



The role of Corporate Social Investment (CSI) programmes on developing small and medium enterprises (SMEs): The case of Sappi Southern Africa in the local communities of Umkomaas in the South Coast of KwaZulu Natal

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by  
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**DECLARATION**

I, **Zandile Ntuli** declare that this is my own unaided work and that all sources used in this study have been acknowledged. I also declare that this research report has not been submitted previously for any degree or examination at any other tertiary institution.



15 March 2024

**Zandile Ntuli****Date**

SW23/04/03

**Ethics Clearance Number**

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## DEDICATION

I sincerely dedicate this work to my two-year-old son for ‘understanding’ why I had to be away most evenings and weekends and spending most of my time in front of the laptop. You have made me stronger, more capable, and more fulfilled than ever imagined. I am a supermom because of you. You are my inspiration to achieve greatness. I love you my *stufuza*.

## Table of Contents

DECLARATION	i
ACKNOWLEDGEMENTS	ii
DEDICATION	iii
ABSTRACT	iv
LIST OF FIGURES	v
LIST OF TABLES	v
ABBREVIATIONS AND ACRONYMS	vi
<b>INTRODUCTION TO THE STUDY</b> .....	<b>10</b>
<b>1.1. Introduction</b> .....	<b>10</b>
<b>1.2. Background on CSI programme of Sappi Southern Africa</b> .....	<b>12</b>
<b>1.3. Statement of the problem and rationale for the study</b> .....	<b>13</b>
<b>1.4. Research questions</b> .....	<b>15</b>
<b>1.5. Aim and Objectives</b> .....	<b>15</b>
<i>1.5.1 Aim of the study</i> .....	<i>15</i>
<i>1.5.2 Research objectives</i> .....	<i>15</i>
<b>1.6. Definition of key concepts</b> .....	<b>16</b>
<b>1.7. Overview of the research design and methodology</b> .....	<b>17</b>
<b>1.8. Limitations and delimitations of the study</b> .....	<b>17</b>
<b>1.9. Research Report Outline</b> .....	<b>17</b>
<b>LITERATURE REVIEW AND THEORETICAL FRAMEWORK(S)</b> .....	<b>18</b>
<b>2.1. Introduction</b> .....	<b>18</b>
<b>2.2. General overview of Corporate Social Investment</b> .....	<b>18</b>
<i>2.2.1. Corporate Social Investment in South Africa</i> .....	<i>23</i>
<i>2.2.2. CSI Programmes and their Contribution to the Developmental Agenda of South Africa</i> .....	<i>26</i>
<b>2.3. Characteristics of SMEs in the South African Context</b> .....	<b>27</b>
<b>2.4. SMEs in KwaZulu Natal (KZN)</b> .....	<b>31</b>
<b>2.5. CSI Programmes and their Contribution to SMEs Development</b> .....	<b>32</b>
<b>2.6. Challenges Experienced when Implementing CSI Programmes in South Africa</b> .....	<b>34</b>
<b>2.7. Strategies to Mitigate the Challenges Faced in CSI Implementation</b> .....	<b>36</b>
<b>2.8. Theoretical Framework(s) Underpinning the Study</b> .....	<b>37</b>
<i>2.8.1. The Social Contract Theory</i> .....	<i>37</i>
<i>2.8.2. The Triple Bottom Line</i> .....	<i>38</i>

2.9. Chapter Summary .....	41
<b>METHODOLOGY .....</b>	<b>42</b>
3.1. Introduction.....	42
3.2. Research Question .....	42
3.3. Primary Aim.....	42
3.4. Research Objectives.....	42
3.5. Research Approach and Design.....	43
3.6. Research Setting.....	43
3.7. Study Population, Sample and Sampling Procedures .....	43
3.8. Research Instrument .....	45
3.9. Pre-testing of the Research Instrument .....	45
3.10. Method of Data Collection .....	46
3.11. Data Analysis.....	46
3.12. Trustworthiness.....	47
3.13. Ethical Consideration .....	48
3.14. Conclusion .....	50
<b>PRESENTATION AND DISCUSSION OF FINDINGS .....</b>	<b>51</b>
4.1. Introduction.....	51
4.2. Demographic Information.....	51
4.3. Themes that Emanated from the Study .....	52
4.4. Benefits that the local community of Umkomaas in the South Coast of KZN derive from Sappi's CSI programmes. ....	52
4.4.1. <i>Improved Access to Education</i> .....	52
4.4.2 <i>Enhanced Skills Development</i> .....	53
4.5. Provision of Swift Disaster Response .....	54
4.6. Facilitating Community Expos and Outreach.....	55
4.7. Role Played by CSI Programmes in Developing Small and Medium-scale Enterprises. ..	56
4.8. Views of the Umkomaas community members in the South Coast of KZN on whether the benefits meet their expectations as a community.....	62
4.8.1. <i>Responsiveness of CSI programme to community needs such as educational and skills development needs</i> .....	62
4.8.2. <i>Area for improvement: Accessibility to technology/ Wi-Fi</i> .....	64
4.8.3. <i>Diversification of taught subjects or trades</i> .....	65
4.8.4. <i>Accommodation of more local people of varied age ranges</i> .....	65
4.9. Views of Community Members on how the CSI Programmes can be Strengthened.....	67
4.9.1. <i>Through investing more in diversified skills development programmes</i> .....	67
4.9.2. <i>Ensuring the sustainability of these CSI programmes.</i> .....	68

4.9.3. <i>Visibility of the CSI projects within the different communities</i> .....	69
4.9.4. <i>Strengthening beneficiary relations through enhanced communication strategies.</i> .....	70
4.10. Chapter Summary .....	72
<b>MAIN FINDINGS, CONCLUSIONS AND RECOMMENDATIONS</b> .....	74
5.1. Introduction .....	74
5.2. Summary of Main Findings .....	74
5.2.1. <i>Benefits, if any, that the local community of Umkomaas on the South Coast of KZN derive from SSA's CSI programmes.</i> .....	74
5.2.2. <i>The role played by corporate social investment programmes in developing small and medium-scale enterprises.</i> .....	74
5.2.3. <i>Views of Umkomaas community members in the South Coast of KZN on whether or not these benefits meet their expectations as a community.</i> .....	75
5.2.4. <i>What Umkomaas community members in the South Coast of KZN think can be done to strengthen the role played by Sappi Southern Africa's CSI programmes in their local community.</i> .....	75
5.3. Conclusion .....	76
5.4. Recommendations .....	76
5.4.1. <i>Recommendations for Programmatic Interventions</i> .....	76
5.4.2. <i>Recommendations for Future Research</i> .....	77
<b>REFERENCES</b> .....	78
<b>APPENDICES</b> .....	98
<b>APPENDIX A: PARTICIPANT INFORMATION SHEET</b> .....	99
<b>APPENDIX B: CONSENT FORM FOR PARTICIPATION AND AUDIO RECORDING</b> .....	101
<b>APPENDIX C: INTERVIEW SCHEDULE</b> .....	103
<b>APPENDIX D: INTERVIEW SCHEDULE</b> .....	104
<b>APPENDIX E: ETHICS CLEARANCE CERTIFICATE</b> .....	106
<b>APPENDIX F - LETTER OF REQUEST FOR PERMISSION FROM SAPPI SOUTHERN AFRICA</b> .....	107
<b>APPENDIX G - LETTER OF APPROVAL FROM SAPPI SOUTHERN AFRICA</b> .....	109

### **LIST OF FIGURES**

Figure 1: SMEs in KwaZulu Natal (SEDA, 2019)	31
Figure 2: Triple Bottom Line Framework (Molthan-Hill, 2014; Laasch & Conaway, 2016)	39
Figure 3: Steps of Thematic Analysis (Braun & Clark, 2013)	47

### **LIST OF TABLES**

Table 2.1: The History of Corporate Social Investment (Lawrence & Weber, 2014, p.5)	21
Table 2.2: Schedule of Size Standard of SMEs in South Africa (National Small Business Amendment Act of South Africa, 2003; Olawale and Garwe, 2010)	30
Table 4.1: Demographic Profile of Participants (N=12)	51

## **ABBREVIATIONS AND ACRONYMS**

BBBEE - Broad Based Black Economic Empowerment

BEE – Black Economic Empowerment

BUSA - Business Unity South Africa

CSI - Corporate Social Investment

CSR - Corporate Social Responsibility

DED- Department of Economic Development

DTI- Department of Trade and Industry

ESD- Enterprise and Supplier Development

GDP- Gross Domestic Product

GEAR - Growth, Employment and Redistribution

GEM- Global Entrepreneurship Monitor

ILCF- Integrated Local Community Forum

ILDLP- Industrial Leadership Development Programme

ILO- International Labour Organisation

KZN- KwaZulu Natal

NBI - National Business Initiative

NDP- National Development Plan

NPO - Non-profit Organisation

NSBA- National Small Business Act

SBI- Small Business Institute

SDGs- Sustainable Development Goals

SEDA- Small Enterprise Development Agency

SMEs- Small and Medium Enterprises

SSA- Sappi Southern Africa

Stats SA- Statistics South Africa

TBL- Triple Bottom Line

UN- United Nations

## CHAPTER ONE

### INTRODUCTION TO THE STUDY

#### 1.1. Introduction

The study explored the role of Corporate Social Investment (CSI) programmes in developing small and medium enterprises (SMEs), with a specific focus on Sappi Southern Africa's (hereinafter referred to as Sappi) Saiccor mill in Umkomaas on the South Coast of KwaZulu Natal (KZN). Umkomaas is a small coastal town on the South Coast of KZN located 48 km south of Durban. It was formed when a harbour was built in 1861 to export sugar (Peters, 2023). It is situated in rural KZN between Richmond and Creighton. The suburbs of Umkomaas are Widenham, Saiccor Village, built for Saiccor mill workers in the 1950s and 1960s (Seeff, 2017). Also within the neighbouring area are the towns of Clansthal, Sunpark and Craigeburn. The townships, villages and rural areas found in this region include Malundi, locally known as V section, Roseneath, Ilfracombe, Umgababa, New Haven and Magabheni (RCR Project Team, 2010). In 2011, the population of Umkomaas was 2,716 (excluding Ilfracombe) (Statistics South Africa, 2020).

According to a study conducted by Urban-Econ Development Economists (2020), about 5.8 million people reside in rural areas in KZN, this leaves almost half of the population isolated from economic activity. The leading socioeconomic challenge in KZN is poverty which is concentrated mainly amongst black people (Mak'ochieng, 2003). Statistics South Africa (2022) reported that this province has recorded expanded unemployment rates higher than 50%. Broadly, the country is developing off a very poor base in welfare, education and other basic services, and this puts a lot more responsibility on the businesses and as a result there are not enough state resources to meet South Africa's developmental needs (Mak'ochieng, 2003).

South Africa is confronted with socioeconomic issues that must be addressed immediately. According to Chimucheka (2013), these challenges include the exceptionally high rates of unemployment, a lack of skills, a high prevalence of illiteracy, and an increase in crime and poverty in communities. These issues are prevalent in rural societies. SMEs are expected to be the biggest contributor to South Africa's social and economic growth through creation of employment, reduction in poverty and redressing widening inequality both provincially and nationally (Global Entrepreneurship Monitor (GEM), 2017). In light of the country's persistently high levels of unemployment and poverty, the government's policy priority is to

develop SMEs. Dhanah (2016) concurs that in recent years, developing countries have realised that SMEs are their gateway to stimulating economic growth and addressing extreme poverty.

The socioeconomic situation in KZN warrants a study to ascertain what CSI programmes Sappi embarks on within the local community in which it operates. Better-skilled people with a higher quality of life make good neighbours for businesses as potential employees or become partners in their supply base. The company's success should entail the development of local communities, thereby stimulating the business environment in the region (Mak'ochieng, 2003).

The interest in this research arose from the researcher's experience working within the manufacturing industry as a CSI projects coordinator. In KZN manufacturing plays a critical role in job creation and accounts for 22% gross domestic product (GDP) contribution across the province (Urban-Econ Development Economists, 2020). Manufacturing companies in the province are located in proximity to townships and this allows these industries to access a pool of labour from there or provide business opportunities to local SMEs. Although the provincial government has developed several strategies to ensure that these surrounding areas thrive and benefit from co-existing with large corporations, most of these communities surrounding manufacturing companies are still faced with socioeconomic challenges, including unemployment, ill health, poverty, family disorganisation, and a high influx of 'out-of-town' labour.

Sappi's CSI programmes are a significant example of how big companies can partner with local communities in which they operate to create real and sustainable transformation. It is hoped that the research findings will shed light on Sappi's CSI programmes and contribute to a better understanding of exactly what constitutes sustainable development of SMEs. There is a great need to understand the SME sector deeply, especially given that most SMEs have a high mortality rate and the majority fail to translate into large corporates (Bowen, et al., 2009). The findings are critical to the SME sector in investigating the role played by CSI programmes in developing local SMEs.

## **1.2. Background on CSI programme of Sappi Southern Africa**

Sappi Southern Africa, formed in 1936, is a division of Sappi Group; a multinational company with its headquarters located in Johannesburg, South Africa (Sappi Group, 2022). In 2018, Sappi established the Enterprise and Supplier Development (ESD) unit to help incorporate SMEs into the mainstream economy (Sappi Group, 2022). This research does not include the whole Sappi Group; this is a case study of Sappi's CSI programmes in Umkomaas. Umkomaas is a semi-rural area, situated in the southern portion of the eThekweni Municipality and has townships and rural areas which were formerly part of the KZN 'homelands' ((McPherson, 2002).

Sappi Saiccor mill, one of the world's largest manufacturers of wood dissolving pulp (cellulose) and the biggest employer in the South Coast region is situated in Umkomaas (Sappi Group, 2022). The mill was established in 1954 (Stone, 2002) and is located on the upper South Coast of KZN, on the riverbanks of the Umkomaas River. The choice of location was influenced by the need for abundant water supply (McPherson, 2002). This mill serves seven Traditional Councils (Amakhosi) and three 7 Ward Councillors (Sappi Group, 2022).

Sappi's CSI programme vision is of a thriving world in which their sustainable business meets the evolving needs of their stakeholders, customers, and/or partners (Sappi Corporate Citizenship Report, 2021). The primary mission of their CSI programme is to support and promote specific development projects to make a positive social impact. They do so by providing opportunities for community upliftment and income generation. Sappi invests in education- from early schooling (ECD) to technical training, and they also develop small and medium enterprises (SMEs). Their secondary mission is to provide ad hoc donations for development organisations within the framework of their CSI vision (Sappi Limited, 2003).

While there are many CSI programmes that have been implemented by businesses across South Africa and KZN in particular, there is much disquiet over their commitment to the sustainability of these programmes and initiatives. Additionally, some of these programmes are generic, and not designed to meet the real and specific needs of the local community members they serve. Poverty remains one of the most widely recognised social development challenges facing the province. Strong relationships between corporations and public sectors are needed, including networks, working groups, and the development of a "national consensus" (Urban-Econ Development Economists, 2020).

### **1.3. Statement of the problem and rationale for the study**

Businesses in South Africa have been tasked with the responsibility to address and help solve the socioeconomic challenge resulting from the past injustices. Apartheid created an unequal society that was skewed along racial lines (Smith, 2003). The new democratic government inherited a society marked by rising unemployment, inequality, and deepening poverty, particularly in black communities (Statistics South Africa, 2018). At the same time, the country's current level of inequality and poverty can be attributed in part to the impact of neoliberal policies implemented in the early days of democracy and from which private corporations profited enormously. The Growth Employment and Redistribution (GEAR) programme focused on alleviating poverty through 'trickle-down'. State enterprises privatisation, progressive flexibility of the market, liberalisation of trade, and a shift to investment spending were adopted to foster higher growth and private capital investment (Mueller-Hirth, 2016).

Inequality, unemployment, and poverty remain the country's triple challenges despite the present government's concerted efforts in addressing some socioeconomic challenges (Philip, et. al., 2014). Poverty is one of the most serious socioeconomic issues confronting the Umkomaas area. Given the development challenges that South African communities face, the corporate role in this regard is more important than ever.

While diverse research has been undertaken on CSI programmes and multinational corporations (MNCs) operating in South Africa (Hinson and Ndhlovu, 2011; Mthombeni, 2006; Skinner and Mersham, 2008; Sewram, 2018), there seems to be minimal research focusing on CSI programmes and their contribution to the SME sector. There appears to be gaps in the relevance and success of such programmes. With globalisation pressures and increasing burdens on governments to provide comprehensive social services, the authors wanted to understand what role these firms play when sharing these burdens. They studied the role of MNCs in corporate social investment in South Africa, looking at the issues relating to the community development initiatives of MNCs especially those in the mining industry. The results from these CSI initiatives suggest that programmes collapse whenever the projects are discontinued. This can be attributed to the fact that communities are often not consulted before the projects are introduced and that there was no community involvement in the selection, design and implementation of projects and programmes. Lack of community involvement renders the projects and programmes unresponsive to the developmental needs of communities

(Malm, 2012). As a result, it is not uncommon for projects and programmes to be primarily remedial and curative, with a focus on short-term needs rather than long-term needs and community empowerment (Malm, 2012). Furthermore, the question of programme sustainability is rarely considered.

According to Muriithi (2017), SMEs in South Africa have the potential to solve socioeconomic problems since they act as catalysts for economic activities. Given the paramount role played by SMEs in the National Development Plan, the government has put enabling initiatives in place to promote and develop SMEs in order to help to reduce poverty, unemployment and inequality (Chiromo & Nani, 2019). To assist with these initiatives, corporates through their social investment programmes have invested over R12 million in SMEs' development programmes over the last five years in order to sustain SMEs in local communities (Eunomix Research, 2020).

Corporates have the resources and obligation to invest in areas where they operate (Triologue, 2014). While businesses are undeniably beneficial to society in terms of the national economy, the levels of poverty and unemployment in small towns and rural societies remains high (Stats SA, 2020; Urban-Econ Development Economists, 2020). Chiromo (2019) asserts that despite the SMEs being the productive drivers of inclusive economic growth and development in many emerging economies, the major problem is that little is done to accelerate SME development in marginalised communities. A majority of these small businesses are not making an impressive impact in societies. This argument establishes the foundation of the study.

