CODESRIA

CODESRIA

13ème Assemblée générale
General Assembly
Assembleia Geral
الجمع العام الثالث عشر

L'Afrique et les défis du XXIème siècle
Africa and the Challenges of the Twenty First Century
A África e os desafios do Século XXI
إفريقيا وتحديات القرن الواحد والعشرين

Panel: Uneven Regionalism - SA's post- Apartheid Expansion in Southern Africa and host country responses

DRAFT VERSION
NOT TO BE CITED

The Expansion of South African Companies in Swaziland: Where is the social investment agenda?

Diana Sanchez
HSRC

5 - 9 / 12 / 2011

Rabat Maroc / Morocco

Introduction

Corporate social responsibility (CSR) has become an important concern in international development debates. In Africa, where international companies are expanding and benefiting from local markets and resources, CSR needs to be considered as a significant element of this process. While the term CSR is broadly used in international academic literature and companies' language, the implementation of corporate social *investment* (CSI) has become an important variable in the South African context. CSI is now a distinct concept that is broadly used to describe the social spending and role of companies in local communities.

Debates around the role of businesses in development in South Africa, speak to the country's history of economic and racial segregation in which companies flourished during the apartheid system. Under the new democratic government established in 1994, companies are expected to assist with the social transformation of the country and behave in a socially responsible way. Being perceived as a socially responsible company is even important to doing business in post-apartheid South Africa as it has become essential to maintain a good public image for consumers. These expectations have materialized in measures like the Black Economic Empowerment (BEE) strategy, which creates strong incentives for companies to participate in redressing the racial and economic imbalances of the past. With pressures arising for socially responsible behavior South African companies have rapidly developed CSR philosophies and related strategies that have been the focus of several studies.[1]

Less well-understood, however, is how these philosophies are being translated by those same companies as they expand into other countries in Africa. As South African companies come under some criticism in their expansion- around the continent for damaging practices: for example, the low use of local suppliers,[2] this emerges as a relevant point of enquire. The little knowledge about the type and extent of social responsibility initiatives of large South African companies in host countries throughout the continent calls for in depth research in this field.

The question treated here is whether companies that have highly structured CSI programmes in South Africa are applying a similar approach in their African operations. Although assessing the impact of CSR policies in Africa is beyond the scope of this paper, a survey of CSI policies of

---

[1] Trialogue (1998-2010), Southall and Sanchez (2007), Fig (2005), Visser(2005), vaughn and ryan (2006), Esser&Dekker (2008).

[2] See for instance Miller (2008)

South African companies operating in Swaziland offers some preliminary findings on whether their economic expansion reflects the social investment agenda followed within South Africa. These findings on the CSI approaches taken by companies will help to enrich knowledge on the role of the private sector in the continent, on how CSI is functioning for companies and on the behavior of the private sector in Africa. With a growing need to device mechanisms to address pressing social issues new studies of such behavior are likely to be launched, and will usefully consider how companies are designing and implementing CSR and CSI policies.

The initial sections of this article discuss CSR and CSI in South Africa and the relevance of these concepts to debates about development in Africa. The following sections describe the CSI approach of five large companies within South Africa and their expansion and CSI programmes in Swaziland.[3] The companies surveyed were First National Bank of South Africa—FNB, Mobile Telephone Networks—MTN, the Pick n Pay food chain, Sun International and Standard Bank. The empirical data was obtained through interviews with the managers of their CSI programmes in both South Africa and Swaziland as well as company reports. The final section discusses the different corporate approaches to CSI suggesting implications for CSI in Africa and the role of large transnational companies in development.

Corporate Social Responsibility and Development in Africa

Corporate social responsibility is a broad term referring to the ways in which businesses operate, make profits, relate to communities and acknowledge and address the negative social and environmental impacts of their operations. The definition of the CSR term provided by Blowfield and Frynas is used in this article:

'CSR is an umbrella term for a variety of theories and practices all of which recognize the following: (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; (b) that companies have a responsibility for the

---

[3] Interviews took place during September and October 2010 in South Africa (Johannesburg and Cape Town) and Swaziland (Mbabane and Ezwilini) following a semi-structured questionnaire which was sent to all participants before the meeting. Interviews were one-on-one with either managers or employees involved with CSI in South Africa and Swaziland. Companies also provided information about CSI in other African countries. Company reports were used to complement field data. Two extra interviews with the CSI consultancy Tkshikululu and Trialogue served to expand knowledge. It is important to note that these are only the perceptions of managers which most certainly will differ from beneficiaries and other employees. Field studies with workers of South African companies in the continent are encouraged to through light on the social and working conditions of employees.

behavior of others with whom they do business (e.g. within supply chains); and that (c) business needs to manage its relation with wider society, whether for reasons of commercial viability, or to add value to society' (Blowfield and Frynas, 2005).

