

THE CONTRIBUTION OF STANDARD BANK SOUTH AFRICA CSI IN DEVELOPMENT INITIATIVES

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DECLARATION

I, Ordella Priscilla Nkoenyane declare that this research report is my own work except as indicated in the reference and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in Public and Development Management at the University of Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other university.

Ordella Nkoenyane

Signed at _____

On the _____ day of _____ 2015

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DEDICATION

This work is dedicated to my son Masego Sehoole who showed a great interest in my work and continued to ask questions about my research. May he realise that hard work, focus and knowledge open the doors to success.

ABSTRACT

The focus of the research was to investigate the nature of the CSI contribution made by Standard Bank South Africa (SBSA) in development initiatives in South Africa. The concept of corporate social investment means that companies are constantly seeking to have a balance between the quest for financial return and social good. Attaining such balance requires companies to link corporate governance with social responsibilities. In so doing, companies adopt CSIs as part of their strategy to contribute towards the communities in which they operate. In South Africa, the contributions made by companies through various CSI initiatives are regulated. Most companies spend at least 1% of their profit after tax towards CSI (RMB Private Bank, 2015; Nampak, 2015; Standard Bank Group Sustainability Report 2012).

The concepts of 'corporate social investment' and 'corporate social responsibility' are used interchangeably. However in this research, 'corporate social investment' is a preferred expression used by Standard Bank and throughout this research.

The research uses a qualitative approach and structured face to face and telephonic interviews to gather data. Secondary data was also gathered from documents, annual reports and articles related to the topic.

The key findings of the research indicate that SBSA through its CSI is making headways in the development initiatives in South Africa. Respondents agree that the money spent through CSI initiatives have an impact on the lives of the recipients and that the bank is also receiving return on its investment. The common issue of concern raised by the recipients is the sustainability of the funding. It is perceived as short and not long term enough to have the desired impacts on the lives of recipients.

Finally, the research recommends the effective use of monitoring and evaluation to strengthen the SBSA CSI, the integration of similar programmes, the use of an

effective CSI communication strategy, the rethink of the return on investment strategy and the increase in the visibility of the board and senior executives in CSI programmes.

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ACRONYMS

ABSA	Amalgamated Banks of South Africa
AIDS	Acquired Immune Deficiency Syndrome
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BEE	Black Economic Empowerment
ECD	Early Childhood Development
ECI	Employee Community Involvement
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
CUT	Central University of Technology
DBE	Department of Basic Education
DoE	Department of Education
DTI	Department of Trade and Industry
FNB	First National Bank
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
ICT	Information and Communication Technologies
IT	Information Technology
JIPSA	Joint Initiative on Priority Skills Acquisition
LED	Local Economic Development
M&E	Monitoring and Evaluation
Nedlac	National Economic Development and Labour Council
NGOs	Non-Governmental Organisations
OPVC	Orphans and Vulnerable Children
RMB	Rand Merchant Bank
Rol	Return on Investment
SBSA	Standard Bank South Africa
SBG	Standard Bank Group
SED	Socio-economic Development
SME	Small Medium Enterprise
SSP	Student Sponsorship Programme

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CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

Since 1994, South Africa has faced many social challenges that the government alone cannot tackle without the help of business. It therefore becomes a moral duty for corporates to make a difference to support projects that benefit the society, especially the historically disadvantaged communities.

1.2 BACKGROUND

In South Africa, companies play an important role towards the upliftment of communities through their Corporate Social Investment (CSI). Binedell (2012) believes that the adoption of CSI and their impacts should be the fundamental element of any business. For the past three decades, there has been an increase in the public scrutiny of companies and their relationships with communities in which they operate. Most of the criticisms levelled against businesses range from having little concerns for customers, the disregard for the deteriorating social order to being unsympathetic to societal needs of communities where companies operate. These concerns have somewhat contributed towards the adoption of CSIs as part of the strategy for companies (Carroll & Buchholtz, 2000). There are ways in which business gets involved to uplift communities. They range from donating once-off money to organisations in communities for a specific project to adopting an organisation or community initiative on an on-going basis or for a number of years in order to fulfil a particular need.

Hilton and Gibbons (2002) put forth the two possible reasons for the existence of corporate social responsibility. First, it is as a result of pressure from interest groups. Second, it is as a result of the reputational management requirements of the image

of the company. Flores-Araoz (2011) goes beyond the two reasons and states the following seven reasons CSI happen:

- a) Philanthropic work;
- b) Progressive change in corporate conscious;
- c) Pressure from interest groups and Non-Governmental Organisations (NGOs) defending the different social causes;
- d) Following acceptable business trends and standards;
- e) Company image;
- f) Compliance of regulatory framework; and
- g) Satisfying public scrutiny.

The evolution of CSI is leaning towards becoming more strategically focused which makes a good case for businesses to align their corporate social investments spending with their core business objectives and imperatives. In so doing, such thinking and approach allows CSI to be more focussed on partnerships rather than being a charitable drive that is unsustainable. CSIs can no longer be looked at as just the business art of boosting the corporate image and an opportunity to get a tax cut but a true partnership with societies in which companies operate. True partnerships have an element of sustainability and are usually long-term and benefits all involved in such partnerships (Leahy, 2008 & Total South Africa on CSI, u.d). Generally, all CSI efforts have a sectoral and geographic focus as well as a connection with the company's areas of operations. Companies are of the view that CSI should play an important role in bringing meaningful transformation that benefits everyone (Ojala, 2009).

Corporate social responsibility is more than a generalised commitment to doing good (McElhaney, 2009). For a start, the definition of corporate social responsibility is evolving. Second, it is not quite as bland a concept as "doing good". It is over and above the legal obligation to serving the public interest which includes the better treatment of employees, the compliance to human rights requirements, adhering to environmental protection regulations, the support for local communities, and ethical behaviour towards customers, competitors and suppliers (Hilton & Gibbons, 2002: 60).

For some companies, ploughing back into communities involves partnering with the surrounding communities in which corporate operates in order to bring a positive change. Some organisations or charities tend to depend on corporate social investments for their survival without coming up with self-sustainable initiatives. This kind of behaviour can be a setback for most organisations if little is done to ensure their sustainability (Lougee & Wallace, 2008). This situation evokes questions such as: Are corporates and companies obliged to partner with communities and use their profits as part of their social spending? What makes corporates and companies to give a portion of their profits to communities where they operate? Is it because they see it fit to be part of the development of such communities or are they “forced” to do so through regulatory impositions? This research seeks to address these questions in order to provide a view of the contribution made by Standard Bank of South Africa’s CSI in development initiatives in South Africa with a particular focus on the years 2010 to 2013.

The South African government recognises that the private sector plays a central role in the development of communities and nations. Businesses are then able to contribute to the investments required to stimulate economic development and mitigate the risks posed by global challenges. As such corporations and business are an integral part of ensuring that partners, clients and communities should work together to tackle the challenges being faced across the world (Umlas, 2008). It is for this reason that the Standard Bank Group (SBG) provides relevant financial services to marginalised communities, including financing and supporting small businesses and small hold farmers. The aim of providing financial support to businesses is to ensure the ability of small business to operate, grow and create employment to the unemployed South Africans.

1.3 CORPORATE SOCIAL INVESTMENT AT STANDARD BANK OF SOUTH AFRICA

The involvement of Standard Bank South Africa (SBSA) in CSI is based on two different approaches. One is the involvement of staff and their support given to charitable organisations, schools, hospitals communities and many more. This process is referred to as employee community involvement (ECI). The rationale for it

is to support employees by encouraging them to become involved in the communities they live in and become good ambassadors of community development. This initiative is driven by the Transformation Committee. Through the ECI, SBSA is able to match rand for rand the amount of money raised by the staff in various forms. In 2013, the amount of the matching scheme totalled R10.4 million, which was donated to various beneficiaries. Each department within the bank is given *carte blanche* to donate their time. For instance, the Standard Bank Gallery chose to partner with the Wildlands Conservation Trust to launch the '150 minutes Plant a Tree' campaign. Almost 1 000 trees were purchased to be planted by Standard Bank staff within the greater Johannesburg area (Standard Bank Group Sustainability Report, 2013). It is important to note that community involvement in any form is not CSI and therefore the two cannot be equated, yet they are linked (Eccles, 2010).

The second approach is driven by a division within the bank called Corporate Social Investment. This division deals with funding at a much higher scale whereby social investment expenditure is funded by not less than 1% of prior year after-tax income from its South African operations. The CSI goals (as listed in the Corporate Social Investment CSI Strategic Plan (2010-14) are as follows:

- a) Address the shortage of critical skills in the country such as engineering and science skills as highlighted in the Joint Initiative on Priority Skills Acquisition (JIPSA) and Accelerated and Shared Growth Initiative for South Africa (ASGISA) as part of Standard Bank' support of Government's initiatives;
- b) Increase the pass rate of the learners in Maths, Science and English in the targeted schools in order to add value to the economy of the country;
- c) Invest in communities where Standard Bank seeks to do business using targeted schools as a nexus for Standard Bank's engagement with the surrounding communities;
- d) Align the Corporate Social Investment programmes with the core business strategy in addressing socio-economic challenges that may be a barrier to Standard Bank doing business;

- e) Commission research in a socio-economic landscape in order to help communities understand their socio-economic challenges and together work out possible interventions;
- f) Build loyalty and goodwill amongst the employees of Standard Bank through providing an environment for employees to be involved in Corporate Social Investment projects and invest in the respective communities; and
- g) Responding to the challenges of skills development and unemployment by providing training, supporting emerging entrepreneurs to boost job creation in their areas of operation.

In 2010, the corporate social investment of the SBG amounted to R132, 3 million (approximately USD 20 million), a 31% increase from 2009. The breakdown in South Africa indicates that 36.4% was allocated to education programmes and 35.5% to enterprise development, which reflects the bank's focus on empowering individuals and creating economic wealth, among other relevant socio-economic goals (Flores-Araoz, 2011). There was a decline of 9% in the CSI amount spent in 2011, which went down to R120 million. In 2012, an increase of 4% amounting to a total of (R125 million) was spent on social issue projects that can be barriers to doing business.

More than 50% of the CSI spending is channelled through education and enterprise development, which form part of the development initiatives in South Africa. *"In South Africa, we partner with various spheres of government to align our CSI contributions to national development objectives. We select credible social partners and projects that align to our business objectives and look for solutions that are replicable throughout our operating regions. Our key focus areas in South Africa are education, enterprise development, health and wellness, and employee community involvement"* (Standard Bank Group Sustainability Report 2012:41).

1.4 SELECTION CRITERIA FOR SBSA CSI PROJECTS

The followings are approaches used by SBSA CSI for the funded projects to:

- Identify a social problem through baseline socioeconomic research;

- Determine what the desired outcome is;
- Engage with potential social partners selected due to their a) presence in a specific geography in which the bank operates, b) ability to deliver results within an identified social challenge or c) reputation for delivering on social development;
- Undertake a collective exercise with selected potential organisations to scope the project;
- Receive proposals with costing from all organisations identified as potential implementers;
- Determine which proposals promise to deliver results; and
- Select an implementation partner and commence contracting where feasible (Sustainability Standard Bank).

“While this overall approach will not change, our investment focus going forward will be exclusively on projects that enhance educational outcomes in South Africa” (Sustainability Standard Bank, 2015).

