Corporate Citizenship and the Millennium Development Goals: The case of South African Breweries in the Western Cape

A thesis submitted in fulfilment of the requirements for the degree of Magister Administrationis (M. Admin) Department of Political Studies

By

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November 2013
KEYWORDS

Citizenship

Corporate Citizenship

Corporate Social Investment

Corporate Social Responsibility

Foetal Alcohol Syndrome

Millennium Development Goals

South African Breweries

Stakeholder theory

Sustainable Development

Western Cape
DECLARATION

I declare that “Corporate Citizenship and the Millennium Development Goals: The case of South African Breweries in the Western Cape” is my own work, that it has not been submitted before for any degree or examination in any other university, and that all the sources I have used or quoted have been indicated and acknowledged as complete references.

Signed:………………………………………Date:…………………………..
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ACKNOWLEDGEMENTS

My foremost thanks go to the Almighty God, by whose might I have thus far come.

I express my deepest gratitude to my supervisor Prof Joelen Pretorius for her astute guidance and support throughout the course of my research. Her motivation, patience and insightful comments, undeniably had an explicit bearing on the successful completion of my thesis. One could not have asked for a better supervisor.

I also thank both Professor Laurence Piper and Prof Lisa Thompson for finding financial support for my study programme. Without this support I would not have been able to accomplish this task.

I am delighted for the support of Mr Rowan Dunne at SAB who provided me with the necessary materials, and for being constantly available during my research. I also convey my thanks to all respondents who participated in this study.

My thanks extend to the following persons who have contributed diversely to the study: Mr Kenny Bafo and Ms Monique, Mr Van Rooyen, Drs Fiona, Thierry and Cherrel Africa and Mr Hoskin for their important inputs.

The support of my friends and classmates has been heart-warming. I specially thank Mr Abang Zacheos, Monique, Meeshay Lee and Valeska for their stimulating discussions, support and fun during stressful periods. I should like to acknowledge the support and encouragement from Nadia Jansen, Herve Mbe, Ashelene Pinguey, Marcel Tongo and Ernest Toh.

I also thank my uncles; Mr Ebode Tsala, Mr Imossio Begoume and Mr Amboca Jean for their support and love. I appreciate the love and support of my girlfriend Fatime Ramla Tanko throughout my academic journey. More importantly, I thank my beloved Mum for her endless love and support, not only financially, but spiritually and morally thus far. I cannot forget to thank my late father for building a strong foundation for, and serving as a role model to, me. Where ever you are, may God be with you.
ABBREVIATIONS

AA  Affirmative Action
B-BBEE  Broad-Based Black Economic Empowerment
BEE  Black Economic Empowerment
CC  Corporate Citizenship
CRT  Caux Round Table
CSI  Corporate Social Investment
CSP  Corporate Social Performance
CSR  Corporate Social Responsibility
DJSI  Dow Jones Sustainability Indices
DTI  Department of Trade and Industry
ED  Enterprise Development
FAO  Food and Agriculture Organization
FAS  Foetal Alcohol Syndrome
FAR  Foundation for Alcohol Research
FTSE4Good  Footsie for Good
GDP  Gross Domestic Product
HSRC  Human Sciences Research Council
INGOs  International Non-Governmental Organizations
JSE  Johannesburg Stock Exchange
MDGs  Millennium Development Goals
MNC  Multi National Corporation
MNE  Multinational Enterprise
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<td>Medical Research Council</td>
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<tr>
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ABSTRACT

The growing power of corporations has not only attracted concerns from society, but also stimulated an increasing call for companies to play a significant role in society. This study explores the relationship between companies and society with regards to companies’ social responsibilities. A number of concepts such as Corporate Citizenship (CC), Corporate Social Responsibility (CSR) and Corporate Social Investment (CSI), articulate the role of companies in society. While these concepts are often used interchangeably, the main argument advanced in this study is that the concept of CC has more political currency than other concepts as CC confers duties and rights to companies in communities where they operate. In developing countries, CC is concerned with the role played by companies in administering the socio-economic rights of people living in communities where they operate. The study seeks to provide an overview of corporations’ obligations towards the socio-economic rights of people through CC, proposing the use of the Millennium Development Goals (MDGs) as a way to find a normative framework for CC.

However, concerns remain as to the reasons why companies adopt CC activities and the significance of their activities. This study is based on the premise that one way to examine if CC activities are seen as obligatory by corporations is to ask what their contributions are to achieving sustainable development and improving the lives of people living in poor communities. In this regard, the MDGs, despite their contingency with CC, are employed as a framework to find a number of principles to assess the contribution of companies towards sustainable development and well-being, and as a guide that could be used by companies for their social responsibilities. By using the MDGs and their links with the developmental issues facing communities, the study examined the CC agenda of South African Breweries (SAB) in selected marginalized communities in the Western Cape. The study examined whether CC can be an adequate vehicle for companies in general, and SAB in particular, in achieving their perceived socio-economic obligations in host communities as envisaged by the MDGs.

In addressing the study’s questions and the above mentioned concerns, the study used a qualitative paradigm with respect to a case-study approach as an overall strategy. Data was collected from secondary and primary sources. Given the fact that SAB’s activities in the Western Cape represented the case study of this study, SAB Newlands which is the regional office in the Western Cape was used as the entry point. The unit of analysis of this thesis constituted organisations represented by individuals with leadership position who were linked
to SAB’s social activities in one way or another and those who had certain knowledge of CC, SAB or the MDGs. Therefore, the sampling frame of this thesis consisted, but was not limited to, a list of NGOs that had recently received CSR donations from SAB. Snowball sampling method was used to get UN representatives as well as other informant who were knowledgeable in the domain. Some of the respondents also included key informants who had knowledge of the MDGs, CSR, CC and CSI.

Five main themes emerged from the study leading to several findings: while SAB representatives perceived their CC activities as mostly voluntary, NGOs, community and UNASA representatives mostly saw a need for these activities to be obligatory. Similarly, community and NGOs’ members identified various relevant MDGs and linked them to SAB’s expected role in alleviating poverty; another finding was also that, moral, ethical and social obligations were identified by community members and UNASA representatives as characteristics that need to be fulfilled by a corporation for it to be seen as a good citizen. While for SAB preventatives, SAB’s economic power represents enough for the company to be considered a good citizen; An interesting finding however is that in terms of how SAB practice CC and its level of effectiveness, representatives from community organizations and UNASA were of the view that although SAB have an active CC agenda, their activities are not enough and they have a reduced impact on communities because of their voluntary nature. SAB however refuted these arguments maintaining that they do what they can and their social activities are definitely impacting; an interesting finding was also the misunderstandings and confusions that erupted around companies’ role in society. While community members, NGOs and UNASA representatives saw SAB as obliged to uplift communities in which they are active, SAB perceived its social programs as largely voluntary and philanthropic. SAB maintained that it was doing what it needs to do and thus refuting the argument advanced in the study and by NGO and UNASA participants from communities concerning the limitations of a voluntary CSR agenda. Most importantly, the findings addressed the study’s main question by demonstrating that CC can be an adequate vehicle for companies to achieve their socio-economic obligations to communities but if the problem of the difference on the understanding of various concepts is addressed.

Hence, the primary conclusion is that there is misunderstanding between communities and companies such as SAB, with regards to companies’ role in society. This confusion is not only related to the various understandings of CC and CSR but also to the role that companies
are actually supposed to play in society and their level of effectiveness. The confusion could be illustrated by the fact that the CSI concept was totally absent from the various statements of NGOs, UNASA and SAB representatives, notwithstanding the fact that most of SAB’s CC activities are perceived as CSI activities. Two facts are discernible: first there is a lack of awareness around the various CC activities of SAB which are labelled CSI activities and which are substantial; second, there is a need to structure and clearly define the various concepts relating to the role of companies in society. The limitations of the concept of CSR/CC and the absence of a clear-cut definition were exposed as one of the main causes of the misunderstandings and confusions that engulf communities and companies in some areas of the Western Cape.

The study recommends establishing charters and use the MDGs and an analysis of CC theories to deduce a number of principles to follow to solve the confusion about the role of companies in society. Charters can focus on structuring concepts related to the role of companies in society, while the nine principles that are presented in chapter two deriving from an analysis of the MDGs beyond the 2015 deadline and the various theories of CC can be adopted as a normative guideline for companies’ CC agendas. Also, the study gives a starting point in relation to avoiding the confusions that exist with the role of companies in society by focusing on CC with its citizenship term which has a political orientation giving rights and duties to companies where they operate. Another suggestion is for government, communities and companies to work collaboratively to find constructive solutions that are beneficial to all stakeholders. The study illuminates a long standing debate about the relationship between corporate, society and government. The study provides suggestions for further investigation into the specific role that government can play in facilitating authentic implementation of companies’ responsibilities in society.
Conceptual Map

**TOPIC:** Corporate Citizenship and the Millennium Development Goals: The case of South African Breweries in the Western Cape.

**Conceptual map by:** Yannick Dieu Olooumou
CHAPTER ONE: INTRODUCTION

1.1 Introduction

According to the traditional view in international relations, states are the major actors in the international system (Du Plessis, 2006:121). This state-centric view of the world was prominent in the 1950s when most international political decisions were seen to be the prerogative of the state as the key body responsible for tackling socio-economic and political issues at national and global levels. However, the 1960s and early 1970s acknowledged a considerable increase in the number, size and power of non-state actors in the international system (McGowan et al., 2006:164). These non-state actors include: International Non-Governmental Organizations (INGOs), eminent individuals, as well as powerful corporations operating across borders, also referred to as Multinational Corporations (MNCs). The lifting of trade barriers, advancement in information technology and liberalization of the world capital markets resulted in increased mobility and facilitated access to information that was reserved for certain state authorities (Cable, 1995). The progress made in technology and forces of globalization have, for many, transformed the world into what can be termed a “global village” (McGowan et al., 2006:3). According to this multi-centric view of the world, globalization has transformed the international system into a place where people are affected by each other’s actions at a transnational level. The strict dichotomy between internal and external affairs (mediated by the state) seems obsolete. This phenomenon of globalization increases the power of non-state actors in the international system.