Using Sappi as a case study, the study sought to explore the role of corporate social investment programmes in developing SMEs in hosting communities. The researcher was not aware of any previous evaluations of Sappi's corporate social investment initiatives especially in KwaZulu Natal and Umkomaas in particular. The research involved eliciting the views of Umkomaas community members in the South Coast of KZN on whether or not the benefits (if any) met their expectations as a community and also explored what Umkomaas community members in the South Coast of KZN thought could be done to strengthen the role played by Sappi's CSI programmes in their local communities.

This study may contribute to social development knowledge regarding CSIs and their contributions to the needs of South African communities. The study will augment the existing literature around SME development and provide valuable insight into the perceptions of

community members about the role corporates play in developing locally owned SMEs. It is hoped that the study findings will guide Sappi on how to strengthen and sustain their CSI programmes. Furthermore, the study findings may also serve as a reference for other corporates, assisting in the strengthening of their CSI programmes and initiating debates within this area of social development.

#### **1.4. Research questions**

- What is the role of CSI programmes in developing small and medium scale enterprises in Umkomaas in the South Coast of KwaZulu Natal?
- What are the perceptions of Umkomaas community members regarding the role of CSI programmes in meeting their developmental needs?

#### **1.5. Aim and Objectives**

##### ***1.5.1 Aim of the study***

The main aim of the study was to explore the role of CSI programmes in developing small and medium scale enterprises, with a specific focus on Sappi Southern Africa's Saiccor Mill in Umkomaas on the South Coast of KwaZulu Natal.

##### ***1.5.2 Research objectives***

The research objectives of the study were as follows:

- To explore the benefits, if any, that the local community of Umkomaas in the South Coast of KZN derive from CSI programmes.
- To understand the role played by CSI programmes in developing small and medium scale enterprises in Umkomaas on the South Coast of KZN.
- To elicit the views of Umkomaas community members in the South Coast of KZN on whether or not these benefits meet their expectations as a community.
- To explore what Umkomaas community members in the South Coast of KZN think can be done to strengthen the role played by CSI programmes in their local community.

## 1.6. Definition of key concepts

**Corporate Social Investment (CSI)** – “refers to the projects that are external to regular business activities of a company, is the sustainability and wealth companies create by investing in long-term projects with measurable impact on the communities they operate in” (William & Chandler 2011, p. 8). For the purposes of this research, this definition was adopted. CSI is a component of a corporate's broader Corporate Social Responsibility (CSR), and CSI is a South African concept (Hinson & Ndhlovu, 2011).

**Corporate Social Responsibility (CSR)** – A definition of CSR by Carroll (1983, p.608) states that "CSR involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that profitability and obedience to the law are foremost conditions when discussing the firm's ethics and the extent to which it supports the society in which it exists with contributions of money, time, and talent” (Chijoke-Mgbame, 2021).

This study adopted Thomson and John (2007, p. 122) definition of CSR as cited in Malm (2012) that defines CSR as “the integrity with which a company governs itself, fulfil its mission, lives by its values, engages with its stakeholders, measures its impact and reports on its activities”. The CSR concept is commonly used internationally and means the same as CSI in South Africa.

**Community** – Diachon (2003, p.62) definition best explains what community is and its role in society. It defines community as "a geographic area whose residents perceive themselves to be stakeholders and share behavioural expectations as a result of social relationships developed while participating in formal, informal, and interdependent economic, social and political institutions and activities, and while sharing public and private services”.

**Small and Medium Enterprises (SMEs)** – Small and medium scale enterprises (SMEs) have less than 250 employees. When distinguishing between small and medium-sized businesses, a small enterprise is described as one with less than 50 employees. These businesses are sometimes referred to as SMEs and have traditionally been associated with owner operators. (Mago & Toro, 2013 as cited in Xinwa, 2018). Furthermore, a South African definition of an SME is any company with a yearly gross revenue of less than R5 million, assets of less than R2 million, and is directly controlled by the owner (Mago & Toro, 2013 as cited in Xinwa, 2018).

**Social impact** – Actions of an organisation which have a positive impact on communities (Henriques, 2017). To achieve some of their sustainable development goals, organisations like Sappi should incorporate social good into their administrations and operations, striving to create wide-reaching benefits for the environment and surrounding community.

### **1.7. Overview of the research design and methodology**

The study was qualitative in nature and used a case study as a research design. The use of a case study enabled the researcher to provide an in-depth exploration of the phenomenon under study. The study employed purposive sampling and it had a sample of 12 participants. The nine community members resided in Umkomaas on KwaZulu Natal's South Coast. The three key informants had been in the employ of the respective company for more than two years.

The research instrument used was a semi-structured interview schedule, tested prior the commencement of the research study. Data were collected using in-depth face-to-face interviews with participants. Thematic analysis was used to analyse the data collected.

### **1.8. Limitations and delimitations of the study**

The limitations and delimitations of the study were as follows:

- The small sample size precluded the generalisation of the findings; however, the aim was to provide a thick description of the phenomenon and not to generalise the findings.
- Some participants might have provided socially desirable responses, however, to avoid this, the researcher reassured the participants about anonymity and confidentiality, and that there were no right or wrong answers, making them feel more at ease.

### **1.9. Research Report Outline**

The research report comprises five chapters; Chapter one provided the introduction to the study and the aim and research objectives, a brief overview of the research methodology and the motivation for the study are part of the discussed aspects. Chapter two discusses the theoretical framework underpinning the study and the reviewed literature. Chapter three describes the research methodology employed in the study. Chapter four presents and discusses the research findings, and chapter five focuses on the summary and conclusions of the main findings, and also gives recommendations based on the issues arising from the research.

## CHAPTER TWO

### LITERATURE REVIEW AND THEORETICAL FRAMEWORK(S)

#### 2.1. Introduction

The economic success of businesses has produced societal expectations for the private sector to contribute to social development within nations by balancing financial gains with community social well-being (Midgely, 1995). This section presents an in-depth literature review and explication of corporate social investment (CSI). It will clarify the 'CSR' and 'CSI' concepts by discussing the widely accepted definitions and how those have changed over the years. This chapter will start by providing a comprehensive background of CSI and its contributions to the development in South Africa. Furthermore, it will outline the small and medium enterprises (SMEs) sector and discuss the importance of CSI to the development of SMEs. This section will conclude by highlighting the challenges with CSI implementation and strategies to mitigate those challenges.

#### 2.2. General overview of Corporate Social Investment

The terms "corporate social responsibility" and "corporate social investment" have been used interchangeably, but they are not the same thing. CSR is a value system that is used to respond to a larger society and range of stakeholders, and it informs all business operations (Triologue, 2007). According to Hamann (2009), CSR encompasses a broad range of issues such as governance, business ethics, labour relations, environmental standards, and workplace health and safety. The Triologue Business in Society Handbook denotes "CSI as a company's contributions (in time, money, talent, or resources) to people, organisations, and communities external to regular business activities" (Triologue, 2010). South African businesses prefer the term CSI over CSR because they interpret "the word 'responsibility' as an obligation imposed on them in reference to past misdeeds" (Davids et al., 2009, p. 2). The focus of this study will be on CSI. Furthermore, CSI is closely related to social development, whereas CSR represents broader sub-elements of business practices that are unrelated to the social development agenda (Triologue, 2010). It is worth noting that CSI is a South African concept (Hinson & Ndhlovu, 2011), whereas CSR is used in the international arena and means the same thing as CSI in South Africa. It could be argued that this is a result of South Africa's history and developments (Graaf, 2001; Midgely, 1995).

Some corporate institutions' economic successes have created an expectation within society for the private sector to contribute to social development within nations by balancing economic growth with the social well-being of communities (Graaf, 2001; Midgely, 1995). The current belief that companies are responsible for society is not new. It is possible to trace the business' concern for the community several centuries back (Carroll, 2008). However, it was not until the 1940's when the executive's role and the corporation's social performance started appearing in the literature (Carroll, 1999), and authors began discussing the specific social responsibilities of companies. Decades later, the social expectations towards corporate behaviour changed, and so did the corporate social investment concept.

According to the findings of Carroll's (1999) study, the origin of the CSI concept dates back to the 1950s. It was in the 1950's that the notion of explicitly defining corporate social responsibilities was first addressed in the literature and can be understood as the beginning of the modern definitional construct of Corporate Social Responsibility. Carroll's research demonstrated the beginning of early modern literature on CSR, as evidenced by Bowen's (1953) publication. Bowen (1953) defined CSR as social responsibility (SR) at the time, based on the idea that most large corporations wield great power, and their behaviours and actions affect the lives of individual citizens in a variety of ways; as a result, there was a need for a shift in attitude toward their decision-making to include considerations of their social impact in society (Malm, 2012). Bowen defined the social responsibilities of business executives as "the obligations of businessmen 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 our society" (Bowen 1953, p. 6). Bowen was ahead of his time with his new approach to improving business responses to social impact, as well as his contributions to the definition of corporate social responsibility. Furthermore, Bowen's approach is significant because it was the first academic work explicitly focused on the concept of social responsibility, making Bowen the "Father of Corporate Social Responsibility" (Carroll, 1999).

After Bowen, other authors, Eells (1956) and Selekman (1959) were concerned with corporate behaviour and its response to the social context of the time. For example, in the book *Corporation Giving in a Free Society*, Eells argued that the large companies of the time were not living up to their responsibility in a time of generalised inflation. Similarly, the book *A Moral Philosophy for Management*, published in 1959 by Selekman, explored the evolution of the moral responsibility of corporations as a response to the labour expectations of the time. These early explorations of CSR as a definitional construct, along with the social context of

the time, gave way to scholars' growing interest in defining what CSR was and what it meant (Carroll, 2008).

There is no single, agreed-upon definition of CSI. McWilliams, et al. (2005, p. 3) define CSI as situations in which an organisation goes beyond compliance and engages in "actions that appear to further some social good, beyond the firm's interest and that required by law." This definition of CSI implies that businesses or corporations must go above and beyond their legal obligations to contribute to society's social development. CSI is also described by the British Standards Institute as "a mechanism for organisations to voluntarily integrate social and environmental concerns into their organisations and their interactions with stakeholders, which are in addition to the organisations' legal responsibility" (Malm, 2012, p. 6). With this definition, CSI is viewed as the tool by which corporations can address social and environmental issues and their interactions with their stakeholders. Stakeholders constitute employees, suppliers, customers, government, business partners, and the community (McWilliams et al., 2005). Another definition of CSI is by the Commission of the European Communities (2001, as cited in Dahlsrud 2008, p. 7), which defines CSI as "a concept whereby companies integrate social and environmental concerns into their business operations and in their interactions with the stakeholders on a voluntary basis". This definition emphasises CSI being voluntary.

This study will adopt Thomson and John (2008, p. 122) definition of CSI, which the authors are of the view that CSI is not only about giving funds but rather in the light of "the integrity with which a company governs itself, fulfil its mission, lives by its values, engages with its stakeholders, measures its impact and reports on its activities". CSI thus encompasses all company activities concerning how it conducts business in its environment, what it contributes to its workforce and society, and how compliant its practices are with legal regulations.

From the views of Thomson and John (2007), Hancock (2004) and Hopkins (2007), it can be said that CSI thus, means the ability for companies to behave in a manner that is ethical while maintaining their profit objectives and ensuring the harmonious welfare of their workers and dependents as well as the community and society as a whole.

Carroll (1983) also offers a more concise and contemporary interpretation of CSI:

CSI involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that profitability and obedience to the law are foremost conditions

when discussing the firm's ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent (p. 608).

Carroll's definition covers the financial aspects of business, a moral and social duty to engage in CSI, a legal obligation, and the involvement of the contributions of talent and time. The table below provides a timeline of CSI activity from the early 1950's to the present day.

**Table 2. 1: The History of Corporate Social Investment**

<b>Timeline</b>	<b>CSI Phases</b>	<b>Drivers of CSI</b>	<b>Policy Instruments</b>
1950s- 1990s	<p><b>Corporate Social Stewardship</b></p> <p>Corporate philanthropy, acts of charity managers as public trustee - stewards balancing social pressures</p>	<p>Executive conscience</p> <p>Company image/reputation</p>	<p>Philanthropic Funding</p> <p>Public Relations</p>
1960s- 1970s	<p><b>Corporate Social Responsiveness</b></p> <p>Social impact analysis</p> <p>Strategic priority for social response</p> <p>Organisational redesign and training for responsiveness</p> <p>Stakeholder mapping and implementation</p>	<p>Social unrest/protest</p> <p>Repeated corporate misbehaviour</p> <p>Public policy/government regulations</p> <p>Stakeholder pressure</p> <p>think tank policy papers</p>	<p>Stakeholder strategy</p> <p>Regulatory compliance</p> <p>Social audits</p> <p>Public affairs function</p> <p>Governance reform</p> <p>Political lobbying</p>

1980s- 1990s	<b>Corporate/Business Ethics</b> Foster an ethical corporate culture Establish an ethical organisational climate Recognize common ethical principles	Religious/ethic beliefs Technology driven value changes Human rights pressures Code of ethics Ethics training Stakeholder negotiations	Mission/ vision/ values Statements CEO leadership ethics
1990s- Present	<b>Corporate/ Global Citizenship</b> Stakeholder partnerships Intergrade financial, social and environmental performance identify globalisation impacts sustainability of company and environment	Global economics trade/investment High-tech communication networks Geopolitical shifts/ competition Ecological awareness/ concern NGO pressures	Intergovernmental compacts Global audit standards NGO dialogue Sustainability audits/reports

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Adapted from Lawrence and Weber (2014, p. 51)

The above table by Lawrence and Weber (2014, p. 51) highlights the history of CSI in the early twentieth century, which began with more philanthropic efforts to alleviate the company's societal obligations. Between 1960 and 1970, the CSI concept took a turn and became a strategic model. This became a public affairs function, and stakeholders became a top priority. As a result of social pressure, organisations were increasingly ethically motivated in the 1980s

and 1990s. This prompted the CEOs to revise their goal and vision statements to reflect the presence of an ethical organisation.

It is notable that the doctrines of CSI emanated from the practice of philanthropy and its practical implications and thus can easily be adhered to by all organisations because CSI is an all-inclusive model that seeks to strike a balance between the profit-making goals and the development of society and the environment, which will, in turn, enable those organisations to raise their profits. Friedman, Hudson, and Mackay (2008) confirmed that corporate giving, which had fundamentally been ad hoc donation programmes, philanthropic and voluntary, gradually became a more professional performance-driven quest dedicated to achieving developmental impact (Malm, 2012).

A great deal of research has been done to investigate different aspects of CSI such as what it is all about (e.g. Carroll, 1979; Wood, 1991), what factors affect its degree of integration within a business (e.g. McWilliams and Siegel 2001), how to do it (e.g. Natrass and Altomare, 1999; Cramer, 2005), who should be involved (see Donaldson and Preston, 1995), how to control it (e.g. Husted, 2003), how to communicate it (see Morsing, 2003), how to formalise it (see Fransen and Kolk, 2007), and how it relates to the wider society (see Donaldson & Dunfee 1994; Swanson, 1999).

The literature review shows that CSI comprises many activities and has different meanings for different people and business organisations. The concept of CSI presupposes that businesses do not happen in isolation but instead in a society, and considers the human element of businesses (Idemudia, 2011). Therefore, companies are obligated to consider the interests and social well-being of the community they function in beside their profit-making objectives (Idemudia, 2011).

### ***2.2.1. Corporate Social Investment in South Africa***

CSI is not a new concept in South Africa; it first emerged following the 1976 Soweto uprising, which resulted in business organisations endorsing employment codes, followed by the authorisation of the 1976 Sullivan Code by American companies operating in South Africa, and the launch of the 1977 Urban Foundation, which motivated the growth and formal recognition and acceptance of the black trade union movement in 1979 (Davids et al., 2009).

CSI in South Africa has been supported by several models. During apartheid, the emerging model took an ethical and moral stance. It was more the result of ongoing riots and protests

that prompted corporations to implement CSI in order to alleviate suffering in communities and address employee grievances (Malm, 2012). This model was viewed as a responsibility of companies as a part of society to contribute to the upliftment of their employees, rather than a forced obligation on the part of organisations. Under this model, CSI was viewed as a form of charity rather than a legal obligation. Most companies in South Africa partially practiced CSI when they felt like it (Davids et al., 2009). According to Helg (2007 as cited in Malm, 2012), CSI was developed without the concept being properly framed within a commonly agreed definition, resulting in actors shaping the CSI framework based on their own interests. This gave birth to the framework within which CSI was practiced during apartheid.

Following apartheid, the South African government, with the assistance of the European Union (EU) and the United Nations (UN), established a second model in which CSI was practiced through the implementation of legal obligations, codes of practice, and trade policies. The implementation of various trade policies that protect businesses and the environment, as well as corporate governance acts that serve as guidelines for corporations to follow, has resulted in improved labour law regulation and enforcement in the country (Werner, 2009). Thus, the emergence of CSI as a legal requirement for companies in South Africa has primarily boosted CSI practice and initiatives.

According to Trialogue (2017), most South African businesses are motivated by moral and license-to-operate obligations, laws and regulations, stakeholder pressures, status, and industry charters. Furthermore, the introduction of the Black Economic Empowerment (BEE) Codes of Good Practice in 2007, which required companies to allocate 1% of their net profit after tax (NPAT) to socioeconomic development, resulted in companies going above and beyond what was legally required (Triologue, 2017). The Second King Report (2002), also known as the King II Report, emphasises the importance of companies incorporating social considerations into their core business strategy (Malm, 2012). Davids et al. (2009) affirms this in their views that businesses should see their role towards CSI as including a contribution towards the reconstruction and development of South Africa. "CSI is founded on the notion that corporations are in a relationship with other interests in, for instance, economic, cultural, environmental and social systems because business activities affect – and are affected by – such interests in society" suggests that it is in the best interest of corporations to have this in mind when designing their CSI strategies and budgets (Dobers & Halme, 2009, p. 238).

