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CORPORATE SOCIAL RESPONSIBILITY IN LITERACY: EMPOWERING CHANGE IN SOUTH AFRICA

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A thesis submitted to the Faculty of Humanities and Social Sciences, University of the Witwatersrand, Johannesburg, in fulfillment of the requirements for the degree of Doctor of Philosophy in Political Studies

Johannesburg, 2007

Abstract

A critical equity and change enabler, literacy/education continues to prove very challenging to transform in South Africa. Having been a major apartheid resource through Bantu Education in entrenching South Africa's existing two worlds, business intervention in this crucial sector is the overriding interest of this research. How corporate social responsibility in education, assisted by public policy, reinforces inequality in the South African society, even as it attempts to alleviate poverty, is the thrust of the argument here around which many questions evolve. Some of the questions to which this thesis attempts to offer answers, therefore, are: What informs how business invests in education? How is public policy not an enabler of business investment in education? The objective is to determine the extent to which business investment in literacy/education can empower meaningful change in a market-driven South African society.

The argument reiterated in this thesis is that Corporate Social Investment (CSI) in education has the potential to be a strong change driver. Unfortunately, its current positioning in the Broad-based Black Economic Empowerment (BB-BEE) strategy is weak and its effect on change equally weak. The extent to which CSI in literacy can facilitate transformation in South Africa is highly dependent on the elimination of the many challenges beyond the scope of business endeavour. The challenges include the low weighting of CSI in the BEE agenda which is a hindrance to mind-set change about the relevance of education to South Africa's transformation.

Employing the qualitative method, using elite interviewing, and relying on written records, this thesis starts off by finding the South African definition of the word Corporate Social Responsibility (CSR) vis-à-vis global definitions. While Corporate Social Investment (CSI), it was discovered, is the preferred word in the private sector, findings here reveal that irrespective of what it is called in South Africa, CSR or CSI, both terms are fundamentally the same because, more in South Africa than anywhere else, the moral values that drive CSR or CSI are the same. That is, social justice, equity, and transformation.

In order to determine its potency in the change process, a cursory assessment of CSI in the various sectors of education reinforces the place of the definition in that process. As an 'investment', CSI is driven by market forces. Inherent in these forces are the inequalities that motivate capitalism and CSI is not insulated from those forces. Findings here emphasise that CSI, as yet another capitalist means of intervention in education, is thus severely challenged to be more than a tip of the ice-berg in the nation's change process.

Very importantly, this thesis shows how paradoxically, public policy through the DTI Codes of Conduct for BB-BEE further disempowers CSI in education. As a "residual element" with an insignificant weighting on the BEE Scorecard, this research argues that legislation diminishes the importance of education as an empowerment driver. The inadequate creation of jobs further makes the benefit of education to transformation even less stimulating.

It concludes that although CSR or CSI has enormous potential to drive change, the BEE legislation, the conceptualisation of CSR, and other micro issues evolving around poverty conspire to limit the extent to which CSI can empower change.

Key Words: Corporate Social Responsibility, South Africa, Equity, HUREPICS, Corporate Social Investment, Literacy, Partnership, Change, BEE, Means of production, neo-liberal.

Declaration

I declare that this thesis is my own work. It is submitted for the degree of Doctor of Philosophy in Political Studies in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any other degree or examination in any other university.

_____

Delia Nzekwu

_____ day of _____ 2007

Dedication

This is for you, darling mum (Mama Tessie)
You are incomparable. You are the greatest. I love you.

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TABLE OF CONTENTS

ABSTRACT I
DECLARATION III
DEDICATION IV
ACKNOWLEDGEMENTS V
LIST OF FIGURES IX
LIST OF TABLES X
ABBREVIATIONS XI

CHAPTER 1: BUILDING AN EQUITABLE SOCIETY: A ROLE FOR LITERACY 1

1.0 INTRODUCTION 1
1.1 LITERACY: THE POWER, THE RESPONSIBILITY 4

CHAPTER 2: CSR: THE FOOTPRINTS OF HUMANKIND AND SOCIAL MEANS OF PRODUCTION 29

2.0 INTRODUCTION 29
2.2 HUMAN NATURE 30
2.3 RELIGION 31
2.5 EVOLUTION OF THE CONTEMPORARY NOTION OF CSR 39
2.7 IN SEARCH OF A DEFINITION – WHAT CSR IS NOT (?) 46
2.8 THE HUMANITARIAN IN CAPITALISM 52

CHAPTER 3: CSR: THE SOUTH AFRICAN IMPERATIVE 55

3.0 INTRODUCTION 55
3.1 CSR IN SOUTH AFRICA DEFINED 59
3.2 SUMMARY 76

CHAPTER 4: LITERACY IN SOUTH AFRICA: IN THE THROES OF HISTORY 79

4.0 INTRODUCTION 79
4.1 NATIVE EDUCATION: BLACK LIBERTY IN THE NOOSE 83
4.2 BANTU EDUCATION: LEGALISING BLACK IGNORANCE AND POVERTY 88
4.3 1990 TO 1995: EDUCATION AND INEQUALITY – THE POLITICAL ECONOMY OF EQUITY 93
4.4 CSI: INVESTING IN EDUCATION FOR ECONOMIC GROWTH AND DEVELOPMENT 95
4.5 BUSINESS IN EDUCATION – INVESTING RESPONSIBLY FOR ECONOMIC GROWTH 102
4.6 CSI IN EDUCATION BY SECTOR 107
4.6.1 Pre-School Education (ECD) 108
4.6.2 Schooling (Primary, Secondary, FET) 109
4.6.3 Tertiary Education 117
4.6.4 The Paradox of a Definition 121
4.6.5 Socio-Political Returns to CSI in Literacy 124
4.7 NPO: CHALLENGES OF BUILDING NEW EQUITABLE CIVIL COMMUNITIES 131
4.8 LITERACY: ENABLING BLACK EMPOWERMENT AND SOCIAL JUSTICE 137

CHAPTER 5: LEGISLATING CSI IN LITERACY IN 21ST CENTURY SOUTH AFRICA: LIMITS TO EMPOWERING CHANGE 143

5.0 INTRODUCTION 143
5.1 THE ROLE OF THE STATE 145
5.2 THE ROLE OF LABOUR 158
5.3 SOCIO-ECONOMIC TRANSFORMATION OF SOUTH AFRICA: THE REALITY OF CHANGE 171
5.4 EDUCATION: A CATALYST FOR SOCIO-ECONOMIC TRANSFORMATION 176

CHAPTER 6: SUMMARY OF FINDINGS AND METHODOLOGY 183

6.0 FINDINGS 183
6.1 METHODOLOGY 191
6.1.1 Method / Data Collection 191
6.2 TESTING THE RELATIONSHIP: THE SEARCH FOR "COMPLETE EXPLANATION" 198
6.3 CONCLUSION 202
BIBLIOGRAPHY 204
APPENDICES 2222

List of Figures

Fig. 2.1 The HUREPICS Pyramid – top to bottom

Fig. 2.2 The HUREPICS Pyramid – bottom up

Fig. 3.1 CSR as currently defined by public and private policy in South Africa

Fig. 3.2 Redefining CSR – The South African Imperative

Fig. 4.5 CSI spend by education sector

Fig. 4.6 CSI spend by educational elements

Fig. 5.7 The role of the state and labour on the HUREPICS Pyramid

List of Tables

Table 4.1	Per capita expenditure on schooling: 1930-1944
Table 4.2	Per capita expenditure on education: 1953-1960 SA Rands
Table 4.3	South Africa's twelve-year education statistics
Table 4.4	Labour Supply: economically active population according to education level 1980
Table 4.5	A 2005 survey by the Mpumalanga Department of Education
Table 5.6	The 2003 BEE Score Card
Table 5.7	The 2007 BEE Score Card
Table 5.8	Number of science, engineering and technology graduates by university and technikon
Table 5.9	Educational qualification of workforce by population
Table 5.10	Equity profile of workforce by population
Table 5.11	Share of Employment by three skills categories and main sector

Abbreviations

ABET	Adult Basic Education and Training
ASGISA	Accelerated Shared Growth Initiative
BB-BEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BSI	Business Social Investment
BT	Business Trust
CBM	Consultative Business Movement
CBO	Community-Based Organisation
CC	Corporate Citizenship
CCF	Colleges Collaboration Fund
CDE	Centre for Development and Enterprise
CEO	Chief Executive Officer
CIP	College Industry Partnership
CODESA	Convention for a Democratic South Africa
COSATU	Congress of South Africa's Trade Unions
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DET	Department of Education and Training
DFID	Department for International Development
DoE	Department of Education
DTI	Department of Trade and Industry
ECD	Early Childhood Development
EDUPOL	Education Policy and System Change
EEU	Education and Enterprise Unit
EQUIP	Education Quality Improvement Partnership
ETDP	Education, Training and Development Practices
ETQA	Education and Training Quality Assurer
FET	Further Education and Training
FP	Foundation Phase
GCE	Global Campaign for Education
GDE	Gauteng Department of Education
GE	General Education
GEAR	Growth Employment and Reconstruction
HEI	Higher Education Institution
HE	Higher Education

HSRC	Human Sciences Research Council
ICRC	International Committee of the Red Cross
ICT	Information and Communication Technology
IFRCRCS	International Federation of Red Cross and Red Crescent Societies
IMF	International Monetary Fund
ISASA	Independent Schools Association of South Africa
JET	Joint Education Trust
JOI	Job Opportunity Index
LICs	Low Income Countries
NBI	National Business Initiative
NCHE	National Commission on Higher Education
NEDLAC	National Economic Development and Labour Council
NGO	Non-Government Organisation
NPO	Non-Profit Organisation
NQF	National Qualification Forum
NSDS	National Skills Development Strategy
NSF	National Skills Fund
PACE	Project for the Advancement of Community Education
RDP	Reconstruction and Development Programme
SACBC	South African Catholic Bishops Conference
SACC	South African Council of Churches
SACP	South African Communist Party
SADTU	South African Democratic Teachers Union
SANGOCO	South African NGO Coalition
SAQA	South African Qualifications Authority
SAWPAFSC	South African Working Party of the American Friends Service Committee
SETA	Sector Education and Training Authority
SFU	Sustainable Features Unit
SMMEs	Small, Medium Scale and Micro Enterprises
SRI	Social Responsible Investment
TIMSS	Third Maths and Science Study
TRC	Truth and Reconciliation Commission
UCT	University of Cape Town
UF	Urban Foundation
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNIAID	United Nations Aid

UNICEF	United Nations Children‘s Fund
UNU/IAS	United Nations University and Institute of Advanced Studies
USAID	United States Agency for International Development
WBCSD	World Business Council for Social Development
WEF	World Economic Forum
WTO	World Trade Organisation

CHAPTER 1: BUILDING AN EQUITABLE SOCIETY: A ROLE FOR LITERACY

"Knowledge is power and whoever has it is king---"
- ancient adage

1.0 Introduction

This research investigates the role of Corporate Social Responsibility (CSR) in literacy as a transformation enabler in South Africa. The aim is to determine the extent to which it can empower change. Interest in the topic arises from the firm belief that inherent in the CSR concept is the power to meaningfully make a difference in the country's change process. What was not known before this research commenced, however, was how CSR was understood or defined in South Africa and consequently, its place in the transformation agenda. In order to answer to the research topic, this thesis is structured in three interrelated parts: i) What is CSR and how is it defined in South Africa? ii) How does the South African definition determine business intervention in education? iii) To what extent can CSR in literacy or education enable equity and therefore empower change?

Why is CSR important in South Africa? This is the first question to which Chapter 1 seeks answers, noting the unrelenting calls on the private sector by government to share the burden of addressing the legacies of apartheid. The nation's past it shows, justifies the inculcation of CSR as a way of life in South Africa. The next question this chapter seeks to find answers to is: Why literacy? The overriding reason for the interest in literacy comes from the power in knowledge; from retrogression into the 'constitutional' foundation of the 'two worlds' imposed on the country through Bantu Education and the other Acts aimed at entrenching separate and unequal development for the country's racial groups. That legacy can still be seen in the many challenges currently facing the transformation of the education sector and its implication for the availability of requisite skills for economic growth and development.

To understand the role of the corporate sector in facilitating equity through education, its conception of CSR needs to be understood. Tracing the global history of CSR and realizing how it has through the centuries remained a product of any existing means of production sheds light on what it means in the twenty-first century. From the pre-feudal times to the present capitalist era, the shift from a CSR defined by human nature and religious principles to one primarily determined by market forces is discernable. This trend is represented on a diagram I designed specifically for this research and called it the *HUREPICS PYRAMID* (See Chapter 2, Figs. 2.1 and 2.2, page 36). HUREPICS is an acronym for **Hu**man nature, **Re**ligion, **P**re-capitalism, **I**ndustrialisation, **C**apitalism/ **S**ocialism. As two triangles showing the factors that have driven CSR on a scale of preference, the first Pyramid is top to bottom, with human nature and religion as the top determinants of CSR. The second triangle is upside down, showing capitalism and socialism as the primary determinants of CSR to date.

The South African definition of CSR is not a departure from the HUREPICS Pyramid upside down. Amidst the many conflicting perceptions of CSR generally, *Corporate Social Investment (CSI)* is the preferred term in South Africa. Business prefers to regard its CSR as an 'investment' but struggles to differentiate the two ideas. This research ascertains that in spite of the efforts made to divorce CSI from CSR, both concepts are the same in essence. More importantly, the consequences of founding CSR on the second triangle (Fig. 2.2, page 36), highlights Chapters 4 and 5, are evident in the difficulties in bridging the inequality gaps in South Africa through the nation's education system.

This thesis reveals that in the final analysis, the extent to which CSR in literacy can empower change becomes significantly dependent on eliminating the many forces of inequality that are inherent in the capitalist means of production. Some of them are embedded in the redistribution of wealth through the Broad-based Black Economic Empowerment agenda. This is CSI's weakest point in its ability to propel transformation. In South Africa, transcending this weakness would mean tilting the second HUREPICS Pyramid (Fig. 2.2, page 36) to a level where a balance between

redressing the past and the imperatives for economic growth can be achieved. It would, as a priority, need redefining CSR to reasonably de-emphasise market forces, emphasise the prerogatives of 'development' and accelerate both the short and long-term socio-economic empowerment of the majority of the populace. However, it is firmly posited also that CSI in education is not a panacea for equity and development in South Africa. Nonetheless, its enormous potential to hugely contribute to the nation's transformation process is undermined by its definition and by public policy in the BEE framework which reinforces the skewed definition. Added to these factors is the inadequate creation of jobs by the private sector. The intergenerational inequalities that existed during the apartheid years therefore, are either being reinforced in some sections of the society or minimally changing in others.

In order to achieve the objectives of this research as outlined in its three major parts, a 'non-statistical inquiry' has been employed. An 'inductive' and 'subjective' data gathering method has been used through elite interviewing. It is therefore, essentially non-numerical. Numerical data have been reserved for areas where such records are deemed relevant in deepening the understanding of South Africa's world of change. The interviews were structured to find the definition of CSR, the South African definition of the term, and how the definition informs business investments in education. Underscoring the role of CSI in education in transformation has also meant examining the place of skilled labour as it affects differential wage structures in the broader perspective of equity in South Africa. Analyses given in this section are based on written records.

To find the South African definition of CSR, I depended primarily on the interviews and on some episodic records – the TRC 2003 report and those on the 1976 Soweto uprising, in particular. In order to understand how CSR is understood and defined in South Africa, I relied on the historical imperatives for the idea as well as explicit and implicit inferences from interview responses. These were then interpreted against the genesis and global prescriptions and definitions of the term. Most of the questions posed to interviewees were open-ended but controlled in

order to maintain focus on the research topic. Interviewees were either asked directly to differentiate between CSR and CSI or their impression about legislating CSI via the BEE Code of Practice. Answers given to either of these two questions assisted enormously in ascertaining the general conceptualization of CSR in South Africa.

At the preparatory stages, forty organizations across the country's socio-economic sector were listed from which a maximum of ten were to be selected for consultation. However, thirty-four formal interviews were conducted in total. Seventeen interviews were with private companies, five with public and private educational institutions, eight with non-profit organizations, and two with government ministries. In the appendix is a list of the interviews conducted with dates and time. Organisations consulted were not randomly selected. My preference was for big or medium-sized establishments with a going concern for CSI in education. Directories of companies doing well were very useful in this endeavour. Advance preparation revealed that these organizations were relatively better organized and consistent in their CSI ventures. The selection of the individuals interviewed was based on their competence in one or all areas of the research topic. All interviews were direct face-to-face interactions conducted predominantly in the offices of the respondents in Johannesburg.

1.1 Literacy: The Power, the Responsibility

It is over a decade since the inception of South Africa's first democratic government led by the black majority of its people, and the shift from the pre-1994 elections' search for a national ideology to the evaluation of policy results. [1]

[1]Elsenhans, H. (1992) 'Introduction', in Weiland, H. and Braham, M. (eds), *Towards a New South African Economy: Comparative Perspectives*. (Freiburg: ABI Arnold Bergsteraesser Institut), pp.1v-viii; also see De Beus, J. and Koelble, T. (2001) 'The Third Way Diffusion of Social Democracy: Western Europe and South Africa Compared', in Taylor, R. (ed.), *Politikon: South African Journal of Political Studies*, (UK: Carfax Publishing, Taylor and Francis), pp.181-182; Marais, H. (1998) *South Africa: Limits to Change* (London: Zed Books), pp.124-8; Terreblanche, S. (2002) *A History of Inequality in South Africa 1652-2002* (South Africa: University of Natal Press), pp.79-87; Adam, H. Van Zyl Slabbert, F. and Moodley, K. (1997) *Comrades in Business: Post-Liberation Politics in South Africa* (Cape Town: Tafelberg Publishers), pp.140-187; National Education Policy Investigation (1992) *Human Resource*

With the negotiation of a political transition in which business was integral, [2] there is little wonder at the incessant calls on Corporate South Africa to partner with government in almost all aspects of service delivery.[3] The country's political legacy, it has been argued, justifiably thrusts the unenviable responsibility of righting the injustices of the past on the corporate sector. [4] For moral and economic reasons, the South African corporate sector to whose advantage apartheid policies primarily served, is widely believed to be indebted to the majority of the population once socio-politically relegated and economically deprived by the now abrogated obnoxious system of apartheid.

The provision of basic infrastructures and social needs, education, most prominently, has thus become of enormous interest to the private sector. Why literacy? To what extent is redressing South Africa's educational inequality a corporate social responsibility? Why does business treat investments in some areas of education with apathy? Can such investments facilitate the much desired change in the political and economic development of South Africa, accelerate transformation and the nation's participation as a global citizen?

Charitable or philanthropic donations to social projects, however, would not seem to suffice in an environment once, and perhaps, in many ways, still deeply polarized by the residues of apartheid on the nation's change process. The ideological shift from

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Development. (Oxford: Oxford University Press), pp. 20-42; Lodge, T. (2002) *Bus Stop for Everyone: Politics in South Africa (from Mandela to Mbeki)* (Cape Town: David Philip), p.9.

[2] Symes, A. and Fourie, A. (1994) *Building a Winning Nation: Companies and the RDP* (Randburg: Raven Press), pxv & 25; Terreblanche, S. *A History of Inequality in South Africa 1652-2000*, pp.51-103; Marais, H. *South Africa: Limits to Change*, pp. 128-9; Doolan, J. and Schofied, A. 'Social Responsibility: Where Is It?' *Information Industry Quarterly*, Vol.1, No. 4.

[3] Mandela, N. (1997) Address at the Education Africa Presidential and Premier Education Awards. Pretoria, November 22; Mandela, N. (1997) Address at the Development Bank of Southern Africa, Johannesburg, November 21; also see Mbeki, T. (2005) Address of the President of South Africa, Thabo Mbeki at the Second Joint Sitting of the Third Democratic Parliament, Cape Town, February 11; Marais, H. South Africa: Limits to Change, p. 123.

[4] Leape, J. Baskin, B. and Underhill, S. (eds) (1985), *Business in the Shadow of Apartheid: US Firms in South Africa* (Lexington: Lexington Books) p.133-149; Hosking, S. G, 'The Paradox of Black Pupil Enrolment Growth Rates in South African Schools' in Vink, N. (ed.), *Development Southern Africa* (1992) (South Africa: Development Bank of Southern Africa), Vol.9, No. 3; Terreblanche, S. *A History of Inequality in South Africa 1652-2000*, pp.5 & 451; Cobbe, J, 'Structural Crisis –Capitalism and Apartheid', in Suckling, J. and White, L. (1998) (eds) *After Apartheid: Renewal of the South African Economy*, (University of York: Centre for South African Studies in association with James Currey Africa World Press), p. 148.

segregation since 1994 continues to challenge South Africa's capitalist system. As the link between apartheid and the nation's admired economic prosperity or 'first world' class is indelible, so is the resentment for the extreme inequalities among the different groups derived from that system. [5] The deep-seated displeasure that intermittently drives calls for business to see itself as accountable for uplifting the standard of life of the disadvantaged group stems from the one time mobilization of 'the country's resources in defense of white minority rule'. [6] Low literacy levels entrenched by the Bantu education system and cheap labour strategically extracted from the black populace constituted the bulk of those 'resources'. Implicit reasons for business investments in education, therefore, can be found in a political history that is inseparable from the expected socio-economic benefits to the people.

The South African question: *equity*, embedded in an unpalatable history of racial discrimination and unfair distribution of wealth and knowledge is thus critically grounded on the *how*. The nation is currently replete with policies or strategies designed to address and redress as diverse the many socio-economic imbalances and interests as the people who make up the whole of the South African nation. In the Herculean endeavour at integrating formerly socially and economically separated groups into one healthy equitable whole, the *how* appears the persistent question to the growing practicable challenges of instilling a 'shared philosophical acceptance of sustainable reconstruction, development and growth strategies'. [7]

The South African corporate sector, conscious of its role in making a success of the political transition and, now, more than ever before 1994, aware of the never diminishing demands for good returns on investments, is responding cautiously to

[5] Mullin, J. (1993) *Towards A Science and Technology Policy for a Democratic South Africa: Mission Report* (Canada: International Development Research Centre), p.viii also see Leape, J. Baskin, B. and Underhill, S. (eds) (1985), *Business in the Shadow of Apartheid: US Firms in South Africa*, p.149; Terreblanche, S. *A History of Inequality in South Africa 1652-2000*, pp.54 & 419-422; Cobbe, J. 'Structural Crisis – Capitalism and Apartheid', in Suckling, J. and White, L. (1998) (eds) *After Apartheid: Renewal of the South African Economy,* p. 7-8.

[6] Adam, H. Van Zyl Slabbert F. and Moodley, K (1997) Comrades in Business: Post Liberation Politics in South Africa , p.141; Mullin, J. (1993) Towards A Science and Technology Policy for a Democratic South Africa: Mission Report, p. viii.

[7] Symes and Fourie, Building a Winning Nation: Companies and the RDP.

the requests for investment in social causes. [8] How empowering to the change process business investments in literacy has been is, no doubt, contestable. Where the role of business begins and ends in this very important sector equally remains debatable. Answers would need to be sought, for example, to whose prerogative it is to ensure that social investments in literacy by business are going concerns – the state's or business?

Aware of the diversity in opinions regarding the definition of literacy, an evaluation of its many meanings does not form a material component of this research's objectives. It suffices our purpose, therefore, to define literacy, succinctly, as *knowledge and skills acquisition*. Knowledge in this sense is hinged on Naz Rassool's perception of it as 'much more than a set of skills to be learned'. [9] Knowledge possesses a 'potent symbolic value', 'embedded in society and culture' and in 'the lives of the people'. [10] By skills acquisition, we refer to functional know-how; to, as defined by from De Castell, Luke and Egan, 'the nuts and bolts part of literacy'. [11] That is, 'the skills that everyone in society must learn if they are to have any possible chance at decent jobs and fair treatment and protection'.[12] In this context, literacy, would, in other words, refer to formal education and training.

Although some research results depict minimal or no correlation between literacy, growth and development, this study contends that literacy is indeed relevant to providing the enabling environment and attitudes for change. Drawing from Rassool, literacy is key to the 'dissemination (of) knowledge and skills to effect change in

[8] Doolan, and Schofied, 'Social Responsibility: Where Is It?'; also see New *Visions Africa* (2005), January-February; SABC (2005) 'SABC Education Making a Difference', *Independent Education* (2005) (Johannesburg: Ken Nortje) Autumn Vol.8, No.1; Xaba, P. (2004-5) 'Few Big Deals Include Women', *Enterprising Women in South Africa: 10 Years On*, Launch edn; Mullin, J. (1993) 'Globalisation of Competition', *Towards a Science and Technology Policy for a Democratic South Africa: Mission Report* (Canada: IDRC), p.41; Foster-Gross, D. (2003) 'Primary Needs: Health Care and Education are Vital Building Blocks', *Climbing the Mountain: The USA in South Africa*, A SUCCEED/Essential Special Publication, p.12.

[9] Rassool, N. (1999) 'Literacy and Social Policy', *Literacy for Sustainable Development in the Age of Information* (Clevedon: Multilingual Matters), p.3.

[10] Ibid.

[11] Solomon, R. C. (1986) 'Literacy and Education of Emotions' in De Castell, S. Luke, A and Egan, K. (eds.) *Literacy, Society and Schooling: A Reader* (Cambridge: Cambridge University Press), p.41.

[12] Ibid.

behaviours, values and life styles'. [13] It is for what Harvey Graff sees as 'its representative of attitudes and mentalities', [14] that 'development, growth and progress', has historically been linked to literacy in some quarters.

The argument holds to date that the inefficiency of the apartheid policy arises in part from its lack of foresight. The strategic disempowerment of the majority of the black population through unequal accessibility to, and poor quality education and the almost non-existence of relevant skills to improve the economic prosperity in the country's future bear testimony to this. To underscore what role literacy would, and must play in the on-going reconstruction and transformation process would, therefore, tend to beg the question.

Juxtaposed to the economic benefits of a highly literate public, is the long established import of literacy in reconciling and reintegrating societies. On this premise, the role of the media as the fourth estate of the realm is important. Their ability to marshal, what Miles Simpson calls 'informational equality' [15] makes them central to the objectives of effectively mobilizing the people for national development and global citizenship. Today, global market imperatives leave limited options for economies that are excluded from its village, its technological advancement, and social and environmental initiatives. For sustainable development, therefore, notes Rassool, literacy is vital in aiding our understanding of the 'complex ways' in which societies are 'linked with global processes'. [16]

Setting aside the many critiques on the relative inefficacy of literacy for economic growth and development, developed and developing economies alike continue to aspire for its massification against technological constraints and other competing market forces. In South Africa, education and training necessities, in particular, for the once disadvantaged majority, underline the issues of corporate social

[13] Rassool, N. (1999) Literacy for Sustainable Development in the Age of Information, pp.96-97.
[14] Graff, H. J. (1991) 'Literacy's Legacies', The Legacies of Literacy: Continuities and Contradiction in Western Culture and Society (USA: Indiana University Press), p.4.
[15] Simpson, M. (1997) 'Political Inequality and Informational Inequality' in Midlarsky, M. I. (ed.) Inequality, Democracy, and Economic Development (UK: Cambridge University Press), pp. 158-159.
[16] Rassool, N. (1999) Literacy for Sustainable Development in the Age of Information, p.97.

responsibility in a sector where government's efforts are clearly inadequate. What are the implications of a highly literate public for business in South Africa? Why should literacy, whether revenue-generating or non-revenue generating, be deserving of very significant attention by business in South Africa?

Corporate South Africa is, undoubtedly, saddled with local and global market dictates. Its reservations about incurring additional burdens outside its areas of core competence, especially with services understood as traditionally the exclusive preserve of the state, is tenable. [17] However, fresh perspectives on business reluctance to get involved in matters for which it was not set up begin to take shape against the problems of how to bridge the very wide inequality gap among the various groups and ensure skilled human resources. The country's education system, in retrospect, and where the new South African economy seeks to be in the future give impetus to urges for business to achieve more by investing in education.[18]

There is what has been called 'a crisis' in all sectors of South Africa's education system. Education is proving to be the most cumbersome sector to transform. The difficulties of 'deracialising' and 'overhauling' the entire system are continually taking their toll on dwindling state resources. [19] This is in spite of what may be seen as the positive discrimination on funding against more well-off provinces like the Western Cape and Gauteng in order to educationally empower poorer provinces like

[17] Symes and Fourie, *Building a Winning Nation*: *Companies and the RDP*, p.2 & 22-37; Doolan, J. and Schofied, A., p.48.
[18] Mbeki, T. (2005) 'The State of the Nation' address, Cape Town, February 11; also see Beinart, W. (1994) *Twentieth-Century South Africa*. (United Kingdom: Oxford University Press); Bond, P. (2002) 'Black Economic Disempowerment', *Elite Transition: From Apartheid to Neoliberalism in South Africa* (London: Pluto Press); Marais, H. *South Africa: Limits to Change*, p. 193; Terreblanche, S. (2002) *A History of Inequality in South Africa* 1652-2002.
[19] Pandor, N. (2004) 'Pandor Gets Back to Basics', *The Financial Mail*, Friday. June 4; Bernstein, A. (2002) *CDE Round Table* (2000), No. 4, (Johannesburg: Centre for Development and Enterprise); *Independent Education* 'Editorial'; Mokadi, A. (2005) 'Good Citizens: The Sign of Real Change; *Sunday Times Higher Education*, April 3; Lodge, T. (2002) *Bus Stop for Everyone: Politics in South Africa (from Mandela to Mbeki)*, pp.33-5 & 69; Marais, H. *South Africa: Limits to Change*, p.191.

the Eastern Cape, Limpopo and KwaZulu-Natal. The educational achievements attained to date still fall far short of expectations. [20]

No sector of education has been spared the difficulties of transformation. The primary school education system lacks infrastructure. Inadequate classrooms, absence of libraries and books, poorly trained and insufficient number of qualified teachers plague many of these institutions. [21] The difference in the situation of secondary or high schools is minimal. Dismal pupil performances in mathematics, science and communication skills have become almost universal at senior grade levels.

Diverse research outcomes provided by Kumon – an establishment of independent educators, shed some light on the seriousness of this situation. Kumon reveals that the Third International Mathematics and Science Study in 1996 rated South African Grade 7 and 8 pupils 'last out of 40 countries. [22] And, in 1999, the Human Sciences Research Council (HSRC) adjudged South African Grade 8 students as possessing the 'worst' mathematical knowledge in the world. [23]

Results of the 2000 Senior Certificate exams were equally unimpressive. More than two-thirds of the students failed mathematics on the higher grade and about 50 percent failed physical science'. The South African Department of Education's most recent statistics show that 'only 2 percent of black students study mathematics on higher grade, with only 0.6 percent achieving a higher grade pass.' [24]

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[20] Lodge, T. *Bus Stop for Everyone: Politics in South Africa (from Mandela to Mbeki)*, pp.34-5 also see Wildeman, R. (2003) 'Public Expenditure on Education', HRD Review, www.hsrc.ac.za.
[21] Mbeki, T. (2005) 'The State of the Nation'; *The Star* (2005) April 25; Pandor, N. (2005) Address at the National Student Financial Aid Scheme Annual Awards Evening, Cape Town, April 21; *Independent Education*, 'Editorial'; Mandela, N. Address at the Education Africa Presidential and Premier Education Awards.
[22] Independent Education (2005), p.21.
[23] Ibid.
[24] Independent Education, p.21 also see Towards a Science and Technology Policy for a Democratic South Africa: Mission Report, pp.48-9; National Education Policy Investigation Human Resource Development, pp.8-13.

Government's contentious language policy lingers confusingly in the formulation of new curricula and in the provision of teaching aid and support for language in schools. An HSRC 1999 report on the South African language policy elucidates what it called 'central complex dilemmas being confronted by the current South African education system. The dilemmas arise from 'two contradictions of an essentially linguistic nature'. The first complexity is in the use of English as the seeming official language of instruction in an education system that, constitutionally speaking, is multilingual. The second dilemma reflects the preference by parents for their wards to be instructed in English, ironically, by teachers inadequately equipped to do so. [25]

The increasing relevance of acquiring a widely spoken international language – French, English, Spanish, and or Chinese, notes the *Independent Education* Autumn 2005 editorial, has great implications for schools that are now constantly challenged to decide which languages to teach pupils in order to prepare them adequately for the future. Scaling the hurdle of which language is dovetailed by the question of how to achieve appreciable outcomes 'in terms of fluency of pupils that justify the costs of provision.' [26]

In what appears like a simplification of the problem of transmission and effective communication, and urging the corporate sector to embrace the new policy on language, the Department of National Education advised that in applying 'multilingualism', 'an important resource for both the public and private sectors' would be 'the professional bodies of translators.' [27] The cost implications, both tangible and intangible, of this idea, however, do not seem to have been accorded the prominence they truly deserve, especially for business in South Africa.

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[25] Mgqwash, E. M. (1999) 'The South African Language Policy in Education: Realistic or Ideological Import?' A conference presentation on the South African Language Policy contained in 1999 HSRC Report and published in the *South African Journal of African Languages* (University of KwaZulu Natal); Department of National Education *South Africa's New Language Policy: The Facts* (Pretoria).
[26] Independent Education 'Editorial', p.5.
[27] *South Africa's New Language Policy: The Facts* (Pretoria: The Department of National Education), p.10.

Amidst these problems, a global picture of achievements in the education sector to date shows that 6.2 percent South Africans has received higher education; 16.4 percent has completed their schooling and one in five has no formal education. [28] However, the Department of Education's, assessment of pass rates of the Senior Certificate examination for ten years, that is, from 1995 to 2005, indicates inconsistency in the trend.

> *'The national pass rate of the Senior Certificate examination increased from 53.4% in 1995 to 68.3% in 2005, indicating a net increase of 27.9%. … From 1995, the national pass rate decreased by 6.0% (real value) to its lowest point in 1997 (47.4%). It stayed almost the same from 1997 to 1999 (48.9%), and then increased by 24.4% (real value) to its highest point in 2003 (73.3%). From 2003 the national pass rate decreased by 5.0% (real value) to 68.3% in 2005'*. [29]

No reliable comparable data for HEIs within the same ten year period could be obtained. But, an overview of enrolment figures from 1995 to 2000 given by the Centre for Development and Enterprise (CDE) illustrates a disappointing trend. Against the expectations of the National Commission on Higher Education (NCHE), enrolment projections of 770,000 by the year 2000 from 570,000 in 1995 declined to 564,000 in 1999, a significant drop from the 4 percent growth rate anticipated and provided for by Higher Education Institutions (HEIs) in the three-year rolling plans for 1999 to 2001. [30]

Figures for the number of school leavers with matric exemption paint a similar picture of results expected. The NCHE's predictions of a rise to over 130,000 in 1999 from 89,000 in 1994 were hardly met by the 63,000 total achieved in 1999.

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[28] Marais, H. South Africa: Limits to Change, pp.191-4 also see Lodge, T. Bus Stop for Everyone: Politics in South Africa (from Mandela to Mbeki), p.69.
[29] Department of Education (2005) 'Pass rate trend from 1995 to 2005' Education Statistics in South Africa at a Glance in 2005 (Pretoria: DoE), P.27; Lodge, T. Bus Stop for Everyone: Politics in South Africa (from Mandela to Mbeki), p.69; Mabizela, M. (2005) 'The Business of Higher Education', HSRC Media Releases, April 20. www.hsrc.ac.za/research/npa/HRD. Accessed 23 May 2005.
[30] CDE Round Table 'Crisis in Higher Education', p.9.

Drop-out rates remain very high in some institutions. [31] The growth in private / public partner education continues to rise and some of these institutions are still unregistered with the Department of Education. Their programmes, thus, remain unscrutinised, and consequently, their quality of tutorials questionable. [32] Accessing a potentially highly literate pool of human resource for current and future national socio-economic objectives, is, evidently, difficult.

Investments and change in education have largely been achieved through attempts to reshape the formal education sector. Mergers of higher institutions are of crucial relevance here. Other modalities have taken the form of collaborative efforts between the state and the private sector. Notable in these efforts, especially as they affect the latter, are various National Skills Development Strategies and the Black Economic Empowerment (BEE) policy promulgated in 2003 following the submission of the final report on BEE by the BEE Commission (BEECOM) in June 2001. [33]

In order to 'have a consistency of approach', to be able 'to measure progress' in achieving the BEE objectives, government introduced the "balanced scorecard". It is meant to 'provide a basic framework against which to benchmark the BEE process in different enterprises and sectors'. [34] Three core components are to be measured by the scorecard: i) 'Direct empowerment through ownership and control of enterprises and assets', ii) Human resource development and employment equity', iii) Indirect empowerment through preferential procurement and enterprise development'.[35] Other components to be measured, including corporate social investments (CSIs) fall under what is called 'residual'. [36] Under the corporate social initiatives, businesses are trying to give prominence to diverse literacy programmes

[31] Ibid, pp.9-10.
[32] Ibid.
[33] The Department of Trade and Industry (March 2003) 'Introduction: The Transformation Imperative' *South Africa's Economic Transformation: A Strategy for Broad-Based Black Economic Empowerment* (Pretoria: The DTI), P.5 & p.21; also see *Enterprise* (2003) 'The Evolution of Empowerment' April, pp.16-17.
[34] The Department of Trade and Industry (March 2003), pp.21-22.
[35] Ibid.
[36] Ibid, p.22

and other community development projects. The goal to raise their scores and find legitimacy in state records as indeed BEE compliant remains paramount. [37]

BEE objectives have been articulated in various ways. In relation to literacy, President Thabo Mbeki's reminder seems most profound when he says: 'BEE is about radically increasing the numbers of South Africans with modern professional qualifications and productive skills…' [38] Government representatives, appreciative of business' contributions on this score, continue to take opportunities presented to express gratitude to the business community for responding to the calls for partnership and support to government programmes where education and other issues are concerned. [39]

Commendable as these supportive roles in literacy may be, the need for improved communication and coherence in the activities of the regulatory authorities and educational institutions still exists. [40] The Centre for Development and Enterprise (CDE) Round Table 2000 report notes that 'South African universities are yet to adapt to the economic challenges facing South Africa and are insufficiently responsive to business needs'. [41] On the one hand, some of the constraints, explains the report, are tied to their 'old-fashioned curricula, ageing equipment' and 'dilapidated campuses'. On the other hand, it would be erroneous to assume that South African business 'is an organized entity that either knows its own interests or currently has the capacity or leadership to promote them'. Hence, its inability to make an impact as an effective 'stakeholder' in the country's higher education system. Some of these problems can be identified in the mergers between

[37] The Department of Labour (2005) *The National Skills Development Strategy*, April 2001- March 2005; also see Department of Labour (1999) *Skills Development Strategy: Demarcation of Sector Education and Training Authorities Research Report*; Grobbler, P. A. et.al., (2002) Human Resource Management in South Africa, 2nd edn. (London: Thomson Learning).
[38] *The Sunday Independent* (2004) April, 25.
[39] Mandela, N. Address at the Africa Presidential and Premier Education Awards; Mandela, N. (1997) Address at the Development Bank of Southern Africa, Johannesburg, November 21; Pandor, N (2005) ' The importance of school libraries cannot be underestimated', Address at the Launch of the Readathon Campaign, Apartheid Museum, April 23.
[40] Grobbler, P. A. et.al., *Human Resource Management in South Africa*, pp.341-343; Mabizela, M. 'The Business of Higher Education'; Bernstein, A. 'Business and Its Interests', *CDE Round Table*, Mullin, J. *Towards a Science and Technology Policy for a Democratic South Africa: Mission Report*, pp.49-67.
[41] CDE Round Table, p.4.

universities and universities and technikons. [42] The overriding shortcoming in the tendency for business and education to be on the opposite sides of the nation's economic objectives can be ascribed to inadequate articulation and convergence of ideas on how a uniform objective on equity, growth and development can be met.

Other corporate partnerships in literacy in South Africa are taking the form of international interventions. They are, today, increasingly providing the backdrops for interventions by South Africa's business community in literacy. [43] Education is listed as a top priority by the United States Agency for International Development (USAID). Working in close partnership with the Department of Education, USAID's educational input spans 'basic education, further education, higher education, adult education and workforce development'. [44] The American Chamber of Commerce, through its bursary scheme, offers financial support to deserving engineering and science students. The historically disadvantaged universities and technikons are major beneficiaries of the different partnerships between the state and the United States educational institutions.

To address the shortage of 'community' or 'public' libraries, the Department of Education in collaboration with 'Africa and Asia Association in Japan' is to import 30 mobile library buses in the next 4 years. The Department of Science and Technology is said to expend its annual R26million from different funding institutions on programmes undertaken 'within South African institutions and with International partners. Areas of cooperation include, 'biotechnology, manufacturing development, information and communication technology (ICT)'. [45]

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[42] Gibbon, T. (2005) 'Combining the Best of Both Worlds', *Sunday Times Higher Education*, April 3; *CDE Round Table*; Groenewald, Y. (2004) 'Shortgun Wedding', *Mail & Guardian*, April 2-7.
[43] McLaughlin, P. (2003) 'US Companies: First Among Leaders', *Climbing the Mountain: The USA in South Africa*, pp. 6-9; *Towards a Science and Technology Policy for Democratic South Africa*, pp. 67-9; Pandor, N. Address at the Launch of the Readathon Campaign 2005.
[44] Foster-Gross, D. (2003) 'Health care and education are vital building blocks' Climbing the Mountain The USA in South Africa 2003 (Johannesburg: SUCCEED/Essential Publishing), p. 9.
[45] Xaba, P. (2004/5) (Launch Edition) 'Few big deals include women' *Enterprising Women in South Africa: 10 Years* On, (Johannesburg), p.209.

The problem would certainly not seem to be a bankruptcy of practical ideas on what needs to be done to elevate literacy standards in South Africa. It would also not seem to be appreciating the cascading effects of high literacy rate on almost all other social indices for growth and development, including, but not limited to employment generation, technological research, population growth and the crime rate. [46]

Not to be underestimated are the gains derivable from an enlightened public in breaking the psychological barriers to the freedom of expression and reconciliation. Gillian Godsell and Geci Karuri observe South Africa's lack of a common language – a language with 'less divisive narrative, and more inclusive constructs'. [47] They maintain that a de-emphasis on race as the first 'default' explanatory option to 'the causalities of everyday life' would best be instilled and inculcated in the country's educational structures. Education, they surmise, 'provides the opportunity for a 'new non-racial common space where 'democratic attitudes and action can be cultivated'. [48]

Dwelling on literacy for communal and national benefits calls to question its imperatives for 'global citizenship'. In a world in which education is, more and more, being internationalized through agencies representing the United Nations, the World Bank and others, increasingly being integrated in national education curricula are prescriptions of international agendas on issues of gender, human rights, poverty

[46] Lodge, T. *Bus Stop for Everyone: Politics in South Africa (from Mandela to Mbeki)*, pp.34-69 also see Hosking, S. G. (1992) 'The Paradox of Black Pupil Enrolment Growth Rates in South African Schools', in Vink, N. (ed.) *Development Southern Africa*, Vol. 9, No. 3, (South Africa: The Development Bank of Southern Africa); Sethi, S. P. and Bhalla, B. B. 'Strategic Economic Alliances: An Approach to Interpreting the Economy of Post-Apartheid South Africa into Sub-Saharan Africa', in Vink, N. (ed.), *Development Southern Africa*; De Vos, M. 'A Theoretical Perspective on Population Policy in South Africa', in Vink, N. (ed.) *Development Southern Africa*; Terreblanche, S. *A History of Inequality in South Africa 1652-2002*, pp. 383-404.

[47] Godsell, G and Karuri, G. (2005) 'Race and the Common Ground': The role of education and leadership in South Africa today', *Independent Education*, pp.31-32.

[48] Mandela, N. Address at the Education Africa, Presidential and Premier Education Awards; Godsell, G. and Karuri, G. 'Race and the Common Ground', *Independent Education*; Groombridge, B. (1972) *Television and the People: A Programme for Democratic Participation* (England: Penguin Book), pp.22-4.

eradication and the environment. Where 'the law of the land' says James Lynch, is turning out to be 'the law of the world', insuperable is the force of knowledge

> '*...for the cultural reconstruction of the human condition, for social and economic realignment of material condition, and for the rediscovery of ideological and political coalitions which can liberate the human spirit from material and intellectual bondage and which can prevent the destruction of the very environment which is necessary for survival*'. [49]

The organizational capability, possession of resources, technical expertise and a broader perspective of the world, indisputably vest on Corporate South Africa a pioneering status in the national quest for solutions to the majority of the challenges in literacy already highlighted. The power to 'shape the future of the world' in which the corporate sector anywhere in the world is its repository is given as one reason its involvement in engendering a 'well functioning state' cannot take a back seat. Business activities must, therefore, transcend their perception 'as another charitable venture to be disbursed from wealthier businesses and the industrialized world'. [50] In this regard, proposes the United Nations University and Institute of Advanced Studies (UNU/IAS) 2002 report, the debate on 'funding and skills development should move from the mechanical and predictable', and possible solutions should be sought in synergizing the inherent inter-linkages that exist between the different governments and corporate entities. It is only through this synergy of ideas and purposes that 'competing national and international agendas for human resource development' can be balanced. [51]

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[49] Lynch, J. (1992) *Education for Citizenship in a Multicultural Society* (London: Cassell), p.20.

[50] United Nations University UNU/IAS Institute of Advanced Studies (2002) *International Sustainable Development Governance: The Question of Reform: Key Issues and Proposals – Final Report*, p.36.

[51] United Nations University UNU/IAS Institute of Advanced Studies (2002) International Sustainable Development Governance: The Question of Reform: Key Issues and Proposals – Final Report, August, pp. 35-6; Department of Labour (2003) South Africa's Economic Transformation: A Strategy for Broad-Based Economic Empowerment, March; Terreblanche, S. A History of Inequality in South Africa 1652-2002, pp.54-5; Symes, A. and Fourie, A. *Building A Winning Nation: Companies and the RDP*, pp.37-8.

The future of the South African education system could not afford to exempt the role of business as a good corporate citizen in the current political dispensation. What is lacking in clarity seems to be 'how much' and 'how far' the corporate sector can stretch its solitary initiatives on education on the one hand, and its partnerships with the state and other non-state actors on the other to accomplish mutually beneficial objectives. What seeks comprehension, in addition, is how business in South Africa must understand its role in literacy in order to accelerate a business-education fraternity for meaningful change.

