principle that companies will self-regulate, if that were the case there would be no reason for a such a research into the social responsibility of corporations.

Jeurissen[137] draws attention to the fact that companies (as opposed to individual citizens) are more reliant on the legal system to motivate responsible conduct[138]. Given that an understanding of CSR has not yet been enshrined in legislature this dynamic is therefore problematic.

Nzekwu[139] sees CSR as manifesting in two stages. The first, is through the state, with the conceptualisation of the state as responsible for that nation's well-being -especially with the implementation of the welfare state. There was a growing recognition of the state's responsibilities to its people as a corporate entity, complemented by the notions of democracy and accountability. Industrialisation brought with it an 'expert' division of labour, which allowed for the expansion of individual businesses. In this way, it catalysed a move from the individual to the corporate: a complex network of component parts[140]. However this presents two problems: there is such a great division of labour that it is extremely difficult to identify who is responsible for any given action; and second, the

[136] Shahan (2009).
[137] Jeurissen (2004).
[138] Ibid, p. 92.
[139] Nzekwu (2007).
[140] We see this very clearly in modern-day society –no longer (or at least decreasingly so) do we go to the baker's or the grocer's or the hardware shop for what we need; rather we go to the amassed super-market that in turn sources its products from other conglomerate giants that can afford to price competitively.

corporation is not a person, thus it cannot be prosecuted as one, it cannot be incarcerated, it can only be bankrupt, and in the world of today, with corporations of scale, that is a very difficult thing to do[141]. Not to mention the fact that corporations are owned by shareholders and run by managers, thus if a manager is found culpable of any action that would result in the termination of her/his contract then that manager will simply be replaced, keeping the corporation in tact. And of course trans-national companies have the extra advantage of location secrecy and hence it is often the case that negative externalities remain unknown.

With less of a focus on the state as capable of effectively governing and more of a focus on the market, the CSR initiatives of the state largely disappeared, leaving the market (i.e. private businesses) responsible for the improvement of society. Yet, in a world where reliance on the market has led to increasing inequality, this has equally led to the idea that private businesses must be aware of their public (or private) effects. Hence the second stage of CSR is the regulation of businesses through state intervention to ensure that companies are being socially and environmentally responsible. With the promotion of the market and business, the concept of CSR receives considerable attention.

Piedade[142] switches CSR to *corporate social responsiveness*, indicating that the corporation has the authority to decide when to respond or not: it is elective. It is therefore not about responsibilities, but about philanthropic (periodic) inclinations. Indeed this very distinction emulates the semantic adjustment of CSR to CSI (corporate social investment), which concentrates the relationship between company and society in those periodic investment projects, as opposed to a notion of responsibility being fully subsumed in business decisions. I think it's interesting to note that while companies choose to speak of CSI rather than CSR -focusing on *Investment* as opposed to *responsibility* -concurrently they are pushing to liberalise investment conditionality, reducing their obligations. Thus the same word 'investment', meaning the same thing, is

[141] The top two hundred companies' annual sales are greater than the combined economies of 182 countries! And of the biggest one hundred economies today, 53 are TNCs as opposed to countries -Barlow and Clarke (2002) p. 84.
[142] Piedade (2004).

seen as both positive and negative for the company, simply because it implies a different commitment depending on the circumstances.

This assertion highlights a critical distinction between CSI and CSR: that is, between a notion of investment to benefit future profits; and a responsibility that guides all interactions, internal or external. This is of strategic importance in explaining the focus of my research because I am not solely interested in looking at what CCSA deems CSI (i.e. the projects) but also in looking at their interaction with the wider community and environment (what Lewis and Lockhart deem 'output').

Several studies have shown that companies that include philanthropic expenditures in their budgets, have better reputations and consequently better sales[143]. One step further another study found that the negative effects of illegal corporate activity, that invariably causes harm to society and earth, can be significantly reduced through philanthropic donations[144]. Similarly, impression-management concerns may motivate citizenship behaviour rather than an acceptance that good citizenship should be respected in and of itself[145]. A desire to promote the humanity of the company therefore translates into maximising market share, and so the internal objectives of companies are largely related to marketing strategies.

By the same token and in addition, the rationale for CSR is fuelled by contemporary society's preoccupation with 'image'. The freedom of the modern society is expressed through the purchase of brands -as these brands are taken to embody values and meaning. Essentially they are reduced to symbols. The brand is therefore associated with certain ideas; logically, the more a person associates with these ideas the more they are likely to want to represent that brand (thereby represent themselves in that light). In fact we can relocate this phenomenon back to the formalised market in the US for children's books which sought to represent black Americans either in negative light initially, or even not at all, especially during times of great social protest. In a sense, that very fact was a way for

[143] Brammer and Millington (2005).
[144] Williams and Barrett (2000).
[145] Bolino (1999).

the dominant culture to extend its hegemonic power by representing their values, while similarly in contemporary society large businesses serve to reproduce this hegemony by associating brands with ideologies, values, sentiments, which make it seem as if you freely choose to represent that brand, when in reality other social factors influence your decision. Indeed, it becomes a teleological argument going back and forth between structure and agency –is the individual exercising his/her agency, or is it the structure that limits that agency by planting desires?

Subsequently, it is of central importance to determine the degree of commitment of companies to being socially responsible -it is often the case that businesses see social responsibility as an investment which broadens and expands their clientele, but should not imply that these same businesses feel ethically bound to act in a socially responsible way. Similarly Moir[146] states that social contract theory might explain business' initial motivation for CSR projects but it does not entirely explain its commitment. Contemporary society represents the dichotomy of CSR and free-market laws. In an ever-more market oriented world, nation states are losing their authority while TNCs are gaining (and exercising) theirs'. This is problematic because the economic dictates the political[147]; it is clear that ethics have no authority in the economic. Crowther and Rayman-Bacchus[148] argue that corporations have ignored the obligations and responsibilities that come with the 'rights' they enjoy because historically they have focused on inward accounting (i.e. that which directly affects the organisation, from the customer to the supply chain) rather than accounting for the effects of their actions (whether good or bad) in their entirety. This, of course, because profit is the bottom line.

The distinction between CSR and CSI in South Africa has been found to be relatively insignificant. Originally I thought semantic distinction would complicate my research focus (as if a company sees CSR as an investment rather than as a duty, it cannot be faulted for its lack of responsible action). However, despite the fact that in South Africa CSI is the preferred term, it is nonetheless fuelled by what society considers social

[146] Moir (2001).
[147] Apter in Apter and Goodman (1976), p. 2.
[148] Crowther and Rayman-Bacchus (2004).

responsibility. In this sense, CSR and CSI can be seen as synonymous, only that one highlights the philanthropic tendencies as well as the autonomy of the corporation while the other emphasises an obligation to fulfil certain duties.

Westheimer and Kahne[149] identify three kinds of citizen: a personally responsible citizen; a participatory citizen; and a justice-oriented citizen. CCSA claims to be at least in part, all of these three kinds of citizen, as it seeks to incorporate a sense of responsible action, it seeks to participate in community development by engaging with community members and structures, thus it claims to be participatory; and it similarly claims to be guided by a sense of justice in its relations and particularly its CSI initiatives, in that it seeks to give back to the communities in which it works.

A Presentation of Coca-Cola South Africa's (CCSA) Corporate Social Investment (CSI) Projects

The Coca-Cola Company has a standardized corporate social investment strategy for all of its business units. Programmes are decided upon in TCCC headquarters in Atlanta in the US and are then cascaded down, in Africa's case, to the Coca-Cola Africa Foundation. The latter then works with the different business units (Nigeria, Egypt, South Africa, etc.) in the various areas, ensuring CSI projects are implemented in line with company policy[150].

CCSA works with their bottlers in the diverse geographically divided regions, in an attempt to make sure that programmes are implemented at a national level. CCSA approaches the bottlers asking who "*wants to come on board*"[151] with a particular project. The bottlers then say they are interested and they will contribute so much money to the

[149] Westheimer and Kahne, (2004) n.b. their research focused around education, but they illustrate how the approach taken to teaching citizenship and democracy affected the political orientation of the students.
[150] Interview with Tuli Mkhatshwa, CCSA (October 2009).
[151] Ibid.

project but they cannot just say "*they want it for themselves*": it needs to be a partnership[152].

The budget for CSI projects is not split according to the four focus areas (environment, health, education and entrepreneurship) but is split according to the potential projects. Essentially this means that proposals are submitted to CCSA's community affairs manager by the relevant NGOs and these in turn get accepted or rejected. Additionally TCCAF also implements CSI projects according to its allocated budget. However from 2010, 50% of the entire CSI budget will be directed solely towards water projects. The reasoning behind this is that TCCC is ranked number one user of water out of all beverage companies[153], ensuring that water be at the forefront of their social commitments; as Mkasthwa put it, "*they focus on water because it is in line with the business imperatives*". She believes it's been a long-standing focus of Coca-Cola but it's becoming more and more important because of the Millennium Development Goals (MDGs).