Although most people have seen the recent advancement of CSI in South Africa, some researchers argue that the capacity of CSI may not be enough to contribute to sustainable development (Dobers & Halme, 2009). Werner (2009), Visser (2008), and Adams and Ghaly (2006) also confirm this statement by arguing that though CSI programmes seem like the answer to address challenges related to development, companies act within legal boundaries. However, there is still the issue of a lack of accountability in terms of reporting on CSI activities. The standards central to all corporations in their CSI programmes fail to address the critical areas of need for the beneficiary communities they are implementing these programmes. Most CSI programmes address areas of interest to corporations and their shareholders, thus leading to the issue of the effectiveness of these programmes as well as the issue of sustainability of the programmes concerning the needs of the individuals, groups, community and society.

One can infer from the issues mentioned above that some corporations are offering lip service, comply only on paper and fail to practice what they preach. This gives an overview of the legal obligations of CSI to companies and the framework in which it has been practiced in South Africa, considering the labour laws, the industry charters of the various sectors of business operations in the country, and the adoption of the King Report on corporate governance for South Africa as a legal obligation by corporations.

The new CSI model represents a more strategic approach to CSI practice. This new framework takes into account an organisation's various roles in relation to all of its stakeholders. It seeks to strike a balance between the corporation's objectives and the country's development agenda, as well as its responsibilities to its stakeholders, society, and the environment. Furthermore, businesses that incorporate good CSI strategies into their corporate policies are expected to maximise profits for stakeholders such as customers, shareholders, and employees (Sustainable Development Innovation Briefs, 2007). This framework integrates the legal and moral perspectives on CSI. It transforms it into a more dynamic and practical framework for achieving CSI and meeting social and economic goals.

Therefore, it is understood that many companies in South Africa today employ the emerging model of strategic CSI. The various roles that an organisation plays in relation to all of its stakeholders are taken into consideration by this emerging model. In doing so, it aims to balance the corporation's corporate objectives with the national development plan, as well as its responsibilities to the environment, society at large, and its stakeholders (Malm, 2012). Organisations that are socially responsible and incorporate strategic CSI into their core

businesses have an all-inclusive view of CSI with regards to its "stakeholders and measure its performance in a triple bottom-line: economic/financial, environmental and social," seeking "paths that advance all the measures, none at the cost of the other" (Werner, 2009, p. 546). Corporations in South Africa are obligated to achieve well in areas such as community development, environmental policies, corporate governance, and other non-financial spheres like human rights, corporate contributions, and business ethics (King III Report, 2009). Yet not all companies adhere to these requirements in South Africa (Dialogue, 2013).

Many companies in South Africa implement strategic CSI because it incorporates a developmental process that benefits communities and promotes the company's brand and products while increasing the profit margins of the company. Strategic CSI is about harmonising profitability and CSI (Visser, 2008). According to Sustainable Development Innovation Briefs (2007) and Werner (2009), strategic CSI helps increase profitability while indirectly being socially responsible. Organisations perceived to be socially accountable are likely to be ahead of their competitors in line with stakeholder expectations (McWilliams, Siegel & Wright, 2005). Although CSI has both negative and positive impacts in developing countries, strategic CSI can be used to drive out the negative effects of CSI initiatives while promoting good business (Werner, 2009). Thus, it is of great significance for every business organisation in developing countries like South Africa to note that they should incorporate in their corporate policies CSI strategies that are ethical and ensure that it serves the benefits of the organisation, society and environment.

### ***2.2.2. CSI Programmes and their Contribution to the Developmental Agenda of South Africa***

The National Development Plan (NDP) also known as Vision 2030 developed by the South African government is both necessary and expected, and requires combined efforts of the civil society, the government and business to realise the vision which is "to eliminate poverty and reduce inequality by 2030" (National Planning Commission, 2013). Undoubtedly, development in South Africa does require a working partnership between the civil society, public sector as well as the private sector to implement and coordinate sustainable initiatives that improve the quality of lives. Through various CSI initiatives and government funding of programmes and projects throughout the country, CSI programmes have made significant contributions to South Africa's development drive (Malm, 2012). Notable examples of CSI projects and initiatives in South Africa that contribute to some forms of development include

those in the community and social development sector, education, health, and contributing to skills training, empowering disadvantaged groups, and creating jobs, as well as those that contribute to the social development needs of both community and marginalised groups (Triologue, 2017).

The scope of CSI in South Africa over the years has been tremendous with new regulations playing a significant role in this growth and having different interpretations and understanding of the concept of "CSI" by most companies thereby demanding them to fulfil their CSI as demanded by the corporate and national policies (Triologue, 2017). CSI programmes should, therefore, support national government priorities and policies and companies should align their CSI projects with NDP goals and structures (Skinner & Mersham, 2008).

In the 2022 Triologue Business in Society Handbook, it was indicated that a total estimated CSI spend in South Africa in 2022 was R10.9 billion from R9.10 billion in 2017 (Triologue, 2022). The Triologue study results showed that companies in South Africa contributed R223 billion to social development over the past 25 years. The top three sectors namely, mining, chemicals and water and forestry accounted for the largest portion of CSI expenditure (34%) in 2022 (Triologue, 2022). The research findings brought out how businesses have a lot to offer in tackling poverty's manifestations in their often-expansive areas of operations and influence.

The statistics from the Triologue handbook show that modern-day CSI has developed in terms of its programmes from the traditional philanthropic and obligatory dimensions into a more structured and all-inclusive approach in line with national policy towards development. The South African developmental agenda operating on the tripartite partnerships of key players in development; the government, civil society and private sector in line with the neo-liberal consensus that the new government has adopted is by far the best working approach towards the achievement of the national developmental goals as opposed to if the government was working alone to drive the developmental agenda. Without any doubt, contribution of CSI programmes and commitment of corporates is critical to ensure the accomplishment of the objectives for national development.

### **2.3. Characteristics of SMEs in the South African Context**

Berisha and Pula (2015) asserted that, despite similarities in the roles played by SMEs in different economies, there are no mutually agreed definitions of SMEs, as the definition of SMEs is country specific. The criteria for classifying SMEs are primarily based on annual

turnover, capitalisation, and employment numbers, which vary by country (Muriithi, 2017). Developed countries such as the United States and United Kingdom use higher values of capitalisation, financial turnover, and number of employees than emerging economies, such as South Africa and Nigeria (Hefer et al., 2015).

There is no global consensus of what constitutes SMEs. In the South African context, the definition of SMEs includes non-VAT registered, formally registered and informal enterprises. These businesses range from medium-sized enterprises, such as established family businesses with over 100 employees, to informal microenterprises (Small Enterprise Development Agency (SEDA), 2016). The latter includes survivalist enterprises, who are considered pre-entrepreneurial and self-employed persons from the poorest layers of the population (Sanchez, 2006), and they include street vendors, subsistence farmers and hawkers. A large majority of SMEs in South Africa are more established than very small and micro enterprises. They exhibit more complex business practices, have an additional management layer and are most prevalent in retail, agriculture, manufacturing and community and social services (Development Bank of Southern Africa, 2005).

Aside from the aforementioned characteristics, additional key factors that distinguish SMEs are management and the nature of operations. SMEs may be managed by their owners, who often receive assistance from family members (Ayandibu & Houghton, 2017). In this regard, the decision-making method is highly flexible, unstructured, and reliant on one or more of the executives' drives. By their nature of operation, the SMEs have a limited variety of products and/or services and a generally simple and unsophisticated management structure with a narrow risk tolerance range. Individual SMEs struggle to achieve economies of scale when purchasing inputs and are frequently unable to capitalise on market opportunities that necessitate big production numbers, uniform standards, and consistent supply. Above all, SMEs face situations in which decisions are made hastily and without accurate business information (Okello-Obura & Matovu, 2009, as cited in Ayandibu & Houghton, 2017).

Various papers (Ayandibu and Houghton, 2017; Bvuma and Marnewick, 2022; Charmes, 2000; Enaifoghe and Vezi-Magigaba, 2023; Mahambe, 2011; Maome and Zondo, 2022; Ngwenya and Mashau, 2020; Sanchez, 2006) and reports (Dalberg Global Development Advisors and JP Morgan, 2012; Development Bank of Southern Africa, 2005; Industrial Leadership Development Programme (ILDLP), 2014; International Labour Organisation (ILO), 2016; McKinsey and Company, 2022; National Small Business Act (NSBA), 2003; SEDA, 2016)

have written about SMEs in South Africa, and despite the importance of SMEs within the South African economy, there seems to be no universally applicable definition of SMEs. For the purpose of this study, the following will be used, as in the National Small Business Act of 2003 (NSBA, 2003):

- Small enterprises: Employ up to 50 employees. They are formally registered, generally more established and have more complex business structures.
- Medium enterprises: Enterprises with a maximum of 100 employees, or 200 for sectors such as manufacturing, construction and mining, in which the maximum number of employees is 20. These enterprises are often characterized by an additional management layer.

The SME term is used when excluding the very small (fewer than 10 employees), micro (informal enterprise with 1 to 5 employees) and survivalist enterprise (examples are vendors and hawkers). While many countries do not include micro-businesses in their definition of small business, this demonstrates the diversity of small business definitions, particularly in South Africa, where micro-businesses are also categorised as survivalists (Ranyane, 2015). However, according to the literature, SMEs can be considered as small businesses. Other research studies conducted in South Africa have also grouped these organisations as small businesses (Tustin et al., 2005) as a result of these small businesses sharing common challenges (Chalera 2007, as cited in Bvuma & Marnewick, 2020). The study adopts the new definition as described by the South African government in 2019. According to the NSBA (1996), the new definition of SMEs includes two metrics (employees and annual financial turnover) and the third proxy- the asset value, no longer counts. This study thus defines an SME as any entity or organisation, regardless of its registration under law or tax, which includes any person conducting small business activities in any economic sector, or which has been established to promote or represent the interests of small business enterprises (Mahembe, 2011). The focus of the study is on the small and medium enterprises, the following table illustrates the schedule of size standards in South Africa.

**Table 2. 2: Schedule of Size Standards of SMEs in South Africa**

<b>Type of Firm</b>	<b>No. of employees</b>	<b>Turnover (Rands)</b>	<b>Balance sheet (Rands)</b>
Small	1-49 (Fewer than 50)	R13 million (Less than R2 million to R25 million, depending on industry)	Max R5 million
Medium	51-200 (Fewer than 100 to 200, depending on industry)	R51 million (Less than R4 million to R50 million, depending on industry)	Max R19 million

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National Small Business Amendment Act of South Africa, 2003; Olawale and Garwe, 2010

The argument that SMEs are crucial for generating jobs and advancing the economy has persisted for a long time, especially in most emerging economies like South Africa which has an alarmingly high unemployment rate of about 40%. The SMEs sector is critical to the country's efforts to address sustainable development. Due to the vital role SMEs play in economic and social development, the South African government established a new Ministry of Small Business Development in 2014. The Small Business Development Ministry's aim is to facilitate the promotion and development of small enterprises. These businesses contribute significantly to the country's gross domestic product (GDP) and have proven to be major contributors in job creation (The DTI, 2008). The unemployment rate in South Africa is 32.9% according to the Quarter 1 report from Stats SA (Stats SA, Q1: 2023), this is exacerbated in part by a chronic skills shortage in the workplace. It is for this reason that the national government continues to put measures in place to support the SME sector with the aim to foster an enabling environment for small businesses.

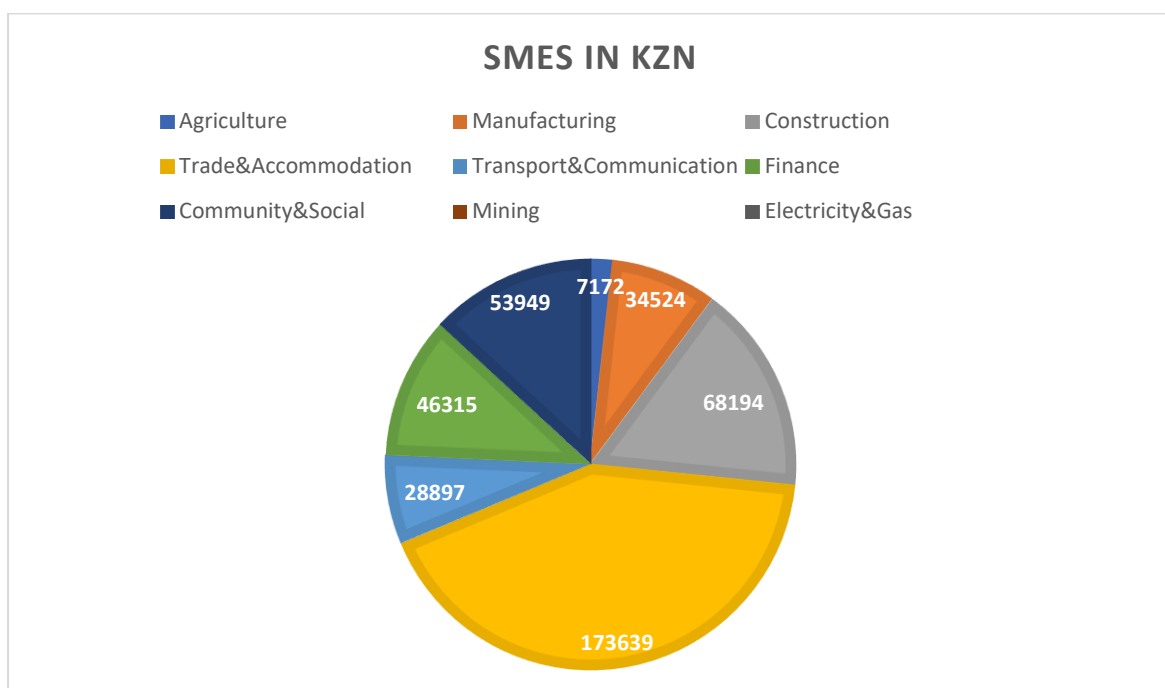
A study conducted by Small Business Institute (SBI) (2018) revealed that 98% of formalised businesses in South Africa fall within the small and medium enterprises sector. The sector

employs almost 60% of the population (between one and 250 employees), and contribute 34% of the country's GDP (Dhlamini, 2020; Fatoki, 2020; Lund-Thomsen et al., 2014; Radebe, 2017; Zvitambo & Chazireni, 2020). From these statistics, it is evident that the sustainability and growth of SMEs are vital topics for research.

Given the benefits CSI delivers to businesses, the importance of sustainability in SMEs especially in developing countries, pushes for the implementation of CSI programmes for total productivity improvement (Yumei et al., 2020). Hence, the section on CSI programmes and their contribution to the development of small and medium scale enterprises will follow later.

#### 2.4. SMEs in KwaZulu Natal (KZN)

KZN is the largest province by population in South Africa and the third largest contributor to the country's economy (SME South Africa, 2014). A study conducted by SEDA (2019, p. 22) revealed that there were 413 636 SMEs across the province of KwaZulu Natal. The figure below shows the breakdown of the SMEs in KwaZulu Natal:



**Figure 1: SMEs in KwaZulu Natal (SEDA, 2019)**

KwaZulu-Natal has long been at the forefront of national contribution and SME development. According to SME South Africa (2014), KZN accounts for:

- 27% of the South African agriculture sector;
- 22% of country's manufacturing sector;

- 13% of the nation's construction sector;
- Approximately 16% is from the energy sector;
- Around 18% of the country's hospitality and retail and wholesale trade;
- 22% stake of South Africa's storage, transport and accommodation facilities;
- An estimate of 13% of insurance, finance, business activities and real estate; and
- At least 13.29% of the nation's community, social and personal services sector interventions.

These statistics reveal that KZN is one of the provinces that is contributing significantly to the development of the South African economy. Each of the aforementioned industries is made up of small enterprises that contribute significantly to the KZN economy and social development through CSI efforts.

## **2.5. CSI Programmes and their Contribution to SMEs Development**

SMEs are recognised globally for their contribution to a country's social and economic growth. At a time when manufacturing and primary sectors of the economy are under severe stress and the economy remains concentrated in the hands of a few, SMEs have a great potential to help grow and develop an inclusive economy through poverty alleviation, development and the creation of jobs, all of which have an impact on the government and its citizens (Chumicheka, 2013; Zvitambo & Chazireni, 2020). As a result, strategies to grow economies have been directed at creating an enabling environment for SMEs' viability and growth. It is sufficient to state that it is imperative to gain a thorough understanding of the SME sector and the factors affecting its sustainability and growth especially considering that most SMEs have a high mortality rate and fail to translate into large and established enterprises (Bowen et al., 2009). Research of SMEs in Africa discovered that, on average, there are more closures of SMEs than expansions (Ayandibu & Houghton, 2017). It is important that SMEs operate efficiently and run their enterprises effectively in order to grow within their respective sectors. The growth of SMEs can assist in addressing several issues related to the nation's social and economic development, including demographic changes, disparities, extremely high unemployment, and the need for structural transformation. In addition, the growth of SMEs provides work opportunities that aid in reducing unemployment especially in local communities and societies, and address the demographic challenges brought on by expanding populations (Malefane, 2013).

A research study conducted by the Business Unity South Africa (BUSA) (2016) recognised the following as major barriers to SME development and their incorporation into the formal economy:

- Entrepreneurship is not encouraged especially in the education system. Additionally, there is a shortage of skilled labour.
- Entrepreneurship and business development services are under-developed in South Africa. Many small enterprises don't know what support services are available and how to navigate the bureaucracy around. Rural areas and small towns receive less support when it comes to accessing funds, market opportunities and employment practices.
- SMEs carry a disproportionate regulatory burden.
- There is no coherent definition and legislative treatment for SMEs to ensure policy alignment across the government and public and private sectors.

Research shows that in order to address some of the challenges experienced by small enterprises, and to create “an enabling environment for sustainable small business development and growth” (BUSA, 2016, p.90), private corporations through their CSI programmes, must step in and play a role in developing and growing SMEs (ILDPA, 2014).