As companies exercise great social power and have become dominant social institutions influencing many areas of societies (see Jarron, 2009), they play an increasingly important role in development. Furthermore, within an African context of low public confidence and deregulation, the role and influence of companies in development is gaining even more importance (Newell and Frynas, 2007). This is reflected for instance in the discourse of large international development institutions like the United Nations and the World Bank who now refer to the private sector as an important player for achieving developmental goals and have recognised CSR as an approach to international development.

While this is a valuable recognition, as researchers have warned 'CSR as a business tool is distinct from CSR as a development tool' and there are risks associated with companies' attempts to intervene as social development actors, particularly when companies act in isolation (Newell and Frynas, 2007). *'Successful CSR initiatives require the participation of the state, a well mobilised civil society and companies which are willing and able to respond to CSR priorities'* (Miles and Jones). Importantly, this willingness to behave in a social responsible way greatly depends on behavioral changes and challenges within companies which arguably is one of CSR's major areas of impact (see Blowfield, 2007).

The broad understanding of companies' social responsibilities and increasing expectations on their capacity to contribute to development points to a lack of clear consensus on what CSR is and is not, reflecting a more fundamental disagreement on the appropriate role of the private sector in society (Newell and Frynas, 2007). In Africa, where development needs are often critical, companies are now expected to assume an active role to advance social and economic development through elements like CSR (Kapelus 2008) and good corporate governance (Vaughn and Verstegen Ryan, 2006). However, precisely how they should do this, and the likelihood that related measures will be effective or consistent, is less clear.

Research on the potential impact of South African companies in Africa, and emulation of good governance principles by companies in other African countries, has suggested that South Africa is well positioned to encourage African countries to embrace good corporate governance (Vaughn and Verstegen Ryan, 2006). However, while South African companies embrace the good corporate governance discourse and subscribe to CSR codes, there is no strong indication that they are more likely than companies from other countries to behave in a more socially responsible manner (Goldstein and Prichard, 2008). The formal subscription to international codes of conduct by South African companies is not necessarily backed by effective compliance (Grobbelaar, N and Besada, H, Eds, 2008). Also, since reporting of their social impact seems to be largely a public relations or compliance exercise and many South African companies do not extend their reporting to their African operations, the credibility of CSR as a committed company policy is compromised (Kapelus, 2008).[4]

The meaning of CSR in South Africa

Corporate social investment (CSI) is one variation of CSR that has become an important feature of development debates in South Africa due to the country's special political climate and social challenges. Since democratization in 1994, companies have been eager to be seen as contributing to the socio-economic transformation of the South African society. This trend has been shaped by the increasing expectations from the state and the society on companies' capacity to contribute to overcoming the apartheid legacy and other development challenges. Being perceived as meaningfully involved in such goals seems to improve both their position and their lobbying capacity in the new political setting (Kganyago, 2008).As companies have been compelled both through legislations and market forces to act in socially responsible ways, CSR has moved from voluntary actions to a business imperative (Esser and Dekker, 2008).

Trialogue, who has conducted research on this field among South Africa's top companies since 1998, clarifies the distinction:

'Within the overarching social responsibility framework, CSI refers to a company's financial and non-cash contributions – beyond its commercial operations- to disadvantaged communities and individuals for the purpose of social upliftment and welfare. While CSI programmes do not operate in isolation of other CSR considerations, CSI is just one way in which companies fulfill their social responsibility obligations and, as such, is only one element of the broader CSR agenda. Nevertheless, in South Africa, CSI has become an

---

[4] According to Kapelus South African companies report annually on non-financial issues or corporate social responsibility. While some companies see the value of these reports, others regard such reporting as a public relations exercise. Kapelus (2008)

important part of this agenda. This is reflected in CSI's evolution, over the last decade, from ad hoc philanthropic gesture to strategic business consideration' (Trialogue, 2010)

The evolution of CSI into a more strategic consideration is to a great extent a response to government's regulated framework to advance socio-economic transformation under the Black Economic Empowerment (BEE) strategy. The strategy encourages companies to 'give back' to communities and provides a framework, through the BEE scorecard, which measures the demographic transformation of companies in terms of ownership and workforce along racial lines. It also measures the contribution of companies to external developmental and transformation causes. Specifically, contributions to socio-economic development are assessed through their spending along three elements pre-defined under the scorecard: socio-economic development (SED), enterprise development (ED) and corporate social investment (CSI).

Most South African companies started some sort of CSI programmes to support community initiatives in the mid 1980's either as separate departments or foundations or as part of their public affairs or marketing divisions (Alperson, 1995).Today, CSI is formally tracked by companies and the Socially Responsible Investment Index (SRI) of the Johannesburg Stock Exchange recognizes companies that follow CSR best practices.. A good CSI record qualifies companies for certain benefits associated with the BEE Scorecard, such as preference in government tenders and contracts.

Other elements encouraging CSI are related to market and consumer expectations. Managers have identified CSI as a branding and public relations tool which helps to deflect criticism of their companies' other impacts and exploit the market opportunities for companies that are perceived as being doing good for society (Newell and Frynas, 2007).