As of March 2009, all CC water projects in Africa will fall under the umbrella of what is known as RAIN –Replenish Africa Initiative. On the 16th of March 2009 Atlanta committed US$30 million over a period of six years to the RAIN programme aspiring to provide access to clean and safe drinking water for over two million Africans in at least 19 African countries[154]. Using the UN's Millenium Development Goals (MDGs) as a baseline, Africa is expected to miss the target for potable water by 111 million people and the sanitation target by 289 million people.

TCCC has pledged its commitment to returning an amount of water that is equivalent to what is used in its entire production process to both community and nature. TCCC has a three-tiered strategy for tackling this issue:

- reducing the amount of water used in production processes by 20% by 2012;

[152] Ibid.
[153] Business Water Footprint Report, Appendix 2.
[154] TCCC News Release, March 16 2009. In the release it specifies that the countries in which TCCC has water projects are: Angola, Egypt, Ethiopia, Ghana, Cote d'Ivoire, Kenya, Mali, Malawi, Morocco, Mozambique, Niger, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Tunisia, Uganda and Zambia.

- Recycling all the water the company uses for manufacturing processes to the environment;
- And replenishing communities by returning the amount of water used in its finished beverages.

Unfortunately the limitations of this research will not allow an incorporated analysis of all three strategies. It will however focus on the CSI initiatives, which seek to return an amount of water equivalent to that used in its final products, to give back to specifically South African communities.

- How much water is used in finished beverages? How many beverages sold? Is an equivalent amount of water, as that used in finished products, given back to communities?

Based on TCCC's annual report of 2005, SA consumes 235 eight-ounce servings of Coke beverages per capita each year. According to a study undertaken by UNISA[155], SA's population in 2005 was 47 million. Thus if eight ounces is roughly 235 ml, each South African citizen is estimated to consume about 55 L a year of Coke products. 55 L multiplied by a population of 47 million gives us somewhere in the region of 2 606 620 000 L sold a year. Based on the data available to me for the extraction amounts at borehole sites, and giving the benefit of assuming a strong borehole and a successful yield, I calculate that a successful borehole will produce an average of 100 000 L[156] of water a day, multiplied by 365 we should expect an annual extraction of 36 500 000 L. Based on these calculations if CCSA wanted to give back an amount of water equivalent to the total amount used in their finished beverages alone, not including production processes, they would have to be implementing projects somewhere in the region of 71 per year; although CCSA[157] could not provide me with long-term investment figures for CSI, based on the number of projects they have implemented in 2008 –as verified against the two contracting agents who were the implementing partners, they carried out a total

[155] http://www.unisa.ac.za/contents/faculties/ems/docs/Press342.pdf
[156] Based on the stated strong borehole at Moddersprui Community Centre, although it should be noted that not all boreholes are as successful as this one (even this borehole averages such a high extraction rate), and some, albeit few, may be more successful. It therefore may be used as a benchmark figure only.
[157] Mkatshwa unfortunately could not provide me with long-term investment figures and projects.

of 29 projects, for the 08/09 period. This figure represents the six individual project areas invested in by WFA for CCSA alone, plus 23 investment areas for Re-solve, contracted on behalf of CCSA, TCCAF, and occasionally their bottlers. It remains less than half of the yearly target, yet 29 is nonetheless a considerable amount of projects implemented by one company.

For South Africa, there are three CC programmes which focus on water: the borehole water projects, previously advertised on CCSA's site as the Clean Water Supply Project[158]; the leak repair projects[159]; and, to be implemented this year, the 2010 Legacy Project, given that CC is Fifa's number one sponsor, in anticipation of the 2010 Fifa World Cup. Given that this research was carried out over the 2009 period, it will focus on looking at the Clean Water Supply Project and the Leak Repair Project, identifying one particular project for each programme, namely Munsieville and Modderspruit.

.

Munsieville Leak Repair Project

"*Democracy is just about ownership, its about people owning our own government and fixing leaks on properties is actually just an extension of democracy. So yes, there has been a permanent change and its part of the development of SA. How you measure that I don't know. I just measure it in terms of seeing the creation of a middle class society in SA, which has happened.*"

Although not exclusive to each other, Coke's Leak Repair Projects in SA historically have been implemented through the Alliance to Save Energy, a US NGO. Re-solve Consultancy Ltd. is the implementing partner in SA for both the Alliance to Save Energy

[158] CCSA's internet site has recently changed –sometime in December 2009. Previously, under CSI projects, there were 2 kinds of programmes: a clean water supply project for communities with access to little or no water; and a leak repair project to address issues of water wastage. The new site however, does not indicate the projects that are being undertaken but simply outlines the company's commitment to 7 focus areas.

[159] On the old site, areas in Munsieville and Sharpeville and three Ekurhuleni schools were advertised as being part of this project. On the new site, there is no specification as to where investment is being undertaken.

(ASE)[160] and the Global Environmental and Technology Foundation (GETF)[161]. Re-solve is a for-profit organization, which is why CCSA must go through an NGO, rather than contracting Re-solve directly[162]. Although not a government branch the ASE was proposed by US congressmen in 1978 as a result of the oil embargo the US was suffering in an attempt to propel businesses and the country as a whole towards more energy efficient practices. It should be noted that the Watergy (water and energy) programme is primarily funded by USAID. Their water projects in SA fall under the Watergy programme[163], which seeks to combine water and energy saving strategies. It wasn't until 2003 that the Alliance began operations in SA and already at this early stage Mogale City was one of the municipalities that USAID had specifically wanted them working in[164]. Munsieville was selected as an appropriate area for the leak repair project, given that it was small enough to make a difference and was appropriate to the budget[165].

Munsieville is one of the two suburbs of the Mogale City municipality. The town was formerly known as Krugersdorp but changed its name to Mogale City in 2001[166]. Located in the West Rand it is about a forty-five-minute drive from Johannesburg. Originally Munsieville was born to house the mining settlers working on the outskirts of Krugersdorp[167]. By 1911, all black individuals not resident with their employers had to move to the *New Donation*[168], as it was then known.

Munsieville, like many existing townships, has rapidly spread its boundaries since 1994, spanning a spectrum of different socio-economic conditions: there are areas that are built-up houses and areas that are no more than informal settlements. This project, as it focuses

[160] The Alliance to Save Energy will be referred to as the ASE and the Alliance, interchangeably.
[161] Interview with Mike Rabe, Re-solve, December 2009. Again, these organizations are not exclusive to each other although they have built up a good working relationship over the years.
[162] Interview with Grant Powell, Re-solve, October 2009.
[163] Interview with Mike Rabe, Re-solve. December 2009.
[164] Interview with Mike Rabe, Re-solve (December 2009). N.b. USAID had preselcetd certain municipalities to work in, Mogale City was one of them. Prior to this project, they had funded another water-focused project in Mogale City, in Kagiso, which focused on the installation of pre-paid water meter systems.
[165] Ibid.
[166] The second township is Kagiso, and is the younger of the 2.
[167] http://www.mogalecity.gov.za/visitors/townships.stm
[168] Ibid. In 1941 Munsieville became the official name.

on leak repairs and therefore addresses water wastage issues, focused only on those areas with reticulated water, and so by its very nature addressed only built-up areas, namely Munsieville Proper and Extension One[169], addressing leaks in a total of 1 075 households, after having pre-audited a total of 1 371 households.

Given its position of relative power, one of Re-Solve's strategies when implementing projects is to try and co-opt relevant parties into participating in the projects[170]. For the 2006 Leak Repair Project, it sought to leverage funds from apposite municipalities, rousing them to match USAID's investment[171]. The project was funded as follows: CCSA –US$ 120 000; USAID –US$ 100 000; Mogale City –US$ 100 000; Watergy –US$ 20 000; Renewable Energy and Energy Efficiency Partnership (REEEP) –US$ 10 000[172].

Munsieville has a piping system that is at least 100 years old[173]. The galvinised pipes are not in a good condition and there are many leaks throughout the entire system[174]. Consequently a significant amount of water is lost through leaks in the pipes. Logically, this translates into higher bills for already financially-struggling residents[175]. The step-tariff system in place aggravates this situation as the more water a household uses, the higher the cost per KL. This in turn impacts on the municipality because it increases the amount of non-revenue water and thereby impedes efficient management of water resources. In 06/07 23% of the expenditure budget was allocated to water services[176]. The 06/07 budget was to focus 68% of total operational budget on accelerated service

[169] Munsieville Leak Repair Project, Close-Out Report.
[170] Interview with Grant Powell (Oct 2009), Re-Solve. For example, in a separate project, Re-Solve approached Builder's Warehouse to donate tool-boxes. They were successful and Builder's Warehouse donated 15 or 16 boxes.
[171] Interview with Grant Powell (Oct 2009). While this strategy is fuelled by a rationale that seeks to go beyond straightforward aid, it often translates in to relevant parties been given an ultimatum i.e. if they are not willing to play ball, so to speak, then the project will go to someone/where that is..
[172] As outlined in the Close-Out Report.
[173] Interview with Blilji Mthembu (Dec '09).
[174] Close-Out Report.
[175] Total number of residents of Mogale City is 289 724. 97 494 of which are employed, 50 409 are unemployed and 62 105 are not economically active. Out of the total 289 724 residents, 172 244 people have no income. Figures are according to the official Mogale City Municipality internet site.
[176] This % translates to one hundred and fifty-nine million SA Rand in monetary terms, according to the 06/07 Mogale City Budget Report, p. 7/33

delivery through infrastructure upgrades and development[177] and in a venture to sustain improvements, prepaid water systems were to be installed on approval of residents to ensure that usage remains within an affordable level[178]. Although not the stated intention of the project, a consequence of fixing the leaks facilitated the municipality's move towards installing pre-paid meters on private properties: "*among the water and sanitation projects are…prepaid water meters*"[179]. With continually leaking pipes and consequently high levels of water wastage, it would not have been enticing for residents to accept prepaid water meter systems as their credit would invariably run out without even having used the water. As a result, one of the key findings of this research was that this leak repair project was part of a bigger move towards the unfolding of an understanding of water as a basic human right.