The South African government continues to place emphasis upon support for the SME sector (Department of Economic Development (DED), 2011; DTI, 2012). The commitment to the importance of promoting and developing the SME economy is reasserted in the National Development Plan (NDP), which offers a Vision for 2030 (National Planning Commission, 2011). Indeed, under its Vision 2030, the NDP sets an ambitious target of generating 11 million new job opportunities in South Africa, 90% of which are expected to be created in the SME sector (National Planning Commission, 2011).

The government incentivises corporates through the BBBEE points system to work on enterprise development as part of their corporate social investments (Chopra, 2017). These incentives have resulted in a multi-tiered development approach to support SME development. Corporates through their CSI are increasingly supporting small businesses in underdeveloped and marginalised communities, by working with a network of organisations such as non-profits and incubators (Masutha & Rogerson, 2014). This encourages others to get on board with the development of SMEs.

Across a range of both emerging and developed countries, small business incubators have been highlighted as viable strategic tools for assisting a country's entrepreneurial base while reducing the high mortality of SMEs (InfoDev, 2010b). In the USA, business incubators “were the instrument of urban renewal and community development” (Jang, 2009, p. 16). By contrast, in a developing economy such as Chile, the focus is on developing enterprises with high potential for job creation and economic development (Chandra & Narczewska, 2009). Overall, as argued by Al-Mubarak et al., (2013, p. 896) business incubators are viewed by many governments as a “vibrant tool for nurturing innovative ventures regarding economic development and job creation, and as critical components of entrepreneurial infrastructure”.

According to SME South Africa (2022), corporates can design their CSI programmes to allow access to and improvement of three basic ingredients:

- Capacity building programmes for SMEs focused on accessing markets, networking, specialist support, acquiring business and technical skills to ensure business sustainability and growth.
- Access to funding for additional SME investment.
- Procurement of goods or services from participating SMEs that provides sustainable revenue streams and enables SMEs to become partners in the corporate's supply base.

## **2.6. Challenges Experienced when Implementing CSI Programmes in South Africa**

Since its inception, CSI has faced numerous challenges. Though the intended goals of CSI vary by corporation, the common goal is to increase profitability through programmes and initiatives that contribute to the capacity building of local people and improve the quality of life of their workforce. However, it is problematic that some companies do not walk the talk when it comes to their CSI commitments, in that they may contribute to one aspect of development with their CSI programmes while negatively impacting other development sectors by not strictly adhering to the legal standard (Malm, 2012).

“Development is about people and with people; therefore, for developmental programmes and projects to be successful, there is the need for the community's participation and capacity building to ensure sustainability” (Malm, 2012, p. 20). However, in most cases, CSI programmes do not consider the human factor in the initial planning and designing, thus, there is no interactive participation of beneficiaries of these programmes in the actual planning and

design phases. South Africa has a wide variety of CSI models, yet little research exists on the planning, design, implementation, monitoring and evaluation of these CSI initiatives and strategies involving community members. Instead, a passive form of participation is used in which community beneficiaries and other stakeholders are informed about what is going to happen, what has happened or what is happening. The beneficiaries' inputs are not directly involved in the planning phase of the programmes. Research has addressed this issue using stakeholders' dialogue, which helps to address the question of CSI responsiveness to the generally unclear signals received from the environment.

Siegel and Vitaliano (2007) argue that many businesses in South Africa and all over the world do understand the need to be socially responsible but have ulterior motives and do not fully understand the impact of CSI on profit margins and growth of the business, thus the random or impulsive implementation of CSI programmes and policies in some companies. Lastly, the issue of transparency has been of great concern to researchers. CSI initiatives are about spending money that belongs to shareholders. Therefore, there is a need to attain some form of consent from shareholders (Austin, 2007). Transparency is the most pressing issue in South Africa, with corruption and weak legal regulation governing corporations. Companies are not honest in reporting on their CSI expenditures and the processes of programme selection, as well as the motive for the CSI programme choices that they make. According to Austin (2007, as cited in Malm, 2012, p. 22), “some corporations seem socially responsible and do not hold their duty towards their shareholders whose investments they are managing”. CSI is concerned with harmonising company responsibility, shareholders, and stakeholders and enhancing profitability.

This shows that CSI initiatives will only be able to achieve their full potential by considering the political sphere, the culture, the programs' suitability, and the project's location. It is evident that CSI in South Africa has contributed significantly towards social development; nevertheless, its focus is more on areas that benefit the company's interests and still contribute to development (Malm, 2012). The CSI programmes and initiatives in South Africa “are in line with national policy fostering development and are primarily located in Gauteng, where most of the business centres are, thus neglecting the other provinces in dire need of these interventions” Malm, 2012, p. 22). As a result, Gauteng is saturated with most of the CSI interventions and hence CSI programmes are not addressing the country's developmental needs as a whole (Malm, 2012). In addition, most CSI decisions are made by management in the board rooms and the staff is informed, thus defeating the purpose of the participation of

employees and other stakeholders. Though CSI contributes to development in South Africa, there is still the widening gap created by a history of apartheid, oppression, unequal opportunities, and unfair trade in the country.

### **2.7. Strategies to Mitigate the Challenges Faced in CSI Implementation**

Despite the challenges, there are potential strategies that companies can develop to overcome these obstacles and successfully implement CSI into their operations. Corporations that excel at high- return, high-impact CSI programmes are those that scan the social development and CSI landscape to identify programmes or interventions which speak to the company's CSI purpose, values, strategic objectives, and operational activities (Thomson & John, 2007). One way to achieve this is if a company is aware of and understands the impacts of its operational activities on all its key stakeholders (Next Generation, 2015).

As with any other type of project implementation and management, CSI projects require good governance, structures and effective management practices and tools (Basson, 2007). CSI programmes should have clear business cases, governance structures, scope boundaries, project definitions, deliverables, timelines, cost analysis, benefit analysis, stakeholder engagement plans, roles and responsibilities, and risk management (Basson, 2007). Furthermore, programmes should have measurable impact, monitored, assessed and reported on throughout the life cycle of the programme. Regular stakeholder engagements and stakeholder management are critical success factors for any project to be successful.

Another approach is for businesses to invest in research and development to find cost-effective and efficient ways of implementing CSI programmes. This is important in reducing potential financial implications of these programmes and can make it easier for businesses to justify the costs of implementing CSI programmes. Additionally, what works for one community does not necessarily work for the other community. Finding the right developmental models will be dependent on understanding the expectations, priorities, demographics and culture of community stakeholders.

In conclusion, the challenges of implementing CSI programmes can be daunting, but with clear and comprehensive guidelines and a commitment to working together with public sectors and civil society, companies can overcome these challenges and operate in a socially responsible manner. By doing so, companies not only improve their own operations, but also make a positive difference in the communities which they operate.

## **2.8. Theoretical Framework(s) Underpinning the Study**

Fernando and Lawrence (2014, p. 150) defined a theory as “a conception of the relationship between things. It refers to a mental state or a framework, and, as a results, determines, inter alia, how we look at things, how we perceive things, what things do we see as being joined with other things, and what we see as good and what we see as bad.”

### ***2.8.1. The Social Contract Theory***

These liberal state philosophers coined the social contract concept, namely, Grotius, Hobbes, Locke and Rousseau (Loewe et al., 2021). Social contract is an agreement between the societal group and the government on obligations and rights towards each other (Ylipieti, 2022). Regarding the new social contract, society distinguishes the famous phrases "the quantity of life and quality of life." It implies that a business can no longer justify its legitimacy by reference to its economic performance only, because the community has new expectations and demands for companies to be socially responsible in order to create a better quality of life for people in society (Mak'ochieng, 2003).

The classical viewpoint saw the company as a financial institution whose existence was determined by its economic performance; the new philosophy recognises the company's sociological characteristics. As a result of the social contract, Bell (1978) concluded that "to think of the business corporation simply as an economic instrument is to fail to understand the meaning of the last half-social century's changes" (Bell, 1978, as cited in Mak'ochieng, 2003, p. 24).

It has been stated “every large corporation should be thought of as a social enterprise, that is as an entity whose existence and decisions can be justified in so far as they serve public or social purposes” (Dahl, 1972, as cited in Mak'ochieng, 2003, p. 25). The views expressed by Dahl are an appeal for corporate social investment. The new social contract is significant because businesses are now viewed as social, economic and political entities.

Apartheid prioritised economic growth over corporate social investment initiatives. However, in the post-apartheid era, a shift in the social contract between society and business was required to address the country's socioeconomic challenges. Corporates were not actively involved in social development prior to 1994; however, under the new regime, the public and the government called for this to change. South African businesses need to be socially

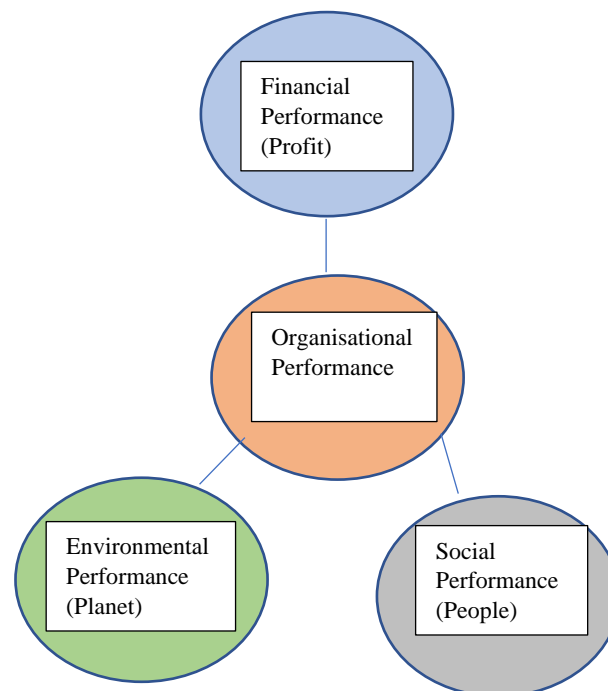
responsible and respond positively to the socioeconomic problems facing the country, because, arguably, only in a healthy and socially cohesive community can businesses thrive. Corporate social investment should not be seen as a favour extended by business to society but more like a business imperative.

In South Africa, this new social contract between society and private sector is increasingly manifesting itself in companies forging partnerships with civil society groups, governments, and communities in which they operate to work together to solve socioeconomic challenges. This theory is relevant to this study because the private sector has the wealth, power, influence, and resources to create a healthy and stable society conducive to business success, and businesses can contribute to society's well-being as part of the company's societal commitment in collaboration with the government and civil society groups. In practice, social responsibility has meant creating value for stakeholders other than a company's financial stakeholders, such as the community and other non-governmental organisations. As a result, an organisation such as Sappi has a vital role in bringing economic and social development to the Umkomaas area and the KZN region at large. The ultimate goal of developing and supporting existing SMEs is to reduce poverty, create jobs, and address rising inequality both nationally and provincially. This can only be achieved by strategic collaboration between the corporate, public, and civil society sectors in an ecosystem that produces sustainable and lucrative businesses.

### ***2.8.2. The Triple Bottom Line***

The Triple Bottom Line (TBL) is an accounting framework used to assess an organisation's performance in three dimensions: social, environmental and economic (Elkington, 2013). An organisation's success was previously measured only by economic bottom line, however the TBL framework emphasises that businesses' performance should not only be measured by financial performance but should also include social bottom line and environmental bottom line (Buthelezi, 2021). The TBL dimensions are also referred to as the three P's (3Ps):

- People – company's social impact on the people, both intrinsically and extrinsically.
- Planet – refers to the positive and negative impact an organisation has on its ecology.
- Profit – this is the organisation's financial performance.



**Figure 2: Triple Bottom Line Framework (Molthan-Hill, 2014; Laasch and Conaway, 2016)**

While there are three key areas of TBL, it is worth remembering that they are not siloed, all the three P's are dependent on each other (Laasch & Conaway, 2016). One example Laasch and Conaway used was poverty. They opined that poverty was not solely a social issue, but it was also linked to the economic bottom line since it may be addressed through programmes that support and develop entrepreneurship, which is related to the financial dimension. Social problems can also be associated with the environmental bottom line in that people living in poverty typically live in the most deplorable environments with streets spewing raw sewage, polluted air and dirty rivers. Improving the lives of poor people may entail adjusting their living environment, ensuring that the people have access to safe drinking water and proper disposal of waste (Postman, 2018).

The three P's are interconnected and can also restrict each other. An example is given of how a community can limit a business by protesting or boycotting if it feels the organisation has gone above and beyond what is acceptable, thus restricting its economic activity (Yolles, 2018). At the same time, the environment can constrain society through climate change or the depletion of natural resources and render the earth uninhabitable, hence restricting society. If people took care of the planet, the limitation would be less severe on society; similarly, if

businesses behave in a socially responsible manner, society will not feel the need to restrict business (Laasch & Conaway, 2016; Yolles, 2018).

According to Lassch and Conaway (2016), the value derived from the triple bottom line method should be evaluated both intrinsically and extrinsically. For instance, the creation of social value should look internally at improving employee job satisfaction as well as externally at improving the community (Nxumalo, 2020). Extrinsic environment value ensures that the company's operations don't affect the environment adversely. Internally, a company could experiment with environmental value by using refurbished office furniture. Perhaps the value that helps suppliers is the external economic value. Nxumalo (2020) defines internal economic value as the value that an organisation derives from its operations. This strategy guarantees that other stakeholders profit from the triple bottom line in addition to the company deriving value from the framework (Nxumalo, 2020). The King Reports require companies to provide reports on the positive and negative environmental and societal implications of their business practices. The reports then further require businesses to submit a plan on how they intend to improve their negative impact and limit the detrimental repercussions (King III Report, 2009; King IV Report, 2016).

CSR and CSI are complex phenomena that should not be explained using a single theoretical framework. It is for this reason that TBL framework will also be used as a lens in this study to link the relationship between the organisation's financial performance and the social and environmental performance frameworks. Although CSR and CSI are often used interchangeably, CSR is defined as the company's responsibility to meet the needs of the community in which it operates and also a responsibility from all stakeholders to hold businesses accountable for their actions and contribution towards non-profitable aspects. CSR describes the wider solution to the 3P's of the triple bottom line. CSI is a subcomponent of the broader CSR, it is external to company operations and not directly for purposes of maximising business profits (Sewram, 2018). CSI programmes take a developmental approach and make use of company resources to uplift communities. This study focuses on CSI, a contributor to social development. Cognisant that the study focuses on a South African corporation and that CSI is a South African concept (Hinson & Ndhlovu, 2011).

## **2.9. Chapter Summary**

In this chapter, various literatures on CSI were reviewed, including its importance and the contributions it has made to development in South Africa. It also looked at CSI programmes and the role they play in the development of SMEs. This chapter also established that CSI is a multidimensional phenomenon that should not be explained using a single theoretical framework. The triple bottom line approach remains a popular approach to corporate social investment. According to the TBL theory, organisations are basically redistributing their yields to those who helped them earn, that is, society and nature.

The social contract theory was also presented in this chapter. While the classical economic approach held no responsibility for the social welfare of society, the new social contract theory holds that society and business are interdependent and that society expects companies to contribute to the well-being of the community.

The next chapter discusses the research methodology used in the study and how data was collected.

## CHAPTER THREE

### METHODOLOGY

#### 3.1. Introduction

This chapter describes the research methodology used in the study. The research approach and design, study population, sample and sampling procedures and research instrumentation are discussed in this chapter. The methods of data collection and data analysis are discussed. This chapter also addresses the trustworthiness and ethical principles considered during the study.

#### 3.2. Research Question

What is the role of Corporate Social Investment (CSI) programmes in developing small and medium scale enterprises?

#### 3.3. Primary Aim

The main aim of the study was to explore the role of CSI programmes in developing small and medium scale enterprises, with a specific focus on Sappi Southern Africa's Saiccor mill in Umkomaas on the South Coast of KwaZulu Natal.

#### 3.4. Research Objectives

The research objectives of the study were as follows:

- To explore the benefits, if any, that the local community of Umkomaas on the South Coast of KZN derive from Sappi's CSI programmes.
- To understand the role played by corporate social investment programmes in developing small and medium-sized enterprises.
- To elicit the views of Umkomaas community members in the South Coast of KZN on whether or not these benefits meet their expectations as a community.
- To explore what Umkomaas community members in the South Coast of KZN think can be done to strengthen the role played by Sappi's CSI programmes in their local community.

### **3.5. Research Approach and Design**

The study was qualitative in nature. The essential feature of the qualitative approach is that it allowed the researcher to draw information from the participants to provide a window into the experiences of these participants to learn how and ‘why people think and behave as they do’ rather than focusing merely on what people do (Capaldi & Proctor, 2005).

This approach served to explore the views and perceptions of the participants to gain a comprehensive understanding of the role of CSI programmes in developing small and medium scale enterprises. It allowed participants to express themselves openly about the programmes' strengths and discuss the challenges when it came to the implementation of these programmes.

A case study design was used as a research design for the study. Case studies enable researchers to answer the if "a programme works or why a programme has been carried out a particular way" question (Salkind, 2010 p. 116). It also enabled the researcher to modify research to pinpoint the root of the problem and potentially outline what can be done about it. Although case studies have been criticised by some researchers as not being rigorous enough because of their poor definition as a research design, writers such as Yin (1993; 1994) and Stake (1995) have sought to define case study designs and their role as a suitable empirical method for answering research questions in qualitative research.

### **3.6. Research Setting**

The study was conducted within the eThekweni municipality, at Sappi Saiccor Mill, South Coast of KwaZulu Natal. Most of the local communities in Umkomaas are black, followed by Indians, and lastly white people and coloureds. Umkomaas is made up of rural areas such as the former ‘homelands’, townships and small towns like Craigieburn, Saiccor Village and Sunpark. Sappi Saiccor Mill is the largest employer on the South Coast of KwaZulu Natal, and it was for this reason that the researcher wanted to investigate that part of the province.