Corporate social responsibility (CSR) in South Africa has gained momentum since the mid-1970s, but post-1994 and the entrenchment of a new political order brought soaring yearnings for more extensive participation by business in 'good causes'. Some social commentators have thus scored the awareness and participation by South Africa's business in corporate social responsibility initiatives as probably one of the highest in the world. [52] However, perhaps oblivious to those who extol the country's high global CSR ratings where no less should really be expected is the uniqueness of the South African nation, with a national ideological profile that may be described as tilted towards 'Corporatism' or what, better still, has been defined as the 'Third Way'. [53]

By 'corporatism', we borrow from Noel Sullivan's assessment of the political theory of neo-corporatism, including among others, the strong version of corporatism by J T Winkler which describes corporatism as neither capitalism nor socialism. [54] For Winkler, it is rather an economic system in which 'the state directs and controls predominantly privately-owned business' based on 'four principles: unity, order, nationalism and success'. For the weak version, Sullivan refers to the theory credited to Philippe Schmitter, defined in Alan Cawson Blackwell's *Encyclopedia of*

[52] Doolan, J. and Schofied, A. 'Social Responsibility: Where Is It?', *Information Industry Quarterly*.
[53] O'Sullivan, N. and Cox, A. (eds) (1988) *The Corporate State: Corporatism and the State Tradition in Western Europe* (England: Edward Elgar Publishing), pp. 5-6 also see De Beus, J. and Koelbe, T. (2001) 'The Third Way Diffusion of Social Democracy: Western Europe and South Africa Compared', in Taylor, R. (ed.), *Politikon: South African Journal of Political Studies.*
[54] O'Sullivan, N. and Cox, A. (eds) (1988) The Corporate State: Corporatism and the State Tradition in Western Europe, p.7.

Political Thought as being '…a specific socio-political process in which a limited number of monopolistic organizations representing fundamental interests engage in bargaining with state agencies over public outputs…'. [55] These bargaining processes, however, are not limited to the state only, for 'leaders of the interest organizations' indulge in negotiating the implementation of the agreed policy with their members.

The strong and weak versions of what a corporate state is, nevertheless, do tend to converge on what Jos de Beus and Tom Koelbe define as the 'Third Way'. [56] That is, a 'coherent public philosophy that combines elements of liberalism and socialism in a novel policy'. De Beus and Koelbe note further that the Third Way, in succeeding 'Marxism and Keynesianism, provides new self-consciousness, distinction, unity and ability to lead and invent creative compromises'. [57]

The reality of the South African situation in which the leading party found itself pre-1994 guaranteed no alternative beyond 'bargaining or negotiating and compromising with all stakeholders in the nation. The leading interests, as it were, comprised the state, business and labour. The outcome of those processes being what looks like a hybrid ideology, or a no-national-ideology in a situation now commonly referred to as a 'negotiated transition'. [58]

While the South African corporate sector is by far less preoccupied today with intellectual ideologies than it was before 1994, its genuine concerns are still to be resolved about the limits of its involvement in social services delivery for whose availability to the generality of the people government incurs rent through taxation. Also important is the need to guarantee future government's non-complacency in its duty as custodian of the welfare of the people with the overly active participation of the corporate sector in the provision of basic social needs. Business, in addition, is

[55] Ibid, p.8.
[56] De Beus, J. and Koelbe, T. (2001) 'The Third Way Diffusion of Social Democracy: Western Europe and South Africa Compared', in Taylor, R. (ed.), *Politikon: South African Journal of Political Studies*, pp.182-184.
[57] Ibid.
[58] Symes, A. and Fourie, A. *Building A Winning Nation: Companies and the RDP*, pp.3-4.

weary of seeing only what it calls 'outstretched hands' and no pat on the back by way of incentives from government. [59]

Deciphering CSR and the seeming convenient shift to corporate social investment (CSI) by propagators of the need to firmly define just where the bucks must stop in corporate 'largesse' or charitable donations become subjects for debate in South Africa's change process. The effects on literacy are no less compelling to research.

What then is CSR?, and how best could the interpretation of the concept translate the calls by government and labour for Corporate South Africa to lead all efforts aimed at propelling the nation towards a more equitable environment for the growth and development of both human and capital resources?

A Price Waterhouse Coopers (PWC) global survey on company chief executive officers (CEOs) reveal that anti globalization movements and the events of September 11 2001 are inspiring CEOs to increasingly view CSR as 'more than charitable donations and community activities often associated with the term'. Corporate social responsibility, they say, 'is not about gestures, rather it is a way of doing business'. Sixty percent of the CEOs who participated in the survey concerted that responsible behaviour towards employees, shareholders and the communities is not a luxury for prosperous economic times but a priority even in today's economy'. [60]

Business must not be run solely for profit, says President Henry Co of Phillipines Car Industry. Although profit is crucial to the survival of any business, so is 'service to the community and where the latter is lacking, 'business must die, for it no longer has a reason for existence'.[61] If CSR is 'about building relationships with key

[59] Doolan, J. and Schofied, A. *Information Industry Quarterly*.
[60] PWC Survey Report (2002) 'Corporate Social Responsibility Gaining Higher Awareness Among CEOs', www.pwcglobal.com. Accessed 9th May 2004.
[61] Corporate Responsibility News Articles (WBCSD) (2004) 'Phillipine Car Industry April 30. www.csrwire.com. Accessed 9th May 2004. Printout in the possession of the researcher.

stakeholders, attracting and retaining skilled human resource and managing risks'.[62] it is also about 'the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce, their families as well as of the local community and the society at large', says the World Business Council for Sustainable Development (WBCSD). [63]

Research results are unanimous in the assertion that versatility in applying the term depends more importantly on a nation's political and socio-economic ideological preferences or situation. The convergence of the ideas that run through the very essence of a 'good corporate citizenship' or 'socially responsible behaviour' is as patent as it is practical. The relevance or benefit to the community and the sustainable nature of any investment in a social cause to the company, the individual and the society in general become the hallmark of a socially responsible behaviour. [64]

CSR is inherently 'about capacity-building for wealth creation and sustainable livelihoods'. [65] It is perceived to 'respect cultural differences while finding business opportunities in building the skills and well being of employees, the community and the government. [66]

Corporate social responsibility transcends philanthropy in which investors care little or nothing about the management of their investments and relevance or benefit to the community. As an efficient complement to core business objectives, CSR must flow from the mission statement of companies. It deals with 'changing the way

[62] Baker, M. (2004) 'Arguments Against Corporate Social Responsibility', www.mallenbaker.net/csr. Accessed June 2005.
[63]Baker, M. (2004) 'Corporate Social Responsibility: What Does it Mean?', www.mallenbaker.net/csr/csrfiles/definition.html. Accessed 9th May 2004. Printout in the possession of the researcher.
[64] Ibid.
[65] Baker, M. (2004) 'From Ghana: CSR is about Capacity-Building for Sustainable Livelihoods', www.mallenbaker.net/csr. Accessed 9th May 2004. Printout in the possession of the researcher.
[66] Ibid.

business is done'.[67] It is about a different way of thinking built into … internal business processes'. [68]

It needs to be acknowledged, however, that intranational and global competition for many developing countries where CSR began to take root only a few years ago would tend to push the economies to the limits of survival. Paradoxes for business are generated, particularly for smaller scale enterprises. For such businesses, there exists a disconnect between making profit for the growth of the business itself and a continuous investment in social causes with enormous cost implications for the survival of the business. Profit would always be paramount in the affairs of business regardless of national exigencies for social investments.

In South Africa, propositions for CSR would tend to sway, very strongly, towards the fervent need to tamper goals of accumulation with some socialist principles in the quest for equity and transformation. On this note, trading off the 'spirit of the state' for 'commerce' or 'economic expediency', argues Noel Thompson in: *The Market and Its Critics*, would not, for socialists, be justifiable.[69] Further explaining the concurrence by anti-capitalists to the supremacy of social causes, Thompson extracts from Coleridge's perception of society as an 'organic whole' as against 'a collection of competing individuals'. [70] To all intents and purposes, therefore,

> '*There (are) ... certain areas of human activity where economic expediency should take second place to considerations of social cohesion and organic unity and where a recognition of social responsibilities on the part of the wealthy and powerful should take priority over the pursuit of pecuniary gain'.* [71]

[67] Information Industry Quarterly, p.48.
[68] *Information Industry Quarterly*, p.48 also see Black Business Quarterly (2001) 'Case for Business Unity', 4th Quarter; 'Fedex Committed to Corporate Social Responsibility', www.csrwire.com/article.
[69] Thompson, N. (1988) *The Market and Its Critics: Socialist Political Economy in Nineteenth Century Britain*, pp.38-39.
[70] Ibid.
[71] Ibid.

Ranged against the many arguments for national growth and international market competitiveness, the paradox of giving for a 'good cause' in order to perpetuate a socio-political status quo is thrust to the fore. Whether the society is capitalist, socialist or corporatist inclined bears little relevance. What is certain is that issues of 'good' or 'bad' corporate governance cannot be relegated in this seeming maze of competing forces. Companies are left with an obvious choice: to try hard to maintain some 'balance between economic and social goals, and between individual and communal goals'. [72]

Against its recognized 'first world' business sector, South Africa presents no exception to the dilemma faced by most developing countries thriving to make an impact both in business and in all internationally agreed indexes for good corporate citizenship. The enduring legacies of apartheid are ostensibly mirrored in the extreme inequalities in the country's human resource development and its attendant spin-offs on all other variants of socio-economic well-being. On the minority which is in firm control of the business sector, there has, implicitly, been imposed a shared responsibility with the state of divesting and redistributing wealth and knowledge.[73] A successful redistributive strategy from a minority to a vast majority without upsetting the economic system remains an expectation painfully slow to accomplish.

Writing on 'the underclass versus the liberation aristocracy', Heribert Adam, Frederik van Zyl Slabbert and Kogila Moodley explain the state's dilemma in contemplating 'differential tax rates' in the process of redistribution, reconciliation and nation-building. [74] An unfriendly investment climate is bound to be created should Whites, at whose 'expense' redistribution would 'mainly' happen feel overly taxed. So while

[72] Symes, A. and Fourie, *A. Building A Winning Nation: Companies and the RDP*, p.22, 38-9 & 74; Claessens, S. (2003) 'Corporate Governance and Development', *Global Corporate Governance Forum – Focus 1* (Washington DC: The International Bank for Reconstruction and Development - The World Bank); Thomson, N. (1988) *The Market and Its Critics: Socialist Political Economy in Nineteenth Century Britain* (London: Routledge).
[73] Sethi, P. and Bhalla, B. B. *Development Southern Africa*; Terreblanche, S. *A History of Inequality in South Africa*, pp. 54-5; Malcolm, R. (2003) 'Can BEE Sting the Beast?', *Enterprise* April.
[74] Adam, H. Van Zyl Slabbert, F. and Moodley, K. (1997) 'Corporatism: Business-Union-State Relations', *Comrades in Business: Post-Liberation Politics in South Africa*, pp.203-204.

the wish would be for a more proactive involvement by the corporate sector in literacy programmes in South Africa, attention is sensibly being paid to the boundaries of legislative powers against a business sector struggling with lots of challenges posed by its very own needs for survival. This is important as corporate South Africa remains a new entrant to the international market from which it had long been excluded prior to governance by the majority in 1994. [75] Therefore, the corporate sector's response to the calls for investment in areas where government's financial resources and expertise are grossly inadequate to meet demands is cautious. Defining what it will and will not invest in, and setting firm transparent limits to its non business undertakings would seem the only way out.

The South African government has made no pretence about its reliance on the business community for policy formulation and implementation aimed at transforming the nation. Although relegation of its core duties would not be perceived as government's avowed intention, its financial and bureaucratic constraints leave it with very limited choices in the search for partners who can reliably and effectively drive society towards the goal of righting the wrongs of the past and rebuilding the nation. To an audience in Pittsburgh, USA, comprising business people, former President, Nelson Mandela said; '…the private sector must, and will play the central and decisive role in the struggle to achieve many (transformation) objectives…' [76] Pledging his government's willingness to provide an enabling investment environment, he noted that '…the rates of economic growth we seek cannot be achieved without important inflows of foreign capital. [77]

South Africa's future as a developed state would be severely compromised without a highly literate and skilled labour force. The creation and redistribution of wealth and opportunities would be a mirage in the absence of quality education and training

[75] Adam, H. Van Zyl Slabbert, F. and Moodley, K. (1997) 'Corporatism: Business-Union-State Relations', *Comrades in Business: Post-Liberation Politics in South Africa*; Terreblanche, S. *A History of Inequality in South Africa 1652-2002*, p. 38; Symes, A. and Fourie, A. *Building A Winning Nation: Companies and the RDP*, p. 2 & 22-3.
[76] Marais, H. *South Africa: Limits to Change*, p.123.
[77] Mandela, N. Address at the Education Africa Presidential and Premier Education Awards; Mandela, N. Address at the Development Bank of Southern Africa; Pandor, N. Address at the Launch of the Readathon Campaign 2005.

of its human resource. [78] It needs no reiterating that the role of business is just as crucial to this process of change as it has been in the transfer of power to the majority. Business' understanding of its privileged role to take the initiative in this experience would make all the difference. Does it thus acknowledge that empowering change through investment in literacy is a corporate social responsibility to the community from which it seeks to derive future successes, or, is it content to make adhoc and what has been termed 'cheque book' donations, while turning its back on the management and sustenance of the investments? [79]

How can the nation overcome its present difficulties with transforming the education system and lay a solid foundation for the development of the majority of its people? Are educational and transformational policies impacting positively in all sectors of the nation's life as a corporate entity? What are the implications for South Africa's journey towards an all inclusive society and social justice? Finally, what nature of change is truly to be expected in South Africa from corporate social responsibility in literacy? Answers to these questions are presented in chapters two, three, four and five. The sixth and concluding chapter gives a summary of the findings and methodology.

Chapter 2 (pages 29-52) attempts to trace the global genesis of the concept of CSR and its evolution in today's business environment. It highlights the shift in the determinants of CSR with change in social means of production, from feudalism to present day capitalism. The multiple and often conflicting definitions of CSR as given by its protagonists and critics is central to the discourse. The search for homogeneity in its meaning in order to serve national and global socio-economic objectives is domineering in both intellectual and policy debates.

[78] Alvarez, B. and Gomez, H. (eds) (1994) *Laying the Foundation*, p. 15; Mandela, N. Education Africa Presidential and Premier Education Awards; Symes, A. and Fourie, A. *Building A Winning Nation: Companies and the RDP*, p. 23; *CDE Round Table*, p. 2; Galbraith, J. K. (1994) 'The Modern Dialectic: Ideology and Economic Reality' in Michie, J. (ed.) *The Economics of Restructuring and Intervention* (England: Edward Elgar Publishing), p. 29.
[79] Doolan, J. and Schofied, A. *Information Industry Quarterly*, p. 48.

Chapter 3 (pages 55-76) –searches for a South African meaning of CSR. Imperative to this analysis is locating CSR within the private and public policy environment. It thus assesses CSI within the BEE framework through which the aim of the nation's transformation endeavours is predominantly facilitated. A South African understanding of the concept vis-à-vis international perceptions is extracted. Its application to business intervention in education and the consequences for bridging the inequality gaps in the society form the thrust of the argument in this chapter.

Chapter 4 (pages79-137) looks at literacy in corporate South Africa in the throes of history. In two integrating parts, education in colonial/apartheid South Africa and post-apartheid South Africa is put in historical perspective as a prelude to understanding the role of CSR in this sector. It takes a look at the Bantu Education system, servitude by its products in discriminatorily ordained economic sectors, and the political and economic benefits to its creators. It then assesses the necessity for change – the inevitable need to shore up economic development with skills from the marginalized populace and the role of business in a relenting change process through unimpressive investments in education and training. The implications for socio-economic development and the current crisis in education conclude the first part.

The second part assesses more directly business in literacy as an investment for growth and development. It notes that the interest of South Africa's business in education did not begin with democratic rule by the majority in 1994. It argues that corporate social investments in education and training pre-1994 have essentially targeted the privileged among the formerly disadvantaged groups and not much has changed to date. It also posits that CSI is driven by market forces and is therefore susceptible to the inequalities inherent in the market. As an investment, business priority remains in educational areas where returns on investment can be maximized. Educational sectors with the strongest potential for a solid foundation for change with long-term benefits, such as Early Childhood Development (ECD), teacher development and Adult Basic Education and Training are yet to be

accorded the importance they deserve in CSI. Building an equitable society through CSI in literacy thus remains a largely inadequate venture.

The impact of the South African definition of CSR on education is assessed under the following sub-headings:

CSR in pre-school education
CSR in primary and high school education and
CSR in university / 'comprehensive' university education
Political and socio-economic returns to literacy in South Africa

In order to understand the general impact of business intervention in educational issues in South Africa, this chapter also takes a look at the role of the non-profit sector – the NGOs and the complexities of their role in building new civil societies. The reputation of non-government organisations (NGOs) for reaching out to remote areas and, therefore, to populations often socially and economically deprived makes them the proverbial cornerstone for development in rural areas. While educational policies seem easy to implement in urban centers, broad infrastructural inadequacies in the rural communities bring huge challenges that often seem resolvable only through interventions by NGOs. The NGOs however are not free from market forces that continue to limit their ability to act. The question for which an answer is sought in this section is: How effective is the celebrated power of NGOs in bridging the inequality gaps in South Africa's remote communities?

Chapter 5 discusses legislating literacy in twenty-first century South Africa and the reality of change. It is an in-depth critique of education as a catalyst for transformation in South Africa. It starts by examining the role of the state as a legislator and facilitator of CSI in literacy. A critical subject reiterated here is the impact of public policy on CSI in the BB-BEE agenda. Other issues discussed include; the availability of basic infrastructure and job creation as prerequisites for education to be beneficial to change. The role of labour is discussed as integral to

the process. Its partnership with the state and corporate sector through pointing the radar to areas in education for which skills are desperately needed is highlighted.

Finally, based on postulations from the previous chapters, Chapter 5 (pages 143-175) assesses the realities of change in South Africa's drive at socio-economic transformation through literacy. Relying on the meaning of change as espoused by historians and social scientists, the emphasis is on the great expectations by the South African people for an accelerated improvement on the existing situation in literacy levels and poverty alleviation. A cursory look is taken at the paradoxes of change through CSI in education. The softer issues that negatively impact on the ability of CSI including what I call the *Luddite Syndrome e*specially in the workplace are discussed here.

Chapter 6, the last chapter (pages 182-190), summarises the findings of this research, answering the extent to which CSI in literacy can truly drive equity, development and change in South Africa. Drawing from all the chapters, it reiterates the argument that although CSI in education has the potential to be a strong change precipitant, its current positioning in BB-BEE relegates its importance. The BEE policy thus sets limitations on CSI. In addition, the extent to which CSI in literacy can facilitate transformation in South Africa is highly dependent on the elimination of the many factors highlighted in Chapters two to five.

CHAPTER 2: CSR: THE FOOTPRINTS OF HUMANKIND AND SOCIAL MEANS OF PRODUCTION

2.0 Introduction

In order to understand why South African companies need to be socially responsible citizens, and to what extent they can be expected to invest in literacy in order to empower change, this chapter, in three parts, answers to the question: How did Corporate Social Responsibility (CSR) evolve and what does it really mean? The first part explores the genesis of CSR as far back as the feudal period. The second elaborates on the initiatives that have led to the shaping of the term globally, with industrialization playing a major role. This does not in any way preclude the definitions or concepts that have been provided in the first chapter, the majority of which are based on the perceptions of developed countries. The third part looks at the relevance of CSR in South Africa, and attempts to create a South African meaning of the term from the country's historical legacies.

2.1 The Beginnings

Corporate Social Responsibility (CSR) means different things to different people. Our choice of definition is more often a subject of economic or ethical prejudices. In this regard, CSR may elicit a deep passion for social transactions that genuinely bridge inequality gaps within a community. The word may also be a source of anxiety for those whose many economic and social relationships portray them as indifferent to the widening economic divide within a status quo.

Although as a value system with no name CSR has been shown to be almost as ancient as humankind,[1] the need to organize society through all epochs has meant

[1] Davis, K. Frederick, W.C and Post, J.E (7th ed) (1992) 'The Beginnings', *Business and Society: Corporate Strategy, Public Policy, Ethics* (US: McGraw-Hill), p.34; also see Klein, T.A (1997), 'Philanthropy and Community Relation', *Social Costs and Benefits of Business* (New Jersey: Prentice-

giving concrete definitions to those social transactions that impact on the stability of our mutual existence. Deeply understanding CSR, its genesis, and to what extent it is relevant to a society's change process, may, therefore inspire embracing or excluding the concept in the life of any given society.

2.2 Human Nature

Many academic theories have sought to find where and how CSR began with as much success as confusion over the meaning of the term. An intriguing aspect of these findings looks at the primary role of human nature in the culture of giving. Our social responsibilities, implies Pringle and Thompson of Saatchi & Saatchi, begin with a desire not to, or an inability for 'most human beings' to 'maximise their own particular circumstances at the expense of others'.[2] The end result of these human considerations is a 'coherent', 'secure', and peaceful society.

Human nature, however, is imperfect, and among its many virtues lie vices. Pringle and Thompson recognize that just as the spirit of philanthropy may be 'a strongly in-built characteristic in many, if not (in) most human beings', greed is a human tendency arising from yet another innate tendency for competition.[3] As competition is not always conscientious of others, the expediency of a superior value system to nurture or guide human nature is not in doubt.

For Pringle and Thompson, it is this vacuum that the Jewish religious canon, 'Thou shall not covet', for instance, has sought to fill.[4] By implication, in giving priority to the needs of the community over the individual's, we engage in 'just another aspect of self'-preservation and self-advancement---'.[5]

Hall), pp.173-174; Solomon, A. and Solomon, J. 'Socially Responsible Investment in an International Context', *Corporate Governance and Accountability* (England: John Wiley & Sons), p.227.
[2] Pringle, H. and Thompson, M. (1999) 'Charity Culture', *How Cause Related Marketing Builds Brands* (Saatchi & Saatchi USA: John Wiley & Sons), pp.251-252.
[3] Ibid, p.251.
[4] Ibid.
[5] Ibid.

Employing the simplistic meaning of the word 'corporate' as given in the Oxford English Dictionary; that is 'shared by members of a group', 'united in a group', CSR as derived from human nature would infer social responsibilities arising from innate values shared by the members of a community.

If a search for the beginning or the 'true' meaning of CSR is incomplete without the human nature theory, an exploration of the regulators of human nature to date becomes relevant. The objective being to understand how contemporary societies have been propelled towards accepting a value paradigm whose tenets have grown increasingly complex over the centuries.

2.3 Religion

The beginning of CSR from almost all religious dogmas appears easy to decipher. The binding component of these philosophies exists in the many similar codes that were aimed at regulating social behaviours and activities. The dogmas can also be found in the values espoused by the early proponents of paternalistic or corporate giving.

Early philanthropists, amongst whom royalty was a crucial part, tended to carry on a 'long tradition of being 'my brother's keeper' in line with the Biblical 'Golden Rule' – 'Do unto others as you would have them do unto you'.[6] The virtues of being the 'Good Samaritan', however, are not exclusively preserved in the Bible. The Muslim and Jewish traditions are also emphatic on charity through 'tithe' whose history is embedded in the Mosaic law that catered after the church's finances in the early days of Christianity.[7]

The tithe as it existed in England under Henry VIII was a tax system payable in cash or kind. In kind, animals or crops were adequate. Tithes, note Pringle and

[6] Davis, K. Frederick, W.C and Post, J.E (1992) *Business & Society: Corporate Strategy, Public Policy, Ethics*
[7] Pringle, H. and Thompson, M. (1999) 'Charity Culture', *How Cause Marketing Builds Brands*

Thompson, not only financed the provision of religious services for the people, but also education and health. [8] Alms-giving stemmed from a similar charity culture that in time institutionalized begging. Alm houses were, 'a more permanent form of care for those who were in extreme poverty'. [9] A creation of the wealthy, and aptly called 'Company Town', Alm houses were depots of labourers for the rich who could afford them'.[10]

Enlightened self interest, the term now commonly used to describe how companies in the 21st century must approach their social responsibilities to stakeholders, seems to have its antecedents in an ancient practice founded on the charity culture of Alm houses. To give to an Alm house as dictated by a religious conviction was giving, perhaps innocently, to a pool from which potential capital resources could be drawn.

Philanthropy was thus driven by institutions such as the church and the fraternity of the wealthy, and by personal conviction. Its underlying principles were benevolence to neighbours or strangers from whom no reciprocity was expected or demanded. In feudal times, or the 'pre-business era', that is the period identified as prior to 1100AD,[11] social and economic transactions were founded on personal morals. In Luthans and Hodgett's analysis, 'the manager's conduct was interpreted by 'two major influences', one was by;

> *'his personal ethics, the standard of conduct or moral judgements based upon the conscience and personal dictates --- (of) right and wrong (as)greatly influenced by his religious beliefs and social affiliations'*.[12]

The second influence which may be likened to customary law, but more akin to the labour laws of today, was 'the Code of Hummurabi'. It stipulated the wages due 'a

[8] Ibid, pp.252-253
[9] Ibid.
[10] Ibid, p.253
[11] Hodgetts, R.M and Luthans, F. (1972) 'The Pre-Business Era', *Social Issues in Business* (USA: The Macmillan Company), pp.2-3
[12] Ibid, pp.4-5

field labourer' – 8 GUR or grain per year'.[13] As with most customary laws sifted from religious tenets, the 'Code of Hammurabi' is not far removed from the Biblical story of the rich man to whom is prescribed how his labourers whom he had given talents to invest before embarking on a trip abroad, must be rewarded.

Much has been written about societies' increasing dependence on religion for self-organisation. Actions that would be spurned presently as corporate irresponsibility or a failure of the state to provide for its citizens, were once accepted as a way of life. If alms-giving 'was a way to pay off the people who slaved on feudal lands --- preferred to robbery as the means of survival for the poor ---',[14] the political and economic circumstances of that epoch may have so dictated.

Where society was lacking in solution to the issues of poverty and inequality, its 'corporate social responsibilities' took refuge in theology, upon which it built a customary or a generic belief system. Enlightening, however, is the reinforcement of human nature by religion. In this case, it is the virtuous, and the concomitant social obligations that belief system imposed on a group at a given time. As explicit, the rules made it mandatory for all members of a society, in particular, the rich towards the poor, to see the collective benefit of helping one another. Societies as corporate entities, owed their 'self-preservation' to this responsibility'.[15]

2.4 Industrialisation

As industrialization and big business took over the lives of communities, so did CSR undergo a subtle strip of its overarch towards individual philanthropy. Described as 'the era of cheap labour and mass production,[16] it was also the period of contesting capitalist and socialist ideologies. Adam Smith's 'laissez-faire' theory, John Locke's

[13] Ibid.
[14] Klein, T.A (1999) 'Philanthropy and Community Relations', *Social Costs and Benefits of Business.*
[15] Pringle, H. and Thompson, M. (1999) 'Charity Culture', *How Cause Related Marketing Builds Brands*, p.252
[16] Hodgetts, R.M and Luthans, F. (1972) 'Industrial Capitalism', *Social Issues in Business*, pp.6-7.

thesis on natural property rights, Max Weber's 'Protestant Ethic'[17] and Karl Marx and Friedrich Engels' Manifesto of the Communist Party', were popular for their opposing points of view.[18]

Industrial capitalists were famous for firmly pitching tent with Smith's theory of business for profit sake and nothing more. There were, however, others who tainted Smith's ideas with the 'Protestant Ethic' – what Marx and Engels define as 'bourgeois socialism' in more economic terms.[19] The socialist bourgeosie in whose group were included 'philanthropists', humanitarians', 'organisers of charity', and 'hole-and-corner reformers', shared the idea that they were bourgeois for the benefit of the working class and for the entire humankind. [20] They were, thus, desirous of redressing social grievances in order to secure the continued existence of bourgeois society'.[21]

Early proponents of CSR, that is the 'Robber Barons', Weber pointed out, were protestants, but more importantly, 'Calvinists' who tempered capitalism with socialist ideals that synchronized with Christian principles.[22] Their separation from the past was characterized by their blatant allusion to the power of capitalism and its evangelization. The 'Robber Barons', amongst whom were, John D. Rockefeller, JP Morgan, Cornelius Vandebilt, Andrew Carnegie and Edward Harriman, saw divine intervention in the capitalist tendencies they exemplified. Rockefeller summarized it thus:

> '*I believe the power to make money is a gift from God --- to be developed and used to the best of our ability for the good of mankind. Having been endowed with the gift I*

[17] Ibid, p.7.
[18] 'Proletarians and Communists', http://www.socialistparty.org.uk/manifesto/manifesto/html, pp.9-14 Accessed 23 August, 2007 16.30hrs
[19] Ibid, p.36
[20] Ibid.
[21] Ibid, p.35
[22] Hodgetts, R.M and Luthans, F. (1992) 'Industrial Capitalism', *Social Issues in Business*, p. 10; also see Solomon, A. and Solomon, J. 'Drivers of Socially Responsible Investment', *Corporate Governance and Accountability*, p.229

possess, I believe it is my duty to make money--- and still more money, according to the dictates of my conscience'. [23]

These words describe the confusion the definition of CSR has been steeped in since the 20th century. They highlight the contesting issues of morality and business ethics in CSR. They challenge the huge divide that unbridled profit-seeking unleashes on society which token gestures of CSR increasingly struggle to minimize. Crucially, they question the growing conflict between 'the good of mankind' and capitalist objectives. Depending on which side of the socio-economic or ideological spectrum we lean on, Rockefeller's first or last sentence in the quote would be the selected yardstick for conceptualizing CSR. What is not clouded in those words, however, is from where the CSR phenomena came in the era of industrialization. How it was made manifest in the lives of its beneficiaries would also be seen to be less complex as the agreed meaning of CSR informed what was given and how it was given. To Rockefeller and the others in this bourgeois socialist camp, CSR seemed to be about trivial individual or 'corporate philanthropy'. With emphasis on both the profitability of business and the divinity of the purpose for giving, no attention was paid to the current burning issue of strategy or returns on giving. [24]

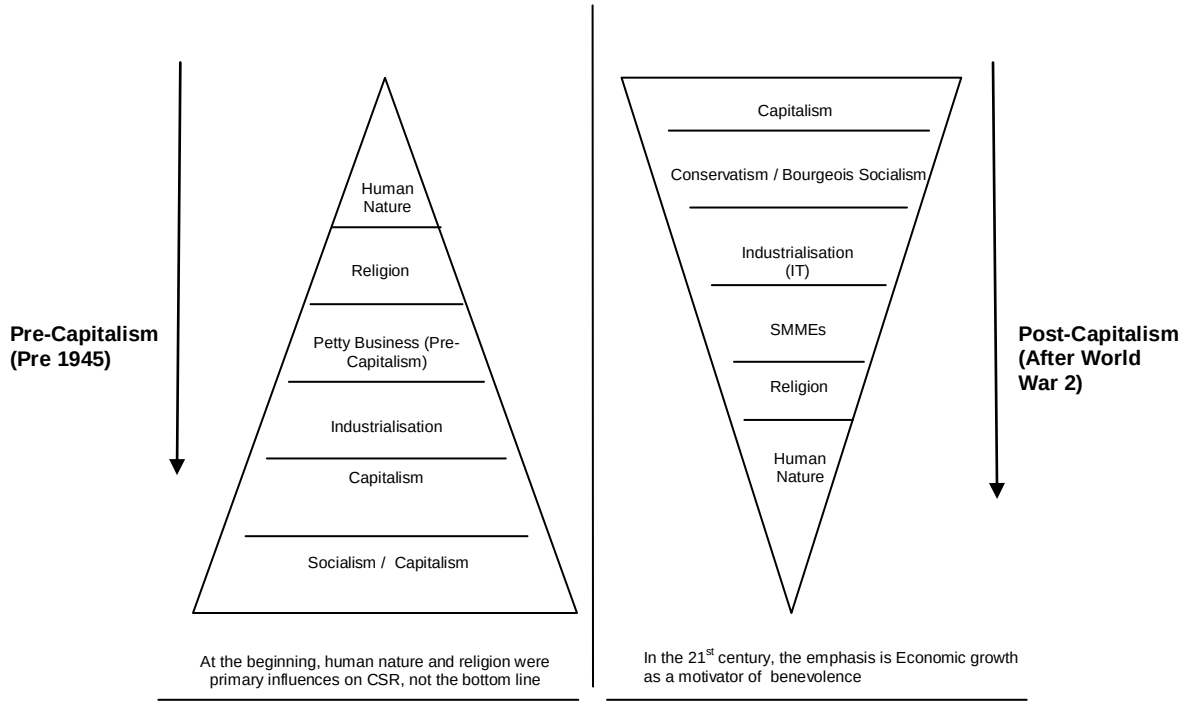
In other parts of Europe, CSR was also being facilitated by socialist inclinations and accelerated by Christian values. In Victorian England, novelist Thomas Carlyle, writing in *Past and Present*, called for 'social consciousness' amidst the devastating effects of industrialization on mill workers in Manchester.[25] The Christian Socialist movement founded at this time by 'philosophers, political economists, philanthropists and novelists' was geared towards a CSR with deep roots in

[23] Hodgetts, R.M and Luthans, F. (1992) 'Industrial Capitalism', *Social Issues in Business*, p.10.
[24] Ibid, p.15.
[25] Solomon, A. and Solomon, J. 'Early Roots of Corporate Social Responsibility in the UK', *Corporate Governance and Accountability*, pp.189-190.

Christianity.[26] Christianity they asserted, '*was the only foundation of socialism and --- a true socialism was the necessary result of sound Christianity'*.[27]

Using what I designed and called the HUREPICS Pyramid (figs.2.1 & 2.2) – an acronym for *Human Nature, Religion, Pre-capitalism, Industrialisation, Capitalism, Socialism* the culture of charity with its origin in human nature had an identifiable philosophy up to the period of petty capitalism. It was a philosophy whose primary teaching was; '--- we view ourselves as well as our community as demeaned when some of its members are demeaned'.[28]

Fig. 2.1 **A HISTORICAL PERSPECTIVE OF CSR ON THE HUREPICS PYRAMID** **Fig. 2.2**



[26] Ibid.
[27] Ibid, p.190.
[28] Klein, T.A (1997) 'Philanthropy and Community Relations', *Social Costs and Benefits of Business*, p.182

This belief pervaded industrial capitalism but got entangled in the web of 'laissez-faire', 'Protestant Ethic', and socialist philosophies. It nonetheless, precipitated the idea of the 'welfare state' that notably began in Germany in the late 19th century.[29] Writing in *Property and Freedom*, Richard Pipes notes the expanded responsibilities of the state that in turn 'led to extended state involvement and interference in the life of society and thus to the infringement of liberty'.[30] When in the 18th century Democratic U.S President, Grover Cleveland, refused 'to sign a bill offering emergency relief to Texan farmers struck by drought', he did so in the belief that such relief effort was the responsibility of 'private charity'[31] Government's business, he said, was not 'to support the people'.[32]

The world, no doubt, is by far a different place since President Cleveland, and government's first business today is to cater for its citizens. What seems to have come full circle since Cleveland, is also the increasing role of the state in defining CSR. The late 19th century, therefore, introduced a redefinition of the role of the state and so did the notion of the incursion of business into the life of societies.[33]

A major consequence of the industrial revolution was a shift in power and wealth from the individual to the corporation. Klein observes that 'particularly in the light of tax exemption', the corporation was inevitably to become 'a major benefactor' of social support'.[34] The dominant business ideology disseminated by Adam Smith and the economists of the 19th century and early 20th century, began to make way for the new values of modern society.[35] Industrialists of the 20th century who were better enlightened than their predecessors, rekindled the flame of virtuous human

[29] Pipes, R. (1999) 'The Welfare State', *Property and Freedom* (London: The Harvill Press), pp.226-227.
[30] Ibid.
[31] Ibid, p.226
[32] Ibid.
[33] Pringle, H. and Thompson, M. (1999) 'CRM's Past and Future', *How Cause Related Marketing Builds Brands*, p. 249.
[34] Klein, T.A (1997) 'Philanthropy and Community Relations', *Social Costs and Benefits of Business*, pp.173-174.
[35] Monsen, R.J (1973) 'Business Responsibility', *Business and the Changing Environment* (US: McGraw-Hill Book Company), pp.108-109; also see Hodgetts, R.M and Luthans, F. (1972) 'Historical Development of Social Responsibility', *Social Issues in Business*, p.2.

nature. Business attitude to workers and land took on a compassionate hue against the one that saw them simply as disposable chattels.[36]

Post-World War II marked an increased harmonization of the interests of government and business, particularly on issues of the environment. A CSR ideology which encompasses 'responsibility to the community and ecological factors began to take strong hold'.[37] Socialist ideas grew in relevance as the public, industrialists, economists and critics demanded capitalism with a 'social conscience'. As the demand for more business involvement in the general life of communities intensified, so did the debate over why business should invest in areas that are traditionally meant to be the exclusive purview of government.[38]

On the HUREPICS Pyramid (Fig 2.1), tracing the developmental history of CSR terminates, in part, with the fierce injection of the social welfare philosophy in business-community relationship. From the bottom of the Pyramid, into which human nature, religion and bourgeois socialism form an almost inseparable mix, CSR had a symbiotic relationship with religion; Christian and Jewish teachings, in particular. Its definition could simply be summed as; *personal or business philanthropy towards partial alleviation of poverty within communities*.

In post-World War II, emphatically from the mid 20th century, the HUREPICS Pyramid of CSR began to turn bottom up (Fig. 2.2) as business and civil society sought to explain in more concrete terms 'corporate philanthropy'. Particularly with the resurgence of Adam Smith's principles, the term was extensively characterised by the modern capitalist ideology that, for Marx and Engels, seeks 'to secure the continued existence of bourgeois society… which is itself the product of a long course of development, of a series of revolutions in the modes of production and of

[36] Shanks, M. (1976) 'History of Social Responsibility', in Purdie, W.K and Taylor, B. (ed) *Business Strategies for Survival* (London: William Heinemann), p.181.
[37] Ibid.
[38] Hodgetts, R.M and Luthans, F. (1972) 'Introduction of Business Regulation', *Social Issues in Business*, p.13.

exchange'.[39] CSR has over time become not only a spin-off from a capitalist system, but also a state implement through which the political equilibrium is maintained.

2.5 Evolution of the Contemporary Notion of CSR

Often, it becomes expedient to find a rationale for companies to be socially responsible citizens in order to inculcate the values of CSR in society. In so doing, the recurrent question tends to be: did business ever have a 'dominant community conscience'?[40] If so, what was the predominant value and how did it evolve? In tracing the genesis of the contemporary notion of CSR, one era stands out. The industrial revolution and its post era found business in a sternly conflicting situation in which improved means of production and the rise in unequal distribution of wealth were the hallmark. The point of convergence for Smith's 'laissez-faire' theory and Marx's socialist ideology was in communities marked by class conflicts.[41] The growing exploitation of the poor by the wealthy or bourgeois class, the market's inability to secure 'equal rights for disadvantaged groups' and 'a safe and healthy environment', drew societies closer to resolving social imbalances through violent means.[42]

Increasingly, succour was found in the socialist ideology as 'anti commerce' sentiments were spread. In Britain, socialists, Robert Hall and John Gray, among others, found conviction in the power of the state as mediator in the blooming

[39] Marx, K. and Engels, F. (1848) 'Bourgeois and Proletarians', *Manifesto of the Communist Party* Chapter 1 (German Original)http://www.marxists.org/archive/marx/works/1848/communist-manifesto/ch01.htm, p.3 Accessed 23 August, 2007 16.48hrs; Marx, K. and Engels, F. (1882) 'Bourgeois and Proletarians', *Manifesto of the Communist Party* http://www.socialistparty.org.uk/manifesto/manifesto.html, p.2.
[40] Monsen, R.J. (1973) 'The Difficulty of Assessing Society's Needs', *Business and the Changing Environment*, p.111.
[41] Thompson, N. (1998) 'Physiocratic Anti-commercialism' *The Market and Its Critics – Social Political Economy in Nineteenth Century Britain* (London: Routledge), pp.32-33.
[42] Ibid; also see Arestis, P. (1991) 'Supply-Side Socialism in the UK: A Post-Keynesian Perspective', in Michie, J. (ed.), *The Economics of Restructuring and Intervention* (England: Edward Elgar Publishing), p.199; Thompson, N. (1988) 'Physiocratic Anti-commercialism, *The Market and Its Critics*, pp.38-39.

dissonance between ideology and reality.[43] The challenge however, was achieving a balance between the capitalist desire for minimal state intervention and the populist values of socialism. From the mix of these discordant tunes emerged an expanded state role and a check on unfettered capitalist liberties. 'The spirit of the state' as a 'corporate entity', wrote Coleridge, needed to permeate society' lest '*the atomistic forces unleashed by the commercial spirit --- threatens society's cohesion and stability'*.[44]

Eager to tame business excesses, socialists of this period laid the foundation for the interlocking of the interests of business and those of the state. Understanding the relationship as one of 'mutual interdependence' extracted from both parties a pre-existing socio-economic responsibility: the 'responsibility to the community'.[45] This was the period when a new school of thought gained ground in different political systems. In Britain and America, a distinct phase of 'corporate' social responsibility was discernable in two parts. The first part dealt with government's new obligations as a 'corporate citizen' to its people. Its duty included the extension of the idea of the 'welfare state'.[46] The second part commenced the enactment of fresh codes of conduct for business operations. The result was the evolution of business responsibility to its environment through state intervention and the gradual re-conceptualisation of CSR to transcend the mundane notions of the pre-feudal and feudal eras.[47]

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[43] Hall, R and Gray, J. (1998) The Market and Its Critics, pp.32 & 76-77.
[44] Thompson, N. (1988) *The Market and Its Critics*, pp.38-39 & p.103.
[45] Di Palma, G. (1997) 'Market, State, and Citizenship in New Democracies', in Midlarsky, M.I (ed.) *Inequality, Democracy, and Economy Development* (UK: Cambridge University Press), p.365; also Hargreaves, B.J.A and Dauman, J.V (1976) 'History of Social Responsibility' in Purdie, W.K and Taylor, B. (ed.), *Business Strategies for Survival*, p.181; Davis, K. Frederick, W.C and Post, J.E (1992) 'The Community and the Corporation', *Business and Society: Corporate Strategy, Public Policy, Ethics*, p.365.
[46] Davis, K. Frederick, W.C and Post, J.E (1992) 'The Community and the Corporation', *Business and Society: Corporate Strategy, Public Policy, Ethics,* pp.33-34; Hodgetts, R. M and Luthans F. (1972) 'Early Advocates of Social Responsibility', and 'American Social Responsible Advocates', *Social Issues in Business*, pp.13-16; Pipes, R. (1999) 'The Welfare State', *Property and Freedom*, pp.226-227.
[47] Clutterbuck, D. and Crainer, S. (1991) *The Decline and Rise of British Industry* (London: Mercury Books Division of WH Allen & Co. Plc), p.231; also Galbraith, J.K (1991) 'The Modern Dialectic: Ideology and Economic Reality', in Michie, J. (ed.), *The Economics of Restructuring and Intervention*, pp.22-23; Thompson, N. (1998) 'Physiocratic Anti-commercialism', *The Market and Its Critics*, p.103.

The recognition of the role of business in improving the 'standard of living and quality of life to which society aspires' soared. New perceptions of community's influence on business licence to operate reinforced the corporatist nature of societies.[48] The good in CSR has since been propagated, leaving business in constant search for a balance between its traditional role and its intervention in the lives of communities.

2.6 Government in Business

CSR may never have been what it is today without government coercion of business. Competition, as has been highlighted, is human nature and, inevitably, integral to economic life. An unsavoury by-product of competition, however, is avarice. Class antagonisms, many socialist writers of the 19th and 20th centuries believed, had roots in human excesses; [49] that is, excesses from demands for luxury goods only market forces that were nudging industrial societies to the brink of self destruction could fulfill. Addressing the unequal distribution of resources arising from those excesses, John Fearson opined, lay not in the abolition of competition, but in the curtailment or 'removal of its excesses'.[50] It was the business of government to be in business as 'part owner, tax collector, or regulator'.