In education, for the four years, between 2010 and 2013, the focus has been twofold. The first focus being on skills development because of the skills shortages in South Africa, which in a way hampers the country’s development efforts. In order to become a partner in dealing with the skills shortage, a partnership was developed with the government to contribute towards an education system that can benefit from the competencies of the government and the private sector. Another focus has been to contribute towards learner education quality and to improve matric results through Maths and Science. The following programmes are in place.

a) Adopt a School Programme

This a partnership with the Department of Basic Education whereby 700 schools were identified as “Dinaledi” dedicated to Maths and Science. The aim is to cooperate with private donors to strengthen the development of Maths and Science performance at previously disadvantaged public schools. SBSA adopted 115 of these schools across all provinces. The objective is to encourage efficiency and

promote effective education, as well as support the 'adopted' schools into being centres of excellence especially in the teaching and learning of Maths and Science. Each school gets R50, 000 per year according to criteria set by SBSA CSI to guide schools on how to spend the funds. Some of the expenditure range from enhancing school physical infrastructure, meeting the socio-economic needs of learners, buying of facilities and improving access to information and communication technology.

b) Adopt a School Scholarship Programme

This programme caters for scholarships given to learners from the 115 Dinaledi schools with the aim of rewarding and recognising good performance. The scholarship covers study materials (R7000), accommodation (R30 000), full tuition and registration (the amount is dependent on the cost of each institution), stipend (R28 000 per year paid over 10 months amounting to R2800 per month) and travel (R2 per km travelled). All the amounts paid are subject to proof submitted by the student. So far, SBSA has provided 70 learners with scholarships in various universities. Deloitte Consulting is the project administrator for the Adopt a School and Scholarship programmes.

c) Central University of Technology (CUT) Winter and Summer Schools Programme

This programme is hosted by CUT for Grade 12 learners in Maths, Science, Economics, Business Economics, Accounting, Biology, Geography, History and Life Sciences in the Free State province. Learners from the province apply to attend both the winter and summer schools during the school holidays. To date R70 000 have been budgeted for since 2010.

d) Thandulwazi Maths and Science Academy Saturday School Programme

This programme takes place in Gauteng and provides additional tuition for learners in critical subjects such as Maths, Science, English and Accounting to improve the Grade 12 pass rate, and to increase the number of learners who achieve a pass rate that enables them to move to tertiary institutions. The academy opens every

Saturday morning of the school calendar year and targets learners from Grades 10 to 12 from schools in Soweto, Diepsloot, Soshanguve, Vosloorus, Tembisa, Ivory Park, Northriding, Randburg, Ferndale, Orange Farm and Kagiso. From 2010 to 2012, the total amount for funding for this project has been R1, 1 million and (R1, 25 million) in 2013 and R1, 5 million for 2014.

e) Standard Bank High School Project

This project focuses on the Northern Cape and it supports teachers and learners in mathematics, Science and related curriculum areas within a whole school context through intensive classrooms, education workshops and needs based interventions. The project operates in schools in Kuruman, Dithakong village, Kimberley, Pampierstad, Warrenton, Manyeding village, Postmasburg, Daniëlskuil, Tsineng village and Springbok. The project fund is R1, 3 million.

f) Student Sponsorship Programme (SSP)

The project provides academically distinguished, economically disadvantaged students with an opportunity to be educated at one of South Africa's premium secondary level schools. SSP recruits learners from Gauteng and the Eastern Cape provinces. The programme has been funded at R2, 2 million every year since 2010 (SBSA Sustainability Report 2012, SBSA CSI Strategy 2014).

For enterprise development, the focus is to assist start-up entrepreneurs in rural and non-metropolitan areas to grow into established and sustainable small enterprises. The intention is to lend to small enterprises and small hold farmers, contribute towards investments in communities to improve individual welfare, and to make SBG their bank of choice. As of December 2012, 24, 3% (R20, 6 million) of SBG CSI budget was spent on enterprise development. The following programmes are funded through enterprise development.

g) Micro Enterprise Business Development Project

This project is based in Gauteng and its objective is to pilot a partnership-based model to facilitate local economic growth through joint provision of credit and support to selected small businesses. Since 2010, this project has received R4 million on average with the exception of 2012 where the project did not apply for funds.

h) Mutale Agribusiness Development Initiative

The programme assists Limpopo farmers with the followings:

- Improve the business and technical skills of the farmers;
- Increase access to financial services;
- Create an economically viable and growing fresh produce sector within the Mutale Local Municipality;
- Create sustainable relationships between farmers and the financial services sector; and
- Build access to diverse markets to help improve farmer economics and reduce vulnerability to market shocks, 50 farmers have been identified and selected.

Since its inception, there has been an improvement towards the targeted 50 small holder farmers in the Mutale Local Municipality.

i) Market Access Development Programme Funds

The aim is to train small holder farmers from previously disadvantaged groups to assist with market access. This is done through training with a focus on technical, business coaching and mentoring development as the process of commercializing their activities to obtain successful market access in a sustainable manner. Since the inception of the programme, Standard Bank has invested the following amounts as shown in the table on the next page:

Table 1: SBSA Market Access Development Programme Funds

Province Invested	Purpose of Investment	Amount Invested
Vaal Cluster in Gauteng	Development of 25 small holder farmers	R340,000.00
Limpopo	Development of 7 small holder farmers	R2 740,000.00 million
Mpumalanga	Development of 14 small holder farmers	R2 740,000.00 million
Mpumalanga	Development of 3 small holder farmers	R1 640,000.00 million
TOTAL		R7 460,000.00 million

Source: SBSA CSI Strategy 2014

In addition to this programme, there is a Product Cluster Development Programme which expands on the market access programme and facilitates the formation of regional product clusters for a broader group of farmers to access new markets. This allows communities to produce citrus, indigenous, organic and conventional fruit and vegetables (fresh and processed) in volumes to secure market access “produce” (SBSA Sustainability Report 2012).

1.5 CSI ACROSS OTHER MAJOR BANKS IN SOUTH AFRICA

CSI cuts across all the major banks in South Africa which are Standard Bank, ABSA, FNB and Nedbank. Each of the banks has their own CSI programme and most of the investment is directed to development programmes in various fields.

1.5.1 ABSA

The ABSA bank contributes 2% of its declared dividend towards its CSI in a programme called the ABSA Foundation. The focus of the Foundation is on job creation, education and health improvement in poor areas of South Africa. Their CSI has been channelled through education (to improve the quality of education and increase access amongst rural disadvantaged communities), entrepreneurship (to

develop young entrepreneurship in South Africa by offering them with start-up capital, mentorship and skills training), health and disability (for the provision of HIV and Aids awareness, home-based care, and assistance to orphans and vulnerable children) and the environment (to create environmental awareness and help to preserve South Africa's rich natural heritage) (Barclays Africa Group, 2014).

1.5.2 FNB

FNB, through the First Rand Foundation (a vehicle used for the group's CSI initiatives) has its CSI focus areas on various areas including education, health, arts, environment and agriculture. The bank's details programmes are as follows:

- FNB Hospice Programme – provides dignified, high-quality care to people across the country, primarily through home-based support;
- Bursaries and Scholarships - provides full and partial bursaries to students studying commerce, Science and Engineering;
- FNB Early Childhood Development - ensures children have access to ECD services and support practitioners in obtaining an ECD certificate;
- RMB Arts, Culture and Heritage - exposes people who would not normally get an opportunity to the arts;
- RMB Environment Programme – it is responsible for the conservation of biodiversity, protecting endangered species and educating communities about reducing environmental degradation, deforestation, pollution and creating “green” jobs;
- WesBank Food Security and Agricultural Livelihoods Programme - empowers communities with skills and knowledge to increase household food security through backyard and community food gardens, and invests in the establishment of self-sustaining support centres that can provide gardeners with useful resources and knowledge; and
- Mathematics Leadership Development Programme – strengths teaching and learning of Mathematics and Science in secondary schools around the country and assist with a variety of teacher development initiatives (FirstRand; 2014).

1.5.3 NEDBANK

Nedbank Foundation is the primary CSI arm of Nedbank Group. The foundation puts focus on areas like Education, Community Development and Socio-economic Development. In Education support is given to a variety of school-based educational projects like early-childhood development, rural-school refurbishment, support for teacher training initiatives, support to tertiary institutions and any other priority areas in education in line with national priorities. For Community Development areas like HIV/Aids initiatives, children's homes, hunger and disaster relief and non-profit organisations that serve vulnerable groups are given support. Socio-economic Development supports skills development and enterprise development projects (The Nedbank Foundation, 2014).

1.6 PROBLEM STATEMENT

This research investigates the nature of the contribution made by Standard Bank South Africa CSI initiatives and how they have made an impact within the South African development context. The table below shows the amount of funds allocated since 2010.

Table 2: SBSA CSI Allocated Funds

YEAR	AMOUNT
2010	R134 million
2011	R114 million
2012	R125 million
2013	R104 million

Source: (Standard Bank Group Sustainability Reports, 2010-2013).

However, despite the CSI amounts spent over the years, it seems that the SBSA CSI have not had the preferred outcomes and have had a mixed review overall.

First, CSI is perceived as an invisible component of Standard Bank corporate culture. There are no awareness campaigns and induction programmes designed to

engage both new and existing employees regarding CSI (This is researcher's observation).

Second, the internal perception about the value of SBSA CSI is fragmented and leads to a weak understanding of CSI. Therefore, it gives the impression that the CSI is not making the desired impacts in development initiatives in South Africa (This researcher's observation).

Third and in addition, the SBSA CSI strategy review of 2013 recommends the following interventions:

- *“There is no clear alignment between our CSI projects and business strategy, and no clearly articulated rationale for our approach to CSI;*
- *We have no rigorous monitoring and evaluation processes in place, which makes it difficult for us to assess the impact of our interventions; and*
- *It is not clear (to employees, customers and other stakeholders) what Standard Bank ‘gets behind’ in respect of CSI” (SBSA CSI Strategy, 2013:Confidential Document not numbered).*

Given this problem, what follows is the purpose statement.

1.7 PURPOSE STATEMENT

The purpose of this research is to: (1) Investigate the nature and the scope of the CSI contribution made by Standard Bank South Africa (SBSA) in development initiatives in South Africa; (2) Verify, confirm, and or validate if the contribution of SBSA development initiatives has fulfilled its goals, or is making the desired impacts outlined in the strategy; and (3) Provide recommendations to help strengthen the SBSA CSI contribution to development initiatives in South Africa.

1.8 RESEARCH QUESTIONS

The research attempts to answer the following questions:

Primary question

What are the desired outcomes of the contribution made by SBSA CSI strategy in development initiatives in South Africa?

Secondary questions:

1. Has there been a return on investment (RoI) from SBSA CSI strategy?
2. Has the SBSA CSI been managed successfully over the years?
3. Have the goals of the SBSA CSI strategy achieved?

1.9 SIGNIFICANCE OF THE RESEARCH

There are three areas of significance:

1. The research seeks to contribute to the body of knowledge regarding the involvement of a bank, namely SBSA, in development initiatives in South Africa;
2. It also analyses the SBSA CSI strategy and how it has been applied to contribute towards development initiatives in South Africa; and
3. The outcome of the research provides recommendations and policy directions to strengthen the SBSA CSI contribution to development initiatives in South Africa.

1.10 LIMITATIONS OF THE RESEARCH

The following are perceived limitations of this research ranked in order of priority:

1. The reluctance of portfolio managers at SBSA CSI division to disclose confidential and sensitive information;
2. The reluctance of the interviewees to share information as a result of being concerned about the relationship they have with the funder; and
3. The reluctance of recipients to open up and discuss their views on SBSA CSI funding, especially when they are also recipients of other funds.

To address the above limitations, all interviewees were assured that confidentiality will be maintained as this research was done only for academic purposes.

1.11 OUTLINE OF THE RESEARCH REPORT

Chapter 1 – Introduction and Background

The chapter introduces the research topic and the focus of the research, outlines the context, research problem and purpose statements of the research.

Chapter 2 – Literature Review

It focuses on literature regarding the area of research and the analysis based on what has been written about the area of interest.

Chapter 3 – Research Methodology

Outlines different research methodologies and how they apply to the study.