### **3.7. Study Population, Sample and Sampling Procedures**

The study population was comprised of employees from Sappi and community members of Umkomaas on the South Coast of KwaZulu Natal. Beneficiaries were from seven Traditional Councils and three Ward Councillors, from which the population sample was drawn. Key informants were drawn from Sappi.

The research paradigm, research problem and research design inform the choice of the sample (Becker et al., 2012). The population sample is the selection of entities from the totality of all such similar units, referred to as the population (Becker & Bryman, 2004). Sampling in qualitative research requires a practical and flexible technique. Purposive sampling which is a non-probability sampling was used to select participants from the beneficiary communities of Sappi Southern Africa's CSI programmes in Umkomaas on the South Coast of KwaZulu Natal. Purposive sampling is the procedure by which a researcher uses his or her own experience to obtain units of analysis in such a way that they are representative of the whole population in question (Wellman et al., 2005). To obviate subjectivity, the researcher provided Sappi with a basic profile of participants and the qualifying criteria. The Human Resources department and the Corporate Affairs/Social Impact department provided the researcher with a list of eligible participants. Through purposive sampling, three key informants were selected spanning senior and middle level positions to ensure the inclusion of participants who have different roles, experiences, and backgrounds. Furthermore, a purposive sample of nine community members who benefited from the programmes were selected to represent the study population. Key informants provided additional information on the CSI programmes of Sappi. The non-probability purposive sampling method allowed the researcher to identify and select participants who had the required characteristics, experience or knowledge about the phenomenon under study so that they provide rich information (Black, 2013). The data required for the study was best to be obtained from company representatives (senior to middle-level positions) who are in the CSI (Social Impact/Corporate Affairs) departments, and community members (who are the beneficiaries of these programmes), thus justifying the use of purposive sampling.

A sample size of 12 allowed the researcher to administer the research instruments, collect data, and analyse the information gathered. With this sample size, the researcher ensured the inclusion of individuals with different experiences, roles, and backgrounds. The researcher was able to create rapport with the participants, allowing for trust and confidentiality between them and the researcher. Overall, the study yielded a fair mix of participants representing Sappi's numerous CSI programmes and projects. It was confirmed by Rudestam and Newton (2014) that ten to thirty individuals is a practical sample size for conducting interviews.

### **3.8. Research Instrument**

Semi-structured interview schedules were used as the primary research instrument for two reasons: they were simple to set up due to the small number of participants and they allowed the researcher to explore the participants' subjective experiences and their views on Sappi's CSI-initiated projects. There were two interview schedules; Appendix C was for key informants and Appendix D was used for local community participants. Semi-structured interviews are questions that are organised around specific areas of interest while allowing for significant scope and depth flexibility (De Vos et al., 2011). According to Babbie (1992), open-ended questions used in semi-structured interviews require participants to provide personal answers to questions. This provides for clarification of points of view and allows the researcher to elicit further information. The semi-structured interview schedules allowed the researcher to gather participants' perspectives on how CSI programmes play a role in developing small and medium enterprises and how these CSI initiatives may be strengthened to ensure sustainability.

As suggested by Rowley (2012), the researcher employed prompts and sub-questions to provide clarity and depth, ensuring understanding and allowing participants to sufficiently explore the questions. All the interview questions were meant to encourage full participation in the phenomenon being studied. One strength of this method was the generation of 'rich' data meant to answer research questions (Babbie & Mouton, 2001). However, Bloomberg and Volpe (2008) identify neutrality as a weakness of the semi-structured interview technique, citing the researchers' interviewing abilities, interviewer-interviewee interaction, and context.

### **3.9. Pre-testing of the Research Instrument**

Following the design of the semi-structured interview schedule, a pre-test of the research instrument was conducted to ensure it meets the intended purpose. Pre-testing allowed the researcher to check for ambiguities, ensure the relevance of the research questions, and eliminate jargon that participants did not understand (Rowley, 2012). The pre-test ensured that the wording and other questions were appropriate for eliciting the required information. One member of the community was chosen to participate in the pre-testing of the research tool. This participant was not included in the actual study. Pre-testing the research tool provided an overall general sense of the time allocation required for a given interview session.

### **3.10. Method of Data Collection**

#### **Interviews**

Data was collected using one-on-one, face-to-face, audio-recorded in-depth interviews. The face-to-face interviews allowed the researcher to observe participants' non-verbal responses and body language.

The agreed-upon interview site was chosen for the convenience of the participants. The interviews lasted between twenty-five minutes and one hour for each participant.

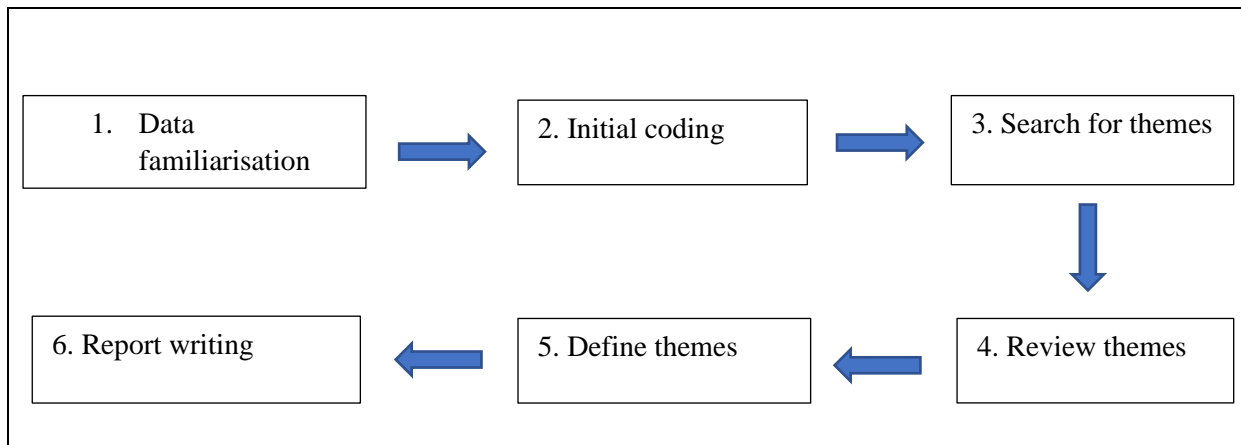
After the interviews were concluded, they were transcribed verbatim. The audio recordings ensured an accurate and full report, assisting in producing a thorough analysis and allowing the researcher to refer back to the interviews.

#### **3.11. Data Analysis**

Thematic analysis was used as the method of data analysis for this study. In the thematic analysis, the researcher discovered patterns or themes that emerged within transcripts (Nemtay & Hines, 2020). The goal of a thematic analysis is to identify patterns of meaning, that is, themes in the qualitative data that are important or interesting and use these themes to address the research (Saptoka, 2020). This study employed inductive thematic analysis, which is defined as "the coding of qualitative and textual materials without attempting to fit it into a pre-existing coding frame or researcher's analytic preconceptions" (Braun & Clarke, 2006, p. 13). This is an indication that the data has been summarised and organised rather than analysed (Clarke & Braun, 2013).

The following steps are involved in data analysis: "organising the data, becoming acquainted with the data, classifying, coding, and interpreting the data, and presenting and writing up the results" (Sewram, 2018, p. 39). The qualitative data analysis process is more concerned with data quality than with data quantity. It is thought to be time-consuming and more challenging than quantitative analysis (Suter, 2011).

Thematic analysis was used to analyse the data because it is versatile. Regardless of theoretical position or data collection method, thematic analysis can be used to answer any type of question or analyse almost any type of qualitative data (Nemtay & Hines, 2020). Thematic analysis typically involves 6 stages: familiarisation of the data; generating initial codes; searching for themes; reviewing the themes; defining the theme and report writing (Braun & Clarke, 2013).



**Figure 3: Steps of Thematic Analysis (Braun & Clarke, 2013)**

The researcher began data analysis by transcribing the audio-recorded interviews and reading the transcripts to familiarise herself with the recorded data. Transcribing the data allowed the researcher to assess the appearance of categories within the data and thereafter group the codes to create meaning. The reading of the transcripts assisted the researcher in identifying similarities and differences in participants' responses. Green and Thorogood (2009) state that using transcripts allows the researcher to categorise respondents' accounts in ways that can be summarised. In order to validate the study and support the research findings, the researcher assessed the participants' verbatim quotes. Morrow (2005) recommended that the findings should be written and presented in a way that strikes a balance between the researcher's interpretations and participants' quotations. The quotations were then translated into codes, and the researcher searched for similar terms or phrases mentioned by the interviewees; the phrases were then categorised into themes as a result of this approach.

### **3.12. Trustworthiness**

Streubert and Carpenter (2003) promote the trustworthiness of research findings and the need for validity and reliability in qualitative studies. Shenton (2004) outlines the following concepts used to enhance the trustworthiness of a qualitative data analysis: credibility, dependability, confirmability and transferability. Leedy and Ormond (2005, p. 97) state that credibility refers to the "internal validity of the research which is based on the accuracy, meaningfulness and credibility of the research project as a whole". The researcher ensured the validity of the study through authentic data collection and analysis and by explicating all the steps taken to complete

the research (Babbie & Mouton, 2011). Furthermore, credibility was enhanced by describing the targeted population, research setting and theoretical framework that underpinned the study.

According to Babbie and Mouton (2011, p. 278) dependability is “how reliable the results of the study are and whether results would be replicated with the same or similar respondent (subjects) in the same (similar) context”. To ensure dependability, the supervisor assessed how credible and consistent the process of data collection, analysis and the integration of the literature was. In addition, the researcher endeavoured to enhance dependability of the findings by asking the same questions to all participants and administered all the interviews herself.

Confirmability is defined by Babbie and Mouton (2011, p. 278) as “the degree to which the findings are the product of the focus of the inquiry and not the biases of the researcher”. Since confirmability also refers to objectivity, correspondence checking—that is, having another researcher or the researcher’s supervisor examine the categorised themes for correspondence—was carried out to ensure objectivity and confirmability. Correspondence checking is recommended by Pretorius and de la Rey (2004).

De Vos et al (2005) state that transferability is the degree to which the research findings can be applied to another context or with other participants. In this study, only one organisation was studied, and this implied that there may be a challenge in generalising or applying these findings to other environments. However, Shenton (2004) asserts that transferability can be strengthened through the provision of background data to establish the context of study and a dense description of the phenomenon in question.

### **3.13. Ethical Consideration**

Established standards for research ethics ensured that the researcher was considerate of the concerns and needs of the participants under study (Morrow, 2009). Ethical considerations occur at different stages of the research process (Creswell, 2014). The researcher considered the ethical issues likely to be faced during the data collection phase and placed measures that ensured the confidentiality, privacy, as well as the safety of the participants. The ethical principles of this research were underpinned by; participants’ confidentiality and safeguarding their privacy (Rosnow & Rosenthal, 1996).

While ensuring that these ethical principles were followed in the study and that participants' well-being were prioritised, the researcher paid close attention to issues of confidentiality and

privacy, informed consent, and avoided harm to participants. The researcher requested permission to conduct the study from Sappi Southern Africa's relevant management.

#### *Ethical Clearance*

The researcher made sure to obtain ethical clearance from the University of the Witwatersrand as required by submitting a research proposal to the University's Non-Medical Ethical Committee. Appendix E contains a copy of the ethics clearance certificate. The research data was analysed, and the findings were reported most objectively and accurately as possible. All cited sources were credited. A copy of the research abstract and a summary of the main findings will be made available to company officials and participants who want feedback on the study.

#### *Voluntary Participation*

The participants were aware that their participation was voluntary and that they would not be disadvantaged by choosing to withdraw from the study. Participants were not pressured to participate or sign any documents.

#### *Informed Consent*

The informed consent process was designed to ensure that research participants understood what they are agreeing to do, the limits of their participation, and the potential risks (McCrystal, 2008). The researcher provided the participants with full details of the research study so that they made an informed decision to participate in the study. Information sheets (Appendix A) provided information about the study and the researcher. It also explained the purpose of the study, how information for the research was to be collected and why they were invited to be a part of the study. Each participant signed a Consent Form (Appendix B) indicating their willingness to participate and for approval for the interview to be audio recorded. Additionally, a letter requesting permission to conduct the study was submitted to the General Manager of Learning and Development at Sappi Southern Africa. The subsequent Letter of Approval for the study to be conducted within the organisation was received (Appendix G).

#### *Confidentiality*

The researcher assured the participants that the information they provided was to be kept strictly confidential and used for research purposes only.

### *Anonymity*

Participants were informed about the anonymity of quotes and the use of coding rather than names to protect their identities. Participants were not permitted to mention the names of those being discussed. The researcher kept all information provided confidential, and participants were informed that all data collected during the study were to be kept in a secure location for two years.

### *Avoiding Harm to Participants*

The researcher assured the research participants that participation in the study was not to cause any emotional or psychological harm to the respondents (Coleman, 2021). The comfort of participants is important during data collection. The participants were informed that there were no right or wrong responses and that individual responses were not going to be measured in any way. Interviews were conducted at Sappi Saiccor Mill, a location that was convenient for all participants. The interview questions were open-ended and carried out in a relaxed conversational style that allowed participants to freely share their personal experiences with the researcher (Willig, 2008). The researcher was honest about the nature of the study and informed participants that the study undertaken is a requirement for the completion of a Masters degree.

### **3.14. Conclusion**

Chapter three provided a detailed explication of the methodology that was employed in the study. It presented the research method and tool that was used to obtain information from the participants. This chapter outlined the relevance of purposive sampling and elaborated on the data analysis techniques used to achieve the objectives of the study. Attention was also paid to ethical concerns and how to overcome them. This chapter also considered the trustworthiness of the study. Chapter four, which follows, describes the findings that emerged from the adoption of this methodology.

## CHAPTER FOUR

### PRESENTATION AND DISCUSSION OF FINDINGS

#### 4.1. Introduction

This chapter presents and discusses the research findings in line with the predetermined objectives of the research study, the theory and the limitations inherent in the research design and analysis. Descriptive statistics were used to describe the participants in the study. The qualitative data were analysed using thematic analysis in relation to the themes that emerged from the responses and are illustrated with verbatim quotations from the participants.

#### 4.2. Demographic Information

**Table 4.1: Demographic Profile of Participants (N=12)**

Demographic factor	Sub-category	Number
Gender	Female	6
	Male	6
Age	21-30 years	1
	31-40 years	8
	41-50 years	2
	51-60 years	1
Race	African (Black)	9
	White	1
	Indian	2

The participants' demographic information presents a clearer picture of the sample group. In total, 12 purposively sampled participants ranged between 21 and 51 years old. Table 4.1 indicates that the participants were evenly distributed in terms of gender, there were six females and six males. The table also shows the three racial groups represented, the majority being black participants. The community members are from various communities (7 traditional councils and 3 wards) in Umkomaas. The three key informants held junior to senior-management level positions, and they spanned different divisions within the organisation,

which included human resources, corporate affairs, and enterprise and supply development (procurement).

The interviews were conducted in English, however, there were times when some participants would use their home language, IsiZulu to express themselves. In instances where the participants expressed themselves in IsiZulu, this information was translated during the data transcription stage. Since the researcher and the African (black) participants spoke the same African language- IsiZulu, no language barriers were present in data collection, transcribing the interviews and coding. Although the participants' home language is not English, their command of the language is good and there was no need to translate the research instrument.

### **4.3. Themes that Emanated from the Study**

The study's overarching aim was to explore the role of CSI programmes in developing small and medium-scale enterprises, with a specific focus on Sappi Southern Africa's Saiccor Mill in Umkomaas on KwaZulu Natal's South Coast. The objectives were designed to support the primary aim of the study. The participants' responses to the questions generated themes that were categorised per the objectives.

### **4.4. Benefits that the local community of Umkomaas in the South Coast of KZN derive from Sappi's CSI programmes.**

#### ***4.4.1. Improved Access to Education***

The study findings indicated that empowerment of the local community members has occurred within the various educational programmes and knowledge has been developed. Some participants acknowledged that the company's CSI initiatives demonstrate Sappi's dedication to providing support to local members to access education. These views were supported by one key informant. This theme was captured when the participant said:

*“There are not a lot of schools around here. Most people in this community are poor and cannot afford to further their education. Sappi funds the PROTEC programme for high school learners who do maths and physics. I was part of the programme, it really helped learners and me in school.”* [Participant (P) 9]

A key informant commented:

*“Sappi focuses on high impact investment opportunities. So if you look at the how the CSI programme is designed, we look at something that will have a huge social impact within the local community and that is the first priority. Second to that is the fact that we look at the reach in terms of how many people will be impacted by that*

*specific investment in the local community. It's basic social impact related programmes where you take care of girls, where you take care of early childhood development and a number of other programmes. They can either be educational, enterprise development or even something to do with their poverty alleviation. Along those lines, just to make sure that the local community thrives.” [P6]*

In view of the above findings, it is clear that by contributing to education, the company ensures a pipeline of skills that meets the company's needs. The CSI programmes are targeted and tailored to create shared value and positive social impact. This finding is related to literature, where Porter and Kramer (2003) emphasised that in order for a business to be productive, it needs workers who are educated and in good health. The company can increase its competitive advantage and create social (shared) value by directing its charitable contributions towards educational programmes in the area in which it operates. The authors argued that companies can improve their financial performance by having a positive social impact.