Corporations progressively became important actors as states, and with time some even started replacing states. According to Strange (1996:11), “as the powers of most states declined, their authority over the people and activities inside their territorial boundaries weakened - allowing non-state authorities to impinge more on people and their activities”. However this rise of corporations as powerful actors in the international system raised many concerns as people began to question the accountability and effectiveness of these organizations (McGann and Johnson, 2006). Concerns arose regarding the control of corporations’ activities in society, the extent of their impact and level of accountability. Consequently, corporations started working towards finding ways to deal with society’s concerns.
Taking its roots from the industrial period, CSR was established in the period from 1750 to 1850 (Thwaits, 2012). CSR prescribes the role of companies in society and was adopted by corporations as means to demonstrate their impact on the development of society. In the 1980s and 1990s, the social performance of companies was framed as corporate citizenship (Carroll, 1998:1). CSR and corporate citizenship (CC) have been used interchangeably by many authors. However, some authors see CC as a concept that goes beyond the traditional conception of CSR. The word “citizenship” is therefore a starting point in examining CC. Matten and Crane (2005:169) in Corporate Citizenship: towards an extended theoretical conceptualization, emphasize the importance of the word “citizenship” in understanding the concept of CC. CC is a novel concept in the sense that for a long time the term citizenship was only allocated to individuals. Citizenship “implies membership in a bounded political community” (Hettne, 2000:35). The concept CC created a shift from the traditional view of individuals as citizens to a new way of considering corporations as citizens. Based on notions of citizenship, Marsden (2000:11) asserts that corporate citizens are “legal entities with rights and duties, in effect, ‘citizens’ of states within which they operate”. The idea of companies having rights and duties where they operate is crucial to this study and will be examined further in the conceptual section of chapter two.

The citizenship concept as applied to companies has implications for promoting the rights of people. Matten and Crane (2005:170), guided by a liberal view of citizenship, try to “establish the relationship of corporations with citizenship in the context of recent shifts in business-society relations where corporations take over many of the roles and actions previously associated with government”. CC here refers to the role played by corporations in administering citizenship rights (Matten and Crane, 2005:174). However in developing countries, citizens’ rights place greater emphasis on the socio-economic rights of individuals than what is the case in developed countries. In developing countries, CC entails the impact and responsibility of corporations towards fostering socio-economic rights of individuals, especially the poor. Therefore, corporations are normatively expected to play a pivotal role in addressing socio-economic issues of host communities and improving well-being through their CC agendas. This is one of the main arguments advanced in the study.

In the South African context, some aspects of CC are implemented through a particular form known as Corporate Social Investment (CSI). “CSI refers to a company’s contributions to society and community that are extraneous to its regular business activities - whether such
Investment is monetary, or in the form of other corporate resources or time. While CSR might take the form of charitable or philanthropic giving, it increasingly serves to support business developmental objectives and leverages core skills in the business. As such, CSI is an important sub-set of CC or CSR but should not be interpreted as being synonymous with these terms” (Trialogue, 2004:8). CSI also entails the role of companies in society but as it will be seen in the next chapter, while CC is more oriented towards companies’ rights and duties, CSI’s particularity comes from the fact that it has regulations and governmental pressures attached to it because of the South African historical background. Similarly, some aspects of CC in its CSI form in the South African context are explained in chapter three. It is important to mention that this study recognizes the adaptation of CC in its broader sense (focusing on the political aspect) and its narrow sense (focusing on the company’s allocation decisions).

1.2 Research problem statement

The central problem addressed by this study encompasses a number of concerns including: whether corporations adopt CC agendas because they understand their corporate obligations to promoting socio-economic rights of communities? Do they adopt CC agendas because they are forced to do so by law? Do they adopt CC agendas for reputation building (i.e. a marketing tool)? Raman and Lipschultz (2010:15-16) have indicated that, “corporations no doubt engage in CSR because it is the right thing to do, but also out of the desire to avoid regulation by states and international institutions”. As a form of self-regulation, CC agendas should thus be open to scrutiny.

One of the ways to examine CC agendas is to interrogate the reasons for which they are used and the extent to which they can be used as vehicles to achieve sustainable development and improve quality of life of people living in the communities where these companies operate. As mentioned earlier, globalization created a shift in corporate-society relationship, increasing the demand of corporations to play an active role in society (Matten and Crane, 2005). The so-called Washington Consensus and the United Nations’ (UN) Millennium Development Goals (MDGs), for instance, emphasized the need for the private sector to play an active role in improving the livelihoods of people and ensuring sustainable development. This consensus represented a clear call for companies to recognize their obligatory role in
communities. The Washington Consensus in the 1990s strengthened the power of corporate actors in a neo-liberal economic framework under the assumption that economic growth will follow economic liberalization. One of the main arguments of the Washington Consensus is that high economic growth is the result of stable trade and macroeconomic policies and right price mechanisms (Stiglitz, 1998). The notion was that the private sector driven by profit maximization is better equipped to provide goods, services and employment than the public sector. The basic notion was that although neo-liberal policies may initially lead to increased inequality, through a trickling down effect, eventually poverty will be alleviated. This can be seen as an emphasis on the role that companies can play in alleviating poverty. This approach received significant criticisms from various quarters, largely because of the exploitative activities of corporations driven by profit maximization.

In 2000, 189 heads of states identified eight goals that are related to the various problems and challenges that the poor face in developing countries. These goals, popularly known as the MDGs, were adopted with specific targets to be achieved by 2015. Against this backdrop, this study proposes the use of the MDGs, not only as a normative framework to interrogate the contribution of corporations to sustainable development and poverty alleviation, but also a guide for companies’ CC agendas. The MDGs re-enforce in a more direct way the need for corporations to be pro-active in the fight against universally recognized problems of the poor. Unlike the Washington Consensus, the MDGs do not implicitly presume that the market (if left to its own devices) will result in poverty alleviation. Rather, Just like the SA constitution and the International Human Rights Law that put more direct emphasis on the socio-economic rights of individuals, the MDGs explicitly and implicitly call corporations and governments to consider their role in society as well as in achieving the universally recognized issues facing the poor (see MDG number eight in particular). This is in line with the idea of CC, that corporations should not just make money and create employment, produce goods for the market, but that there are additional obligations related to socio-economic development of communities that corporations should undertake. ¹

¹ John Ruggie who was the United Nations Secretary-General Special Representative for Business and Human Rights made an important contribution in regard to the corporate responsibility towards the respect of human rights. He established the Guiding Principles on Business and Human Rights which were approved in June 2011 by the UN Human Rights Council, becoming the first agenda on corporate responsibility on human rights initiative that the UN supported (Deva, 2012).
While, the MDGs do not constitute the prime focus of the study, they are used: firstly, because they directly speak to the issues facing the people of South Africa; secondly, because they explicitly call upon companies to be pro-active in the fight against internationally recognized dimensions of hardships; and thirdly, because there are direct and indirect connections between the MDGs and companies’ CC agendas, keeping in mind that this study recognizes the contingent relationship between the two concepts. As such the MDGs are well established and generally accepted goals that can be used as a normative framework or template for companies’ CC activities. Acknowledging that they are not all accepted and elaboration of how they can be used in link with CC will be done in the next chapter. To explore CC through the normative lens of the MDGs in terms of corporations’ contribution to the achievement of sustainable development and the improvement of lives in poor communities, the study uses South African Breweries Limited’s (SAB) CC agenda in the Western Cape as a case-study.

SAB was created in 1895, and represents a subsidiary and historical birthplace of SABMiller—the world’s second largest brewer by volume. SAB is known to have an active CC agenda in some poor communities in the Western Cape and thus have influence over many policies that support livelihoods. The degree of implementation of such policies has been examined through both literature and empirical data collected in this study. However SAB’s products are also recognized to have many negative impacts on communities. Therefore the fact that SAB has an active CC agenda, at the same time with products having a negative impact on society makes it a controversial company.

Further questions arise in the context where controversial corporations like SAB have active CC agendas in poor communities. Among these are: do these controversial companies use CC agendas to meet their perceived socio-economic obligations in communities where they operate or do they use CC as a means to respond to controversies? Do companies adopt CC agendas to balance the negative social and environmental effects of their operations and to avoid regulations? With respect to SAB, the question that arises is whether its CC agenda is a form of reputation building in a community where alcohol abuse is seen as a major problem or is it a genuine attempt by SAB to meet its socio-economic obligations towards communities in line with the MDGs? As a simple method of assessment, this study proposes to use the principles of being a good Corporate Citizenship that had emerged from the
analysis of the literature review (on various concepts and the MDGs) and see if the data collected from participants are in line with these expected principles of good citizenship.

1.3 Research question

In light of the above research problem, the study’s overarching research question is as follows:

- Is the notion of a CC agenda an appropriate vehicle for ‘controversial’ companies (in general) and SAB in the Western Cape (in particular) to realise corporate obligations with respect to socio-economic rights of the host community as stipulated by the MDGs?

Sub research questions addressed through this study are:

- How is CC conceptualized in general and by SAB in particular?
- How is CC practiced in general and by SAB in particular?
- How can the MDGs serve as a normative framework to inform corporate obligations related to socio-economic rights of communities in developing countries, with specific reference to SAB in the Western Cape?
- Can it be said that CC is an adequate and appropriate vehicle for the private sector to foster the host community’s socio-economic rights as defined by the MDGs in general and as envisioned by MDG number eight in particular?

1.4 Propositions

The study proposes: Firstly, the fact that corporations perceive CC as charitable activities rather than obligatory, reduces the effectiveness of CC agendas towards the role of the private sector in fostering socio-economic rights of communities in which they operate as proposed by the MDGs. Secondly, the limitations of CSR and related concepts such as CC and CSI, and the confusions that surround these concepts, create misunderstandings between corporations and society with regards to the role that companies should play in communities.
1.5 Objectives

The principal objectives of this study were to:

- Provide an overview of the relationship between society and corporate obligations towards people’s socio-economic rights using the MDGs as a normative framework,
- Examine the notion that corporations have played an increasingly important role in tackling poverty since the 1970s until now,
- Outline the challenges or limitations of the role that corporations play towards the achievement of sustainable development and improvement of quality of life through CC,
- Present the relationship between corporations and their stakeholders, and the implications thereof taking into account CC theories and MDGs, and
- To debate the contribution of the private sector to development through CC and related concepts such as CSR and CSI.

1.6 Significance of the study

It is important to analyse corporate-public relationships currently in existence, given the power that big companies have in the economy and often the politics of a country, as well as their environmental and social impact. As noted above, the concept CC has become popular by representing corporate obligations to society. In developing countries CC is linked to the role played by companies in promoting the socio-economic rights of people in those countries. However, companies may interpret CC as a way to increase their popularity publically (through media and NGO sector) or to prevent government regulation of the private sector. By using the MDGs, especially the implicit and explicit role attributed to companies towards achieving sustainable development and well-being, this study sought to interrogate the CC agenda of a ‘controversial’ company such as SAB in selected poorer communities in the Western Cape. In this regard, the study is an empirical contribution to understanding how companies perceive and practice CC, and relating these findings to the perceived obligations of companies in developing countries.
1.7 Overview of the case-study

SAB’s CC agenda in the Western Cape (especially selected communities where SAB’s presence is felt) and its contribution towards promoting socio-economic rights as normatively defined by the MDGs was used as a case-study in this study. As put by SAB, it considers its CC activities as CSI. SAB’s CSI department has instituted various programs and social activities in order to strengthen its relationship with poor communities with which it interacts. The CSI strategy of SAB has three major elements, namely: flagship programs, ‘soul’ programs and employee volunteerism (Mashenguete, 2012). The flagship programs are usually a direct support to business imperatives such as community enrichment, enterprise development and sports development. SAB’s ‘soul’ investment concerns support and donations for humanitarian relief and disasters. Employee volunteerism motivates employees to participate actively in the transformation of the community. These programs are examined in chapter four that focuses on SAB and its CC activities in the Western Cape.