In fact, one of the stated achieved objectives was the empowerment of local residents, (to manage their own water consumption). Indeed, this can be a sort of empowerment, but rather than empowering the residents to be able to manage their own water consumption, it sought to transfer 'empowerment' and thus responsibility of water management from the municipality to the private resident. In addition, although Mogale City municipality does supply FBW to its residents, in order to qualify for FBW one must first qualify for indigency but one of the conditions for qualifying for indigency is the installation of a prepaid water meter system[180]. It is of interest to note that on the 4th of July 2006, the municipality did a door-to-door registration for indigent households.

The Munsieville leak repair project was the result of a USAID/South Africa 'General Management Assistance Contract' (GMAC)[181], implemented by the US NGO: the Alliance to Save Energy. The report was produced for review by USAID and was entitled: "Saving Water, Improving Access and Enhancing Sustainable Management of Scarce Natural Resources in South Africa". As per the report the aim of the project was

[177] Ibid, p. 17/33. In concrete figures this translates to Rfour hundred and sixty-eight million.
[178] I draw attention to the specific mention in the 06/07 budget report of a focus on infrastructure development and the installation of prepaid systems, as in the following years report such attention is not given to both infrastructure development nor the installation of prepaid systems.
[179] http://www.mogalecity.gov.za/news2006/june/jun14_budget.stm
[180] http://www.mogalecity.gov.za/news2006/july/jul4_basicservice.stm
[181] Contract no. 674-C-00-01-00051-00, as according to the Close-Out Report, p. 1/21.

to "*replace plumbing fixtures on private properties…in order to reduce high levels of wastage, whilst simultaneously addressing municipal cost recovery for the provision of basic services*"[182]. In addition, the project outlined the objectives of: "*job creation; skills training; empowerment of local community members for a sustainable future; community awareness; community upliftment; water savings through repair of leaks; energy savings; saving of the environment*"[183].

While the project did in actual fact address a variety of issues from job creation to empowering local community members, the degree to which this can be said to have occurred is questionable. The following analysis of the data collected will elaborate. I propose bringing to the fore the specific objectives and stated accomplishments of the project as outlined by the Close-Out Report while simultaneously evaluating each one against information gathered through this research.

The project had five primary objectives, as outlined in the Close-Out Report of September 2006, which are said to have been achieved. These were:

- "to reduce water waste and non-revenue water loss (both leaks and non-payment);
- to enhance sustainable water management in a local South African community;
- to provide skilled and semi-skilled employment opportunities;
- to provide training within the community in basic plumbing skills;
- and to improve sanitation and hygiene to low-income portions of the community through plumbing retrofits and upgrades".[184]

I can quite comfortably confirm that the project did indeed reduce wasted water and non-revenue water loss through fixing leaks in private properties[185], confirmed by both the

[182] Close-Out Report, 5/21. The Close-Out Report indicated that the vast majority of leaks were found to be through faulty cisterns.
[183] Ibid.
[184] As indicated in the Close-Out Report of September 2006.
[185] The total water supply to Munsieville (Proper and Ext. 1) was reduced by about 20% thanks to the project - Interview with Mike Rabe (Dec '09).

contractors themselves and an official of Mogale City Local Municipality's Department of Water and Sanitation, a Mr. Viljoen. Fixing the leaks had 2 concrete achievements. One was to reduce the amount of water lost through repairing faulty cisterns and leaking pipes in private properties, for the whole of Munsieville Proper and Ext. 1. And the second, directly reduced the amount of water that the municipality itself was responsible for paying for. Indirectly it encouraged, or at least facilitated, residents to pay for the water that they used, given that the project allowed for a more accurate billing system. It therefore did effectively reduce both water wastage and non-revenue water loss.

However, no matter what the topic of discussion, it is always possible to give a limited perspective, which influences a clear and comprehensive understanding of the case in point. This is the very *raison d'être* for research: it allows an independent third-party to critically assess the facts. In light of this, I think it incumbent that this section draw attention to a certain few of the location-specific circumstances over the same time period as it illustrates how this one leak repair project was one fraction, facilitative of the implementation of an overall socio-political move towards water privatization, even though the municipality is responsible for the delivery of water. It therefore does not seek to discredit the achievements of the project itself but rather it aspires to present a more thorough and comprehensive overview of the facts.

It was not until the late '90s and early 2000s that most of the residents in Munsieville, and similarly other disadvantaged townships, were entitled to the title deeds of the properties in which they resided, as up until the final years of the second millennium[186] these properties comprised municipal housing[187]. Part of the motivation for the transfer of title deeds was to *empower* residents to take ownership of their houses and the problems that came with them; for example, occupants had repeatedly relinquished ownership and therefore responsibility for the leaks in the pipes on the properties in which they lived because they did not own them[188]. By implication, the owner, the municipality, was

[186] According to the Christian calendar.
[187] Part of government's achievements since 94 have been to assist over 500 000 families to procure title deeds to old public housing stock. See http://www.etu.org.za/toolbox/docs/government/housing.html
[188] Interview with Mike Rabe, Re-Solve (Dec '09).

responsible. A lot of the rhetoric around this leak repair project refers to empowerment of the local population. I think it should be noted that any time the word 'empowerment' is utilized in relation to the fixing of leaks (rather than the training of plumbers) it can be interchanged with responsibility: "*When ownership is in the right place, then you can deal with things effectively. So by fixing those leaks you can create an enabling environment for those people to take ownership*"[189] and hence the empowerment of the community translates into taking responsibility for ownership.

Along similar lines, inhabitants continually made legitimate objections to paying for water that they had no access to, in addition to contesting the legitimacy of paying for something that was enshrined in the constitution as a basic human right. Though the municipality was subject to reimburse Rand Water for the bulk purchase of water, residents refrained from paying the municipality for water that they had not used, regardless of whether it had passed through their pipes or not, especially considering the questionable step tariff.

The problems of Munsieville, and Sharpeville alike, along with many other townships, were "*political problem(s)…and perhaps at the end of the day fixing the leaks has allowed the finality or closure on some of the political issues around that*"[190]. The political issues that are being referred to stem from a people systematically excluded from participation in society: in Munsieville prohibited from owning the properties in which they live; relegated to areas that would not be serviced by the government, thus excluding a large proportion of the population from access to basic services like water.

Did it enhance sustainable water management? According to Mr. Viljoen of the Mogale City local municipality, it did indeed, because it decreased water loss and consequently reduced non-payment. The project boasts impressive figures saving 316 L per house per day[191], totaling a water savings of 432 733 L for the entire project area. These figures are based on the installation of a water meter logger, which calculated the amount of water

[189] Interview with Mike Rabe, Re-Solve (Dec '09).
[190] Mike Rabe, Re-Solve (Dec '09).
[191] Compared to pre-project figures.

entering and leaving the project area. The discrepancy between the before and after project figures is then divided by the total number of households to arrive at a savings figure of roughly 316 L per household. At a *Rand Water* tariff of two Rand and ninety-four cents per KL, water savings for Mogale City Local Municipality comes to ZAR 351 962 per year[192], guaranteeing a pay-back period of two years and three months for the municipality[193].

The project benefited the municipality in a variety of ways. Before implementation of the project, the municipality had agreed to fix leaks *ad hoc,* when a private resident contacted them requesting service. Once the project was completed the municipality consequently relinquished its responsibility for fixing leaks on private properties in the areas attended to by the project[194], eliminating the cost of maintenance teams. And thus the extent to which the project can maintain sustainability will be determined by residents themselves, rather than the donors or the municipality itself. In addition, repairing the leaks in the pipes of residents saved on wasted water, decreasing the cost of water provision for the municipality. While at the same time, repairing the leaks provided the additional advantage of enticing residents to accept the prepaid systems. Previously residents were discontent with the prepaid systems because it meant that they would effectively be paying for water that they did not receive. This is also one of the reasons why the municipality had had a problem with non-payment of bills: residents could simply not afford to pay the bills.