#### **4.4.2 Enhanced Skills Development**

The study's findings revealed that the local members of Umkomaas have benefited from Sappi's CSI through their skills development programme. These programmes included community vocational training, these are unaccredited and accredited short courses to improve employability or for starting micro businesses (Sappi Group, 2021). The participants mentioned that Sappi places strategic emphasis on vocational training to equip them with practical skills that will help them secure employment in the future. This theme was captured when the participants said:

*“Community members are trained in different trades like plumbing, sewing, welding and electrical so that they can be employable or start their own businesses. What I like most about these programmes is that one can see the difference in society. You can see that Sappi is giving back to the community and improving lives.” [P10]*

And,

*“Unemployment is a major challenge in our community, and I believe it can be tackled through CSI programmes. When the Skills Centre was opened in 2018, unemployed youth were empowered through education and training with the aim for them to secure employment.” [P1]*

*“The training is free, and I enrolled for the Home Maintenance/Civil course where I learned about construction, plumbing and painting. At the skills centre, I also learned how to write a CV.” [P7]*

A key informant added the following:

*“The Sappi Skills Centre 8-week training programme is to have an economically active population within our community. After they graduate, the community members would either start their own businesses or work for Sappi or the contractors.” [P12]*

This theme that emerged from the analysis of responses highlighted the importance of skills development programme in accelerating economic growth and promoting social development by creating a more skilled and diverse workforce. The findings also revealed that the company's skills development strategy is aligned with the government of South Africa's focus on integrated workplace learning and skills development (South African Government, 2018) and that the programmes are linked to the UN Sustainable Development Goals (SDGs) as noted by one key informant:

*“We have moved from your traditional CSI, which is like handing out food parcels, but we've moved now to social impact where everything that we do has to be linked to the United Nations goals as well so that we can have a fuller impact in the community and would see that through communities thriving then would know that our programmes to have an impact.” [P5]*

Furthermore, these views are shared by Fox and Kaul (2015) who states that skills development is critical for economic growth and individual empowerment. According to Magwenyana (2020), skill development is a tool that allows communities and individuals to use their capabilities to combat poverty and unemployment while also adapting to a changing economic environment.

#### **4.5. Provision of Swift Disaster Response**

The study findings showed that Sappi was a company that cares and was fully involved in the community. Two participants in the study commented that the organisation is renowned for providing swift and proactive assistance to the community in times of need, even before being asked to do so. The community of Umkomaas experienced food shortages during the COVID-19 pandemic. Sappi made available several donations of essential items such as face masks and hand sanitisers. This theme was encapsulated in the response by one participant who stated:

*“Sappi offered a helping hand during the pandemic. Local community members, local clinics, creches and NGOs were supplied with nutritional porridges, masks and sanitisers.” [P4]*

In July 2021, Sappi’s CSI programme was again activated following the looting. There were food shortages exacerbated by the disruptions in food supply chains due to the unrest. The civil unrest further destabilized economies and communities that were already struggling because of COVID-19. One participant commented:

*“Donations in the form of food parcels were made during Covid-19, looting and when we had floods. Community members who lived closer to the mill had access to the mill to collect water during the disruptions of water supply.” [P10]*

This finding relates to a research study conducted by Trialogue (2022) where the results showed that 71% of companies supported disaster relief initiatives and received 8% of the average CSI spend in 2022 as compared to 38% of corporates and 5% of CSI expenditure in 2011. Many organisations have launched some form of disaster response initiatives, stepping up when the communities they operate in needed them the most. Examples of these initiatives include the Industrial Development Corporation (IDC)’s Strategic Special Interventions (Industrial Development Corporation (IDC), 2020), Mondi Zimele COVID-19 SME Support Fund (Forestry South Africa, 2021) and Engen Petroleum’s Disaster Relief Programme (Engen Group, 2021). The researcher deduced that given the persistent risk of additional COVID-19 outbreaks and the impact of climate change being felt more acutely, disaster response is expected to be a CSI initiative's primary focus moving ahead.

#### **4.6. Facilitating Community Expos and Outreach**

The findings of the study revealed Sappi’s active role they play in uplifting of communities which they operate. A theme that emerged from the analysis of responses, and was mentioned by two participants, was the concept of community outreach. The two participants had this to say:

*“Sappi has supported the local community in many ways. They recently organised a career expo for grade 10 to 12 high school kids. There was also the netball event that was held in Umkomaas sport ground in Magabheni. The sporting event catered for all these rural areas and all the traditional councils and staff surrounding the Saiccor. Community members were invited to participate.” [P2]*

*“During the recent netball tournament, I am aware that Sappi donated refreshments and netball kits and equipment.” [P10]*

The corporate citizenship theory can be linked to the widespread belief in giving back to society and acting as responsible citizens. A conceptualisation of business in society, corporate citizenship is associated with the ideas of corporate philanthropy and social investment (Gee, 2012). Corporate citizenship also refers to the process by which companies become involved in citizenship when the government fails and they must, in varying degrees, take its place (Gee, 2012). Businesses have not yet taken the place of the South African government, but it is evident that many businesses are tackling the problems caused by the government's shortcomings. This latter and more extended version of corporate citizenship transcends both the idea of a "good citizen" and the philanthropic perception of CSI. It is frequently associated with what Porter and Kramer (2003) refer to as "strategic" or "context-focused" philanthropy, which the authors define as strategies to achieve long-term social objectives and competitive advantage. To foster goodwill among their staff, customers and the community, businesses often aimlessly engage in CSI programmes, through gifts and donations (Gee, 2012). In doing so, however, Porter and Kramer argue that employees and top management support their agendas instead of long-term, strategic goals that will benefit the company and the community. A company's long-term business prospects will be improved, and social and economic aims will be brought into alignment if donations are used to improve context. This will have benefits that much outweigh those from individual donors (Porter & Kramer, 2003).

A company needs educated and healthy employees in order to be productive. Porter and Kramer (2003) emphasised that by directing their philanthropic efforts towards educational or skills training programmes related to their business operations, companies can strengthen their competitive edge and generate social value. Gee (2012) contends that by doing this, businesses are urged to take a more active part in social problem-solving that incorporates the best thinking of civil society organisations and government. By combining their diverse range of skills, corporates are also better able to identify long-term sustainable solutions.

#### **4.7. Role Played by CSI Programmes in Developing Small and Medium-scale Enterprises.**

Findings revealed that through the ESD programme, local community-based SMEs were provided with opportunities and resources for income generation. It was also highlighted that since many SMEs lack the business and technical experience needed to thrive in a competitive business environment, Sappi stepped in to fill those gaps in order to help SMEs become part of the country's mainstream economy. There was a clear message that corporates' CSI

programmes are increasingly supporting SMEs, especially in historically disadvantaged communities at various stages of their growth (Chopra, 2017). They provide support at varied levels of enterprise development as well as on different aspects of running a business- ranging from operations, marketing, soft skills and finance (Chopra, 2017).

This theme was starkly captured in the following responses:

*“Sappi Southern Africa built a company for us basically in terms of registering our business, upskilling us and developing us through the programme. It has been an amazing three years, we’ve grown so much as a business and in the next three to five years we will be supplying Sappi with PPE workwear. We have advanced to costing, creating quotations and invoices. We at first we didn’t even know how to interact with our clients.” [P8]*

And

*“The SME development programme has helped me so much since I started my business. They advise you on how to grow your business and to market your business. I didn’t even know how to draw up a business plan but I learned that. I am running my own catering business and I’m learning a lot every day especially on the meetings and trainings that we have, they teach us how to handle money, how to create safe environments and how to handle food.” [P7]*

Another participant was of the view that the enterprise development programme has elevated her to another level:

*“I started at Sappi with almost nothing, so I’m not in the same place where I used to be right now. I’ve learned a lot. I’ve been doing a lot of programmes which upgraded me as a company. I’ve been taught how to develop my business, how to carry myself as a person and as a business. I’ve been given skills like Level 1 to 3 first-aid training. Sappi paid for this training which was quite exciting. I’m at a different level now. I think definitely they are developing and giving back to the community, especially young people, you know because they end up doing wrong things not because they want to, but it’s because they don’t have something to keep them busy and to support them. So it has been helping around the community to develop a lot of young businessmen and women.” [P11]*

One key informant in acknowledgment of the role of CSI programmes in SME development said that:

*“We give them the seedlings just to enable them to grow. Then we create the second bridge wherein if they really are looking good we create the second bridge where we enable them to cross over to enterprise development, then we hand them over to our colleagues, ESD but we take away the ‘S’ because they’re not going to supply us. After all, it’s just enterprise development then they get all the training that is available even for our suppliers if that training is relevant to them in terms of how*

*to run your business and until your business is sustainable so that that's a part of our CSI programme.” [P5]*

The researcher deduced that the responses provided by the participants in the study revealed that the ESD programme under corporate social investment, was providing development support to local SMEs. With the support from Sappi, local SMEs can create employment and business opportunities, thereby resulting in a reduction of poverty and inequality in the region. These findings of the study coincide with the work of Karedza et al. (2014) who emphasised that, if supported, the SME sector will help to revitalise the economy by providing jobs and creating innovative products and services.

Private companies can help SMEs start and grow their businesses. To help them expand by finding and accessing new markets. The SMEs might be lacking in contacts or other avenues for learning about procurement prospects. They may also lack the specialised expertise required to acquire and effectively execute large contracts, such as safety, health and environmental compliance, or they may be unable to obtain loans at the necessary levels to grow production capacity. So, how can small enterprises become economic and financial transformation agents? A strategic enterprise development approach that enables SME owners to overcome the access and skills barriers that often limit business development and growth is part of the solution.

ABSA Bank, Illovo Sugar South Africa, Eskom and GroFin are just a few corporations in South Africa that leverage their corporate social investments to help support the development and growth of small and medium enterprises. ABSA, for example, has enterprise development centres where emerging SMEs can walk in and receive training, support, and advice on how to start or grow their businesses (ABSA Group, n.d). Illovo Sugar South Africa partnered with the National Treasury's Jobs Fund in 2017 to plant 3000 hectares of sugarcane on communal land in Kwazulu-Natal over three seasons through its Small-Scale Grower Cane Development Project. The project employed 119 local contractors, trained 1630 growers, and empowered women growers and contractors in rural communities to grow their own cane. This company development effort promoted economic activity by establishing direct employment and transferring valuable farming and business skills to rural households anticipated to earn R80 million per year by using these built capabilities (Illovo Sugar Africa, 2022). Eskom, through their Development Foundation, has “developed a holistic approach to enterprise development, one that not only focuses on a financial injection to boost small enterprises, but also focuses on capacity building, exposure to markets, and exposure to quality business training to enable the entrepreneurs to navigate difficult economic times,” (Eskom Development Foundation, 2021).

GroFin is a specialised impact-driven SME fund manager whose overall business is centred around serving small businesses in South Africa (ILDP, 2014). Lastly, Anglo American Zimele, is an enterprise development and investment initiative and a catalyst for emerging black companies in South Africa by providing skills training and funding to sustainable and financially viable SMEs (Anglo American, 2020). These CSI programmes contribute to the National Development Agenda by promoting a thriving SME sector that facilitates the country's economic and social development.

Small enterprises are the lifeblood of the South African economy, fostering growth, providing meaningful employment for individuals, and delivering essential services. As a result, the government has prioritised small enterprise development in its 2030 National Development Plan. Sappi Southern Africa established an Enterprise and Supplier Development (ESD) strategy in response to the government's call. Their goal was to embed the commitment to enterprise and supply development across their business and maximise their contribution to the local economy while also supporting the communities in which they operate. This was part of an effort to create an inclusive environment in the supply market and provide developmental support for a thriving local SME sector through preferential procurement, supplier development for existing suppliers and enterprise development for emerging suppliers (Sappi Group, 2021). This tied in with a key informant's statement that:

*“Sappi’s ESD programme has elements of enterprise development, supply development and social economic development. So, what happens is that you’ll find a business in the local community that will not necessarily be on our value chain in terms of the services that we require, but we are still able to assist in that regard. We also allow suppliers or potential suppliers to be able to participate in our value chain that will be on the social development aspect and then we generally engage in any activity that stimulates local economic development, which is on the socio-economic development aspect.” [P6]*

The CSI programme of Sappi Southern Africa in Umkomaas on the South Coast of KwaZulu Natal has provided access to the beneficiaries to acquire business skills through their ESD programme. This was an acknowledgment made by one community member that:

*“I came out of nowhere with zero business skills. Today I am a businessman with the help of Sappi’s enterprise and supply development programme. The paperwork and the English language are tricky, but if you apply yourself, you’re bound to get assistance one way or the other. Training for SMEs is needed especially in helping them to grow, to understand the business they’re in and the business they want to become.” [P2]*

Where some participants believed that Sappi was doing a lot, four participants expressed that it was not sufficient. Study data yielded a common sentiment that the organisation is doing a lot but can do more. Some of the responses were as follows:

*“More can be done to assist small businesses. For example, Sappi can donate machinery to businesses like sewing and offer training. Most rural areas are sometimes not aware of programmes that support SMEs. Areas closer to the mills are the first to get information and support.” [P4]*

*“After the SMEs have been trained, they must be given contracts to do business with Sappi. As Sappi grows, other small businesses grow too thereby creating a ripple effect where more people will be employed or trained to successfully run businesses.” [P10]*

*“The ESD department steps in and supports SMEs by offering mentorship and training. However, Sappi can do more. Once the small business has been put on the vendor list, Sappi can have an onboarding session, and take the small businesses through the ins and outs of running a business.” [P1]*

*“Tenders are being awarded to businesses, but you see many out-of-town businesses benefitting more. Sappi must first start with local businesses before going outside of the province, let alone the local area. That’s when local communities started protesting for employment and business opportunities. Sometimes the CSI programmes are implemented to silence the community.” [P3]*

The views of [P3] regarding disgruntled community members are consistent with the findings by Henry and Rifer (2013) that pressure from the community is often impulsive, and social corporate investments aimed to alleviate that pressure are similarly reactive. As a result, the CSI programmes are sometimes not substantial and have a low impact, leaving the relationship between the community and the company frustrated and fractured.

Sappi Southern Africa is the largest employer in the South Coast region of KwaZulu Natal. Apart from the company creating employment in the region through the mammoth expansion, upgrade and investment in their Umkomaas, Saiccor plant, the company has also managed to attract many of its suppliers to the area. The 700 contractors have provided additional jobs to the local community of Umkomaas (Sappi Group, 2022). In September 2022, the new R7.7 billion plant was officially opened by President of South Africa, Cyril Ramaphosa. This expansion by Sappi was an answer to the president’s call for investment into the country’s economy by South African companies (South African Government, 2022). Commenting on the investment, the Group’s Board Chairman, Sir Nigel Rudd said, “The board believes that the South African forestry industry is globally competitive and can make further substantial

contributions to the South African economy. This investment reflects our confidence in our South African operations” (Sappi Group, 2022).

Therefore, looking at the revenue it generates for the local government, the 51 000 people in KZN who depend on Sappi operations for their livelihoods, and its close association with local business bodies like the KZN Business Chambers Council (KBCC) (Sappi Group, 2022), it is no wonder that Sappi holds a key position in the local economy. Most research participants noted this fact. President Ramaphosa during the official opening of the expansion project, for example, had this to say regarding the importance of Sappi Southern Africa to the socio-economic development in Umkomaas in the KwaZulu Natal South Coast region:

Sappi invests in community development, in the local economy. This project contributes to job creation as well as to rural and enterprise development. This shows that as a company you are ready and willing to play your part in developing our communities by employing more people and giving greater opportunities to small businesses. This is what partnership looks like (South African Government, 2022, n. p).

The President’s statement is in line with the Social Compact framework which is an implicit but dynamic agreement between the government and the governed (Bodede, 2022). It is a collaboration between the government, business, civil society organisations, labour, and community (South African Institution of Civil Engineering (SAICE), 2021). In any society, there is usually a driving force towards the actualisation of the social compact, which is to promote and ensure a very viable society that guarantees job creation, business sustainability, and the well-being of workers among other things. In order to overcome the triple challenges of unemployment, inequality, and poverty threatening the socio-economic well-being of most South Africans, it is expedient to call for a social compact to reduce the high levels of corruption, inequality, underemployment, unemployment and poverty.

Sappi’s approach to corporate social investment can be analysed from the perspective of a company making a strategic decision to respond to external environment issues. With socioeconomic issues such as unemployment and poverty facing Umkomaas, the company scanned the external environment and made a strategic decision to respond to these challenges in a long-term manner to turn these challenges into business opportunities. For example, by advancing the business skills of local SMEs, Sappi is turning a social challenge into a future business opportunity. Rather than exiting the area, the company has implemented strategies

that will allow it to overcome the obstacles in its external environment. The organisation realised that if the external environment in which it operated was disintegrating, its competitiveness and long-term viability could not be guaranteed. Pearce and Robinson (1997, p. 7) state that "a major determinant of a firm's success is the extent to which the firm can relate functionally to its external environment." Sappi recognised that there were some constraints in the local community in which they operate, and the company responded by developing CSI programmes aimed at tackling the socioeconomic challenges facing the local members of Umkomaas on KwaZulu Natal's South Coast.

The findings from the study showed that Sappi is making headways in developing local SMEs in Umkomaas on KwaZulu Natal's South Coast through its CSI programme. Participants agreed that the money spent on CSI programmes had an impact on the lives of the beneficiaries and that the corporation received a return on its investment. The various views and responses elicited from the research participants indicated that the corporate social investment programme has in a way empowered the beneficiaries by making it possible for them to be trained, mentored and acquire business skills that enabled them to successfully run their businesses and become future employers. However, some beneficiaries acknowledged that though the CSI initiatives were addressing their needs, indicated that there was still more to be done in terms of support to achieve the objective of the CSI programme. The key informant collaborated with this by acknowledging that:

*"There was a huge demand for funds to be made available to support the development of local SMEs with the ability to acquire the necessary technical and business skills to play a significant role in society and communities."* [P12]

#### **4.8. Views of the Umkomaas community members in the South Coast of KZN on whether the benefits meet their expectations as a community.**

The community members were asked whether the benefits (if any) they derived from Sappi's CSI programme met their expectations as a community. There was a general sense of high expectation regarding what the local community of Umkomass wanted from Sappi Southern Africa.