'South African brand managers are discovering that the savvy use of corporate social investment(CSI) policies is making them more competitive and giving their brands high local profile. Savvy CSI programmes on the part of banks, game lodges, small businesses and even multi-nationals like Anglo American and De Beers have already proven to be an excellent means of promoting brand loyalty in a country where increasingly more consumers are looking to businesses to help solve the myriad economic and social inequalities the country has been bequeathed by the previous government' (Irwin, 2003)

Not surprisingly, companies' use of CSI, especially when used in a restricted manner, has been viewed skeptically by some researchers. Their criticism points to companies' preference for CSI at the expense of other socially responsible practices (such as labour conditions). This highlights the importance of distinguishing between the two terms as signaling quite different policies.[5]

The terms "social responsibility", "charity", "branding" and "employee wellness" all arise in the South African corporate language regarding CSI interventions. These terms signal different motivations and goals. This paper is concerned with distinguishing between corporate initiatives across three categories: corporate charity, social positioning, and market-building.

Corporate charity is understood as a policy of giving (money, goods and/or services) with no expectation of return, solely to achieve a positive social effect which can be a once-off contribution, or regular donations to the same cause. By contrast, CSI for social positioning aims to position the company as a good corporate citizen in front of government, communities or any stakeholders. Finally, the market-building approach refers to strategic social expenditure related to the core business of the company, aimed at providing a return and positioning the company within a market. Both social-positioning and market-building approaches to CSI are generally in service to companies' business strategies, as noted earlier, but the latter approach more precisely targets actual consumers. The following diagram illustrates these distinctions and notes some of the other important elements of CSR, even if these are not dealt with in this paper.

<table>
<tr><th colspan="6">Corporate Social Responsibility (CSR)</th></tr>
<tr><td colspan="3">Corporate Social Investment (CSI)</td><td>Labour Conditions</td><td>Environmental Impact</td><td>Supply Chains</td></tr>
<tr><td>Charity</td><td>Social positioning</td><td>Market-building</td><td colspan="3"></td></tr>
</table>

CSI and the African expansion of South African Companies

Since 1994, the trade of South Africa with Africa experienced a rapid and major growth. By 2008, the country had emerged along with France, the Netherlands, the United Kingdom and the

[5] For instance Fig argues that the term Corporate Social Responsibility has been abandoned by most South African firms in favour of the term CSI in order to divert attention from calls on business to redress the consequences of its historical contribution to apartheid. In this analysis, as Fig points, the almost exclusive use of the term CSI is a strategic response by the South African business community to deflect regulatory pressures, particularly regarding environmental responsibilities (Fig, 2005).

United States as one of the top five investors in the continent, operating across all industries in the region (Grobbelaar, N and Besada, H, 2008). Research published in 2004 found that, during the years following the 1994 elections, South African companies were running the national railroad in Cameroon, managing power plants in Mali and Zambia, controlling banks and supermarkets in Kenya and Tanzania and dominating the telecommunications markets in countries like Nigeria, Swaziland and Uganda as part of what was sometimes referred as the 'South Africanisation' of the African economy' (Daniel, J., Lutchman, J., Naidu, S., 2004).[6]

In Swaziland, as in the other neighbors, South Africa has exercised 'a long standing, institutionalized economic footprint and it is the leading investor, particularly through medium-sized investments (Grobbelaar, N and Besada, H, Eds 2008). South African capital has almost displaced historically important British capital and now occupies the primary position in every sector of the economy (except for the sugar sector). This is especially visible in the far and wide presence of South African supermarkets, fast food stores, banks and cellular service providers in the country which has impelled some to describe Swaziland as a periphery of the South African economy.[7] The presence of the five companies here analysed is illustrative of this.[8]

In the financial sector, Standard Bank and First National Bank (FNB) share a long history of business in Africa which has been encouraged by the rapid growth of the retail market. While both banks established African divisions to steer their growth in the region they operate under different management schemes.

FNB operates through a de-centralized structure, with subsidiaries across Africa managed and governed by their own boards and listed on their respective stock exchanges. Subsidiaries have existed in Namibia since 1907, in Swaziland since 1991 (through the purchase of an existing operation), in Lesotho and Botswana since 1993, in Zambia since 2001 (established as Greenfield Investment) and more recently in Mozambique (since 2006).

---

[6] While there are both positive and negative impacts of South African investments in the continent, the process has been largely criticized for the low sourcing of local products by South African firms who have greatly relied on imports from South Africa. See for instance Goldstein, A. and Prichard, W. (2008) and Miller, D. (2008)

[7] See for instance Kamalkhani, S.K. (1991)

[8] Research done on the role of corporate South Africa in the continent by the South African Institute of International Affairs (SAIIA) illustrates a couple of things. First, contrary to what might be a general perception it is a relatively small but prominent group of South African companies that are investing throughout the region. And second, their investments are so prominent on the African business landscape because unlike most foreign investors who concentrate in mining, South African companies have major investments in other sectors (e.g financial, tourism, retail, manufacturing, construction, agricultural, telecommunications) (Grobbelaar and Besada 2008).