In June 2010, SAB condensed all aspects of its sustainable development projects into ten main priorities, including using less water in beer production; discouraging irresponsible drinking; reducing footprint in energy and carbon; reducing the weight of packaging; re-using bottles and encouraging recycling; working towards zero waste operations; building supply chains that reflect the company’s values and commitment; benefiting communities; contributing to the reduction of HIV/AIDS; respecting human rights; and transparency in reporting the company’s progress.

SAB is an alcohol company that also operates in the Western Cape province of SA. However SAB is labelled as a controversial company in this study because of the negative effects of its products in society. As posited by Friedman (1962), the first objective of any corporation should be to make as much money as possible while respecting ethical values. With respect to SAB, profit making implies that the company must sell as much alcohol as possible to consumers. The increase of alcohol consumption is inimical to the health of individuals and society (as elaborated in chapter four of this thesis). Therefore it is because of this conflict between profit making and safety/ or wellbeing of individuals and society as a whole that SAB has been a controversial company. This controversy is more pronounced in the Western Cape because of the high incidence of alcohol related problems in the province (although these problems are also allocated to the wine industry in the region). Research by Statistics
SA (2003) suggests that there is high burden of crime associated with misuse of alcohol. The negative impact of alcohol will be examined in chapter IV.

1.8 Research design and methodology

1.8.1 Case-study approach

The research applied a case-study approach by focussing on a particular institution in a particular region. Neuman (1997:28) defines the case-study method as a process through which a researcher explores a number of features of a very few cases in-depth over a period of time. He further indicates that: “cases can be individuals, groups, organizations, movements, events or geographic units” (Neuman, 1997: 28). With the case-study method, information that is collected gives a deeper insight and a more complete understanding of the population in the case-study area. This approach can have advantages as well as disadvantages. Some of the advantages associated with a case-study approach include the fact that they help to create the liaison between the micro and the macro level, as well as help in terms of establishing theories (Vaughan, 1992; Walton, 1992). Some of the disadvantages of a case study method include: the risk of having informant bias, reduced evidence, weak sampling of cases, theory building, lack of evidence and the generalisation of research findings (Eisenhardt, 2007).

Applied to this context, the study considered the limitations of a case study method by making sure that, informant were from the various main groups involved. In other words, to have diverse opinions and avoid informant bias, interviewees came from: SAB, UNASA representative as well as beneficiary NGOs. Similarly, a number of evidences have been given in forms of tables and appendixes to support various claims.

SAB as a case study provides rich ground for an empirical study due to a number of reasons as stated below:

- It has a CC agenda that can be investigated to determine how it intends to effectively promote developmental policies that may lead to the reduction of alcohol
consumption, which is a disadvantage to the company from a profit maximising perspective.

- The Western Cape poses a geographical limitation to the study, because it is known as one of the provinces with a high number of problems associated with alcohol abuse, including Foetal Alcohol Syndrome (FAS) and drunk driving. It is thus interesting to investigate how SAB through its CC agenda approach the regions’ problems?
- The Western Cape government passed a new Liquor Act as part of its substance abuse strategy. The passing of the Liquor Act has received criticisms from SAB in particular.

### 1.8.2 Qualitative approach

Since the main aim of the study was to understand a social phenomenon (corporate behavior in society) from the perspective of the stakeholders (communities) involved, and to understand the socio-economic and political context of this phenomenon, qualitative methodology appeared to be a more suitable approach. According to Durrheim (1999:44), the decision to use qualitative or quantitative methods has consequences for the research design of a study.

Moreover, Durrheim (1999:44) maintains that when organizing a research project, decisions should be made by the researcher taking into account three types of research, namely: 1) exploratory, descriptive and explanatory, 2) applied and basic, and 3) quantitative and qualitative. He further argues that though either quantitative or qualitative methods can be used to attain exploratory, descriptive or explanatory aims, a qualitative approach is more commonly used to inductively explore phenomena, and provide detailed descriptions of phenomena” (Durrheim, 1999:44). The nature of the investigation in this study is therefore more suited to qualitative methods instead of quantitative methods as the study involves descriptive and explanatory aspect of SAB’s CC agenda and its impact on host communities in the Western Cape. In addition to the advantages already noted above, the qualitative method can lead to studies that are holistic, empirical, interpretative and emphatic; it also allows the researcher to investigate a particular case embedded in its context; and also have varying and flexible methods. The study however acknowledges the disadvantages associated with qualitative approaches. Some disadvantages of qualitative approach include: it is sometimes perceived as being subjective and not scientific by nature; it can be very costly in
terms of time and money; it can be labor intensive and emotionally draining; and there are no well-defined rules (Babbie and Mouton, 2001). Therefore applied to this study, the challenge of dealing with no clear defined scientific formula for the role of companies in society was managed carefully. Answers varied from one person to another depending on their own interpretations and contextualization. Similarly, it demanded money to go on the field, which kind of had an impact on the study, which is why funding was requested. Similarly, the risk of having biased responses had to be managed given the fact that some of the respondents were or had interacted with SAB, in terms of receiving donations or hosting a common event.

1.9 Data collection

Data collection involved two main phases. Phase one involved the collection of secondary sources, informal conversations with experts in the field and identifying respondents for primary data collection in phase two. McNabb (2004:74) defines secondary data as: “Data that have been collected by someone else for another purpose”. Some examples of secondary data include the use of statistical reports of the World Health Organisation, articles and professional journals on CC, CSR, MDGs’ and SAB’s documents and records.

Phase two entailed primary data collection, mainly fieldwork. Bless et al. (2006:111) maintain that: “When researchers collect their own data for the purpose of a particular study, the data is called primary data”. Some examples of primary data comprise in-depth interviews, observation, documentation and visual images. It is however important to mention that phase one of the research was not completed when phase two began because the two phases were inter-linked. For instance, literature on CSI, CSR, CC and SAB were being gathered while fieldwork was already in progress. However, phase two mostly depended on phase one as some crucial information was needed before embarking on fieldwork.

1.9.1 Phase one: Secondary data

Phase one of this study involved gaining extant knowledge about the topic. This entailed finding and exploring literature on CC, CSR, CSI, MDGs and SAB and its CC projects. Books, journals and articles on these chief concepts were collected during this phase. As some of the documents could only be found online, this phase required considerable use of
the internet for data collection. While other documents were collected from libraries, book shops, museums and corporate archives.

Moreover, this phase also involved finding people who had knowledge of the topic or informants in SAB and in the specified communities where the company operates. As observed by Rubin and Babbie (1993:365), “one of the crucial parts in research is consideration and preparation for the use of informants”. De Vos (1998) adds that: “The researcher may select people who know the relevant research target group to discuss with at least one of the members, or arrange to meet someone who do”. In this study the informants facilitated the dialogue with people whose expertise and/or experience were crucial to the research.

Apart from the use of informants, attendance of book launches, seminars, private meetings and presentations related to the research also constituted strategies used to meet experts on the research topic. These platforms represented a good opportunity for informal interactions with experts. In order to have general knowledge and guidance, discussions were held with people who had expertise in the area. Such informal conversations were conducted with some people from SAB’s CSI department, officials from the UN and the United Nations Association of South Africa (UNASA), lecturers of public administration, management and business schools, scholars and employees from other corporations such as banks and gambling agencies. These informal conversations contributed to gathering more general knowledge and sketching a road map for this study as well as for further research. The gathering of information from phase one made it easier to begin with phase two of the data collection process.

1.9.2 Phase two: Primary data collection

Phase two was mainly concerned with primary data collection. McNabb (2004:73) indicates that, primary data represent the unrefined material that is gathered and presented as substantiation. Four methods of data collection were undertaken in this phase, namely documentation, visual images, interviews and observation.

SAB’s documents and images were examined. Most of these documents were collected from the regional office of SAB in the Western Cape (SAB Newlands). The rest of the documents
were sourced from the internet and libraries. Pictures were taken from SAB’s regional office, advertisement banners on the streets, websites, articles, journals and magazines.

In addition, data was also collected through interviews. Using a case-study approach, data were collected from SAB’s social responsibility or involvement in the Western Cape. SAB Newlands was chosen as the entry point for data collection for two reasons: first, is the researcher’s geographical proximity to SAB Newlands; and second, is the fact that SAB Newlands is the regional office of SAB in the Western Cape.

As maintained by Mouton (1996: 135), there are two steps in defining the population of the research namely: the identification of the target population and the establishment of the sampling frame. He further says that, the target population “is the population to which one wishes to generalise” whereas the sampling frame refers to “the set of all cases from which the sample will actually be selected” (Mouton, 1996: 135). In this regard, the target population of this thesis included organizations represented by individuals who had interacted with SAB or were familiar with SAB’s social activities and people who had certain knowledge of Corporate Citizenship and the MDGs. Furthermore, one of the ways to construct a sampling frame as posited by Mouton (1996) is by developing an ample list that includes cases that are corresponding to the chosen target population. Therefore, the sampling frame of this thesis consisted, but was not limited to, a list of NGOs from SAB that had recently received CSR donations from SAB. SAB helped put in place a fairly comprehensive sampling list. Relevant documents of SAB including a list of SAB’s recent CSI projects in the Western Cape were made available for the purpose of this study. The list of places and organisations with which SAB had its CSI activities, served as a roadmap for the fieldwork. The permission to conduct interviews with SAB members/representatives during the entire study was granted by senior officials of SAB Johannesburg.

It was crucial to include the beneficiaries of SAB’s CC activities in the fieldwork as their past and present involvement and interactions with SAB were of great value to the study. As pointed out by SAB Newlands’, the areas where SAB recently had its CSI activities are Athlone, Elsies River, Gugulethu, Newlands, Stellenbosch and Tokai. Figure 1.1 is a map representation of the places where SAB conducted its CC activities in the Western Cape (the period between 2010 and 2012).
The largest part of the fieldwork therefore revolved around certain areas and organisations with which SAB had engaged with through its CSI projects.