For the duration of the project a Community Liaison Officer was appointed and employed. Additionally, the project required a plumbing auditor and a plumbing contractor that employed 18 and ten persons respectively. The employees were previously unemployed community members that benefited through employment for the duration of the project.

---

[192] Although my calculations estimate a monetary savings value of 458 000 (155 784 x 2.94).
[193] According to the Close-Out Report, p. 20/21. However according to my own calculations, the pay-back period would be just over 3 years (1 062 000/351 962), if the price per kl remained constant. The US-Rand exchange rate was at R6-US$. It should be noted though that information on the specific water reduction achievements f the project were not made available to me –thus the calculations are based on figures presented in the Close-Out Report.
[194] Interview with Rabe, Re-solve (Dec '09).

In addition, six 'Learner Plumbers' were selected and offered a three-week intensive plumbing course at George Tabor Campus in Soweto, supported by the Construction, Education and Training Authority (CETA)[195]. On completion of the course they underwent 6 months of practical training in the field. Each 'learner plumber' received 26 CETA-accredited points towards their plumber's certificate –one needs to accumulate a total of 126 credits in order to become a fully-qualified plumber. According to the report, the 'learner plumbers' benefited from the project in that, previously unemployed, they were subsequently successful in gaining temporary employment in the area –n.b. one learner plumber interviewed described himself as "*a qualified unemployed plumber*"[196], which again raises questions as to the sustainability of the project as a whole. It is not nor should not be the responsibility of CCSA to guarantee that trainees are employed even the year after the project was implemented, nevertheless the fact that trainees find it difficult if not impossible to get work regardless of their qualifications questions the effectiveness of training in such a field and thus in part threatens the sustainability of the project. Several trainees did in fact suggest that perhaps a computer-training course would have to some extent been more beneficial than a plumbing course as many jobs request computer knowledge and already there are many trained plumbers, limiting the probability of getting a job.

An estimated 13 710 benefited from the project, according to the report[197], with this figure being calculated by multiplying the number of households visited (1 371) by the average number of residents (estimated at ten people per yard). I think it worth noting that 1 075 properties had actual repairs done, shifting this figure to an average of 10 750 benefactors. I do think this is a minor detail but it reinforces the unscientific and unserious approach to CSR, thus questioning the legitimacy of CSR as a whole as well as the degree to which information from corporations can be trusted and taken as fact.

[195] Close-Out Report, p. 7/21.
[196] Interview with Blilji Mthembu, '*qualified unemployed plumber*' (Dec '09).
[197] Close-Out Report, p. 21/21.

After the two 'private-homes' leak repair projects of 2006[198], "*the company realized that doing that kind of project in private homes is not such a good idea because it's taking away responsibility from home owners which is not a good thing. Because now they're not gonna care for their stuff because they know that Coca-Cola is there, but also how do you choose one home over the many homes that are in the area? That's why the company decided to go the route of schools… Munsieville was more of a pilot programme and from the pilot programme they realized that in fact they should be focusing on schools or institutions that are focusing on a broader community*".

Indeed this was the first and last project that CCSA has done to date working in private homes. As Mkatshwa outlined above, after this leak repair project CCSA water initiatives converged towards primary schools. While fully recognizing that Mkatshwa was not yet Community Affairs manager at CCSA in 2006, I nonetheless think it of relevant concern to emphasise that one of the reasons CCSA abandoned investing in private properties was one of the primary objectives of the project itself: "*the empowerment of local community members for a sustainable future*"[199]. Furthermore, the project did in fact accomplish its objective of empowering local community members, at least in the eyes of the municipality that no longer saw it as its responsibility to repair leaks in the areas serviced by the project[200]. In actual fact, fixing the leaks did serve to *empower* individual households to take responsibility for their homes and their leaks: as the *right*ful owners, it was their duty. The project served to empower residents to take care of their properties, yes, but four years down the line the quality of the repaired fixtures varied widely: some were still maintained reasonably well, while others had deteriorated either from lack of maintenance but also simple wear and tear.

I understand and accept Mkatshwa's point of how do you choose to invest in one home and not another? This is indeed part of a difficult decision-making process however I do feel that it is one that is inevitable when choosing to invest anywhere, be it a private property, a school, a community, a municipality…and hence this decision-making

[198] Munsieville and Sharpeville.
[199] Close-Out Report, p. 5/21.
[200] Interview with Mike Rabe, Re-solve (Dec '09).

process remains an exclusive act by its very nature. Just as it is not Coke's responsibility to put everything right that is wrong; decisions need to be made.

Nonetheless I do think Mkatshwa eloquently and incontrovertibly explicated the reasoning behind the choice of primary schools and made a sound case for that selection. Be that as it may, it was brought to my attention that working on private properties presented additional hurdles: a job card needs to be issued for each individual property along with a pre- and post-assessment apiece. This makes such a venture highly management-intensive as well as expensive. Re-Solve's understanding, according to Rabe, is that CCSA believes that the money goes further with schools: working private properties you spend about ZAR 1000 per property and benefit five or ten people; whereas at a school you might spend ZAR 100 000 but you stand to benefit about 1000 learners, depending on the size of the school. If we assume that work on private properties benefits ten people as the Close-Out Report did, then we can average spending about ZAR 100 per person. Equally, with ZAR 100 000 invested in a school that benefits 1000 learners, we would be spending an identical amount of ZAR 100 per person. Of course, especially in rural areas, schools are not guaranteed to have 1000 learners. However, based on the figures available to me, the average amount of beneficiaries per school varied greatly: one was only 128, while another was 1 600. Most of the schools that benefited from CCSA investment tended to be over 500.

The Company's move towards investing in Primary Schools as opposed to private properties is indicative of a move towards a process of simplification of responsibilities: rather than being responsible for the implementation of projects in 1000 properties CCSA needs only to take responsibility for the implementation of a project in one: the school. At the same time, working on one property does have the added advantage of benefiting a high number of learners, thus reducing the amount of administrative work per project, and in theory freeing the company to invest its time in more projects. It therefore simplifies Coke's work: investing in a school requires that school principals agree to the project (the vast majority are more than happy to be provided with water); it provides young kids, susceptible to disease, with clean water; and it maximizes the number of

people who stand to benefit while minimizing costs, which is in itself a legitimate business strategy.

Modderspruit Community Center

The Clean Water Supply Project at the Modderspruit Village in the North-West Province of South Africa is part of CCSA's ambition to provide clean water to communities with little or no access to safe drinking water. The implementing partner for the borehole water project[201] is a South African NGO called Water For All (WFA). It employs ten people full-time, and three part-time.[202]

WFA was started in 2004 with the objective of providing rural schools in Africa with water[203]. Originally, the NGO went under the name Play Pumps International Water For All. At the time, they were awarded a large grant from the US government to implement projects in nine countries in Africa, over a five-year period[204]. The grant was for US$ 10 million and subject to the condition that play-pumps be used. In 2008 WFA decided to take everything in-house after the (for-profit) contractors[205] failed to honour their ten-year maintenance contract on installed pumps, in addition to other points of contention[206]. One of the repercussions, for WFA, of the contractor's failure to respect the contract was that on subsequently approaching one or two schools for borehole installations the schools refused as a play-pump installed down the road had broken and yet nobody had come to fix it[207]. Play-pumps are mechanical and as such they can easily be broken. Solar power on the other hand "*cannot break down because of a loose screw*"[208].

---

[201] Throughout the interviews Mkatshwa referred to it as the borehole water project; previously on the old Coke site it was referred to as the clean water supply project.
[202] Jill, WFA (Jan 2010).
[203] Interview with Carl, Water For All (Jan 2010).
[204] Marlene, WFA (Oct '09). Since then WFA has branched out to another 2 African countries: Uganda and Ethipoia. For more information see http://www.waterforall.org/about-us/faqs.
[205] Roundabout Outdoors.
[206] Interviews with Marlene, WFA (Oct '09)and Carl, WFA (Jan 2010).
[207] Interview with Carl, WFA (Jan 2010).
[208] Interview with Marlene, WFA (Oct '09).

As a result 2008 was more of a pilot year for WFA, as they branched out and invested in a few new technologies, including environmentally friendly solar and wind pumps. Historically, projects were implemented in primary schools, chiefly on account of the play-pump. The restructuring of the organization and the development of new technologies allowed for diversification of the projects to be implemented as the play-pumps were only really suitable for young kids.

Water For All is based in SA, operating from its headquarters in Johannesburg, while working closely with government agencies and NGOs where they are active outside of SA[209]. Coke is their biggest corporate donor in SA (contributing roughly 20% of overall SA funding), while USAID is by far their biggest single donor, accounting for well over half of their total funding[210]. WFA's administration fee is 12%[211]. What is interesting to note, is that in 2008 CCSA had provided funding to WFA for six projects: four were successful; one was a dry borehole; and the final one was found to contain bacteria in the water. The funding for the contaminated water source site was redirected to the Modderspruit Centre and thus the funding for the installation of a pump was successfully directed. At the dry borehole site however, a bigger solar panel was installed at a nearby site to supply extra water, but the funding (120 000 for the pump installation) was still donated, according to the WFA 2009 Report to CCSA.