Standard Bank on the other hand has a centralized structure where major decisions are taken at head office in Johannesburg. As in 2010 the bank operates in 17 African countries. In Swaziland, Standard Bank bought into an existing operation in 1994 and is now owned by Standard South Africa (65%) holding the management contract, the Swazi government (25%) and private investors (10%). Its recent expansion into Uganda (2002) and Nigeria (2007) is in line with their decision to keep specializing in emerging markets.

The telecommunications company MTN was established in 1994. After a rapid expansion, it became a leading network operator in 21 counties in Africa and the Middle East (MTN, 2008, MTN, 2009). Its African expansion started in 1997 when the company acquired licenses in Uganda, Rwanda and Swaziland. In the neighboring country the company started operations in 1998 becoming the sole mobile operator. The local Swazi company is fully affiliated to the company in South Africa in terms of management and all business strategies are aligned with those of the MTN group. Shareholding is distributed between the government parastatal SPTC-Swaziland Posts and Telecommunications Corporation (40%), MTN International (30%) and the group Swazi Empowerment Limited (20%).

The hotel and casino group Sun International also operates as an international group running hotels and casinos across the continent. The group has different ownership arrangements in Zambia (100%), Botswana (80%), Lesotho (47%), Namibia (100%) and Swaziland (51%), where it started operations in 1968 (Sun International, 2009).[9]

Finally, Pick n Pay was founded in 1967. In line with a centralized business distribution model, the company applies a slow expansion strategy into Africa, only entering countries where they can control distribution. Overall, while the company's approach is decentralized, the main business policies and 'the way of doing business' remains centralized in the South African offices. The retailer, through a combination of corporate stores and master franchises has a presence in Namibia, Botswana, Lesotho, Zimbabwe, Swaziland, Zambia and Mozambique. The company aim is to build a broader African presence by 2014 through expanding into Mauritius,

[9] The initial business success of this operation was broadly based on the growth of international tourists who used Swaziland as a gate into South Africa and South Africans who used Swazi casinos to bypass gambling restrictions during apartheid. Therefore, ironically, the democratization of South Africa negatively affected business and the company had to adjust its facilities (Royal Swazi Spa, Ezwilini Sun and Lugogo Sun) to cater for the local market.

Angola and Malawi.[10] In Swaziland, all Pick n Pay stores are franchises with a contractual agreement in which 80% of their stock is supplied by the company in South Africa and 20%, mainly fresh produce, can be supplied locally. However, given the small size of farming and other industries in the country local procurement in practice is very small.

CSI in South Africa; towards structuring policies and strategies

The five companies here surveyed understand their social responsibilities and involvement in diverse ways and have consequently structured their CSI interventions differently. Four of them (FNB, MTN, Pick n Pay and Sun International) have adopted a social-positioning approach and one company (Standard Bank) follows a market-building approach. However, all five companies approach CSI expecting some form of return.

CSI Approaches

FNB refers to its CSI as 'social giving' aimed at 'creating a better world and improving the nation'. While the aim is not to develop a specific market, from 2006 their approach has been more responsive to business imperatives. Consequently, they embraced a programmatic approach for setting target areas, funding and budget allocations and these are closely aligned to government development priorities (FNB Fund, 2008). Similarly, for the MTN Foundation CSI is about 'doing good' and looking at sustainability issues. While they do not embrace a market-building approach, they also set priorities in line with government requirements and their consumer base.

Sun International's approach entails a combination of social giving, BEE compliance and branding, suggesting a more strategic approach to their social spending. In their approach, spending is aimed at ensuring positive feedback from the communities where they operate and where most of their employees live. In their 2009 report on CSI matters the company reported to be moving away from charity to embrace business sustainability (Sun International, 2009).

Pick n Pay implements an even more business-oriented thinking to CSI through a mixed approach of social-positioning and market-building. The company has social responsibility as one of its four funding pillars and implements social investments through the Ackerman Pick n

[10] The company sold out the Tanzania stores due to a difficult business environment.

Pay Foundation.[11] The Foundation started as charity in 1997 when the Board of Directors decided to set aside money to create a fund for 'philanthropic purposes'. However, this approach has evolved into community investment with a focus on enterprise development and 'win-win situations'. Nowadays Pick n Pay CSI entails financial and non-financial "investments" to yield returns which are not necessarily financial ones (Pick n Pay, 2010).

Finally, Standard Bank is the only company with a market-building approach to CSI. They apply a 'sound business rationale', making investments in their current markets ensuring a return both to the community and to the Bank. They have a research-based approach which aims at facilitating business sustainability and growth. In their interventions they collaborate with government, other businesses and community organizations to determine and meet the needs of communities (Standard Bank, 2009). Embracing a strategic vision, CSI is used as 'a tool to mitigate social and political risk' as projects are used to gather information about social and economic trends in communities. This understanding of socio-economic contexts facilitates the identification of business risks and opportunities and the development of relevant and more sustainable banking schemes. From 2005/6 the bank has been developing a new CSI global strategy that will be exported to Africa and all international operations. The aim is to have CSI as an integral part of their global expansion strategy which is focused on emerging markets.