Chapter 4 – Presentation of Data

This part addresses what has come out of the research through different methods of data collection. Identified themes are also discussed in this chapter.

Chapter 5 – Data Analysis

This section analyses data collected and put it according to emerging themes and makes findings. Further an examination of the contribution made by Standard Bank CSI in development initiatives is made.

Chapter 6 – Conclusion and Recommendations

This chapter draws deductions made after the analysis and corresponding recommendations in line with the given problem and purpose statements.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

The literature review defines key concepts, provides a theoretical overview of the field of corporate social investment, provides a South African government regulatory framework, uses the Companies Act 71 of 2008 (Section 3 amended in 2011) and the King Code (King III) guidelines for business governance. The approach used for the literature review was to analyse secondary data, specialised academic literature, South African Acts relevant to CSI, and partnerships policies used by government and the private sector (Companies Act, 2008).

The concept of companies doing “good” in communities has evolved. It has evolved from corporate social responsibility, to corporate social initiatives and to corporate social investment (Srivastava, 2010). This literature will use the concept of corporate social investment.

Kotler and Lee (2005) differentiate between the two concepts, Corporate Social Responsibility and Corporate Social Investment. The latter is as a result of the former carrying out a broader vision of a corporate by being socially responsible and coming up with initiatives to fulfil the corporate vision. Mathews (2013) differentiates the two and define *“corporate social responsibility as an overarching value-based framework, which encompasses all aspects of business operations, ensuring how a company conducts business, and manufactures its products, is done in an ethical and socially responsible manner. Within this overarching social responsibility framework, CSI refers to a company’s financial and non-cash contributions – beyond its commercial operations – to disadvantaged communities and individuals for the purpose of social upliftment and welfare”* (The CSI Handbook, 2009:30).

The concepts of ‘corporate social investment’ and ‘corporate social responsibility’ are used interchangeably. However in this research, ‘corporate social investment’ is a preferred expression used by Standard Bank and throughout this research.

2.2 BACKGROUND

The CSI South African landscape is premised on the following factors:

- A divided history whereby the majority of the people did not have equal access to basic needs such as health, education services and shelter;
- Abject poverty as the backdrop of high a unemployment rate at 25.5% in 2014 based on the economically active group of people between the ages of 15 and 65;
- High levels of crime especially in the urban areas;
- Child-headed households; and
- Low levels of literacy and skills amongst the majority of the economically active population (Flores-Araoz, 2011).

The abovementioned factors created an unequal economical situation in South Africa. In order to address these imbalances, a variety of legislations were introduced. Even though there are no dedicated pieces of legislation in South Africa with specific regard to CSI, there are however inferences made through the Black Economic Empowerment Act (53 of 2003), South African Companies Act and the King II and III reports. Although the South African Companies Act (61 of 1973) does not oblige companies to engage in Corporate Social Responsibility (CSR) projects, the King II and III reports address the need for all corporates to acknowledge all stakeholders and adopt the triple context approach, whereby a company is not only seen as an economic institution, but it is also a corporate citizen with emphasis on the economic, social and environmental performance. The King II and III reports provide guidelines and best practices for corporate governance in South Africa. The targeted areas are economic, social and environmental. The clauses in the reports *“are not mandatory, but they take a ‘comply/apply or explain’ approach that somewhat forces corporations to apply Corporate Social Responsibility programmes or justify why they have not adopted them”* (King Report II, 2002 & III 2009: 5).

The National Black Economic Empowerment Act No.53 of 2003 specifies semi-obligatory and voluntary measures implemented by the Ministry of Trade and Industry (DTI). The roles of the DTI are that of setting standards, providing guidelines

for implementing CSR and specify how companies need to address BEE in their dealings.

The corporate social responsibility concept was developed out of the need to have a corporate that is responsible enough to be an active player in giving support to the community at large and where they operate. It is about being committed to improving the well-being of those less fortunate by making contributions through corporate social responsibility using various initiatives. By so doing, the corporate acknowledges that community matters and government alone cannot address all the social challenges faced by the communities. With this realization, it is important to look at the regulatory measures set out by the South African government to regulate how corporate should play a part in the advancement of communities in which they operate.

2.3 REGULATORY MEASURES FOR CORPORATE SOCIAL INVESTMENTS

In South Africa, corporate social spending is regulated, which could be seen as forced by the government to the private sector. Having said that, a question arises if corporates and companies would be committed to spending as much as they are spending on communities if they were not forced to comply with industry regulations? Industry charters and codes were introduced in South Africa in 2002. These include the Mining Charter, the Petroleum and Liquid Fuels Charter, the Financial Sector Charter, the Construction Charter, and the Information and Communication Technologies (ICT) Charter. The goal was to ensure that social spending targets become a pre-requisite for license-to-operate. Corporates and companies would not be given licenses to operate in their industries unless they commit to social spending targets.

According to the CSI Handbook, Trialogue (2013), the new laws and regulations set out by the Department of Trade and Industry, and the Department of Mineral Resources have changed the CSI landscape. This has led to corporates and companies approaching and managing their social spending differently. As a result there has been an increase in social spending. The industry regulations on social spending, have led to the emergence of new terminologies such as Socio-economic

Development (SED) and Local Economic Development (LED). These terminologies are engraved in the way corporates and companies use their social spending. Mathews (2013) gives an explanation and how the two terminologies fit into the broader spectrum of CSI. *“CSI refers to a company’s total non-commercial contribution to society, which is not part of employee benefits or commercial sponsorships. This includes all SED initiatives, as defined by the BEE Codes of Good Practice, and most of what constitutes an LED programme, as set out in the Social and Labour Plan”* (CSI Handbook, Trialogue, 2013).

2.4 CORPORATE SOCIAL INVESTMENT

Corporate Social Investments are major activities undertaken by a corporation to support social causes and to fulfil commitments to corporate social responsibility (Kotler & Lee, 2005: 3). The emphasis is on efforts being made by companies, which can be explained by the kind of initiatives involved.

Jaco (2010) argues that CSI needs as much attention as any other strategic initiative in order to be a real contributor to company growth. Failure to do so, leads to companies falling into a trap of using CSI as an extension of its marketing or public relations activities. He elaborates that strategic CSI should produce:

- Alignment to business objectives, inclusive of philanthropic and investment opportunities;
- Interactive, proactive and reactive investments – a combination of *ad hoc* funding, flagship projects and integration to other sustainability or corporate citizenship activities;
- Formal strategy with objectives and deliverables;
- Continuous internal and external reviews of programs & funding initiatives;
- Defined communication strategy for all completed projects to all corporate stakeholders;
- Professional management of all CSI activities;
- Autonomy and accountability to manage funds; and

- Most importantly, however, active executive management and board level participation.

The CSI is a concept most companies in South Africa are familiar with and spend a percentage of their profits as demanded by the law. The table below gives a view of corporates CSI budget in millions. It provides a snapshot of CSI in South Africa in 2008. The significance of this information is that many companies are involved in CSI in South Africa. There is a business case for corporate social responsibility which eventually can lead to corporate social investments (Drucker, 2003).

Table 3: CSI in Companies (Amounts in ZAR millions)

Absa	60.9	Barloworld	16	Harmony	20.1
Acsa	7.5	BHP Billiton	115	HCI Foundation	37
Advtech	33.4	Bidvest	38.5	Impala Platinum	31.8
African Bank	6.2	British American Tobacco	30	Imperial Holdings	11
African Rainbow Minerals	7.5	De Beers	32.5	Investec	23.8
Afrox	6	Discovery	5.7	Liberty	20
Altech/Altron	17.5	Eskom Foundation	74.7	Lonmin	21
Anglo American	70	First Rand Group	96.8	Massmart Holdings	11
Anglo Platinum	126	Foschini Group	4.3	MTN SA Foundation	74
Anglo Ashanti	14.1	Goldfields	15	Murray & Roberts	10
ArcelorMittal	57	Grindrod	1.35	Nampak	7.6
Aveng	15.6	Group 5	2.7	Nedbank	30
Netcare	37	Rainbow	1.6	Transnet Foundation	60
New Clicks Holdings	0.4	Sanlam	13.8	Truworths	28

Northam Platinum	3.2	Santam	5	Vodacom	25
Oceana Group	4.1	Sappi	16.3	Woolworths	25.6
Old Mutual	32	Sasol	50	Unilever	12.3
Palabora Foundation	25.9	Spar group	17	Tongaat Hullet	15.7
PetroSA	44.8	Spier	17.9	Standard Bank	66
Pick n Pay	46	Telkom Foundation	51.1	Sun International	20.4
Pioneer Foods	5	Tiger Brands	25	PPC Cement	10
Primedia	53.7				

CSI Handbook, Triologue-11th Edition 2008.

2.5 RETURN ON INVESTMENT

It is important to note that even though companies are involved in CSI, there is always a common thread that runs through any private company partnering with the public sector and that is the Return on Investment (RoI) for private companies.

Njenga and Smit (2007) suggest reasons for companies to get involved in the partnership, which should eventually lead to RoI. The first is an alignment to the core business. If the nature of the support is far from the core business of a company, this initiative is likely not to receive continuous support from the company leaders. The second is the model and philosophy of the company's CSI. The model and philosophy of the company's CSI should be structured in such a way that the social investment is strategic, systematic, proactive and *not ad hoc*. The third is the availability of resources for CSI to spend on the desired impact for companies rather than legislative requirements. The fourth is government priorities which could be used as guidance for companies to channel their CSI. A caution is advanced that under no circumstance should companies' involvement be seen as replacing the role of government. The fifth is about creating opportunities for staff involvement. This is based on the principle that staff involvement in CSI brings about a sense of ownership and the need to be part of the communities where corporates operate.

The last one is community gatekeepers. This is essentially about knowing the community and how different structures in such communities operate which is a key to a successful partnership (Njenga and Smit, 2007: 45-49).

2.6 CONCLUSION

Although many companies are using CSI to contribute towards societal upliftment, there is still plenty of room for growth. In South Africa, major problems of economic and social inequality still prevail and efforts are needed to ensure the equal access to basic goods and services. The variety of social needs of the country is in areas such as education, health care (HIV/AIDS), entrepreneurial development, among many others. There is an opportunity for corporations to get involved and make valuable CSI that not only can help solve pending social issues, but also empower local individuals to be part of their own communities' economic growth.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This analytical research examines the contribution made by SBSA in development initiatives in South Africa. In this chapter, the discussion focuses on the research approach used, the SBSA CSI sample, the research instrument used, the procedure involved in data collection and data analysis. It discusses the reliability, validity, limitations and ethical consideration of this research. It uses a limited qualitative methodology to ascertain its purpose.

3.2 QUALITATIVE RESEARCH METHODOLOGY

Qualitative research is associated with in-depth data intended at descriptive, comparison and prescriptive ways of data analysis. Of the three, the two most commonly associated with qualitative research are descriptive and comparative methods. Even though qualitative research does not tend to be descriptive, it does not mean it cannot generalize theory whereby the ideas and theoretical contributions reached at the end of the research can be extrapolated for future work with the intention of advancing progress already made (Eriksson & Kovalainen, 2008).

Qualitative data collection is done through structured, semi-structured and unstructured interviews, non-participant observations, general documents and documents specially written for the research in the form of journals and diaries. The researcher uses an interview method and observes the behaviours of interviewees.