Drawing from the principles of 'welfarism' whose foundation was firmly laid in Germany in the 1880s, insurance for 'sickness', 'work injuries', 'pension', and 'unemployment' were covered under new social programmes. Changing societal values broadened the role of the state to include; 'assurance of --- a comfortable living'.[51] On the side of business, in the U.S, the Sherman Anti-Trust of 1890 was the first major legislation passed to regulate its operations. The Act's target was 'Business Trusts' that were rapidly metamorphosizing into monopolies that unfairly

[48] Davies, P.W.F (ed.) 'Business and Its Social Responsibility', *Current Issues in Business Ethics* (London & New York: Routledge) pp.50-52.
[49] Thompson, N. (1998) *The Market and Its Critics*, pp.32-33.
[50] Ibid, pp.157-158.
[51] Pipes, R. (1999) *Property and Freedom*, pp.226-227.

restricted inter-state commerce.[52] Improving Sherman's shortcomings, the Clayton Act of 1914 prohibited, among others, 'exclusive selling arrangements', 'tying agreements', and 'local price determination'. Other notable legislations during World War I included the famous Wagner Act, known as the National Labour Relations Act of 1935 in the US. Its objective was the protection of workers against 'unfair labour practices by the employer'.[53]

While governments around the world began promulgating customized welfare legislations for their unique societies, there thrived a major deficiency in CSR where business was concerned. Luthans and Hodgetts find this vacuum in the lack of public policy to 'demand that corporations take an active interest in community affairs or concern themselves with social issues'.[54] Public interest was thus clad in legal tools, but had no broader base. It was this humanitarian element industrialists like Oliver Sheldon, and many years later, Henry Ford, clamoured for. *The Philosophy of Management* (1923), with a striking echo of Rockefeller's position, was Sheldon's celebrated documentation of the 'humanistic production philosophy of management'. In it, Sheldon, like Rockefeller posited; '*the reason for industry's existence is to provide those commodities and services which are necessary for the good life of the communities'*.[55]

His recommendation that management start to imbibe a new communal value system as a way of doing business alienated him from Rockefeller. Nonetheless, the lack of operational definition from the state and business itself on how to be socially responsible to community needs kept an old option open. Arms-length philanthropy through cheque book donations was highly favoured. Federal support in the US as far back as 1936, for charitable givings for 'educational, scientific and religious purposes' by way of tax incentives, fueled the agitations for increased

[52] Hodgetts, R.M and Luthans, F. (1972) 'Introduction of Business Regulation', *Social Issues in Business*, p.12 & p.33.
[53] Ibid, p.56.
[54] Ibid, p.13.
[55] Ibid.

corporate philanthropy.[56] Having been strongly criticized for 'anti-social and anti-competitive practices', corporations in the US were happy to maintain the bourgeois system through this method. Minimal state intervention elicited the feeling of business-as-usual for corporations eager to retain their 'power and influence' while appearing selfless. Frederick, Post and Davis describe the attitude as one of a shift from 'a denial of power to a denial of selfishness'.[57]

An outstanding characteristic of the late 19th century was the drift from personal philanthropy to corporate charity. Being charitable was anticipatorily less the sole responsibility of the owner or manager of the business as group identity grew in importance. In the US, 'The Community Chest movement' of the 1920s, 'homeless shelters', 'individual hospitals' and 'schools' exemplified yet another spirit of the corporate citizen in business.[58] A stronger symbol of the new group identity in the act of selfless giving was the humanitarian organizations – non-governmental organizations (NGOs) as they were famously called. The most notable of these organizations are: the International Committee of the Red Cross (ICRC), founded in 1863, the International Federation of Red Cross, established in Paris in 1919 in the aftermath of World War I to coordinate the operations of all Red Cross Societies, the International Federation of Red Cross and Red Crescent Societies (IFRCRCS) and UNICEF, founded in 1946. Their primary objective was to 'improve the lives of vulnerable adults and children by mobilizing the power of humanity'. The vulnerable were often victims of war, natural disaster, and 'poverty brought about by socio-economic crises'.[59]

The International NGOs seemed to have set the pace for attributing some definitive structure and strategic thinking to corporate philanthropy by their publicized mission and departmentalized courses. Being non-profit oriented, however, has meant

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[56] Davis, K. Frederick, W.C and Post, J.E (1992) 'The Community and the Corporation', *Business and Society: Corporate Strategy, Public Policy, Ethics*, p.375.
[57] Ibid, p.33.
[58] Davis, K. Frederick, W.C and Post, J.E (7th ed) (1992) 'The Community and the Corporation', *Business and Society: Corporate Strategy, Public Policy, Ethics*, p.375.
[59] http://www.icrc.org; http://www.ifrc.org/who/index.asp; http://www.unicef.org/about/who Accessed 24 July, 2006.

distinguishing them from what business essentially does: make profit. Yet, the power of the NGOs to empower civil societies to create and redistribute wealth, since the 19th century, need not be overstated.

Emboldened by the activities of the NGOs, the most dramatic changes to business ethics in the environment of CSR began to take place from the mid 20th century. The devastating effects of the Second World War on infrastructures and the lives of communities around the world precipitated a renewal of the values behind corporate philanthropy.[60] From the early 1950s, international environmental concerns amidst the widening divide between the Northern and Southern hemisphere turned emotive. In addition, extreme poverty levels in many countries against the boom of the 50s and 60s necessitated a reevaluation of the place of business in the communities from where they derived their means of sustenance. Capitalism was the essence of neo-globalisation which captured all that crossed its path: transportation, communication and computer technology. Accompanying the tremendous growth of industry was the burgeoning of public awareness of the myriad of social problems that highlighted the menacing contradictions of capitalism.[61]

Toeing the line of government welfare programmes, CSR gave priority to poverty alleviation and civil rights. America's black populace notably led many struggles against poverty and discrimination that brought the problem firmly into the international public arena.[62] Luthans and Hodgetts note that the major social preoccupation of both the public and business was on 'equal opportunities.[63] Opposing concepts of the term made their way into public discourse with Milton Friedman's uncompromising stance on business for shareholders only, and Henry Ford's on bourgeois socialism. Friedman and the famous Chicago School of

[60] Solomon, A. and Solomon, J. 'Early Roots of Corporate Social Responsibility in the UK', *Corporate Governance and Accountability*, pp.190-191.
[61] Garten, J.E (ed.) (2000) *World View – Global Strategies for the New Economy* (Boston: Harvard Business School Publishing), pp.x-xi; also see Hodgetts, R.M and Luthans, F. (1972) 'The Emerging Social Responsibilities of Business', *Social Issues in Business*, pp.58-59.
[62] Ibid.
[63] Ibid.

Economics obstinately held the classical view of the 'free and unfettered market mechanism's capability to resolve social problems.[64] Business, therefore, should be concerned with its traditional place in society. On the near opposite side of this argument stood Henry Ford II whose opinion has been critiqued as patronizing because it underscored Rockefeller's in many ways. Nonetheless, an assessment of the movement towards a more concrete conception of social responsibility is incomplete in the absence of the contribution of Henry Ford. Allusion is constantly made to his June 5, 1965 pronouncements as an erosion of his former die-hard pro-market position to one of capitalism with a social conscience. To Ford, times had changed and so had business' initial attitude of 'the public be damned'.[65]

The renaissance of a global economy from the 1950s out of the depression of the '30s and '40s breathed fresh perspectives onto operational modalities for the 'cross border mergers' rapidly taking place at this time. The International Monetary Fund (IMF) World Bank, and the World Trade Organisation (WTO) re-emerged as the watchdogs of international market standards. Prescriptive 'global rules' for the protection of human rights, the environment, and the 'principles for corporate governance, moved governments and businesses towards shared socio-economic responsibilities. Globalisation, says Jeffrey Garten

> '*has become a critical element in a company's approach to career development, organizational culture, the selection of a board of directors, and the setting of standards for social responsibility'*.[66]

By the '70s, bearing a multiplicity of meaning, the term 'CSR' had gained a good measure of popularity in the business lexicon of big international and multinational companies established in Europe and America. There has since been the ever increasing challenge to dissect its components: 'corporate', 'social', and

[64] Monsen, R.J (1973) 'Business Responsibility', *Business and the Changing Environment*, pp.58-59.
[65] Hodgetts, R.M and Luthans, F. (1992) 'The Emerging Social Responsibility of Business', *Social Issues in Business*, p.70.
[66] Garten, J.E (ed.) (2000) *World View – Global Strategies for the New Economy*, pp.x-xi.

'responsibility' in order to provide business an agreeable operational definition.[67] The outcome in contemporary societies is a move in the direction of societies and businesses adopting selective concepts, tailored to the peculiarities of their environment.

Today, CSR encapsulates two broad parts; one, the globally recognized and accepted indices, and two, the national or local elements. Both parts obscurely converge in providing government and business a working guideline in the amelioration of inequalities in the sub-system. Whether it can lead the world to the utopian dream of more developed and equitable societies remains to be seen.

2.7 In Search of a Definition

The evolution of CSR from the individual to a collective bargain since the early 20th century has situated its regular conceptualization within business perspective. To think CSR, today, is almost inevitably, to express the business imperative for charitable investments in community development for which business may, or may not have been directly set up. Although CSR, as would be seen, tends to be complete only within the contexts of state and civil society priorities, the majority of the definitions to be explored here are business derived. The reason is that, borrowing from Marx and Engels, societies are a reflection of their means of production and exchange at any given time. In present capitalist societies, they say, 'the bourgeoisie has at last, since the establishment of Modern Industry and of the world market, conquered for itself, in the modern representative State, exclusive political sway. The executive of the modern state is but a committee for managing the common affairs of the whole bourgeois'.[68] The role of business, therefore, as a

[67] Bucholz, R.A and Rosenthal, S.B (1999) 'Social Responsibility and Business Ethics', in Frederick, R.E (ed.) *Companion to Business Ethics* (UK: Blackwell Publishers), p.304.

[68] Marx, K. and Engels, F. (1848) 'Bourgeois and Proletarians', *Manifesto of the Communist Party* Chapter 1 (German Original)http://www.marxists.org/archive/marx/works/1848/communist-manifesto/ch01.htm, p.3 Accessed 23 August, 2007 16.48hrs; Marx, K. and Engels, F. (1882) 'Bourgeois and Proletarians', *Manifesto of the Communist Party* http://www.socialistparty.org.uk/manifesto/manifesto.html, p.1.

product of 'modern industry and the world market' in the mould of societies, is perhaps, as crucial as the state's.

The difficulty in defining CSR tends to be resolved when all that has been identified as what it is not is analyzed carefully. The history of CSR makes it easy to group them all as CSR. They are factors that clearly impact on one another in the political economy of societies and in defining change through social investments.

The first item generally agreed upon as distinguishable from CSR deals with the charity value system. Business generally agrees that charitable or philanthropic gestures, once essentially symbolized by a cheque-book-giving culture, would no longer suffice.[69] Closely associated to this point of view is the belief in the shift from a past focus on the values of Christianity. Other areas of consonance in business thinking are that; being socially responsible is not reserved for 'prosperous economic times'. CSR, therefore, should not be an 'add-on' for economically booming periods and dispensed with when the economy slides downwards.[70]

CSR is not solely about the distribution of wealth if its purpose must be sustained. It is not a focus on profitable returns to shareholders – a goal that is more often driven by short-term or quick-fix processes and solutions.[71] In this vein, CSR is not about emphasis on quantifying the return on investment and its attendant obsession with measurable indices.[72] While good corporate governance entails unambiguous or unfraudulent reporting to shareholders, clarity needs to be given to social

[69] PWC Survey Report (2002) 'Corporate Social Responsibility Gaining Higher Awareness Among CEOs', www.pwcglobal.com; Ghosh, M.D. (2003) 'Corporate Social Responsibility Blue Print', World Economic –India Economic Summit www.weforum.org/site * Accessed 26 May, 2006, 10.35am.
[70] World Economic Forum – India Economic Summit 2003; PWC Survey Report (2002); Hartz, P. (1999), 'What does Corporate Social Responsibility Really Mean?', World Economic Forum – Annual Meeting. www.weforum.org/site
[71] Solomon, A. and Solomon, J. *Corporate Governance and Accountability*, p.191; Hodgetts, R.M and Luthans, F. (1992), p.13.
[72] Csrnetwork (2006) 'How to Create Immeasurable Wealth – The Secrets of Corporate Social Responsibility', www.csrwire.com/csr.asp; also csrnetwork (2006), 'Current Issues'; csrnetwork (2006) 'CSR Measurement – The Holy Grail of Corporate Social Responsibility'.

responsibilities that are unquantifiable. Measurement tools would, therefore, need to be carefully selected.

CSR is not an embodiment of one element. Its meaning is embedded in a conglomeration of shared communal values – many of which may not be compatible with traditional business objectives.

Although it helps build brands, it is not a public-relations stunt. Excitable philanthropy for the primary purpose of television cameras and radio interviews could be self defeatist.

CSR is neither about the ideals of socialism nor an attempt to obliterate market forces.[73] The consensus has been on the interdependence of both ideologies. Capitalism would, in time, implode without socialist mediations, and socialism is unsustainable without the market to continually meet the ever changing demands of society.[74]

Giving that businesses do not necessarily have a harmonious social conscience, what CSR is not from the above opens up a conundrum about its embracement by business and society in general. What then is CSR?

Taking a clue from what it is said not to be, a definition of the term should, and can only be based on the premise of its many connotations. Many of its underlying meanings, as will be seen, are almost impossible to separate from all that the term is believed not to be. How, for instance, can business eschew giving priority to measurable returns to shareholders in order to continue to enjoy the mandate to give back to society? What tools are there to effectively measure business gestures

[73] Murray, R.H (2005) 'Is Responsible Investment About to Pay Off?', World Economic Forum – Annual Meeting www.weforum.org/site Accessed 26 May, 2006 11.06am; World Economic Forum – Annual Meeting 1999 'The Trilemma of Welfare, Capitalism, Democracy'; World Economic Forum – Annual Meeting 2000 'It's not the Economy, It's the Society'

[74] Galbraith, J.K (1991) in Michie, J. (ed.), *The Economics of Restructuring and Intervention*, pp.25-29; also see Arestis, P. (1991) in Michie, J. (ed.) *The Economics of Restructuring and Intervention*, pp.198-199; Palma, G.D (1997) in Midlarsky, M.I (ed.) *Inequality, Democracy, and Economic Development*, pp.290-292; Thompson, N. (1998) *The Market and Its Critics*, pp. 75-76, p.103, pp.157-158.

in kind that truly uplift societies if the acts are not to be described as 'charitable' or 'philanthropic'? How can business effectively communicate social investments or 'doing good' in many largely rural communities still highly suspicious of business social initiatives and avoid being accused of engaging in a public relations gimmick?

Solomon and Solomon, nonetheless, list 'social investing, social responsible investing, socially aware investing, ethical investing, values-based investing and mission-based investing' as describing 'the same concept'.[75] Whilst no attempt has been made by the authors to explain these terms individually or to show what truly differentiates them, the word 'investment' stands out in the list and tends to indicate that corporate giving, irrespective of what form it takes, is expected to generate some return to its giver. Whether an 'investment' can be a charitable act may be debatable when there seems to be a passionate intent to divorce CSR from any charitable connotation whatsoever as provided by Solomon and Solomon's many descriptions of one word. When business goes beyond its direct line of competence to, by corporate policy, invest in basic social needs from where it may not derive direct and immediate benefits, how should such gestures be defined? And, why should business bother to give back or do good at all when it has historically been performing its corporate social responsibility to society through tax deductions used by the state to finance developmental programmes?

Michael Shanks, writing on 'The Social Responsibility of Business: A European View' finds the primary reason in the moral imperative of human nature. The social conscience of business is not far-fetched because:

> '*Board of Directors are human and like all other humans,they have certain social obligations, that is feelings of social obligation towards their employees and the society in which they operate*'.[76]

[75] Solomon, A. and Solomon, J. *Corporate Governance and Accountability*, p.218.
[76] Shanks, M. (1976) 'The Social Responsibility of Business: A European View' in Purdie, W.K and Taylor, B (eds.) *Business Strategies for Survival*, pp.89-90.

Solomon and Solomon's line of thought and 'feelings' seem insufficient for why business has a duty to plough back resources over and above its core role in the resolution of social problems. The classic definition, as provided by Luthans and Hodgetts, does not simplify this curiosity. For these writers, CSR is about the '*obligations of business to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of society*'.[77]

The vagueness of this definition engenders the need for specificity on the 'objectives and values of society' and who determines them – the government, business or the citizens? Subsequent definitions endeavour to concretize the scope of business obligations. Klein, for instance, attempts an elaboration of Luthans and Hodgetts. He sees CSR as '*acts motivated by charity, or a sense of responsibility for another person or group of persons --- but do not violate fiduciary responsibilities to shareholders'*. [78]

What strikes a chord in both definitions are the words 'obligation' and 'responsibility' and an implicit urge to be one's brother's keeper which is more explicit in Klein's definition. With Klein's however, achieving both objectives, that is, being charitable and financially prudent demands attention to 'enlightened self-interest'. It is ensuring contribution to the solution of social problems without sacrificing economic self-interest. More directly put, Klein describes it as understanding that 'unless the contributor survives, he cannot continue to contribute'.[79] It is thus about accountability to share holders and stakeholders, amongst whom are: employees, communities, 'special interest groups', and 'society as a whole'.[80] Achieving holistic economic success in the long and short term is dependent on good corporate governance, ecological or environmental considerations, 'labour standards', 'human

[77] Hodgetts, R.M and Luthans, F (1972) *Social Issues in Business*, p.2
[78] Davis, K. Frederick, W.C and Post, J.e (7TH ed) (1992) 'The Limits of CSR' *Business and Society: Corporate Strategy, Public Policy, Ethics*, p.44; also Klein, T.A (1977) *Social Costs and Benefits of Business*, P.182.
[79] Ibid.
[80] www.csrwire.com/csr.asp 'What is CSR?'; Du Plesis, J. 'Good Corporate Citizenship' www.foundationdevelopmentafrica.org/africacorporatesocialinvestment Accessed 29 May, 2006 10.52am.

rights' and 'social equity'.[81] It may require the forfeiture of 'some profits' to assuage for negative business impacts on stakeholders.

In broad terms, CSR is essentially a preoccupation with wealth generation and distribution. It is a direct or covert involvement in the equitable distribution of resources to tackle 'starvation and squalor' while affording everyone 'a chance of prosperity in a healthy environment'.[82] It is for this reason CSR is fundamentally an ethical concept, says Robert Frederick: '*It involves changing notions of human welfare and emphasizes a concern with the social dimensions of business activity that have to do with improving the quality of life'*.[83]

As business 'lives by virtue of sustenance provided by a community', the 'behaviour and policies' of business fall within the realm of society's goals.[84] Where over the years ascertaining what comprises such behaviour, the scope of involvement and costs have proved an enormous task, the word, 'investment' seems to relieve business of many of these challenges. Companies eager to shed a remarkable part of history and redefine their duties to society opt for the term, Corporate Social Investment (CSI), Corporate Citizenship (CC), Social Responsible Investment (SRI), or Business Social Investment (BSI). Whether they construe their social investments as a responsibility to their self-preservation and to the stability of the political system is a matter of conjecture. Collectively, CSI, CC, SRI and BSI 'relate to financial and non-financial investments in socially responsible initiatives'.[85]

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[81] http://www.bsr.org/advisoryservices/csr.cfm 'Business for Social Responsibility – Corporate Social Responsibility (CSR)' Accessed 28 November, 2005 16.00hrs; also see Davis, K. Frederick, W.C and Post, J.E (1992) 'Corporate Social Responsibility', *Business and Society: Corporate Strategy, Public Policy*, *Ethics*, p.30; Monsen, R.J (1973) 'Is Social Responsibility that Bad', *Business and the Changing Environment*, pp.120-122.

[82] Human, P. (1991) 'Management Education in a Changing South Africa' in Human, L. (ed.) *Educating and Developing Managers for a Changing South Africa* (South Africa: Juta & Co Ltd), p.277; Du Plesis, J. (2003) 'Good Corporate Citizenship' www.foundationdevelopmentafrica.org/africacorporatesocialinvestment/linkingbeetocsr.htm

[83] Bucholz, R.A and Rosenthal, S.B (1999) 'Social Responsibility and Business Ethics', in Frederick, R.E (eds.) *Companion to Business Ethics* (UK: Blackwell Publishers), p.304.

[84] Eells, R. (1962) 'Corporation and Community – The Good Corporate Citizen', *The Government of Corporations* (USA: The Free Press of Glencoe), p.233.

[85] 'Promotion, Social and Environmental Responsibility – Pick'n Pay's Social Investment Activities' www.pnp.tapsnodes.co.az * Accessed 25 May 2006 11.59am.

The principle requirement of a good corporate citizen would be the desire for the 'long-term prosperity' of the business through the alignment of its corporate goals with those of society. Whatever the preferred term of reference for investment decision-making, the economic objective is as relevant as the political, the environmental and social matters of labour, 'poverty alleviation', human rights', and general community relations.[86] No better force than globalization in the affairs of societies has facilitated this combination of the economic and political in CSR.

The increased globalization of trade and industry has also brought with it international dictates for CSR that sometimes seem to be at variance with national objectives. Whilst the difficulties in balancing global and national 'social structures' cannot be denied, CSR, as a value system with a focus on the 'triple bottom line', that is, the economical, social, and environmental, has come to be accepted as the norm.[87] Global rules continue to require that business pays a closer attention to humanitarian matters irrespective of the existing political system – democracy or autocracy . In a world currently driven by the capitalist system, should CSR in summary be defined therefore as 'compassionate capitalism'? as 'capitalism with a social conscience' or a human face?

2.8 The Humanitarian in Capitalism

At the 2000 World Economic Forum (WEF), Louis Schweitzer, Chairman and Chief Executive Officer of Renault, France, reminded business leaders of the growing divide enforced by globalization and the need for 'equal opportunity' as 'the fuel for economic growth'. He said: '--- *while most countries today recognize that an efficient economy is a prerequisite for growth, it is equally true that a free market and an efficient economy does not lead to happiness*'.[88]

[86] Du Plesis, J. (2003) 'Good Corporate Citizenship'; World Economic Forum – Annual Meeting 2005.
[87] World Economic Forum – Annual Meeting 2000; Eells, R. (1962) *The Government of Corporations*, p.235; Garten, J.E (ed.) *World View – Global Strategies for the New Economy*, p.xi.
[88] World Economic Forum – Annual Meeting 2005.

The long-standing belief that poverty reduction and an improvement in the quality of life are irrevocably dependent on economic growth has for long been debunked. The rise in poverty levels within communities, and the increase in inequality between the industrialized and developing countries are proof enough. Out of these global and national disappointments has risen the controversy around finding a 'dynamic consonance' between democracy and capitalism. 'Democracy and capitalism do not go hand in hand', said Lester C. Thurow, Professor of Management and Economics at Sloan School of Management, USA. 'Democracy is predicted on a belief in equality, while inequality drives capitalism'.[89]

Social welfare was thus invented to enable 'a role for both voluntary and regulatory means to achieve social goals'.[90] Where the market cannot be relied upon to undo its handiwork voluntarily, state controls must step in to bridge inequality by way of legislation. Corporate citizenship may therefore be described as "capitalism with a social conscience".[91] It can be taken as a "rediscovery of compassionate capitalism".[92] Business compassion may either be voluntary or through regulation. Often times when it is voluntary, its genesis is traceable to human nature and the binding principles that are not exactly divorceable from religious philosophies. 'Compassionate capitalism', however, does not relegate the profit priorities of business to second place. Rather, it entrenches the need for economic growth as a motivating factor for corporate philanthropy or social investments. Thus, CSR is about balancing the social demands of business (doing good), against its economic interest (creating wealth).

The associated costs of CSR further the importance of a new business culture. Its moral foundation of 'right' and 'wrong' extols the virtue of giving back to the society upon which business depends and whose many social problems business has

[89] Ibid; also see Thurow, L.C (1999) 'The Trilemma of Welfare, Capitalism, Democracy'. World Economic Forum – Annual Meeting. www.weforum.org/site; Klein, T.A (1977) *Social Costs and Benefits of Business*, p.191.
[90] Ibid.
[91] World Economic Forum – Annual Meeting 2002 '"Corporate Citizenship' Is not a Luxury' www.weforum.org/site/knowledgenavigator.nsf
[92] Roberts, N. (2005) 'How Responsible is Responsible Enough?' World Economic Forum – Annual Meeting. www.weforum.org/site

helped to create.[93] If business understands that it cannot extricate itself from some blame for many of society's problems and gives back to communities on compassionate grounds, it becomes easy to understand CSR as an act of human nature. Depending on the religious preference of the founders of the company, CSR could then be founded on religious doctrines, ranging from Christianity, Islam, Hinduism to the Universal Religion. In the 21st century however, the shape of CSR is in the form of the HUREPICS Pyramid bottom up, with capitalism or bourgeois socialism taking precedence over human nature and the charity culture (Fig. 2.2) that tended to be selfless gestures of kindness. Today, giving back to communities takes many forms. Small businesses often find it economically sensible to give back in the traditional way: cheque book donations. In so far as cheque book donation is the on-going principle on which the business is managed and sustained, to suggest that this charitable gesture is not CSR is contentious.

To reiterate, crucial to the CSR objective is maintaining the extant political and economic equilibrium. It is therefore erroneous to equate the concept with socialism. Drawing from Marx and Engels, CSR is best understood as a bourgeois socialist idea in which capitalism is humanitarian in an attempt to mitigate the increasing impoverishment of segments of the society. In many societies, CSR has found its bearing in the 'corporate state' where the once distinct roles of the public and private are increasingly blurred as the private sector performs roles that were once strictly state responsibility.[94]

If the global rules of CSR are regarded as static elements, the peculiarities of each nation state offer other determinants of its meaning. In other words, CSR may, nationally, differ from Asia to the USA or Europe. Extracting a South African meaning from the term would subsequently be assessed against this background.

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[93] Bucholz, R.A and Rosenthal, S.B (1999) 'Social Responsibility and Business Ethics' in Frederick, R.E (ed.) *Companion to Business Ethics*, pp.303-304

[94] Cox, A. and O'Sullivan, N. (eds.) (1988) *The Corporate State – Corporatism and the State Tradition in Western Europe* (England: Edward Elgar Publishing), p.5; Sullivan, L. (2001), Thompson, R.L (2001) 'Corporate Social Responsibility: Beyond Charity'. World Economic Forum – Annual Meeting. www.weforum.org/site

CHAPTER 3: CSR: THE SOUTH AFRICAN IMPERATIVE

3.0 Introduction

In South Africa, as in most developing countries, CSR is relatively a new concept. Its history is as old as the beginning of individual and later collective agitations for the abolition of apartheid. The relentless dismemberment of societal cohesion in the early 1970s by the government and its consequential weakening of access to opportunities by the majority of the populace necessitated a response from civil society.[1]

In 1972, Professor Meyer Feldberg of the University of Cape Town broached the idea of 'business obligation' to the well-being of people beyond the factory gate'. He found the CSR model of US business worthy of emulation and urged South African business to follow suit.[2] The NGOs through which foreign donors funded anti-apartheid movements were symbols of a social responsibility with a narrow objective. It was essentially anti-state.[3]

Practical responses by South African business to the imperatives of change succeeded the 'large-scale urban riots' of 1976. Against state approval, the Urban Foundation (UF), comprising the country's 'most powerful business leaders' was formed. Its mission saw to the provision of 'housing, education, teacher training and community resource centres' for neglected communities.[4] However, CSR, as a formal business principle was given a boost in 1977 by the 'Sullivan Principles' which initially applied exclusively to the US companies to commit a percentage of their payroll to philanthropic activities as a 'means of justifying their continued presence in (the) country---'[5]

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[1] *The CSI Handbook* (7th ed) (2004) 'The Story of CSI from Pre-Democracy to a Glimpse of the Future', (Cape Town: Trialogue).
[2] Ibid.
[3] Ibid.
[4] Ibid, pp.2-3
[5] Ibid, p.3

Alongside the formation of business Foundations and Trusts by companies to manage CSR funds, were new 'dedicated' NGO organizations through which international donations flowed. The South African Catholic Bishops Conference (SACBC), the South African Council of Churches (SACC) and the Kagiso Trust are notable among them.[6] The growing response by business to community development in the '70s and '80s were, however, met with great public skepticism and CSR remained, safely, within the field of silent charitable causes.[7] The early 1990s and the imminent collapse of apartheid were harbingers of fresh notions of CSR as business stretched out hands of partnership to government. The establishment of the Joint Education Trust (JET) in 1992 was one such collaborative effort.[8]

With the emergence of a new political order in 1994, CSR was propelled towards a political twist that seemed partly responsible for the confusion and slow adoptive attitude that enveloped the concept in the immediate post-1994 years. CSR monies found a new repository in the new legitimate government. The state's social obligation was clearly reinforced to capture many of the roles previously performed by the NGOs. A redefined corporate social responsibility on the part of the state presupposed new collaborations with business, and the onus fell on business to reassess its place in the new South African society.

Confronted by the harsh realities of apartheid's legacies, government and civil society intensified demands on business to be proactive in redressing the imbalances of the past. Following the successful transition of 1994, the new democratic government was aware that the deep wounds of the apartheid era were still running very deep in the majority of the population. The tension had a potential to mutate into vengeful inter-group and intra-group reprisals. Under the Promotion of National Unity and Reconciliation Act 34 of 1995 and preserved in the new Founding Act No. 108 of 1996, the Truth and Reconciliation Commission (TRC)

[6] Ibid, p.2
[7] Ibid, pp.2-3
[8] Ibid, p.6

chaired by Archbishop Desmond Tutu was set up.[9] The mandate of the Commission was to 'advance such reconciliation and reconstruction' by granting amnesty 'in respect of acts, omission and offences associated with political objectives and committed in the course of the conflicts of the past'. [10]

The TRC report officially released in March 2003 indicted South Africa's business for being 'central to the economy that sustained the South African state during the apartheid years'.[11] The report stated:

> '---*the degree to which business maintained the status quo varied from direct involvement in shaping government policies or engaging in activities directly associated with repressive functions to simply benefiting from operating in a racially structured society in which wages were low and workers were denied basic democratic rights'*.[12]

Various submissions by business to the Commission stating 'that apartheid harmed its operations…sometimes resulting in reduced profits and distortions and restrictions on the labour market' had an insignificant impact on the Commission. Attempts by business to oppose apartheid, the Commission noted, 'came very late in the day and was weak and indecisive'.[13] The TRC's recommendations in respect of business were founded on the conviction that business 'at the very least' had 'a moral obligation to assist in the reconstruction and development of post-apartheid South Africa through active reparation measures'.[14] The recommendations included;

- that organised business and individual business leaders be encouraged to contribute to the President's Fund. The Business Trust 'established

[9] http://www.info.gov.za/otherdocs/2003/trc 'The Legal Basis of the Amnesty Process', Vol 6, Section 1, Chapter 1, p.4 also see Ibid, 'Introduction', 'National Unity and Reconciliation', p.3
[10] Ibid
[11] Ibiid, 'Introduction', 'Findings and Recommendations', Section 2, Chapter 5, & Chapter 7, p.140
[12] Ibid
[13] http://www.info.gov.za/otherdocs/2003/trc 'The Legal Basis of the Amnesty Process', Vol 6, Section 1, Chapter 1, p.4 also see Ibid, 'Introduction', 'National Unity and Reconciliation', p.3
[14] Ibid.

for the purpose of reparations' thus became 'the vehicle through which business, in agreement with government, would honour its responsibility to the victims of apartheid',

- that 'each company listed on the Johannesburg Securities Exchange to make a once-off donation of 1 percent of its market capitalisation',
- that all beneficiaries of apartheid make a contribution to the Reparation Fund,
- that a 'once-off wealth tax on South African business and industry' be imposed.[15]

From 1994, the development of CSR from a carefree charitable exercise came under close scrutiny.[16] Although its major characteristic still took the form of cheque-book donations to the Business Trust, public policy had intervened to mandate, facilitate and partner in providing an enabling environment to broaden the definition of CSR. From the late 1990s, a business case for CSR gradually settled into a largely confused and misrepresented concept as voluntariness got inevitably pitted against a compliance agenda. CSR in South Africa, as a fall out of the TRC's report, was not conceptualized in exclusion of a blame culture. Business refusal to be associated with this blame culture regularly underpins the terms selected to represent its inputs in community development till date. It remains an on-going battle for business, and state regulation has reinforced the TRC indictment. South Africans have not stopped blaming the business sector, white business owners in particular, for its apartheid past.

The transformation agenda, epitomized by the Broad-Based Black Economic Empowerment (BB-BEE), the 2000 King II Report on corporate governance, and the 2002 World Summit on Sustainable Development held in Johannesburg, seemed to conspire in unison to give an impetus to the South African concept of CSR.[17] Whilst

[15] Ibid, p.142
[16] *The CSI Handbook* (7th ed.) (2004), p.11
[17] *The CSI Handbook* (5th ed) (2002) 'CSI and Corporate Citizenship' (Cape Town: Trialogue), pp.129-130; also see Wooley, R. (2nd ed) (2005) 'The Philosophy of BEE – Why it Makes Sense and What to Do About It', *The Good Corporate Citizen* (Cape Town: Trialogue), p.138; *The CSI Handbook* (7th ed)

an assumption of unity in definition by actors is naïve, South Africa presents a unique case of why and how the oddities in a nation could help to redefine a global concept in absolute terms.

3.1 CSR in South Africa Defined

The history of CSR as presented here gives prominence to human nature as one of its determinants. South Africa presents no exception to this rule. Its CSR is based in part, on the premise of 'ubuntu for business'. The TRC report clearly implied that. In the burgeoning challenges of BEE, high poverty levels, HIV/AIDS, crime and other micro elements of the transformation agenda, the expectations of business call out the spirit of ubuntu and kaelo. Ubuntu draws on that which is humanitarian in the quest for a 'collective business effort to engage critical challenges in the broader business environment'.[18] These are mostly challenges associated with the nation's apartheid history and they include: poor education of the majority of the black populace, and the consequent scarcity of crucial skills for national growth and development as well as the lack of infrastructure in most town ships and rural areas, Kaelo dwells on the traditional notion of coming together to up-lift one another.

In South Africa, the struggle to give an operational structure to various aspects of community development by business can be discerned on two fronts. The first deals with conceptualising these activities in a way reminiscent of one idea behind the set up of the TRC: 'forgiveness and atonement for the past'. As succinctly put by a respondent;

> '*When you say CSR, it connotes a kind of obligation; a kind of feeling of guilt for doings of the past and business would want*

'Industry Charters Background' (Cape Town: Trialogue), p.228; *The CSI Handbook* (8th ed) (2005) 'Agents of Change or Social Delivery' (Cape Town: Trialogue), p.117; *Business Day* (2005) 'Why We Need to Link BEE to CSR' www.foundationdevelopmentafricacorporatesocialinvestment/linkingbeetocsr.htm

[18] Du Plesis, J. (2003) 'Good Corporate Citizenship'

to just give something and not bother if what they are giving are beneficial'

(*E. Campbell – Ukukhula Projects)*

Should business then be extricated from atonement and hope that the past will go away effortlessly? A consultant on transformation matters does not think so:

'I think the white people in South Africa still don't accept the fact that they colluded with apartheid. We are all colluders with apartheid and we have a moral obligation to play a role to address the after effects of apartheid.---'

(Elena Roddy: Transformation NGO)

The second part of the struggle lies in the eagerness to keep shareholders happy and nurture the economic growth agenda of the country. And so, even where 'globally it is CSR which is more powerful', says Meshack Khosa of the MTN Foundation, giving the all encompassing elements included in that idea, 'in South Africa, we say corporate social investment (CSI) because we see it as an investment'.

'CSI and CSR are inter-related. If you invest in People, you are being responsible'.

(Mokgadi Pele: Department of Labour)

'CSR and CSI are different' explains Nadia Hassan of Standard Bank.

'*With CSI, we have to be able to measure and see an impact. It is not a philanthropic thing. For us, CSR deals with environmental issues in relation to the work we do. It is broader and deals with issues like how we treat our employees, governance, and other soft issues around bottom line governance. CSI is a component of CSR. No company really*

has a conscience and when they worry about CSR, it is when it hurts their bottom line'

(Nadia Hassan, Standard Bank)

While some respondents believe it is really 'a question of semantics', the generally agreed description given by corporate South Africa to its social intervention in communities is **Corporate Social Investment (CSI)**.[19] Although some respondents say they make no distinction between CSR and CSI, as an investment however, most businesses would like to believe that they are firmly taking care of an unpalatable history. They can also be more scrupulous in their social expenditures and expect concrete returns on their investments. To describe their 'social responsibilities' to societies as 'investments' connotes a desire to ensure that first and foremost, it is 'aligned to, and supportive of core business objectives'.[20] James Currie of Africa Foundation says:

'*CSI has a vital part to play in redressing the past but it should not be the focus. We need to go further than that. It is not historical social responsibility. --- The corporates have to see that they can benefit from CSI'.*

(James Currie – Africa Foundation)

In general, CSI is said to refer to 'a company's contributions (cash or non-cash) to people, organization or communities that are external to the company---'[21]

Shedding the "feel good" charitable side show, 'CSI has gone from being a voluntary contribution to an expedient necessity'. [22] This is in line with its recognition as companies' crucial means to demonstrate their commitment to change in the society. The conceptual selection of CSI in South Africa envisages its central place

[19] *The CSI Handbook* (7th ed), p.1
[20] *The CSI Handbook* (8th ed) (2005) 'CSI Under the Umbrella of Corporate Citizenship' (Cape Town: Trialogue), p.8
[21] *The CSI Handbook* (8th ed), p.6
[22] *The CSI Handbook* (7th ed), p.19

within 'empowerment, transformation and business sustainability'.[23] CSI, however, is not convincingly minus charity or philanthropy, and hence, it has also been defined as; '*charitable or philanthropic giving (that) serves to support business developmental objectives and leverages core skills in the business*'. **[24]**

> *'CSR would need to be looked at from two different points of view. CSR can be understood as an investment by the private sector into that directly linked to their business. --- On the other hand, business may want to build a primary school in my village because they feel morally obligated to do so --- That primary school may not be linked to their business. They have done that because they have a conscience and feel a charitable need to look out for their fellow mankind'.*
>
> *(Loyiso Nongxa: VC Wits University)*

As an all encompassing concept, it is perceived as integral to CSR or Corporate Citizenship, yet different from both concepts. In an interesting finding by Trialogue on factors that should inspire business attitude to society, 'the most salient features' that came to the fore were

> '*acknowledge our unique social context, recognize their responsibility as agents of transformation, and communicate their achievements in this regard, comply with legislation by adhering to regulatory practices*'.[25]

While business may be quick to point to what they do as CSI, the inability for some to differentiate it from CSR is understandable. Many executives interviewed show that there still exists a disconnect between their pronouncements and a deep-seated sentiment about how such investments should be 'truly' described. So, while they are comfortable with the word CSI, the idea of CSI as a business 'responsibility' in

[23] *The CSI Handbook* (6th ed) (2003) (Cape Town: Trialogue), p.8
[24] Kapleus, P. (1st ed) (2004) 'Definitions – Understanding the Terminology' *The Good Corporate Citizen* (Cape Town: Trialogue), p.9
[25] Ibid

South Africa continues to naturally pervade their responses. Many respondents are passionate about how and why business 'should give back', and why compelling them to imbibe this 'obligation' via legislation, at least for now, is in the best interest of the change.

> *'CSI is a good thing. It is imperative that companies must give back to communities. When it is voluntary, the problem might be that because it is not the company's core business when there's a problem, it becomes the first casualty. But when it is an obligation, then in times of trouble, you have to find a way of accommodating it'.*
>
> *(Simphiwe Nanise: Mines Investment Trust)*

> '*CSI is a fairly new concept. (We) like other companies have moved from philanthropy to a very clear understanding of the need for corporate social responsibility. We now, for example, commit (more than 1%) net profit per annum to CSI'.*
>
> *(Itumeleng Letebele:South African Brewery)*

> *'I think that legislation is good for now because without it, companies would just go into these communities, take out, and give nothing back. Maybe later the companies can be left to give voluntarily, that is, by which time the companies are used to giving'.*
>
> *(Bongiwe Ntuli: Eskom)*

> *'Yes of course, especially in a country like ours --- otherwise, you would not see results. You know, the situation is like someone has something and you are asking him or her to give it to you voluntarily. He wouldn't. No way. This is why legislating CSI is important'.*
>
> *(Mathi Mathabo: GlaxoSmithkline)*

'It would be ideal if it (CSI in education) is philanthropic, but the union requires that transformation has a need that goes beyond philanthropy and business has to come to the party because they have to, not because they want to'. Business is in the business to make profit. CSR is not something people believe they have to do'.

(Mike Myburg: National Union of Educators)

'---The problem with making this happen through legislation is that you may get the number, but not the quality. As the corporates see the benefit and for those that have good values and corporate governance, they begin to do this voluntarily'.

(Luanne Grant: American Chamber of Commerce)

'Looking at the historical imbalances of the past the Equity Act is an effective way to legislate this. It becomes difficult when the Equity Act relies on a percentage and does not put final numbers down. ---The danger is when you legislate that --- percentage of profit should be given to social investment, and they say it is counter to the free market system. Whether by tax or incentive system, business needs to do something because the state does not have enough money to do it all'.

(Mike Myburg: National Union of Eductors))

From the above, there is an agreement on the need to legislate CSI. Implicit in these responses is also the intent for CSI to be seen, understood or enforced as also the responsibility of business given South Africa's socio-political history. That is the goal of the CSI legislation irrespective of how it is scripted, measured by public-policy indices, and the inevitable sacrifice of quality it engenders in some parts. While many respondents shy away from directly mentioning the ghosts of apartheid as a viable reason for their inability to want to distinguish the two terms, the passion in their support for legislation fails to conceal the obligation they impose on business where issues of equity and redressing past imbalances are concerned.

For those who believe there is a difference between the CSR and CSI, how they are unable to see that legislating CSI in South Africa puts it squarely in the realm of CSR is questionable.

The subtle wish-away by many managers of a history that should continually serve as a catalyst to corporate endeavours has been excused in some quarters. 'One needs to be careful in distinguishing between CSI and CSR' says a respondent.

> '*CSR dates back to the 1920s when it was seen as apartheid government's way of just giving some money to the communities for particular projects. CSR, therefore, does not have a good meaning to it. It is better to talk about investments in skills development and literacy than to mention CSR. Many companies would prefer to call it something else'*.
>
> *(Rubby Dhunpath: ISASA)*

Dan Sonnenberg, writing under the caption: 'Marrying "Socially Responsible" Investment with Sustainability' in Trialogue's inaugural edition of *The Good Corporate Citizen* further explains:

> '*The term "socially responsible" is an unattractive description of a company in the eyes of investors looking to increase returns and reduce risks.---the more encompassing term, 'sustainability' would sway marketplace judgment and attract greater investor interest'*.[26]

In addition to the economic case for the preference of the word CSI, a respondent rightly notes that the word 'responsibility' poses a problem. It shoves the primary obligation to remedy past injustices right at the face of business and patently leaves a sour taste behind. In so far as acknowledging apartheid misdeeds and correcting

[26] *The Good Corporate Citizen* (1st ed), p.138

them underlines CSR, CC, or CSI in South Africa, the descriptive word for these activities seems less relevant.

Arguments for making a distinction between CSI and CSR are, however, not totally unfounded. While the latter depicts a value system that is, naturally, intangible, the former stresses the material or the tangible aspect of the act. CSR's inference in the country is one of a shift in paradigm in the country's entire value system. Transformation symbolizes this shift and the fear of transformation is still palpably real.[27] In the words of Mike Myburg:

> '*Transformation is seen as something scary. It is seen as something that would take away what the white community or family has and give it to the black people. It is also seen as something happening to black people, not to white people. But transformation is also about white people giving up something because government does not have enough for everybody*'.
>
> (*Mike Myburg: National Union of Educators)*

South African business is not unaware that 'much of the responsibility --- to progress the country speedily towards socio-economic equality' still falls on its shoulders.[28] Hence, the acceptance that CSI or CSR is located within 'transformation' or vice-versa, as would be seen, further enriches whatever definition South Africa makes out of CSI.

No effort at arriving at a plausible definition for CSR in South Africa is complete in the absence of understanding the role BEE plays in shaping that definition. With an amendment of the BEE concept to broaden its meaning and scope, the Broad-Based BEE prominently features as the country's transformation priority. Officially and remarkably classified as a CSR component, together with the international

[27] Wooley, R. (2nd ed) *The Good Corporate Citizen*, p.142
[28] De Jongh, D. (1st ed) 'A Greenfield for Best Practice', *The Good Corporate Citizen*, p. 162

prescriptions, its scorecard 'residual element' is CSI.[29] CSI thus forms part of the transformation agenda' and should, therefore not operate in isolation from other corporate citizenship and transformation indicators.[30] For proponents of its difference from CSR a rethink is needed and terminology truly seems to be in 'turmoil' here.[31] There is a dire need to synergise thoughts and practices where CSI is concerned and it should begin at the policy level. For a start, its location within the transformation paradigm needs reworking. The contention does not seem to be that it is part of the nation's transformation agenda. How well it sits in the reform process leaves much to be desired. Asked if CSI can really be fitted into the nation's transformation objectives, some respondents had the following to say:

> '*It is part of it, only part of it. CSI should go beyond the present. --- I would say that CSI or CSR in South Africa is about transformation. But, I agree that it would take a very long time for the sort of change we are talking about to take place*'.
>
> *(Trevor Rammitlwa: BankSETA)*

> '*CSI is a transformation issue. But it is short-sighted to think that it would go away once we have transformed because the divide would still be there'.*
>
> *(Sue Gardener: ISASA)*

So long as it remains an insignificant aspect of the broad BEE domain, its relevance and definition would be misleading. If CSI is 'part of' the transformation imperative, it should not be a short-term venture. Respondents generally agree that CSI needs to have a going concern about it. In other words, it should be imbibed as a business culture in South Africa. Yet, some others indicate that the challenges of exiting a CSI venture often kills the will to do more. Some company executives say that their intention is not to remain on a CSI venture forever. They would like to hand over the project to the government or the community at some point in time. Determining

[29] *The CSI Handbook* (8th ed), p.6
[30] Ibid, p. 46
[31] *The CSI Handbook* (8th ed), p.117

when to hand such projects over becomes extremely difficult as neither the government nor the community is ready to sustain it. The companies still retain the responsibility to ensure that this investment does not go to waste. Asked how companies can exit a social investment where it is no longer feasible to continue, a bewildered respondent retorted:

> '*Why would business want to exit? It is selfish for companies to want to exit after 3 or 4 years. Even in the first world, companies are always involved – Kellogs, Bill Gates, etc. they're always there'*
>
> *(Sipho Moshoane – Lily Foundation)*

But community development challenges in South Africa are enormous. They can be that overwhelming ascribing their responsibility to business can be counter productive in the absence of an enduring partnership with the state. According to the explanations of a respondent already highlighted, the tendency would be to give back without caring whether or not it is beneficial to the recipient. In such instances, true indeed, a distinction can be made between CSI and CSR. But, importantly, why such an endeavour would be called an 'investment' may be a subject for an investigation outside the purview of this chapter.

At the moment however, the foundation for community development and the genuine empowerment of black people, that is CSI, occupies a disposable position in the BEE scheme of things. Companies are essentially playing to this script. In the words of Ndivhu Nepfumbada of Nedbank, 'most businesses don't do CSI from the heart, but for what they can get out of it. They'll for instance ask: what will Early Childhood Development do for the business?' Speaking on the need for mindset change in the corporate sector, Lebitso Mokgapli of KPM says: 'I think the problem is to get it into their hearts, to get it out of the mind and into the heart. Most people have not got it in their hearts to change'. Public policy on its part, has not been designed to truly facilitate undertaking CSI from the heart.

In order to elaborate on the evaluation of CSI in South Africa, the difficulty with separating it from CSR needs further enlightenment.