CCSA first worked with WFA in March 2008 on an installation of a play pump at the Broodspruit Primary School in Paulpietersburg, KZN. In 2009, WFA implemented 6 projects for CCSA: two in the North West Province, two in Limpopo and two in the Eastern Cape (unfortunately the drilling at Sekololo Primary School was unsuccessful as no water was found)[212]: totaling an investment of ZAR 870 000. This research is focused on one of the sites in North West Province: the Modderspruit Community Centre.

[209] http://www.waterforall.org/about-us/faqs.
[210] Interview with Carl, WFA (Jan 2010).
[211] Interview with Marlene, WFA (Oct '09); and http://www.waterforall.org/about-us/faqs.
[212] WFA-Coke Report 17 September 2009.

In the past, almost all of the sites WFA worked on had existing boreholes[213]; it wasn't until 2009 that they have started investing in the drilling of new boreholes, CCSA being one of the *drilling* funders[214]. The reason for this is that they have almost reached a saturation point of schools with existing boreholes hence the desideratum to implement drilling projects "*to hit the neediest of schools*"[215]. WFA has just tied up another year's funding with Coke for the drilling of 5 boreholes, and the installation of ten pumps in partnership with ABI and USAID[216], with additional funding for one contingency borehole[217].

The drilling of boreholes is tricky because you're not guaranteed water; even if you do hit water there's no assurance that the quality of the water will meet national standards for consumption. "*If you're not spending any money on water treatment you're looking (a) at 50-50*"[218] % chance of success. If on the other hand one can invest in water treatment options, the odds are more like 70-30. But of course this depends on the geography of the area where the drilling is being undertaken[219]. Chemical contamination requires a reverse osmosis plant to successfully treat the water, which would cost about ZAR 200 000. Bacterial contagion though poses less of a problem: the water can be treated by passing it through a UV filtration system, which neutralizes any bacterial contaminant and costs about ZAR 30 000 to install. The good news is that, along with WFA's other pumps, the filtration unit runs off the solar panel. The bad news is that it requires slightly higher maintenance than a standard pump: the filter must be changed every six months and the UV tube every year, totaling an estimated ZAR 1 500 annually[220]. And as far as Coke is concerned it is not their responsibility for the maintenance costs that come with it: "*Look*

[213] 90%, largely with broken hand-pumps. Jill, WFA.
[214] About 30% of projects this year will involve the drilling of new boreholes, according to Carl, Operations Manager, WFA.
[215] Interview with Carl, Operations Manager, WFA (Jan 2010).
[216] Interview with Marlene, WFA (Oct '09). She specified that Coke would be doing the drilling (R420 000), USAID would be funding the equipment and installation of pumps (a total of US$70 000) and ABI will rehabilitate existing boreholes. The sites will be located in the North West Province, KZN and the Free State.
[217] Interview with Jill, WFA (Jan 2010).
[218] Ibid. It should be noted that Carl drew attention to the fact that WFA has not done enough of treatment installations for that figure to be statistically reliable.
[219] Sometimes you'll have 100% success rate, sometimes 50%. Interview with Jill, WFA (Jan 2010).
[220] Interview with Carl, Operations Manager, WFA (Jan 2010). WFA is to install 5 UV filtration units this year, the first was installed at the beginning of 2009.

we don't want to get involved in the maintenance. That should be a responsibility of the NGO cause they work with the community, or the community itself. (The NGO) are bringing you a borehole courtesy of Coca-Cola and you need to make sure that the quality of water is maintained. I said its up to you as an NGO how you handle that"[221]. Hence Coca-Cola relinquishes responsibility for the maintenance of such installations. Although it can be seen as an attempt to encourage communities or schools to properly maintain pumps, or repaired leaks etc., it does draw attention to the level of CCSA's dedication to implementing sustainable solutions to very real issues and obstacles for people on the ground.

This is of particular relevance to the WFA project implemented in Modderspruit because due to a high amount of E. Coli bacteria found in the original project site, at the Bokfontein Community Centre, the installation of a pump could not be realized and the Modderspruit Community Centre was elected as an alternative. A treatment option for the Bokfontein site was not possible because water treatment technologies were not part of the funding[222].

The Modderspruit village is one of the surrounding communities of the Hartbeespoort Dam, which is about an hour's drive to the North of Johannesburg, in the Rustenburg direction. There are roughly two thousand households in the village, with well over 10 000 inhabitants. The village borders the N4 four-lane motorway (two lanes each direction). On the far side of the road, there is a mine that allows residents to fetch water from their borehole. However this involves crossing the N4 twice, once to get the water and another time to bring it back. Residents either carry the buckets in hand or on their heads, or as was more often the case when I was there, they used wheelbarrows to transport two or three 20 L buckets at a time. Obviously they are at a greater disadvantage crossing back over the road with the water, an added obstacle. This is a dangerous job and resulted in a high number of accidents. Indeed, it was Bakwena[223], the

[221] Tuli, Community Affairs Manager, CCSA.
[222] Interview with Jill, WFA (Jan 2010).
[223] Bakwena is also a donor for WFA, which is how WFA knew about the Bakwena's intended investment at Modderspruit.

roads authority for the N4 that initiated the water supply project for the Modderspruit Community Centre, prompted by the high number of accidents as a result of lacking water for the community.

The Modderspruit community is supplied water from the dam, however it is situated at the end of the pipe line (from the dam) and so consequently receives little water as a result of little pressure, according to two residents[224], and the WFA report. In addition, respondents I spoke to highlighted that the water from the taps in residents' yards is often dirty and unsuitable for drinking [225] –sometimes little worms come through the taps with the water[226], and at times there are little white particles that float in the water and settle, ultimately colouring it to a whitish opaque liquid[227].

Consequently, investing in the Modderspruit Centre was a sound choice as it was to benefit the community in several ways: it was to provide clean drinking water to community residents; it was to supply water to the community centre for the recently-furbished toilets and showers; and it was to prevent residents from crossing the N4 'deathtrap' to fetch water.

Indeed all of the respondents I interviewed were happy with the investment that had been made, where previously they had insufficient water from the taps in their yards which was equally unsatisfactory in its quality, they now could collect water from the standpipe at the community centre. The pump runs on solar energy, which is completely self-sustaining. On the other hand this means that when it is cloudy and nighttime no water will be able to be drawn from the tap. At these times, residents revert to crossing back over the N4 or to buying water from another community member who has a borehole in their yard and sells 20 L of water for one Rand. Naturally, in the summer months, there is much more rain than the dry winter season and as a consequence the borehole goes more

[224] Interview with Johny and Thabo (November 2009).
[225] Interviews with Sophie, Johny, Thabo and Esther (November 2009).
[226] Interview with Thabo (November 2009).
[227] Interview with Johny (November 2009).

frequently out of action than during the dry winter. "*Sometimes there can be no water for two whole days*"[228].

Running on solar energy, residents confirmed that water can only really be collected from nine in the morning to five in the afternoon. Outside of these times there really is no water coming out of the taps[229]. All residents were happy with the borehole installation primarily because it provided good quality water. Most residents did however express their dissatisfaction with the fact that the water provided by the borehole is not enough for the surrounding community: the borehole is simply insufficient for the needs of those it is supposed to serve. "*Sometimes you must wait 2 hours in the queues trying to fill up your bucket. You can't stay at the borehole 20 minutes without someone coming to fill up*"[230]. It is not enough water, according to Johny, "*but half a loaf is better than none*".

Residents had suggested that the pump be connected up to the electricity supply, which is located five meters from the tank stand, but this was ruled out as an option because the municipality refused to pay for the electricity bills. They even recommended that residents themselves should contribute and pay for the electricity bills in that case, but clearly that was an option that was unrealistic. The community of Modderpsuit itself consists of roughly 2000 houses, yet according to the WFA report, the borehole was supposed to serve the needs of 200 households. How, in an open space area, can you calculate how many households are supposed to benefit from the borehole? How can you say this house here can use it but that one over there cannot? The only way to ensure that the residents who use the water would contribute to the electricity bills is to put in a payment system whereby everyone collecting water must pay according to the amount they take. Effectively this would involve the privatization of the water source and would restrict access to the borehole and discourage usage of it. For these reasons it was clearly not an option, and would defeat the purpose of the project itself. One resident expressed his utter outrage at both the municipality and Coke and the relevant funders: "*How can*

[228] Says Sophie, a resident of the community and user of the borehole. Esther confirms that it is often residents must wait 2 days for water to return to the taps.
[229] Interview with Sophie (November 2009).
[230] Interview with Johny (November 2009).

they ask the residents to pay? They have little money. Already at half five the water is no more than a trickle. People must wait until 9/10 am the following day to get water. That's crazy!"