The fundamental qualitative research and grounded theory were used in this research. Fundamental Qualitative Research is concerned with interpretation, understanding and meaning people give to their experiences (Diener & Crandall, (1978). Grounded Theory relates to the discovery of a theory during data collection process. The fundamental qualitative research became evident when the

interviewees responded to the questions asked by interpreting their experience with the CSI funds being disbursed by SBSA, the meaning of these funds in their environments and how these funds attribute to their experiences within the development initiatives. With regard to grounded theory it added flexibility in that when data was collected for analytical purposes later, it became apparent that the answers given were steering the researcher in another direction that requires changing the nature of the analysis into a theory that was not thought of during the questionnaire design. A question was asked regarding whether there was RoI and the nature of such RoI. What developed through the question on RoI was a theory challenging the nature of any CSI that looks for RoI as part of its strategy. The motivating factor was to remain open to unanticipated ideas, data and other matters that might not have been anticipated beforehand (Neuman, 2011).

3.3 RESEARCH DESIGN

The research design comprised of the collection of data, data analysis and interpretation, structured face to face and telephonic interviews. The interviews were conducted with SBSA CSI recipients representing education and enterprise development categories as part of South African development initiatives. The researcher preferred to do face to face interviews with all the interviewees but some were not available to meet face to face. There were difficulties in logistical travel arrangements to meet face to face hence telephonic interviews were pursued.

The structured interview *“ensures that the interviewees’ replies can be aggregated, and this can be achieved reliably only if those replies are in response to identical cues”* (Bryman, 2012:210). The advantage is mostly to reduce errors as a result of variation when asking questions and greater accuracy in the ease of processing answers from respondents. Although the structured interview is a commonly used method of data collection, it has its limitations as cited by Bryman (2012). Below are some limitations:

- Characteristics of the interviewer tend to have an impact on the respondents’ replies. The nature of the impact is not clear and therefore varies from one situation to the other.

- People tend to respond to a series of questions consistently yet being irrelevant to what is being measured.
- The problem of meaning whereby the interviewer and the respondent may not be sharing the same meaning systems and therefore imply different things in their utilization of words.

During the interviews both face to face and telephonic, there were instances where the respondents had to be excused to attend to other matters even though the time was agreed on and booked for the interview.

There were two types of questionnaires prepared for the research. The first was for the recipients and administrator of the funding and the second was for the employees of SBSA CSI division. The researcher used structured interviews in order to address the following questions outlined below.

3.4 SAMPLING

A sample is defined as a segment from a population selected when doing research (Bryman (2012)). This research's focus was based on the contribution made by SBSA CSI in development initiatives and therefore the sample covered the SBSA CSI division, which comprised of the head, project manager in enterprise development, recipients of the funding and the funding administrator. The sample was identified because of their knowledge about the strategy of SBSA CSI, various CSI projects they are managing and the funding they are receiving from SBSA.

This research uses the non-probability sampling method. The rationale for this is two-fold. First, because of the nature of the topic that is specific to funding within the development initiatives which already limit the research to a smaller population base. Second, it was done based on convenience and accessibility of the sampled units which are based in the Gauteng Province (with the exception of one from the Free State Province) where the researcher was able to schedule face to face interviews as a preferred method on interviews. A total of 13 people were interviewed.

Table 4 – Sample of Interviewees

Name	Title	Sector	
Mankodi Moitse	Head of Corporate Social Investment	N/A	
Bongani Lukhele	Project Manager	Enterprise Development	
Type of Programme	Programme Objective	Area of Investment	Geographic Area
Standard Bank Adopt a School Programme	To improve teaching and learning in the 115 schools adopted by Standard Bank	Education	National
Standard Bank Adopt a School Scholarship Programme	To offer scholarships at tertiary institutions to the best performing learners drawn from the 115 schools adopted by Standard Bank	Education	National
Deloitte Consulting- Fund Administrator for Adopt a School Programme and Adopt a School Scholarship Programme	To serve as project management for Adopt a School Programme and Adopt a School Scholarship Programme	Education	National
Winter and Summer Schools Central University of Technology (CUT) Programme – Free State	Offer Winter and Summer School lessons for Grade 12 Learners in Mathematics, Science, Economics, Business Economics, Accounting, Biology, Geography, History and Life Sciences	Education	Provincial
Thandulwazi Math and Science Academy Saturday	To provide quality tuition in Maths and Science subjects to learners from township communities	Education	Provincial

School Programme – Gauteng			
The Standard Bank High School Project – Northern Cape	To enhance learner progression and teacher qualifications, competencies and professionalism in mathematics and related curriculum areas.	Education	Provincial
Student Sponsorship Programme (SSP) – Gauteng and Eastern Cape	To provide financial support to academically distinguished and economically disadvantaged students to be educated at one of South Africa's premium secondary level education institutions	Education	Provincial
Micro Enterprise Business Development Project - Gauteng	To pilot a partnership-based model in order to facilitate local economic growth through joint provision of credit and support to selected 'very small' businesses.	Enterprise Development	Provincial
Mutale Agribusiness Development Initiative - Limpopo	To offer training to ensure sustainability and technical assistance.	Enterprise Development	Provincial
Market Access Development Programme	To train small holder farmers from previously disadvantaged groups to assist with market access	Enterprise Development	National
Economic Cluster Development Programme	To facilitate the formation of regional product clusters for a broader group of farmers to access new markets.	Enterprise Development	National

Source: SBSA CSI Budget, 2013.

The table above provides a breakdown of a sample of recipients in development initiatives receiving funding from SBSA CSI. It includes both the education and enterprise development sectors and key staff within SBSA CSI division.

Table 5 – Sample Breakdown

Recipients/ CSI Staff	Sector Type	Sample Size	Actual Number of Interviewees
Standard Bank Adopt a School Programme “Dinaledi Schools”	Education	5	4
Standard Bank Adopt a School Scholarship Programme	Education	1	1 – represented by Deloitte Consulting
Deloitte Consulting - Fund Administrator for Adopt a School Programme and Adopt a School Scholarship Programme	Consulting Firm	1	1
Winter and Summer Schools Central University of Technology (CUT) Programme	Education	1	1
Thandulwazi Maths and Science Academy Saturday School Programme	Education	1	1
The Standard Bank High School Project	Education	1	1
Student Sponsorship Programme (SSP)	Education	1	0
Micro Enterprise Business Development	Enterprise Development	1	1
Mutale Agribusiness	Enterprise	1	1

Development Initiative	Development		
Market Access Development Programme	Enterprise Development	1	0
Head of CSI	SBSA	1	1
Education Project Manager	SBSA	1	0
Enterprise Development Project Manager	SBSA	1	1
TOTAL		17	13

Source: Researcher's Own 2014.

This table above provides a breakdown of the samples used in the research. All the projects funded through the SBSA CSI represent the *population size*. The two projects which are, education and enterprise development are regarded as a *sample size*. The interview sample includes recipients of the SBSA CSI funding, administrators of the funding and SBSA CSI staff.

3.5 DATA COLLECTION

Neuman (2010) describes both published and unpublished documents as very important types of primary source needed when doing research. Primary sources are real and authentic, yet they have limitation of time and location, which is likely to restrict research being conducted. In order to get a broader picture, researchers usually use secondary sources (Neuman, 2011).

3.5.1 Primary Data

Data was collected through structured face to face and telephonic interviews using a questionnaire developed for recipients, fund administrator and employees of SBSA CSI division. Telephonic interviews were used in cases where face to face appointments could not be secured with the interviewees. The sample consisted of fund recipients, fund administrator and SBSA CSI employees as detailed in Table 5. For education, in Adopt a School Programme SBSA adopted 115 schools termed "Dinaledi" out of the 700 identified by the Department of Basic Education (DBE)

across South Africa with focus on Mathematics and Science. The total number of Dinaledi Schools in Gauteng is 24 and the researcher opted to focus only on the schools within the City of Joburg which has the highest numbers of Dinaledi schools in Gauteng. Out of the 8 Dinaledi schools, 4 were interviewed.

Two of the schools that could not be reached through a telephone to finalize the date and the time of the interview, the researcher visited the schools and approached the principal to find out the principal's availability for that day. It was easier to get the principal to agree to be interviewed because they were put on the spot. In total 6 schools were randomly identified but only 4 responded and interviews were conducted. Face to face interviews were done with the principals of two schools and in the third school the respondent was from the school finance department because the principal did not have the time to sit through an interview.

An interview was conducted with a representative from Deloitte, a company administrating the Adopt a School Programme and Adopt a School Scholarship Programme funds on behalf of SBSA. In the latter programme learners who came from the 115 schools adopted by SBSA were given scholarships to study at universities of their choice. Individual recipients of the scholarship programme were not targeted for data collection because of the nature of the questions asked hence it was relevant to interview the administrator of the fund.

The availability of the SBSA CSI staff was a challenge. At the time interviews were conducted staff were required to submit reports and therefore the researcher and the interviewees had to juggle around to find the appropriate time. As a result, only one project manager was interviewed. It was easier to have access to CSI staff because an email was sent to the head who advised the staff to assist with whatever they can with regard to this research. This happened after a year's delay whereby the previous head of CSI refused the researcher access to the CSI staff and documentation relevant to this research. After the departure of the previous CSI head access became possible.

3.5.2 Secondary Data

Secondary data was collected from books, journals, various reports from the SBSA CSI division as well as relevant internet articles. The following, not in any particular order, are the key documents used to inform the research:

- Standard Bank Group Sustainability Report 2010-2013
- Group Corporate Affairs CSI Strategic Plan 2010-14
- CSI Strategy 2013
- Revised Standard Bank CSI Strategy
- CSI Monitoring and Evaluation Framework
- CSI 2014 Budget Presentation
- KZN CSI Presentation 2013
- Adopt a School Summary
- SBSA CSI Dinaledi Schools Report

3.6 DATA ANALYSIS

According to Neuman data analysis starts at the process of gathering data yet that analysis is tentative and incomplete. *“To analyse data means to systematically organize, integrate and examine; as we do this we search for patterns and relationship among the specific details. To analyse we connect particular data to concepts, advance generalization and identify broad trends or themes. Data analysis involves examining, sorting, categorizing, evaluating, comparing, synthesizing and contemplating the coded data as well as reviewing the raw and recorded data”* (Neuman, 2011: 507, 517).

The data analysis process enabled the researcher to identify common themes which assisted in making conclusions regarding the subject being researched. The responses of the interviews were organized into themes, analysed and interpreted in line with the problem statements and the research questions. The themes were determined by grouping similar answers from respondents.

3.7 LIMITATIONS OF THE RESEARCH

The following limitations were experienced during the research.

The researcher was not allowed to have access to the CSI staff and information by the former head of CSI which has since left the bank. The delay has slowed down the research progress by a year.

The researcher was given a list of CSI recipients by the two project managers for education and enterprise development. It was out of the lists that a sample was drawn out. Some of the sample members could not be interviewed because there was no response forthcoming from their side. This forms part of the sampling bias which was identified in the study. Convenience sampling was utilized in this research in the education sector whereby recipients of a specific school funding was chosen. The rationale was based on choosing schools in Gauteng Province and further broken down to recipients within the City of Joburg Municipality (Note: This is the official name of the municipality).

The following methods were used to contact the schools:

- Internet search;
- Ask family, friends and colleagues; and
- Ask from acquaintances of parents whose children attend the schools to be interviewed.

3.8 RELIABILITY AND VALIDITY

Although reliability and validity are analytically distinguishable, they still work together in that validity presumes reliability. In research, if the measure is unreliable, it is also invalid (Bryman, 2012: 173). Reliability can be simply explained as dependability or consistency, whereas validity suggests truthfulness. In qualitative research, it is important to aim for reliability and validity in the results. Although Neuman argues that it is not possible to have perfect reliability and validity, every

researcher should strive for both as they are ideas that help to establish the truthfulness and credibility of findings. With validity, ideas should fit with the actual reality (Neuman, 2011 & Thomas, 2004).

Qualitative researchers look for authenticity rather than achieving a single version of the truth when it comes to validity. Neuman defines authenticity as *“offering a fair, honest and balanced account of social life from the viewpoint of people who live in it every day”* (Neuman, 2011:214).