Managing and Structuring CSI

In line with their different approaches, companies have different managerial and governance structures. The two banks, which apply very different approaches, have also different structures. FNB manages its CSI initiatives through the FNB Fund, which outsources CSI implementation to the social investment consultancy Thsikululu. While there is a close working relationship between the Fund staff and the consultancy, initiatives are developed and implemented by consultants at Tshikululu. Funds are allocated following the guiding principles of the First Rand Foundation which is the 'mother Foundation' where CSI reports are centralised. In contrast, Standard Bank manages its social investment in-house, through a business unit. The unit employs 10 persons, is integrated within the Group Corporate Affairs division (also responsible

[11] The four pillars are: Administration, Merchandise, Promotion and Social Responsibility and People. (Pick n Pay, 2010)

for CSR) and implementation is reported under the bank's sustainability report. Project proposals are developed internally by the CSI team taking a pro-active approach. The team identifies 'social partners' and develops initiatives which are discussed and approved by the Social Investment Committee where Chief Executives sit. The Committee also decides budget allocation and the focus areas.

MTN and Pick n Pay manage CSI primarily through their foundations. In Pick n Pay, CSI and CSR initiatives speak to each other and are implemented under a structure which combines the Pick n Pay foundations and a CSI budget. [12] The foundation consists of two funds: the Ackerman Pick 'n Pay Fund, which focuses on income-generating community-based projects, and the Enterprise Development Fund, which focuses on developing suppliers of goods and services to Pick 'n Pay (Pick n Pay 2010). Projects are managed by a team of eight people that sometimes draws on external expertise (e.g., the South African Agri academy or German or Israeli cooperation). Reports on their activities fall under the Pick n Pay Sustainability Reporting.

Similarly, the MTN SA Foundation was formally established in 2002 and initiatives are managed by a team of 13 persons working across different portfolios. Eighty percent of their budget is spent on in-house developed initiatives and the remaining twenty percent on proposals submitted to the foundation. Projects are implemented in selected cluster-communities in six provinces and reporting falls within the operations division (MTN Foundation, 2009).

Finally, in line with the company's interest in employee wellness, Sun International approaches CSI as a Human Resources (HR) function. It is coordinated by a CSI manager who reports to the group's HR director in Johannesburg and expenditure and activities are reported in the consolidated group's sustainability reports. Monitoring is partly outsourced to the consultancy CSI Solutions.

Focus Areas and Budgets

Budget allocation across focus areas is similar among companies. All companies, except Pick n Pay, allocate 1% of their net profit after tax (NPAT) for their CSI budgets.[13] Development focus

---

[12] CSR is managed by the sustainability division looking at issues of efficiencies in energy, recycling, better ways to do business and food security.

[13] Instead of a percentage Pick n Pay allocates resources to the Foundation on a yearly basis following an assessment of needs. This is complemented with internal funds available for various CSI initiatives.

areas are broadly aligned to companies' CSI approaches and decisions on disbursements are taken by the companies' boards or executive committees. MTN and FNB allocate specific percentages to different development focus areas, which follow government priorities (e.g education). Companies without set percentages for focus areas (Standard Bank and Pick n Pay) also align funding to government priorities but seem to invest in fewer and more business-aligned initiatives. For instance, Pick n Pay's funding for enterprise development aims at strengthening the supply chain. Standard Bank aims at expanding its consumers base of small businesses, while its spending in education is aimed at future profitability and sustainability of its youth market. Sun international reflects the HR focus of its CSI in prioritizing projects on HIV/AIDS and education that help secure a healthy workforce and surrounding communities. These budget allocations and focus areas are summarized in Table 1.

Table 1

Company	**Budget 2009/10**	**Focus Areas**
FNB	R32 million	Education (48%), community care(25%), health (13%), skills training and opportunity creation (9%), art, culture and heritage (2%) and public policy, environment and social transformation receiving 1% each.[14]
MTN	R58million	Education (39%), entrepreneurship (21%), health (17%), arts and culture (11%) social projects (9%) and employment volunteerism (3%)
Pick n Pay	R10million	Enterprise development and small scale farming (including food security), support for SMMEs, skills development, sports, arts and culture.
Standard Bank	R70 million	Enterprise development, health and education (largest portion)
Sun International	R23 million	Education (33.7%), health and Welfare – including HIV/AIDS (38.9%), social and community development (11.3%), sports, arts and culture (7.5%) and other categories (8.6%)

[14] This allocation reflects spending during the decade ending in 2009.

Implementing CSI in Swaziland; Charity, branding or strategic social spending?

Research on the CSI programmes of these companies in Swaziland illustrates that approaches range from charity to market-building. Also, they always reflect a keen awareness of the relevance of CSI for company branding.