As for the actual sampling this study made use of the snowball method of sampling which is a non-probability method of sampling. Wellman and Kruger (1999) maintain that with the snowball sampling, the researcher first approaches a few individuals who are part of the target population, who will then be used as informant for the relevant population. The informants may also give a further list of individuals of the relevant population increasing the unit of analysis. In this case, a number of individuals who are knowledgeable of the practices and implications of the MDGs and CC were first approached. They then gave a list of individuals who had interacted socially with SAB in the past, UN members who had lived in South Africa for the past five years, community members familiar with SAB’s activities and leaders from other “controversial” companies such as lottery companies. Similarly, in order to get interviewees from SAB, SAB’s CSI coordinator was approached, and he facilitated access for interviews with other senior managers at SAB.
The schedule of the interviews was influenced by two factors: firstly, phase one of the research influenced the schedule of interviews as the interviews could only take place after enough literature about the topic had been gathered. A good knowledge about the concepts involved and a clear idea about the exact places where SAB recently had its CSI activities in the Western Cape represented crucial elements for scheduling interviews. Secondly, the schedule of the interviews was also influenced by the availability of interviewees. It all depended on the interviewees’ willingness to participate and their availability.

A total of fourteen in-depth interviews were supposed to have been conducted. The intended interview schedule was as follow: five interviews with community leaders; three interviews with CEOs/managers of other companies with CSR agendas; two interviews with UN representatives; and three interviews with staff members of SAB. However, the number of interviews and the initial plan concerning in-depth interviews, was not executed for a number of reasons including: first, amongst all the people who were contacted via phone or email for appointments concerning interviews, only a few responded positively. Second, the initial plan for the calibre of people to be interviewed was slightly changed because of SAB’s list of the places where it had its CSI activities in the Western Cape. SAB’s list resulted in a shift of focus to the community organisations involved. For instance, in the original plan a number of interviews were supposed to be conducted with community leaders. But SAB’s CSI activities list showed that SAB’s recent CSI projects in the Western Cape were mostly directed at NGOs. This development shifted the focus of some interviews from community leaders to managers and CEOs of NGOs and NPOs as well as employees. Consequently, a total of eight interviews were finally conducted. Interviews were conducted with five managers and CEOs of NGOs as targets of SAB’s CSI activities; one UNASA representative; and two SAB staff members. The first formal in-depth interview was conducted in August 2012 and the last in April 2013 in Cape Town. It was not possible to have focus group discussions as SAB’s CSR list in the Western Cape was mainly related to organisations instead of the community as a whole.

In addition, Rubin and Babbie (1993:371) maintain that, “the research field is partially a matter of going where the action takes place and solely watching and listening”. Observation was used as a method of data collection before and during the fieldwork. However, the role of participant observation as the intended method to be undertaken was not used due to lack of access to SAB’s various activities. Given the fact that access was not granted to take part
in some of SAB’s various activities, projects and interactions in communities, the only type
of observation that could be used was the one of complete observer. Hence, a simple
observation method was used in this phase. Simple observation also known as non-participant
observation “is the recording of events as observed by an outsider” (Bless et al., 2006:115).
Only a simple observation of what had already been done by SAB in some given places and
an observation of the behaviour of the people who were involved with SAB could be done in
this study.

1.10 Validity of results

Any sample survey is exposed to errors, and therefore may result in approximations that are
useful if not clear-cut results (Tustin and Hamann, 2006:16). It is therefore important to
mention that this study recognizes that responses from respondents may be subjective. Most
respondents were people from Non Governmental Organizations (NGOs) and Non-Profit
Organizations (NPOs) that had received donations from SAB or applied for support. The fact
that some received support from SAB and others were disappointed with the donations could
have influenced their answers. Similarly, some might have restrained themselves from talking
as they did not know whether SAB would have a report from this study or not. Efforts were
however made to assure interviewees that anonymity would be ensured upon request.

1.11 Qualitative methods of data analysis

This study made use of various methods of qualitative data analysis, such as memo analysis,
coding and graphs.

Memo writing involved putting in writing, small papers with different ideas, comments and
general data. These memos were organized according to themes and main ideas and were the
result of constant thinking.

The method of coding concerned combining the text data into small sets of information,
looking for evidence for the code from different data bases being used in a study, and then
assigning a label to the code (Neuman, 1997:184). Coding is also defined as the process of
“classifying or categorizing individual pieces of data” (Neuman, 1997). The coding method
facilitated the classification and interpretation of the data collected in this study. This process allows the researcher to arrange raw data into conceptual categories and creates themes and concepts, which he/she then uses to analyse data (Neuman, 1997). Three methods of coding were used in this study namely, open, axial and selective. With open coding, rough materials were examined and emerging themes and concepts were coded. The axial coding was useful in terms of coding themes, identifying new, initial, as well as main themes. With the selective coding, similarities and differences between major themes as well as emerging concepts were analysed.

1.12 Limitations and challenges

A number of challenges and limitations were encountered during the fieldwork.

The first challenge during fieldwork relates to what Dr Stephanie Kappler (2012) calls “fieldwork resistance”. Fieldwork resistance entails the different barriers that your interviewees put between them and the researcher. In this case, one interviewee was a bit careful and sceptic upon discovering that the research was from Political Studies. This interviewee was a bit reserved at the beginning, but later became more comfortable and cooperative as the interview progressed. An elaboration and clarification on the topic and its aims had to be made in order to reassure some interviewees that the research was not politically motivated. More so, emphasis needed to be put on the fact that the study was also from the International Relations viewpoint (MDGs) and largely academic in nature.

The lack of financial resources also presented a huge challenge as some interviews required long trips. The problem of transportation affected the fieldwork in terms of time constraints. The time was also a challenge as most interviewees got very busy as the year was nearing an end, making it difficult to continue with the fieldwork. Most of the participants scheduled to be interviewed had busy schedules from November 2012 until January 2013. This posed an enormous challenge resulting in delayed in completion of fieldwork.
1.13 Research ethics

Bearing in mind the obligations and implications linked to this study, research ethics as prescribed by the University of the Western Cape (UWC) research ethics guidelines were adhered to. The study was conducted within ethical standards, conforming to principles and guidelines such as confidentiality, anonymity, autonomy and justice. Before conducting any interview, the researcher obtained the informed consent of the participant. Participation was voluntary and no benefits were paid to the participants. The information given by the participants remained confidential as well as their identities, and no views expressed were attributed to any named person or institution, unless with consent of the person and the institution. Participants were also informed of their right to disengage from the research at any time. The researcher also ensured that the findings were reported clearly and exactly without any misrepresentation.

1.14 Structure of the dissertation

The thesis is structured into five main chapters as follows:

Chapter One: Introduction

This introductory chapter presented the background and research problem of the study. Thereafter, the research questions, objectives, propositions and significance of the study are discussed. Moreover, an overview of the case-study area, research design and methodology including a chapter outline are covered under this chapter.

Chapter Two: Conceptual framework

This chapter provided explanations on the key concepts of the study. The concepts reviewed include; corporate social responsibility, corporate citizenship, citizenship, corporations as citizens and corporations as “good corporate citizens”.

Chapter Three: Theoretical and normative framework

This chapter sketched the different group of theories (instrumental, political, integrative and ethical theories) that underpin the study. It explains how the MDGs can be used as a
normative framework for CC. This is followed by an overview of the relationship between the above theories and the MDGs.

Chapter Four: Case-study of SAB’s corporate citizenship

This chapter provided a detailed examination of SAB as a case-study. It looks at SAB’s conceptualization and implementation of CC; dimensions of its CC; and controversial debates that involve SAB.

Chapter Five: Analysis and interpretation of results

This chapter is dedicated to the study’s findings and discussions. It provides detailed analysis, interpretation and discussions of the core findings emanating from the study.

Chapter Six: Conclusion and Recommendations

This final chapter constituted a summary of study’s key findings. It provides a conclusion and recommendations based on the study’s findings.

1.15 Conclusion

This chapter established the key tenets of the study, providing background on the different concepts of CC and CSR which provide the rationale for companies’ CC agendas. The chapter highlighted some of the main propositions including a general framework upon which debates that contextualize the research question are further examined. Although this study emphasizes the importance of the concept of CC, as demonstrated in section 1.1 of this chapter, the role of companies in society has been perceived differently by different stakeholders. The next chapter will consider the conditions under which a corporation can be seen as a citizen, by examining definitions and understandings of CC and related concepts such as CSR and CSI.
CHAPTER TWO:
CONCEPTUAL FRAMEWORK

2.1 Introduction

The role of companies in society has for a long time been understood as Corporate Social Responsibility (CSR). Indeed, the last few decades have seen the emergence of new terminologies which are attributed to the presence of companies in society. The role of companies in society has also been associated with concepts such as Corporate Citizenship (CC), corporate philanthropy and Corporate Social Investment (CSI) to name a few. As indicated in the previous chapter, CC is a concept that has gained momentum in the corporate and public domains, and thus often used interchangeably with other concepts. The synonymous use of these concepts has created ambiguity around the concepts themselves and companies’ role in society. Nonetheless, this study argues that concepts such as CC were developed to complement or extend CSR, and therefore needs to be explored in-depth since it adds new elements to the corporate-public relationship. In order to clarify the ambiguity and specify the conditions under which a corporation can be seen as a citizen, this chapter is divided into three main sections, namely the conceptual, theoretical and normative framework. The first section provides understandings and definitions of CSR and its limitations or criticisms. The second section focuses on CC and the conditions under which a company can be seen as a citizen. Lastly, this chapter examines CC in the South African context in the form of CSI.

2.2 Corporate social responsibility

Bowen’s book titled; Social Responsibility of the Businessman in 1953 has been acknowledged as a pioneer of the concept of CSR (Garriga and Mele, 2004:53; Carroll, 1979). Bowen (1953:6) maintains that businesses have the obligation to “pursue policies, make decisions and follow lines of action which are desirable in terms of the objectives and values of society”. This view of CSR emphasises the obligations that corporations have towards society where they exist and operate. This definition is in line with this thesis’ understanding of CSR. The emergence of CSR can also be attributed to a number of
unpopular events that took place in the 1900s. The present signs of CSR can be linked to the boycotts of foodstuffs made with slave labour during the 19th century, the moral idea of some entrepreneurs such as Cadbury and Marks, and the trials of the Nuremberg war crimes after World War II during which the directors of the German firm I. G. Farben were found culpable for mass murder and use of slave labour (Blowfield and Frynas, 2005:500). CSR was then introduced during this era in attempt to tackle the concerns and issues related to companies’ relationship with society.

CSR was introduced in response to society’s concerns about the increasing power of corporations in society. Whitehouse (2003:300) asserts that: “At its heart, corporate social responsibility is concerned with the relationship between companies and society, particularly with restraining the adverse impact of corporate activity on individuals and communities as a whole”. This statement is important as it shows that CSR concerns the role of corporations in society, and the need to control corporate actions and effects in society.