3.9 ETHICAL CONSIDERATIONS

Ethical issues play a major role when conducting research. They form part of data collection which relates directly to the integrity of the research. It is therefore important for researchers to pay special attention to ethical matters. The primary ethical concerns according to Neuman *“are the privacy and confidentiality of using information that someone else gathers. Another larger ethical issue is that official statistics are social and political products”* (Neuman, 2011:380).

This study adheres to the ethics requirements standards of the University of Witwatersrand. During the interviews, none of the respondents indicated that they would like to be anonymous. The respondents were free to disclose their names, their designations and the role they play as the recipients of SBSA CSI funding. Having mentioned that, the four schools interviewed will be given each numerical code names. The codes names are 01, 02, 03 and 04.

The researcher is an employee of SBSA and is not a member of the SBSA CSI division.

3.10 CONCLUSION

In this chapter an overview of qualitative research methodology was discussed, which employed a structured face to face and telephonic interviews. Non-probability sampling method was used in the study to collect data.

CHAPTER FOUR

DATA PRESENTATION

4.1 INTRODUCTION

This chapter presents the data collected from the 13 respondents and the findings. The respondents represented high schools, institutions of higher learning, organizations and companies receiving CSI funding from SBSA. The data were gathered through structured face to face and telephonic interviews. The respondents were comfortable to disclose their names and designations for this research.

4.2 INTERVIEW RESULTS

This section presents the interview results with respondents. Seven themes emerged from the interviews, however the research addresses only four themes in line with the primary and secondary questions as specified in chapter one. The themes are:

- Contribution of the SBSA CSI;
- Goals of the SBSA CSI strategy;
- The Management of SBSA CSI; and
- SBSA CSI Return on Investment Strategy.

4.2.1 Contribution of the SBSA CSI

With regard to the nature of the contribution and how recipient organizations came to know about the funding, the two respondents from the enterprise development had been involved with SBSA in other projects prior to receiving funding through CSI. The first company, TechnoServe South Africa which received funding for the Mutale Agribusiness Development Initiative, views its relationship with SBSA as significant and dating as far back in 2006. As of today TechnoServe South Africa has operated 3 or 4 projects funded by the bank. For the purpose of this research, TechnoServe

was given a mandate to accomplish two things which were to; 1) Identify enterprising people and 2) Provide them with the tools to sustain their businesses.

According to the Operations Director of TechnoServe South Africa, the SBSA CSI initial strategy on enterprise development was to develop rural entrepreneurship. The SBSA CSI asked TechnoServe South Africa to identify small businesses in the rural areas and see how these could be funded. The operations director further stated that the approach has since changed focus to capacitating the previously disadvantaged so that they can look after themselves and become part of the main stream economy. TechnoServe South Africa then designed tools for the target market to help them to become self-sufficient.

The Mutale project targeted rural farmers in Limpopo in the Mbembe District. The farmers formed part of the recipients of the Tutuwa share scheme of the Tutuwa Community Investment Fund. The challenge was that they were unable to pay their loans and therefore TechnoServe South Africa was requested to do an analysis on the reasons why small farmers were unable to pay back their loans. Instead of focusing on the loans repayments, it was recommended that the bank should assist the farmers to become better farmers, more organized and eventually self-sufficient and are able to pay the bank back. *“As TechnoServe we realized that the issue was not about loan repayment but that there were underlying factors that could assist the bank to understand the reason loan repayments were not happening. The Head of CSI at that time was instrumental in changing the whole strategy hence involving TechnoServe South Africa to do a study analysing the reasons behind non-repayments of loans”* (Interview with Operations Director of TechnoServe South Africa, 2014.).

Once the assessment was completed, TechnoServe South Africa was asked to fix the challenges with the non-payment of bank loans. SBSA CSI funded the Mutale Agribusiness Development Initiative to the amount of R8, 5 million over a 3-year period.

The second company, Micro Enterprise Business Development project director became aware of Standard Bank’s CSI funding while working for TechnoServe South Africa and was a recipient of Standard Bank CSI funding at the time. The

company applied and submitted a proposal to Standard Bank CSI for funding. The nature of the SBSA CSI funding agreement was based on a 3-year contract renewable every year. The funding started in 2010 and was extended in 2013. As of today, the organization received funding as outlined below:

- 2010 - R4 million;
- 2011 - 2011 - R4 million;
- 2012 – No funding was received as the organization underspent during 2011. During the same year, the organization pulled back on the spending in order to restructure based on the lesson learnt in the previous years of funding; and
- 2013 - R2 million.

For the education group, data collected have been presented in three categories. The first category deals with CSI recipients with programmes targeting schools and the development of teachers. The second category focuses on the administrator of the 115 schools adopted by SBSA. The third category relates to individual schools as recipients of the CSI funding.

The respondents of the first category came to know about the funding through various means. These include parents of the learners who are SBSA employees advising the organization to make an application to request for funding and using the organizations' funding department to send a proposal to the bank to request for funds.

These respondents believe SBSA CSI funding for education is grounded on the belief that education is central to the future development of South Africa. It is for this reason that the bank contributes towards skills development especially for the youth as they are regarded as the future of the country. *“If the youth are not skilled enough they hinder future development of this country”* (Interview with Director of Thandulwazi Math and Science Academy Saturday School Programme, 2014).

Thandulwazi received R1, 1 million from 2010 to 2012. The amount increased to 1, 25 million in 2013. The Math Centre receives R1, 2m per year on average over the

same four-year period. The Central University of Technology has received funding since 2010 of R2 million each year with the exception of 2013 as they received (R1 million).

The Deloitte Consulting administers three programmes worth R10 million each that include for both the Adopt a School and Adopt a School Scholarship programmes. SBSA CSI added an additional R3 million to the original amount of R30 million. The additional funds were used to add more students onto the scholarship programme. The number of students funded on the scholarship programme was based on the amount each student needs for university fees.

The second programme was given R50, 000 each. This includes all the 115 adopted schools by SBSA using the Department of Education Dinaledi programme. The third programme was the Orphans and Vulnerable Children (OPVC). SBSA provided funding criteria to be used to the third group which includes OPVC at various schools. The majority of schools on the programme are poor and thus the funding was based on the needs analysis done per learner who qualified.

The respondents believe that the contribution is playing a vital role and ensuring that more learners have access to education and better opportunities in life.

4.2.2 Goals of the SBSA CSI Strategy

To ascertain whether the recipients have an understanding of the goals of the funder's CSI strategy and to put the funding in context, the recipients were asked if the expected goals of the bank had been reached. The director for TechnoServe responsible for the Mutale Agribusiness Development initiative believes that SBSA is progressive when it comes to CSI strategy. The rationale for this is that the bank regards CSI initiatives as an investment rather than a donation and therefore uses an investment related matrix to see growth on the kinds of projects it sponsors.

Through the SBSA CSI strategy, funding was made available to develop the small farmers in the Mutale district which included women. This led to the Women's

Development Bank making funding available to women farmers in the same district. Each of the women farmers received R250, 000.00 to enable them to grow and become sustainable. This has been possible because of a successful SBSA CSI strategy. Hence the farmers were in a position to get additional funding elsewhere. “Funders want to fund businesses that have a working strategy” (Interview with director for TechnoServe, 2014).

The director of Micro Enterprise Business Development project stated that the goals of the SBSA CSI had been partially met. This is so because of the underperformance of the company against the objectives set by SBSA CSI. The initial strategy employed was to provide training and mentoring to the micro-enterprises owners in Tembisa, a township in Ekurhuleni Metro, so that they could ultimately become creditworthy and qualify for products and services from Standard Bank. Lessons learnt from the training were to be used in their own business with a view to improve and grow. Out of the 100 micro enterprises owners trained, 5 were able to apply the training in their businesses. That situation forced the company to change their approach without altering the objectives. With the new approach the focus was to train 10 micro-enterprises at a time and this new way of focus seemed to be working.

On whether the goals of the SBSA CSI strategy have been met, the respondent from Thandulwazi is of the view that the goal of the strategy of the bank had been achieved. The respondent from CUT answered positively on the basis that the bank would not have been happy by what has been submitted to them. *“There is a general satisfaction about the work CUT does and therefore we believe that the goals were met”* (Interview with the director of School Advancement Academy, 2014).

The Chief Executive of the Maths Centre revealed that she was not aware of the SBSA CSI strategy but believes that the goals of the bank’s strategy had been reached. This is qualified by the satisfaction of the bank with the Maths Centre programme results, hence the continued funding. *“From our programme side, if the plan does not meet the goals, we revise the plan to achieve those goals. I also believe the same happens at SBSA CSI, that they revise their plans in order to achieve their strategic goals”* (Interview with Chief Executive of Maths Centre, 2014).

The administrator of the scholarship, Deloitte, and the school programme, thinks that the strategy for the scholarship programme has changed. This is so because SBSA CSI initially funded the learners from the adopted schools in whatever career they wanted to follow. The focus has since changed and the funding is only channelled through careers aligned to the banking sector.

The respondent from school 03 could not indicate whether the expected goals of the SBSA CSI strategy had been reached. At school 01, the respondent believes that the strategy has been reached because learners received financial assistance. The respondent from school 02 answered yes to the question because the SBSA, through its CSI funding, contributes towards market supply of skills in the fields of Information Technology (IT), Maths and Science. The respondent from school 04 believes that the wider community benefits from the profit the bank makes. With the profit made the bank is then able to plough back to the community which in turn makes the school to benefit.

On the question on whether the expected goals of the CSI strategy have been reached, the head of SBSA CSI mentioned that it was too early to determine. The strategy was revised in August 2013 and therefore they believe that the goals of the strategy will to be reached. On the other hand, the programme manager for enterprise development does not think the SBSA CSI strategy has been reached. He reasons that the strategy was cut short at an early stage with Business interfering (Business here is referred to as the business unit responsible for enterprise development). The manager believes that the previous CSI head developed a strategy with long term results. The focus of the CSI was to have the enterprise development programme use the CSI funding to grow into sustainable businesses before expecting a return on investment. The business unit, Enterprise Development (responsible to fund small businesses in the country) did not have the same strategic thinking as that of the CSI division.

4.2.3 Management of SBSA CSI

Regarding the question about the management of the SBSA CSI, the researcher wanted to establish if the recipients had a clear understanding about the CSI concept in general and how it was linked to beneficiaries and their responsibilities.

Overall, the respondents mentioned that the SBSA CSI management has been successful in providing leadership and vision in dispersing funds to recipients. In responding to the question, the director of Micro Enterprise Business Development project mentioned that the SBSA CSI team under the leadership of Dr. Masuku had always focussed on projects that were likely to benefit the bank in the future.

The TechnoServe South Africa respondent believes that the work they have done for SBSA over the years has allowed them to witness the CSI division being responsive in coming up with innovative ways to deal with challenges faced by communities. The organization believes that when corporates deal with communities, they should have a multi-dimensional view and this is what they have seen happening with the SBSA CSI. For those reasons, they believe that SBSA CSI has been managed successfully over the years and the company had business relations with the CSI division.

From the education side, the Thandulwazi respondent believes the CSI division has a clear vision around strategy and the objectives it wishes to achieve and they are communicated effectively to recipients. CUT made a point that there has been a change in critical role players within SBSA CSI yet the objectives have been clearly defined irrespective of the change in role players. The respondent from Maths Centre believes that SBSA CSI has been managed successfully, otherwise if it was not the case, the centre would not be in a position to receive funding. The respondent representing the Deloitte Consulting also maintains that the bank's funds on the three projects have been successfully managed because the bank outsourced the management of some of the projects and ensured that the funds are tightly managed. This is evident by the kind of reporting required from the administrators as per their contracts.