CSR and CC are defined as the same. They can, therefore, be used interchangeably. In their domain fall 'corporate governance, employment equity, environmental management, product stewardship, preferential procurement, human rights and CSI'.[32] In South Africa, to be a good corporate citizen (CC) or a socially responsible citizen (CSR), would be to promote the nation's transformation agenda of which the Broad-Based BEE is integral. While BEE, today, is said to be broad-based, it would be myopic to presume that its past narrow focus on company ownership, management and control has been transcended or completely erased. The expediency to grow a large black middle-class remains at the top of the BEE priorities. Companies find the implementation of BEE via ownership and management faster and easier, explains a respondent. Long-term investments on grassroot programmes with potentially higher impacts on BEE, especially as they have larger multiplier effects, require a passion and commitment that is difficult to extract from many businesses. Lebitso Mokgapli explains:

> '*The problem with CSI in BEE is that the spirit of the act is not being stuck to. --- There's concentration on ownership and control to the detriment of investment in skills development, staff training, and so on. --- It is not government that is emphasizing ownership. It is the companies and it is because it is the easier thing to do. Poverty alleviation, skills development or infrastructure development are not easy to invest in. With ownership and control, It is easy to bring in the man from any where and put them there or offer them shares'.*
>
> *(Lebitso Mokgapli: KPMG)*

Writing under the sub-heading; 'Are Companies Meeting the Charter Requirements?', Trialogue in its 8th edition notes that;

[32] Ibid, p. 8

> '*Local divisions of international companies are frequently restricted when it comes to their ability to make progress on the BEE ownership front. In these instances, the other elements of the scorecard become a higher priority. CSI then becomes important not only for improving the overall BEE score of such companies, but also as an overt means of demonstrating commitment to South Africa's transformation agenda'*.

Thus, CSI ventures that, for instance, involve Early Childhood Development (ECD) or Adult Basic Education and Training (ABET), continue to receive less attention in the CSI spending.[33]

If CSR and CC are said to refer to the same idea and essentially communicate change, with CSI a core part of both concepts, CSI can hardly be excluded from the CSR processes. It is best explained as one practical aspect of CC or CSR. The point of contact for CSR and CSI in South Africa, to underscore the point, is "transformation" exemplified in social justice; in the equitable access to opportunities and the redistribution of knowledge and wealth. Giving prominence to the uniqueness of the South African situation and extracting from responses on the opposite sides of the argument, that is, from those who believe both terms are different and those who do not think they can be differentiated, CSR or CSI may be defined as

> '*A direct or indirect social investment that aims at social justice; the redistribution of access to opportunities; of knowledge and wealth to all members of the society'*.

Included in 'wealth' here are all that engender the well-being of the people – be they environmental, labour or human rights issues.

[33] Ibid

If CSR is thus stripped of its apartheid reputation, moved from the solely business perception into the realm of the state and civil society, it can be seen as an 'investment'. On a broad perspective, it is not just an investment in the material, but in the psychological well-being of all South Africans. An investment in literacy, for example, goes beyond the economic empowerment of the individual. It is socially and psychologically empowering because it helps to break down the barriers of apartheid that may have been internalized. The more companies invest in whatever brings about change in the life of the majority of the people, the greater it reaps a return on mindset change and an image gradually divorced from the past. In addition, the better the enabling business environment it provides for itself.

Business has a responsibility in South Africa to 'invest' in mindset-change. But, CSI as a CSR and as inferred from the interview responses quoted, is not predominantly a white issue. It is applicable to the 'what' and 'how' of state governance as well as to what civil society does and how it does them. This can be inferred from responses that state that CSI is 'only part' of the transformation agenda and that there is a need to 'go beyond the present'. Perhaps these statements arise from the impetus to correct the erroneous assumption that transformation is a one-way-ticket – handed down from white to black. The transformation imperative, no doubt, entails a new way of thinking by the privileged white class in whose hands the country's economy still firmly resides in order to enforce social justice'.[34] Taking the observation of dismal output from CSIs holistically, It also means that, in the words of a respondent, '--- black people must stop playing victims' in order to freely and eagerly take up the many accesses to opportunities currently being offered by the state and the business community and make the very best out of them. They owe this responsibility to themselves as members of 'corporate' South Africa.

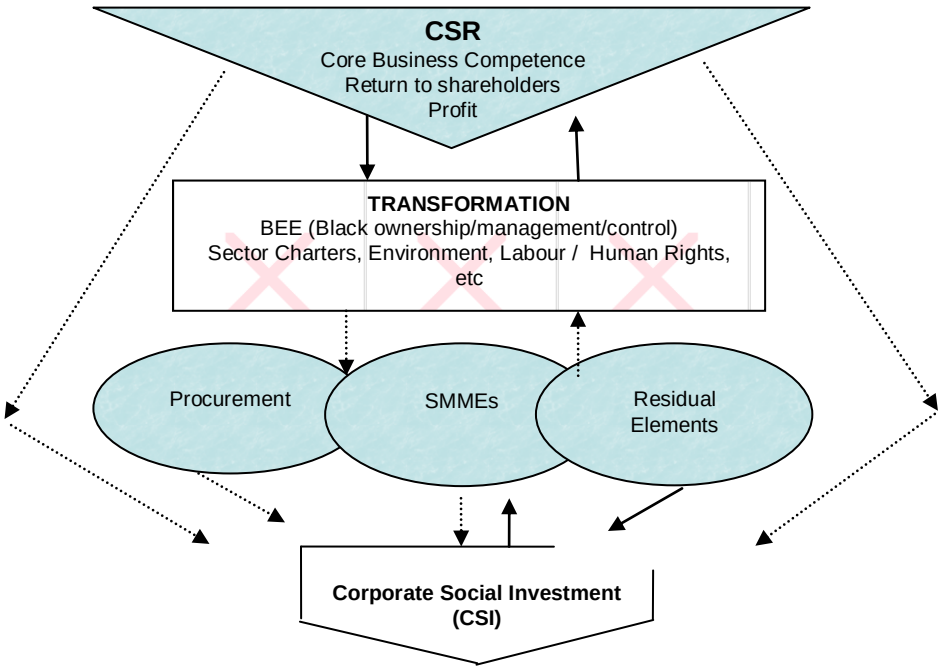
This nation's history helps to redefine CSR and don it with a fuller meaning than it is currently given. No other country, presently, seems faced with an urgent compulsion to have a collaborative developmental state in which business and ordinary citizens must accept themselves as part of a 'corporate state'. The benefit

[34] Ibid, p. 6

to the country can be measured by an increase in the capabilities to match expectations and the maintenance of the peaceful status quo.[35] As evident in the global historical background to CSR, South Africa's political system continues to impact on the perception of CSI. Government's current policies and the country's domestic challenges leave business with a very competitive environment. Economic growth is a prerequisite for economic transformation, and by extension, CSI. Figure 3.1 thus shows that CSR as conceptualized and approved in 2003 until 2007 when 'residual elements' was reworded as 'socio-economic development', would deal with profit and returns to shareholders from business core competencies. Performing the activities for which business is set up must now take the nation's transformation agenda as prescribed by BEE into consideration. Labour/Human rights, black

Fig. 3.1

CSR AS CURRENTLY DEFINED BY PUBLIC AND PRIVATE POLICY IN SOUTH AFRICA



[35] Ibid, p. 140

ownership/management and control issues and others all fall within how business must try to achieve growth under the new dispensation. Companies are, therefore, not embarrassed to drive home their overriding need for survival in order to meet the nation's transformation objectives. While preferential procurement and the empowerment of initiatives at SMMEs also constitute part of the transformation agenda, they tend to be the softer issues. What today is called 'residual elements' in this CSR mix – where CSI has been placed, poses the most challenging to comprehend. The 'residual elements' capture all investments on community development. Investments in educational matters, from infrastructure support to skills development in this sector are perceived and reported by companies as 'residual'. As the name depicts, when companies need to adjust their spending in order to maintain an appreciable level of profit, explained a respondent, the residual elements are usually the first to come under the hammer. In South Africa, CSI is officially explained as investments in those projects presently classified as 'residual'. The aperture in the CSI box in figure 3.1 which the 'residual element' call-out circle directly feeds, indicates the primary association of 'residual elements' to CSI. Figure 3.1 projects what presently exists by way of public policy in the drive towards genuine national change.

However, deductions from respondents imply that Broad-based BEE and 'community development' are interdependent. There is a concurrence that business could do much more in the area of literacy development, for instance. Some highlight that many of the former townships are still in desperate need of public-private collaboration for any significant change to take place in those areas. How business can be empowered to partner with government in these sectors whose relevance has collectively been eroded in the CSR mix was not an easy question to answer. A skills development consultant displeased by the question on why business could not partner with government in the area of research having identified government's lack of capacity says:

> '*Business is there to make profit. It is not for them to take the lead in research over issues of development. If government*

tells us what to do, we do it. We fought for what we are going to get during the transition. That was it. Our business during the transition and CSI issues are not the same'.

(G.L: Frankel Consulting)

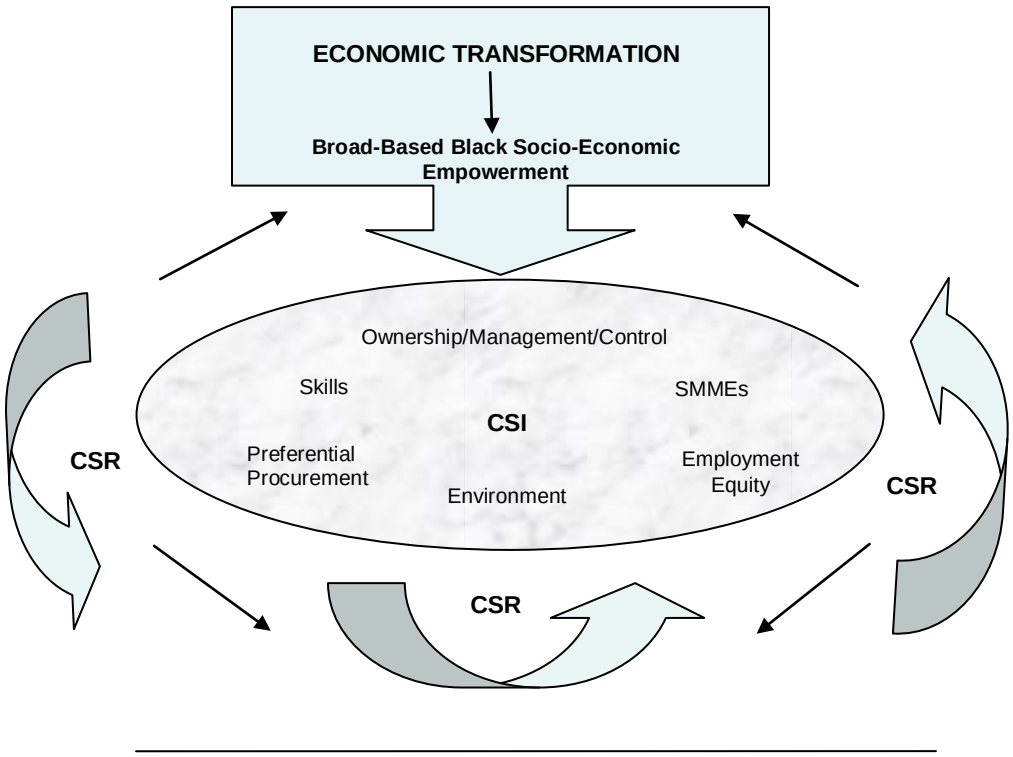
Yet, there is some consonance that BEE is meaningful and sustainable only through its reinforcement by CSI. For CSI to be meaningful to the communities, good research must precede the investments, otherwise, says a respondent, it would be as good as 'throwing money into a deep black hole'. For all other items – ownership/management/control, environment, community development, preferential procurement, skills development, small, medium scale and micro enterprises (SMMEs) and employment equity to take strong hold, the challenge is to come up with a policy that would give them all the real importance they deserve.

Drawing from these, this chapter posits that a definition of CSR in South Africa could be of greater relevance to its objectives if perceived as Figure 3.2. The survival of business is undoubtedly a prerequisite for facilitating the transformation agenda. However, investments in those elements that engender the broad-based socio-economic empowerment of blacks and the South African people in general, need to be freed from excessive short-term or quick-fix processes. The imperatives of the South African nation instruct that the economic goals of business, linked to matters of best practices, together with Broad-Based BEE and CSI form an organic whole called CSR (Fig. 3.2). The prominence of CSI in the circle is indicative of its crucial role in the constant rejuvenation of BEE and the economic priorities of business. The benefits of BEE and CSI in the CSR mix are thus, cyclical.

More importantly, divorcing CSI from BEE even by the narrowest margin, as Figure 3.1 depicts, would always leave an invaluable part of that empowerment unfulfilled. The place of CSI as a 'residual element' of BEE is therefore, suspect. It tends to undermine, for instance, how the development of the second economy, and grass-root basic literacy can empower the formerly deprived, and in turn, economic growth.

Fig. 3.2

REDEFINING CSR -THE SOUTH AFRICAN IMPERATIVE



Given that South Africa is a capitalist society whose polarization can still be described as a country of 'two worlds', one world comprising a minority populace as developed as a first world economy, while the other with its majority, a third world, should CSR in South Africa be explained as capitalism with a human face?

It can be argued that government's legislative interference through the BEE scorecard, the DTI Code of Conduct and their facilitation of the industry charters are strong friendly measures of coercion aimed at instilling the humanitarian in capitalism. Through these policies, government hopes to provide greater access to opportunities for the creation of wealth by the majority as well as redistribute wealth. The Broad-Based BEE notion arose from 'the dissatisfactory result of its evaluation almost a decade after the new political dispensation. Although the scorecard is said

to provide no more than a guide to business, the implicit punitive outcome of non-compliance belie arguments of 'voluntariness' on the part of business. Government's developmental posture has been brought to bear on market forces.[36] It has, in many aspects entrenched a compliance-driven mindset in the effort to guarantee that 'corporate community-giving is recognized as an important component of the transformation mix'.[37]

Yet, South Africa's negotiated political transition poses a problem in simplistically ascribing conscientious capitalism to its CSR on a macro level. The country's preference for the 'third way' political model prior to the 1994 elections, and the deep business involvement in policy formulation makes CSR a legitimate request by civil society and a survival path to tread by business.[38] In a society in which the once deprived is the majority, CSR can only be conceptualized as a necessity; as expedient. It therefore could not assume the philanthropic flare of what the US or Europe may extend to the disadvantaged minority groups in their environment. The huge backlog in skills deficiency arising from apartheid's legacy, for instance, means that business must spread its corporate tentacles into some 'abnormal' areas of literacy and skills development if the level of economic growth projected must be achieved. In this vein, business social investments in education and skills development in South Africa cannot be implemented as token charitable gestures.

3.2 Summary

CSR in the South African context is thus in need of a term for its present midway location between bourgeois philosophies and the imperatives of a developmental

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[36] Wooley, R. (2nd ed) *The Good Corporate Citizen*, p. 142

[37] *The Good Corporate Citizen* (1st ed) 'Transformation – Redressing Inequalities Across a Broad Front', p. 46

[38] *The CSI Handbook* (8th ed) 'CSI Funding', pp. 84-117 also see Elsenhans, H. 'Introduction' in Braham, M. and Weiland, H. (eds.) *Towards a New South African Economy: Comparative Perspectives*, p.vii; Fourie, A. and Symes, A. (1994) 'Business and the South African Transition', *Building a Winning Nation – Companies and the RDP,* p.22; De Beus, J. and Koelble, T. (2001) 'The Third Way Diffusion of Social Democracy: Western Europe and South Africa Compared' in Taylor, R. (ed.) *Politikon*, p.184

state. In many respects, it represents the social conflict between the dominated and dominant; and the role of the state as the custodian of the "common good". Martin Carnoy and Henry Levin note that

> '*the struggle of dominated groups to change the conditions that oppress them and the attempts of dominant groups to reproduce the conditions of their dominance are the key to understanding the changes in the economy, in social relations and in the culture. These changes, in turn, are reflected in State policies* ---'[39]

While state policy may seek to entrench and facilitate the equitable distribution of resources, given capitalism's inherent contradictions, such public policies are not always free of conflicting interests. The legislation which binds CSI, as already seen, is fraught with a paradox. It is aimed at simultaneously protecting the interests of the economically dominant group and those of the once disadvantaged majority group – interests that are often conflictual. Because it protects the interests of business, and the term CSI is, historically, far less controversial than CSR, corporate South Africa describes its interventions in the social lives of communities as CSI. While many company executives interviewed failed to convincingly show the difference(s) between the two words, and made feeble attempts to rely on international indices in defining CSR, the difficulties in trying to define an intangible phenomenon such as CSR are understandable.

Like BEE, which is presently likened to CSR,[40] CSI gives concrete meaning to the South African transformation agenda essentially because as a social responsibility to business, to the state, and to civil society in general, it can, to some extent, be measured. Many companies, for example, are quick to reel out the amount of cash put into their investments by percentages of pre or net profit. They are eager to list

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[39] Carnoy, M and Levin, H. M (1985) 'Social Conflict, the State and Education' *Schooling and Work in the Democratic State* (USA: Standford University Press, California), p.304

[40] *The CSI Handbook* (7th ed), p.18; also see Monsen, R.J (1973) 'Business Responsibility', *Business and the Changing Environment*, p.104; *Business Day* (2005) 'Why We Need to Link BEE to CSR'

the quantity of equipment or the number of beneficiaries. This makes reporting easy and makes governance transparent and accountable. They are also forthright in stating that the quality of output from these investments, however, has been very dismal, especially where education and skills development are concerned. This gives credence to the belief that CSR or CSI is not necessarily about what is given back as much as how it is given and whose responsibility it is to sustain the investment.

Often, the 'what' would be emphatic on 'quantity' and an assumption of what is needed, while the 'how' would deal with issues of strategic planning, genuine community involvement, and the quality of output expected. Business would be serious about seeing that its provision of social needs are 'investments' only when it can equally assume the responsibility of ensuring that good returns are derived from those investments. Its social investments, ultimately, are its responsibilities. Whilst the role of CSI in the furtherance of business sustainability is increasingly being adjudged as positive, its application to the genuine developmental exigencies of the South African society is a subject for subsequent research. How the definition of CSR has determined business investment in literacy forms a major objective the next chapter.

CHAPTER 4: LITERACY IN SOUTH AFRICA: IN THE THROES OF HISTORY

"The man without skills and knowledge (is) leaning terrifically against nothing"
William Faulkner

4.0 Introduction

South Africa's education and skills development discourse is replete with references to the historical precipitants of its current status.[1] The national problems being encountered in these two departments are inseparable, and so, trying to totally assess one in exclusion of the other is difficult. The on-going challenges with inadequate skills derive directly from the nation's educational heritage – one rooted in racial segregation. When we speak about literacy here, we refer to education - 'formal education' more specifically. Both words would, therefore, be used interchangeably.

There is a wealth of documentation on the early development of education, 'black education' in particular.[2] In the existing plethora of accounts, answers to some

[1] Hosking, S. G (1992) 'The Paradox of Black Pupil Enrolment Growth Rates in South African Schools – Education' in Vink, N (ed.) *Development Southern Africa* (South Africa: Development Bank of Southern Africa), pp.317-331; also see *Towards a Science and Technology Policy for a Democratic South Africa – Mission Report* (1993) (Canada: International Development Research Centre), pp.3-12 & 45-49; Terreblanche, S (2002) 'Power, Land and Labour' *A History of Inequality in South Africa 1652-2002* (South Africa: University of Natal Press), pp.5-30; Simpson, M (1997) 'Political Inequality and Informational Inequality' in Midlarsky, M. I (ed.) *Inequality, Democracy, and Economic Development* (UK: Cambridge University Press), pp.159-161; *National Education Policy Investigation – Human Resources Development* 'Training Levels in the Private Sector' (Oxford: Oxford University Press), pp.14-20; Kallaway, P (1984) 'An Introduction to the Study of Education for Blacks in South Africa' in Kallaway, P (ed.) *Apartheid and Education* (Johannesburg: Raven Press), p.2, pp.17-18 & 45-46; Lodge, T (2002) *Bus Stop for Everyone* (Cape Town: David Philip), pp.34-35; Cobbe, J ' Economic Policy Issues in the Education Sector' in Suckling, J and White, L (eds.) *After Apartheid: Renewal of the South African Economy* (York: Centre for Southern African Studies University of York in association with James Currey Africa World Press), pp.146-152.

[2] Kane-Berman, J. (1991) 'The Politicised Education System', in Manning T. (ed.) *Trends – Transforming South Africa* (South Africa: Juta), p. 69; also see Kallaway, P. (ed.) (1984) 'An Introduction to the Study of Education for Blacks in South Africa', *Apartheid and Education*

questions have remained unclear: For example, was the early form of education simply symptomatic of capitalist exigencies or 'ecclesiastical rivalry'? When did the stratification of education really begin? Does it go as far back as Christian education of the 17th century, or with the first schools established for blacks in the late 18th century? Has the role of business in education, insignificant as it probably was in the apartheid years, always been guided by self-interest?

Despite contesting views on these questions, reports on the history of formal education in South Africa are in agreement in many areas. The introduction of early education, whether by the Dutch Reformed Church, the Roman Catholic Church, or the Calvinist Church of The Netherlands, uncannily, bore a triple agenda: to convert the natives to Christianity, instill a foreign language and culture – English and/or Afrikaans, while at the same time prepare the newly colonized for the prerogatives of the capitalist market.[3] Determining the agenda in order of precedence is difficult, for today, the economic motive sometimes alluded to as behind the coming of the Christian missionaries bind the three almost seamlessly.[4]

(Johannesburg: Raven Press), p8- 22; Molteno, F. 'The Origins of Black Education: The Historical Foundations of the Schooling of Black South Africans' in Kallaway, P. (ed.) *Apartheid and Education*, pp.45-93; Christie, P. and Collins, C. 'Bantu Education: Apartheid Ideology and Labour Reproduction', in Kallaway, P. (ed.) *Apartheid and Education*, pp.160-182; Dreijmanis, J. (1988) 'South African Problems', *The Role of the South African Government in Tertiary Education* (Johannesburg: South African Institute of Race Relations), pp.68-70; Suckling, J. and White, Landeg. (eds) 'Finance', *After Apartheid: Renewal of the South African Economy* (South Africa: Centre for Southern African Studies University of York in Association with James Currey Africa World Press), p.152; Marais, H. (1998) 'The Battleground of the Economy', *South Africa – Limits to Change* (South Africa: University of Cape Town), p.191; The Department of Trade and Industry, South Africa (2003) 'Overcoming the Economic Legacy of Apartheid', *South Africa's Economic Transformation: A Strategy for Broad-Based Black Economic Empowerment* (South Africa), p.6-7; Goodlad, S. 'South Africa's "open universities": Challenging Apartheid?', *Studies in Higher Education* (Oxfordshire: Carfax Publishing Company), pp. 5-10; Beinart, W. (1994) 'Black Responses and Black Resistance', *Twentieth-Century South Africa* (UK: Oxford University Press), pp.89-153; Hosking, S. G. (ed) (1992) 'The Paradox of Black Pupil Enrolment Growth Rates in South African Schools' in Vink, N. (ed) *Development Southern Africa* (South Africa: The Development Bank of Southern Africa), Vol. 9, No. 3, pp.317-326; Terreblanche, S. (2002), 'Power, Land and Labour', *A History of Inequality in South Africa 1652-2002* (South Africa: University of Natal Press), pp.14-36, & pp.334-340.

[3] Hosking, G.S (1992) 'The Paradox of Black Pupil Enrolment Growth Rates in South African Schools', in Vink, N. (ed) *Development Southern African*; Beirnart, W. (1994) 'Black Responses and Black Resistance', *Twentieth- Century South Africa*; www.country-data.com/cgi-bin/query 'South Africa Early Development' & 'South Africa Education and Employment' Accessed 10 August 2006, 15.30pm & 15.59pm

[4] Beinart, W. *Twentieth-Century South Africa*, p.153; Hosking, G.S. *Development Southern Africa,* p.318.

Capitalism is driven by knowledge, on technological innovation and the ability to match creativity with skilled manpower.[5] An aim of education notes James Lynch, is to serve the twin purpose of developing the 'creative' ability of the individual and 'the capacity for responsible economic satisfaction'.[6] The other goals of education, especially those that fall within the moral or political realm of social interactions are not disconnected from these twin purposes. Literacy as brought about by Christianity may be classified as 'simple literacy' of which the written language was a component. Its simplicity arises from its moral foundations upon which individual and social responsibilities are founded as well as the basic ability to read and write. Simple literacy 'allows individuals to compare moral standards with current performance', says Goody and Watt.

> *'Written language brings together people who are socially and spatially separated. --- It creates a new consciousness that allows evaluation of information in ways that are radically different from the oral traditions --- promotes reflectivity the key component of modernity'*.[7]

Modernity is essentially translated from the many indicators of the capitalist mode and relations of productions. The political provisions for a democratic society are imbedded in the prescribed notions of modernity. 'Education for wealth creation', therefore, notes Lynch, 'is an indispensable part of any education'.[8] Increasingly dependent on education are the 'political stability for human creativity'[9] and the 'economic surplus for creativity'. These values are anchored on 'a recognition of the need to balance individualism and self-interest with human interdependence and

[5] Apple, M. and Taxel, J. (1982) 'Ideology and the Curriculum', in Hartnett, A. (ed.) *The Social Sciences in Educational Studies* (London: Heinemann Educational Books), p.167; Rassool, N. (1999) 'New Literacy Challenges', *Literacy for Sustainable Development in the Age of Information* (Clevedon: Multilingual Matters), p.202.
[6] Lynch, J. (1992) 'Underlying Assumptions and Values', *Education for Citizenship in a Multicultural Society* (London: Cassell), p. 34
[7] Simpson, M. (1997) 'Political Inequality and Informational Inequality', in Midlarsky, M.I (ed) *Inequality, Democracy, and Economic Development* (UK: Cambridge University Press), p.160.
[8] Lynch, J. (1992) 'Underlying Assumptions and Values', *Education for Citizenship in a Multicultural Society* , p. 34
[9] Ibid.

social responsibility'. In addition to the protection of 'the rights and freedom of individuals', 'democratic societies' learn to imbibe and perpetuate appreciable 'civic values' like 'participation, social services, community self help, and philanthropy'.[10]

To look at the legacy of apartheid in South Africa's literacy culture is not only to critique its consequences on the economic liberation and development of the majority within the country's polity, but to understand the skewing and reinterpretation of the moral values of literacy, and the current battle with reversal. It is to understand the rebirth of new 'civic values' and therefore the renaissance of an entire nation on notions of equality and social justice. This chapter thus seeks to assess the socio-economic determinants of business choices in literacy investments; how these choices are informed by South Africa's preferred definition of CSR and the combined influence on transformation and social justice. As this research cannot deal exhaustively with all matters bordering on literacy in South Africa, the emphasis here is on formal education.

In two interrelated sections, the analysis which forms the beginning of this chapter would be based on pre-Bantu education and Bantu education up to 1994. The second section deals more specifically with corporate funding in various areas of education. It attempts to give reasons for business social investment preferences; how they answer to the contentious perceptions of CSR or CSI, and the unrelenting challenges with redefining the existing social stratification and equity issues in South Africa. The third section takes a look at the role of the non-profit sector – the NGOs/NPOs in CSI as part of an ideological state/business apparatus and its efforts at transformation. International global contracts are assessed in unison. The evolution of the role of the NPOs since the country's new political dispensation in 1994 is reviewed against the debate that their goals are not necessarily in conflict with those of business and the state as paradoxical as they may theoretically be. The question underlying this analysis is: Should the NGOs/NPOs, many of whom are offshoots of business initiatives, describe their intervention in civil society as

[10] Lynch, J. (1992) 'Underlying Assumptions and Values', *Education for Citizenship in a Multicultural Society* (London: Cassell), pp. 35-36

autonomous of business objectives? Can the NPOs seriously deliver on bridging the growing social disparities among racial groups and truly create equitable communities?

Finally, the concluding part of this chapter attempts to put the various sections discussed within the context of black 'economic' empowerment and social justice. It assesses the role of education vis-à-vis skills development, income redistribution, and as a solution to meaningfully redressing the imbalances of the past and guaranteeing equity in the South African polity. It thus sets the tone for the evaluation of the state's and labour's roles in education for equity and change in chapter 5.

4.1 Native Education: Black Liberty in the Noose

> "*When we speak about South African society, we in fact are speaking about two different societies in terms of wealth and opportunity. We are speaking about that affluent, highly developed industrialized society; white South Africa. But we are also speaking about that highly controlled, poverty-stricken Third World society: black South Africa".*
>
> *Gatsha Buthelezi (1985)*

The factors that led to a South Africa of the status described above find a commonality in the education system that followed colonialism in the late 17th century.[11] 'European Imperialist expansion' engendered by 'international capitalist development' has often been named the culprit in the quest for a 'master and slave'

[11] Hosking, S. G. (1992) 'The Paradox of Black Pupil Enrolment Growth Rates in South African Schools' in Vink, N. (ed) *Development Southern Africa,* 318; www.country-data.com/cgi-bin/query 'South Africa Early Development' & 'South Africa Education and Employment' Accessed 10 August 2006, 15.30pm & 15.59pm.

relationship 'in which schools were major agents'.[12] The need for 'universal literacy and numeracy' to match 'capitalist ethics' of the era was not in isolation of those that sought the spread of 'Christianity and civilization to the heathen'.[13] What that has been difficult to ascertain is the extent to which ecclesiastical objectives were identical or clear-cut from capitalist intentions.

South Africa's communities, like other colonized African societies had education in the form of oral traditions passed down from one generation to another. 'Cultural values and skills' among kinsmen were transmitted in this manner among Khoisan, Bantu and Nguni speaking societies prior to the arrival of Europeans in the Cape colony.[14] With the arrival of the Dutch in the mid 17th century, black South Africans were introduced to 'formal schooling' in reading and writing, and in the culture of Europeans. A seeming philanthropic tinge to the motives of Christian literacy catered after the 'intellectual and moral welfare' of the slaves.[15] In addition, the assimilation of the language and traditions of the 'master' ensured the internalization of a foreign culture firmly preached as superior.[16]

The early schools established by the Dutch East India Company, however, were non-segregationist and children were admitted irrespective of race or age.[17] This was not to last for too long as the desire to maintain 'class division between slaves and colonists' necessitated the re-articulation of the school curriculum. In 1685, the move towards racial stratification saw the separation of schools for the children of slaves and those of the colonists.[18] It had become expedient explained the 'Cape Superintendent General of Education in 1889 in order

> '*to recognize the position of the European colonist as holding the paramount influence, social and political;*

[12] Kallaway, P. (1984), p.8; Hosking, G. S (1992) 'The Paradox of Black Pupil Enrolment Growth Rates in South African Schools', in Vink, N. (ed) *Development Southern African*, p.318.
[13] Hosking, G. S (1992), p.318.
[14] www.country-data.com/cgi-bin/query 'South Africa Early Development'.
[15] Molteno, F. (1984) in Kallaway, P. (ed.) *Apartheid and Education,* p.45
[16] Ibid.
[17] Hosking, G. S (1992) in Vink. N (ed.) *Development Southern Africa*, p.318
[18] Ibid.

and to see that the sons and daughters of the colonists --- have at least such an education as their peers in Europe enjoy, with such local modification as will fit them to maintain their unquestioned superiority and supremacy in this land'.[19]

For more than a century following the institutionalization of the first racially segregated schools, schooling made no rapid growth. The first schools established solely for Africans from 1799 to 1842 in King Williams Town, the Orange Free State and the Transvaal did not inspire a demand-led education from blacks.[20] The tussle for cultural and ecclesiastical supremacy between the Dutch and the English in the early 19th century exacerbated the lukewarm attitude to education by all groups in South Africa. Afrikaaner resisting 'the spread of the English language and British values --- educated their children at home or in the churches'.[21] Blacks, on their part, seemed content with 'the communication of tribal custom as it satisfied their cultural requirements during British colonial rule' and showed little or no concern for 'the lack of state support for their schooling'.[22] Teaching standards were 'low' and secondary education usually offered by teacher training institutes was 'minimal.[23] In 1854, the very first vocal need to educate black Africans for 'imperial capital' was sounded by Sir George Grey, then governor of the Cape. Justifying 'state subsidization of the missionary education', he noted the importance of employing blacks 'upon public works which will --- open their country'

(and) 'by establishing institutions for the education of the children, the relief of their sick, --- attempt to win them to civilization and Christianity and thus to change by degrees our present unconquered and apparently

[19] Molteno, F. (1984) in Kallaway, P. (ed.) *Apartheid and Education*, p.47
[20] Hosking, G. S (1992) in Vink. N (ed.) *Development Southern Africa*, p.318; Molteno, F. (1984) in Kallaway, P. (ed.) *Apartheid and Education*, p.49-50.
[21] www.country-data.com/cgi-bin/query 'South Africa Early Development'
[22] Hosking, S. G. (1992) in Vink. N (ed.) *Development Southern Africa*, 319; Molteno, F. (1984) in Kallaway, P. (ed.) *Apartheid and Education*, pp.52-53.
[23] Molteno, F. (1984) in Kallaway, P. (ed.) *Apartheid and Education*, p.49.

irredeemable foes into friends who may have common interest'.[24]

More than a decade later, Dr Langham Dale, Superintendent General of Education in the Cape, again justifying state expenditure on black education, emphasized its political benefits: 'The spread of civilization by school instruction and the encouragement of industrial habits among the Natives', he said, 'is of importance to the political security and social progress of the colony'. If for being 'hostages of peace only 12,000 Pounds' is invested annually in black schools 'in the Transkei, Tembuland and Griqualand, the amount is well spent'.[25]

Amidst growing resistance to slavery by black Africans and its institutional symbol – the school, government's interest in black education did not relent. The rise of industrial capitalism and demand for labour by the agriculture and mining industries soon fostered a supply-led education and state subsidization of the missionary schools for blacks increased. Although reports on when black demand for education commenced is not clear,[26] the negotiating power education offered and the economic benefits derived from the capitalist relations of production gradually brought growth in demand-led black education.

> '*By 1877, some 60 percent of school-age children in Natal were enrolled in school --- 49 percent in the Cape Colony. In the Afrikaner republics --- only 12 percent in the Orange Free State and 8 percent in the Transvaal'*.[27]

In spite of the restriction of Africans to mission schools from the late 19th century, black enrolments continued to rise, recording an 11 percent growth from 1920 (54

[24] Ibid, pp.50-51.
[25] Ibid, p.51.
[26] Hosking, G. S (1992) in Vink. N (ed.) *Development Southern Africa*, p.319; www.country-data.com/cgi-bin/query 'South Africa Early Development'; Molteno, F. (1984) in Kallaway, P. (ed.) *Apartheid and Education*, p.58
[27] www.country-data.com/cgi-bin/query 'South Africa Early Development'.

percent) to 1930 (65 percent).[28] An increase from 4.9 percent to 7.7 percent from 1930 to 1940 was recorded. However, '76 percent of blacks at school' in 1945 'were in the first 4 years of schooling and only 3.4 percent were in post primary classes'.[29] State funding equally exhibited the segregationist outlook of the school system. The Financial Relations Act of 1922 meant that the burden of the increase in black enrolment above 680,000 Rands had to be borne by blacks themselves through taxation to the South Africa Native Trust Fund.[30]

Table 4.1

Per capita expenditure on schooling: 1930 – 1945

DATE	WHITES	BLACKS
1930	22.12.10 Pounds	2.02.08 Pounds
1935	23.17.02 Pounds	1.18.06 Pounds
1940	25.14.02 Pounds	2.04.04 Pounds
1945	38.05.10 Pounds	3.17.10 Pounds

Source: Christie, P and Collins, C. (1984) in Peter Kallaway (ed.) Apartheid and Education Johannesburg: Raven Press

Response to the growing protests against Native Education accompanied by 'the emergent black urban group' that was potentially labour competitive and politically active took the shape of various legislations prohibiting or restricting black mobility into white urban areas. Among others, the Group Areas Act of 1950 designated residential areas by race and forcefully removed 'people living in 'wrong areas'. The Bantu Authorities Act of 1951 established black homelands and regional authorities, and the Bantu Building Workers Act also of 1951 'made it a criminal offence for a black person to perform any skilled work in urban areas except in those sections designated for black occupation'.[31] These Acts paved the way for the Bantu

[28] www.country-data.com/cgi-bin/query 'South Africa Early Development'; Hosking, S. G. (1992) in Vink. N (ed.) *Development Southern Africa*,, 320.
[29] Christie, P. and Collins C (1984) 'Bantu Education: Apartheid Ideology and Labour Reproduction', in Kallaway, P. (ed.) *Apartheid and Education*, p.165.
[30] Hosking, G. S (1992) in Vink. N (ed.) *Development Southern Africa*, p.320.
[31] Christie, P. and Collins C (1984) 'Bantu Education: Apartheid Ideology and Labour Reproduction', in Kallaway, P. (ed.) *Apartheid and Education*, p.165.

Education Act of 1953 which further nurtured many other legislations.[32] The inferiority of black education espoused by this Act, became the efficient wheel through which separate development, class distinctions, and the underdevelopment of the majority of South Africans was driven.

4.2 Bantu Education: Legalising Black Ignorance and Poverty

The Bantu Education Act moved the control of black schooling from the missionaries and provincial authorities to the control of the central government in Pretoria under 'Bantu Administration'.[33] Its concept was premised on the revival of the 'native culture' of the people. To achieve this, its localization had to be 'in the Native areas', 'in the Native environment and in the Native community.[34] An education system described by some critics as 'barbaric',[35] it was aimed at arresting and confining the intellectual development of black Africans to the minimal levels required for unskilled jobs and perpetual servitude of the 'white master'.[36] Black minds could not be liberated lest their social and political aspirations destabilized an otherwise peaceful status quo. In order to ensure that the oppressed black African remained 'outside the sphere in which the wealth of the land was owned and controlled', a new syllabus was created. Indigenous African languages for instance, became the overriding 'medium of instruction up to standard 6', while Afrikaans and English were used at the higher grades.[37] Technical education which produced 'cheap and a semi-literate labour force was emphasized[38] and 'finance was pegged

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[32] http://africanhistory.about.com/library/bl/blsalaws.htm 'Apartheid Legislation in South Africa' Accessed 18 August, 2006.
[33] Molteno, F. (1984) in Kallaway, P. (ed.) *Apartheid and Education*, p.88; Beinart, William (1994) 'Black Responses and Black Resistance', *Twentieth –Century South Africa*, p.153.
[34] Hosking, G. S (1992) in Vink. N (ed.) *Development Southern Africa*, p.323.
[35] Beinart, William (1994) 'Black Responses and Black Resistance', *Twentieth –Century South Africa*, p.153.
[36] Beinart, William (1994) 'Black Responses and Black Resistance' *Twentieth –Century South Africa*, p.153; Hosking, G. S (1992) in Vink. N (ed.) *Development Southern Africa*, p.323; Molteno, F. (1984) in Kallaway, P. (ed.) *Apartheid and Education*, pp.90-92.
[37] Beinart, William (1994) 'Black Responses and Black Resistance' *Twentieth –Century South Africa*, p.153.
[38] Ibid

to a set figure'.[39] Schooling expenditure above the ceiling had to be generated from tax on blacks. The repercussions were schools 'grossly' under-resourced, poorly qualified or unqualified teachers and 'rudimentary infrastructure and equipment.[40]

Table 4.2

Per capita expenditure on education: 1953 – 1960

South Africa Rands

YEAR	WHITES	BLACKS
1953	127.84	17.08
1960	144.57	12.46
	(Cape)	(Republic)

Source: Christie, P and Collins, C. (1984) in Peter Kallaway (ed.) Apartheid and Education Johannesburg: Raven Press

Real government expenditure on black education per pupil fell significantly in 1947; from R216.40 to R107.10 and began to rise from 1966.[41] Teacher pupil ratios in primary school also highlighted the deteriorating state of black schools. In 1953 it was 40:1 and by 1970, it stood at 59.4:1.[42] During this period, only 15 percent of teachers in black schools was certified against 96 percent in white schools.[43] The disparity had its most telling effects in the shortage of teachers for maths and science subjects. In 1958, for instance, 'a shortage of 259 mathematics teachers and 269 physical science teachers was documented.[44]

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[39] Christie, P. and Collins C (1984) 'Bantu Education: Apartheid Ideology and Labour Reproduction', in Kallaway, P. (ed.) *Apartheid and Education*, p.162 & 180.
[40] Beinart, William (1994) 'Black Responses and Black Resistance', *Twentieth –Century South Africa*, p.153; Christie, P. and Collins C (1984) 'Bantu Education; Apartheid Ideology and Labour Reproduction', in Kallaway, P. (ed.) *Apartheid and Education*, p.165; www.country-data.com/cgi-bin/query 'South Africa Education Under Apartheid' Accessed 10 August, 2006, 15.38pm.
[41] Hosking, G. S (1992) in Vink. N (ed.) *Development Southern Africa*, p.324.
[42] Ibid
[43] www.country-data.com/cgi-bin/query 'South Africa Soweto and its Aftermath' Accessed 10 August, 2006, 15.48pm.
[44] Dreijmanis, J. (1988) 'Human Capital Theory', *The Role of the South African Government in Tertiary Education* (Johannesburg: South African Institute of Race Relations) p.82.

Demand for education by blacks continued to rise nonetheless; 'from about 800,000 school places in 1953 to 1,800,000 in 1963', although many did not get past 'the first 4 years of schooling'.[45] The guiding principles of Bantu education were not limited to primary and secondary schools. The Extension of University Education Act of 1959 prohibited blacks from attending white universities, 'mainly the Universities of Cape Town (UCT) and Witwatersrand' (Wits). Separate tertiary institutions were created for the different races; black, white, coloured and Asian. Opportunity for university education for black students was heavily curtailed that by 1978, 'only 20 percent of all university students --- was black'. Prior to this Act, black students were admitted into 'English-medium universities' but required a permit from the Department of Education, Arts and Science to attend white universities'. A report to Parliament in 1974 revealed that from 1960 to 1973, of 7,024 applications, only 1.4 percent of those accepted were black South Africans. Comparing overall student numbers at UCT and Wits for 1958 to 1968, African students declined from 110 to just 7. [46]

University education, until the late 1970s was strictly based on the 'manpower needs for the economic development of the country'. 'Investment in university education', said J.H Viljeon, Minister of Education, Arts and Science in 1951

> '*will yield rich dividends both to the donor and to the people in the form of higher production, a greater income, greater competence in our industries, agriculture and public administration, better human relationships and a richer spiritual life'*.[47]

[45] Beinart, William (1994) 'Black Responses and Black Resistance', *Twentieth – Century South Africa*, p.153.
[46] http://africanhistory.about.com/library/bl/blsalaws.htm 'Apartheid Legislation in South Africa'; Christie, P. and Collins C (1984) 'Bantu Education: Apartheid Ideology and Labour Reproduction', in Kallaway, P. (ed.) *Apartheid and Education*, p.172; Beinart, William (1994) 'Black Responses and Black Resistance', *Twentieth – Century South Africa*, p.174.
[47] Dreijmanis, J. (1988) 'Human Capital Theory', *The Role of the South African Government in Tertiary Education,* p.72.

Echoing Viljeon's perspective, Senator J. de Klerk in 1967 noted that return to investment in education dealt with 'human potential' and 'economic growth'.[48] The discriminatory policies of Bantu education however, guaranteed the existence of a semi-literate black populace with no job mobility, a near zero higher income prospect and a life characterized by extreme poverty.[49] But more than anything else, it secured 'the appropriate conditions for the reproduction of capital in general at a particular phase of South Africa's political development'.[50]

With black school enrolment figures continually rising, so was black consciousness and the abhorrence of a political system that condemned the majority of South Africa's population to a life devoid of basic human rights. By 1975, class sizes in Soweto had reached 100. Schools had also become symbols of a potentially explosive political crisis. Literacy 'expansion', 'expectation' and 'deprivation' soon conspired to expose a long brewing social upheaval.[51] June 16, 1976: heavy-handed clamp down on violent protests against the central government's language policy that sought to make Afrikaans compulsory in all high schools left 575 people dead and 'at least 134 of them were under the age of 18'.[52] From this date forward, and in addition to school boycotts of 1980, the legacies of Bantu education accompanied by other apartheid policies forcefully refocused the world's attention on South Africa. Domestic anti-apartheid forces and international pressures drove home the urgency to change a hideous and unacceptable political system.

The government's investigation into the unrest through the Human Sciences Research Council chaired by Professor J.P de Lange in 1980, expectedly, revealed the need to change the 'striking and undesirable inequalities in the provision of

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[48] Ibid, p.73.
[49] Cobbe, J. 'Finance' in Suckling, J. (1998) (ed.) *After Apartheid: Renewal of the South African Economy*, p.152.
[50] Kallaway, P. (1984) 'An Introduction to the Study of Education for Blacks in South Africa' in Kallaway, P. (ed.) *Apartheid and Education*, pp.17-18.
[51] Beinart, William (1994) 'Black Responses and Black Resistance', *Twentieth – Century South Africa*, p.219
[52] www.country-data.com/cgi-bin/query 'South Africa Soweto and its Aftermath'; Kallaway, P. (1984) 'Soweto and the Seventies: the Search for Reformist Options' in Kallaway, P. (ed.) *Apartheid and Education*, pp.19-20.

education between the different population groups'. A new education system founded on equality of educational opportunities 'between members of all races in South Africa' was recommended by the Council.[53] The unification of 'black and white formal schooling' remained unappealing to the government and changes in this direction came piecemeal and at snail speed.[54] However, threats to the political status quo, but more importantly, to 'the capitalist system that thrived on 'white privilege' meant that some degree of reform could not be ignored. Schools had ceased to function, besieged by a myriad of problems. Peter Kallaway observes that

> '*the schools were failing at the level of ideological control; they were not producing appropriate manpower for industry; and above all, they were providing a key site for resistance. The schooling crisis was the manpower crisis and it was a fundamental dimension of the political crisis'*.[55]

Government's early response to the crisis came in the form of the Education and Training Act of 1979 which was designed to replace the Bantu Education Act of 1953 and the Bantu Special Education Act of 1964. The provision of the new Act made far-reaching gestures towards addressing nearly all the challenges of the South African education system, but one: apartheid's fundamental tenet which rode on the separate development of the different races. Government was to bring about equality of education through 'increased capital expenditure on black schooling', 'resolution of inadequate or poor school infrastructure and facilities - books, teacher training and development, and technical education'. Business economic interests were protected through the expansion of technical education from whence came the required skilled labour for economic growth,[56] but, schools were still segregated.