Since 1953, the concept of CSR has been described and defined by different authors in various ways. Business practices in the 1900s, that could be termed socially responsible, took various forms such as philanthropic donations to charity, service to the community, enhancing employee welfare and promoting religious conduct (Banerjee, 2007:5). CSR has been defined by some with an emphasis on the voluntary nature of the corporate role in society. For instance, the European Commission (EU) (2002) defines CSR as: “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. Moreover, Carroll (1979) presents a definition of CSR that is based on four main responsibilities, namely: economic, legal, ethical and philanthropic. The economic responsibility entails corporations making sure that they make profit. Legal responsibility involves corporations meeting and respecting legal values. Ethical responsibility is concerned with behaving ethically, i.e. being pro-social and doing no harm. Lastly, the philanthropic responsibility has to do with companies giving back to communities by engaging in philanthropic activities. These various interpretations of CSR are mainly voluntary oriented and are not in line with this thesis’ understanding of CSR which is more obligatory.

Some authors have defined CSR as a means to have mutual gains between companies and society. In the 1990s there was a shift in CSR thinking from fulfilling societal obligations through philanthropy to a more strategic level that attempted to tie corporate social initiatives
to corporate objectives (Banerjee, 2007). An examination of the relevant literature, for example, presents various meanings of CSR ranging from the execution of philanthropic projects to the moral imperative to undertake adequate legal, moral, ethical and philanthropic actions that are beneficial to both business and society (Whitehouse, 2003:301). These ways of understanding CSR as a means for mutual gains between companies and society will be examined in more detail under the section on theoretical framework in Chapter three.

Furthermore, a host of authors provide definitions of CSR that are more concerned with the obligations of corporations to make significant contributions to societal development. For instance, Ward (2004:3) defines CSR as the dedication of business to make a contribution to meaningful economic development, working with the local community, employees, their families and society at large to improve their livelihood, in a manner that will both benefit business and development. Payton (1988:32) argues that CSR includes, “acts of community to enhance the quality of life and to ensure a better future”. These arguments are mainly the ones developed in this thesis, in terms of companies having the responsibility to make concrete changes in communities where they operate. These definitions have also been adopted by this study in attempt to understand the concept of CSR.

The various definitions of CSR presented in this sub-section can be divided into three groups: those perceiving CSR as being merely a voluntary initiative from corporations towards communities; those perceiving it as a way for mutual gain; and those perceiving it as an obligation of companies to the betterment of the lives of people living in communities where they operate. This study’s understanding of CSR concurs with the last two groups, which have an understanding of CSR that emphasises corporate impact on the lives of people living in communities where they operate, and perceiving CSR as a means for mutual gain.

The above definitions, including those that the study agrees with are not without shortfalls. In addition to the emphasis on the voluntary aspect, various definitions of CSR fail to address two crucial points, namely accountability and effectiveness. These definitions have overlooked the accountability aspect of CSR, which as indicated earlier, is one of the reasons behind the establishment of the concept. More importantly, the importance of the effectiveness of CSR has only been highlighted by two authors. The effectiveness of CSR is of great significance to this study as the research question and some of the sub-questions deal with the issue of whether controversial companies’ CSR are adequate in terms of meaningfully changing the lives of people living in poor communities, as envisage by MDG
number eight. The failure by these authors to respond to the effectiveness of CSR is captured by Banerjee (2007:7) who argues that the effectiveness of CSR is seemingly irrelevant, inasmuch as hundreds of books and papers written on CSR since the 1970s simply ignore it. Bowen (1953) recognised the problem when he noted that: “Voluntary social responsibility cannot be relied upon as a significant form of control over business. The power of the business overcomes the weak reed of voluntary social responsibility. The social responsibility concept is of minimal effectiveness”. This statement is of great importance as it concurs with the main argument put forward in this study. Proposition one of this study, presented in chapter One, states that corporations’ perception of CC as charitable activities rather than obligatory reduces the effectiveness of CC agendas to realise the perceived role that the private sector should play in relation to the promotion of the socio-economic rights of communities in which they operate as proposed by the Millennium Development Goals (MDGs).

The oldest and most prominent criticism levelled against CSR stems from an economic point of view. Neoclassical economists have a conception of CSR that is narrow, as they believe that economic and legal obligations should be the only focus of companies (Hinson and Ndhlovu, 2011:337). CSR gets in the way of what business is meant to do: make profits (Friedman, 1970). CSR here is seen as a distraction and an element of weakness for companies. According to Henderson (2005:32), CSR is not really criticised because it is not profitable, but because it will make people poorer in general since it weakens the performance of companies in their main role. CSR here is criticised for diverting companies from their first responsibility, which is making profit.

As identified earlier in this thesis, the perception of CSR as voluntary and philanthropic has also been criticized. For instance, Hamann (2006:179) criticizes the equation of CSR with companies’ philanthropy, arguing that it limits the perception of broader and more difficult business and society relationships.

Similarly, CSR has also been criticized because of the existence of varying understandings of the concept. The contradictory nature of CSR only serves to “undermine its credibility” (Friedman et al., 2008:160). One worry is that CSR is increasingly used so broadly that it makes it impossible for people to understand and implement it for various reasons. This vagueness of CSR confines its usefulness both as an instrument of analysis and as a guide for those making decisions (Blowfield and Frynas, 2005:503). This is crucial as it speaks to the
second proposition of this thesis that maintains that the vagueness, limitations and contradictions around the different concepts of CSR and CC create confusion about the relationship between companies and society.

CSR has been criticized for being a concept that can be misused by companies. CSR can be used to boost companies’ image, usually known as “green-washing”, the process is defined as a situation in which companies focus on portraying an image of being socially responsible while making few substantive changes (Hinson and Ndhlovu, 2011:334). A good example is Chevron that won several CC awards, while claiming that granting basic services to communities is not its responsibility, despite the fact that it faces a number of law suits from communities in Nigeria and Ecuador (Chea, 2006).

Moreover, CSR has been described as a concept that can be used by companies to avoid regulations. The Christian Aid (an International Non-Governmental Organization-(INGO)) claims that companies have repeatedly used CSR to stop attempts to put in place mandatory international regulation of activities of companies and to confront societal activism (Christian Aid, 2004:2).

In addition, CSR has also been criticized for being used as a concept to flatter consumers. CSR is regarded here as being employed to buy the good will of communities. A good example would be that of research on the customers from urban areas in South Africa which demonstrated that those consumers have high expectations of the social and ethical responsibilities of corporations with regards to the delivery of goods and services (Fig, 2007:32). Chapter five of the thesis considers the degree of expectation of the participants in this study with respect to SAB’s ethical and social responsibilities.

Furthermore, CSR is criticised for being used by companies to deal with the negative impact of their products. Hamann (2006:178), strongly condemns CSR as a derisory response to the outrageous effects of the actions and decisions of some multinational companies. This criticism is important to this study due to its focus on ‘controversial’ companies and their CC activities in communities.

These limitations and criticisms of CSR have led to the establishment of new concepts such as CC and CSI in an attempt to redefine or complement the role of companies in society.
2.3 Corporate citizenship

CC emerged as a concept with new features to describe companies’ roles in society. According to Whitehouse (2003:299) because CSR has failed in its effort to induce companies to behave responsibly, it has been displaced by an approach that is more consensual, and encourages corporations to behave as good citizens. The idea of companies behaving as good citizens or good actors is developed in this section. Scholars have not been able to construct a clear and concise definition or description of the concept CC. As Hamann (2006:177) pointed out, the discussion around CC is a complex one since the concept is applied in different ways with various motives.

Interpretations of the concept CC have differed over the last decades. Many scholars for instance have used CSR and CC interchangeably, emphasizing the voluntary aspect of the concept. Robert Payton (1988:32) in *Philanthropy: Voluntary Action for the Public Good* maintains that CC is defined to include three-related activities: voluntary service, voluntary association and voluntary giving for public purposes. Here, CC is solely identified with voluntary actions taken by corporations towards society, which is no different from the understanding of CSR.

In addition, in identifying CC with CSR, Carroll (1998:1) argues that CC is a concept that focuses on the relationship between companies and all their important stakeholders, not just employees. Like with CSR, he goes on to say that, CC has four faces, namely the economic, ethical, legal and philanthropic (Carroll, 1998:1). In other words, a “good corporate citizen” should be economically, legally, ethically and philanthropically responsible. Economic responsibilities designate the obligations for businesses to be productive and make as much profit as possible; Legal responsibilities correspond to society's expectation to see businesses meet their economic duties within the framework of laws established to control the relationship with their stakeholders; Ethical responsibilities require that businesses know ethics and do ethics by behaving according to appropriate established norms; and philanthropic responsibilities reflect the common desire to see businesses give back to the community by being actively involved in charitable activities (Carroll, 1998:2-5).

This understanding of CC is almost identical to the one given on CSR which associates the concept of CC with philanthropic and voluntary giving. According to this study this is a limited view of the new concept. This study views CC as a complement to CSR, i.e. not identical, but as a concept that has new and valuable insights that CSR does not highlight.
Although this study does not support the use of the two concepts interchangeably, on two occasions the obligation to use them interchangeably arose: under the theoretical framework scholars are cited to have used both terms interchangeably; and in analysis in chapter five most participants were not aware of CC and believed that the two concepts were identical.

A number of scholars emphasise the difference that exists between CSR and CC in their conception of CC. For instance, Whitehouse (2003:299) states that to present CSR and CC as alternates, is a failure to acknowledge the added significance when using them in combination. Self-interest in corporate philanthropy, the investment aspect of social engagement and a focus on local communities are certainly not elements that are particularly new or that have not been discussed in past literature on CSR (Matten and Crane, 2005:168). Similarly, Matten et al. (2003:109) argue that there is a more insightful role of corporations in modern citizenship that the concept CC proposes, but this is hidden behind its conservative expression attributed to CSR. They further criticize the initial identification of CC as the “philanthropic role and responsibilities that the firm undertakes in the local community such as charitable donations” (Matten et al., 2003:112). An adequate definition or description of CC must be one that goes beyond the elements characterising CSR.