All the school recipients believe that the SBSA CSI has been successfully managed over the years. The only downside brought to the researcher's attention was insufficient communication regarding how long the funding will last. Three out of the four schools interviewed were surprised when advised that funding will not continue beyond 2013.

4.2.4 SBSA CSI Return on Investment Strategy

All the recipients responded that “*yes there has been*” a return on investment for SBSA CSI. To further unpack the kind of return the SBSA would have received or gained through CSI funding, the respondent from Thandulwazi Saturday School and CUT mentioned that opportunities have been created during open days and career day events. The bank gets an opportunity to make presentations about vocational opportunities in the bank, offering advice on how to apply for student loans and opening of new bank accounts. Learners open bank accounts during these events and their applications are processed in real time. The profile of Standard Bank gets raised significantly and generates a huge brand exposure at these events.

The senior specialist at Deloitte Consulting, the administrators for both the Adopt a School and Adopt a School Scholarship programmes, believes the RoI is of great reputational value although he is not sure how to measure it. However, in the long-term, the bank attracts significant talented students. There is also a business opportunity for SBSA to be promoted as a bank of choice and loyalty for the students and their families.

The head of SBSA CSI believes that there has been a return on investment (RoI) based on the SBSA CSI strategy. The quantification is dependent on the nature of the development initiative. For example, the enterprise development programme through the small scale farmers has provided a funding vehicle for the farmers to grow and apply for bank loans on which the bank is able to charge interest.

The enterprise development programme manager looks at CSI as a long term investment, a journey through funding. “*The journey cannot be hurried because the*

main objective of CSI is not to make money but to comply with the South African regulations. In order for CSI to make a long lasting impact, it has to be left to go on this journey, allow businesses to mature, and it is only then the bank can see the CSI Rol” (Enterprise Development programme manager, 2014).

In conclusion, there is agreement from the SBSA CSI recipients that Rol could either be realised in the short or the long-term.

4.3 CONCLUSION

This chapter focused on the presentation of data in terms of the results from the interviews. In total 12 participants were interviewed comprising of representatives from 4 schools in the City of Joburg, 3 organisation’s offering lessons to learners, 1 administrator of the school and scholarship programmes, 2 organisations working on developing entrepreneurs and 2 SBSA CSI staff.

CHAPTER FIVE

DATA ANALYSIS

5.1 INTRODUCTION

This chapter analyses the data collected to help understand the nature of the SBSA CSI contribution in development initiatives in South Africa. Any CSI strategy should be beyond just providing funding to recipients but ensuring that funds are used to help grow the economy of the country whether directly or indirectly.

The approach that SBSA CSI has chosen is based on the three levers of development, which are health/wellness, education and enterprise development. By using these three levers corporate aims to derive value for the business. For the purpose of this research, the focus is on two of the three levers i.e. education and enterprise development.

Given the amount of money spent on CSI by Standard Bank South Africa, it seems that the initiatives are making headways in development initiatives in South Africa. Considering the amount of money spent and how it has been spent on CSI in the chosen communities on an on-going basis, both in education and enterprise development, these sectors should by now have shown elements of growth and made a difference in the various communities where the investments are made. It is therefore on those bases that this research was undertaken in order to investigate the nature of the contribution made by Standard Bank South Africa CSI and how these initiatives made a positive difference in the society.

In order to determine if the nature of the contribution made by SBSA CSI has made a positive difference in the society, the data gathered through interviews and guidelines by Rossouw (2009) were used. The data below is analysed as per the identified themes.

5.2 CONTRIBUTION OF THE SBSA CSI

The primary question of this research deals with the successful desired outcomes of the contribution made by SBSA CSI strategy in development initiatives in South Africa.

The nature of the contribution is mainly characterised by regulatory requirements and business imperatives. While the respondents were not aware of the regulatory requirements, they were aware of the business imperatives that the bank is contributing towards the chosen initiatives for philanthropy reasons. The contribution has been continuous over a period of 5 years for most of these initiatives. The schools received R50, 000 over the period of the funding. The funding was well perceived by the recipients as it has made a difference in their environment.

The CSI funding for enterprise development is premised on the notion that in South Africa, the Small Medium Enterprise (SMEs) sector contributes 45% of the gross domestic product (GDP) and 43% of the total wage bill which is a big contribution towards the economy of South Africa (Standard Bank Group Sustainability Report, 2012). The Department of Trade and Industry, in its Review of 10 Years of Small Business Support in South Africa 1994 – 2004, puts the SME contribution towards GDP between 45-50% and 60% of the SMEs labour force (DTI, 2014 & Hoepplie.u.d).

Even given these numbers, SMEs face challenges like access to finance that is attributed to lack of collateral and sound financial statements. In essence, it means that much of a contribution towards the GDP has not opened doors for SMEs to become influential players in the financial industry. SBSA CSI strategy looked at ways in which the challenges of financial access can be dealt with to empower these businesses with sound financial principles in order to overcome their current financial challenges. The implementation of the CSI strategy by the enterprise development was based on long-term results as compared to the one deployed about the education sector especially with the Adopt a School programme. The following became the focus of enterprise development strategy:

- How to grow the sector so that the bank can benefit in the long run?
- What was not working within the sector?
- How to fix what was not working?
- Look at the return on investment.

The emphasis was on fixing what was not working and then see how the bank can have the return on investment based on that strategy. This approach needed to favour long term solutions or interventions in order to realise the return on investment. On the education side, the strategy involved using the programmes already started by the Department of Basic Education. The strategy is not necessarily a wrong way to make a contribution, however, the bank may not have control of how the programmes of the department are managed. Therefore, there is a potential risk that the lack of control by the bank over government, programmes could lead to unfulfilled desired CSI outcomes strategies.

The two organisations TechnoServe South Africa (Mutale Agribusiness Development Initiative) and Micro Enterprise Business Development project (Tembisa) were chosen by SBSA CSI to identify farmers and enterprising people and to provide them with the tools to sustain their businesses. This approach was in line with the enterprise development strategy SBSA CSI wanted to implement. TechnoServe South Africa was then given the mandate to work with small scale farmers in Limpopo a project called Mutale Agribusiness Development Initiative while Micro Enterprise Business Development project was to work with business owners in Tembisa. The mandate of the two organisations was to look at how to turn around businesses that were not viable into sustainable and profitable ones. The small scale farmers in Mutale were unable to repay the loans owed to the bank and instead of focusing on loan repayments the bank through TechnoServe looked at ways of helping these farmers to grow. The objective was, once there is growth the farmers should be in a position to repay their loans, have sustainable businesses and be players in the main economic stream. The benefits therefore extended from loan repayments to securing supplying their produce to larger markets, employing more people and even securing funding for women farmers from Women's Development Bank as a result of the intervention through TechnoServe.

For micro-enterprises in Tembisa, Micro Enterprise Business Development project followed the same strategy as the one used for Mutale farmers. The focus was to develop a sustainable method of supporting micro-enterprises in Tembisa so that they ultimately become creditworthy and qualify for products and services from the bank. The immediate goal was to provide training and mentorship of which only 5% of the micro enterprises succeeded in applying the training in their business. This was the downside of the methodology used by Micro Enterprise Business Development project. From the onset of the programme, 100 businesses were trained and mentored and yet did not produce the desired results. With these kinds of results the company then changed its approach to focus on fewer micro enterprises, 10 at a time. The new approach worked, which resulted in 50 of the micro enterprises doing well translating to improving 50% of the original number of small businesses that received training.

The SBSA CSI used the two organisations to enforce its strategy. It seems that the approach has contributed towards the growth of these small businesses. First, the focus was on the growth of the agriculture and SMEs sector. Second, how the bank could benefit in the long-term. Even though the point of departure for the enterprise development strategy was to focus on what was not going well, the ultimate goal was the profits and benefits for the bank. The involvement of the two organisations to work on this strategy seems to have yielded positive results. The next focus was on the failure in these two sectors. For instance, it was the non-repayments of loans by small scale farmers and targeted micro-enterprises in Tembisa to ultimately become creditworthy and qualify for products and other services offered by the bank. Once the research was done by the two organisations, the next step was to fix the failure. As a result, the small scale farmers market grew and business people were empowered to become entrepreneurs.

While successful, the approach of the SBSA CSI lacks an effective monitoring and evaluation about the work done by these two organisations. This is evident by the inability of the Micro Enterprise Business Development project to spend the budget allocated for the year 2011 and subsequently having a 5% success rate of the targeted micro-enterprises in Tembisa to enable them to apply the training to their businesses. Since the Micro Enterprise Business Development project first year of

funding in 2010 there is no mention of how the organisation was monitored with regards to advancing the CSI strategy. If the monitoring happened during that same year of funding there was a likelihood that underspending would have been avoided and therefore leading to a higher percentage uptake of the targeted micro-enterprises.

The same can be said about TechnoServe South Africa that started with 150 farmers in their first year of receiving funding. After a year, the company realised that the strategy to target 150 farmers in 3 years was not going to yield the desired results and they changed their approach to concentrate on working with only 50 farmers over the next two years which was 2012 and 2013.

The common thread that runs through the strategies of the two organizations is to take on a large number of farmers and business people at the beginning of their intervention programmes. TechnoServe South Africa and Micro Enterprise Business Development had to change their approach and focus on a small number for the intervention to work. The enterprise development strategy to focus on a long term goal of developing and ensuring sustainability of the targeted businesses in order to realise the return on investment was easier to implement and more viable.

One of the SBSA CSI objectives, outlined in its strategic goals to respond to the education sector needs, is to “address the shortage of critical skills in the country, such as engineering and science skills as highlighted in the JIPSA and ASGISA as part of Standard Bank’ support of Government’s initiatives” (CSI Strategic Plan 2010-2014:1).

The same goes for the second objective outlined in the strategy as “increase the pass rate of the learners in Maths, Science and English in the targeted schools in order to add value to the economy of the country” (CSI Strategic Plan 2010-2014:1). It cannot be the bank’s objective to increase the pass rate of learners in any subject but can contribute towards ensuring that funding initiatives are channelled through various school programmes towards the realisation of such objectives.

Does this state of affairs add value to the contribution of SBSA CSI strategy in development initiatives in South Africa? The overarching answer is yes, although this is in a small scale as the benefits are not quantified to have contributed towards a positive difference in the society.

Understanding the SBSA CSI strategy is crucial for the recipients of the funds because it puts them in a favourable position to know how the bank deals with CSI matters (Flores-Araoz, 2011).

5.3 GOALS OF THE SBSA CSI STRATEGY

There are differing views about the question on whether the goals of the SBSA CSI strategy have been achieved. The CSI head advised that it was too early to confirm it because the strategy was revised in 2013. The programme manager for enterprise development believes that the goals of the strategy have not been reached because there has been interference in the strategy by Enterprise Development Business, the unit responsible to fund small businesses in South Africa. Assuming that there has been business interference then one can conclude that there is an ineffective coordination between the CSI division and specific business units within the bank. The insufficient coordination, which is detrimental to the return on investment, leads to the non-realisation of the broader goals of the bank.

Even with these differing views on the achievement of the SBSA CSI strategy, the respondents from TechnoServe South Africa and Micro Enterprise Business Development believe that the expected goals have been reached. They see their success stories as a result of a strategy that has worked and continues to work. The successes are based on the effective support for small scale farmers in Mutale and entrepreneurs in Tembisa to achieve market viability, access to finance, improved technical competency and to utilise accounting systems to grow their business.

The respondents from the schools linked the achievement of the SBSA CSI strategy to the length of the funding. Three of the four school principals were not aware when

the funding would end. Consequently, there is a gap in the communication strategy of the bank regarding the disbursement of the CSI funds.

The administrator of the Adopt a School and Adopt a School Scholarship programmes was the only recipient who was aware of the length of the funding through the contractual obligations with the bank.