And, after all, one of the objectives of the borehole was to stop people from crossing over the N4 to collect water on the other side. You may be able to limit the amount of people crossing over, and at that only at certain times of the day –the most visible times –but because the water supply is unreliable, people will still be forced to cross over the motorway to collect water. I think it important to highlight the fact that in the WFA's report on the project it states that it effectively stopped people from crossing over the N4 motorway. This is a decidedly exaggerated claim that is entirely unsubstantiated. At best, the borehole could only realistically limit the amount of people crossing over. Even at full capacity, if we assume that the borehole could reach its intended target of supplying water to 200 households that would still only remain one tenth of the total Modderspruit population, hence it would be mathematically impossible to claim that the installation of one borehole would be feasibly capable of stopping residents from crossing the N4. Granted, residents informed me that the supply of water to households located on the East side of the community centre is relatively satisfactory, compared to those on the West, that are more restricted in their access[231]. Nonetheless one astute respondent did specifically mention: "*It is good that the pump is here, it has saved many lives since its been installed, because it limits the amount of people crossing the N4*"[232].

Another of the stated achievements of the project was to supply water to the community centre for the showers and toilets that had previously gone unused. To my dismay and surprise even with the two x 5000 L tanks installed, there was no water for the toilets or the hand basins in the community centre. As a result, excrement remained floating in the toilets, and users had no water to wash their hands afterwards. I find this a dwarfing irony as one of the initiatives that WFA boasts is a hygiene board on the tank-stands to educate people on the importance of washing your hands and not contaminating food. It is, of

[231] Interview with Johny and Thabo (November 2009).
[232] Interview with Johny (November 2009).

course, not WFA's responsibility to ensure that every community centre has flushing toilets and operating showers, and no doubt residents would prefer to be able to take water home than have flushing toilets and running showers in the community centre, but it is in fact their responsibility not to publish misinformation and if they advertise that a community benefits in a particular way they should indeed honour that statement and guarantee that there is truth in their reports, or change them. When asked directly about this: "*I think nobody anticipated the amount of need there. They just want more water though*"[233]. And that is a fair statement. But the question this situation raises is: was this project, and similar other ones, satisfactorily planned to address the objectives identified for the area, as well as providing sustainable and serious solutions to water delivery obstacles in SA?

As touched on earlier one of the commitments that CCSA has made is to replenish community water sources by giving back an amount equivalent to the total amount of water used in finished beverages. The calculations above indicate that CCSA would need to be implementing 71 projects a year in order to give back to communities the amount of water they use in their finished products. This figure was assuming an extraction rate of about 9,500 L an hour[234], as per the WFA Report. According to a subsequent Meter Monitoring report, the extraction volume on a cloudless, clear day was 15 529, with just over two KL per hour. This is roughly only one fifth of what was indicated in the original report, which is a considerable discrepancy. This once again highlights not only the untrustworthy nature of the reports, but it also draws attention to poor planning. Thus if the borehole was to supply 200 households based on an extraction of roughly nine and a half KL/hour, it should only logically be able to supply one fifth of those households now with a weaker borehole, diminishing the number of households to benefit to 40.

[233] Interview with Carl, WFA (January 2010).
[234] It should be noted that the extraction rates of pumps using solar energy will depend on the weather, and mechanical pumps will similarly depend on the amount of physical pumping done.

Broodspruit Primary School

Due to time and resource constraints, I unfortunately was unable to devote more energy to the case of the Broodspruit Primary School in Paulpietersburg, Kwa-Zulu Natal. Nonetheless, I have decided to include a brief analysis of its specific circumstances because I found that this particular case surprisingly brought to the fore certain issues of corporate irresponsibility.

The installation of a borehole at the Broodspruit school was implemented by WFA: the first project that they undertook with CCSA in March 2008. They installed a play-pump just outside the school grounds, to provide clean water for both the school and the handful of houses that make up the surrounding community.

CCSA owns Valpré Premium spring water, which is extracted from the ground and bottled in the Paulpietersburg area. In CCSA's Corporate Social Investment brochure of 2008, the company stresses its: "*commitment to preserving and protecting water resources*"[235] where it operates, illustrating their investment with a picture on the opposite page of the school with tap and tank and children playing on the play-pump merry-go-round. The project, it states, was a joint effort between CCSA and ABI, their bottling partners.

On account of the fact that this research is focusing on water initiatives, and on subsequently becoming conscious of the fact that Valpré water is bottled in Paulpietersburg, I thought it relevant to visit this school. It runs from grade Z to grade six, and is responsible for 105 learners. Due to the relatively low number of students, grades are clustered together and taught simultaneously. It is located in a rural area.

Previously, the school and surrounding community were relying on water from the river about 50 meters down on the steep river bank. The school has a cook who prepares meals

[235] CCSA's CSI brochure 2008, p. 3.

for the learners in a roofless structure using a wood fire. For the cleaning of the dishes she would have to go down to the river to fetch water, with the help of a few of the students, as, being an elderly lady, the steep gradient was problematic, especially on the return with buckets of water. In that regard the borehole just outside the school grounds helped considerably, as it was no longer necessary to traipse down to the river and lug buckets of water back up to the school. In addition, one of the teachers at the school[236] reported to me that there was a pipe coming out of the ground discharging water into the river –although it looked clear the quality of it had never been tested. The school was happy with the installation of a borehole as it provided good quality water.

On approaching the principal, Mr. Zondo, and speaking with him of the borehole installation, to my surprise he was not aware of the project having been a Coca-Cola initiative at all. In fact, he knew nothing of them. I continued, suggesting perhaps that the project had been implemented by Valpré, which is in fact a branch of CCSA. He then enlightened me on how the borehole came to be: one of the learners at the school had written to Zola 7[237] and requested that he come and assist them with water. Zola himself came out to the school and spoke with Mr. Zondo about providing the school with a borehole.

Zola approached Valpré to speak to them about investing in the school, and eventually got CCSA's support in the project. The interesting detail about this school however, is that one of the teachers, Busi Sikakane, had approached Valpré for a donation in 2006 when she had taken the children on a school tour of the plant. They told her "'*no it was too late now you have to go to the head office. So you should have done it early*'", because the date for applying for donations had already passed for that year. She tried again the following year, careful to be ahead of the closing date for applications but she was unsuccessful in getting in touch with the head office.

[236] Interview with Busi Sikakane (November 2009), who has been working at the Broodspruit Primary School for the last 8 years.
[237] A TV programme, hosted by Hip Hop artist Zola.

Then Zola came, and tried to get in contact with Valpré: even "*to Zola, no, they said the management was not there, but that was the first day. He said he was going to try the following day, so I don't know how come that he could talk to them; because finally he talked to them, and he told them the problem of the school and the companies who's around should be helping*"[238]. In the end he was successful. "*I don't think it's something that you can say is Coca-Cola.*"[239]

According to Mr. Lombard, plant manager at Valpré bottling plant in Paulpietersburg, Valpré extracts and bottles 55 million L/annum. Over the past few years, the bottled water business has grown considerably: from 2000-2006 Valpré grew at 300%[240]. When asked about corporate social responsibility, I was told that *'we do sponsor orphaned homes but other things…we also collect food for them –our own staff ourselves, especially for AIDS orphans'*. Without wishing to diminish the needs of AIDS orphans, the need lies also beyond. And considering CCSA's brochure highlights the need to give back to the communities in which it works it would seem somewhat irresponsible for such a company to not canvas the area and investigate in areas where infrastructure is weak, particularly when it publishes the opposite, implying that that is indeed what it is doing. The fact that the principal, nor a teacher who has been working at that school for eight years, knew anything of Coke's involvement in the installation of that borehole says a lot about CCSA's *commitment* to development: my experience has been that it stops little further than the cheque book. One could argue that it did in fact provide that school with water and it should be therefore able to take credit for the work that it has done. Yet the fact that they felt they had to use this school as an example of the importance of investing in communities where one operates says a lot about the strategic value of this one project: because it is located close to the Valpré extraction plant, it carries extra points for social responsibility –the commodifcation of water doesn't just benefit those who now have access to 'premium' water in a bottle, it also benefits the communities around the plant because CCSA will give back. One could in addition argue that the fact that the school was not aware of CCSA's financing of the project is even more credit to

[238] Interview with Busi Sikakane (November 2009).
[239] Ibid.
[240] Interveiw with Mr. Lombard (December 2009).

its commitment to give back, given that it is not using a CSI project to *market* their product. Yet, in reality by advertising its commitment to give back and by highlighting that this school is benefiting from its commitment CCSA is indeed marketing its product, albeit not to the school itself, but to a wider audience with a greater purchasing potential.

Chapter 4

Conclusion

The growing global trend towards an increasingly integrated economic system guarantees that countries geographically divided from each other can more easily communicate and exchange ideas, goods, capital…thereby increasing the corporate nature of the entire social Earth. Just as this significant interconnectedness means more effective and efficient transport, technology and information so too does such a situation create increasing uncertainty. Economically affiliated, an increase in demand in one country translates to an increase in production in another. Similarly when that demand for products decreases, so too does the demand for production, thus creating an unstable and insecure environment for almost any country in the world, particularly those involved in production of goods.