##### ***4.8.1. Responsiveness of CSI programme to community needs such as educational and skills development needs***

Findings revealed that the CSI programmes were responsive to the needs of community members. One beneficiary expressed that the company was doing an excellent job when it

came to its CSI programme. Some participants felt the benefits received from Sappi's CSI programme were more than what they expected as a community. The participants said that the programme contributed positively to their vocational/educational needs in that it allowed them to further their studies which they would not have afforded had it not been for Sappi's CSI programme. One participant responded that:

*"My goal is to never stop learning. I am part of the skills development programme, to become an artisan and I learn a lot every day. Which I like."* [P9]

And

*"I think for me personally, my expectations have been met as I am part of the CSI programme and I have been given business opportunities and getting a few jobs inside the company, which has helped me grow as a company."* [P11]

*"I see the return on investment of the programmes that have been implemented. This is because we can count the number of people who have been employed permanently. People have been given work opportunities and getting businesses. This is what we see with the PPE Factory."* [P3]

One key informant concurred with the above statements and said:

*"The CSI projects are meeting the needs of the communities involved. If you look at the number of artisans that we have closer to the mills in particular, Sappi has trained the local communities to become skilled artisans so that they can benefit through getting either part-time work or if they're really good and they've been trained in one of her skill centres and trade tested then they can even get employed full time. They can utilise the skills anywhere. Look at the ESD opportunities, we've now started setting aside and ring-fencing certain opportunities for local small businesses. But there's still a lot of room for improvement"* [P5]

The responses provided by the participants revealed that the benefits received from Sappi's CSI programme met their expectations. This is because many of the beneficiaries are from underprivileged backgrounds and without the CSI programme of Sappi Southern Africa, they may not have had the opportunity to acquire skills or even further their education that would enable them to gain employment or run successful businesses in the future. These participants have been empowered through the process of skills training and education, and they can now work as artisans in any industry that requires their services within the community. Given that the goal of the CSI programme is to contribute towards sustainable development through projects and initiatives that empower the less fortunate, help create job opportunities and encourage capacity building while contributing to the social developmental needs of both the

marginalised group and society (Trialogue, 2017); it is without a doubt that the CSI programme of Sappi largely has managed to contribute positively to South Africa's CSI goals.

#### **4.8.2. Area for Improvement: Accessibility to technology/ Wi-Fi.**

Findings indicated that more needed to be done by Sappi to assist with access to Wifi and connectivity in hard- to-reach rural areas. While some participants were in full praise of the company and felt Sappi was excelling in its CSI programme, others mentioned that it could still do more. This was raised most frequently as one of the areas Sappi had to step in and assist. The local community members acknowledged and recognised Sappi's Skills Centre which had a computer room, but they still felt that it did not deliver long-term benefits and have a positive impact on the communities that stand to benefit. Two participants commented:

*"Sappi can help set up internet centres for the youth to apply for jobs, draft business plan and develop themselves professionally."* [P4]

Another added:

*"Sappi has created a lot of opportunities for young people especially black people in this area, who come from disadvantaged backgrounds. So far we are quite impressed and happy with the work that has been done. However, we are still in need of things like computers at schools. The area is rural, so when the electricity goes off, we lose the network. So it's hard. Maybe Sappi can invest in things like the Internet. This is an issue, especially for businesses like myself. We rely on the internet and technology to run our business like having to print out documents. It is especially hard if you don't have a laptop or money to go to the internet café. So if Sappi can set up a place, central for everyone around the communities. That could be helpful."* [P11]

A key informant touched on the issue of the internet and access to technology with this response:

*"We are working on the Wi-Fi for the community. The Integrated Local Community Forum short form the ILCF, had put down some of their implementation plans for CSI. One of the things that they'd raised was the problem with accessing Internet for younger children that are still at school for research purposes and for the matriculants for applying at tertiary institutions as well as general applications for jobs. They felt that this would assist younger people, so we've been working on that programme not an easy programme to implement given the fact that it is a rural setting so you don't have fibre. For example we've explored different methods that we thought were going to be impactful. So we looked at a Wi-Fi option, the problem with that also is a radius coverage so if we put Wi-Fi in the school that Wi-Fi will only be available within the school premises and not external. Now we're looking at an option where we have a service provider that will put in their own fibre and I think that's going to be now impactful. We are at a stage where we are finalising the sites in terms of where the actual receivers are going to be for that fibre in the*

*community such as schools, clinics or the library. We just need to gauge the foot traffic to see how many people would gather in that place and what times.” [P5]*

#### **4.8.3. Diversification of taught subjects or trades**

The findings made it apparent that the scope of the skills development programmes was limited to a few subjects and was accommodating mostly engineering studies. The participants believed that by broadening the scope, more community members would be accommodated as well, and more scarce skills would be addressed in the process. In addition, by providing beneficiaries access to bursaries in fields other than engineering, the beneficiaries would be capacitated to own their development and in so doing may help break the poverty cycle within their various communities. This finding was encapsulated in the response of one participant who said:

*“There are many things that we lack or rather don't have around in the area. Yes, companies like Sappi are helping the community. But I think they can do more for the community. It's not that we are ungrateful for what they're doing, but it is not enough. The bursary system that is currently in place caters mostly to electrical and mechanical students. The CSI programme needs to cater to everyone, for example, the child who does hospitality in school, or agriculture or entrepreneurship and not just engineering.” [P8]*

#### **4.8.4. Accommodation of more local people of varied age ranges**

The study's findings revealed that there was a need for Sappi's CSI programme to be expanded to reach more local people. Most participants expressed dissatisfaction with the CSI programmes' support, arguing that it is not equitably distributed and that certain beneficiaries who are under the target group did not benefit from the programmes of Sappi Southern Africa. There was a general cognisance that the corporation prioritised working with young people. The participant's comments were as follows:

*“The general worker database does not work for everyone because we are not even sure how it is monitored. You will find that the same people always get jobs, whereas one person will be on the database and not get called for a job opportunity.” [P4]*

*“Some of the goals have not been realised. It still needs to happen, especially regarding the ESD programme. The reason why I'm saying that is because I know Sappi can only do so much. But a lot still needs to be done for the SMEs. The programme benefits certain areas. The ESD department needs to be given more freedom to reach more local people.” [P2]*

The study findings made it apparent that the participants benefitted greatly from the CSI programme and the benefits derived from the CSI programme met some of their expectations. However, two community members though acknowledged that the CSI initiatives resulted in upliftment, were of the view that there was still more to be done by Sappi in terms of achieving the goals of the CSI programme. This theme was encapsulated in the response by three participants who stated:

*“After finishing studying under the Sappi CSI programme, expected to gain employment right away, but that was not the case. One thing that I don't like about the programme is that I know people who trained at the Sappi Skills Centre three to four years ago but are still at home, doing nothing, which is sad. I was waiting for an opportunity to join the mill, but that still hasn't happened. I was unemployed until I decided to start my own business.” [P7]*

*“Not all the people who are meant to benefit are benefitting. We haven't reached that goal. Many people are still not on the opportunities list and have been overlooked for some business opportunities. After they have been trained or gained the right vocational skills, Sappi must make a way for the beneficiaries to access opportunities or partner with other organisations to help people secure employment. Example companies like Sapref. Concerning small businesses, they must benefit from the local economy. The goals have not been met.” [P10]*

One key informant articulated that:

*“The needs in the rural communities are actually very high and I think it will be impossible for Sappi to meet all the needs, be it from employment to skills development point of view. There is a lot of needs socially, financially and all sorts of other aspects. So I would say in terms of what is agreed upon with the community as practical plans would guide, we are meeting the community's needs. But if you have to be realistic, looking at the unemployment rate in South Africa, looking at the poverty levels, looking at the skills level also when you want to implement very technical projects, we are not meeting those requirements and I don't think that Sappi alone can do it.” [P6]*

Collating input from all participants, it became evident that there are so many things expected from Sappi as a company. The community expects the firm to now take over the role of the government. The comparative advantage of private companies over governments in helping to solve specific social issues is noted by Hess et al. (2002). The authors' comparative advantage is easily observed in developing countries, where large organisations are perceived as possessing greater resources than governments to offer social relief to disadvantaged communities. The fact that these local communities are expecting more and more from private companies to assist them in resolving their socioeconomic issues is not surprising at all. In

certain communities in KwaZulu Natal like the Umkomaas area, companies like Sappi have taken on a "de facto" government role.

However, Adeyemo et al. (2013) bring up an interesting point by saying that corporate social investment objectives are achieved when big businesses successfully meet society's expectations to address societal problems that the community faces. Keys et al. (2009) refer to CSI as having "dual objectives" – benefits for the community and benefits for the business.

#### **4.9. Views of Community Members on how the CSI Programmes can be Strengthened.**

The fourth objective sought to elicit the views of community members on how the CSI programmes can be strengthened. Here, it is assumed that the community members can recognise the issues and offer the most effective ways to address them. The challenges that the beneficiaries experience, their viewpoints, and the opinions of experts who are needed for these programmes are all important considerations for strengthening CSI programmes. The purpose of these suggestions is to help the business gain an understanding of the problems and potential solutions that could support its CSI programmes. This will enable them to make well-informed decisions and assist in creating contingency plans for unforeseen future challenges within the programmes.

##### ***4.9.1. Through investing more in diversified skills development programmes***

Findings from the study revealed that CSI programmes can be strengthened by investing more in diversified skills development programmes. This finding was encapsulated in the responses of two participants who stated:

*"In terms of our local leadership, we need to do a lot of training and development so that you know there are no unreasonable expectations. Some education in terms of understanding how the figures trickle down to CSI and how that money gets distributed into the community will actually assist. So local leadership empowerment will assist. I think that is the area of serious interest."* [P5]

And

*"CSI can never be a stand-alone for Sappi. In order for CSI programmes to work, CSI has to work hand-in-hand with skills development. You need to develop the skills of your neighbours. You cannot have neighbours who cannot comprehend your business. Neighbours have to have the skills to work for you. We need to look at skills development, we need to purposefully give a neighbour a chance more than external people, a chance like employment opportunities. You cannot have a*

*business and have neighbours that cannot participate in your value chain either through supplying commodities or supplying you with labour.” [P6]*

The participants indicated that by investing in skills development, communities can develop a skilled workforce. Malm (2012) supports this interpretation with the assertion that better-skilled people with a higher quality of life make good neighbours for businesses as potential employees in the future. The author went further to say that a company’s success should entail the development of local communities, thereby stimulating the business environment in the region. The researcher affirmed the notion that businesses should develop and empower disadvantaged communities through skills training for the sustainability and long-term growth of the company’s CSI programmes.

#### **4.9.2. Ensuring the sustainability of these CSI programmes.**

Findings revealed that big businesses like Sappi have to consider the sustainability of programmes before implementation to ensure long-term impact even after the support is discontinued.

This theme was captured in the following response:

*“CSI programme must have its own goals of sustaining itself.” [P3]*

In this study, sustainability refers to the ability of the CSI initiatives to survive when the support and funding of Sappi are discontinued. One key informant indicated that the programmes of the organisation were over a five-year period so that there was a meaningful contribution to the community members and not just charity-based, hand-outs and donations. The participant was of the view that a way to give back to society is through ‘teaching a man how to fish as opposed to giving a man a fish.’ The participant stated that:

*“As an organisation they have adopted a system of collective leadership in which we don’t see ourselves as separate from the local community, our neighbours. We have a joint committee called the Integrated Local Community Forum (ILCF). The ILCF are representatives of a larger community, and they share information with the community and adopt the agreed-upon plans and they take them as their own plans so that it’s not a Sappi driven process, it’s a joint community process under the ILCF, also guided by the terms of reference.”. [P6]*

This signifies that the organisation was active in developing working relationships with beneficiaries and assisting them even after the programmes ended. According to him, funding the programmes for five years ensured the programmes sustainability and long-term societal impact. Even if the organisation discontinues funding, local community members can own and

continue the programmes because they now have the organisation's support and the skills to do so.

Furthermore, one key informant acknowledged that though social investment is a business imperative for any value-based company, social investment can be done only if the business remains sustainable. According to the key informant, it is critical that Sappi maintains its global competitiveness first; only then will it be able to contribute to the region's local socio-economic growth. The respondent had this to say:

*“Private companies are created as businesses and if you are a business, you are created to make a profit. You’ve got shareholders who are waiting for their shares and dividends. You must be a sustainable business to make a social investment and have a lasting social impact on the lives of the community.”* [P5]

Bickham (2002, p. 34) writes that “ultimately, companies stand or fall through their ability to generate profits, unviable businesses can do no good”. Companies, according to Bickham, must first and foremost be profitable and competitive. That is, after ensuring their long-term survival, businesses will be able to help the community in the long run as well. However, the dominant view is that corporations should bear both, or rather balance their shareholders' and stakeholders' interests at the same time. Waddock and Smith (2000, p. 75) call this idea of balancing a company’s survival and its social investment as “doing well (financially) and doing good (socially)”.

#### **4.9.3. Visibility of the CSI projects within the different communities**

It was revealed from the findings that if Sappi publicised their work more and was more visible in what it does through its CSI projects, many people would become aware of the work of Sappi and support it, so strengthening the programmes. The participants felt that if the public is aware of what the organisation is doing in society, more people will support the organisation by either becoming directly involved as consumers of the company's services or investing in the company by supporting the organisation's CSI programmes. Two participants commented:

*“Sappi must have site visits. The company must be visible, for example in terms of branding. When they sponsor or donate, they must get the branding rights.”* [P10]

*“There needs to be regular visits to high schools. Have more onsite visits by contractors for employment opportunities”* [P12]

These findings are similar to other studies (Fraj- Andres et al., 2012; Mandina et al., 2014; Tsai et al., 2010) which found that CSI programmes played a vital role in improving a company’s

reputation within the community. This implies that CSI programmes do not only benefit the community but may also contribute to a company's profitability by improving the position of the company within society. This is in line with corporate social performance theory which states that CSI programmes assist a company in maintaining a good relationship with all stakeholders and this eventually becomes a source of competitive advantage for such a company (Freeman, 2010).

#### ***4.9.4. Strengthening beneficiary relations through enhanced communication strategies.***

The findings revealed that communicating effectively and clearly with stakeholders helps to minimise misunderstandings, manage expectations and avoid potential conflicts. A theme that emerged from the analysis of responses, and was suggested by three participants, was the strengthening of beneficiary relations through communication. This theme was encapsulated in the response by one participant who stated:

*“Sappi must communicate with the relevant structures, with the relevant stakeholders. They will give you the exact needs and they will give you the right narrative of what is going on in their area, because they know the area they live in. Stakeholder engagements every now and then. Don't just design or do things without our knowledge.” [P2]*

Another participant added that:

*“The company must strengthen communication channels between the community and Sappi. Communication between the traditional leaders themselves and the ILCF, community representatives.” [P4]*

The previous participant was emphasising the potential communication breakdown between the organisation and local community members before or after the implementation of CSI programmes. These participants suggested that in order to strengthen CSI programmes, there needs to be improved and effective communication between the company and the community.

Concerning communication, the literature supports that communication is a very crucial and significant element, and it is necessary for creating collaboration. Effective communication enhances the relationship between community and organisation and minimizes strikes and social fractures/volatility (Mushere & Phiri, 2021). In addition, according to Farmer et al. (1998) communication is used to transfer information to the beneficiaries about the organisation's mission and vision, policies, procedures and various activities within the company.

Hess et al. (2002) advise that while deciding between different types of community programmes, the organisation should get direct input from community leaders and other

stakeholders. They explain that such an approach would include both community concerns as well as the firm's objectives and values. Consultation with the community also guarantees that the community feels included in the process rather than as if the CSI initiatives are imposed on it.

It is also critical to involve community members in stakeholder conversations to determine what their needs are and whether a corporation has set aside resources to support them. This is critical in order to discover what the community wants rather than adopting a paternalistic approach to corporate social investment programmes in which the company unilaterally selects what they believe the community wants. A key informant argued that they do communicate, consult, and involve local communities in their CSI activities. This finding was starkly captured in the following response:

*“I know we need to talk and there are things that we're not happy about now, we need to address this. So for me for as long as they want to engage it creates a wonderful platform to build the relationship and to understand who they are because when they ceased to engage, then as a company we are in trouble. But for as long as if even if it means Monday to Friday I'm holding community meetings with different groups, so be it. As long as they want to engage we need to engage them as much as we can because only through engaging and communicating with them we can actually know who they are and understand the pressure points.” [P5]*

However, the findings revealed that communication needs to be improved, as O'Brien (2001) argues that the community and the company need to sit down together and take part in joint decision-making and not the company adopting a paternalist approach. The community also needs to improve their communication and the way they engage in conversation with the company by taking an active role in these CSI programmes instead of sitting back and waiting for things to be done for them. Kanter (1999) argues that investment by both partners builds mutuality, and it also ensures that the community partner will sustain the programmes after the handover because they feel a sense of “ownership” of the programmes. For corporate social investment programmes to be strengthened, the communication process needs to be improved between the company and its stakeholders.

Participants were asked to suggest ways of strengthening CSI programmes. This question was posed to evoke ‘out of the box’ thinking that would generate the right insights from the participants. The researcher found these suggestions were based on their individual experience with CSI programmes and their personal passions. The several suggestions made by research participants show that the local community members are aware of the challenges that

corporations are confronted with, as well as how the private sector and society can work harmoniously to achieve national development goals. It also implies that development issues are not solely the responsibility of the government or the corporation but of society as a whole. The study's findings also revealed that participants were aware that the strengthening of various aspects of programme management, as well as investing in skill training and development, would enhance and strengthen future CSI projects, making them sustainable.

#### **4.10. Chapter Summary**

The main research findings have been presented in this chapter. The study's findings showed that large businesses have adopted a more calculated and strategic stance when it comes to corporate social investment. Based on the themes that emerged and the results of the data analysis, the researcher contends that the organisation under investigation has transformed significantly over time, moving from traditional CSI to social impact, where everything is now connected to the UN Sustainable Development Goals.

The findings also revealed that the local members of Umkomaas in KwaZulu Natal's South Coast benefitted from the CSI programme of Sappi Southern Africa. Based on the responses and suggestions obtained from the participants, the researcher can conclude that success was mostly experienced with skills and enterprise development programmes since they improved community members' employability and skills. The creation of jobs and the development of skills are crucial for reducing poverty and empowering community members to be economically active. Through such CSI programmes, large organisations help the government make the National Development Plan a reality. One of the suggestions for strengthening the CSI programme was to provide community members with skills, as the skills will benefit the community even after the company discontinues funding or support.