The funding of these projects, which gaps were already highlighted, were managed under the “old strategy”. The objectives of the strategies, old and new are highlighted in the table below.

Table 6: SBSA CSI Old and New Strategic Focus

CSI Strategic Plan 2009-2014 Objectives	Focus of the Strategic Review
1) Address the shortage of critical skills in the country such as engineering and science skills as highlighted in the JIPSA and ASGISA as part of Standard Bank' support of Government's initiatives	Positioning of the CSI programme - focus on enhancing the bank's reputation, improving employee value proposition through ECI and ensuring alignment to education projects, growing new markets and demonstrating that SBSA is locally relevant and responsive
2) Increase the pass rate of the learners in Maths, Science and English in the targeted schools in order to add value to the economy of the country	Focus of CSI contributions and developmental positioning of projects – exit healthcare as a CSI focus area, continue to support education projects, expand the scope of enterprise development, mainstream all ECI projects to the broader CSI strategy
3) Invest in communities that Standard Bank seeks to do business using targeted schools as a nexus for SB's engagement with the surrounding communities	Governance and oversight of CSI – CSI to be accountable to Social and Ethics Committee (SEC) and disband Social Investment Committee, strengthen SEC management oversight of CSI
4) Align the Corporate Social Investment programmes with the core business strategy in addressing socio-economic challenges that may be a barrier to Standard bank doing business	Resourcing of CSI projects - Resourcing is considered to be at appropriate levels and will not change.
5) Commission research in a socio-economic landscape in order to help communities understand their socio-economic challenges and together workout possible interventions	Communication of projects and the programme – focus on improved communication plan.
6) Build loyalty and goodwill amongst the employees of Standard Bank through providing an environment for employees	Monitoring and evaluation of developmental outcomes – set up an M&E framework based on a logic model framework and focus

to be involved in Corporate Social Investment projects and invest in the respective communities	on developing a set of metrics that provide an indication of how CSI is being utilised and adding value to the business.
7) Responding to the challenges of skills development and unemployment by providing training, supporting emerging entrepreneurs to boost job creation in their areas of operation	

Source: Corporate Social Investment CSI Strategic Plan 2010-14 and SBSA Social Investment Committee Strategic Review.

Note: The SBSA CIS old strategy has 7 areas of focus as the new one only has 6. The focus of the new strategy is more specific, especially with the introduction of the M&E.

5.4 MANAGEMENT OF SBSA CSI

“Corporate Social Investment is all about choices: the choice to give, the choice of how to give and who to give it to, even the choice of when to declare victory and admit failure” (Rossouw, 2009). Companies make choices about where to spend CSI funding whether there are regulations or not. Companies are regulated to spend 1% of their profit after tax and they can spend more if they so desire. With expenditure comes the management and governance of funds and if managed properly the impact could have positive outcomes.

According to Coetzee (u.d) management of CSI goes together with governance structures of each company and the starting point is companies should have a good understanding of the landscape in which they operates. This includes having an understanding of the socio-economic context and business case for CSI. It is not only about contributing a percentage of the company’s profit after tax. It is about the involvement of senior management of any company in describing the relevance of the company’s contribution through CSI, its long-term success and the relevance to the company’s business strategy. Therefore it is important that CSI governance and

management structure be inclusive of senior management of a company to ensure lines of accountability are linked to the strategy of the organisation.

The management of any CSI should focus on the outcomes rather than on activities and outputs. The respondents linked the continuous allocation and disbursement of funds by SBSA CSI, regular reporting as required by the bank, regular activities taking place like oversight and engagement with the project managers to the successful management of SBSA CSI. The enterprise development respondents had a different approach to how they view the successful management of the SBSA CSI funding. It includes the outcome of the funding as a determinant of the successful management of SBSA CSI.

In 2009, SBSA appointed Deloitte Consulting as project managers to oversee the three CSI projects, namely, Adopt a School Programme, Adopt a School Scholarship Programme and Orphans and Vulnerable Children. The Scholarship programme funds are managed by a Board of Trustees constituted by SBSA representatives, Manager for Standard Executors and Trustees, Head of CSI and Head of Group Inclusion. The respondent from Deloitte mentioned the importance to adhere to controls put in place by the CSI division for recipients as part of a management control. Such controls allow the CSI management to ensure that there is a legitimacy of how the money was spent. For the scholarship programme, learners had to submit evidence of tuition fees, accommodation and study material payments. These requirements form part of accounting to the bank and therefore asserting the proper management of the CSI.

The respondents saw the submission of the required reports to SBSA CSI, and receipt of funding as an indication that the CSI has been managed successfully throughout the study period (2010 to 2013). The enterprise development respondents linked the successful management of the SBSA CSI to the leadership and vision of the CSI head.

5.5 SBSA CSI RETURN ON INVESTMENT STRATEGY

“CSI encompasses projects that are external to the normal business activities of a company and not directly for purposes of increasing company profit. These projects have a strong developmental approach and utilise company resources to benefit and uplift communities and are not primarily driven as marketing initiatives” (CSI Solutions, 2014). Companies are cognisant of the RoI when they invest in communities where they operate. Rifer (2013) puts it that investment goes together with generating financial returns and therefore CSI is not an exception. Companies that choose to fund projects solely on the basis of greater returns are likely to harm the CSI concept. Njenga & Smit (2007: 120) are of the view that companies should be able to invest in communities in a way that makes business sense. What makes business sense can also be linked to aligning CSI spending to core business objectives and imperatives which add value to corporate image (Fombrun, 1996). Although there are still companies that support CSI initiatives not aligned to their core business objectives, an expectation still exists that the investment they make is more than just giving money away but to generate a financial return and to impact beneficiaries. Submitting reports on how the money was used is no longer enough for funders, hence they also want to see better reporting which includes information about the impact of the work that they are supporting (Rifer, 2013).

The recipients had different views on the return on investment. For example, school 03 believes that the bank can achieve a RoI with the parents of the learners opening accounts with Standard Bank. Another way for RoI was through the bank branding of recipients' events where product sales went up as more learners got the opportunity to open students account. The process of opening a bank account was made available at those events which saw learners starting on a journey to learn about banking.

In addition, the respondents mentioned another way to achieve a RoI was through non-monetary value. A case in point is of the Maths Centre where both teachers and learners benefit from the Mathematics programme offered at the centre. Although the reputational gain might not be quantified, the respondent is of the idea that not all RoI are quantifiable (Aslaksen, & Synnestvedt, 2003).

The SBSA CSI employees being closer to the strategy look at RoI differently from other respondents by using the four-part model advocated by Carroll & Buchholtz (2000). According to these two authors corporates have to make profit, obey the laws and adhere to regulations, be ethical or adhere to ethical practices in conducting business and practise good citizenship. Looking at the four-part model only one aspect, the ethical was not mentioned by the SBSA CSI staff. The programme manager for enterprise development is of the view that CSI is a long-term investment journey and therefore that journey cannot be hurried in order to realise the RoI.

The small-scale farmers at Mutale have acquired better farming skills, are in a position to employ more people on their farms, have access to larger markets and are now in a position to repay the bank loans. This makes them eligible to apply for further funding if a need arises. All these lead to RoI.

The head of SBSA CSI made it clear that quantifying RoI is dependent on the nature of the development initiative. For example, funding for enterprise development initiatives is much easier to count the financial gains within 2-3 years of the funding. Yet for the education development initiatives it might take longer in comparison. On the other hand, the Head of CSI believes that there is a link between the CSI funding for education programmes and the tender the bank won to bank the Department of Education. It is for these reasons that the head of SBSA CSI believes RoI has been realised.

5.6 CONCLUSION

The chapter focussed on the analysis of data from interviews based on emergent themes. All the respondents appreciated the involvement of SBSA through its CSI in advancing their goal. There was an acknowledgment of the awareness that the funding will not last forever. An appreciation was expressed that the funding has in deed assisted in the various programmes the recipients have applied for. In addition the recipients believed the funding created a platform to contribute towards the improvement of education and the development of small business in South Africa.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

This chapter summarises the research. It deals with the conclusion and recommendations

6.2 OVERALL CONCLUSION

The research is about investigating the contribution by SBSA CSI initiatives from 2010-2014 to determine whether it is making the desired impact in development initiatives in South Africa.

The main assumption in the study was that irrespective of the large amounts of money spent on the education and enterprise development, these sectors have not shown adequate growth results and thereby impacting positively on the various communities where these investments have been made. Nevertheless, the results of the research invalidate the assumption.

Contrary to the assumption made, the data presented in the study showed that SBSA CSI is indeed making a contribution in development initiatives in South Africa. This is evident by the programmes supported through the CSI initiatives. However, the contribution remains limited, fragmented and poorly assessed across all CSI, and the impacts of the CSI would have been wider if managed effectively.

The following lessons learned during the research are limited and not comprehensive. Nevertheless the key and additional lessons are addressed in the recommendations:

- The implementation of the CSI strategy by the enterprise development has a long-term view on how CSI initiatives and/ or programmes should be run.

- The enterprise development CSI recipients have a better understanding of the SBSA CSI strategy.
- Enterprise development CSI recipients were able to link the Rol to the funding received and the impact on the communities where the programmes are run.
- The education schools recipients of the SBSA CSI funding had different information regarding how they became recipients of the funds.
- There was no consistency amongst the education school recipients with regards to the information on the duration of the funding.
- The SBSA CSI division only introduced monitoring and evaluation in the revised strategy for 2014.

The methodology used in the study is qualitative research and data was gathered through structured face to face and telephonic interviews. A total of 13 individuals were interviewed representing SBSA CSI staff, recipients of the SBSA CSI funding and a representative from Deloitte Consulting, a Fund Administrator for Adopt a School Programme and Adopt a School Scholarship Programme. By using this methodology the researcher was able to achieve the goal to unpack the purpose statement which looked to:

- (1) Investigate the nature and the scope of the CSI contribution made by Standard Band South Africa (SBSA) in development initiatives in South Africa;
- (2) Verify, confirm, and/ or validate if the contribution of SBSA development initiatives has fulfilled its goals, or is making the desired impacts outlined in the strategy; and (3) Provide recommendations to help strengthen the SBSA CSI contribution to development initiatives in South Africa.

The following concluding themes emerged from the data analysis:

6.2.1 Contribution of the SBSA CSI

Data presented in the study showed that SBSA CSI is indeed making a contribution in development initiatives in South Africa. This is evident by the programmes supported through CSI initiatives. In the case of Education, although the Adopt a

School Programme is an initiative of the Department of Basic Education, the respondents were grateful for the difference the funds were making especially in the Dinaledi Programme. This is so because the programme focused mainly on the improvement of Maths and Science in the form of enhancing learner support and also equipping the educators with better skills to teach the targeted subjects. The Scholarship Programme has also made strides in terms of assisting deserving learners from poor backgrounds as part of the Adopt a School Programme. The nature of support offered to these learners in tertiary institutions goes a long way in contributing towards the development of the youth in affording them access to higher education and therefore an opportunity to impact their lives positively.

The same sentiments have been communicated for the organisations that help learners with either Saturdays, winter and spring schools. The evidence is in the number of learners who have seen an improvement in their results and the continuous and increased enrolment of learners in the programmes offered at Thandulwazi in Gauteng, CUT in the Free State and the Standard Bank High School Project in the Northern Cape Provinces.

On the Enterprise Development side, the same conclusion can be made regarding the positive contribution made by the bank. It is one thing to give a financial assistance to emerging entrepreneurs who qualify for loans but it is also another to ensure that the emerging entrepreneurs continue to pay for the loans. In this instance, the strategy for the two projects that targeted rural emerging farmers in Mutale (Limpopo) and the micro-enterprises owners in Tembisa (Gauteng) proved to have positive results. It was about more than financing these projects to repay the bank loans rather than to making them sustainable, ultimately creditworthy and have them qualify for more products and services from the bank.