Pick n Pay stores in Mbabane, Ezwilini and Matshapa set aside some funds for charity. However, they do not have CSI divisions or programmes, owners are not familiar with the term 'CSI', and social spending is limited to random support for local charities at the discretion of store owners: for example, sporadic and specific support to small local farmers who approach their stores seeking business opportunities. While Pick n Pay-South Africa encourages local stores to contribute to local causes in line with the company's philosophy and as a way to attract more loyal consumers, the parent company does not exercise any influence over franchises. Neither have they extended support to establish enterprise development initiatives in Swaziland, as they sometimes do in other African countries.[15] The strategic enterprise development initiative applied in South Africa was unknown to local franchisees.

FNB has a more structured, but still charitable approach to social spending in its African operations. According to the bank's Africa operations manager, the FNB Fund philosophy of 'giving back' gets carried out in the African subsidiaries only as they become mature operations and set aside funds to run social responsibility programmes.[16] In Swaziland, although there is a structure to carry this spending, social responsibility programmes fall short of the structured interventions they are in South Africa and funds are randomly spent across 'needy communities'.

In MTN Swaziland, CSI aims to bring 'a sense of humanity' to their operations while also improving branding by helping relationships with government and communities. Being perceived as a socially caring company helps the company to deflect criticism (e.g from high tariffs) and to ease opposition to their monopoly. Similarly, CSI at Sun International is about helping surrounding communities and investing in employee wellness. This improves the

[15] Using around 10% of their budget in South Africa, the Pick n Pay Foundation invests in enterprise development initiatives in few African countries where they have operations (e.g Lesotho).

[16] This has been the case everywhere in the continent except in Zambia. According to the manager, since this operation has not matured money can not be 'given away' yet for social investments. This is in contrast with older operations like Namibia where the structure is highly developed and managed by an external board of trustees.

company's image and employee relations as the majority of staff at hotels and casinos comes from surrounding areas.

In line with other companies, managers at Standard Bank have noted that the bank is positively perceived when seen to be caring for the community. Therefore, in Swaziland the bank implements CSI projects that increase income and self-sufficiency in communities, this helping their brand. While the approach in Swaziland differs from the market-building followed in South Africa and is not aligned to Johannesburg guidelines, the bank was the only company reportedly working towards implementing the same structured CSI approach throughout the continent.

According to the bank, a global CSI policy for all the operations worldwide is slowly materializing. Their 2009 report states that the CSI policy of Standard Bank Africa has been redrafted to align it with existing policy at the group level. This is being informed by an audit conducted on the CSI activities in their African operations (2009, Sustainability report). The audit evidenced that CSI in the region was restricted to charity and marketing activities and a lack of capacity to implement CSI as directed in the policy. Therefore, in the short term the bank plans to build this capacity and solidify a single CSI policy and guidelines. The policy will be tailored to individual needs keeping a global strategic focus and a long term approach (3-5 years) across focus areas. According to the corporate affairs manager at the group level, CSI has become an important tool for business sustainability. And as the bank expands into emerging markets, CSI is helping managers to gather valuable data to understand the social complexities and needs in these markets.

CSI Structures

In contrast to South Africa, CSI in Swaziland is managed across all companies by only one person with other tasks and responsibilities, having a mix of CSR and CSI accounts and activities. Even if some companies have established foundations as is the case of MTN, these structures are still taking shape.

In MTN Swaziland CSI has been managed by the Corporate Affairs manager under the Corporate Management and Marketing Division. With the creation of the MTN Foundation in

2009 [17] the corporate affairs managers will remain the head of CSI and both CSR and CSI activities will be aligned under the foundation. Similarly, while FNB also combines CSR and CSI initiatives they do not have a foundation or fund and initiatives are supervised by a 'CSR/CSI Coordinator' using funds from a CSR account.

In Standard Bank, CSI is also headed by the Corporate Affairs manager who is responsible for initiatives and projects under the bank's corporate management and marketing division. There is a financial executive committee deciding budget allocation across areas. Until a new CSI structure is operationalised in line with the changes at the group level, the corporate affairs manager will remain the head of CSI. Finally, and following the structure at head office in South Africa, in Sun International Swaziland CSI is an HR function managed by the 'Employee Development and HR manager'. This manager supervises CSI activities amongst many other HR functions.

Focus Areas and Budgets

Similar to South Africa, companies in Swaziland with a CSI budget have local executive committees or boards to decide upon budget allocations and projects are structured along focus areas. All companies except Pick n Pay allocate or will start allocating from 2011 (in the case of Standard Bank) a percentage of their NPAT to their social spending, which is usually 1%. Companies with a more centralized structure (Standard Bank, Sun International and MTN) align their focus areas to group level guidelines while projects are identified in-country by local management. In the case of FNB the subsidiary determines focus areas using the so called 'CSR Rules and Guidelines' which provide funding priorities. Finally, all five companies, regardless of their structure, allocate the majority of resources to external requests and distribute funds among needy communities. Table 2 summarizes these findings.

[17] By the end of 2009 MTN foundations were established in Swaziland, Uganda, Nigeria, Cameroon, Cote d'Ivoire, Guinea-Bissau, Ghana, Benin, Congo-Brazzaville, Yemen and Afghanistan (MTN, 2009).