Corporations stand to benefit considerably from such an integrated economic system primarily because it allows them greater freedom of movement coupled with less restrictions and conditions. Such a globalised system, as argued above, therefore advances securities for (largely) the Western world's TNCs while simultaneously it amplifies the developing world's insecurities. In such an insecure world, CSR as median for development, remains de-regulated, in that the corporation has no investment requirements and is free to implement projects where and when it sees fit, according to Mkatshwa, CCSA Community Affairs Manager.

Consequently this research found that CSI projects remain largely *ir*responsible by their nature, at least in the case of CCSA: the point of CSI is not to introduce sustainable development practices, as it professes it is not interested in the long term effects of investment projects –no follow-up reports are done a year or two later, and when CCSA does get to visit the project areas, it typically only visits one or two at most from each project, thus the success of projects is predominantly measured against the reports that its contracting partners present, and so it relies heavily on the trust it has in the

implementing NGO[241] - yet as we have seen from the data collected above, the information from the contractors' reports remains overwhelmingly narrative, rather than scientific, and often remains unsubstantiated. Because NGOs have a direct interest in their work being successful, as this is what keeps them in business, their reports are likely to be biased, and as such CCSA, as a responsible company, should not just accept what the relevant NGOs report to them but rather it should seek to verify reports, and check that its money is being well-spent. I think it an important and curious point to mention that CCSA's CSI department is represented at board level, thus corporate social investment is taken relatively seriously, according to CCSA's Community Affairs manager. Nonetheless, it appears to remain little more than philanthropic donations, albeit with significant amounts of money invested, as the company decides when and where to invest and has no responsibility to maintain investments. In fact it largely ignores the maintenance of projects, and is minimally concerned with the success of the projects themselves, given its lack of long-term interest. This can even be seen by the fact that the CCSA site changes every couple of years along with the information on it. Consequently not all projects are posted online, which is to some extent understandable, yet information about projects that have been done over the last five, three or even two years, is considerably difficult to come by, even when contacting CCSA directly. Unfortunately CSI projects remain weak in substance and are effectively little more than donations, as the CSI handbook states: "companies…for the most part, still see themselves as donors, with little consciousness about enduring impact"[242].

Although CSI is said to be taken seriously at CCSA[243], and although there are certain tangible benefits for the communities in which these projects are implemented, which in itself can be beneficial to the benefactors[244], these projects can be described as soft marketing, little more than a mechanism to guarantee consumer support in times of

---

[242] Trialogue (2008).
[243] Interview with Mkatshwa, CCSA (January 2010).
[244] The question here is whether people living in rural areas with little or no access to water benefit from such CSI projects that ultimately are likely not to be sustainable; thus when people who once had more access to water find themselves with considerably diminished access does it do more damage socially, psychologically or even physically than they would have otherwise endured? Some people may prefer the donation, something is better than nothing, perhaps, but when we can do better, should we?

turbulence, i.e. should the company receive bad publicity for externalities that it may or may not be responsible for. To the best of my knowledge the reports that I had access to are the reports that the contractors similarly presented to CCSA. Although these did contain some useful information as to the specifics of the projects, there was much information that was left out; in cases information was plainly exaggerated that if one wanted to be strict about one would end up having to say they were unsubstantiated fabrications. Hence CSI on paper is described as considerably more powerful and significant than when it is concretely implemented on the ground.

Moreover, the research undertaken here saw CSI projects as complementing overall troubling trends of a globalisation process: privatization and the individualization of people, in theory to empower. Relying on external agencies for continuous support is one thing, it can lead to a negative poverty cycle, trapping the individual in inescapable self-perpetuating circumstances. But relying on the government, or municipality, to guarantee access to basic rights like water is not the same as relying on someone else to constantly be doing the work for you, as the degree to their commitment will lie in the degree of perceived responsibility. Government, especially the South African government, given its Constitution, has a mandate to guarantee access to water for all of its citizens.

Over the last few years, SA has seen an understanding of water as a basic right slowly morph into water as a financial right, guaranteeing those who have money will be granted access. While those who cannot afford to pay will be excluded. Troublingly, one of CCSA's projects investigated in this report shows how the project itself, while focused on leak repairs, facilitated a move towards privatization for the project area by the municipality. The project served as the foundation for the move to prepaid meters, as it addressed the issues of leaks in the properties –an obvious disincentive to install a prepaid system. It simultaneously permitted the municipality to 'wash its hands' of the project area, as it was no longer to be responsible for leak repairs, and related issues, on private property, as it is the responsibility of the owner to maintain their estate. This is primarily due to decreasing subsidies to from central to local government (since 1996)[245]

[245] McKinley, (2005).

coupled with the fact that municipalities are to manage their own affairs and avoid budget deficit at all costs, because as outlined by the White Paper of 1998, the municipality has a duty not to jeopardize the macro-economic stability of the country as a whole[246]. Consequently, the focus of the municipality is on cost-recovery. The process of the commercialization of water in Munsieville was bigger than CCSA, it was a municipal project, and where it would be next to impossible to ascertain whether CCSA necessarily did it intentionally to facilitate a move towards water privatization, this was nonetheless the effect of such a project. Hence, at the very least considerate reflection should have been reserved for the consequences of such a process, if indeed it was not.

To conclude this research draws attention to three areas of concern with regard to CSR: the perceived degree of responsibility from the part of the donors, which then questions the extent to which the donors should be involved in the projects themselves; the extent to which the projects are sustainable, and thus have potential to contribute significantly to long-term development; and the scientific, or lack thereof, of the processes of planning and project implementation, which in turn, as shown above, impacts on the degree of sustainability of the project itself (e.g. estimates of borehole yield at Modderspruit which did not correspond to the real amounts extracted). These are issues that are very real problems for the whole CSR environment, which are exasperated by the fact that it is the individual company that has discretion to decide when and where and how much it will invest in any given area, thus responsibility starts and ends with the company's perception of itself.

[246] Dugard (2008).

Bibliography:

Adewale, Aregbeshola Rafiu 'Policy Determinants for FDIs in South Africa' (2008), submitted for an MA in Business Management at the University of South Africa.

Apter, D.E. and Goodman, L.W. 'The Multinational Corporation and Social Change' (1976) Praeger Publishers, Inc.
Contains references from:
- Apter, D.E.
- Ranis, G.
- Tsurumi, Y.

Bakan J. 'The Corporation: the pathological pursuit of profit and power' (2004) New York Free Press.

Barlow, M. and Clarke, T. 'Blue Gold: the Battle against Corporate Theft of the World's Water' (2002) Earthscan Publications Ltd.

Bauman, Z. 'The Individualised Society' (2001) Polity Press in association with Blackwell Publishers Ltd.

Beck, U. 'Risk Society: Towards a new Modernity' (1992) Sage Publications.

Bolino, M. in *The Academy of Management Review* Vol. 24 No.1 'Citizenship and Impression Management: good soldiers or good actors?' (1999) pp.82-98.

Bourdieu, P. 'Sociologie de l'Algérie' (1958) Presses Universitaires de France.

Bourdieu, P. and Passeron, J.C. 'Reproduction in Education, Society and Culture' (1977) Second Edition. Sage Publications.

Brammer, S. and Millington, A. in *Journal of business ethics* Vol. 61 Issue 1 'Corporate Reputation and Philanthropy: an empirical analysis' (2005) pp.29-44.

Brett, E.A. 'Reconstructing Development Theory: International inequality, institutional reform and social emancipation' (2008) Development Studies Institute, London School of Economics.

Burawoy, M. in *Sociological Theory* 16 No.1 'The Extended Case Method' (1998) pp.4-33.

Cavanagh and Clairmonte in *Economic and Political Weekly* Vol. 20, no 8 Feb. 23 (1985) pp. 317-325.

CCSA's CSI Brochure 2008.

Collins Concise Dictionary and Thesaurus. (1995) Harper Collins Publishers

Crowther, D. and Rayman-Bacchus, L. 'Perspectives on Corporate Social Responsibility' (2004) Aldershot; Burlington, VT: Ashgate.

De Vaus, D. 'Research Design in Social Research' (2001) pp.1-52. California: Sage.

Dugard, J. 'Rights, regulation and resistance: the Phiri Water Campaign' (2008) Submission to the Special Issue on Rights and Regulations of the SAJHR.

Durkheim, E. 'Suicide: a study in sociology' London: Routledge and Kegan Paul. (1952).

Durkheim, E. 'What is a social fact?' in The Rules of Sociological Method (1895) pp. 50-59.

Easterly, W. 'Reliving the 50s; the Big Push, poverty traps and take-offs in Economic Development' (August 2005) Working Paper Number 65, Centre for Global Development.

Elkington, John and Hartigan, P. 'The power of Unreasonable People: How Social Entrepreneurs Create Markets that Change the World' (2008). Harvard Business School Publishing.

Fig, D. 'Staking their claims: Corporate Social and Environmental Responsibility in South Africa' (2007) University of Kwa-Zulu Natal Press.

Fourcade-Gourinchas, M. and Babb, S. in *American Journal of Sociology* Vol 107 No. 9 'The Rebirth of the Liberal Creed: Paths to Neo-liberalism in Four Countries' (2002) pp. 533-79.