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[53] Hosking, G. S (1992) in Vink. N (ed.) *Development Southern Africa*, p.326.
[54] Hosking, G. S (1992) in Vink. N (ed.) *Development Southern Africa*, p.326; www.country-data.com/cgi-bin/query 'South Africa Early Development'.
[55] Kallaway, P. (1984) 'Soweto and the Seventies: the Search for Reformist Options' in Kallaway, P. (ed.) *Apartheid and Education*, pp.24-25.
[56] Ibid, pp.25-26.

Through the '80s, and up to 1993, the administration of education was based on race with thirteen departments of education catering for the ten black homelands, whites, coloureds and Indians. Education remained fragmented, uncoordinated and a driver of socio-economic inequality as each department of education conceptualized its policies on different objectives.

4.3 1990 to 1995: Education and Inequality – The Political Economy of Equity

Following negotiations for a political transition in the early 90s and the inevitable lifting of apartheid legislations, a non-racial school system, naturally, came into being. The Education Coordination Service was established by President Frederick de Klerk 'to manage education during the political transition'.[57] With 23.5 percent of the national budget earmarked for education in the 1993/1994 fiscal year to manage anticipated increases in costs arising from the reorganization plan, the new school year of January 1995 began. An early indicator of change was the official integration of all government-run primary and secondary schools. The transformation of education can be said to have begun in earnest.[58] The number of public and private schools, learners, and teachers has grown for the past twelve years, but segregation and the unsatisfactory quality of many graduates still plague formal education in South Africa. Sue Gardener of Independent Schools Association of South Africa (ISASA) describes it plainly:

> '*The main transformation of education has to go right back to looking at the way it was before democracy – white, black, coloured, etc. The allocation of funds was discrepant and we haven't overcome that yet. That distribution of wealth is still a serious problem. The distribution of teachers is also following the distribution of wealth among the schools. So, we have*

[57] www.country-data.com/cgi-bin/query 'South Africa Early Development'.
[58] Ibid.

an apartheid that has developed on its own.'

Table 4.3

South Africa's twelve year education statistics

	1995	**2006**
Total number of Schools	20,780	28,000 (approx.)
Registered Private Schools	477	1,000
Number of Learners	11,000,000 (approx.)	12,000,000
Number of Teachers	344,083	366,000

Source: www.southafrica.info/ess_info/sa_glance/education/education.htm - accessed 08 Oct. 2006 and http://www.country-data.com/cgi-bin/query/r-12130.ht - accessed 08 Oct. 2006.

The huge expenditure on education, 'at least 20 percent of the total budget presently', seems matched by an encouraging increase in the total number of schools, in pupil enrolment and in the improvement on pupil/teacher ratio. Yet, backlogs inherited from the more than forty years of Bantu education continue to make the budget allocation insufficient. In the townships and poorer rural areas of the Eastern Cape and KwaZulu-Natal for instance, the struggle with making schools functional and effective is most glaring.[59]

With twenty-one autonomous public universities, many of which are rated 'world-class', and fifteen technikons, South Africa can truly be said to have a 'vibrant higher education sector.[60] The illiteracy rate, however, remains high. About six to eight million adults over fifteen years of age are 'functionally' illiterate. 'High school or higher education' qualification figures among the population for 2006 has been put at 65 percent for 'whites over 20 years old, 40 percent for Indians, 17 percent for coloured and 14 percent for blacks.' [61]

[59] http://www.southafrica.info/ess_info/sa_glance/education/education.htm 'Education in South Africa - The Facts' Accessed 10 August, 2006.
[60] Ibid.
[61] Ibid.

The new political era which began in 1994 liberated education from an obsolete system by which the deeply divided South African society perpetuated itself. Today, transforming the education sector is reflective of the difficulties with correcting past imbalances at the structural and cultural levels of society.[62] In order to utilize education as a poverty minimizing strategy, the magnanimity of the private sector is being put to the test. Business, especially big business, is increasingly having to throw its weight around social investments in education despite the less impressive results obtained from the investments. A study by the HSRC published in 2004 shows that 'about 500,000 children drop out of school annually 'before reaching grade 12'. From 1998 to 2000, graduates from the universities and technikons were only 15 percent,[63] and to date, the country's dismal standing on the availability of skilled labour for the very important sectors of the economy is well publicized.

4.4 CSI: Investing in education for Economic Growth and Development

> '*Literacy is not just the process of learning the skills of reading and writing and arithmetic, but a contribution to the liberation of man and his full development. Thus conceived, literacy creates the conditions for the acquisition of a critical consciousness of society in which man lives and of its aims; it also stimulates initiatives and his participation in the creation of projects capable of acting upon the world, of transforming it and of defining the aims of an authentic human development. --- Literacy is not an end in itself.' [64]*
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> *(UNESCO Declaration of Persepolis–1975)*

[62] Durkheim, E. (1977) 'Education and Social Structure', and 'On Education and Society' in Halsey, A. H. and Karabel, J (eds.) *Power and Ideology in Education* (New York: Oxford University Press), p.87-92.

[63] Pandor, N. (2004) 'Pandor Gets Back to Basis' *The Financial Mail*, 4 June, p.30.

[64] Harley, A. et.al. (1996) 'Definitions and Conceptions of Literacy', *A Survey of Adult Basic Education in South Africa in the 90s* (Johannesburg: Sached Books), p.18.

Apartheid made quality education as symbolized in UNESCO's Declaration a luxury for the majority of blacks in South Africa. The economic reward to business from segregated education, especially through cheap labour and job reservations, is often given as reason for the need for atonement on the part of business.[65] Bantu education typically exemplified Anthony Hartnett's theory of 'how some social groups benefit from education and schooling while others do not' and how 'the distribution of power, wealth and status in the wider society' derives from that political decision.[66] The role of education prior to, and through the decades of apartheid, was one of an interdependent 'dual repertoire'. It produced and distributed knowledge for the control and division of labour in favour of the minority, while simultaneously propagating a belief system that upheld the human and cultural superiority of the dominant group. A severe upset to that political state of affairs was the Soweto uprising of 1976 which brought to the boil long simmering anti-apartheid sentiments. Government and the private sector responded to the need to change a dehumanizing system that had become too costly to sustain.[67] More importantly, the drain of skilled labour since the early 70s and the reliance on immigrant labour reinforced the need to repeal apartheid.[68] Enforcing equality in education and equity could no longer be neglected.

For South Africa's business, 1976, as already highlighted in the preceding chapter, laid the foundation for consensus and pragmatism 'in a dire situation'. Through the late '70s and mid-'80s, the Urban Foundation (UF) and the Sullivan Principles encouraged the formation of Trusts and Foundations by many leading South African

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[65] Harley, A. et.al. (1996) 'The Private Sector', *A Survey of Adult Basic Education in South Africa in the 90s*, p.152; National Education Policy Investigation (1992) 'Training Levels in the Private Sector', *Human Resources Development* (Oxford: Oxford University Press), p.14; Human, P. (1991) 'Management Education in a Changing South Africa' in Human, L. (ed.) *Educating and Developing Managers for a Changing South Africa* (South Africa: Juta), p.297.

[66] Hartnett, A. (1982) 'Educational Studies and Social Sciences' in Hartnett, A. (ed.) *The Social Sciences in Educational Studies* (London: Heinemann Educational Books), p.7.

[67] *The CSI Handbook* (7th ed) (2004) 'The Story of CSI from Pre-Democracy to a Glimpse of the Future' (Cape Town: Trialogue), p.2; www.country-data.com/cgi-bin/query 'South Africa Soweto and its Aftermath'; Kallaway, P. (1984) 'Soweto and the Seventies: the Search for Reformist Options' in Kallaway, P (ed.) *Apartheid and Education*, pp.19-20.

[68] Kane-Berman, J. (1991) 'Too Much Time on the Wrong Subjects' in Manning, T (ed.) *Trends – Transforming South Africa* (South Africa: Juta) p.68; National Education Policy Investigation (1992) 'Training Levels in the Private Sector', *Human Resources Development* , p.14.

companies, particularly 'large multinationals or mining groups'. Donations to community development were to be managed by these quasi-independent arms of the companies.[69] Among the programmes that emanated from the seeming business philanthropy were; the KwaZulu Teachers' Training Scheme, Ernest Oppenheimer Memorial Trust and Church Programmes, Anglo American and De Beers Chairman's Fund, the Carnegie-Financed Council on Black Education and the American Chamber of Commerce Project for the Advancement of Community Education (PACE) Commercial High School in Soweto.[70] Other business involvement in education came through partnerships with the Department of Education and Training (DET) and 'in-house training' programmes.[71]

Private community engagements in general, education being no exception, were still viewed with suspicion by civil society. An outstanding weakness in those initiatives was the beneficiary criteria – many of which could only be met by a privileged few. Entrance into the PACE College in Soweto, for example, was based on four criteria: i) the children 'must be committed to a commercial future', ii) 'must have good primary school records', iii) 'must be the right age for Standard 6' and iv) 'must pass entrance examinations in English and Mathematics'. In addition, a fee of R1,400 per annum was required. Anglo American-funded St Barnabas College in conjunction with other overseas donors also stipulated an annual fee of R2,000 even though the college was built in the 'coloured township of Bosmont' to 'bring private schooling to the black community'. Apartheid's class divisions, evident in very high levels of poverty amongst the targeted group meant the reservation of admission into these private schools for the upper class and upper middle class strata of the society.[72]

[69] *The CSI Handbook* (7th ed) (2004) 'The Story of CSI from Pre-Democracy to a Glimpse of the Future', p.3; NBI (2005) 'Introduction' (Johannesburg: National Business Initiative) p.5.
[70] Kallaway, P. (1984) 'Response of Monopoly Capitalism', in Kallaway, P (ed.) *Apartheid and Education*, pp.28-29.
[71] Ibid.
[72] Ibid, pp.30-31.

The Jubulani Technical High School in Soweto which was 'funded by the UF, Ford SA, Anglo American, the Old Mutual, Siemens, and Phillips' was established to enable the DET provide semi-skilled technical workshops for about 800 students. Soweto Teacher Training College 'built and equipped by Anglo American' and whose management was later 'handed over to the DET was yet another effort at changing beneficiaries of quality education in the country. In-house training programmes by 'South Africa Transport Services, Barclays Bank, Barlow Rand, Escom and Sasol took the form of 'formal education' which upgraded employees basic school qualifications and job status.[73] At the onset, therefore, business interest in education was laden with class connotations. National priorities of the '70s were given a boost by tokenistic gestures of good corporate citizenship but the dire political and economic situation of the '80s awakened a desperate necessity for black involvement in the economy.

An exceptionally high number of unskilled labour, continually underscored by inferior education, excluded the majority of the population from the 'circuits of production, distribution and consumption'.[74] Added to that, South Africa's pariah status through international sanctions gradually drove the apartheid ideology underground.[75] Business doubled its endeavours to anchor change. Why business should get involved was obvious. The NBI ascribes the interest to factors 'ranging from the general need for educational redress via corporate citizenship to the demand in the labour market for skills with utilitarian value for economic development.[76] On an elementary note, these reasons are self explanatory. However, the aggregate implication for business with the unemployability of a vast majority of the economically active population, the concomitant loss of potentially high income earners and the lack of development of the homelands, was expressed in 1980 by the CEO of General Motors. Voicing great concern on 'consumer shortage', he lamented: 'We need people to sell to --- Consumers without electricity --- were not

[73] Ibid, p.31.
[74] Marais, H (1998) *South Africa Limits to Change*, p.29.
[75] Ibid, pp.100-102.
[76] NBI (2005) 'Sustainable Development' ' Education', p.54.

going to buy electrical goods'.[77] The purchasing power of blacks had become very high in demand indeed. Harry Oppenheimer, Chairman Anglo American had earlier observed in the early '70s that

> '*prospects for economic growth will not be attained so long as a large majority of the population is prevented by lack of education and technical training or by positive prohibition from playing the full part of which it is capable in national development.*'[78]

The 'oil shock' of 1973 had 'plunged' GDP 'from 1.8 percent to 1.1 percent in 1980. 'Personal savings as a proportion of disposable income' had dropped from 11 percent in 1975 to 3 percent in 1987.[79] Unemployment levels continued to rise remarkably among the huge pool of semi and unskilled labour. The economy that was now more in need of skilled labour could not absorb the enormous number of poorly skilled persons. Sethi and Bhalla's analysis given below (fig. 4.4) adds clarity to the skills crisis of this period.

[77] Marais, H (1998) *South Africa Limits to Change*, p.32.
[78] Ibid.
[79] Ibid, pp.100-101.

Table 4.4

Labour supply: economically active population according to education level - 1980

		Whites	Other than Whites
	Total (000)	1,907	8,887
Class 1	Degree	8.3%	0.2%
Class 2	Diploma	14.9%	1.6%
Class 3	Standard 8 – 10	59.4%	9.3%
Class 4	Less Standard 8, ie Standard 4 and lower	17.4%	88.9%
		100,0	100,0

Source: Development Bank of Southern Africa (1992) Development Southern Africa, Vol. 9. No.3

Class 1: executive and management group

Class 2: professional technical and highly skilled group

Class 3: semi-skilled group

Class 4: unskilled group comprising peasants, underemployed or very poor

The majority of Africans fall within classes 3 and 4. While class 3, constituting only 9.3 percent of the non-white economically active population had employment chances, class 4, a whopping 88.9 percent of the non-white economically active population and with the lowest level of educational attainment was either under or unemployed.[80] The purchasing power of an enormous size of the population was severely limited where it existed at all. Between 1990 and 2000, an estimated 500,000 unskilled and uneducated young people could not be employed.[81] International sanctions, spiraling fiscal spending and the 'deflationary measures' recommended by the IMF could not solve the deep structural weaknesses in the economy. The most prominent were 'a shortage of skilled and a surplus of unskilled poorly educated and low-productivity labour, and low investment rates.[82]

[80] Sethi, P. S and Bhalla, B. B (1992) 'Strategic Economic Alliances: An Approach to Interpreting the Economy of Post-Apartheid South Africa into Sub-Saharan Africa' in Vink, N. (ed.) *Development Southern Africa*, p.353.

[81] www.country-data.com/cgi-bin/query 'South Africa Islam' 'Education' Accessed 10 August, 2006 15.25pm.

[82] Marais, H (1998) pp.102-103.

When a new political system emerged in 1994, the total number of university graduates across the various groups stood at; blacks: 31,246, whites: 411,252, coloureds: 13,860, and asian: 20,684.[83] This was a direct consequence of different educational systems that reproduced an unsavoury social stratification within the polity. Whether government had a concise ideological motivation behind apartheid policies is debatable. Some political analysts argue that excessive state control by the National Party was reminiscent of socialism, and apartheid was a replica of socialist principles that went against the tenets of the free market.[84] Many others, including leaders of the opposition in the apartheid years, believed, and perhaps still do, that apartheid was a capitalist system, given the level of inequality among the social groups and state policies that continually enriched the minority, but dominant group.[85] The negligible private sector investments in social causes in the years immediately preceding 1994 equally defy a clear understanding of the ideological objective behind them. A guess can hardly be made as to whether or not they were aimed at protecting or discrediting a 'capitalist' or 'socialist' system.

Today, however, the country's economic policies make explicit the nation's ideological leaning, and it is in consonance with business interests. The market is king. CSI in education is, first and foremost, predicated on the principles of the free market. It thus unabashedly, toes the line of the HUREPICS Pyramid (Chapter 2, fig. 2.2) in which capitalism determines philanthropy. Business is unequivocal about economic growth as a prerequisite for investment in good causes. It is a bottom-up HUREPICS scale where philanthropy is based on what is in it for business; where human nature and charity are increasingly making no business sense outside the primary need for the survival of the business and decent profit for the shareholders. It is corporate philanthropy critically described by Karl Marx as bourgeois socialism The NBI says its 'overarching vision is to contribute to South Africa as a thriving society in which a market economy functions to the benefit of all'. Gone, therefore,

[83] Symes, A. and Fourie, A. (1994) *Building A Winning Nation* (South Africa: Raven Press), p.13.
[84] Williams, W. E (1989) 'Apartheid: A Triumph over Capitalism' *South Africa's War Against Capitalism* (New York: Praeger Publishers), pp.125-127.
[85] Ibid.

is the 'precautionary' and 'philanthropic' tone that characterized the organisation's community development goals a decade earlier.[86]

Now more closely situated within a capitalist state,[87] government's developmental policies do not seem set to undermine this status quo. Is business investment in education a threat or a reinforcement of the capitalist ideology? What does it portend for inequality, equity and change in South Africa? An attempt to answer these questions would be made through the assessment of private sector investment in four sectors of education from 1994 to date. They are: pre-school education, that is, early childhood development (ECD), primary and secondary school education also called general education (GE) into which also falls further education and training (FET), and higher education (HE), alternatively known as tertiary education. A cursory look at corporate funding in each of these areas forms the basis of deductions made on business objective against its definition of CSR/CSI, the impact on broad-based black empowerment and equity issues in South Africa.

4.5 Business in Education – Investing Responsibly for Economic Growth

> '*The response of business in this country to social turmoil and human deprivation, and to the challenges of democracy and reconstruction, is world renowned. No other national business sector in the world has ever been persuaded to respond as generously or as consistently as the South Africans. It's more than self-interest; and runs even deeper than enlightened self-interest. By way of a more encompassing definition, it would be accurate to say that it speaks of a sense of well entrenched responsibility to the wider society'*.[88]

[86] *NBI* (2005) 'The NBI Rational Examined', p.62.
[87] Williams, W. E (1989) 'Apartheid: A Triumph over Capitalism' *South Africa's War Against Capitalism*, pp.125-126 & 150.
[88] NBI (2005) 'Origins', pp.12-13.

Although the NBI is 'not a mandated body' able to, or desiring to 'speak or act on behalf of its members', it prides itself as having education as one of its 'strongest focus areas since inception'. Before undertaking an analysis of business funding priorities in the various sectors of education, where the NBI is coming from and how far it has come in its social investments in education in the past decade is worth reviewing.

Business response to the 1976 Soweto riots, to reiterate, was the creation of the UF. The Foundation, however, was not the private sector's sole response to the difficult times of the 1970s and 80s. The Consultative Business Movement (CBM) was established in the mid-80s as 'a voluntary business organization dedicated to the transformation of South Africa's political economy'.[89] The timing of its establishment and the UF's credentials in social conflict resolution and community development added to the 'credibility' and 'legitimacy' with which the CBM served as 'the secretariat and administrative support for the national negotiation processes of which the Convention for a Democratic South Africa (CODESA) and the Multi Party Negotiation Process (MPNP) were a crucial part.[90]

The disbandment of the UF in 1994 made way for its merge with the CBM to form the NBI. The NBI thus inherited the UF's contributions in education. Education Policy and System Change Unit (EDUPOL), set up in 1991 for research purposes and 'participation in government committees and task teams' was one such project. Edupol had contributed to the formation of the South African Schools Act – 'the key legislation that laid the foundation for post-apartheid schooling.[91] Later renamed the Education and Enterprise Unit (EEU), it collaborated with government to uplift the 'neglected' Further Education and Training (FET) sector in areas of 'funding', 'planning' and 'governance'. The desire for specificity in the practical areas of Edupol's involvement led to the creation of the Education Quality Improvement Partnership (EQUIP).

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[89] Symes, A. and Fourie, A. (1994) 'Introduction' *Building A Winning Nation* p.xi.
[90] *NBI* (2005) 'The Historical Perspective', p.16.
[91] *NBI* (2005) 'The Initial Phase' 'Education', p.23.

The Business Trust (BT), a partnership between South Africa Foundation and the Black Business Council was established in 1999 to ensure network continuity at 'the highest level' of government prior to 1998.[92] BT, fully called Business Trust for Job Creation and Human Capital Development premised its goal on 'soliciting a 0.15 percent of 'market capitalization from listed companies' and a 2 percent 'after-tax profits donation from unlisted companies' at an agreed date. The plan was to raise R1 billion over a five year period for 'carefully selected projects'.[93]

For educational projects, three programmes were conceptualized at the primary, secondary and higher education levels. At the primary school level, BT collaborated with the READ organization on a target to 'improve literacy skills of one million learners. Additional training was to be provided to 'more than 12,000 educators and 1,000 schools were to be equipped with reading materials'.[94] The goal was to reduce primary school repeater rate by 50 percent. At the secondary school level, BT's 'strategic partner' was the Joint Education Trust (JET), and the goal was to improve language and mathematics skills in 450 schools.[95] The mode of operation was via 'concentration on 18 districts educational offices and 450 schools across the country'.[96] In-service training was to be offered to 15,000 educators with a target to improve literacy rates by 10 percent.

Finally, at the higher education level, BT's 'strategic partner' was the NBI itself and the Colleges Collaboration Fund (CCF) was launched to revamp South Africa's belaboured technical colleges.[97] Armed with R85 million CCF fund in 1999, this educational sector was ready to 'increase college enrolments from 250,000 to 400,000'; train 600 senior college managers and 1,000 middle managers. In

[92] *NBI* (2005) 'Three Major Achievements' 'The Business Trust', pp.37-38.
[93] Ibid, p.38.
[94] Ibid.
[95] Ibid.
[96] Ibid.
[97] Ibid, pp.38-40.

addition, the aim 'to ensure that 65 percent of college graduates found jobs within six months was set'.[98]

The NBI's keen interest in the FET sector can be understood in the light of the FET's ability to materially contribute to the country's skills base, improve the employment situation, while enhancing economic growth. The NBI's interest as an end user of products from this very strategic education sector makes its endeavours in this area well informed. Efforts to up the standards of the FET continued to be a major concern to the NBI as meeting government's 6 percent economic growth target became a critical private sector objective. In 2003, the College Industry Partnerships (CIPs) was established. Partnerships between business and the 'new FET colleges' was meant to be mutually beneficial. 'The key goal was to ensure that colleges provide relevant high quality education and training programmes to meet the needs of employers and the economy', notes Marianne Scott, CIP director. 'If programmes do not meet the needs of employers, learners will not get jobs, and companies will not support the colleges. Everybody loses'. [99]

The establishment of the CIP came at the heels of private sector's CSR re-orientation in 2002 when focus on 'formal corporate citizenship' had become the common topic in business circles. 'Socially responsible investment', 'triple bottom line reporting' and 'global corporate citizenship' echoed in seminars and in subsequent publications. The Masters programme in Corporate Citizenship in the University of KwaZulu Natal and the Cambridge University Business and Environment Programme were supported by the NBI. The need for a separate department to enable 'NBI members --- align themselves with the strategic imperatives of corporate citizenship and sustainable development' led to the formation of the Sustainable Features Unit (SFU) in 2003. In October of the same year, the NBI 'joined WBCSD as Southern Africa regional partner.[100]

[98] *NBI* (2005) 'Three Major Achievements' 'Colleges Collaboration Fund', p.43.
[99] *NBI* (2005) 'Sustainable Development' 'Education' pp.55-56.
[100] Ibid, pp.56-58.

A shift in South Africa's business' perceptions of sustainable development had begun in earnest. 'Until now', says Charlotte Middleton, SFU Unit head, 'the tendency was for companies to see the sustainable development concept as philanthropic rather than a part of core business interests'. The 'interests' remain within what Glen Fisher describes as 'a market economy (which) functions to the benefit of all'.[101] Revelations in Chapter 2 indicate that South Africa's business sector believes that it has truly come far from the years when a 'charity' culture held sway and social investments were less strategically carried out. As CSI, the return to investment is the major motivating factor in business decisions. Is this the primary influence on sector investments in education?

In the absence of any coherent data from individual companies interviewed on their investments in various segments of education, the following analysis is heavily reliant on data from the 8th edition of the CSI Handbook. More than 80 percent of the companies visited would not provide specific figures on levels of investments. The most difficult information to extract was on follow-up on the investments in order to ensure quality-enhancement and control, and that business expectations were met. Although some companies criticized the CSI Handbook's exposition as suspect, especially in the area of funding, I found the little details provided by the majority of these companies to be largely in agreement with the CSI Handbook classification of funding priorities, both nominally and in terms of cash expenditure. I interpreted the general lack of interest in what other companies are doing, and in prevailing views on CSR as instructive on how strong the attempt by the corporate sector to distance itself from the perceptions that portray CSI as a responsibility. Keeping an eye on the CSI market implicitly means doing more than just throwing money at the project or area identified by the state as priority and looking away. Of the 22 company executives visited, about half the number had not heard about the CSI Handbook prior to my visit. Many said they think they know it exists but have never really read it. Only 4 said that they buy the Handbook regularly and only 2 had any copy in their departments.

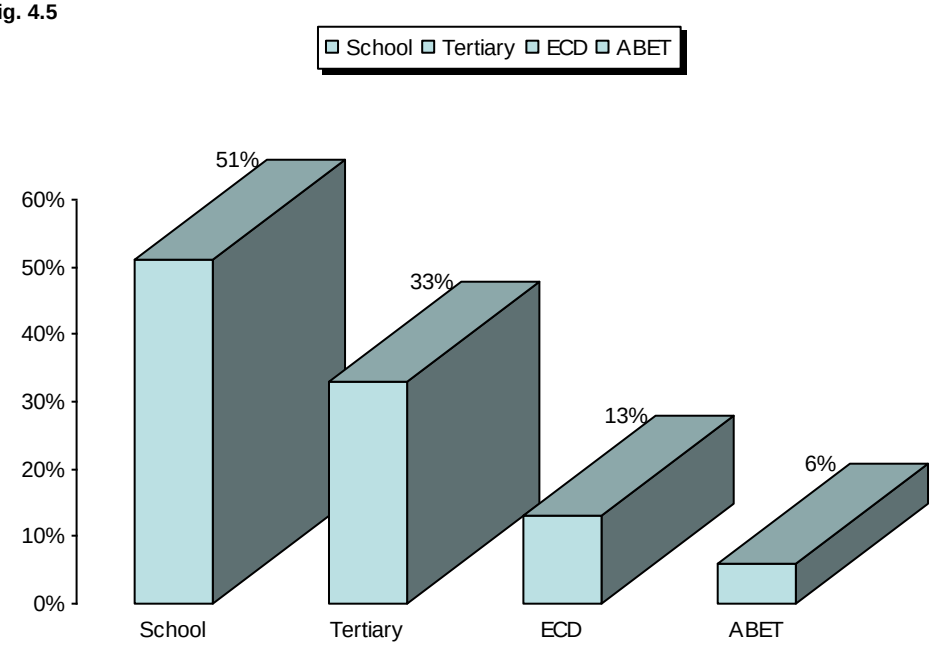
[101] Ibid

4.6 CSI in Education by Sector

Education takes up the 'largest single portion of total CSI funding – put at 37 percent as at 2004, and representing R980 million. In the order of priority, schooling, comprising Foundation Phase (FP), primary, secondary, and FET consume 51 percent of the above figure. This translates into R500million. Tertiary or HE takes up one-third of the total sum, representing R300million. Thirteen percent, representing R120million of the education expenditure goes into ECD and Adult Basic Education and Training (ABET) gets 6 percent.

CSI Spending by education sector

Fig. 4.5



Source: The CSI Handbook (8th Edition)

4.6.1 Pre-School Education (ECD)

Early Childhood Development is not a favourite investment space for business. Catering for 'pre-school children from birth to six' is also not an area renowned as government's forte. Private sector and foreign donors continue to provide the bulk of funding through NPOs, churches, street communities, women organizations, etc. Thirteen percent of corporate funding in education as against less than 1 percent of the national budget,[102] seems adequate. Yet, it is highly insufficient to provide for South Africa's 6.3 million children of the pre-school age. Today, 'just over 1 million of these children' have been catered for.

South Africa's ECD sector is comprised of 23,482 community-based centres with 51 percent registered. This sector employs 54,503 individuals. Ninety-nine percent of these is women, out of which 'eighty-eight percent is untrained or undertrained. Support for ECD comes from 72 specialist NGOs who struggle with lack of resources and time to develop these organistaions.[103] National and international research indicates the invaluable 'social and economic return to society' investment in pre-schooling offers. The forty year old US-based High Scope Education Foundation longitudinal research reports for instance, that for every $1 spent on early education, savings to the economy and society amounts to $17.07.[104] The largest educational responsibility lies in this sector which strongly impacts on general education and, inherently, on poverty alleviation. Its returns are not received quickly and so, it is given the least resources and sustainability proves difficult. Why state interest is lukewarm in a sector with a huge potential to improve the educational quality of the once disadvantaged majority would be dealt with a little more extensively in the next chapter. However, there are arguments that link children's lack of social and human capital with a poor ECD culture,[105] and the children's general low-level performance in school raises questions about the wisdom in underfunding this sector.

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[102] *The CSI Handbook* (8th ed) (2005) 'Sector Reviews' (Cape Town: Trialogue), p.140.
[103] Ibid, p.242 & 140.
[104] Ibid, p.242.
[105] Ibid, p.246.

Although historically an educational area the private sector has always funded, the private sector continues to offer arms-length donations to ECD because return on investment here does not visibly impact on the nation's immediate skills and economic growth needs. Of the few company executives interviewed who said that ECD was a vital investment interest, none showed any genuine interest in following up on their investments in this sector. A nonchalant attitude could be detected in responses to the importance of developing this sector. To pay ECD a minimal attention in South Africa, given the legacies of apartheid, is to underestimate the importance of a solid foundation for schooling years. The repercussions of this neglect on the quality of outcomes from FET and higher education need not be overemphasized. The long term effects of poor ECD can partly be seen in the country's inability to produce the number of quality school leavers and graduates of higher education needed to meet the demands of economic growth and global competition. Lack of access to qualitative education through qualitative ECD, as would be explained further, is, again, to deny many citizens opportunities to wealth creation and the right to social class mobility. It mars efforts at black economic empowerment, equality and equity objectives.

4.6.2 Schooling (Primary, Secondary, FET)

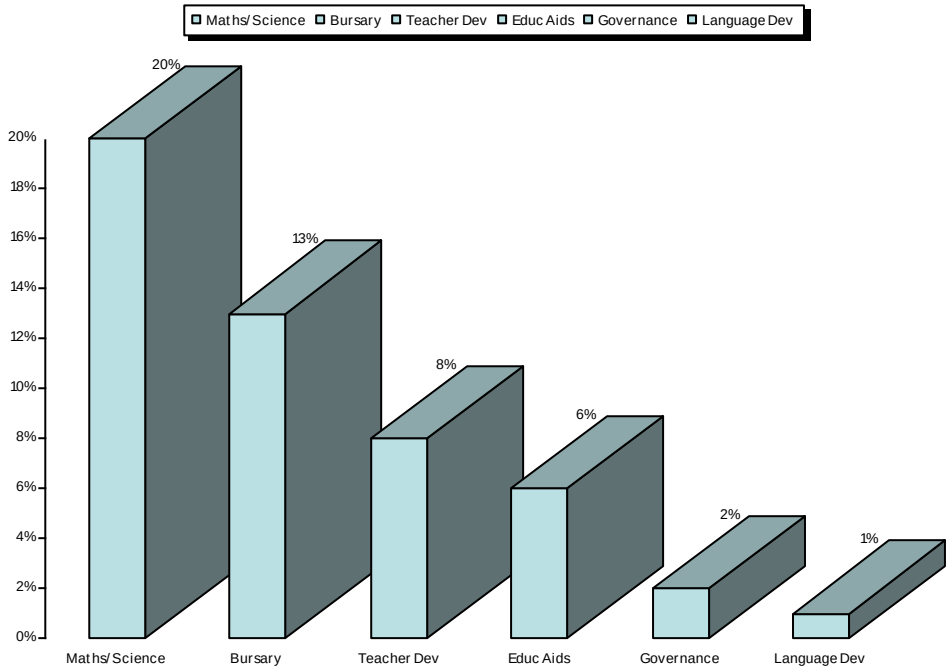
It is enlightening to observe that government's primary responsibility for schooling has not deterred the private sector from making schooling a funding priority as figure 4.5 shows. Business' increased funding of schooling through the years and the fact that the FET colleges fall within this category shows the importance accorded this relevant skills building and graduate employing sector. Explaining why the private sector is emphatic on schooling, Hylton Applebaum of the Liberty Foundation explains that schooling holds 'the potential for broad developmental impact. Its 'promise of broader societal change' keeps it ahead of such initiatives as bursaries that tend to 'benefit individuals' or 'a specific industry'.[106]

[106]Ibid, p.237 & Halsey, A. H. et.al. (1997) 'Social Capital in the Creation of Human Capital' *Education Culture Economy Society*, p.88.

It follows that strong support for the FET makes for consistency in channeling the highest CSI spend towards the development of maths and science. Corporate investments in these segments have since early 2000 continued to rise and projections are that private resources expended in these areas are likely to soar.[107] South African schools have historically struggled with maths, science and language proficiency and as much as can be invested in this sector to shore up the nation's skills needs would always be welcomed by government. Public/private concerted efforts have so far, yielded minimal results.[108] Where lies the problem?

Fig. 4.6

CSI spending by educational elements



Source: The CSI Handbook (8th Edition)

[107] *The CSI Handbook* (8th ed) p.223.
[108] Ibid, p.141

Reasons proffered by some of the company executives consulted reassert reprioritizing collective national investments in the education sector elements. In the opinion of Sue Gardener of ISASA

> '*Money is poured into grades 9 to 12 when it should go into grades 2, 3, and 4 where it is really needed. There is a lot of CSI in education, but the efficacy of it is the question. The economic mentality is a problem'.*

Underscoring this perspective, Mike Myburg of the National Union of Educators says

> *'Maths and science are the glorious headings. They are the ones that look obvious. There's nothing with the corporate getting some advertorial advantage through such investments'.*

Seeda Annis of Joint Education Trust (JET) agrees that with education, the reasons for what business chooses to invest in are varied

> *'Big business used to give NGOs like us money to invest in education. But recently, big business is planning its own social responsibility and I'm not sure most of those doing this planning know what the real issues are. If you can get tax exempt by spending money, you don't really care what you spend the money on. Big business seems to be getting more political'.*

The other area of major concern to respondents is the shortage of qualified teachers and therefore effective schools.[109] The Third Maths and Science Study (TIMSS) on grade 8 learners conducted in 50 countries found South Africa scoring the lowest. If

[109] Ibid, p.230.

the 2003 rate of graduation in Higher Grade Maths in Tsakane and KwaThema townships in Gauteng is anything to go by, 12 passes out of 1,600 senior certificate passes,[110] is indeed a worrying situation.

With language proficiency, the situation is not much better. A 2003 survey into literacy by the national Department of Education (DoE) showed that 'less than 40 percent of all children was illiterate in Grade 3'. Ninety percent of young children under the age of seven is reported to 'lack access to any books' and so, are severely detached from 'a culture of reading that helps shapes literacy 'from an early age'.[111] Add to the above, the problematic area of unqualified teachers and the challenges with schools infrastructure are better grasped. The Mpumalanga Department of Education in October 2005 conducted a research that made an interesting finding (Table. 4.5). Survey samples were based on rural schools, and literacy and ABET centres.

Mpumalanga is South Africa's seventh largest province. Primarily rural and located in the north-east, it is plagued by high levels of poverty and unemployment like many rural areas in the country.

The following unedited responses to the questionnaire from the 166 schools, literacy and ABET centres reveal challenges faced by learners.

[110] Ibid.
[111] Ibid.

Table 4.5

A 2005 survey by the Mpumalanga Department of Education on learners' literacy problems

a)	*Textbooks for the learners did not always arrive in time or at all;*
b)	*Insufficient numbers of textbooks were distributed among learners, so many did not have the required reading material to do their studies;*
c)	*Reading materials often had to be shared. This was problematic when learners had to do individual tasks. Teachers were prevented from setting assignments or preparing lessons or activities from books which were limited in numbers;*
d)	*The high price of books and other reading material was beyond the means of parents and adult basic learners, who were mostly unemployed or earned very low wages as farm labourers;*
e)	*Additional reading materials, such as newspapers, magazines, etc was necessary for projects and to supplement information in the textbooks, but were unaffordable. Learners needed to access maps, photographs, drawings, etc in resources, other than in prescribed textbooks. If photocopies of diagrams, pictures etc were not permitted, learners had to hand-draw them;*
f)	*Libraries were either too far away from learning centres, alternatively, they were under-stocked and lacked adequate resources;*
g)	*The majority of respondents stated that photocopies were necessary for effective teaching, but that copyright laws restricted them from distributing relevant materials to learners.*
h)	*Performance levels were being affected by inadequate reading resources and lack of access to relevant information;*
i)	*Learners could not participate or learn properly if they were limited in their choice of learning materials.*

Source: Denise R. Nicholson – Librarian, Wits Waterweiler Library (Mrs Nicholson was a member of the team that conducted this survey in Mpumalanga.

Often, private sector support is dependent on the 'functionality' of the school and functionality is a product of multi-faceted factors; infrastructure, teaching facilities, governance and district government support systems.[112] Unfortunately, corporate grantmakers' support for educational aid or materials is low. The relevance given to teacher development has also fallen from its number one position at the beginning of this decade.[113] Investment fatigue in an area that has failed to significantly impact in the entire school system seems to have taken its toll and neither business nor the South African society is better for it. If business is serious about growing an enormous pool of skilled or trainable labour, a rethink is due where teacher development and educational aid / materials in maths and science and language are concerned. The revisitation of priorities would need to start at the rural schools where the majority of the poor are educated and class distinctions are most evident.

> '*Lack of qualified teachers in the rural environment is a major problem. There's no specific criteria with regards to teacher recruitment. Post-apartheid, there are more unqualified teachers than pre and during apartheid. There are so many rural schools still studying under trees. There are still so many kids sitting on the ground with books on their laps. Government is lacking the initiative to provide the much needed resources in these rural areas. It is slow on the part of taking the iniative'*
>
> *(James Currie: Africa Foundation)*

> '*Majority of blacks have moved up, but the whites have not moved down to live in Soweto, for instance. For a country coming out of apartheid, we did nothing to cater for mixed schooling. The schools are still largely segregated. For rural schools or farm schools, there's been no change'.*
>
> *(Saeeda Annis: JET)*

[112] Ibid, p.237
[113] *The CSI Handbook* (8th ed) p.147.

'*In the urban areas, there are the white schools and private schools and they're well resourced. It's a problem between provision of education to the poor and provision of education to the elite and emerging black elite. In the urban areas, with the segregation process, the whole process has led to developing the skills of the new emerging elite as a buffer. The hybridization of the elite. – The delivering of the formal system to the poor rural areas has proved very challenging'.*

(N. McQuirk: KwaZulu Natal Educational Dev.Trust)

Although South Africa's corporate sector has been fairly pro-active since 1994 in giving to good social causes, a crucial part of the problem in the education system has been attributed to the administrative weaknesses confronting state policies and implementation. An educator, angry at insinuations that business has ready-made solutions to everything succinctly states:

'*Ninety percent of the education budget in South Africa goes into personal fulfillment and government does not know what to do about it. In the apartheid days, the large government departments could absorb those coming out from the farms. It was one way of inculturating the middle class. Today, it is a bureaucracy that lives for itself. The huge budget in education is inculturating the on-coming middle class. There's a lot of money put into talk, and when the talk is ineffective, they come up with a new language, e.g, GEAR, RDP, etc'*

(Researcher: Education Development Foundation)

Business continues to make the case that it takes its cue from public policy, and therefore, the political decisions that surround state policies on education are not its

prerogative. It cannot be faulted on this, for literacy, says Ross Winterowd, 'is almost always a consequential political act as it will, to a large extent, determine educational priorities in general, hence, specific allocations of funds. --- An institution's or society's definition of literacy is also to a large extent a definition of the culture itself'.[114] Because as a 'relative term' its meaning is dependent on the 'values and norms and expectations of the social group of which the individual is a part,[115] changing the nature of society involves 'changing the status of literacy' and invariably, 'the aspirations of those who make up the society'.[116] William Sewell and Vincent Shah argue that education can 'obliterate distinction between social groups' just as it can amplify social inequalities.[117]

Equality in South Africa can be measured by the school system; by the status and earnings aspirations of the majority post-school. As already shown, the majority of this group of aspirants currently falls in classes 3 and 4 (Table. 4.4) where employment potentials are extremely low and poverty levels very high. To significantly increase the number of individuals in class 3 (the semi-skilled group), and hope for a more than marginal future increase in class 2 (the skilled group), processes outside and 'within the school system which act to reinforce' the race and class differentials need to be resolved.[118] Public sector policy alone cannot be relied upon to manage the production of culturally and economically relevant knowledge in the face of a lackluster or diminishing business intervention in those critical areas that determine school functionality and effectiveness.

CBM's 1995 'working document' states that 'the South African business community represents a resource that is not usually available to countries at South Africa's

[114] Ibid.
[115] Winterowd, R. W (1989) 'Defining Literacy: A Political Act' *The Culture and Politics of Literacy* (New York: Oxford University Press) pp.4-5.
[116] Ibid, p.xii
[117] Ibid, p.20.
[118] Sethi, P. S and Bhalla, B. B (1992) 'Strategic Economic Alliances: An Approach to Interpreting the Economy of Post-Apartheid South Africa into Sub-Saharan Africa' in Vink, N. (ed.) *Development Southern Africa*, p.353.

stage of development'.[119] Much is therefore expected from the private sector. However, twelve years of a new democracy is a short time to effectively evaluate and make predictions on what Hartnett calls 'the hidden curriculum' – that is, new pupils' identities of an equal society 'constructed in classrooms'.[120]

4.6.3 Tertiary Education

Although receiving a third of the CSI expenditure in education and currently in second place after schooling, business investment in tertiary education continues to generate questions regarding how to synergize business-higher education interests for the growth of the South Africa's economy without compromising the traditional role of higher education. Interesting to note is that not only has private sector investment declined in this sector since 2000, but so has the national higher education budget. As a portion of the education budget, it has fallen to 12.6 percent from 15.4 percent and 'as a portion of the national budget, it has dropped to 2.58 percent from 3.03 percent.[121] Business says the reason lies in the 'mismatch between what corporates want to find in higher education and what universities need'. Higher education practitioners agree that 'there has been a shift in its relationship with the world of CSI'.[122] Neither, however, is clear about its expectations from the other. Business insists that its social investments are no longer charitable gestures and, therefore, its emphasis on a return on investments is a legitimate demand. Where HE is unable to guarantee such a return, 'short-term project-based funding' becomes 'the preferred method of business investment in higher education.[123]

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[119] Sewell, W. and Shah, V. P. (1977) 'Socioeconomic Status, Intelligence and the Attainment of Higher Education' in Karabel, J. and Halsey, A. H. (ed.) *Power and Ideology in Education* p. 197.
[120] NBI (2005) 'The Historical Perspective', p.17.
[121] Apple, M. and Taxel, J. (1982) 'Ideology and the Curriculum' in Hartnett, A. (ed.) *The Social Sciences in Educational Studies*, p.172.
[122] *The CSI Handbook* (8th ed) p.222.
[123] Ibid, p.223.

Critics chastise business penchant for 'quick-fix', and 'instant-gratification' achieved through short-term projects. South Africa's universities 'third stream income through CSI has become increasingly difficult to come by. Has business's needs from higher education been properly articulated? Does higher education clearly understand those needs? In what appears like a battle for the modalities for achieving the reproduction of the existing means of production, the problem identified is 'ineffective communication' between both parties. Business and higher education seem to be talking at or past each other.[124]

Higher education in 21st century South Africa sees its role as assisting the country to 'develop an internationally competitive economy, a more prosperous and equitable society and a stable democracy'.[125] The ingredients for achieving these would be 'better education' and learning, 'better research', better products and better economic growth'.[126] However, as with all other sectors in the society, restructuring higher education away from apartheid plans has been daunting. Business accuses higher education of failing to produce graduates rich in 'critical thought and the generic skills' that should make them 'flexible and adaptable'.[127] Both sectors keep longing for a partnership that would be mutually beneficial amidst the conflict in modalities for achieving national goals.

Private sector's interests remain fragmented and essentially lacking in focus. They all want economic growth, but how best to attain it at the level of higher education with the current education system in order to ensure social justice is not clear. South Africa's corporate sector makes bold to say that it understands its 'responsibility' to society. Improving higher education, it continually states, should be construed as a task where CSR objectives should not be ambiguous or speculative. Higher education in corporate terms is strictly 'business'. The 'responsibility' in corporate intervention seems to relate only to the 'willingness' of

[124] Ibid.
[125] *CDE Round Table* (2000) 'The Future of South African Universities: What Role for Business?' (Johannesburg: The Centre for Development and Enterprise), p.4.
[126] Ibid.
[127] Ibid, p.2.

the private sector to help given the legacies of apartheid. Such assistance, however, must not be misunderstood to be a de-emphasis on expected economic returns. Business's social responsibility in schooling and higher education is about investing responsibly; strategically. It is about ensuring that appreciable returns are derived from the investments. It is for this reason attempts by many business representatives to deny or reject a similarity between CSR and CSI can be misleading. South African business is yet to show that its social 'investments' are not its 'responsibility' giving its investment selectivity that is programmed to obtain market-friendly results.

Research by CDE shows the limitations of business's understanding of 'the information age and its implications for the future of business. 'Industrial innovation', it notes, is as relevant as 'teaching, research and community service' in universities' range of activities'. The development of a high ethos of research in South Africa is paramount in reaping the rewards of innovations that are driven by a knowledge-based industry. This is only achievable through state-business-higher education collaboration.[128] For higher education to be seen to play both its political and economic roles, it must transcend 'irrationality', 'fragmentation', 'wastefulness' and 'lack of focus' said Professor Kader Asmal, former Minister of Education.[129]

Included in CDE's recommended solution to the business/higher education conflict are that business

a) 'engage productively with government, higher education institutions and make a considered contribution to this debate';
b) 'develop a well-researched position on the way in which the interests of government, the higher education sector and business and the interest of the nation link and coincide in respect of higher education';
c) 'exercise a greater influence on universities by more coordinated and vigorous use of voluntary membership of internal university decision-making, advisory or consulting bodies'; and

[128] Ibid, p.4.
[129] Ibid.

d) 'sharply increase its collaboration with universities, science councils and other such bodies in carrying out research programs, actively cooperating with universities in the commercialization of research results as a key element in South Africa's strategy for economic development'.[130]

In the final analysis, the CDE proposes that all 'stakeholders' rise above 'their own narrow interests 'for national interest'. In a dynamic capitalist world as that in which we live presently, where new technologies hold sway and determine societies' entrance into the global economy, private sector requirements from higher education, from global perspectives, are the same. The needs as catalogued by the American Council on Education in a publication titled 'What Business Wants from Higher Education' include:

a) employees --- intellectually equipped to work in the 21st century, --- can think analytically, creatively and practically';
b) 'teachers trained to lay an excellent foundation in the school system---';
c) 'a society with a large proportion of highly educated people, because as high earning consumers, they are important for the economy';
d) 'a system of life-long learning in a changing world of work', and
e) 'institutions that produce knowledge and information with business applications'.[131]

Based on CDE's recommendations and those of the American Council on Education, it is clear that issues that bring South Africa's business and higher education to dispute have nothing to do with the 'end'. The 'means' poses the problem. Higher education's current location in the CSI spending is reflective of the absence of synergy in addressing skills shortage and achieving economic growth and development against the odds. So long as output from the feeder institutions are, for most part, of very low quality, tertiary institutions would always be challenged in fulfilling their own need so as to fulfill the needs of the corporate

[130] Ibid, p.7.
[131] Ibid, p.5.

sector.[132] 'The preparation of students for higher education is still very poor', says Wendy Orr, former Director of Transformation, Wits University. 'The leap between schools and the universities is huge. Far more needs to be done at secondary level to bridge the gap', she concludes.