Table 2

Company	Budget 2009/10	Focus Areas
FNB	R726,780	Education, health, social and community development, food security and agriculture, housing and living conditions. Other: non-specified grants.
MTN	R 3.7 million.[18]	Health, education and arts and culture.
Pick n Pay	N/A	Donations to charities which vary yearly depending on money available.
Sun International	R 350,000	Education, health and social and community development. Each gets around 30%, prioritizing HIV/AIDS
Standard Bank	R 1 million	Enterprise development, health and education.

The Role of Transnational Companies and Corporate Social Investment in Africa

Assessing the social and economic impact of the CSI initiatives of South African companies in Africa is beyond the scope of this study. However, it is feasible to assess the extent to which companies' CSI policies are being implemented in Swaziland and Africa and to reflect on the broader role of large international companies in development.

Overall, most companies in Swaziland embrace the South African CSI discourse. However, interventions are mainly short term and primarily aimed at improving companies' brands and relations with consumers, employees or communities. Thus, the CSI of these transnational companies in Swaziland and Africa seems to be limited to charity (Pick n Pay) or a mix of charity and strategic social positioning (Standard Bank, MTN, Sun International and FNB). This illustrates a couple of relevant issues.

First, CSI is more structured in contexts were both regulation and market forces push companies to behave in a socially responsible manner. While all companies within South Africa have structured CSI policies and approaches to social investment, this is not the case in their African operations. In South Africa, where there are regulations and market pressures for a socially responsible private sector, companies have mobilized themselves to structure their CSI policies.

[18] Following a 2006 board stipulation all international operations are expected to reinvest as in South Africa, up to 1% of their NPAT in CSI. In Swaziland, the CSI budget is apparently much higher as it combines three sources: CSI budget, the MTN Foundation and Sponsorship funds (mainly sports) amounting in total approximately R6 millions.

Furthermore, companies have found in CSI a useful tool to be perceived socially responsible and to gain from this. By contrast in Swaziland and the rest of the continent, where these pressures are not explicit, companies limit themselves to basic CSI approaches and limited initiatives.

Second, companies with highly centralized business structures seem to be better positioned to advance long term or more sustainable CSI interventions. It seems that a business-alignment approach to CSI facilitates the internal promotion and buy-in of social spending within companies. Implementation of CSI beyond South Africa's borders seems to depend largely on having this instrumental approach. The experience of Standard Bank is illustrative. The bank has a clear CSI business discourse in South Africa, integrating CSI as part of its business strategy and a long term approach to CSI goals. This has encouraged the 'buy-in' from managers and executive boards who are ultimately the ones driving CSI. Standard Bank is the only company who is allegedly moving towards applying the same CSI policy and structure in Swaziland and in the rest of the continent. This seems to be driven by their interest in positioning the bank in emerging markets and using CSI as a tool in this process. But the extension of CSI to the African operations of companies seems to also depend on the structure of companies. Companies with a decentralized business model like Pick n Pay and FNB will find it difficult to influence the CSI agenda of their subsidiaries or franchises.

Overall, it seems that structured CSI approaches in the South African style are likely to be equally implemented in African operations only when this makes business sense, when market expectations are pushing the CSI agenda and when the business model and structures are conducive. Therefore, expectations on South African companies applying similar CSI approaches when expanding into Africa are not likely to be fulfilled in the forthcoming future.

Nevertheless, evidence suggests that there is some impact, at least on CSI awareness in African operations. The CSI experiences of companies in host African countries illustrate that the very existence of a CSI discourse (which is government and consumer driven) is helping to infuse some sort of social awareness in the local companies. In Swaziland, and perhaps in other African countries the arrival of this South African discourse has seemingly pushed CSI higher in the corporate agenda as some managers have perceived the benefits of being active CSI players and are trying to align local programmes to the South African style. Even if an instrumental approach to CSI is likely to prevail, placing CSI high in the corporate agenda will hopefully create some social awareness within companies and the society at large. Although South African

'CSI styles' need further interrogation, with the continuous expansion of South African companies, these seem to be well positioned to expand a CSR discourse in the region.

However, while the CSI experiences of South African companies provide useful lessons to encourage similar or enhanced interventions in Africa, a through analysis of the role and impact of the private sector in the region is still required.

Concluding remarks

South Africa is increasingly playing a vital role in many African economies, as the Swaziland experience illustrates. Given that CSR is considered in some circles as an approach to international development, South African CSI could become an approach to regional development. However, these could only be beneficial and sustainable under specific circumstances and a regulated environment.

This paper reinforces the need for more studies to find evidence on the developmental role of the private sector in Africa by looking at major players like South African companies. Future research should carefully look at the social impact of South African investments assessing the effects of the rapid economic penetration in both rural and urban African communities. The real impact of CSI and compliance with CSR needs to be thoroughly evaluated in the region.

On the whole, while corporate social responsibility programmes and social investment initiatives are proving to be useful for the private sector, it remains very unclear how either CSR or CSI are helping to advance development goals in the continent. Future studies need to assess the power and influence of these companies through elements like CSR., but not be limited to a restricted definition of social impact and responsibility.