Furthermore, identifying CC with voluntary and philanthropic actions in communities is a description of the concept that neglects valuable and new societal elements of the concept. According to Moon et al. (2005:429), “the debate on corporate citizenship (CC) has only paid limited attention to the actual notion of citizenship. Where it has been discussed, authors have either largely left the concept of CC unquestioned, or applied rather uni-dimensional and de-contextualized notions of citizenship to the corporate sphere”. Most times, definitions of CC are not given within the citizenship context. Some authors have replaced the traditional representation of CC as voluntary activities with a new representation that focuses mainly on the term citizenship. Matten and Crane (2005) emphasize the importance of the term citizenship in order to better describe and understand the concept CC. They further say that CC involves the role that corporations play in administering the citizenship rights of individuals (Matten and Crane, 2005:173). The concept CC here is interpreted in terms of corporations having citizenship obligations towards the people of the communities where they operate. CC also implies that corporations have both rights and obligations in communities where they are located. Etzioni (1990) argues that the basis of CC spins around the double notions linked to citizenship of rights and responsibilities. Corporations seen as citizens become legal persons with some legal rights and duties, also administering services
to people living where they operate. The notion of rights and duties as well as corporations having rights and duties in communities is explored in the following sub-sections.

Similarly, an understanding of the concept of CC with an emphasis on the citizenship aspect adds to the corporate-public relationship a new perspective. Moon et al. (2005:432), putting an emphasis on the term citizenship, maintain that thinking around the notion of citizenship can surely be used to establish essentially new “theoretical insights” in terms of the participation of corporations in society. Moreover, the notion of citizenship in the context of corporations is crucial in understanding the corporate role in society. However, in the vast literature on CC the decision to deliberately conceptualize the notion of citizenship has been undertaken by only a few authors (Matten et al., 2003:113).

The focus on the term citizenship provides “a basis for delineating the conditions under which citizenship roles and responsibilities should and should not be undertaken by corporations” (Moon et al., 2005: 430). In other words, it is important to analyse the notion of citizenship in order to know exactly when and how a corporation should be considered a citizen. To better understand the notion of citizenship applied to corporations, it is important to first explore it in its pure political context.

2.3.1 Citizenship

The concept of citizenship has been the subject of discussion especially within the Political Science discipline, mainly in relation to individuals. For the past two decades citizenship has been a crucial area of investigation for politics both in terms of revisiting the citizenship norms and dealing with understandings of deficits like the declining involvement in electoral politics and the perception that there has been a marginalization of the interests and rights of some groups (Stokes, 2002:23). Like many other concepts in Political Science, citizenship has been defined and interpreted in various ways. The most succinct definition of citizenship is the one given by Hettne (2000: 35) who points out that citizenship entails: “Membership in a bounded political community”. He further argues that within the state there are citizens whose obligations and rights are described by citizenship and commitment to the state (Hettne, 2000:37). The concept citizenship signifies individuals being members of a political society which confers rights and obligations to them. According to Faulks (2000:55-82) citizenship is described as a number of individual rights.
Broadly, citizenship involves rights and obligations from both individuals and the state. Citizens have rights and obligations, but the state must also make sure that those individual rights are met. Hettne (2000:36), for instance, maintains that the principle of citizenship embraces the obligation of the state to ensure that its citizens are well protected. Individuals through citizenship have well defined rights and obligations which are categorized into various aspects of their life. Marshall (1965:78), discussing about rights, indicates that liberal citizenship can be divided into three main groups of entitlement, namely civil, political and social rights. Civil rights encompass equal, fair and legal rights. Some civil rights include: freedom from exploitation, the right to property, freedom of speech, freedom to engage in the free market (economy). Political rights have to do with the active participation of individuals in society. Some political rights include: the right to vote, the right to join a political party and the right to hold office. Social rights are the rights that give individuals the freedom to be active in society. Some social rights include: education, shelter, pension, health, unemployment and different features of welfare (Delanty, 2000:15-16).

Other rights include rights to property and rights to enter into a social contract (Delanty, 2000:12). Scholars such as John Locke (1690) have identified human natural rights as life, liberty, health and possession. Through their citizenship status, individuals do not only have rights, but they also have obligations towards their communities. Duties of citizens include the obligation of paying taxes, contributing to insurance, mandatory schooling and military responsibility in periods of war (Delanty, 2000:17). Duties generally, are obligatory for citizens. Delanty (2000:17) adds that: “most duties are vague, such as the duty to work or to promote the welfare of the community”.

Similarly, citizenship transcends the notion of rights and obligations of citizens to include a more participatory element. Based on Aristotle’s view, Eriksen and Weigard (2000:15) present citizenship as “the right to participate in the public life of the state, with a duty and a responsibility to look after the interest of the community”. Citizenship as part of a political community involves relationships, not only between rights and duties but also participation and identity (Delanty, 2000:9). Citizenship does not only concern duties and rights, it also represents an identity and belonging to a political community (Kumlicka and Norman, 1994: 369). Apart from the elements mentioned above, citizenship also revolves around protecting individuals and making sure that there is equality. Marshall (1965:78) contends that citizenship is mainly about guaranteeing that each and every member of society is treated equally and as an integral part of it.
The concept citizenship implies making sure that individuals enjoy the benefits of the various rights given to them. Matten and Crane (2005:171) add that, based on the liberal view of citizenship, the state as the main actor ensures the protection of civil rights, represents the major field of the exercise of political rights and decision making, and ensures the provision of welfare that will protect social rights.

Other scholars in describing citizenship in Political Science develop and present other aspects of citizenship roles and functions. For instance, an analysis of Stokes’ (2002) nomenclature of democracy and citizenship provides a number of roles and features related to citizenship. Stokes gives a broad view of citizenship by maintaining that it does not only imply status, but it also implies “accountability, legitimacy and participation” (Stokes, 2002:44). To be a member of a political community and have one’s rights protected comes with a certain level of responsiveness and respect for the norms of one’s community.

In addition, Stokes (2002:26) locates citizenship in the framework of democracy and gives a whole developmental model of citizenship. He distinguishes four main models of democratic citizenship namely: the liberal minimalist, civic republicanism, developmental and deliberative model (Stokes, 2002:27-31). The liberal minimalist model maintains that citizens need to be protected from the subjective domination and rule of the government. This mainly relates to the rights that individuals must enjoy and that must be protected and supported by the government. John Locke (1690) believes that citizens have natural rights to liberty, life and property, and the government should protect and shelter these natural rights. When such rights are not endorsed by government, citizens have the right to remove their approval from the government (Moon et al., 2005:435).

Civic republicanism shares the assumptions of equal legal rights and political equality with liberal minimalism, but it also prizes the public or civic good, rather than assuming that the public good is simply an aggregation of individual goods. Civic republicanism promotes community connection and moral attachments (Stokes, 2002:31-34). It is mainly concerned with respecting legal norms of the country. Civic republicanism treasures obligations, for example to respect the law, perform jury and military service and pay taxes (Moon et al., 2005:436). In this context, citizenship is mostly linked to political actions where people have obligations that they should fulfil for the wellbeing of their community.
According to Delanty (2000:33), civic republicanism is a combination of participation with identity, having a small role to play. Instead of loyalty or identity as the primary tenets, the main concern here is the devotion to attaining a common goal.

With respect to developmental democratic model, the description of citizenship emphasises a high degree of participation and close acquaintances between citizens for the prosperity of democratic polities (Stokes, 2002:34-39). Here, participation and interaction are identified as pillars of citizenship. According to Moon et al. (2005:441), proponents of developmental democracy, such as Alexis de Tocqueville, J. S. Mill, and G. D. H. Cole, perceive participation as the major element through which both personal and intellectual development can be achieved as well as the prosperity of society.

The fourth view of citizenship by Stoke assumes deliberative democracy perspective. Apart from emphasizing the participation of citizens in public affairs, deliberative democracy also suggests that participation should be done in a deliberative manner as this allows them to better tackle issues such as pluralism, inequality and difficulties in decision-making (Moon et al., 2005:442). In this view, there is an emphasis on deliberative and equal involvement of citizens in resolving issues in the decision-making process. Cohen in Moon et al. (2005:442) suggests that the outcomes of deliberative democracy are only legitimate “if and only if they could be the object of free and reasoned argument among equals”. Citizens are seen as active actors in decision making and in solving problems. The deliberative democratic citizenship model identifies a model of interaction which focuses more on an approach towards solving problems (Moon et al., 2005:443). The emphasis is put more on identifying solutions through deliberative participation and less on the resolution of rival interests.

However, in the past decades the concept citizenship has not only been attributed to individuals but also to corporations. As posited by Delanty (2000: xiv), “changes in the nature of society have forced us to rethink the meaning of citizenship”. This has caused a shift from the traditional conceptualisation of citizenship to a modern one that goes beyond the boundaries of political science and its mere association with individuals. The question therefore arises: under what conditions can citizenship be attributed to companies?
2.3.2 Corporations as citizens

In order to understand how and when companies can be seen as citizens, it is important to look at the historical implications or the context that led to the conception of the terminology. The current notion of a corporation as a citizen is mostly attributed to the unusual American invention that emerged from a specific historical context as an outcome of particular power relations (Banerjee, 2007). During the 1800s there was a power relationship between corporations and government in America where government had a considerable control over companies. However a series of events and legal cases freed corporations from government control. The identity of corporations was totally redefined by the *Dartmouth College v. Woodward* landmark decision of the US Supreme Court that saw the removal of corporations from state control in 1819 (Banerjee, 2007:8). This is explored in depth in the next chapter. Therefore, the modern corporation was born, defined as a “fictitious legal person, an artificial legal entity” distinct from its owners and officers (Hessen, 1979: xiv).

Moon *et al.* (2005:432), using a metaphorical perspective, maintain that referring to corporations in terms of citizenship does not imply that corporations are actually citizens or have citizenship, but that their essence and actions can be interpreted as being in some significant way similar to that of citizens or citizenship. In other words, corporations are seen as citizens and identify with citizenship because some of their actions, involvement and materials are analogous to citizenship. The adaptation of the expression citizenship from politics to corporate bodies is purely a metaphorical move and does not necessarily mean that the concept is a “given” or should be taken for granted (Moon *et al.*, 2005:432).

Some authors have examined corporations as citizens based on the perspectives of the different political definitions attributed to citizenship. For example, Marsden (2000:11) suggests that corporations are citizens and legal bodies with obligations and rights in the states where they operate. Similarly Crane *et al.* (2004:108) state that, “citizenship in this context typically imply membership in a bounded political (normally national) community (Hettne, 2000:35), and would ordinarily be thought of as providing the corporation with certain rights and responsibilities towards that community”.

In terms of rights, corporations have specific rights but they do not enjoy all the same rights as individuals do. A corporation cannot be a citizen like a person or enjoy citizenship rights such as voting or holding public offices. But it can however be considered a person as far as its legal status is concerned (Banerjee, 2007:46). For instance, during the 1800s the different
rulings and laws that were implemented conferred the following rights to corporations: as artificial persons corporations have the right to sue and be sued; the right to property; and entitlement to protection that ensures “due process” and “equal protection” under the law. Corporations here are seen as persons with legal rights which are protected by the law. Corporations’ duties or obligations are however not clearly defined. The issue is that while the rights of corporations are guaranteed, protected and well known, their responsibilities remain optional (Banaerjee, 2007:45). In addition, Windsor (2001:4) argues that theories of CSR that take a citizenship approach will tend to be limited in defining the scope of responsibilities. Mostly corporations’ duties are described as respecting the environment, following laws and administering certain rights to people in society.