Again, CSI in education generally, but more patently expressed in schooling and university education where business puts its money the most, is symbolic of the HUREPICS Pyramid upside down. (Chapter 2, fig. 2.2). Business would overly invest in maths and science and technical education. At the universities, it would pay more attention to special project-specific needs to industry for a quick turn around of investments. At the ECD sector, the HUREPICS Pyramid is determined by the subtle neglect of the sector for being the least economically beneficial to business's immediate needs. In all these instances, that is, where business is eager to fund (schooling and higher education), and where it is not (ECD), CSI is underwritten by the needs of the market, and because the nation's history calls on business's humaneness, the efforts can be described as 'capitalism with a human face'.

4.6.4 The Paradox of a Definition

In evaluating what business does, it is deduced that CSR in South Africa, in real terms, is CSI. If business desires to see its 'responsibility' in education, given the country's needs for equality and equity, as CSI, defining CSR as practically one and the same with CSI is evident. It is because the corporate sector, unknowingly, would not distinguish between the two terms that market forces continue to motivate its intervention in education at the community level. In other words, it is because business sees its responsibility to itself as one of a going concern, to the society and all stakeholders as a need to survive in order to carry out good causes that it is emphatic on investing strategically. The strategy is driven in part by GEAR. The state lives by it and public/private sector collaborations work to secure its objectives.

[132] Ibid, p.13.

On the importance of GEAR, Malcom Ray, writing in the *Enterprise* under the caption: 'Can BEE Sting the Beast?' notes that President Mbeki in his State of the Nation address in 2003 said: "The government will lay greatest stress on black economic empowerment that is associated with growth, development and not merely redistribution of existing wealth." Under GEAR, private sector investment is aimed at creating jobs. Economic growth, thereby, takes precedence over 'state-led redistribution'. But the paradox of GEAR is that having taken off, public sector enterprises enforced very stringent economic measures in order to achieve its goals. Thousands of jobs were lost through reduced tariffs on local industries, reduced public spending and the privatization/commercialization of state-owned enterprises.[133] Capitalism which thus dictates CSI leaves behind a paradox in its influence on equality and equity in the South African polity, just as it has on development expectations.

Throwing money blindly into schooling and higher education is hardly a viable solution. The situation during the apartheid years remains instructive here. In spite of huge expenditures on white education and high educational attainment by this group, skills shortage was not averted.[134] Between 1971 and 1988, state spending on African education rose by 'nearly 6,000 percent' and the rewards from that massive increase is still being reaped today – inadequate competent skills to meet industry needs. Other fundamental sectors that should instigate basic competency in literacy, that is, in reading, writing, and numeracy are being overly – and wrongly, played down. ECD and ABET are seriously lagging behind. Responses from most of the companies visited show a general lack of eagerness to significantly raise the quality bar in these sectors. Active participation by some of these companies at those levels includes short-term provision of equipment and petty cash donations. Beneficiaries of low quality ECD and ABET can hardly be expected to potentially develop the economy meaningfully.

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[133] Bunting, I (2000) 'Overview and Trends' *CDE Round Table* pp.9-10.

[134] http://www.sangoco.org.za/index.php?options 'South Africa Civil Society Speaks' 'General', p.10 Accessed 08 August, 2006 12.30noon; Habib, A. and Taylor, R. (2001) 'South Africa – Anti-Apartheid NGOs in Transition' in Anheier, H. K. and Kendall, J. (ed.) *Third Sector Policy at the Crossroads – An International Non-profit Analysis* (London & New York: Routledge), p.223; Ray, M. (2003) 'Can BEE Sting the Beast' *Enterprise* April, p.18.

Enrolment figures in schools have been on the increase but so has been the drop out rate and poor output from the universities.[135] Business argues that 'the provision of high quality general education for all children' is 'the essential foundation for industrial training' as in the low income countries (LICs).[136] Measures by which that is achieved, however, cannot be generic as many LICs do not share South Africa's history and education demography. None of them has been shown to exhibit two perfectly distinct words in one polity, with a buoyant and dynamic business sector. The case is again made here that South Africa presents a unique situation that calls for unique solutions.

Summary

The nation, no doubt, has come a long way since 1994, and the role of business in improving the lot of many South Africans cannot be underestimated. However, in order to make education pivotal to broad-based black empowerment and the transformation objectives, so much more is being left undone. A place to start would be the reinterpretation of the private sector's definition of CSI in literacy. The implications would be a drastic de-emphasis on the quick-return syndrome that reaches out more to the privileged minority. Business is aware that the quick profit mentality is failing in many areas of education. Graduates turn-out and the on-going skills situation continue to be problematic.

Re-interpreting CSR or CSI would require restrategising: planning for long-term benefits. Broad-based black empowerment should begin with early childhood development. When this foundation is weak, or qualitatively poor, the ripple effects on all other political and economic sectors are immeasurable. Apartheid was proof of how inequality among the races or within the South African class structure was developed by the quality of black education and separate development. Post-

[135] Kane-Berman, J (1991) 'The Failure of Education' in Manning, T (ed.) *Trends – Transformation South Africa*, p.66.
[136] Pandor, N. (2004) 'Pandor Gets Back to Basics', *The Financial Mail*, June, p.30.

apartheid, the principles that fundamentally perpetuate inequality remain the same. The enormous divide among the various groups would not be significantly narrowed where ECD is largely overlooked, especially in the rural areas, while there continues to be high expectations from the general education and higher education sectors. As opined by Sue Gardener in an earlier quote, apartheid is a force now taking shape voluntarily from the many public and private sector policies that reinforce the existing racial divide and social stratification.

Social justice in South Africa is not being served in the decreasing access to opportunities: lack of education infrastructure, resources, and qualitative teacher development. The private sector shares the blame. Its redefinition of CSR/CSI has an invaluable role to play in facilitating equity and transformation.

4.6.5 Socio-Political Returns to CSI in Literacy

Without quality education, says the Global Campaign for Education (GCE), 'many people will be unable to access services and resources'. Quality education:
"- enables people to participate meaningfully in our democratic life
- plays a role in reducing inequality
- helps in eradicating child labour
- contributes to securing livelihoods
- plays a role in improving health
- plays a role in sustaining the environment"[137]

As an entrenchment of culture, of class divisions and 'the very development of those virtues that (are) essential to the social functions of humanity', Levin and Carnoy argue that political and economic power are not inseparable. 'The economically powerful', they say,

[137] National Education Policy Investigation (1992) 'Well-Educated, Technologically Literate Work-Forces', *Human Resources Development*, p.57.

> '*although a distinct minority, have somehow been able to reproduce the social conditions that enable them to retain their position and to transmit it to their offspring. The State - and within the State public education – plays an important role in this process*'.[138]

Literacy is powerful. Yet, as a harbinger of development and equality its potency is debatable. That it offers society economic and socio-political returns, however, is less contentious.[139] Critics of the 'literacy myth' discount the belief that literacy achieves the many things attributed to it and the extant situations in many parts of the developing world offer them proof. The 'myths' are believed to include; that literacy 'stimulates economic development', 'provides a foundation for democracy', and 'exposes people to common values, institutions and languages to unite and integrate them'.[140] Harvey Graff posits that 'despite much improved educational attainment rates today than fifteen or twenty years ago, there is still little democracy or economic development or social equality in Africa, Asia or Latin America and the optimism that there ever will be is fading'.[141] Similar findings reveal specifically that education 'has proved not to be the panacea to the reduction of economic inequality. Relying on it as the 'ultimate public policy' answer to economic and social problems is therefore debatable.[142]

Assessing the relationship between education and other socio-economic variables in society, Vaizey, Norris and Sheehan refer to a key data in a United States government document published in 1966. James Coleman, the principal author,

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[138] Carnoy, M. and Levin, H. M. (1985) 'Education and Pluralism' *Schooling and Work in the Democratic State* (California: Standford University Press), p.32.
[139] Graff, H. J (1991) 'Introduction: Literacy's Legacies' *The Legacies of Literacy*, p.4, 380 & 384; Bowles, S (1977) 'Education and Social Selection' in Karabel, J and Halsey, A. H (eds.) *Power and Ideology in Education*, p.167; Vaizey, J. Norris, K and Sheehan, J (1972) 'Social Returns to Investment in Education' *The Political Economy of Education*, p.72.
[140] *CDE Round Table* (2000) 'The Future of South African Universities: What Role for Business?' (Johannesburg: The Centre for Development and Enterprise), p.5.
[141] Graff, H. J (1991) 'Towards the Present and the Future' *The Legacies of Literacy* (USA: Indiana University Press), p.384.
[142] Bowles, S (1977) 'Education and Social Selection' in Karabel, J. and Halsey, A. H (eds.) *Power and Ideology in Education*, p.196.

was mandated to investigate the 'relationship of education to other socio, psychological and economic variables' in the US society as well as the 'lack of equality of education opportunity among racial and other groups'. His findings showed that education inequality in the US, measured by pupil achievement, arose essentially from the pupils' background. 'Children from poor homes' who attended the same schools with well-off children performed 'worse'. Class distinctions amplified variations in aptitude and 'parental motivation for children's education achievement'. By the end of primary school, therefore, 'genetic' and 'environmental' factors, Coleman observed, have already influenced who these pupils are or would become.[143] Where other studies indicate a correlation between education and income distribution, and therefore, poverty, explicit in the conclusion is that potential future 'poor homes' can be avoided where children get higher / better qualifications, can earn higher incomes and offer their own children better living standards and opportunities than they had.

In South Africa, differentials in 'educational attainment between races' persists as long as inequality of income distribution between races persists', says James Cobbe.[144] Looking at 'economic policy issues in the education sector', he observes that as children rise in age, so does the cost of schooling. The family's income distribution status equally falls while meeting the increased cost of education, and chances of retaining the child in school falls. The link between schooling and income as espoused by economists of the 'human capital' theory underlines the situation. Where higher income is the reward for educational qualification of value to society, it follows that 'inequality of educational attainment' impacts on 'racial income inequalities in South Africa. The implication for transformation is that there would not be an instant obliteration of 'social and economic inequality' with the elimination of racial discrimination where inequality of education persist. 'Equality of opportunity' surmises Cobbe, as can be obtained through schooling and other "affirmative actions", will not on its own achieve the expectations of 'the deprived

[143] Vaizey, J. Norris, K. and Sheehan, J (1972) 'The Socio-economic Background of Education' *The Political Economy of Education* (London: Gerald Duckworth and Company Limited), p.52.
[144] Cobbe, J 'Economic Policy Issues in the Education Sector' in Suckling, J and White, L (eds.) *After Apartheid: Renewal of the South African Economy*, p.147.

segments of the population' for several generations.[145] Massification of education, for example, in forfeiture of quality education, is exponential to the racial divide, and makes resolving equality and equity issues in South Africa more daunting. Because public policy on education is essentially a political decision that is tied to the country's economic needs, the socio-political returns on education can be seen as the other side of the same coin.

The benefits of education come in different forms and interlock in what may be called 'national interest'. National interest is not solely about economic growth. Education systems will 'form citizens and skills'. They would serve the economic and social developmental goals of the nation state and aspire to achieve national goals without ideological beliefs that preach 'ethnicity and languages as the basis for national identity.[146] Because literacy is of value to its possessor and to others, modern societies can be unified via 'new and more inclusive forms of national identity'. Just as it transmits information by which 'competition' and the 'market economy' is maintained, political democracy can be sustained by it.[147] One of the benefits to the later is peace from 'law-abiding' citizens.

Education, as a political tool helps to celebrate national literatures, histories and customs. It is as crucial in disseminating the requirements of a disciplined workforce as in the responsibility of the state to the people and the people to the state.[148] In apartheid South Africa, these responsibilities formed the educational background on which the ideology of the dominant group prevailed. As a political apparatus of the state, education, by its means and end results, propagated the parochial needs of the dominant to be the same as those of the nation. Today, with the situation reversed politically, education is at the service of efforts towards a new form of individual and collective identity. Its socio-political return is in the liberation

[145] Ibid, 148.
[146] Green, A. (1997) *Education, Globalisation and the Nation State* (UK: Macmillan Press), pp.4-5.
[147] Vaizey, J. Norris, K. and Sheehan, J (1972) 'Social Returns to Investment in Education' The Political Economy of Education, p.74; Green, A. (1997) *Education, Globalisation and the Nation State*, pp.4-5.
[148] Roemer, J. E (1998) 'Education, Globalisation and the Nation State' *Equality of Opportunity* (USA: Harvard University Press), p.134.

of the mind and the intellect to enable all South Africans, irrespective of colour or creed take charge of their lives. Zwelakhe Sisulu called it "people's education for people's power".[149] Is it yielding the desired result? Will it achieve the new national goals of development of all South Africans and social justice?

One area where great expectations from CSIs should be legitimate is in the broad-based BEE. The need for black economic empowerment is generally an accepted idea. Why and how it may be achieved has relied on the cognitive and analytical power of its initiators. Hence its conceptual review includes, more prominently, the broader empowerment factors initially omitted or relegated. Today, it forms a key part of 'national interest' and the assimilation of this idea is in the success of the power of knowledge entrenched in the CSI translations. (See Chapter 3, figs. 3.1 & 3.2). Custodians of the knowledge, fragmented as it is presently, are business, public officials and educators. The South African people's awareness of the link between broad-based BEE and CSI initiatives comes from the knowledge custodians. To understand and accept the BEE concept is to acquire a new value system whose allegiance is the present and the future; in equality and equity. CSI as a BEE facilitator is also a facilitator of a new way of life; a new South African culture post-apartheid. CSI's contributions to literacy is thus of great import to this process.

In addition to its economic returns, it is a valuable social and political tool through which business / civil society social relations can be improved upon, eliminating in time, the suspicion with which civil society still views business initiatives in some quarters. The enrichment and maturity of the nation's democracy would be seen in the minimization of the bitter racial undertones or 'colour codes' that continually characterize public discourse on redressing the past. Gillian Godsell and Geci Karuri of Independent Education say: "This knowledge structure and our shared narrative are critical parts of what education and public discourse offer towards

[149] Cobbe, J. in Suckling, J and White, L (eds.) *After Apartheid: Renewal of the South African Economy*, p.146.

forging common ground".[150] It may not necessarily be a 'simple road' to walk as Denise Bjorkman would like to believe, but literacy can certainly help manage the paradox of transformation. Discussing 'Transformation Coaching: More than a Black and White Issue" Bjorkman notes the benefits of literacy in helping to 'manage' 'the struggle of forces between stability and the forces of change; --- between denial and acceptance of reality --- between fear and hope'.[151] The power of education therefore cannot be underestimated. Former President Nelson Mandela, shed light on the political rewards that are accruable from education when he said: 'The power of education extends beyond the development of the skills we need for economic success. It can contribute to nation building and reconciliation'[152] A critical social return of CSI in literacy is the ability it offers for citizens to 'empathise with people outside' their immediate communities.[153]

CSI in formal education encourages the 'massification of access to education for all race groups, particularly for the once disadvantaged black community. While it offers equity by way of the right to opportunities, quality issues obstinately remain. Education bestows 'citizenship capacity' for political participation. Given the intertwining of the economic and socio-political returns to literacy, the imperatives of equity deal with the political issues of education: who has what, where and when? More concisely put: 'they deal with 'the right of all people to access to all levels of education and 'the political necessity of meeting the vocational training needs of all disadvantage groups' irrespective of their location'[154]

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[150] Wakefied, C (2004) 'We Are One Country, But Still Two Worlds', *The Star* (South Africa, 12, p.6); Godsell, G and Karuri, G (2005) 'Race and the Common Ground: The Role of Education and Leadership in South Africa Today' *Independent Education* (South Africa: Malnor) Autumn, Vol.8, No.1, p.32.

[151] Bjorkman, D (2003) 'Transformation Coaching: More than a Black and White Issue' *Management Today* (Randburg: Richard Havenga), Vol.19, No.7, p.30.

[152] Mandela, N. (1997) Speech at the Education Africa, Presidential and Premier Education Awards, Pretoria, 22 November.

[153] Harley, A. et.al. (1996) 'The Underlying Purposes of Literacy/ABE' *A Survey of Adult Basic Education in South Africa in the 90s*, p.82.

[154] National Education Policy Investigation (1992) 'Transition to a High Skill Society' *Human Resources Development* (Oxford: Oxford University Press), pp.70-71.

Literacy, says Graff, is 'for the most part, an enabling rather than a causal factor, making possible the development of complex political structures, syllogistic reasoning, scientific enquiry, linear conceptions of reality---'[155] Because literacy is not an end in itself, private sector investment in this sector is best regarded as enabling. Yet, South Africa's corporate sector is faced with the challenge of responsibly intervening in education without creating or being seen as utilizing it 'to create the illusion of equality'.[156] The extent to which the private sector should intervene in this sector grows more questionable and the fear is; can literacy become a transformation myth? The more research reveals the exacerbating tendencies of literacy to widen society's economic and social divide,[157] the greater the confusion about what should be done or expected in the South African situation.

Social background, it has been shown, plays a critical role in educational achievement. Social background is 'influenced by social class, --- race, ethnicity and gender' and education essentially reproduces 'intergenerationally, the social and class structures' that shape wealth and status inheritance'.[158] If South Africa's education is helping to reproduce intergenerational 'social and class structures', how do the majority of black South Africans move out of the circle of poverty? The free market is driven by inequality and CSI in literacy can not successfully bridge the inequality gaps among the races because it is market-driven. The market is the determinant of the CSR / CSI definition by business as shown in chapter 2 and therefore the impact on change would always be paradoxical. Can NPOs bridge the gaps in the public/private partnerships that seem to be widening the social divide in South Africa and become the tool for eliminating apartheid's backlogs and championing equality and social justice?

[155] Graff, H. J (1991) 'Introduction: Literacy's Legacies' *The Legacies of Literacy*, p.2.
[156] Ibid, p.380.
[157] Ibid, p.384.
[158] Ibid.

4.7 NPO: Challenges of Building New Equitable Civil Communities

A Profile

Studies in the evolution of the non-profit sector from the apartheid years to date depict a sector in search of an autonomous identity.[159] As its anti-apartheid and therefore anti-state profile ceased to be relevant from 1994, working 'collaboratively or complementarily with government and business has made more questionable its autonomy.

Legitimated by the Non-Profit Organisation Act of 1997, Trusts and companies and associations 'established for a public purpose' fall within its scope. As organizations independent from government interference, funding is generated through donations, national or international.[160] The role of the NGO as a non-profit organization is generally agreed to be one of 'social change' through 'building a vibrant, equitable civil society'.[161] In this capacity, it is expected to prudently 'deliver social and welfare services on behalf of the state', and encourage philanthropy through effective investment of funds to areas of greatest need. The NGO is expected to instill such important social values as political participation, 'gender equity', redistributive policies', and 'non-racialism'.[162]

In South Africa, about 100,000 non-profit organizations were in existence in 1999. More than half of these were 'community-based organizations (CBOs) and to date, only about 33,624 are registered with the Department of Social Development'.[163] A strength of the NPO sector is its role as 'a major employer and equity promoter;

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[159] *The CSI Handbook* (8th ed) p.110; Habib, A and Taylor, R 'South Africa – Anti-Apartheid NGOs in Transition' in Anheier, H. K and Kendall, J (eds.) *Third Sector Policy at the Crossroads*, p.220 & 222-223; Dhunpath, R (2003) 'Exploring the Non-Profit Sector' *Archaeology of A Language Development NGO* (Unpublished PhD thesis) (Durban: School of Educational Studies, University of Durban), p.9.
[160] *The CSI Handbook* (8th ed) p.111.
[161] Ibid.
[162] Ibid.
[163] *The CSI Handbook* (8th ed) p.110; Habib, A and Taylor, R 'South Africa – Anti-Apartheid NGOs in Transition' in Anheier, H. K and Kendall, J (eds.) *Third Sector Policy at the Crossroads*, p.220 & 222-223.

providing the equivalent of approximately 650,000 full-time positions'.[164] In 1999, women made up the majority of full-time employees (60 percent). Eighty-one percent was black, and 59 percent at management level.[165]

The developmental objectives of South Africa's NPOs however, are shrouded in controversy. Subtly coerced to align strategies and goals with those of the state and business through whom they obtain means of sustenance, their independence from the neo-liberal economic policies of government is increasingly blurred. Also known as the 'third sector', the role of NPOs as key actors in the facilitation of national and internationally-supported community development programmes need not be underrated. The IMF and World Bank report, for instance, that the growing interests in NGOs are partly attributable to i) 'the limitations of the state as (an accountable) vehicle for progressive social change'; ii) their comparative advantage --- in delivering at local levels'; and iii) their status as a 'non-recurrent cost to government'.[166]

Community development in South Africa as in most developing countries has always been shored by international collaborations. Organisations like UNIAID, the Ford Foundation and UNICEF carry out development projects through their local subsidiaries. The NPO sector, can hardly be assessed, therefore, in exclusion of the global compacts that make them builders of civil societies. Current estimates indicate that 'up to 20 percent of the nation's nearly 30,000 schools benefit from donor or NGO-related projects 'with a budget expenditure of R500million'. USAID commitments run into R120million, the Business Trust R300million and DFID R240million. Other contributors include the NBI, the Royal Netherlands Embassy, the Danish International Development Agency and JET.[167]

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[164] Ibid.
[165] Ibid, p.114.
[166] Habib, A and Taylor, R 'South Africa – Anti- Apartheid NGOs in Transition' in Anheier, H. K and Kendall, J (eds.) *Third Sector Policy at the Crossroads*, p.224; *The CSI Handbook* (8th ed) pp.116-117; Dhunpath, R (2003) 'Exploring the Non-Profit Sector' *Archaeology of A Language Development NGO*, p.12 & p.234.
[167] Dhunpath, R (2003) 'Exploring the Non-Profit Sector' *Archaeology of a Language Development NGO*, p.10.

Foreign donor funds to the NPOs once channeled predominantly towards the fight against apartheid now make their way into the coffers of a new ally: the new democratic government. The funding implications for NPOs have been dire; with many forced to close down. Corporate donors' disillusionment with imprudent NGOs who could not account for how funds were spent was also a determining factor in the decision to cease funding in some quarters.[168] The NPO sector since 1994 has found itself in dire straits. It is struggling with the challenges of competence, professionalism and accountability – strange values pre-1994 when its political role outpaced the economic.[169] In addition, inadequate organizational capacity due to the loss of skilled personnel to the public sector, put at 60 percent since 1990, compounds its functionality problems.[170]

Although many companies involve themselves directly with community development through selected departments within the organizations, some others continue to employ the services of project-related NPOs to drive and manage the projects. But the number in the later group is fast dwindling. In the words of Saeeda Annis cited earlier:

> '*Big business used to give NGOs like us money to invest in education. But recently, big business is planning its own social responsibility and I'm not sure most of those doing this planning know what the real issues are'.*

Of the 58,000 organisations delivering various social services to both rural and urban communities in 2002, 5.8 percent was involved in education, 20.6 percent in housing development, 6.6 percent in health, 3.4 percent in environmental matters and 11.8 percent comprised religious organizations. 'Philanthropic intermediaries,

[168] Ibid.
[169] Ibid.
[170] Habib, A and Taylor, R 'South Africa – Anti- Apartheid NGOs in Transition' in Anheier, H. K and Kendall, J (eds.) *Third Sector Policy at the Crossroads*, p.223.

business and professional associations, unions and international organizations accounted for only one percent.[171]

Challenges of the new political dispensation and global competitiveness have worked at cross purposes with the NPO sector even as business is called upon to be more socially responsible to the nation's transformation agenda. Business is very clear about its intent not to attain the 'social bottom line' 'at the expense of the financial bottom line'.[172] In forging alliances with business, South Africa's NPOs are faced with the troublesome prospect of adopting or adapting to a corporate culture administratively and operationally. Against this background, their role has sometimes been summarised as 'surrogate' to the state and to business.[173] Because business policies in CSI are essentially those of the state, NPOs 'whether by design or default' are seen as the 'primary implementing agents for state policy'. On why the NPO is a handicapped sector, Saeeda Annis explains:

> '*First, we are grappling to survive. By and large, because we are paying for our costs, for the work we do, we can't dictate very much in terms of what we do. Where's the time to think about what is right? We don't make profit, so, we have got to cost ourselves. We try to lure donors and government into areas we think might change things or do research. But it is becoming more and more a luxury to do so. A lot of business investment in education is largely fetish and for publicity'.*

JET's review of 12 schools reform projects, for example, reported that in spite of the resources – time and finance, ploughed into 'improving schools', 'the return on

[171] *CSI Handbook* (8th ed) pp.114.
[172] Ibid, p.178.
[173] Ibid, p.12.

investment has been disappointing'[174]. A crucial lesson learnt was the 'subordinate role' of any NGO initiative vis-à-vis national and provincial education departments 'policy imperatives'.[175] In partnering with business in education, the subordinate role gets more deeply enforced. Difficulties with measuring educational development arising from its longevity, its repetitive nature, need for 'follow-ups' and therefore, extensive sustainability strategies, make shortcomings in NPO/business alliance unacceptable to the private sector.[176] The increased corporatisation of the NPO becomes inevitable especially in the light of their dependency on diminishing donor funds.

As business neo-liberal policies incur into the structures and operations of schools and higher education through emphasis on maths and science, bursary/ scholarship schemes, project-specific sponsorship, etc, CSI in education gets increasingly beneficial to a few. The majority of this small group belongs to the upper, upper-middle and middle-class in the society. As already highlighted, the maths and science pass rate is still dismally low. The problems with inadequate teaching aids and materials and poor teacher qualification are yet to improve significantly. Quality early childhood development programmes are plagued by capacity problems due in part to government's very poor support to this sector. In these areas, CSI spending as shown is low. In some cases, as in teacher development, its relegation is growing. Corporate funding to higher education, the universities in particular has plummeted as their interests conflict.

Corporate support is usually available only to grade 'A' students, says the mine chief executive interviewed.[177] Hope for the poor, historically excluded from the higher education sector continues to fade as universities adapt free market policies. NPOs are, thus, increasingly appearing isomorphic as they are compelled to look like, or

[174] Annis, S. Joint Education Trust (JET), Interview conducted on March 16 at JET offices, Braamfontein, Johannesburg, 15.00hrs.
[175] Ibid, p.13.
[176] Ibid, pp. 177-178.
[177] Nanise, S. Chief Operations Officer, Mines Investment Trust, Interview conducted on June 05 at the MIT office, Johannesburg.

exist like the business whose competition for intellectual resources and 'political power' they protect. Schools and higher institutions mirror the social and class conflict within the South African polity. Meeting the objective of education to assist in the 'obliteration' or severe minimization of class divides[178] is an extremely slow process.

Are the NGOs doing enough? All respondents to whom this question was posed did not think so and they blamed the funding crisis in which the non-profit sector has found itself since 1994. NPOs seem helpless against the powerful forces of the market and just like business, focus is lacking in terms of what they should be doing. Education can work to improve production only if there are employment opportunities for more productive workers', say Halsey et.al.[179] In the absence of jobs, education becomes a nominal element only and its benefit to society a waste.

The NPO sector in South Africa is yet to live up to the expectation of genuinely building equitable civil communities. It is struggling with ideological and structural vicissitudes within the country. It cannot deviate from state/business interests that have since firmly converged in the last decade lest it is pushed into oblivion. Ironically, the greatest weakness to the survival and autonomous status of the NPO exists in the strength of the state as an accountable and transparent voice of the people, especially in the eyes of international donors. Surviving against this backdrop requires an alignment of its strategy and goals with those of the state and of business. Unfortunately, what public/private sector strategies would not achieve, given the many findings from studies on the political economy of education already highlighted, is equality, much less equity.

[178] Sewell, W. H and Shah, V. P (1977) 'Socioeconomic Status, Intelligence and the Attainment of Higher Education' in Karabel, J and Halsey, A. H (eds.) *Power and Ideology in Education*, p.197.
[179] Coleman, J. S (1997) 'Can Education Do it Alone?' in Halsey, A. H et.al. *Education Culture Economy Society* (New York: Oxford University Press), p.24.

4.8 Literacy: Enabling Black Empowerment and Social Justice

In order to fully grasp the role of CSI in literacy and its ability to eliminate inequality, empower black South Africans, and engender equity in South Africa, its overall impact on skills development and income parity as prerequisites to black economic empowerment needs a brief evaluation. This is important in the light that business investment goals in education as already assessed can be translated as economic growth through appropriate skills development. If this is the position, can CSI in literacy truly enable black empowerment and an equitable environment? I say 'black empowerment' because I believe that the empowerment of blacks goes beyond the economic. In fact, this research is premised on the belief that social empowerment is the primary facilitator of black economic empowerment. Social empowerment in this discourse deals with the liberation of the mind; breaking down apartheid barriers of inferiority complex or fears of failure, finding accesses and taking up the many opportunities being provided by public and private sector policies and making the best use of them for economic participation and wealth creation. Literacy has an invaluable part to play in this process.

Economists swear by 'market mechanisms' as 'the only effective and humane way --- to allocate resources to meet human needs'. Market mechanisms, however, are failing'.[180] The value of the rand, the economic growth rate, 'share values, inflations and interest rates and foreign hot money explain very little', says the South African NGO Coalition (Sangoco). Sangoco gives the reason, in the following lengthy quote, for its reservations about the efficacy of private sector initiatives in addressing inequality in South Africa:

> '*The private sector, in the age of digital technology cannot expand jobs and incomes enough to create demand for its own output. To compete successfully, business must replace labour with technology. It must*

[180] http://www.sangoco.org.za/index.php?option 'How the Market is Letting Us Down' Accessed 08 August, 2006.

> *cut labour costs to attract global capital that expects high returns. So it is forced to reduce its own market, competing for shrinking demand. But the idea that only private enterprise can efficiently create jobs runs very deep, so old economists continue to seek solutions to make the private sector employ more people. The search for competitiveness, outsourcing, privatization, second economy and small business are products of that fruitless search for a way that the private sector can reduce unemployment; many make it worse. --- The private sector creates far more wealth than can be sold, but not employment. It makes jobless growth and cuts its own throat. New economists seek ways to harness the wealth creating capacity of the private and non-profit sectors. Only the public sector can respond to society's need for expanded universal public education, public health and transport, housing --- these sectors are people intensive and they carry the ethical, compassionate and communal values of society which are outside the purposes of the private sector. The question is how the wealth of the private sector can be used by the other sectors in ways that enhance all of them.'*[181]

When the private sector persistently talks about a 'mismatch' between the skills the economy requires and those produced by the education system', the tendency is to view such proclamations with reservations against the background of their inability to create jobs in pursuit of labour replacement technology.[182] Official unemployment figures among the 15.778 million 'economically active population' is put at 26.2 percent.[183] Real wages in South Africa reports Statistics South Africa's Labour Force Survey 'have increased --- after adjusting for inflation. However, the country's

[181] Ibid.
[182] Kane-Berman, J (1991) 'Too Much Time on the Wrong Subjects' in Manning, T (ed.) *Trends – Transforming South Africa*, p.66; *CDE Round Table* (2000) 'The Future of South African Universities: What Role for Business?', p.4.
[183] Standard Bank Group Economics (2002) 'Facts and Figures' *Economic Profile South Africa*, (Johannesburg: 5 Simmonds Street), p.6.

labour market is still characterized by huge wage inequalities along racial, gender, industry and education lines'.[184] Business policies in education and job production may be narrowing the gap as the labour survey indicates, but are, at the same time, effectively reproducing the capitalist relations of production that polarize the income-earning groups through education and other social factors. CSI in education is in selective areas that are more rewarding to the upper class and upper middle class. These are the strata whose children are privileged to attend well resourced schools – the majority of which are in the urban areas. 'If you qualify business at the community level, they are also a client' says an education NGO representative. 'But the senior government officials' children all go to private schools. There seems to be no stake, so, why should any one care?' If business is supposed to be 'a client', as a recipient of society's education system, should not the spot light be on government and the NGOs as key members of civil society and corporate South Africa? Yunnis Ballim, the Deputy Vice-Chancellor, Academic, Wits, agrees:

> *'I think that where literacy is concerned, the responsibility should remain primarily with the government as many companies' responsibility would first be to their shareholders. Some of these companies see the problem of investment in literacy as one in which the return on investment in education is often very distant. Government must therefore be the primary driver for providing education. The civil society must also form a sort of partnership with government for the sustainability of investments in education. I believe that civil society partnership with government is far more important than that between government and the corporate society'.*
>
> *(Yunnis Ballim: Deputy VC- Academic, Wits)*

[184] Ntuli, D (2006) 'More Bang for Workers' Bucks' *Sunday Times* - Careers (South Africa)19 November.

The real problem however is that in spite of business selectivity in CSI, not enough jobs are being created to absorb graduates and by this state of affairs, the social divide among the various groups is aggravated.

> '*We still have the haves and the haves-not. The haves are still predominantly the whites and the haves-not are almost exclusively the townships and the blacks, and the divide, in our opinion, is getting greater'.*
>
> *(Mike Myburg: National Union of Educators)*

School and higher education enrolment figures continue to rise, drop out rate continues to rise, and so has unemployment. 'Whilst unemployment rate has grown, wages have declined', says Sangoco.[185] The purchasing power of the majority has sharply fallen with the devaluation of the rand. 'In 2004, 39 percent of the population earned under R1,000 a month, virtually the same number as ten years earlier. Yet, in this period, the purchasing power of R1000 fell by over half'.[186] Increased cost of school fees and transport continue to exert 'pressure on the disposable incomes of the poor'. The result is evident in the diminishing 'saving or capital accumulation capacity' of this group. A COSATU research further reveals that business has had one of its most profitable periods in the past ten years as 'share of profits rose from 25 percent to 30 percent' while 'share of wages dropped from 51 percent to 45 percent'.[187] The issue, it can be argued is not lack of resources in the private sector. None of the respondents to this research raised this as a factor militating against what they do in the education sector. The majority agreed that business should do more, although national challenges remain a set back.

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[185] http://www.sangoco.org.za/index.php?option 'How the Market is Letting Us Down' , p.8.
[186] Ibid
[187] http://www.sangoco.org.za/index.php?option 'South Africa Civil Society Speaks', p.10.

Answering to the question about their greatest CSI challenges in education, the recurring issues stressed as demotivating are: difficulties with working with government due to lack of capacity, accountability, and professionalism, especially at district level; lack of basic infrastructure at the rural areas most afflicted by educational problems; and drop out and failure rates in spite of public/private sector efforts since 1994. What business collectively implied less audibly in its complaints is its inability to resolve the issues that are the government's to deal with. The unvoiced challenge, however, is the overriding desire to make profit the first priority. The extent to which meaningful progress can be seen to be made in the education sector from the private sector perspective, would be dependent on the extent to which the fundamental macro societal issues are addressed. The problems are real and they are convenient escapes from CSI for business. Chapter 5 looks at these issues in discussing the role of the state and labour in CSI and the transformation agenda.

Summary

Research findings that correlate education and income disparities as between it and equity are substantial. Education cannot be beneficial except in relation to other economic forces within the society. Whilst enrolment figures have been shown to be on the climb in all sectors of education and the massification of literacy on the increase, given indices expose the underlying growth of inequality alongside the much celebrated economic growth of the country. This is a paradox of the capitalist system of production which literacy can not eradicate. Agents of this paradox include the NGOs/NPOs. Their ability to reach out to the lowest stratum in society empowers them to enable cogent change at the grassroot level. Through the non-profit sector, CSI in education should have transformation capacity. Present interactions between the NPOs and the market, however, clog the wheel of such progressive probabilities.

As corporate citizens, NPOs have a social responsibility to the South African society to minimize class disparities and bring communities into the global network of civil societies. The precarious alignment of its objectives with those of business in which quick and high returns on investments in literacy take precedence puts its CSI role predominantly at the service of the capitalist goals of the dominant group, now comprising the rich white and the emerging black middle class bourgeoisie. Thus, the corporatist nature of the NPO sector is, at the moment, more in conflict with the genuine black empowerment of the majority than in agreement with it. The dissonance can be found in the location of CSI as a 'residual element' of the broad-based BEE. In this rudimentary place, its importance to BEE is trumped up only as a scorecard booster element when the need becomes exigent to business. This dissonance is concealed in the euphoria of BEE'S company management and ownership priorities.

While the economy grows and the demand for education grows along with it, as with most third world countries, the first world of South Africa gets richer and the majority in its third world poorer. The reward to equity is severely minimal.

CHAPTER 5: LEGISLATING CSI IN LITERACY IN 21ST CENTURY SOUTH AFRICA: LIMITS TO EMPOWERING CHANGE

5.0 Introduction

In assessing the evolution of the South African definition of CSI in Chapter 2, the role of the state was shown as invaluable in mandating the link between the transformation agenda espoused in BB-BEE and the concept of a socially responsible company. Chapters 3 and 4 assessed business investments in various sectors of education based on a generally accepted idea of CSR – a notion arising from CSI's relevance in the nation's BEE agenda as prescribed by the DTI Codes of Good Practice.

Chapters 3 and 4 revealed that in the final analysis, business sees its 'social responsibility' as one in which it must 'invest responsibly'. This means giving priority to 'enlightened self interest' and putting more money essentially in educational areas that are of foremost benefit to returns on investment. Its focus on maths and science at the higher grade levels, and the funding preference for university programmes or studies deemed beneficial to its economic interest exemplified this line of thought. Business intervention in education like the CSI definition thus took the shape of the HUREPICS Pyramid, bottom up (Fig. 2.2), where capitalism and/or socialism informs human nature, philanthropy or charity.

These chapters highlighted the convergence of the economic interests of the state and the private sector. They showed how against the backdrop of the seeming conflicting dual role of the state as protector of the 'common good' and of the present capitalist mode of production which drives inequality, public policies remain the key to correcting the historical imbalances in the South African polity. Implicit in the concluding arguments were: (i) the need for a re-evaluation of the mandate in the BEE agenda in order to elevate the place of CSI from its current status as 'residual' in black economic empowerment; (ii) the need to strengthen the role of the

state as facilitator and partner in education and other socio-economic facets of the nation's existence.

In three parts, Chapter 5 takes a closer look at the role of the state in legislating CSI in educational matters, and the goals of such public policies. It assesses how the inadequacy or the lack of a clear vision in public policy affects private sector decisions in literacy ventures. It posits that this delicately preserves the status-quo. It reiterates that CSI in literacy in 21st century South Africa takes the shape of the HUREPICS Pyramid, upside down (Fig. 2.2). The consequences for transformation are therefore severe.

The second part of this chapter assesses the role of labour. Although labour's first priority is skills development, the growth and development of skills is equally dependent on the nature and quality of education available to learners. What labour is doing or can do to foster meaningful CSIs in education is a component of this section. A crucial aspect of the arguments put forward in here deals with how the business definition of CSI or CSR continues to inform, and to a large extent, determine labour policies in issues of education and skills development.

The third and concluding part deals with the socio-economic transformation of South Africa and the limitations in empowering change through CSI. It reiterates Chapter 4's position that while education can indeed alleviate poverty levels amongst many, it is neither an absolute cure for inequality nor for guaranteeing equity in the presence of other social determinants of poverty. Poor public policy conceptualization and implementation, unemployment levels, mindset change especially among educators and trainer 'luddites' constitute parts of this discourse. Again, the question is being asked: Is CSI in literacy a solution for bridging the widening inequality gap between the haves and haves-not, alleviating poverty, and engendering social justice? Yet again, the answer is that it is not a perfect remedy. However, Chapter 5 strongly argues that its efficacy in significantly improving the current situation in education and its repercussion on transformation is severely impaired by public policy in the BB-BEE agenda.

5.1 The Role of the State

The notion of CSR or CSI as it is generally referred to in South Africa remains a new and evolving concept. In the private sector the term is fast growing in popularity, but the public sector's grasp of the CSI idea is still very immature.[1] In the Broad-based BEE discourse where government's articulation of CSR is at its strongest, the distancing of CSI from the principal philosophy of the BB-BEE endangers a speedy and clear understanding of the term. Its integral place in BEE, and therefore, its capability to nudge society towards transformation and social justice is yet to be sufficiently appreciated. (See Chapter 4).

In examining the role of the state in the CSR framework, four responsibilities have been identified: 'mandating' (legislating), 'facilitating', 'partnering', and 'endorsing'.[2] As a legislator, governments 'define minimum standards for business performance embedded within the legal framework'.[3] The DTI Codes of Practice for BEE are meant to do just that. That is, offer the private sector a minimum operational guide translatable into various industries own sustainability programmes. As facilitator, the state has an obligation to 'incentivize companies to engage with the CSR agenda or to drive social and environmental improvements'. Under this approach, the public sector's role is described as 'catalytic, secondary, or supporting'. It should, in summary, 'stimulate the engagement of key actors in the CSR agenda'.[4]

Public sector 'partner' can be said to be 'central to the CSR agenda' because of its ability to garner 'the complementary skills and inputs of ---the private sector and civil society in tackling complex and social and environmental problems'.[5] In this role, the state may 'act as participant, convenor or facilitator'.[6] As endorser, the state can offer political support to CSR through 'recognition of the efforts of individual

[1] www.ecodes.org/documents/achivo/public, 'Executive Summary', p.iii. Accessed 18 August, 2006, 12 noon.
[2] Ibid, 'Public Sector Roles in Strengthening Corporate Social Responsibility: A Baseline Study'.
[3] Ibid, p.3.
[4] Ibid, p.5.
[5] Ibid.
[6] Ibid.

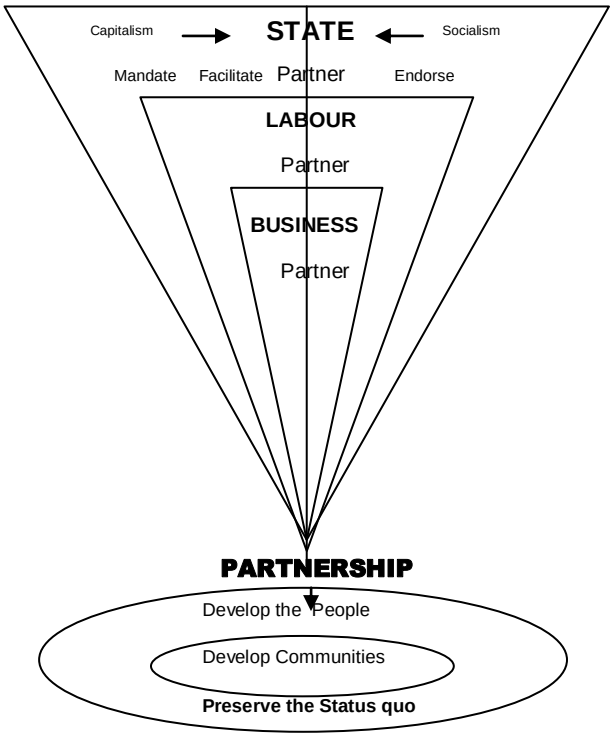
enterprises' and this can take a variety of forms; 'awards', public acknowledgement by government departments, etc.[7]

The differences between the four roles, however, are not clear-cut and tend to overlap. To mandate for instance, could be interpreted as providing a facilitating environment. To facilitate and partner is often to endorse the CSR ideology and endorsement can be expressed through facilitation and partnership. This chapter, nonetheless, is preoccupied with the role of the state as legislator (mandating), and thus, as facilitator of private sector investments in education.

[7] Ibid.

Fig. 5.7

THE ROLE OF THE STATE/ LABOUR IN THE HUREPICS PYRAMID



The HUREPICS Pyramid – bottom up, propels the role of the state in legislating CSI in 21st century South Africa. As with the determinants of the CSR definition in South Africa, neo-liberal policies characterized by the capitalist ideology are the primary drivers of public policy in CSI. The point of convergence between the state, labour and business in CSI is on partnership. The goal is the same: to preserve the status quo

In order to redress past injustices founded on poor quality education, literacy, as seen in the preceding chapters, is fundamental to genuine self and economic empowerment of the once disadvantaged populace. In the words of Kader Asmal, former Minister of Education, at the 1999 International Literacy Day;

> '---*the eradication of illiteracy is one of the most important tasks facing us today. The achievement of this goal is vital to the transformation of our society as a whole and crucial to the realization of the potential of so many individuals at present locked into a prison of illiteracy*'.[8]

As the provision of education is essentially a state prerogative to guarantee, educational policies are an important mirror of 'society's political philosophy and goals'.[9] It is within this premise the role of the state in the HUREPICS Pyramid (Fig.5.7) can be understood as protector of the existing means of production. Legislation is meant to serve the ends of this means of production just as the CSI definition has been portrayed to do in chapters 3 and 4. However, state literacy policies in South Africa have, commendably, been dynamic and have since the late 20th century undergone changes in order to fit into the political and economic needs of the new democratic dispensation. The nation's political ideology has shifted since the period prior to 1994 to one that can be defined as the 'third way' (See Chapter 1). Although the 'third way' is likened to an assimilation of capitalist and socialist ideologies, South Africa, today, more firmly toes the line of a neo-liberal state. CSI, as made evident in Chapter 2, thus takes its definition from neo-liberal principles that are informed by capitalist principles. (See Chapter 2).

The generally accepted definition of CSR as an 'investment' directs private sector intervention in education. Chapters 3 and 4 illustrated that the nation's public and private policy objectives are not necessarily in conflict. They meet in the growth of the South African economy that has been accompanied by growth in the divide between the poor and rich. This paradox best rears its head in the education system that is very slow to impact on the availability of requisite skills for economic growth and development. The seeming insurmountable problems existing in rural or township schools more than twelve years since the formal end to apartheid exemplified this paradox. (Chapters 3 and 4).