6.2.2 Goals of the SBSA CSI strategy

Regarding the goals of the SBSA CSI strategy, the study has shown two views. One is, the strategy has been met through its CSI funding, which is seen as progressive. Two is, the years of funding received by various organisations show that the SBSA CSI goals have been partly met. Looking at the positive impacts of the funds on the

recipients, it can be deduced that the progressive nature of the enterprise development strategy positively supports the achievement of the SBSA CSI strategy. There is a strong link between what the recipients see as the achievement of the goals of the SBSA CSI strategy and the achievements recorded by the recipient organisations. The researcher observes that the education recipients of the funding are not aware of the SBSA CSI strategy yet when interviewed they responded to questions regarding the strategy.

6.2.3 The Management of SBSA CSI

Few recipients who dealt directly with the former head of CSI, Dr Masuku, mentioned that her visionary leadership about the CSI was more for the long-term return on investment rather than the immediate returns. This is supported by the notion that the focus of CSI should be more on the outcomes rather than the activities and outputs as mentioned in the previous chapter. Based on this notion, it can be concluded that SBSA CSI has been managed well although there is still room for improvement. Such an improvement should be reflected in the newly introduced monitoring and evaluation of all the projects funded through CSI. The process of monitoring and evaluation in its simplicity enables a dialogue on development and progress between the bank and the recipients of CSI. Another important factor in the management of SBSA CSI is the effective communication among stakeholders. From the interviews conducted, it can be concluded that there is still more that needs to be done to communicate effectively with the recipients of the funds. This in turn would help to avoid confusion on the details regarding the number of years the bank intends to avail the funding to the recipients. Communicating the right information at the right time based on signed contracts goes a long way to ensuring that all aspects of the CSI management are securely tied up with funding certainty.

6.2.4 SBSA CSI Return on Investment Strategy

The RoI is understood and viewed differently by all interviewees, yet all agreed that there has been a return on investment to the bank. The understanding of the RoI can be divided into two. First, the short term and second the long term. The short term investment includes that learners open accounts with the bank with long term

implications in that the account holders are likely to keep their accounts active until they upgrade them into other products when they start working. The long term type of investment includes the contribution made towards investing in Maths and Science subjects in a country that has a shortage of skills in the two subjects. Another long term investment deals with the creation of more micro-entrepreneurs who grow their businesses to enable them to service their bank loans better, qualify for more financial products that assist towards growing their businesses. On the whole, whether the RoI can be quantifiable or not, it can be concluded that the SBSA CSI strategy has definitely lead to return on investment.

6.3 RECOMMENDATIONS

In view of the problem statement, the purpose statement and the findings, the following recommendations are offered in order of priority.

6.3.1 Monitoring and Evaluation of CSI Initiatives

- To strengthen and make effective of the monitoring and evaluation (M&E) of the SBSA CSI initiatives.

Subjecting CSI initiatives to a monitoring process is to allow a systematic and routine collection of information from projects and programmes in order to measure the success of the CSI projects to achieve their goals and impacts. Further to this there is a business opportunity to learn from experiences and to improve the management of CSI initiatives. Evaluating the programmes or initiatives allows the objective assessment with the aim of making improvements and informing strategic decisions. The process of evaluating a programme or an initiative should help to draw conclusions about five main aspects of the invention which are; relevance, effectiveness, efficiency, impact and sustainability of the initiative.

The researcher notes that the new SBSA CSI strategy includes monitoring and evaluation. When the M&E is properly implemented, it will build a foundation for SBSA CSI to bring better results through impact assessment.

The following are therefore recommended to strengthen the M&E function:

- **Adhering to M&E compliance** - Any project, programme, initiative funded by the bank should be subjected to M&E from the onset of the funding. By so doing it enables the bank to pay close attention to ensure that the objectives are met and if not intervention strategies are enforced earlier. This view of M&E allows for projects, programmes and initiatives to be regularly measured, evaluated and adjusted in order to have the desired impacts.
- **Quality and frequency of the reporting** - The bank to agree with beneficiaries on the format of reporting and the frequency as critical tools of M&E. The reporting format to include how beneficiaries should demonstrate accountability, reporting their performance against defined strategic objectives, what they regard as return on investment and key performance indicators at agreed intervals.
- **Assuring the integrity of CSI objectives** - The proposed M&E should have intervention strategies to ensure that the programmes are run in such a way that the CSI objectives are not compromised.
- **Regular site visits** – Require the programme managers to do cost effective quarterly visits to the beneficiaries. This will create the necessary oversight to make beneficiaries accountable for the resources used. Interviews should also be conducted with beneficiaries e.g. learners attending the Saturday classes at Thandulwazi or winter and spring classes offered at CUT. The inclusion of the learners in the interviews will assist with inclusive beneficiaries' data collection to determine if the goals of the CSI strategy are not compromised. The results obtained through the regular visits will allow SBSA CSI to make informed decisions for future CSI initiatives.

6.3.2 SBSA CSI Integrated Initiatives

- To consolidate various initiatives under one umbrella.

The bank is investing a lot of money in various programmes across the bank yet there is no link between such CSI programmes. SBSA Human Resources is investing substantial financial resources and time in a graduate programme.

Learning and Development spends money on Learnership Programme. Employees spend money and their time in ECI through Diversity and Transformation Forum. All of these initiatives should be linked and integrated.

The following recommendations should help to consolidate all initiatives under one umbrella:

- **Consolidate Employee Community Involvement with CSI** - Employee Community Involvement is one of the key components of CSI initiatives yet little attention has been given to it. At SBSA it is under the umbrella of Transformation which is completely divorced from CSI. Separating ECI from the banks' CSI division is to relegate the importance of this aspect to the background where it is hidden and only known to the few individuals. There is little visibility on the work done through ECI meaning the efforts made falls within the cracks and achievements are not properly reported.
- **Separate Transformation from ECI** – There is a difference between transformation matters and employee community involvement. Transformation issues should be separated from CSI initiatives. Relegating ECI to the Transformation Committee is also diluting what transformation stands for. It is therefore recommended that ECI should be moved into the CSI division where it should be tracked the same way as the broader CSI initiatives the bank is involved in. ECI needs focus and should form part of the bank strategy on CSI, with constant monitoring and evaluating its effectiveness as per the broader banks' CSI strategy.
- **Staff involvement in CSI strategy** - There should be a standard coordinated way of involving employees in discussions of how SBSA CSI goals are implemented. By so doing, it will allow employees to develop a sense of ownership backed by understanding how ECI fits in the CSI strategy. Also, ownership is likely to bring a sense of employee pride to be part of the bank's CSI activities. This can be done through knowledgeable CSI champions to help unpack the strategy as they will be in the best position to understand the big picture and answer questions appropriately.

- **Restructuring of CSI Division** – If SBSA is to make a positive impact in the communities in which it operates, the CSI strategy should be broadened to encompass all similar initiatives. By consolidating all projects under one umbrella, there should be a need to reposition and restructure the current CSI division. The new CSI division should therefore be capacitated with skilled and knowledgeable staff in order to cater for a CSI division of the future. The current CSI division structure and governance do not do justice to all the good initiatives of the bank.

6.3.3 CSI Communication Strategy

- To implement an effective CSI communication strategy.

CSI strategy is incomplete without an effective communication strategy. One of the observations made through this research is SBSA has not actively communicated CSI initiatives both internally and externally. This is a missed opportunity to communicate the following:

- SBSA CSI initiatives;
- Promote a positive image of the bank as a caring organisation; and
- The involvement of SBSA CSI in social transformation and wealth distribution in South Africa.

For an effective CSI communication strategy, it is recommended that the CSI division work closely with the marketing division in SBSA. The purpose is to send out a clear message both internally and externally about the work done by the CSI division. The emphasis should be on the CSI strategy, investment initiatives and amounts spent and whether these initiatives meet the CSI objectives or not.

The following are recommendations for effective communication:

- **Target audience and frequency of communication** – The strategy should differentiate between the internal and external audiences. The frequency to be

guided by the strength of the messages communicated to the internal and external audiences.

- **Brand ambassadorship** – An effective internal communication helps to strengthen employer and employee relationship and thus creates a sense of staff loyalty. Using the staff to promote the brand name shows commitment to the brand. It therefore gives the staff a sense of identifying with the bank and therefore translates into brand ambassadorship.
- **Broadcasting the SBSA CSI Initiatives** - Effective communication puts SBSA CSI in the limelight for the right reasons. The achievements made through the CSI initiatives could be lessons learned and be replicated elsewhere and broadcast internally and externally in South Africa. By so doing it creates an opportunity for renewed CSI investment in other parts of the country.

6.3.4 Return on Investment

- To clearly link CSI strategy initiatives with both the short term and long term views of the bank overall strategies on how to get return on investment.

The current CSI funding method on education is based on an *ad-hoc* funding over a number of years. For example, there is no longitudinal plan in place to target the 70 learners who benefitted from the Adopt a School Scholarship Programme beyond their tertiary education. Initially, the scholarship programme funded learners who qualify to study towards careers of their choice. This has since changed to only finance the bank-related career opportunities. There is a gap in the thinking which leads to missed opportunities. ROI does not only happen as a result of learners advancing careers in the banking sector but in any other sectors. Both the education and enterprise development strategy should work together to create entrepreneurs at an early stage of the selection of the recipients.

The following are recommendations for linking CSI initiatives with RoI:

- **Long-term view on student funding** - The CSI strategy should look beyond viewing learners as only potential personal customers of the bank but business customers. For example, the financial support should go beyond paying tertiary fees but giving learners support on how to start their own business in their field of study. A learner can be financed to study to become a pharmacist with the ultimate goal of not just becoming a pharmacist but to open their own business and therefore using the SBSA for their personal as well as business banking needs. So the same can be done with financing a learner who wants to study medicine, engineering and many more careers that can turn into business opportunities. The storyline should be about the potential of banking a tertiary student who in turn uses the bank for their business and family banking needs.
- **RoI and the economically productive youth** – The CSI strategy to fund education programmes should extend beyond increasing the potential pool of Standard Bank clients and staff as highlighted in the CSI strategic document.
- **The RoI on other programmes offered at the bank** – RoI is also advanced through the internship or the graduate programmes currently available at the bank. There should be a link between all these programmes in the bank in order to have a more comprehensive CSI strategy that leads to the tracking of return on its investment.

6.3.5 SBSA Board and Senior Executives Visibility

- To have the board and senior executives to be more visible in CSI initiatives.

Advocating for the board and senior executives to be involved in CSI initiatives is to send a clear message that CSI is important to the organization. The CSI vision should be entrenched to reflect the core values of the bank and be linked to its mission, vision and values. If this is done, there is recognition that CSI not only creates the social or environmental value, strengthen the business value but is also seen as forced through regulatory impositions.

The evidence and data show that there is very little or no visibility of the SBSA board and senior executives. The CSI Strategic Plan 2009-2014 notes that the CSI has the full support of the executive committees and the board. However there is no further articulation of how the executive committees and the board play a visible role in CSI initiatives. The literature consulted in this study put an emphasis on the elevation of CSI in a corporate environment to the inclusion of senior executives. In this way, CSI becomes entrenched in the mission and vision of the bank, and therefore the CSI strategy is aligned with other business strategies of the bank.

In conclusion, CSI should not be seen as philanthropy or good corporate citizenship but as a crucial investment in the future of South Africa. This can be achieved in two ways. First, SBSA reaches its CSI objectives through the upliftment of communities, and second they become the preferred bank of choice of communities.

Further research could be conducted to focus more on monitoring the evaluation of the impact of SBSA CSI in development initiatives in South Africa.

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