Friedman, M. 'Capitalism and Freedom' (1962) University of Chicago Press.

Friedman, M. 'Social Responsibility: Fundamentally subversive?' in a *Business Week* article (August 15 2005).

Friedman, M. 'The Social Responsibility of Business is to increase its Profits' (1970). New York Times Company.

Gerbens-Leenes, P.W. and Hoekstra, A.Y. 'Business Water Footprint Report: A Tool to assess how production of Goods and Services Impacts on Freshwater Resources Worldwide' (March 2008) UNESCO-IHE Institute for Water Education.

Giddens, A. 'Capitalism and Modern Social Theory: An analysis of the writings of Marx, Durkheim and Max Weber' (1971) Cambridge University Press.

Grindle, M. 'Good Enough Governance: Poverty Reduction and Reform in Developing

Countries' (2002) Kennedy School of Government.

Gurr, R. 'Transnational Corporations and Developing Countries: Proceedings of a Conference Organised by the Lesotho National Development Corporation on behalf of the Government of Lesotho' (1977).

Hayek, F.A. 'Law, Legislation and Liberty' Vol. 2. "Chapter 10 –the Market Order or Catallaxy" (1976) London Routledge and Kegan Paul.

Hickey, S. and Mohan, G. in *Development and Change* Vol. 36 No. 2 'Relocating Participation within a Radical Politics of Development' (2005) pp. 237-262.

Ishii, K. 'Corporate Social Investment in Selected South African Companies' (2002) (MA).

Jauch, H. 'Structural Adjustment Programmes: Their Origin and International Experiences'. (March 1999) Labour Resource and Research Institute (LaRRI), Namibia.

Jeurissen, R. in *Journal of Business Ethics* 'Institutional Conditions of Corporate Citizenship' Vol. 53, No. ½, "Building Ethical Institutions for Business: Sixteenth Annual Conference of the European Business Ethics Network" (Aug. 2004), pp. 87-96.

Johnson, R. and Waterfield, J. in *Physiotherapy Research International* Vol 9 Issue 3. 'Making words count: the value of qualitative research' (2004) pp 121-131.
Contains quotes from: Grbich

Klein, N. '*The Shock Doctrine'* (2007) Penguin Group.

Kuznets, S. 'Toward a theory of Economic Growth' (1968) W.W. Norton and Company, Inc.

Levin, R. 'An Assessment of Corporate Social Responsibility: Ideology and Action' (1987) (MA)

Lewis, A., 'Economic Development with Unlimited Supplies of Labour' (1957) in "The Manchester School, Special Issue on the Lewis Model after 50 years -selected articles" (December 2004).

Lewis, J.D. in *Journal of Economics* Vol. 70 Issue 4. 'SA economy: promoting growth and employment in SA' (2002) pp 338-358.

Lewis, M. and Lockhart, R.A. 'Performance Measurement, Development Indicators and Aboriginal Economic Development' (2002) Centre for Community Enterprise.

Marina, J.A. in *Ethical Theory and Moral Practice* Vol. 3 No. 3. 'Genealogy of Morality and Law' (Sept. 2000) pp. 303-325.

Marx, K. and Engels, F. 'The Communist Manifesto' (1888) Penguin Books.

McCully, P. 'Silenced Rivers: the Ecology and politics of large dams'. (2001) Zed Books Ltd.

McKinley, D. 'The Struggle Against Water Privatisation in South Africa' in Transnational Institute (TNI) (ed.) "Reclaiming Public Water, Achievements, Struggles and Visions from around the world" (2005) pp. 181, 182.

McMichael, P. in *Third World Quarterly,* Vol. 30 No.1 'Contemporary Contradictions of the Global Development Project: Geopolitics, Global Ecology and the Development Climate' (2009) pp. 247-262.

Meagher, K. in *Global Networks* Vol. 5 Issue 3 'Social Capital or Analytical Liability? Social Networks and African Informal Economies'. (2005) pp. 217-238.

Mogale City Budget Report 06/07, p. 7/33.

Moir, L. in *Corporate Governance: International Journal of Business in Society* Vol. 1 No.2 'What do we mean by Corporate Social Responsibility?' (2001) pp. 16-22(7). Emerald Group Publishing Limited.

Moller, V. in *Social Indicators Research* Vol 43 No. ½. 'Quality of Life in South Africa: post-Apartheid Trends' (1998) Springer.
Contains quotes from: Whiteford and McGrath.

Moran, T.H. and Dunning, J.H. 'Governments and Transnational Corporations' (1993) Routledge.

Morrison, K. ' *Marx Durkheim and Weber: formations of modern social thought'*. Second Edition. (2006) Sage Publications.

Munsieville Leak Repair Project, Close-Out Report 20 (2006).

Nzekwu D. "Corporate Social Responsibility in Literacy: Empowering change in South Africa" (2007).

Pederson, W. in *Acta Socioligca* Vol. 39, No. 3 'Working Class Boys at the Margins: Ethnic Prejudice, Cultural Capital and Gender' (1996) pp. 257-279.

Perscosolido, Bernice , Grauerholz, Elizabeth, and Milkie, Melissa. in *American Sociological Review* 62(3): 443-464. 'Culture and Conflict: the portrayal of Black in US Children's Picture Books through the mid and late Twentieth Century' (1997).

Piedade, L. F. "The Case for Corporate Social Responsibility". (2004).

Schuurman, F.J. in *Third World Quarterly*, Vol. 21 No. 1 'Paradigms lost, paradigms regained? Development Studies in the twenty-first century' (2000) pp. 7-20.
Contains quotes from: -Furedi

Shahan, Z. 'Can Diet Coke kill you?'(2009) an article published by *Simply Green: Choices for Life*.

Strauss A. and Corbin J. in *Basics of Qualitative Research: Grounded Theory Procedures and Techniques* 'Basic Considerations' (1990) pp. 17-27. California: Sage.

Thomas, L 'Foreign direct investment in South Africa: the initial impact of the trade, development and co-operation agreement between South Africa and the European Union' (2005).

TCCC News Release of March 16 2009.

Teichova, A., Lévy-Leboyer, M. and Nussbaum, H. 'Multinational enterprise in historical perspective' (1986) University of Cambridge Press.

Trialogue 'The CSI Handbook'. 11th Edition, Cape Town South Africa (2008).

Westheimer, J. and Kahne, J. in *American Educational Research Journal,* Vol. 4 No. 2 'What kind of citizen? The politics of Educating for Democracy' (2004), pp. 237-269.

White Paper on Local Government, 9 March 1998.

Williams R.J. and Barrett J.D. in *Journal of Business Ethics* Vol. 26, No. 4 'Corporate Philanthropy, Criminal Activity and Firm Reputation; Is there a link?' (2000) pp. 341-350.

Zadek, S. 'The Civil Corporation: The New Economy of Corporate Citizenship' (2001) London Earthscan Publications.

Internet Sites:

http://www.buffettsecrets.com/coca-cola-invest.htm - Coca-Cola Returns

http://www.businessethics.ca/blog/2008_02_01_archive.html - Exxon Valdez

http://www.businessdictionary.com/definition/corporate-citizenship.html - CSR Definitions
http://www.coca-cola.co.za/about.aspx

http://www.etu.org.za/toolbox/docs/government/housing.html - SA Data

http://www.fpif.org/briefs/vol3/v3n3sap.html - Welch, C. and Oringer, J. "*SAPs*"

http://www.ifc.org/ifcext/economics.nsf/content/csr-intropage - CSR Definition

http://www.indiaresource.org/campaigns/coke/

http://www.interbrand.com/best_global_brands_intro.aspx?langid=1000

http://www.mogalecity.gov.za/visitors/townships.stm - Munsieville information

http://www.presidency.ucsb.edu/ws/index.php?pid=13282 - Truman's Inaugural Address.

http://www.stwr.org/health-education-shelter/why-boycott-coca-cola.html

http://www.southafrica.info/about/facts.htm#business

http://www.thecoca-colacompany.com/citizenship/news20090520_golden_peacock.html

http://www.thecoca-colacompany.com/ourcompany/awards_recognition.html.

http://www.thewe.cc/weplanet/news/asia/india/coca_cola_and_plachimada.htm.

http://www.unisa.ac.za/contents/faculties/ems/docs/Press342.pdf - SA population.

http://users.erols.com/mwhite28/war-1900.htm - WAR

http://www.waterforall.org/about-us/faqs. - Water For All

Appendix One:

Recorded Material Consent Form

If you agree, and when applicable, I may use a mini audio-recorder to record our interviews. The recordings will be stored in a secure place after the study and will not be made public. You may ask me to turn off the recorder at any time during our interview, and I will happily do so.

Please sign below if you are willing to have this interview recorded. You may still participate in this study if you are not willing to have this interview recorded.

Consent for audio recording: **Yes** **No**

Consent for photographs: **Yes** **No**

Name of Participant **Signature of Participant**

X _____ X _____

_____
Date