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[8] www.projectliteracy.org.za/history.html, 'Synopsis of Important Landmarks', Accessed 8 October, 2006, 2.15pm.

[9] www.country-data.com/cgi-bin/query, 'Education' Accessed 8 October, 2006, 3.25pm.

In order to understand the role of the state in legislating CSI in 21st century South Africa, our point of departure, again, is the HUREPICS Pyramid, bottom up. In this instance, public policy is reflective of the predominant ideology – neo-liberal, and this gets articulated by the strategic players – labour and business through partnerships (Figs. 3.1 & 5.7). The BEE agenda is currently the state's best expression of its CSR priorities. Under the BEE umbrella, CSI, where private sector investment in education resides, is described as 'residual'. In this status, legislation via the DTI Codes of Practice regulates a vital empowerment element – literacy – to last place and questions the transformation objectives. The relegation of CSI to last place in the BEE framework helps the inherent inequalities in the system to flourish, and sustains the capitalist goals of the state and private sector.

Table 5.6

The BEE Scorecard approved in 2003

Core component of BEE	Indicators	Conversion Factor	Raw Score	Weighting	Total Score
Direct empowerment score					
Equity Ownership	% share of economic benefits			20%	
Management	% black persons in executive management and/or executive board and board committees			10%	
Human resource development and employment equity score					
Employment equity	Weighted employment equity analysis			10% (15%)	
Skills development	Skills development expenditure as a proportion of total payroll.			20% (15%)	
Indirect empowerment score					
Preferential procurement	Procurement from black-owned and empowerment enterprises as a proportion of total procurement			20%	
Enterprise development	Investment in black-owned and empowered enterprises as a proportion of total assets			10% (15%)	
Residual 10% (Socio-Economic Development) (5%)					
To be determined by sector/enterprise				10%	
Total Score out of 100%					

Source: South Africa's Economic Transformation: A Strategy for Broad-Based Black Economic Empowerment (DTI 2003)

Table 5.7

The amended BEE Scorecard approved in 2007

Core component of BEE	Indicators	Conversion Factor	Raw Score	Weighting	Total Score
Direct empowerment score					
Ownership	% share of economic benefits			20%	
Management Control	% black persons in executive management and/or executive board and board committees			10%	
Human resource development and employment equity score					
Employment equity	Weighted employment equity analysis			15%	
Skills development	Skills development expenditure as a proportion of total payroll.			15%	
Indirect empowerment score					
Preferential procurement	Procurement from black-owned and empowerment enterprises as a proportion of total procurement			20%	
Enterprise development	Investment in black-owned and empowered enterprises as a proportion of total assets			15%	
Socio-Economic Development				5%	
Total Score out of 100%					

Source: www.thedti.gov.za/bee/beecodes.htm Accessed 11 August 2008

From August 1993 when President Frederik de Klerk 'gathered together leading experts on education in the National Education and Training Forum to formulate a policy framework for restructuring education,[10] South Africa's education system has been marked by a wide and fascinating variety of public/private partnerships in which the role of the state as mandator, facilitator, and partner remains paramount.[11] As mandator and facilitator in the education system, public policies are bedeviled more by weak conceptualization and implementation than by the availability of decrees. 'There's innovation overload and donor fatigue' said Marianne Scott of NBI. Supporting this view, Saeeda Annis of JET noted;

> *'There certainly seems to be a level of impatience on the part of the government. Education is not about overloading.--- There's been a lot of framework and policies set, but why the implementation is such a dismal failure should be questioned'.*

In addition to the myriad of policies, lack of capacity in terms of competent personnel at the different levels of government, in particular at the local government level, compound the problems of concept and implementation.

> *'Another problem facing South Africa is the district ideal backs the national, but still has to live up to the political implication. It is for instance, expected that every school must deliver quality education, must have computers, libraries, laboratories, books, etc. But in allocating resources based on this, we are always faced with a huge historical backlog. Government's take over of education has sort of disempowered people to own*

[10] Ibid, 'The School System in the 1990s'.
[11] www.projectliteracy.org.za/history.html, 'Synopsis of Important Landmarks'.

their own schools. What do we do when a district can't provide managerial services to the school? The main problem in South Africa in education is in the disempowerment of people to help people be who they want to be and gain their own resources.'

(Neil McGurk: KwaZulu Natal Education Dev. Trust)

'It is the level below the MMCs that pose the problems. They lack experience --- and lack training. The lack of control is a problem too.--- In government, they're either busy or lacking know-how. Constant change of people at the top is a problem with government too'.

(S. Frankel: Frankel Consulting)

Discussing the conceptual and implementation pitfalls of the language policy, Saeeda Annis criticised the policy's detachment from 'the real situation'. She said:

'In South Africa, the children speak the mother tongue on the one hand, and most of the children do not have parents. What they have are more like guardians. So they have very little support in helping the children learn the language. Grades 1 to 3 are very critical in a child's life. So, we basically shut out any other chances of the child learning any other language. But in reality, what they speak is a mixture of all languages, including English. At Grade 4, therefore, the grounding for understanding the mechanics of the language is non-existent because they have not spoken the language from Grades 1 to 3'.

In Chapter 1, it was mentioned that other private sector challenges with the language policy were: the cost of instructing pupils who so desire in any of the eleven official languages, and the growing desire of parents to have their children instructed in the English language even where the child's language foundation has been dismal. The result has been the difficulties faced by many higher grade pupils in English language and the unimpressive pass rates in the subject.

Critiquing government's 'fee-free schooling' policy scheduled to commence in 2007 under the caption 'Flies in the Ointment of Education Policy', Faranaaz Veriava of the *Mail & Guardian* noted that it is constitutionally flawed in 'concept and implementation'.[12] At the conceptual level, she said, ranking schools 'based on the wealth of the surrounding communities' ignores the post-apartheid reality' that some learners travel from poor communities 'to better resourced schools for improved educational opportunity'. Schools in the wealthy provinces therefore have poor learners who may not be able to afford school fees. At the level of implementation, 'the exemption policy at fee-paying schools' is widely not implemented. Many schools simply have no exemption policies'[13] research has shown. She concluded.

Underlining this argument, David Macfarlane's 'analysis' in the *Mail & Guardian* of January 19 highlighted three major points of impact of the no-fee policy on the 'financial policies on schools'.[14] Firstly, the lack of 'monitoring of implementation of the fees exemption policy' means inability to confirm whether or not 'better-off schools are becoming less accessible to poorer pupils. Secondly, it is difficult to ascertain if the provinces can match or better the financial resources of these schools that make up the majority of existing schools. Thirdly, schools that have always been effective because of reliance on their own resources cannot afford to admit 'large numbers of pupils exempted from fees' without compromising on effectiveness'. The repercussion would be a gradual erosion of the functionality of some schools among the few quality schools existing in South Africa.

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[12] Variava, F. (2007) 'Flies in the Ointment of Education Policy' *Mail & Guardian*, 12 January.
[13] Ibid.
[14] Macfarlane, D. (2007) 'Beware the ticking of education time bombs' *Mail & Guardian*, 19 January.

When the Gauteng Department of Education (GDE) threatened in January 2007 to shut 200 'underperforming high schools' following their unsatisfactory performance at the 2006 matric examinations, *The Star* in its 'Opinion and Analysis' advised: 'commit resources, act on problems and monitor progress'.[15] Don Pasquallie, Deputy General Secretary of the South African Democratic Teachers' Union (SADTU), answering questions on SABC 3 10pm news, Tuesday, the 9th of January, blamed the dysfunctional situation of the affected schools on lack of resources. Disapproving the proposed closure, he cited loss to the pupils and workers as specific reasons for his stance. Why 200 schools in a rich province like Gauteng have been allowed to degenerate to a point of dysfunctionality is a question to which public agencies may have no convincing answer. The question that naturally follows is: What then should be expected of schools in poorer provinces?

These opinions serve as reminders of some of the fundamental conceptual problems besieging the education system. The blame is squarely at the doorstep of government. Its responses have been many and varied and they keep flowing in. The establishment of the South African Qualifications Authority (SAQA), aimed at improving the quality of education and training at all levels, the National Qualification Forum (NQF) which encourages an integration of education and training, increased national budget on education, mergers of various educational institutions, SETA/FET/higher education collaboration, the new language policy, no-fee-paying pupils/schools, etc are all aimed at ridding education of its apartheid shackles, and preparing learners for the world of work in a globally competitive environment. They are also meant to enable CSI in this sector.

Where CSI is concerned however, as already stated, the problem is not with scarcity of policy. The problem with public policy is in the overall operational guide for BEE as laid down in the DTI Codes of Good Practice. The problem lies in government's publicized perception of the importance of CSI – the concept that encapsulates social investments in education. As progressive as the many policies on education

[15] *The Star* (2007) 'Education Needs Change', 10 January, p. 10.

may appear like, public/private partnership in this sector is truly only as important as the status of CSI in the BEE and general transformation agenda. When budget needs to be cut, CSI is always the first to go, said Bongiwe Ntuli of Eskom. An educated guess can be made that if investment in education and training is the first victim of a budget cut, legislation has indicated that its demise is not a big price to pay for compliance in a couple of other elements adjudged by the DTI Codes as being far more relevant to BB-BEE.

When we talk about legislating CSI in literacy in 21st century South Africa, we essentially critique how literacy has been subtly decreed into near oblivion in an ideology that is a critical success factor in the nation's transformation agenda - BEE. We emphasise private sector licence, by this act, to uphold segments of education that are crucial to its economic interest, and thus, the tendency to throw money into short-term returns on investment. As shown in Chapter 4, to situate CSI as a 'residual element' that complements the weighting of the major elements in the BEE scorecard as the need arises is misleading. As social investments in education reside in CSI, to elevate CSI as an authentic South African imperative is also to redefine the place of education in black economic empowerment as a key success factor.

Interview responses quoted here as in Chapters 3 and 4 indicate a considerable dissatisfaction with the conceptualization of some public policies. CSI as a residual element in the BEE agenda is a flawed concept. Although CSI spending on education is the heaviest among other listed CSI indicators (see Chapter 3), neither business nor the state is very impressed with the current returns on education. But, the point seems to be missed that the implementation of CSI is a direct consequence of a flawed concept. Investment on ECD and ABET is very low, while expenditure on teacher development has also fallen substantially (See figures in Chapter 3). In a country experiencing huge short falls in the number of qualified teachers, how to justify the diminishing corporate spending on this element is hard to fathom.

When the role of the state was summarily discussed in the evolution of the CSR definition in South Africa (Chapter 2), and how this definition informs private sector investment in education (Chapters 3 and 4), its contradictory position as protector of the common good and of a means of production driven by inequality was brought to the fore. The state thus seems to be perpetually caught in the middle between growing capitalist and populist demands. Does the legislation of CSI contest those findings? No. Yet, there exists some difficulty with oversimplifying public policy intent in CSI. It raises these nagging questions: i) have public policy objectives in CSI been carefully thought through? ii) is this policy an act of omission that ironically fulfills the political yearnings of the economically dominant group? iii) is it a public/private conspiracy to maintain the existing status-quo? iv) if the current situation in the nation's education system and its repercussions on skills is a natural interplay of the forces of intent and ignorance, when will it 'tip',[16] borrowing Malcolm Gladwell's words, to enforce innovative thinking in genuine people development models?

No easy answers exist to any of these questions. Asked why the state seems bereft of a sustainable solution to the country's challenging education system twelve years post-apartheid, Marianne Scott said: 'There's no solution. There's a concern that the state needs to get the system right. --- Business is beginning to ask fundamental questions about how we are going to change society. Often, government policy is not contested. It is --- when is it going to roll out?'

Would business jump at mandating an increased weighting of CSI in order to shore up the advantages potentially accruable to education? Hardly. Legislation alone in the absence of an improvement in the facilitating role of the state could sow the seeds of political volatility and threaten the peaceful status-quo. In order to maintain the existing equilibrium, the onus falls heavily on the state to re-examine and re-address its responsibility as legislator, facilitator, and partner. The BEE current flow-chart would need to be redesigned and the weighting of its elements

[16] Gladwell, M (2000) 'Introduction' *The Tipping Point* (New York: Little Brown and Company), p.7.

redistributed to bring CSI almost at par with the principle elements of the scorecard as indicated in Chapter 3, fig 3.2. CSI weighting would, invariably, be translated into increased corporate expenditure in this sector. But, business would not invest amidst poor infrastructure and the lack of wherewithal to develop human resources at all levels of government, in particular, at the local government level. All else being equal, increased CSI weighting would mean higher expectations on returns on investment. Business investment in education would more likely be quality-driven, with closer attention paid to pre-investment research and post-investment monitoring and reporting.

An interesting paradox most likely to arise from this scenario would be public policy empowerment of business to force the hand of the state into being more responsive to its responsibility as enabler of private investment environment. To increase the CSI weighting is to empower public/private sector social responsibility at the community level. The objective would be a foreseeable dependent pool of skills for future growth and development and a majority of the people literate enough to economically empower themselves, pulling other resources available at the micro level. Although as made evident in Chapter 4 research findings generally indicate the futility in high expectations of education as an eliminator of inequality, its ability to bridge inequality gaps, however, is not in doubt. All other socio-economic factors to assist poverty alleviation and engender social justice such as, job creation and employee training, would need to be aligned to the BEE goal. The state needs a paradigm shift in order to make equity a realizable dream.

5.2 The Role of Labour

In this research, identifying the role of labour in CSI in literacy is difficullt even though to think labour is to think skills, and to think skills, is to assess the impact of education or literacy in skills development and vice-versa. As with other players in the life of the South African nation, to evaluate the role of labour in 21st century South Africa is to first understand from where it comes. Labour here refers to the

umbrella body under which all labour movements in South Africa fall. This section of the chapter does not intend to delve into the history of the labour movement which has been widely publicised. However, a cursory look at its historical motivators would help put things in a better perspective with regards to its role in CSI.

From the apartheid era when labour activities were strictly defined by 'government policies' to date when 'market principles' are the major determinants of its relations with other sectors of the economy,[17] labour objectives, have one way or another been in synchrony with those of the state. In a deeply racially polarized apartheid South Africa where blacks were already unprotected by any labour law, their further exclusion from the 'redefinition of the term employee',[18] by the Native Labour Act of 1953, made things worse. From this period, two antagonistic sides of labour could be clearly discerned. A part of labour interpreted apartheid policies to the later, while the other – a repressed side, fought vigorously to reverse the political system and contribute to new state policies.

The establishment of the Congress of South African Trade Unions (COSATU) in 1985, brought together all formerly fragmented pro-black labour movements under this umbrella organization.[19] Affiliated to the ANC and the South African Communist Party (SACP), in the fight against apartheid, there were hardly any boundaries between labour and politics. COSATU's agenda and that of the potential ruling party, the ANC, had a lot in common. During the political negotiations of the early 1990s, labour inevitably found itself in negotiations with the business community it would have preferred to have nothing in common with. As the ANC, business and labour came to an agreement on the political transition and many union leaders 'joined the first democratic government',[20] it became increasingly senseless to

[17] www.country-data.com/cgi-bin/query/query, 'South Africa Labour and Politics', Accessed 10 August, 2006, 3.20pm.
[18] Ibid.
[19] Ibid.
[20] Fourie, A Symes, A (1994) 'Imperatives for RDP' 'Labour' *Building A Winning Nation* (South Africa: Raven Press), pp.9-10.

separate labour from the combined goals of the state and business. Organised labour's most prominent input in strategizing a new economic framework for the country has best been documented in the RDP programme.[21] Although later modified to GEAR, labour was not excluded in the re-engineering process.

From 1994 to 1999, labour, expectedly, was preoccupied with the enactment of new policies to 'improve labour standards in the domestic market. Its 'first ministerial programme of action from 1994 to 1999 was, thus, policy-oriented. Within this period, the following laws came into being: 'a new Labour Relations Act, a 'Basic Conditions of Employment Act', an 'Employment Equity Act', a 'Skill Development Act' which was 'complemented by the South African Qualifications Authority Act' and a 'Reformed Unemployment Insurance Act'.[22] Labour's strategic place in 'ensuring that its market policies continue to address the real issues facing the people'[23] was invigorated. However, in order to understand the relationship between skills development and social investment in education, the role of the market takes precedence. Labour policies and CSI have one thing in common: they are currently regulated by market forces.

In February 2001, 'the first National Skills Development Strategy (NSDS) was launched' and its operations were to be in synergy with SETAs' and the National Skills Fund (NSF).[24] Under the NSDS, labour describes its vision as 'skills for sustainable growth, development and equity'.[25] Listed among the 'principles' of the NSDS in order of priority are: i) 'support economic growth for employment creation, and poverty eradication', ii) 'promote productive citizenship for all by aligning skills development with national strategies for growth and development'[26]. NSDS's

[21] Ibid, pp.30-31. also see National Policy Investigation (1992) 'The Triumph of Market Ideology', *Human Resources Development* (Cape Town: Oxford University Press/NEC), P.30.
[22] The Department of Labour (2004) 'Post Apartheid Labour Market Interventions' *Ministerial Programme of Action – 2004-2009* (Pretoria: Department of Labour Chief Directorate of Communication), pp.8-9.
[23] Ibid, 'Addendum: Monitoring and Evaluation', p.30.
[24] Ibid, 'Post Apartheid Labour Market Interventions' p.12.
[25] The Department of Labour (2005) *National Skills Development Strategy 1 April 2005 – 31 March 2010* (Pretoria: Department of Labour Chief Directorate of Communication), p.1.
[26] Ibid, p.2.

number one 'objective' is 'prioritising and communicating critical skills for sustainable growth, development and equity'.[27] Its first 'success indicator' under this objective is developing skills that 'support national and sectoral growth, development and equity priorities.[28]

The stress on '*growth*' is not coincidental in NSDS's language of communication. It is an interpretation of GEAR into labour's policy framework and a reminder of the exigencies of capitalism and global competition. As already noted, the nation's growth strategies draw from neo-liberal policies that are first and foremost capitalist in functionality. It follows that for labour to be relevant to the transformation process as designed by the tripartite agreement between it, business and the state, a deviation from neo-liberal dictators could be counterproductive to its national relevance. Labour, like the state and business finds its interest on the HUREPICS Pyramid, bottom up. Its goals are conceptualized and aligned with those of the market.

Labour's unique position arises from its status as the point of convergence for all other government departments. Under labour, government, business, civil society and the community tend to speak an uncontroversial language – skills, jobs, wages and the protection of the rights of workers. How it constructs these desires into a national working plan in the BB-BEE agenda, spotlights its role in CSI in 21st century South Africa. In order to achieve this, its expertise in research and statistical analyses is a critical national resource. In making investment decisions in literacy, for instance, business through the SETAs can, to a very reasonable extent, rely on the skills data from the labour department.[29]

Although labour has no direct link with ECD, primary, secondary and higher secondary school sectors, among its 2010 success indicators are areas that directly impact on formal education. They include: i) the extent to which 'SETA discretionary

[27] Ibid, p.3.
[28] Ibid, p.4.
[29] Ibid, pp.4-5.

grants' include 'grants for learners, bursary grants, internship grants and study support to learners acquiring basic entry, intermediate and high level scarce skills identified in their sectors'.[30] ii) the extent to which SETA grant has achieved excellent results in 'educator/trainer up-skilling', 'curriculum and materials development', and 'learner support initiatives'.[31] and iii) the extent of improvement in the NQF 'support of the NSDS'.

Among goals to be achieved in raising the country's skills profile are: 'facilitating the placement of new entrants in the labour market through learnerships and internships', and 'providing career guidance, and counseling to school leavers to assist them to pursue further studies in fields that are relevant to the needs of the economy'[32] The labour market, undoubtedly, is predicated on the findings that have revealed 'a causal relationship between investment in education, training and economic growth'.[33] The dynamism of the market, however, cannot be overlooked. It constantly informs the level of success of labour strategies, and hence, the reliance on 'labour market analysis' in policy formation in education and training programmes.

Labour, business and the government are dependent on one another. The peculiarity of the South African situation makes labour integral in the ideological transmutation of South Africa from an apartheid system complex to define to a neo-liberal state in which capitalism holds sway. Literacy is the driving force behind quality skills, growing the economy, creating jobs, reducing poverty and other social malaise. What labour can do to directly influence policies on formal education outside providing statistical data on the jobs market remains highly limited. With manpower planning since 2000, labour has been forthcoming with such data and the assumption can be made that these information guide public policy formation in education and private sector investment in education. For example, table 5.7

[30] Ibid, p.16.
[31] Ibid, p.19.
[32] The Department of Labour (2005) 'Introduction' *State of Skills in South Africa 2003* (Pretoria: Department of Labour), p.2.
[33] Ibid, p.3.

provided by the Department of Labour shows the individual numbers, plus the grand total of university and technikon under / post graduates in various science and technology disciplines. Table 5.8 shows the educational qualifications of the nation's workforce by population. The striking revelations in this table are that employed Africans with no qualification constitute 9 percent in total against 1 percent for Whites, Coloureds and Indians put together. Africans who 'have achieved Grade 12/matric equivalent comprise 29 percent of the workforce against 64 percent for the other groups combined. Table 5.9 examines the equity profile of the workforce by population and Table 5.10 looks at the existing level of skills in the country's main industrial sectors as at 2004.

Table 5.8

NUMBER OF SCIENCE, ENGINEERING AND TECHNOLOGY GRADUATES BY UNIVERSITY AND TECHNIKON

	All 21 University Graduates - 2001			All 15 Technikon Graduates – 2001		
CESM Category	**Undergrad**	**Postgrad**	**Grand Total**	**Undergrad**	**Postgrad**	**Grand Total**
Agriculture and Renewable Resources	445	300	745	687	16	**703**
Architecture & Environmental Design	509	251	760	773	3	**776**
Computer Science & Data Processing	1,443	509	1,951	1,611	10	**1,621**
Engineering & Engineering Technology	1,348	687	2,035	2336	37	**2,373**
Health Care and Health Science	4,372	1,971	6,342	1,292	92	**1,384**
Industrial Arts, Trades & Technology	34	34	68	336	0	**336**
Life Sciences & Physical Sciences	1,306	1,607	2,913	635	16	**651**
Mathematical Science	930	342	1,272	96	1	**97**
Total	**10,386**	**5,700**	**16,085**	**7,767**	**175**	**7,942**

Source: Department of Labour 2004 publication: State of Skills in South Africa.

Table 5.9

EDUCATIONAL QUALIFICATION OF WORKFORCE BY POPULATION

	AFRICANS	OTHERS (White, Indian, Coloured)
No Educational qualification	680,000	61
Less than Grade 12/matric	4,453,000	1,273,000
With Grade 12/matric equivalent	1,297,000	1,465,000
More than Grade 12/matric	730,000	951,000

Source: Department of Labour 2004 publication: State of Skills in South Africa

Table 5.10

EQUITY PROFILE OF WORK FORCE BY POPULATION

	AFRICAN	COLOURED	INDIAN	WHITE
Top Management	8%	13%	4%	75%
Senior Management	10%	5%	5%	80%
Professionally Qualified	40%	6%	4%	50%
Skilled technical, junior management and supervisor	38%	13%	8%	41%
Semi-skilled and discretionary decision-making	62%	15%	5%	18%

Source: Department of Labour 2004 publication: State of Skills in South Africa

Table 5.11

SHARE OF EMPLOYMENT BY THREESKILLS CATEGORIES & MAIN SECTOR

	SKILLED	SEMI-SKILLED	LOW-SKILLED
Construction	6%	74%	19%
Communication	17%	78%	5%
Finance	25%	67%	8%
Manufacturing	10%	75%	15%
Mining & Quarrying	4%	89%	7%
Utilities	9%	82%	8%

Source: Department of Labour 2004 publication: State of Skills in South Africa

Percentage total of work force by level of skills

Skilled labour = 11%

Semi-skilled labour = 61%

Low-skilled labour = 27%

The aggregate demand from these figures is for a significant reduction in the pool of semi-skilled workers with a corresponding improvement in the number of graduates and post-graduates in the main sectors of the nation's economy. Labour agrees that in order to achieve this, 'a good quality education system – one that is widely accessible and that has high participation levels' is fundamental.[34] Quality of education is a critical determining factor in the level of matric passes, just as it is on expected return on science and technology undergraduates. At the moment, this remains a troublesome area in the education system. Of 'the 15,000 Africans who passed matriculation on a higher grade' in 2002, 'only 3,335' chose to study a science or technology-related course.[35] When the number of successful graduates from this number in the science field is taken into account, the shortfall in the skills matrix is better appreciated.

Table 5.8's revelation of the total number of graduates, especially in maths and science, from the 21 universities and 15 technikons in 2001 is not very impressive. However, the ability of the technikons to graduate many more Africans in the science and technology field has made some difference in the skills pool, yet, with all the results combined, the figures are still highly inadequate to meet the skills requirements of the country.

Using the Job Opportunity Index (JOI) 'to identify vacancy levels for various occupations in the Gauteng Province from April to June 2003, as advertised in *The Star* 'Workplace' supplement, 'the highest proportion of vacancies occurred amongst skilled occupations'. 'Professional' and 'Associate Professional' levels were found to be the most affected by skills shortages.[36] In the 'professional' portfolio, percentage vacancy for accountants, 'chartered accountants and auditors and other accounting occupations' was the highest – at 40 percent.[37] Skills shortage is not only evident in the science, research, managerial, technical and artisan fields. 'Generic skills', that is, competencies 'required for individual development and to

[34] Ibid, p.17.
[35] Ibid.
[36] Ibid, p.28.
[37] Ibid.

allow workers to contribute meaningfully to the organizations that they work in across the economic spectrum are also in short supply. Amongst these are: 'analytical', 'interpretive', 'communication', 'general management', 'leadership', 'customer service', 'computer literacy', 'admin', 'financial', 'industrial relations', 'project management' and 'managing HIV/AIDS'.[38]

To reiterate, therefore, the role of labour as partner in CSI, providing relevant investment guides on needed skills, is unique. Its records of South Africa's education and skills status serve as pointers to public and private sector policy makers, students and the civil society in general on areas for education and training emphasis. It is thus the melting pot for various initiatives at growing the economy, developing the people and alleviating poverty. It is able to synchronise government's, business' and civil society's literacy and job creation drives into potential sustainable growth and development strategies through nudging society in the right economic empowerment direction. In this role, labour is both facilitator and partner and agrees that more needs to be done on its part to ensure a greater degree of coherence in education and skills development strategies.

> '*Labour and education, especially in the area of further education and training partnership is on-going. This question has been discussed many times. It is important in order to check job-mismatch. We are working to ensure a greater collaboration between the education department and labour in order to ensure that those being graduated from our schools, the universities, technikons, are relevant to the employment needs of the country. At the moment, there is a serious mismatch between graduates and employment requirements'.*
>
> *(Mokgadi Pele – DoL)*

[38] Ibid, p.31.

The National Economic Development and Labour Council (NEDLAC) and the Accelerated Shared Growth Initiative (ASGISA) are policy initiatives that bring government, business, labour and the communities together in a renewed effort at addressing the nation's skills shortages. Whether labour sees a special role for itself in CSI is an entirely different matter. To date, its closest involvement with CSI is at the SETA level where statistical information like the ones in the tables above provide guidelines for the SETAs' discretional use of funds. The Department of Labour, in return, expects feedback from all stakeholders on the extent of utilization of the information.[39] Labour identifies one of its priority goals by March 2010 as having 'at least 80% of large firms and at least 60% of medium firms' employment equity targets --- supported by skills development'.[40] It may seem like overstepping its bounds for it to get involved in collaborative efforts with the DoE and with business in formal education. Partnerships with the SETAs in ABET would thus seem sufficient. Unfortunately, ABET falls within the CSI mix, and CSI, again, is a 'residual element' in the BEE scorecard where it makes very little impact. As shown in Chapter 2, aggregate CSI spending on ABET is near the bottom of the ladder in the education sector, only surpassing the spending on ECD. Perhaps there's a growing apathy in doing much more in these education sectors because companies generally regard their contributions to the SETA fund as a fulfillment of their CSI obligations. Expectations for anything over and above the mandatory SETA contributions therefore, are interpreted as unfairly saddling business with responsibilities beyond its capacity to bear.

Should SETA contributions be regarded as CSI? Trevor Rammitlwa of Bank SETA disagreed.

[39] The Department of Labour (2005) 'Objectives 1' *National Skills Development Strategy 1 April 2005 – 31 March 2010* (Pretoria: The Department of Labour Chief Directorate of Communication), p.5.
[40] Ibid, p.7.

'--- SETA contributions are not CSI. They are not the same thing. CSI is moving away from your core business and doing something extra, especially in closing the gap and delivering on moral obligations in terms of not just tapping from the community, but also putting something back'.

I think the question as to whether SETA contribution meets the CSI criteria as argued in Chapter 2 is important. However, a cursory and simplistic assessment of CSI and its entanglement in the compliance web would ask the question: what really sets SETA contribution apart from CSI if public policy supports its status as CSI? The role of the SETAs afterall, is presently captured in CSI and business compliance with the DTI Codes of Good Practice is, fortunately, or unfortunately, a legitimate fulfillment of any CSI initiative. To underscore a point already made here, among the objectives the labour department desires to achieve by 2010 is 'promoting and accelerating quality training for all in the workplace'. A crucial success factor in this objective is measuring the effective deployment of 'SETA discretionary grants' in such areas like bursary grants and study support[41] These are inclusive areas in the CSI spend of most companies. If SETA discretionary grants are put to use in social development areas normally outside the immediate preoccupation of business but equally covered by independent CSI initiatives, what difference does it really make by which name or term such investments are called?

What is being recapped here is the limitation imposed on private sector investment in an area least weighted in the nation's BEE/transformation agenda: CSI. SETA contribution is a controversial topic to explore in its relationship with CSI. In addition, the DTI scorecard prescription, has set limitations for companies to eagerly give more even if they would have wanted to do so. The onus is also on labour to recognize the shortcomings of the scorecard 'ideology' and move to assist in redressing the anomaly. South Africa yearns for skills and yet places a near

[41] The Department of Labour (2005) 'Objectives 2 – Promoting and Accelerating Quality Training for all in the Workplace' *National Skills Development Strategy 1 April 2005 – 31 March 2010*, p.11.

insignificant importance on private sector investment in an area that can fast-track skills development in the long-term. The emphasis on black management and ownership is fraught by problems of lack of black capital, the class of BEE beneficiaries and the interpretation of shareholding success.[42] These difficulties give ample reasons to rethink the scorecard strategy and the long-term goals of BEE.

Writing in the *Mail & Guardian* of 19 January, 2007 under the caption 'The end-all of BEE all', Reg Rumney predicted a situation where 'BEE deals (are) increasingly --- a matter of compliance rather than creativity'. The inability of the 'BEE parties' to finance their purchases is leading to many selling off part of the shares allocated in a BEE deal in order to pay for the outstanding percentage that entitles them to ownership. Even where the company 'no longer has those shareholders', they would still be accorded 'partial recognition'. Such deals are recognized by the DTI as "recognition of ownership after the sale or loss of shares by black partners". Rumney advised on the need to 'revisit' the 'whole concept' of 25 percent direct ownership as this 'BEE strategy represents (an) ambitious socio-economic engineering with little, if any international precedent'. This is more so because the DTI Codes seem lacking of any economic and financial research background.

When a huge pool of skilled labour via quality education and training, is built up, employment opportunities to an enormous number of black South Africans is also opened up. This would empower this population group economically to accumulate sufficient capital to support company ownership and control aspirations. It would also empower this group socially with the managerial competence to take on new top professional positions. These are not short-term goals. But, sustainability of the process, if well conceptualized and implemented can be foreseen. The long-term benefits of CSI need more in-depth understanding. As observed by Saeeda Annis in a quote earlier given, government's impatience with the gradual progression of things neither augurs well for the nation's transformation objectives where education is concerned nor for social justice in the long run. Labour has a crucial part to play

[42] Reg, R (2007) 'The end-all of BEE-all' *Mail & Guardian* 19 January.

in instigating the debate and helping to find realistic and lasting solutions to the broad economic empowerment of the majority of the people.

5.3 Socio-Economic Transformation of South Africa: The Reality of Change

Through this thesis, the word '***change***' and the word '***transformation***' have been used somewhat interchangeably. The tendency is to wonder if there is really any difference between them. The *Oxford English Dictionary* defines 'transformation' simply as; 'change greatly in appearance or character'. It defines 'change' as; 'make or become different'; 'exchange', 'substitute'. Various web site definitions describe change as: 'become different in essence', 'losing one's or its original nature', 'cause a transformation', 'the result of alteration or modification', 'deepen, remove or replace'.[43] Change is also said to be: 'the transition that occurs when something goes from being the same to being different.', the quality of impermanence and the flux, has had a chequered history as a concept'. Greek philosophy portrays Heraclitus as believing in change 'as ever-present and all-encompassing, (while) Parmenides virtually denied its existence'. Change has meant different things to different people depending on their philosophical point of view.

> '*Ovid produced a classic thematic handling of change as metamorphosis in his Metamorphoses. Ptolemaic Astronomy envisioned a largely static universe, with erratic change confined to less worthy spheres. Medieval Thought fostered great respect for authority and revelation, severely cramping any encouragement of change. Isaac*
>
> *Newton and Gottfried Leibniz harnessed mathematical concepts*

[43] 'Definitions of Change on the Web' http://www.google.co.za/search/define:change Accessed August 07 2007, 15.35hrs.

into calculus to provide mathematical models of change. In modern physics, the concept of change is associated with action.' [44]

Thus, 'changes in society may take place either slowly through gradual modification in mindsets and beliefs or suddenly through revolutions'. Changes in constitutions and laws could be done to bring about change gradually. Societies which do not follow this path, have changes thrust upon them by forces beyond their control'. Thomas Kuhn in 1962 described change as 'the only true constant' because it 'is inevitable'. (See 'What is a Paradigm Shift? www.taketheleap.com.)

Whether as a verb – 'change', 'transform'; a noun – 'change', 'transformation', or in the continuous tense – 'changing', 'transforming', both words are synonymous and can be used interchangeably. When we speak about 'change', therefore, we speak about the transformation of South Africa. The challenge with using both words often arises in attempts not to interpret a situation as conclusive or finite. In other words, Is 'change' or 'transformation', in reference to a 'process' or to an 'end'? Is South Africa a 'changed' society? Or, is it a country in transition? That is, a country transforming? or changing? The answer is debatable depending on the subject in question – politics or economics? growth or development? In political discourse, a transformed or changed South Africa can be an apt description. On the wider issues of growth and development, however, change or transformation is best perceived as a 'process'- not the utopia ascribable to the country's political transition.

Change can be likened to 'a response that is something more than just another programme from the old repertoire, and for a readiness to make decisions while a fair measure of uncertainty still exists'.[45] 'Any great change' said the South African Working Party of the American Friends Service Committee (SAWPAFSC), 'must

[44] Ibid. Accessed Jan 23, 2007, 12.30hrs.
[45] Watson, J. N (1997) 'New Management Attitudes to the Humanisation of Work' in Ottaway, R. N (ed.) *Humanising the Work Place* (London: Croom Helon), pp.130-140.

expect opposition because it shakes the very foundation of privilege'.[46] Change in South Africa is about the endless attempts to closely knit political and economic power while ensuring that 'new and radical arrangements for the redistribution of wealth and resources'[47] as with BB-BEE, for instance, are not disruptive to the system. Transformation 'represents "fundamental" change (which) requires a reordering of the power structures priority, and thus, it could very well mean the creation of instability' argued the SAWPAFSC.[48]

The economic transformation of South Africa is very topical because it continually touches on the power play between the economically dominant group and the majority of the population now represented in government. The country's history preempts the severity of the challenges being encountered in this process and the call for dramatic measures in some quarters. Writing in her book: *Rewiring the Corporate Brain*, Physicist Danah Zohar critiques organizational endeavours at transformation that tend to scratch the surface of the problem. She said:

> *'Most transformation programs satisfy themselves with shifting the same old furniture about in the same old room. Some seek to throw some of the furniture away. But real transformation requires that we redesign the room itself. Perhaps, even blow up the old room. It requires that we change the thinking behind our thinking literally, that we learn to rewire our corporate brains'*.[49]

[46] The South African Working Party of the American Friends Service Committee (1982) 'Pressure for Change' *South Africa: Challenge and Hope* (US: American Friends Service Committee in Cooperation with African Studies Program, Indiana University), p.111.
[47] Mbata, J. C (1975) 'Profile of Change: The Cumulative Significance of Changes Among Africans' in Thompson, L (ed.) *Change in Contemporary South Africa* (USA: University of California Press), p.202.
[48] Ibid.
[49] Pillay, K (2001) 'The Work' *Radical Work* (South Africa: The Noumenon Press, Wandsbeck), pp.4-5.

Change is 'progress' or 'development'.[50] In South Africa, it can be described as 'deliberate' in all spheres of life. Upsetting 'existing patterns of who has and who has not at both the *ownership* and the *belief* levels' is a 'promise' it seeks to fulfill.[51]

CSI in literacy can be construed as an aspect of the on-going process to develop the people and the communities. CSI addresses the societal realities in South Africa that have been created by people and how those realities are equally dependent on the actions of people for change. CSI is a change process that can significantly tip the imbalance at the *ownership* and *belief* levels. Our critique of its status in the BEE scheme is essentially a disagreement with its displacement from the ownership goals of transformation. We criticize the erroneous belief that BB-BEE serves the interest of the majority of the people through black management and ownership objectives. The synopsis of the argument continually put forward is that genuine change entails synergizing all elements in the BEE agenda through quality education and training at all levels with realistic concepts of wealth redistribution via initiatives like black ownership and control. Because CSI is key in this endeavour, it should not be relegated as it is presently. The socio-economic transformation of the country must therefore, be founded on understanding the realities associated with the change desired.

Change, says Robert Chin and Keneth Benne 'typically involves risk and fear (because) any significant change in human organization involves rearrangement of patterns of power, association, status, skills and values. Some may benefit, others may lose'.[52] Change in South Africa is not about whether there exists fears among the different population groups. It is about managing the fears and pulling them into a power resource for positive action. In the following quote, the SAWPAFSC addresses the fears that once seemed the exclusive preserve of Whites, but that today, they believe, hold true for both Black and White South Africans.

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[50] Eisenstadt, S. N (1993) *Tradition, Change and Modernity* (New York: John Wiley & Sons), pp.4-5.
[51] Davies, B (1982) 'Sociology and the Sociology of Education' in Hartnett, A (ed.) *The Social Sciences in Educational Studies* (London: Heineman Educational Books), p.33.
[52] Chin, R and Benne, K. D (1969) 'Current and Emergent Notions About Planned Change' in Bennis, G. W, Benne K. D and Chris, R (eds.) *The Planning of Change* (2nd ed.) (US: Holt, Rinehart and Winston), p.68.

'If I'm white in South Africa, I am afraid of forces I do not understand; forces which may take from me the things to which I have become accustomed. I am afraid of a future born of a past for which I am held accountable, circumstances which I inherited but which the world tells me are wrong. I am afraid of a hostile world which tells me that I must change and which does not understand my plight. I fear the loss of my own privilege and wealth which set me apart from the mass of my country's people and seems to identify me as a target. I am afraid that I may become helpless in the face of arbitrary political decisions made by others about me. I fear the fear and anger that Black people feel. I am afraid of black people'.[53]

Because CSI is about change, it is also about the risk' and fear' nursed by the state and the private sector. Often, the risk and fear involved in CSI are wrongly perceived as solely the private sector's. But, government is afraid too. It is afraid of the historical backlogs in all facets of the country's socio-economic life against the need for economic growth amid increasing global competition. The fear is associated with the denial of a past CSI tends to remind all stakeholders to redress, and the unrealistic demand for more of the private sector than the state can truly empower it to give. (See Chapter 2: The South African Imperative in defining CSR) It is the innate trepidation of redistributing wealth among the majority of the populace who, for most part, lack the capital or requisite skills to justify such redistribution. It is the fear of an increasingly literate black population and the loss of privileges. It is the fear of failure to meet the expectations of the people and its potential for instability.

[53] The South African Working Party of the American Friends Service Committee (1982), p.3.

The socio-economic transformation of South Africa mirrors the management of these fears. Whilst government, through GEAR, succumbed to business pressures for neo-liberal economic policies, business is hesitant 'to put forward unpopular, --- critical or politically sensitive' views in public. It is dependent on government for the development of a vision, and for policy formulation, and drags its foot in 'adopting a common position or strategy'.[54] This reality is profound in the country's change process, not even CSI, by definition of strategy abandons these patterns of social reconstruction. They portray some of the limitations to empowering change in South Africa.

5.4 Education: A Catalyst for Socio-economic Transformation

CSI in literacy deals with the re-ordering of society. 'Discourse about literacy is also discourse of social change in a society'. It deals with 'inheriting the intellectual baggage involved in any construction of social utopia'.[55] In South Africa, the latter point is all the more important where apartheid bequeathed a system whose many disempowerment indices rested on the inferior education for blacks. Today, education qualifies as both 'a future consumption component' in terms of its cultural value, and 'a future earnings component'.[56] As a future earning component, says G. Shaffes in his critique of the 'human capital theory' in education, education provides the knowledge and skills 'useful in economic endeavour. It is an investment in people and thereby an investment in 'their capabilities'. It is, thus, an investment in future earnings'.[57] However, the 'different nature of the economic policy decisions that will be required in the process of changing the nature of the education sector after the end of apartheid'[58] seems to have been grossly underestimated, says

[54] *CDE Round Table* (2002) (Johannesburg: The Centre for Development and Enterprise), p.21.
[55] Kohl de Oliveira, M (1998) *Literacy in Human Development* (London: Ablex Publishing Corporation), p.2.
[56] Schultz, T. W (1971) *Investment in Human Capital* (USA: The Free Press), pp.52-53.
[57] Ibid, pp.53-56.
[58] Cobbe, J. C 'Economic Policy Issues in the Education Sector' in Suckling, J and White L (eds.) *After Apartheid: Renewal of the South African Economy* (US: Centre for South African Studies University of York in Association with James Currey Africa World Press), p.146.

James Cobbe. Faulty policy concepts and implementation strategies as already made evident in this chapter, continue to hold change in education to ransom.

Change in South Africa faces hash realities and sometimes, have the potential to derail progress. First, the historical imbalances in education impose limitations to the change process. They can be seen in the difficulties with 'providing the opportunities for (the) development of human potential' through good concepts. This is crippling meaningful development in this sector. The 'neo-Aristotelian point of view on the Pluralistic approach to Equity'[59] focuses on the lack of desire among learners to develop any competencies even where the opportunities abound. In South Africa, the undoing of the 'pluralistic approach to equity' comes from the lack of 'opportunity'. This is often thrust on learners irrespective of how desirous for education they may be due to the inability to afford school fees or poor quality education, arising from poorly resourced schools. Second, whether or not equality and social justice in South Africa can be measured by 'success in school and post-school status and earnings' as applicable in some developed countries[60] is debatable. Chapter 4, for instance, elaborated on labour's and SANGOCO's concerns for the growing divide between the rich and the poor amidst constant increases in school enrolment figures, increases in the number of graduates since 1994, yet inadequate employment opportunities. It surmised that the paradox of economic growth is exhibited in the rising inequalities that are the well-being of capitalism.

'Conflict theories' have generally stressed the role of education in maintaining a system of structural social inequality'.[61] Whilst the ability of education to offer 'opportunities for mobility for individuals' cannot be discountenanced, tilting the decision-making scale more significantly in favour of such opportunities requires

[59] Suppes, P (1988) 'Lorenz Curves for Various Processes: A Pluralistic Approach to Equity' in Pattanaik, P. K and Gaertner, W (eds.) *Distributive Justice and Inequality* (Berlin: Springer-Verlag Berlin Heidleberg), p.7.
[60] Troyna, B. C (1989) (ed) 'A Conceptual Overview of Strategies to Combat Racial Inequality in Education: Introductory Essay' *Racial Inequality in Education* (London: Routledge), p.3.
[61] Halsey, A. H and Karabel, J (1971) (eds.) *Power and Ideology in Education* (New York: Oxford University Press), p.35.

much more from public policies than is currently available. The private sector through CSI can bring about a good degree of change in this situation. But, against the backdrop of increased private sector incursion into the education system lies a paradoxical reality that would need to be effectively managed as well. The more corporatised schooling becomes, the greater society's reflection of the ideals of the dominant group which currently wields economic power. Side-by-side the favourable changes that may accrue from quality education via CSI would be the further nurturing of capitalist ideals. The ideological boundaries now lightly entrenched by the 'third way' principles would be eroded for a more competitive state that may not necessarily augur well for equity objectives except through a conscientious and sustained state intervention. More importantly, the reality of what education can and cannot do has to be dealt with. Writing under 'Can Education Do It All?' James Coleman succinctly noted: 'We need to be realistic about what education can do and what other changes are necessary to maximize the effects of education and to realize our aspirations for economic and social betterment'.[62]

In addition to challenges in the schooling system are those encountered in the work environment. The workplace often reflects a country's education system. Although this research de-emphasises the work place, it cannot be ignored in totality in addressing the limitations empowering change in South Africa. In an interesting study by The South African Working Party of the American Friends Service Committee on the 'concern with the integration of blacks into the mainstream of organizational life', luddity and mindset change problems featured prominently. Findings revealed that 'the major obstacles to the development of black people were perceived to be an inferior educational system and the limitations imposed on black people by their culture'.[63] This was such a pervasive 'way of thinking' training programmes were 'designed specifically to overcome (this) perceived deficiencies in blacks'.[64] Results from this study indicated however, that change in South Africa

[62] Coleman, J. S (1997) 'Can Education Do It All?' in Halsey, A. H et-al. (eds.) *Education Culture Economy Society* (New York: Oxford University Press), p.250.
[63] Human, L (1991) (ed.) *Educating and Developing Managers for a Changing South Africa* (South Africa: Juta), pp1-2.
[64] Ibid, p.2.

needed to go beyond addressing education and training and look closely to how aspirant black managers are being 'managed in the organizations in which they work'. In summary, the study showed i) 'the extent to which negative expectations impact on performance and the complexity of arguments surrounding the concept of culture'.[65] ii) 'a profound and a great deal of resistance (by Whites) to the advancement of Blacks.' The internalization of the 'feelings of inferiority engendered by racism' is mutual to both groups. While white management expects failure from blacks, blacks are lacking in self-confidence, leading to demotivation, a reluctance to try hard and withdrawal from competitive situations. The feeling of 'I haven't got what it takes' reigns, thus, reinforcing the negative expectations of white management'[66]

In addition is the predicament black managers in general have found themselves. To date, they are still perceived in some quarters as self-serving; as protectors of the interest of business dominated by the whites. Pursuing CSI ideals in literacy therefore is dependent on a lot of political manoeuvering even when black managers are supposedly in positions to empower change. 'Business would not put managers in charge who are different from themselves. Part of CSR was a creation of cuddling up to government; the hybridization of the cultures' said Neil Mcquirk. The Black managers are 'caught in the middle' – between the perception within their population group that they are a 'sell-out' and by the 'the white group and some of their counterpart' who regard them as 'a success, as someone who has made it'.[67]

In order to rectify historically determined imbalances', says Human Paul, management is challenged to a mindset change; 'to break out of the traditional structures of demand and act proactively on the future management development needs of society'.[68] Unfortunately, the reality remains that 'management development is entangled in a web of contradictions and tensions. For example,

[65] Ibid, p.4.
[66] Ibid, p.6.
[67] Human, L (1991) (ed.) *Educating and Developing Managers for a Changing South Africa* (South Africa: Juta), p.223.
[68] Ibid, pp.276-277.

notes Human, 'most of the text books used in the country's business schools as well as many of the articles and case studies are written by American academics'. Although these intellectual works may have a universal applicability, their relevance to the South African situation 'often lacks relevance for the South African audience'. American answers to the problems of 'affirmative action and corporate social responsibility' therefore, are a far departure from South Africa's 'political, ideological, educational and economic environment'.[69]

Change in South Africa would sometimes need to be propelled by radical policies. Resistance is to be expected. Resistance to change, however should not be translated into fear or the lack of wherewithal to act. Transformation would not happen overnight. In some instances, the more gradual the process, the greater the room for proper conceptualization of means and sustainability goals. The more grounded into reality the change mechanisms, the lesser the opportunities for resistance and the greater the chances for success. Change therefore

> *'consists not of an event, but a process or series of events occurring over a period of time. Though it involves the reaction of individuals, it also entails reorganization of group, organizational or even community behaviour patterns and requires some alteration of social values, be they explicit or only implicitly held. ---Few social changes of any magnitude can be accomplished without impairing the life situations of some individuals or groups. --- There is no doubt that some resistance to change will occur when individuals' livelihoods are affected adversely or the social standings threatened'*.[70]

[69] Ibid, p.302.
[70] Klein, D (1969) 'Opposition to Real Threat' in Bennis, W Benne, K. D and Chin, R (eds.) *The Planning of Change* (2nd ed), p.499.