Wood and Logsdon (2001) propose a more open view of the notion of citizenship by initiating some modern notions of citizenship such as human rights and communitarian view. Such new notions do not focus only on rights but also on obligations. They further argue that corporations therefore incorporate the field of citizenship not because they have a prerogative to certain rights as individual citizens would, but rather as influential public actors that have a responsibility to value individual citizens’ rights (Wood and Logsdon, 2001). Corporations as powerful agents in society have the obligation to respect the rights of the individuals in communities where they operate. For instance, corporations can respect the right to health through the provision of fair payment, workplaces that are safe, prevention of discrimination and pollution reduction (Banerjee, 2007:19).

In addition, Matten and Crane (2005:171) argue that corporations come into the field of citizenship in conditions where governmental bodies fail as the “counterpart” of citizenship. In other words, corporations can be seen as citizens in the sense that they have taken some of the functions of government as administrator of citizenship rights. Matten and Crane (2005:174) add that by administering certain rights to individuals, corporations play the “providing”, “enabling” and “channeling role”. Corporations play a providing role by providing funds for the improvement of schools, the promotion of neighborhoods that are cleaner, security services and funds for health care clinics (Banerjee, 2007:50). For instance, Eweje in Hinson and Ndhlovu (2011:332) argues that multi-national oil companies in Nigeria offer education scholarships and build roads. He goes further to say that in economic terms these are not functions of companies, but these functions are indeed expected from Multinational Enterprises (MNEs) when it comes to underdeveloped countries. Similarly, despite the company’s public affirmation that it does not play the role of government, in
practice Shell fulfils many of the roles traditionally performed by government (Banerjee, 2007:53). These are crucial elements for this study as they highlight some of the different ways through which companies can have an impact on the lives of people in communities through their citizenship status.

It also highlights the ability of companies to contribute in terms of the expectations from communities in developing countries. Similarly, corporations play an enabling role because in terms of civic rights, corporations “capacitate” or restrain citizens; and finally, corporations play a channeling role because they represent supplementary agents for the exercise of individual political rights (Matten and Crane, 2005:174). Corporations can also be seen as citizens in the sense that they have assumed some of the functions of government as protectors of citizenship rights.

In the same vein, Moon et al. (2005) in analyzing Stokes’ (2002) four main models of democratic citizenship, stress that it is important to understand how corporations can be viewed as citizens. Analyzing civic republicanism, Moon et al. (2005:436-437) note that, “although corporations cannot share in the obligations of jury service, obedience to the law and paying taxes are criteria of citizenship that they can fulfil”. The idea that corporations need to participate in society and acknowledge the mutual dependency between them and society are in line with civic republicanism’s principles of recognising the public good and civic participation. Moon (1995) argues that the shift from the emphasis on inside social prerequisites of business to the outside social pre-requisites of business, represent an acknowledgement of mutual dependency. This opinion concurs with Stokes’ (2002) civic republicanism.

Furthermore, based on the civic republicanism model, corporations are seen as citizens because they take part in the governance process and they facilitate the achievement and allocation of needs and services. Moon et al. (2005:437) argue that in terms of administering citizenship rights, corporations also play the role of mediating institutions in society. They further maintain that, “as a mediating institution, business provides an environment where many previously allocated needs are met” (Moon et al., 2005:437).

Corporations can also integrate the field of citizenship because of the two levels of individual and corporate participation represented by civic republicanism, namely participation in the type of “pressure group activity” and participation in “sharing in governance” (Moon et al, 2005:437). Corporations enter the field of citizenship because of their power to influence
decision making, to contribute to the allocation of resources and their mediation role for individuals.

The developmental democratic model contributes to the understanding of how corporations enter the arena of citizenship because it emphasizes the obligation to contribute to the wellbeing and development of the community. Stokes (2002:38) maintains that this model can be identified with CC since it entails obligations toward society rather than to government alone. The responsibility of corporations to be socially active and involved in developmental projects is directly linked to the developmental democratic model of citizenship. Elkington in Moon et al. (2005:441) proposes that the triple bottom line approach, with its dedications “to social justice, environmental responsibility and economic development is predicated on an assumption that business can and should provide a major contribution to society through a long-term commitment to social participation”.

This model asks for the concrete participation of corporations into the wellbeing of communities where they operate. Developmental democracy permits a critical evaluation of the corporate and government relationship, because it proposes that instead of handing over to government the responsibility for the management of issues of society that are contested, corporations as citizens can be expected to engage in those management practices (Moon et al., 2005:442). Corporations here are citizens in the sense that they take part in the process of addressing the concerns of society and changing people’s lives, which is in a general sense how this study perceives corporations as citizens.

Moreover, deliberative democracy presents some ideas that are similar to the responsibilities given to corporations in terms of the relationship with their stakeholders. Freeman (1984) sustains that deliberative democracy is similar to the ideals proposed by stakeholder theory, which will be discussed below and in chapter three. As deliberative democracy seeks for the voluntary and equal participation and involvement of individuals in the resolution of issues and decision making, stakeholder theory encourages corporations to involve their stakeholders in decision making. According to Moon et al. (2005:443) the deliberative democratic model does have a powerful meaning by supporting an increase in participation of, and dialogue with, stakeholders. The idea that corporations must engage in active communication with those who can affect or be affected by their decisions or actions is very close to the ideas of the deliberative model of citizenship.
As Banerjee (2007:42) states CC also implies a distinction between being a good and a bad citizen. This therefore creates a need to scrutinize the meaning and implications of being a “good corporate citizen”.

2.3.3 Corporations as good citizens

While there is a notion of “the good citizen”, there is also a notion of “good corporate citizen”. Good CC implies impartiality of corporations and constant and fair interaction with their stakeholders and various actors. To be a “good corporate citizen” Waddock (2003:3) argues that corporations have to manage their stakeholders as well as the environment with respect and dignity, acknowledging the impact of the company on stakeholders and working in collaboration with the stakeholders when needed for results which are desired by both parties. From this viewpoint, a corporation that takes care of its stakeholders, ensures smooth relations with them and includes them in decision making can be considered as a “good corporate citizen”.

To be a “good corporate citizen” in the South African context implies adopting transformation imperatives by companies. In other words, companies have to transform their core strategies to adapt themselves with the socio-economic and environmental needs of society. The South African company, Trialogue that works specifically in the area of CC and CSI, argues that effective transformation entails the company’s commitment to the following factors: company control, workplace equity, skills and training, procurement, product access, enterprise support, and social investment (Trialogue, 2004:49). For instance, SAB as a good citizen has been involved in the South African process of transformation. One of SAB’s key thrust is Enterprise Development (ED), a citizenship domain that is crucial in broadening participation in the economic sphere. The growth of small enterprises and the empowerment of entrepreneurs are some of the objectives of SAB’s ED (Trialogue, 2005:115). ED will be examined later on under chapter four which deals with SAB’s positive and negative impacts on society through its CC activities.

Similarly, Caltex’s good citizenship goes beyond CSI or philanthropic activities to include transformation principles. Caltex’s rationale is that its CSI projects must make a sustainable impact on people’s lives. From the South African perspective, these characteristics of good
citizenship are manly governmentally oriented as they are related to CSI. CSI and its particularity in the South African context is examined in the next chapter.

Likewise, to be a “good corporate citizen” implies corporations having a significant positive impact on the lives of people living in poor communities where they operate. Figure 2.1 is a political cartoon by Jonathan Shapiro, one of South Africa’s prominent cartoonists, satirically commenting on the disjuncture between the needs of poor communities in South Africa and entities (such as corporations) that constitute the “economic fundamentals”. Apart from companies’ conventional economic dealings there has been an increase in demands for companies to provide developmental programmes for communities, i.e. to protect and promote the wellbeing and social services of individuals (Hinson and Ndhlovu, 2011:332). The emphasis here is on the fact that corporations should not only have CC activities, but they should actually make a difference in communities through these activities. For instance, while Shell’s 1996 community development report claimed they had spent 7.4 billion $ on building roads, the report overlooked the fact that these roads were used primarily by the company to get access to the oil fields as part of their regular operations and were of no benefit to the nearby villages (Frynas, 2001).

Source: www.zapiro.com

Figure 2.1: Satirical illustration of communities’ challenges that big corporations can address.
Most importantly, for a company to be considered a good citizen, it should be able to control the impact of its actions and products on society and deal with the consequences effectively. To be a “good corporate citizen” implies an active consideration, assessment, measurement and management of the products and services of the company not only on the market place but also on society (Trialogue, 2004:92). For companies selling products such as alcohol and cigarettes that are harmful to society, good CC is a crucial concern (Trialogue, 2004:92). Good CC implies considering the negative impact of the company’s products on society. Hamann (2006:189) argues that, “a lack of integration into core business is apparent in the manner in which some companies call themselves ‘good corporate citizens’, with reference to their education and health programmes, while at the same time continuing to neglect some of the negative consequences of their core business activities”.

Some companies are viewed as “bad corporate citizens” by virtue of the products and services that they sell, for example tobacco companies and ammunition producers. Investment funds that claim social responsibility eliminate these corporations as well as companies known to pollute the environment from their portfolios. Some observers, such as Banerjee (2007:42) criticise the CC and corporate social performance reports that such companies produce. Also, Fig (2007:5) criticised Eskom for participating in the UN Global Compact that initiated the Industrial Environmental Forum, while the company is the biggest polluter in South Africa (Co2 and nuclear waste).

A “good corporate citizen” is also one that not only deals with the negative effects of its activities and actions, but also publicly reports its attempts to address these issues. Corporate sustainable reporting is crucial to CC (Trialogue, 2005). For instance, when Nike was confronted with law suits and societal anti-corporate demonstrations, the company confronted its critics head-on by making public in 2005 on its website the list of all its factories and their social audit reports. As a result, Nike is considered a world leader in terms of the improvement of labour standards in the factories of developing countries (Doane, 2005:24).