The researcher deduced that the relationship between the company and the local community seemed to be generally positive, and most of the respondents expressed that the benefits derived from Sappi's CSI programme met their expectations. However, several challenges were also posed, such as the need for more engagements between the company and the local community and the issue of 'out of town' labour. Further, a few respondents expressed their frustration with the government and argued that in a community like Umkomaas and a society like South Africa where there are persistent social issues, private companies have the resources to assist the government in bringing about and maintaining a cohesive healthy society that can produce the best possible conditions for human existence and business growth. The respondents

expressed their appreciation for the CSI initiatives and emphasised on the impact it had on their well-being. Lastly, the analysis of data revealed a common sentiment that the company is “doing a lot” but can do more.

## CHAPTER FIVE

### MAIN FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1. Introduction

The overall aim of the study was to explore the role of corporate social investment programmes in developing small and medium-scale enterprises with a specific focus on Sappi Southern Africa's Saiccor mill in Umkomaas on KwaZulu Natal's South Coast. Therefore, this chapter gives a summary of the main findings of the study, and these are done in relation to the four objectives of the study. Recommendations arising from the study are also presented.

#### 5.2. Summary of Main Findings

The following is a summary of the main findings of the study as per the research objectives:

##### ***5.2.1. Benefits, if any, that the local community of Umkomaas on the South Coast of KZN derive from SSA's CSI programmes.***

The study's findings revealed that the community members of Umkomaas have benefited from Sappi Southern Africa's CSI programme through various skills development training. The participants indicated that the CSI initiatives have equipped them with technical skills that will help them secure employment in the future.

The study revealed that the CSI projects were responsive to the educational needs of the beneficiaries. The majority of the participants positively indicated that their educational needs were being met through the activities of the programmes. The findings revealed that without the support provided by the CSI initiatives of Sappi Southern Africa, many of the participants would not have had access to vocational training or education.

The study found that Sappi was a caring company and that it was proactive in responding to community needs when emergencies occurred even before it was requested to do so. Some participants felt that the company's good actions and spirit of goodwill spoke louder than words.

##### ***5.2.2. The role played by corporate social investment programmes in developing small and medium-scale enterprises.***

The study revealed that the company in this study has made exceptional strides in its approach to supporting the development of local SMEs. The study found that the SMEs under the ESD

programme were provided with an array of business, technical, and financial-related support. Some participants indicated that the CSI programmes had an impact on the lives of the beneficiaries as well as the community because the local SMEs can assist Sappi in creating more jobs. The findings indicated that the corporate social investment programme has in a way empowered the beneficiaries by making it possible for them to be trained, mentored and acquire business skills that enabled them to successfully run their businesses and eventually become employers in the future.

The results also revealed that while some participants felt the company under study was doing a lot, others expressed that it was insufficient because of ongoing issues that were not being addressed. Example issues include local SMEs being overlooked for business opportunities and the lack of a proper monitoring system of the database and vendor list.

***5.2.3. Views of Umkomaas community members in the South Coast of KZN on whether or not these benefits meet their expectations as a community.***

The results of the study revealed that there was a sense of high expectations regarding what the local community of Umkomaas on KwaZulu Natal's South Coast wanted from Sappi. A majority of the participants acknowledged that the government has failed them as a community, and as a result, Sappi Southern Africa had taken on a "de facto" government role. The study showed that some benefits derived from the CSI programmes did meet their expectations as a community. For example, some beneficiaries mentioned that they've been empowered through the process of skills training and education and that they are now either employed or running a business. The study revealed that some benefits did not meet the community's expectations. Participants indicated that the CSI initiatives did not cater to people studying other disciplines other than engineering. Further to this, some local members mentioned that the CSI programmes favoured mostly people who were situated in areas closer to the mill and that certain beneficiaries who are under the target group did not benefit from the programmes of Sappi.

***5.2.4. What Umkomaas community members in the South Coast of KZN think can be done to strengthen the role played by Sappi Southern Africa's CSI programmes in their local community.***

The study revealed that the role of CSI programmes can be strengthened if organisations invest in skills development. Companies should develop and empower disadvantaged communities

through skills training for the sustainability and long-term growth of the company's CSI programmes.

The study findings revealed that the participants were not satisfied with the level of communication between the company and the stakeholders. The research participants suggested that lines of communication had to be improved and that there must be regular engagements between the company and the community. The participants indicated that this would minimize strikes, and disruptions to operations, and the community will get a better understanding of the company's CSI goals, mission and activities.

The participants also suggested that Sappi becomes more visible and publicises their work more especially in communities where it operates. The rationale behind this suggestion was that if the public was aware of what the organisation was doing, more people would support it by either becoming directly involved as customers of their services or products or investing in the company by supporting the organisation's CSI programmes. The study findings showed that Sappi was very conservative regarding their CSI performance.

### **5.3. Conclusion**

In conclusion, it can be said that CSI programmes run by Sappi are indeed a catalyst for supporting SMEs within the Umkomaas area. Local community- based SMEs were provided with capacity building programmes focusing on accessing markets and received business and technical support. Given the high rates of poverty, unemployment, and inequality in South Africa, the findings also showed that there was a need for a renewed commitment from the various sectors, notably the private sector with the influence and resources to address some of the social development challenges. Also based on the findings, the researcher drew a conclusion that the relationship between the organisation and the community of Umkomaas left room for improvement, despite acknowledgement that the CSI programmes had a positive effect on the community.

### **5.4. Recommendations**

#### ***5.4.1. Recommendations for Programmatic Interventions***

- The study recommends that there be more stakeholder dialogues with the local community leaders and other organisations operating in the area to develop collaborative decision-making strategies regarding social problems affecting the area.

These stakeholder discussions are also important to improve the sustainability of the CSI programmes after they have been transferred to the local community.

- Sappi should review its vision and mission statements regarding its responsibilities to the local community and to obtain the input of community leaders, especially in the early stages of the projects to ensure the smooth implementation of CSI programmes.

#### ***5.4.2. Recommendations for Future Research***

- Future studies can investigate the effects of the CSI programmes on the beneficiaries' families and how these programmes impact their lives.
- Sappi could conduct a longitudinal study with a follow-up case study, this may offer insightful information about how the company's CSI programme evolves and hopefully address the concern expressed during this study.

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## **APPENDICES**

Appendix A - Participant information sheet

Appendix B - Consent form

Appendix C - Interview schedule for key informants

Appendix D- Interview schedule for local community participants

Appendix E - Ethics clearance certificate

Appendix F - Letter to request permission from Sappi Southern Africa

Appendix G – Letter of approval from Sappi Southern Africa

## **APPENDIX A: PARTICIPANT INFORMATION SHEET**

Good day,

My name is Zandile Ntuli, and I am a Masters student registered for the degree Master of Arts by Course work and Research Report in the field of Social Development at the University of the Witwatersrand. As part of the requirements for the degree, I am conducting research into investigating the role of Corporate Social Investment (CSI) programmes on developing small and medium enterprises: The case of Sappi Southern Africa in the local communities of Umkomaas in the South Coast of KwaZulu Natal.

I therefore, invite you to take part in an interview. If you agree to take part, I shall arrange to interview you at a time and place that is suitable for you. The interview will last approximately one hour. You may withdraw from the study at any time, and you may also refuse to answer any questions that you feel uncomfortable with answering.

With your permission, I would like to audio record the interview. This data will be stored in a password-protected file and lockable cabinet for two years and/or deleted after six years. The information that is obtained from the study will be used for academic purposes only. Please be assured that your name and personal details will be kept confidential and no identifying information will be included in the final research report.

Your participation is entirely voluntary and refusal to participate will not be held against you in any way. You do not have to answer any questions if you do not want to. You have the right to withdraw from the study at any stage without incurring any penalties. Taking part in this study will not cost you anything and you will not be paid for taking part in this research study.

The risks for this research study are no more than what happens in everyday life. If it happens that some questions asked may make you feel upset or sad, I will stop the interview and continue another time. If you need some support or counselling services following the interview, these are available free of charge at Craigieburn Municipal Clinic. The contact details for the counselling services are 039 979 5311.

This research study will be written up as a research report. The report will be available on the university library website. If you would like to receive a summary of this report, I will be happy to send it to you.

If you have any questions regarding the study, feel free to contact me or my supervisor on the details listed below. If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical). Their contact details are 011 717 1408, email [hrecnon-medical@wits.ac.za](mailto:hrecnon-medical@wits.ac.za). Thank you for taking time to consider participating in the study.

Yours sincerely,

Researcher: Zandile Phindile Ntuli, [2553461@students.wits.ac.za](mailto:2553461@students.wits.ac.za), 0399738597

Supervisor: Dr Nkosiyazi Dube, [Nkosiyazi.Dube@wits.ac.za](mailto:Nkosiyazi.Dube@wits.ac.za), 0117178686

**APPENDIX B: CONSENT FORM FOR PARTICIPATION AND AUDIO  
RECORDING**

**Title of project:** The role of Corporate Social Investment (CSI) programmes on developing small and medium enterprises: The case of Sappi Southern Africa in the local communities of Umkomaas in the South Coast of KwaZulu Natal.

**Name of researcher:** Zandile Phindile Ntuli

I, \_\_\_\_\_ agree to participate in this research project.

I agree to the following:

(Please circle the relevant options below)

The research study was explained to me. I understand what this study is about      YES   NO

I understand that I can volunteer to take part in the study      YES   NO

I agree that the interview may be audio recorded      YES   NO

I agree that direct quotations from my interview may be used by the researcher  
in their research report      YES   NO

I agree that my participation will remain anonymous (my name will not be used  
by the researcher in their research report)      YES   NO

I agree that other researchers may use the information I provide in my interview  
(depending on their own ethics clearance being obtained) but my name and any  
personal information will not be used or passed on      YES   NO

\_\_\_\_\_ (signature)

\_\_\_\_\_ (name of participant)

\_\_\_\_\_ (date)

\_\_\_\_\_ (signature)

\_\_\_\_\_ (name of researcher)

\_\_\_\_\_ (date)

## **APPENDIX C: INTERVIEW SCHEDULE**

Interview questions for key informants

Demographic Data

Gender: Male:

Female:

Age:

Race:

1. How long have you been working at Sappi Southern Africa?
2. What is your understanding of Sappi's corporate social investment (CSI) programmes?
3. What CSI initiatives have you implemented and what are their objectives?
4. In your opinion, what is the motivation behind Sappi's choice of CSI projects?
5. How are the selection, design and implementation of Sappi's CSI programmes done?
6. In what way are the beneficiaries involved in the selection, design and implementation of the CSI programmes?
7. Would you say that Sappi's CSI programmes are meeting the needs of the communities involved? Please explain your answer.
8. In your view, is there evidence of community interest and involvement in the initiatives implemented? Please explain your answer.
9. What measures have been put in place by Sappi to ensure the sustainability of their CSI programmes?
10. What are the challenges being faced towards the fulfilment of the objectives of the CSI programme of Sappi Southern Africa?
11. How can these challenges be addressed to ensure that the set objectives of the programme is met?
12. What would you suggest Sappi take into consideration to strengthen their CSI programmes in the future? **Thank you for your participation**

**APPENDIX D: INTERVIEW SCHEDULE**

Interview questions for local community participants

Demographic Data

Gender: Male:

Female:

Age:

Race:

1. What do you understand about Sappi's CSI programmes?
2. What is your opinion about this company?
3. What are the biggest socioeconomic challenges facing the people of Umkomaas, particularly those in rural areas?
4. What can you say about these problems, do you think some of them can be tackled by business through corporate social investment programmes? Please explain your answer.
5. In your opinion do you think Sappi Southern Africa has a duty to be socially responsible to the community of Umkomaas? Please elaborate.
6. Can you mention any corporate social investment programmes you are aware of that Sappi is involved with for the benefit of the local people in Umkomaas?
7. What do you like most about Sappi's CSI programmes?
8. What do you like least about the programmes?
9. What are your expectations that is, your personal goals and objectives pertaining to the CSI programmes?
10. Have any of these goals been met? Please explain your answer.
11. How do you think Sappi as a company embraces corporate social investment values in its corporate objectives? Please elaborate.
12. How do you think Sappi is performing its corporate social investment role in Umkomaas?
13. Do you think that there is a need to improve? If so, what?

14. To what extent do you see a gap between what Sappi say it stands for and the reality of its actual performance?

15. In your opinion, do you think companies should carry out social audits of their social investment activities? Please elaborate.

16. What can you say about Sappi corporate social investment programmes in terms of their performance?

17. In your opinion, what can be done to strengthen and sustain on-going and future corporate social investment initiatives?

18. Is there anything else that you would like to share with me?

**Thank you for your participation**

## APPENDIX E: ETHICS CLEARANCE CERTIFICATE



**SCHOOL OF HUMAN AND COMMUNITY DEVELOPMENT ETHICS COMMITTEE**  
**CONSTITUTED UNDER THE UNIVERSITY HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)**

**CLEARANCE CERTIFICATE**

**PROTOCOL NUMBER: SW23/04/03**

**PROJECT TITLE**

The role of Sappi Southern Africa's CSI programmes in meeting the needs of Umkomaas community members in the South Coast of KwaZulu Natal.

**INVESTIGATOR**

Zandile Ntuli

**SCHOOL/DEPARTMENT OF INVESTIGATOR**

SOCIAL WORK

**DATE CONSIDERED**

19 June 2023

**DECISION OF THE COMMITTEE**

Approved unconditionally

**RISK LEVEL**

MINIMAL RISK

**EXPIRY DATE**

19 June 2026

**ISSUE DATE OF CERTIFICATE**

30 June 2023

**CHAIRPERSON**

  
(DR S Bala)

cc: Supervisor:

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**DECLARATION OF INVESTIGATOR**

To be completed in duplicate and **ONE COPY** returned to the Chairperson of the School/Department ethics committee.

I fully understand the conditions under which I am authorized to carry out the abovementioned research and I guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee.

Signature \_\_\_\_\_

Date \_\_\_\_\_

**APPENDIX F - LETTER OF REQUEST FOR PERMISSION FROM SAPPI  
SOUTHERN AFRICA**



University of the Witwatersrand,  
School of Human and Community Development

Melanie Jacobs  
Group Head: Learning and Development  
Sappi Southern Africa  
108 Oxford Rd, Rosebank, Johannesburg, 2198  
[Melanie.Jacobs@sappi.com](mailto:Melanie.Jacobs@sappi.com) | 011 407 8332

07 April 2023

Dear Melanie,

Re: Permission to conduct research at Sappi Southern Africa.

My name is Zandile Ntuli, and I am a Masters student registered for the degree Master of Arts in Social Development at the University of the Witwatersrand. As part of the requirements for the degree, I am researching the role of Corporate Social Investment (CSI) programmes on developing small and medium enterprises: The case of Sappi Southern Africa in the local communities of Umkomaas in the South Coast of KwaZulu Natal. It is hoped that the information obtained from the study may help to strengthen the CSI programmes to promote socio-economic development.

The investigation seeks to explore the extent to which the CSI programmes meet the needs of the Umkomaas community members. The study seeks to find out the benefits of these programmes and suggestions on what could be done to strengthen these programmes. The researcher believes that while corporations build wealth for shareholders, they should also consider the socioeconomic conditions of the stakeholders they serve. The study will also evaluate the impact of these CSI programmes on the local community of Umkomaas. Posing the questions, when companies implement these CSI programmes, to what extent do these programmes have a bearing on people's lives; what are the social impacts on their livelihoods?

In addition, when the company implements these programmes, how does the company benefit? Furthermore, I will also investigate how the company's CSI programmes are perceived in the local community of Umkomaas. Sappi's CSI programmes are an excellent example of how big organisations can partner with local communities in which they operate to create real and sustainable transformation. It is hoped that the findings of the study will contribute to a better understanding of exactly what constitutes sustainable socioeconomic development and how to apply this understanding in the development of CSI programmes that could contribute to addressing social development needs and adding value to the lives of the people living in communities where the company is located.

I will collect data from community members in Umkomaas and key informants from the organisation. I would like to invite staff from the Corporate Affairs department and the Skills Centre to participate in this study. If they agree, the interviews will be face-to-face and with their permission, the interviews will be audio-recorded.

Participants will be asked to give their written consent before the research begins. Their responses will be treated confidentially, and identities will be anonymous unless otherwise expressly indicated. Individual privacy will be maintained in all published and written data from the study. A detailed report about the project results will be provided to Sappi and distributed to stakeholders if required.

The research participants will not be advantaged or disadvantaged in any way. I will reassure them they can withdraw their permission during this project without penalty. There are no foreseeable risks in participating in this study.

I, therefore, request permission in writing to conduct my research at Sappi Southern Africa. Please let me know if you require any further information. I look forward to your positive response.

Yours sincerely,  
Zandile Ntuli  
039 973 8597  
[2553461@students.wits.ac.za](mailto:2553461@students.wits.ac.za)

Supervisor: Dr Nkosiyazi Dube  
011 717 8686  
[Nkosiyazi.Dube@wits.ac.za](mailto:Nkosiyazi.Dube@wits.ac.za)

## APPENDIX G - LETTER OF APPROVAL FROM SAPPI SOUTHERN AFRICA

**sappi**

Department of Social Work  
School of Human and community development  
The University of the Witwatersrand

29 May 2023

Dear Sir / Madam

### Permission to Conduct research at Sappi Southern Africa

Zandile Ntuli has been given permission to Conduct research at Sappi Southern Africa as partial fulfilment of her qualification – Masters of arts in Social development.

**Research Proposal title: The role of Sappi Southern Africa's CSI programmes in meeting the needs of Umkomaas community members in the South Coast of KwaZulu Natal.**

Yours sincerely

Duncan Shongwe  
Learning Operations Manager



Sappi Southern Africa Limited (Reg no 1951/003180/06)  
Secretaries Sappi Limited (Reg no 1996/009963/06)

**Sappi Southern Africa**

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