The BB-BEE black ownership and control legislation exemplifies another limitation to empowering change. Implicit in the shortcomings of this mechanism is a subtle resistance to redistribute wealth and resources unrealistically. Lack of black capital to finance BEE ventures as already highlighted by the supposedly new black managers and directors makes a mockery of BEE.

In the widely publicized case between Victor Moli and Alfa African Testing – a BEE company in which Moli owes 30 percent shares, and his partners 35 percent each, he accuses his partners of 'using' him 'to secure BEE contracts'. Moli claimed to have been 'sidelined', was 'not allowed to get involved in the day-to-day running of the company', and 'was never paid any dividends'.[71] "The only thing I was required to do was put my signature on tender documents", he said: Reacting to these allegations, Jeffrey Ndumo of the BEE unit in the DTI noted: "this was not an isolated alleged incident – fronting was increasing in the business environment. This is probably the biggest problem we face when it comes to business in South Africa".[72]

The BEE idea has been exposed to the stark realities of the South African situation. It typifies an ideology in collusion with reality because other lofty ideas in the concept have been lost to the political correctness of black ownership and control. As a link in the BEE chain, CSI remains the weakest. It is by no means being suggested here that CSI in literacy could offer answers to every socio-economic problem, or that business would be highly receptive to the amendments to the BEE scorecard suggested in the absence of an enabling investment environment. CSR is constrained by 'cost, efficiency, relevance and scope'. That is the reality faced by corporate social investment. Often times, cost and scope which are mutually inseparable, prove to be the most uninspiring factors in corporate social development initiatives. Frederick, Post, and Davies describe the issue with scope thus: '*some of society's problems are simply too massive, too complex, and too*

[71] Rondganger, L (2007) 'I Was Used to Secure BEE Contracts' *The Star* January 22, p.5.
[72] Ibid.

deep-seated to be solved by even the most socially conscientious company or ever by all companies acting together'.[73]

While we believe CSI is a fundamental change facilitator, it is foolhardy to imagine that it can, on its own, resolve the problems in the South African society. For CSI to be an effective change tool, it must be backed by responsible state partnership. But, partnership with the state, some interview respondents noted is a major limitation to getting the desired results due to unnecessary bureaucracy and lack of capacity. The starting point is in the rebirth of state bureaucracy and the re-conceptualisation of BB-BEE to effectively cater after long-term sustainable ideas and projects on people development down to the community levels. At the moment, CSI is a relegated value-system denied its rightful place in South Africa's transformation imperatives.

[73] Frederick, W. C Post, J. E and Davis, K (1992) (7th ed) 'The Limits of CSR' *Business and Society: Corporate Strategy Public Policy, Ethics* (USA: McGraw-Hill), pp.39-41.

CHAPTER 6: SUMMARY OF FINDINGS AND METHODOLOGY

6.0 Findings

When this research set out to investigate the role of CSR in literacy in South Africa and its ability to empower change, it was premised on the strong belief in the enormous potential of CSR to contribute significantly to the nation's change process. However, the location of CSR in South Africa's equity drives and, thus, in the transformation agenda was not clear prior to this research. What was obvious during preliminary studies into the topic was that in order to ascertain the place of CSR, a South African definition must be sought and utilized as a yardstick in understanding private sector incursion into a sector that is primarily the state's prerogative. Against this background, this research can be discerned in three major parts that are mutually dependent: i) what is CSR, and how is it defined in South Africa? ii) how does CSR by its South African definition impact on literacy or education? iii) to what extent can CSR in literacy engender equity and thus empower change?

The point of departure is assessing the relevance of CSR in South Africa. This study starts by noting government's incessant calls on the private sector since 1994 to partner in almost all aspects of service delivery.[1] The country's political legacy which thrusts part responsibility of righting the wrongs of the apartheid past on the corporate sector justifies CSR as a way of life in South Africa.[2] The question may

[1] Mandela, N. (1997) Address at the Education Africa Presidential and Premier Education Awards. Pretoria, November 22; Mandela, N. (1997) Address at the Development Bank of Southern Africa, Johannesburg, November 21; also see Mbeki, T. (2005) Address of the President of South Africa, Thabo Mbeki at the Second Joint Sitting of the Third Democratic Parliament, Cape Town, February 11; Marais, H. South Africa: Limits to Change, p. 123.

[2] Leape, J. Baskin, B. and Underhill, S. (eds) (1985), *Business in the Shadow of Apartheid: US Firms in South Africa* (Lexington: Lexington Books) p.133-149; Hosking, S. G, 'The Paradox of Black Pupil Enrolment Growth Rates in South African Schools' in Vink, N. (ed.), *Development Southern Africa* (1992) (South Africa: Development Bank of Southern Africa), Vol.9, No. 3; Terreblanche, S. *A History of Inequality in South Africa 1652-2000*, pp.5 & 451; Cobbe, J, 'Structural Crisis –Capitalism and Apartheid', in Suckling, J. and White, L. (eds) *After Apartheid: Renewal of the South African Economy*,

be asked: why literacy? The inferior education provided by the Bantu Education system and the cheap labour strategically extracted from that system were shown as facilitators of the country's 'two worlds' that exist to date. Today, the education sector continues to be the most cumbersome to transform. In spite of positive discriminatory funding measures in favour of poorer provinces, the return on investment in education continues to fall far short of expectations.[3] The impact on skills is disturbing to all stakeholders in the South African polity as the country grapples with a seeming unending shortfall in requisite skills for economic growth and development.

Against this background, the South African question: *EQUITY* deals with redressing a pernicious history of racial discrimination; in unfair distribution of knowledge and wealth.[4] Correcting the anomalies in the education system offers many answers to *how* equity can be engendered as quality education, undoubtedly, enables the development of the individual, the communities, and economic growth. When we speak about Equity, the issues underscored here essentially mirror *access to opportunities*; private sector 'differentiated' educational investments that are meant to atone for the inadequacies of the past and raise *quality* standards in education.

The role of the corporate sector in equity needs to be understood within its perception of CSR. Chapter 2 thus traces the history of CSR from where the South African definition has been adopted. Findings in this chapter reveal that through the centuries, CSR has remained a consistent by-product of an existing means of production. In pre-feudal, feudal and pre-industrial times, the exigencies of CSR dwelled more on the values of being our brother's keeper than on the dictates of profit. From the late 20th century to date, CSR is predominantly given impetus by capitalism in a world where 'constant revolutionizing of production, uninterrupted

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(University of York: Centre for South African Studies in association with James Currey Africa World Press), p. 148

[3] Lodge, T. *Bus Stop for Everyone: Politics in South Africa (from Mandela to Mbeki)*, pp.34-5 also see Wildeman, R. (2003) 'Public Expenditure on Education', HRD Review, www.hsrc.ac.za

[4] Ibid.

disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones.'[5]

Using the HUREPICS Pyramid specifically created for the purpose of this research, CSR is shown as taking a turn up side down from a 'charitable' course once determined by human nature and religious tenets to one defined by the dictates of the market. As a HUREPICS Pyramid bottom up, global competition fiercely hammers home the necessity of high returns on investment to developing economies like South Africa and corporate 'philanthropy' takes its cue from here. The repercussions for the country's enormous historical development backlogs are indeed severe.

In finding the South African meaning of CSR, Chapter 3 reveals that the perception and current definition of CSR in South Africa is a direct consequence of a dark period in the nation's history where the need to transcend a blame culture and simultaneously keep an eye on market forces has led to a generally agreed definition that seeks to satisfy both yearnings. Corporate Social Investment (CSI) is South Africa's generally preferred term. Is it really different from CSR? The summary of findings, in particular, as deduced from interview responses, does not indicate any material difference between the two concepts. Attempts that on the one hand sought to differentiate the two words while on the other accepted the wisdom in the DTI Code of Practice for BEE belied nuances that posited that CSI is not about a 'social responsibility' on the part of business. The stand of respondents was dictated more by how deeply seated the desire to deny the past and find a convenient language of discourse than by a strong conviction on any differences between CSR and CSI.

This study firmly argues therefore, that while CSI is the preferred term in South Africa, it is a CSR for the following reasons: i) the nation's apartheid past and the moral and equity imperatives from that history, ii) the existing neo-liberal stance of

[5] Marx, K and Engels, F (1882) 'Bourgeois and Proletarians' *Manifesto of the Communist Party*, http://www.socialistparty.org.uk/manifesto/manifesto.html, p.3 & pp.9-14.

the state which makes CSI a 'responsibility' if business is serious about global competition and long-term survival, iii) the need to maintain the peaceful status-quo – a situation that is both in the interest of business and the nation at large.

Having arrived at a South African definition of CSR, Chapter 4 looks at how business prioritises education as a strong change driver. In assessing CSI spending in the different sectors of education, it was evident that the areas in most need of CSI in education remained the most neglected. For instance, funding to ECD, ABET and Teacher Development had either been continuously low or had fallen significantly in the past decade. At the schooling level where CSI spend was at the highest, the emphasis was on the higher grades and in maths and science subjects where it is assumed exists stronger potentials for economic growth. The major reason for the decline in expenditure in ECD, ABET and the lower grades in schooling could be found in the lack or very low ROI in these sectors (Chapter 4). The reason for the fall in expenditure in teacher development could equally be deduced from the long term recurrent expenditure this requires.

With high drop out rates and the poor turn out of graduates at the tertiary level[6], the inadequate attention to ECD and teacher development can hardly be justified. Yet, it makes business sense to invest only in areas that offer good returns. Graeme Bloch of the Development Bank of Southern Africa put it succinctly when he said: '*In terms of a number of key indicators, the education system is failing to make the grade. I think the one 're-assuring' thing about the recent matric results is that they confirmed exactly and clearly how unspectacular our progress actually is in terms of outcomes, and how much work remains. This weakness finds expression in relatively poor outcomes across the school system'.*[7]

Expressing a similar point of view, President Thabo Mbeki in his 2007 'State of the Nation Address' noted: '*The fluctuating Matric pass rates do indicate that much*

[6] Bloch, G (2007) 'The Difficulties of Systems Change in Education' a paper presented at the HSRC Colloquium on Education and Poverty Alleviation, Johannesburg, Irene Country Lodge, February 22.
[7] Bloch, G (2007) 'The Difficulties of Systems Change in Education'.

more needs to be done to stabilize the system and ensure steady improvement. At the same time, the number of Matric students who pass Mathematics at the higher grade is only slightly better than in 1995'.[8]

Many interview respondents believed that business emphasis on the higher grade levels goes beyond the ROI factor. Some suggested that the 'glorious headings' the higher grades, especially in maths and science, and media gimmick offer a strong reason for this investment preference against the lower grades where the country's education policies are struggling the most. CSI spend in tertiary education was shown to have fallen even though this is the sector credited with the highest potential impact on economic growth. Private sector stand here was not found to be as confusing as it did appear at first. Business criticizes the quality of graduates being produced by the tertiary institutions and sees the continuous plough in of huge amounts of money in this sector in the absence of appreciable returns on investments as a waste of resources. It thus prefers investments on short-term case-by-case projects that promise high ROIs (Chapter 4).

As higher education scurries to find the shortfall in funds, policies that benefit the privileged in the society who can afford new higher fees or levies are increasingly the order of the day. The result of this lop-sided investment can be found in the gradual but continuous streamlining of access to tertiary education to the minority on the higher social strata of society. For higher education, the challenge is by far more problematic as it struggles to 're-orient itself' to simultaneously deal with its role in 'global competitiveness and redistributive national reconstruction and development'.[9]

Having discovered how the definition of CSR determines private sector investment in education, this study begins to look at other variables that are linked to the CSR definition in order to ascertain their relationship to the change process. Assessing

[8] Mbeki, T (2007) 'State of the Nation Address', Pretoria, February 9.
[9] Asmal, K (2006) 'Equity and Development in South African Higher Education Transformation: Two Sides of the same Coin?' a paper presented at the Wits Vice-Chancellor's Lecture Series, Johannesburg, May 4.

the role of the NPO/NGO, Chapter 4 reiterates that CSI in South Africa, even when performed by the non-profit sector, carries the vestiges of the capitalist means of production. The NPOs in South Africa post-apartheid have been struggling to make themselves relevant within market-driven imperatives. Many have been compelled to become as corporatised as the businesses from where they seek resources to survive. Thus, the inequalities on which capitalism thrives are, through CSI, reproducing the intergenerational gaps that have always existed in the nation's polity. The NPO whose role should be ameliorating some of these intergenerational gaps through direct interventions at the community level and by policy proposals has inevitably been caught in the web of capitalist exigencies. By omission or commission, therefore, Chapter 4 shows that the NPO is a willing or an unwilling partner in ensuring the growth and survival of neo-liberal policies in education.

The crucial question Chapter 4 seeks to answer is how public policy in CSI facilitates business interests in education. Revelations from the interviews were that business could not be blamed entirely for what it does and how it does it in education. From the late 90s, remarkably, private sector intervention in literacy had increasingly been situated in CSI. Presently, under CSI, education, a major empowerment element, gets some permanent place in the broad-based BEE agenda. But, just how relevant does public policy make CSI in BEE? The most comprehensive public policy on CSI currently lies in the DTI Code of Practice for BEE. As a scorecard element in the Code, CSI is located at the rung of the ladder formerly as 'residual element' which has now been reworded as 'socio-economic development' whose relevance is still to be determined by the whims of business. As 'residual', CSI, where education is situated, complements the key elements of BEE. It is used to shore up companies' BEE scores when and as necessary. By the power of legislation, education, a primary broad-based empowerment factor is donned with an insignificant status. Its potency as a long-term beneficial resource with invaluable cascading effects is undermined. Chapter 4 revels that BEE as currently conceptualized, is a defective response to wealth redistribution because it benefits a few black upper and middle-class individuals and has a minimal effect on the development of the majority of the deprived populace. The power of CSI in

education is thus inevitably affected by a defective concept of transformation or change through the BEE agenda.

Also revealed in Chapter 4 is that the source of conflict in CSI and BEE, an equity-driven ideology, lay not in whether or not CSI is an apt value system for the country, irrespective of how it is conceptualized, but in public/private policy incoherence in BEE as a transformation facilitator. That the state is in dire need of private partnership in education and yet, smoothers the spirit of private investment in that sector is a problem. Public policy therefore oils the wheels of CSI deficiencies, and CSI in education exhibits the paradoxical facets of an education system in a capitalist economy with South Africa's dynamics. Business would like to believe that its intervention is geared towards the needy, but as shown in this chapter, it also precipitates inequality. CSI in education, in many respects, reinforces South Africa's two worlds.

Is it being suggested that CSI in literacy is a panacea for equity and development? Assessing the role of the state and labour, Chapter 5 strongly drives home the point that CSI as an enabling transformation determinant is faced with numerous challenges. Emphasised in this chapter is CSI's potency in genuinely engendering equity and development, but only in consonance with other macro/micro elements in the economic sub-system. For example, increased CSI in education would not satisfy the earning aspirations of the majority, the clamour for social justice or the development of this group without the creation of jobs for the teeming potential labour force. Without jobs, education is a nominal element that reinforces the exclusion of its recipients. It is against this background that the Department of Labour's annual analyses on the 'state of skills' in the country should be fundamental in pointing CSI in education in the right direction. The skills analyses, however, indicates Chapter 5, tend to underscore private sector educational investments in areas more accessible to the privileged few because the analyses are founded on and emphasise the needs of the capitalist market – needs that have not encouraged the creation of adequate jobs as business jostles to maximize profit.

Other national challenges highlighted in chapter 5 include: lack of capacity, in particular, at the municipal level of government; the very slow pace of efforts to clear the historical backlogs in infrastructure in the townships and rural areas; and 'out of school' 'historical and sociological factors' that negatively impact on poverty and the availability of 'social capital to learners.[10] These contrive to drain CSI of any meaningful development potential.

The second part of Chapter 5 seeks to answer the extent to which CSI in education can impact on change in South Africa. It argues that change or 'transformation' as more commonly referred to in South Africa is never a simple process in any part of the world. Given its inherent characteristic to upset the existing status quo one way or another, it is always about contestation. Change brings about conflict. It is characterized by resistance. CSI in literacy, as a change enabling process, can be understood as an implicit conflict between the dominant and dominated groups. As a corporate social responsibility by public policy in South Africa, it is being met with some degree of resistance. The source of conflict, further highlights Chapter 5, can be found in businesses that remain in denial about their 'obligation' to give back to the society from whence they have flourished and been sustained through the years. It also exists in the many challenges already mentioned above – many of which demotivate business in public / private partnerships and make business question state responsibilities in education for which it is receiving capital through taxation.

Finally, Chapter 5 shows the strength of the relationship between CSI in education and change. It argues that change is a long and arduous process, and although CSI in education is contributing its quota in empowering that process, it is not a panacea for equity and development in South Africa. Nonetheless, the level of impact on change at the moment is weak because CSI's effectiveness is also dependent on the elimination or reduction to the barest minimum of disempowering factors. More importantly, inherent in the CSI idea as defined globally and in South

[10] McNabb, D. E (2004) 'Introduction to Qualitative Research Methods' *Research Methods for Political Science Quantitative and Qualitative Methods*, http://books.google.com/books, p.135.

Africa are the inequalities by which neo-liberal policies thrive and on which economic growth is dependent. This, unfortunately, is CSI's most outstanding weakness. It is also the weakest link in the extent to which it can empower equity and change.

6.1 Methodology

Qualitative: This research is a 'non-statistical inquiry' into understanding a socio-political phenomenon in South Africa. It involves in David McNabb's terms, 'an inductive, theory-gathering, subjective, non-positivist processes'.[11] The aim is to learn more about the world of change in South Africa through the 'collection of words, non-numerical' and numerical records of 'relevance' to the phenomenon under study.[12]

6.1.1 Method / Data Collection

A combination of an exploratory and explanatory method has been used. In its literature review (Chapter 1), the objective, it was stated, is to add to the wealth of knowledge on the factors that are or can meaningfully impact on social justice, and transformation in South Africa. Based on an 'association hypothesis'[13], its major theme is the private sector's role in a crucial transformation mobiliser - literacy/education, and the extent to which this can instigate change. Employing a 'multivariate analysis' or that which is also called ''multivariate association tests'',[14] it assesses the levels of relationship or association between more than two variables: the independent or "null" variables[15] – *CSR* and *CSI in Literacy*, and the dependent or "alternate" variable[16] – *Change.*

[11] Ibid
[12] Ibid
[13] Ibid, p.203
[14] Ibid
[15] Ibid, p.224
[16] Ibid

The strategies used to gain knowledge and test the variables comprise of:

a) 'elite interviewing' or 'expert' / 'judgement' sampling'[17] where I have interviewed individuals across the nation's economic and political spectrum known to have superior knowledge in CSR and CSI issues in education. Interviews have been conducted through;
    i) 'non-random sampling'[18] where respondents have been carefully selected based on their levels of investments in education, and
    ii) 'chain referral sampling' also known as 'snowball' or 'network sampling'[19] where new interviewees were introduced to me through interview referrals.

b) analysis of written records – 'episodic records', relevant numerical and non-numerical data.[20]

a) Elite Interviewing

This was a 'non-standardised, individualised'[21] face-to-face interview with persons I had identified through 'advance preparation'[22] as capable of providing the needed insight on the research topic. For this research, I had listed forty companies in Johannesburg across almost all sectors of the socio-economic spectrum and planned to consult a minimum of ten from the list. However, I conducted thirty-four formal interviews in total. Sixteen were with big private business executives, fifteen with educators in both the public and private sectors among which were eight NPOs, one with the public relations spokesperson in the Department of Labor and one with a civil service retiree. In spite of the highlighted weaknesses of elite interviewing, I gained rich perspectives in both breadth and depth of the research topic.

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[17] Statistics Solutions (2007) 'Sampling' http://www.statisticssolutions.com/sampling.htm, Accessed 20 March, 4.58pm.
[18] Ibid, 'Non-Random Sampling'
[19] Ibid, 'Chain Referral Sampling'
[20] Johnson, J. G Joslyn, A. R Reynolds, H. T (2001) (4th ed) 'The Episodic Record' *Political Science Research Methods* (Washington DC: CQ Press), p.238.
[21] Ibid, 'Elite Interviewing', p.272.
[22] Ibid

Interviewees can be classified in the following order:

i) executives in the business sector – big business in particular in mining, agriculture, engineering, finance, telecoms, food and beverage, pharmaceutical and the media;
ii) private educational institutions: registered private schools;
iii) the NPO sector: public and private NGOs;
iv) public educational institutions; University of the Witwatersrand;
v) government departments: the Department of Education and the Department of Labour.

The interviews were conducted within an eleven-month period, beginning from March 2006, and concluded in January 2007. Interview venues were the offices of the respondents.

The interviews were designed to find the definition of CSR, the South African definition of the term, and how the definition informs business investments in education.

Being an international student researching a South African problem with controversial multiple factors, I believed that the best analysis I could make of the phenomenon would be through inferences, inductions and deductions from as varied the interpretation respondents could give to the subject as possible. Elite interviewing enabled me to customize or structure the questions to suit the respondent. It offered flexibility on broaching the topic and enabled para-linguistic observation – body language and mannerisms of respondents that assisted in the interpretation of answers. Very importantly, in some instances, the interviews raised new issues that were unknown to me prior to the discussions and whose exploration for a deeper understanding of the research topic I could not underestimate. In this way, my preconceptions of the issues were significantly checked. Finally, it offered me the opportunity to compare interview responses and seek clarity on grey or conflicting postulations.

b) Advance Preparation / Non-Random Sampling

Giving the cost implications of elite interviewing in terms of telephone, email, and transportation expenses, confining prospective interviewees to Johannesburg and finding out as much as I possibly could prior to the interviews were a priority. However, allowance was made for going in search of data or information outside Johannesburg only where I believed the information could not be comprised in the research.

Getting interview appointments was easy in some instances and extremely difficult in some others. The most challenging of the latter came with the government departments where each interview appointment I secured took from five to six months of relentless phone calls and email exchanges. In one instance, after six months, I thought I was 'lucky' when an appointment was confirmed. On my arrival at my respondent's office however, I discovered that I had been directed to speak with a very junior officer who had no inkling whatsoever about the topic. The situation was salvaged when after fifteen minutes of staring at each other, with her wriggling her fingers and repeatedly expressing frustration at being appointed to display her ignorance, her boss with whom I had been seeking an appointment walked in. Although he refused to reveal much in the twenty minutes chat I had with him, preferring instead to flood me with documents, I was very excited and grateful to have got the information I did from him under those circumstances.

My preference for a non-random sampling of my interview respondents stemmed from the specialist nature of the CSR idea in the nation's political and economic discourse. Identifying the 'right' respondent proved quite difficult in a few situations where the companies were in the process of integrating or merging the CSR function with other departments and staff were generally confused about who was clearly in charge of CSR or CSI. On a couple of occasions, for instance, I was first directed to meet with an executive who turned out to be less knowledgeable on CSR. I then had to make a fresh appointment to speak with the 'right' person. Those were truly wearying situations.

In total, however, I can describe many interviewees as 'experts' in this field of study, but only within the knowledge boundaries set by their companies. In other words, some of the executives in charge of CSR or 'Community Development', or 'Human Resources' with whom I spoke understood CSR strictly in the light of how their companies wanted it portrayed – a cause related marketing strategy in which public relations for the company held sway, or deeper efforts at sustainability. In the second case, such companies were prolific with documentation, annual reporting on CSI, strategic planning, and feedback on investments.

The elite interviewing method was boosted by 'chain referral'. I got referred to three other respondents by interviewees and my discussions with two of the three in particular, turned out highly informative.

Prior to conducting interviews with the companies, their CSI foci had to be identified and researched individually. This inevitably informed the type of questions I asked. It also assisted me with interpreting some answers. For example, the passion in the line of thought by respondents in institutions with a reputable anti-apartheid history, could easily be discerned. Thus, 'interpret(ing) and understand(ing) the significance of what (was) being said'[23] or implied was straight-forward.

c) Interview Strategies

i) Interviews were scheduled one per day, lasting one hour maximum on the average. Conducting one interview per day helped to avoid mixing up responses. It enabled me to remember what was said while transcribing the responses because it fixed the entire interview process and the uniqueness of each respondent firmly on my mind the entire day.

ii) Interviews were not tape-recorded. I took notes in Speedwriting shorthand and transcribed each interview immediately afterwards.

[23] Ibid

Where immediate transcription was not possible, I read the notes over, sometimes in the car, and wrote in long-hand the symbols I struggled with or whose meaning I knew I could forget easily. Tape-recording was not an option for me in this research. Advance preparation had revealed the sensitivity of the CSR topic in South Africa and in order to get interview appointments, I found myself explaining the 'good' intentions of this research on some occasions. Tape-recording could not have inspired confidence or candidness from respondents. Although taking notes in shorthand was still viewed suspiciously by many, it nonetheless proved to be the better choice especially having promised anonymity to the majority of respondents who were skeptical – some of whom reminded me in the course of the interview that they were not to be quoted. Note-taking had an additional advantage: I was able to record only answers I believed relevant to the question. This was very useful when I was faced with interviewees who told me much more than required and often veered off the subject. Note-taking was a tedious process even when doing so in shorthand because I had to pay close attention to what was being said, observe the respondent and write at the same time. Not being able to recognize an alphabet or a phrase or to miss a word is a common occurrence in shorthand. Although to the best of my ability I controlled such omissions by quickly scripting in long-hand when necessary, a few words were still missed. The misses, however, had no impact on the overall responses noted.

iii) Being an exploratory and explanatory research, my questions were predominantly open-ended. This afforded interviewees the opportunity to explain or show-off their knowledge or experiences. I found this extremely useful in searching for the South African definition of CSR. Open-ended questions had their disadvantage too. A few respondents continually digressed from the question into long unnecessary narratives.

iv) The questions generally came in two broad parts: there were generic questions that dwelt on the challenges faced by the companies in their CSI ventures in education and their plans for CSI in the future and those designed specifically for the peculiarity of each company's CSI positioning. In this instance, many of the questions flowed from the discussions or answers from the respondents.

Being a non-South African had its advantages and disadvantages in opting for elite interviewing. On the former, I seemed to have gained, relatively, easy access to my respondents via telephone because some secretaries, receptionists or customer relations officers thought I sounded 'British' and therefore, most probably European. In addition, some respondents were comfortable in the belief that I was a harmless student simply in search of information. On the latter, being a foreigner generated some degree of suspicion about my research, especially as it was exploring an 'annoying' concept in South Africa –CSR. In one international company, for example, having been grudgingly granted an interview appointment, I was first subjected to an interview by the respondent before she began to speak, first, in measured statements, and then, a little more openly as time went on. Amazingly, this respondent became overly helpful with corresponding and sending me written data a few days after the interview and I am yet to fully comprehend what changed so drastically to engender such post-interview benevolence.

One difficulty I had to manage in the personal interviews was with the mono-syllabic answers some interviewees preferred to give even to open-ended questions. Trying to judge when it was appropriate to reintroduce the evaded question, and how, without irritating the respondent was a challenge. This situation occurred often when respondents were meant to define CSR or differentiate between CSR and CSI. My way around the problem was to ask questions evolving around 'sustainability' and the 'BEE legislation'. Even at that, I still needed to gauge the respondent's temperament like a hawk. However, answers to the questions on sustainability and the BEE legislation always managed to provide the explanations I sought.

Female respondents exhibited more frankness and open-mindedness, and paid greater attention to details. When just out of curiosity I asked a female respondent why black South African men were too economical with their answers, she gave me two reasons: i) she said they were protecting their positions in the company; ii) she explained that black South African men 'are naturally' not verbally expressive. While the second point was unclear to me, I could understand the first point. A white male respondent had cautioned in a response to a question that 'capital' would only put black middle-class executives 'who are like them' and can protect the interests of capital.

Elite interviewing for this research was indeed 'difficult work'[24] as noted by Janet Johnson, Richard Joslyn and H.T. Reynolds. To reiterate, I had to listen attentively, take notes, and 'observe non-verbal behaviour' simultaneously while 'maintain(ing) appropriate interpersonal relations' and 'a good rapport' with interviewees. Because this last point was a key success factor at the interviews, I found myself playing psychologist – trying to read the respondents' mind or what John Dean and William Whyte refer to as 'understanding the interviewee's mental set and how it might affect his or her perception …'[25] particularly when I asked questions on the nation's apartheid past. My position as interrogator was also about 'empathizing' with passionate interviewees and 'understanding the meaning of what they (were) saying'.[26]

6.2 Testing the Relationship: The Search for "Complete Explanation"

Using the 'multivariate analysis, this research first sought to understand and explain the relationship between two independent concepts: **CSR**, and **CSI in Literacy**, and a dependent concept: **Change**. In order to make deductions about the extent to

[24] Ibid, p.275
[25] Ibid
[26] Ibid

which the independent concepts impacted on the dependent, a third independent subject – **literacy** or **education** had to be controlled in observing the relationship between the two independent concepts. This was achieved through choosing not to explore or discuss many of the contesting factors that determine education as a utility or a development resource. By so doing, I was able to considerably narrow down my arguments to those aspects of literacy or education that I believed were meaningful to CSR within the purview of this research. In order to give a plausible explanation to business interests in education, that is, CSI in literacy, it was a necessity to find the definition of CSI. Two chapters – Chapters 2 and 3, explored defining the term – CSR from which stems CSI.

Chapter 2 dealt with the global definition(s) of CSR, looking at the historical derivatives of the term. Written records and internet-based research were the sole source of data in this chapter. The different perceptions and arguments by historians, sociologists and economists were juxtaposed to arrive at a plausible understanding of the word among the many debatable opinions held about what it 'really' means. What was evident from these records was that no one definition would completely explain the idea. CSR means many things to different people in different parts of the world. Being a value-system, it largely defies measurement and therefore, attempts to quantify what business does and what society reaps through CSR is almost an impossible endeavour.

As highlighted in the abstract of this thesis and in Chapter 2, the search for how CSR began and its evolution to date led to my creation of a scale of 'measurement' through which searching for the South African definition could be explained. The **HUREPICS Pyramid** was twin triangle designed by me for this purpose. The first triangle is in the shape of a pyramid as conventionally perceived from top to down, and the second is the pyramid upside down with the base up. The HUREPICS Pyramid itemised the factors that determined CSR in two major eras – pre and post capitalist periods. It also became the tool by which the South African imperative for the term and the relationships between the independent concepts – CSR and CSR in Literacy were understood. The HUREPICS Pyramid also assisted with an in-

depth understanding of the issues addressed in the three subsequent chapters. That is, what informs business investment in literacy, and the extent to which such investments can empower change.

For the search for the South African definition of CSR, I relied heavily on the interviews and on some episodic records – the TRC 2003 report and those on the 1976 Soweto uprising, in particular. However, drawing deductions from the interviews was not a very simple task. CSR as already stated, is not a friendly concept in South Africa because it carries a blame culture. Many respondents continually shied away from defining or explaining the word. Some others were not highly knowledgeable about the idea. Understanding the South African definition meant looking at both the historical imperatives for the idea and making inferences, both explicit and implicit, from interview responses. These were then interpreted against the genesis and global prescriptions and definitions already given in Chapter 2.

Interpreting responses was partly done through searching for inconsistencies, indecisive answers, and body language that clearly contradicted an answer. For example, when a respondent who had been making eye contact with me started a response with 'humph', became quiet and looked away – staring at the floor, before coyly saying that CSI was not CSR, and yet, excitedly thought that legislating CSI was a great idea, it was easy to interpret the contradiction in the response and the body language as insincere representations of meaning.

With the independent concepts, CSR or CSI, explained and defined as mutually inseparable, finding a relationship between CSR and the second independent subject, literacy/education, became the prerogative of Chapter 4. This chapter essentially asked: Does the definition of CSI impact on business investments in education?

For this analysis, I depended more on the statistics provided by the *CSI Handbook* for four years: 2003 to 2006 and very little on the interviews. Most of interviewees

would not or did not have any reliable documentation of their CSI activities to give to me. Although a few respondents criticized the *CSI Handbook* as more of a public relations publication for many big companies, I found no significant differences between the little information they volunteered on their CSI priorities in education and the general statistics provided in the *CSI Handbook*. I thus felt comfortable using the Handbook as my basic reference point for trends and scale of preference where investment in education was concerned.

Statistics in the Handbook revealed a strong relationship between the two independent concepts. That is, the definition of CSI dictated in virtually all ways I could identify where and how business ploughed in resources in education. Even where a 'spurious relationship' seemed extant, as in the decline in CSI spending in higher education, the supposedly strongest economic growth harbinger, economic reasons explained the situation. Business argued that it was unhappy with the products from the higher education institutions and was, therefore, unprepared to continue to throw money where minimal returns were expected. The relationship between the South African definition of CSR, and in turn, its relationship with literacy was thus reinforced.

I then set out to investigate and explain in Chapter 5 the strength of the relationship on the dependent concept: change. Emphasis was placed on the major independent subject – *CSI in education*. This was done through testing and controlling other relationships that impact on this variable: *the role of the NPO sector*, *the role of the state* and *the role of labou*r. As with Ted Gurr's test for factors accounting for 'levels of civil strife'[27], interviews and the analysis of written records had confirmed to me that change in South Africa was a product of many factors. The other relationships listed above that impact on CSI in education which were subjectively selected for this research, needed to be explained and controlled in order for the strength of the relationship between the major independent variable, *CSI in literacy*, and the dependent variable, *change*, to be explicit.

[27] Ibid, 'Searching for Complete Explanations and Causal Knowledge: Multivariate Data Analysis', p.393.

Testing for this strength was based on interview responses, written records and internet-based research. First, clarity was sought on what is meant by 'change', paying close attention to the South African question: *equity*. Looking at various definitions and conceptualisation of the word, Chapter 5 concluded that change or transformation certainly did not spell the existence of a utopia. Rather, in South Africa, it is best seen as a process of entrenching social justice or equity. Again, the many determinants of change through education were delineated. From the interviews in particular, a strong correlation was found between the factors that limit change and the major independent concept- CSR. The deduction was that the extent to which CSI in education can empower change in South Africa is dependent on the strength of the relationship between it and the following factors: the role of the state, the role of labour, and the role of the NPOs. At the moment, public policy on education within the BEE agenda does not empower business to intervene in literacy issues significantly.

Chapter 5 thus concludes that whilst CSR has enormous change potential, CSI in literacy as currently conceptualized in South Africa would not bring about a significant degree of social justice, transformation or change. The reason can be found in its relationship with the other factors highlighted that are equally driven by the exigencies of a capitalist means of production which inherently thrives on inequality. Again, the extent of the impact of the major independent variable on the dependent one can best be regarded as weak.

6.3 Conclusion

This research exemplifies the tediousness in finding 'complete explanations for political phenomena'[28]. The challenges here lay in part in the inability to completely measure CSR, and CSI in literacy. Even more difficult is measuring change. Some interviewees who criticized the compliance mentality instilled on CSI through the DTI

[28] Ibid, p.394, also see King, G Keohane, R. O Verba, S (1995) *The Importance of Research Design in Political Science* (US: Harvard), Vol.89, No.2 http://gking.harvard,edu/files/kkvresp.pdf Accessed 20 March, 2007, 4.24pm

Codes talked about the demotivating effects of not being able to completely measure educational achievements. For instance, they asked: How are impacts on mental attitudes or a paradigm shift within communities measured? When such variables are immeasurable, how can change be completely explained or measured? The shortcoming in finding a 'complete explanation' to this research topic was compounded by the relative newness of the CSR concept in South Africa. Many seeming 'experts' on the CSI subject showed signs that they were yet to fully grasp the depth of the concept even though some were heads of departments in their various establishments.

The dearth of written records on the topic posed a challenge also. Some of the interpretations offered on the impact of the major independent concept on the dependent subject can be adjudged as 'subjective' and perhaps biased, given my selection of the independent variables. However, it needs to be stated that all variables to which I proffered some form of explanation were those I believed relevant to the research topic. The issues with education in South Africa are huge, complex, and inexhaustible given the nation's apartheid past. The issues with CSR in the country are almost just as deep and complicated. Both the education and CSR realms are bigger than any one research can completely cover. What I have done by this research, is to choose a microcosm of the many challenges confronting the nation's change process via its education system and attempt to ascribe an appreciable level of understanding to it. My hope is that this study further enriches the wealth of knowledge of equity issues in South Africa and paves the way for more research on the subject.

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Appendix A

LIST OF INTERVIEWS CONDUCTED

S/no	DATE	INTERVIEWEE	COMPANY/INTERVIEW LOCATION	TIME
1.	Aug, 2005	Mrs Shireen Govender (Fmr Consultant, Liberty Life)	Liberty Life	14.00hrs
2.	12 Mar, 2006	Lawrence Ummuna (Fmr Regional Manager Africa, Rooche)	Karibese, Avenue, Randpark Ridge,	18.30hrs
3.	15 Mar, 2006	Prof Y Ballim (DVC Academic, Wits)	Wits University	08.30hrs
4.	16 Mar, 2006	Denise Nicholson (Librarian, Wits)	Warterweiller Library (Wits)	12.00hrs
5.	23 Mar, 2006	Saeeda Annis	JET, Braamfontein Centre	15.00hrs
6.	24 Apr, 2006	Trevor Rammitlwa	Bank SETA, Allandale	11.00hrs
7.	24 Apr, 2006	Dr Ali Bacher (Fmr Director Wits Foundation)	Foundation Office, Wits	13.00hrs
8.	25 Apr, 2006	Sue Gardener & Dr B Dhunpath	ISASA, Houghton	10.00hrs
9.	03 May, 2006	Ernie Campbell	Ukukhula Projects, Oxford Road	10.00hrs
10.	04 May, 2006	Prof L Nnogxa (VC, Wits)	Wits University	10.00hrs
11.	11 May, 2006	James Currie	Africa Foundation, Sandton	10.00hrs
12.	12 May, 2006	Neil Mcquirk (Research Coordinator)	Education Dev Trust, Houghton	11.00hrs
13.	16 May, 2006	Nadia Hassan (CSI)	Standard Bank, Simmonds St	10.00hrs
14.	19 May, 2006	Mervin Ogle (Environment & Language Education Trust)	ISASA, Houghton	10.30hrs
15.	22 May, 2006	Mike Myburg	National Union of Education	09.30hrs
16.	25 May, 2006	Dr M. Khosa (Fmr Gen. Manager, MTN Foundation)	MTN, Melrose Arch, Rosebank	13.00hrs
17.	29 May, 2006	Lebitso Mokgapli	KPMG, Corner Jan Smuts	16.00hrs

18.	31 May, 2006	Luanne Grant	American Chamber of Commerce, Houghton	14.30hrs
19.	01 Jun, 2006	Dr Wendy Orr (Transformation Consultant)	15, Jan Smuts	11.00hrs
20.	02 Jun, 2006	Mathi Mathabo	Glaxo Smithkline, Bryanston	14.00hrs
21.	05 Jun, 2006	Simphiwe Nanise	Mines Investment Trust, Braamfontein	11.00am
22.	13 Jun, 2006	Sipho Moshoane	Ikhambi Health (Lilly Foundation) Midrand	11.00hrs
23.	15 Jun, 2006	Bongiwe Ntuli (HR)	Eskom, Megawatt, SunningHill	10.00hrs
24.	19 Jun, 2006	Ndivhu Nepfumbada (Comm. Dev)	Nedbank, Sandton	14.30hrs
25.	20 Jun, 2006	Jacqui Mgudlwa (CSI)	SABC, Radio Park, Auckland Pk	10.00am
26.	22 Jun, 2006	Sidney Frankel (Farm Projects)	Frankel Consultants, Houghton	10.00am
27.	23 Jun, 2006	Shaneez Kassim	Manyeleti Comm. Project, Wits Business School	10.00hrs
28.	27 Jun, 2006	Prof Mary Metcalfe (HOD Education, Wits)	Wits Education Campus	11.00hrs
29.	28 Jun, 2006	Itumeleng Letebele (CSI)	SAB, Park Lane, Sandton	14.30hrs
30.	31 Aug, 2006	M Scott & G Fisher	NBI, Sunnyside Office Park	15.00hrs
31.	07 Nov, 2006	Mokgadi Pele	DoL, Schoeman St, Pretoria	11.30hrs
32.	02 Apr, 2007	P. Vinjevold	DoE, Schoeman St, Pretoria	16.30hrs
OTHERS				
33.	15 May, 2006	Nirupa Padia (The Art of Living)	School of Accountancy, Wits	16.00hrs
34.	18 May, 2006	John Ndirutu (Universal Religion)	Civil Engineering, Wits	13.00hrs

Appendix B

SAMPLE OF INTERVIEW QUESTIONS

Generic Questions

1. How would you define corporate social responsibility (CSR) in South Africa?
2. How would you distinguish CSR from corporate social investment (CSI)?
3. It is generally agreed that literacy or education is the responsibility of the state, yet, in South Africa, there's also an agreement, generally, that business should increasingly assist the state in raising literacy levels in the country. Why is this expected of business?
4. A cursory look at the *CSI Handbook* within a 6 year period, from 2002 to 2007, shows a consistent increase in business' funding of education through the years. State's budget for education has also been on the increase during this period. In the '60s and '70s the ruling party made a huge investment in Whites education, yet, there were skills shortages in maths and science. How would throwing in more money into education today, into maths and science in particular, generate a different skills outcome given the backlogs of apartheid? What should the government and business do differently?
5. There are suggestions on the one hand, that CSR in South Africa can still be described as a token gesture by business, a publicity stunt with the aim of checking the clamour for a developmental state in which government intervenes with socialist programmes. On the other hand, the state seems to have subtly coerced business into CSR/CSI through the DTI Codes of Conduct. This is all a little

confusing. What exactly is going on between business and the state?

6. BEE is about transformation. Would you say that CSR in South Africa should, first and foremost, be about transformation?
7. What informs your investment in education?
8. What challenges are you/is your company experiencing in this CSI venture?
9. How are your CSI investments in education being sustained? (Who should sustain them? Your company or the state?)
10. What are your expectations by way of economic and social returns on your social investments in education?
11. What's your opinion about the DTI Codes? Is business doing enough by way of investments in literacy? (Elaborate on your answer)

Some Company / Individual-Specific Questions

1. Why has your company chosen this aspect of education to fund?
2. What are your sustainability plans for this investment?
3. You say that your investments in various aspects of education are aimed at generating skills both for your industry and for society in general. How do you check skills poaching by your competitors?
4. Who are your partners in your CSI programmes in education? What's partnership with government like?
5. In the '70s, America pioneered the institutionalization of CSR in South Africa through the Sullivan Principles. A lot has changed since then. How have things changed in your company and what are your CSR experiences today?
6. Many businesses are choosing to conceptualise and manage their CSI programmes by themselves rather than enlist the services of an NGO because they say that most NGOs are incompetent. What's your opinion of this?

7. Why are NGOs generally regarded as rubber stamps of business?
8. Government has been criticized for overloading the polity with educational policies, the language policy, teacher development, mergers, no-fees schools, etc, resulting in a lack of focus in the education sector. What do you think?
9. Government has also been criticized for trading quality for the massification of education and one of the consequences of this is the poor quality of graduates. What do you think?
10. Given the history of South Africa, why does government seem to be neglecting Early Childhood Development (ECD) – the very foundation for quality schooling?
11. Critics say that there is insufficient communication between the DoE, private educators, labour and business, hence, the inability of the private sector to willingly fill the gaps in education where government resources are inadequate to meet demands. What would you suggest as solutions to this problem?
12. What, in labour's views, are the problems with the country's education system and what solutions would it propose?
13. What's the role of labour in public/private partnerships in education? Could labour do more?
14. You must have heard business say repeatedly that some labour policies are a hindrance to job creation and development. Why does business find some labour policies detrimental to development?