Sources

Alperson, Myra , 1995. 'Foundations for a New Democracy, corporate social Investment in South Africa' Ravan Press, Johannesburg

Barbarinde O.A, 2009. Bridging the economic divide in the Republic of South Africa: A corporate social responsibility perspective, Thunderbird International Business Review 51 (4), pp. 355-368

Blowfield, 2007. 'Reasons to be Cheerful? What we know about CSR's impact. Third World Quarterly, Vol. 28, No 4, pp 683-695.

Blowfield and Frynas, 2005. 'Setting new agendas', International Affairs 81 (3), pp. 499-513

Daniel, J., Lutchman, J., Naidu, S., 2004. 'Post-apartheid South Africa's corporate expansion into Africa' Review of African Political Economy 31 (100), pp. 343-378).

Esser, IM and Dekker, A. 2008. 'The Dynamics of Corporate Governance in South Africa: Broad Based Black Economic Empowerment and the Enhancement of Good
Corporate Governance Principles' Journal of International Commercial Law and Technology Vol. 3, Issue 3, pp.157- 169

Fig, D., 2005. 'Manufacturing amnesia: Corporate Social Responsibility in South Africa', International Affairs 81 (3), pp. 599-617

FNB Fund, 2008. 'FNB Fund; Investing in our youth and communities to help build a better South Africa'

Goldstein, A. and Prochard, W. 2008. 'South African multinationals: South-South co-operation at its best?' in Grobbelaar, N and Besada, H (eds) (2008). Unlocking Africa's Potential. The role of corporate South Africa in Strengthening Africa's Private Sector. SAIIA

Grobbelaar, N 2008 'South African Corporate engagement with Africa: experiences, lessons and policy recommendations'. In Grobbelaar, N and Besada, H (eds) (2008). Unlocking Africa's Potential. The role of corporate South Africa in Strengthening Africa's Private Sector. SAIIA

Grobbelaar, N and Besada, H (eds) (2008). Unlocking Africa's Potential. The role of corporate South Africa in Strengthening Africa's Private Sector. SAIIA

Irwin, R. 2003. 'Corporate social investment and branding in the new South Africa' Brand Management Vol. 10, No. 4-5, 303–311 May.

Jarron, 2009 Jarron, C. (2009). 'Corporations as Social Institutions: A Sociological Perspective on the Legal Regulation of Corporations'. VDM Verlag, Saarbrücken

Kamalkhani, S.K., Promoting local capital: the role of the Small Enterprise Development Corporation (SEDCO) in Swaziland (1991). Journal of Southern African Studies, Vol. 17, No. 2 , pp. 191-196, June.

Kapelus, P. 2008. ' South African companies' corporate social responsibility in Africa'. In Grobbelaar, N and Besada, H (eds). Unlocking Africa's Potential. The role of corporate South Africa in Strengthening Africa's Private Sector. SAIIA

Kganyago, L, 2008. ' South Africa corporate expansion into Africa: A view from the South African government' in Grobbelaar, N and Besada, H (eds) (2008). Unlocking Africa's Potential. The role of corporate South Africa in Strengthening Africa's Private Sector. SAIIA

Lesufi, I. 2004. “South Africa and the Rest of the Continent: Towards a Critique of the Political Economy of NEPAD”, Current Sociology, vol. 52(5).

Miles, L and Jones, M (2009). ‘The prospects for Corporate Governance operating as a vehicle for Social Change in South Africa’ Deakin Law Review,Vol 14, No1 , pp 53-77

Miller, D. 2008. 'Retail Renaissance' or company rhetoric: the failed partnership of a South African corporation and local suppliers in Zambia. Labour, Capital and Society. 41(1):34-55.

MTN, 2008, Integrated Business Report

MTN Foundation, 2009. ‘Connecting Communities for self-reliance’. MTN Foundation Annual Report

Newell, P and Frynas,JG. 2007. ‘Beyond CSR? Business, poverty and social justice: an introduction’ Third World Quarterly, Vol. 28, No. 4, pp 669 – 681.

Pick n Pay, 2010. Annual Report

Southall, R and Sanchez, D. 2007. ‘ Corporate Social Responsibility and Black Economic Empowerment in South Africa’. In Fig, D (ed). 'Staking Their Claims: Corporate Social and Environmental Responsibility in South Africa'.

Standard Bank, 2009. Sustainability Report,

Sun International, 2008. Sustainability Report.

Sun International, 2009. Anual Report

Trialogue, 2010. CSI Handbook 12th Edition, Cape Town.

Vaughn, M and Verstegen Ryan, L, 2006’ Corporate Governance in South Africa: a bellwether for the continent? Corporate Governance, Volume 14, Number 5, September, pp 504-512

Visser, W. 2005.’Corporate Citizenship in South Africa; A Review of Progress since Democracy’ Journal of Corporate Citizenship, No 18, Summer, pp 29-38