In addition, good CC implies controlling the impact of the representation of companies’ products. The South African company, Trialogue also, proffers the following criteria for a “good corporate citizen”: a “good corporate citizen” should be able to consider the ethics linked to the promotion and advertisement of its products (Trialogue, 2004:92). This last part is developed in chapter four as it is part of the controversial and current debates that arose in the context of SAB.
A number of indicators have also been established in different sectors in order to measure the performance of “good corporate citizens”. In the context of society for instance, “good corporate citizens” can be measured depending on whether they: possess societal policies with achievable effects; conduct Social Impact Assessment (SIA) and interact with stakeholders to see how the company’s activities are affecting them; reveal the parameters of their practises; engage with communities and connect with other actors that might have societal interests in the companies’ activities; adopt international guidelines and models; and get involved in the development of communities via actions that ensure the long term development of communities in a sustainable manner for both communities and companies (Trialogue, 2004:120).

Moreover, in the South African context, some of the elements used to measure “good corporate citizens” include: black ownership and control, corporate governance and ethics, employment equity, employment relations and support, employee skills development, health and safety, HIV and AIDS, preferential procurement and enterprise support, supply chain compliance (Trialogue, 2005:97). Most of these elements are CSI related and therefore linked to government regulations which will be explored in the next section.

2.4 Corporate Citizenship in South Africa

Throughout the world CSR has mostly been understood in a more voluntary oriented manner. Concepts such as CC created an understanding of companies’ responsibility towards communities that is more obligatory oriented. However, CC in the South African context takes a particular form. In South Africa companies conceive their CC agendas as CSI because of the socio-economic and political background of the country. Hence, CSI is related to various governmental regulations and charters that are given to corporations. This section argues that CC and related concepts like CSR in South Africa lose their voluntary nature, which is adopted in most countries to have a more obligatory and pressured orientated aspect in the form of CSI. It is thus prudent to first examine a short history of the general perception of CC/CSR at the international level as well as look at the emergence of CSI in the South African context. Equally key is to explore various governmental regulations that influence companies’ CC agendas in SA.
2.4.1 General perception of corporate citizenship

2.4.1.1 Initial perception of corporate citizenship as obligatory

In the eighteen century, the relationship between companies and government was one characterized by government’s major influence and control over the management and activities of companies. According to Banerjee (2007:7) the first form of corporation was the chartered corporation established as a result of royal corporate charters that the British monarchy granted in the 1700s and 1800s. After America gained its independence, as a form of improvement, state charters replaced royal charters. In fact, state charters procured to state legislatures the power to grant charters to corporations (Barnerjee, 2007:7). The state had control over companies through a number of corporate charters. During this era, the charter clearly outlined what the purpose of the company is, its mission and obligations. The terms and conditions of a chartered corporation clearly stipulated, the type of business the corporation could undertake, the length of its existence and the obligation to serve the interest of the public (Banerjee, 2007:8). This is important for this study as it shows how the relationship between companies, government and society was structured and regulated in 1800s. Companies’ existence and role in society were clearly stipulated and controlled by state established charters.

The relationship between companies and government was one based on rules and regulations. The charter was not only a document that companies could decide to follow voluntarily, but it was a regulatory document with punitive consequences. Banerjee (2007:8) argues that in the 19th century states had the power to legally retract the charter of a corporation if corporations did not behave in the interest of the public. Companies had social obligations towards society, with punitive consequences if not implemented. For instance, in Massachusetts and New York, states retracted charters of turnpike corporations because they did not keep their road in repair (Derber, 1998:124). CC/CSR at the time had a purely obligatory nature with punitive consequences. This total control of government over companies was however challenged.

The relationship between corporations and government based on state control and regulations did not last as it was challenged by the corporate body. Thanks to a number of legal rulings in the 1800s, corporations were freed from restrictions imposed by state charters and rule of incorporation, consequently leading to the establishment of the first privately owned corporation free from state control and possessing private property rights (Banerjee, 2007:8). Corporations became independent and legal persons, as seen in section 2.3.2 of this chapter,
because of the changes that occurred in various areas of society. There was a legal revolution that led to the establishment of the modern corporation (corporation as a person) in the USA due to the combination of socio-economic and political forces (Perrow, 2002). Amongst the socio-economic and political elements that led to the new form of corporation in the late 1800s, a legal ruling was the principal instigator. As indicated by Banerjee (2007:8), “the landmark decision of the US Supreme Court that removed corporations from state control was Dartmouth College V. Woodward in 1819. The case completely redefined the identity of a corporation”. By freeing corporations from state control, this case also created a shift in the perception of the role of companies in society from being obligatory to voluntary.

2.4.1.2 Current general perception of corporate citizenship as voluntary

From the beginning of the 20th century, the narrative behind CC/CSR globally concerned corporations voluntary giving to society. Thus the new form of corporation perceived its role in society as merely a voluntary engagement rather than an obligatory one. According to numerous critics and advocates of CC/CSR the voluntary character that accompany companies’ CC/CSR activities, represent a crucial element to the new form of CSR compared to the previous regulatory processes that were used to control companies (Blowfield and Frynas, 2005:502). That is to say, CSR activities nowadays distinguish themselves from the ones of the 17th century in the sense that they are voluntary oriented and not obligatory.

The voluntary nature of CC has gained momentum from national governments as well as intergovernmental organizations based on the notion that there is no need for compulsory international and national laws to control the behaviour of corporations as they can police themselves (Blowfield and Frynas, 2005:502). Companies became free from government control and seen as independent bodies able to assume their responsibilities in society without being mandated. Blowfield and Frynas (2005:502) are of the view that the voluntary nature of CSR can be perceived as part of a large restructuring of the function of government and promoting regulations that support behaviour instead of trying to regularise all the details. This way of perceiving CC/CSR as part of reconstruction of the role of government is further examined in section 2.4.2 of this chapter with reference to the South African context.

Similarly, CC/CSR in its new voluntary form has no international norms that force companies to comply. The voluntary nature of CC and related concepts such as CSR in most countries in
the world is also supported by the fact that there are no well-established and generally known laws that oblige companies to be socially responsible. CC/CSR activities are optional and no court of law can impose them. Corporations that undertake CSR/CC activities do so through voluntary codes of conduct without any legal obligation at international, national, regional and local levels (Banerjee, 2007:18). At the international level, efforts have been made to establish what corporate responsibilities should be and what features they should respect and incorporate, but corporations are not obliged directly or indirectly to respect these. As mentioned by Annan (1999), “the United Nations (UN) Global Compact where multinational corporations voluntarily commit to a set of principles in the areas of the environment, labour and human rights reflects a similar global sensitivity in its acceptance of a global compact of shared values and principles which gives a human face to the global market and aspire to overcome the imbalances between economic, social and political realms”.

The Global Compact that was established by the UN is a voluntary initiative that challenges top business leaders and their corporations to implement nine operating standards in the areas of environment, labour and human rights. The Global compact like many other initiatives, advises, encourages but does not oblige companies to be responsible. The Global compact motivates leaders to accept and promote their commitment to the nine principles. It is also an attempt to help businesses deal with some of the most difficult problems related to sustainable development and globalization (Triangle, 2004:21). This is quite similar to what the MDGs try to do with governments and businesses, as discussed in this study, which involves bringing government and private sector together to address the problems that face the worlds’ poor.

However, though CC has been adopted worldwide, mostly by Western Countries, as voluntary and distant from government regulation, its voluntary implication lacks unanimity. No matter how important voluntarism may be, to consider it the lowest universal denominator of CC/CSR it is not essentially appropriate (Blowfield and Frynas, 2005:503). Various debates have emerged in terms of whether companies’ responsibilities towards stakeholders should be voluntary or not, specifically with the growing number of challenges related to the environment, basic human rights and standards in some countries (Hinson and Ndhlouvu, 2011:333). The adaptation of the concept of CC in its voluntary nature worldwide has been questioned by many authors and community members.
Although the contemporary model of CC/CSR has an Anglo-Saxon origin, its meaning varies from one society to another. Fox in Hamann (2006:179) states that there have been frequent tensions, universal prospects, local issues and opportunities. One of the main concerns is that universal understandings and approaches of CC/CSR which mainly have western orientations may not adequately meet or relate to the economic context and circumstances facing developing countries. For instance, when the World Business Council for Sustainable Development (WBCSD) surveyed peoples’ knowledge of CSR in different countries, different concerns were emphasised. In Thailand environmental concerns were raised, whereas the empowerment of local communities was the concern of Ghanaians (WBCSD, 2000). This is quite important to this study as it shows the importance of adapting the concept of CC/CSR to the challenges and issues that particular countries or societies are face. It also shows that the way CC/CSR is interpreted can vary from one society to another depending on a number of socio-economic and political factors. These statements support one of the arguments raised in this study in chapter one which states that CC in developing countries has to do with the socio-economic development of people.

Most importantly, the adaptability of the western model of CSR to developing countries has been criticized. The growing narrative and debate amongst many authors is that, developing countries should not adopt the international standard of CC/CSR, but rather CC/CSR need to be adapted to the problems and challenges facing the poor in developing countries. For instance, Hamann (2006:179) maintains that, “corporate citizenship in southern Africa needs to respond to the development challenges particular to the region, rather than the vision of sustainable development prominent in developed countries”. Similarly, Malan in Hamann (2006:180) specifies that even within the Southern African region, CSR should be adapted to the needs and challenges of countries individually. In the context of this study it implies that CSR should be related to the challenges facing South Africans. The various problems that South Africa faces and which are specific to its context have influenced the understanding of CC and its implementation in South Africa. In identifying the challenges that are rigorous in countries like South Africa, and that influence CC, Hamann (2006: 180) argues that, “Southern Africa’s pressing development challenges relate to deepening poverty, high levels of unemployment and increasingly vulnerable livelihoods, high levels of urbanisation, severe housing backlogs and lack of basic services, environmental degradation and the spread of HIV/AIDS and other diseases”.

These statements are of great importance as this study looks at whether companies can meet their socio-economic obligations in poor communities where they operate through their CC agendas, with the MDGs as a normative framework. The relevance of these statements given in the paragraph above will be examined and tested at various stages in this study. First, they will be examined in the next section of this chapter where the concept of CSI will be explored as being particular to the South African context. Second, their relevance will be tested in Chapter five where an assessment of whether the study’s participants have an understanding of CC/CSR that is linked to the challenges that they face. And in this particular case most of the challenges are related to the MDGs.

The critics of the voluntary and western model of CC/CSR examined in this sub-section are part of the reasons why CC in the South African context takes the form of CSI. The next sub-section will unpack the origins, history and implications of CSI as a concept with reference to the South African context.

2.4.2 Corporate social investment in South Africa

South Africa’s legacy, in terms of institutional imbalances, creates more social challenges to companies. This past history may have further connotations for the concept of CC. Hamann (2006:181) indicates that, “the common disjuncture between an established formal economy with international linkages, on one hand, and the informal and survivalist economy, on the other hand, presents particular challenges to the role of business in development”. During the apartheid era the structure of corporations and their roles in society were quite different and specific. For instance, businesses helped the apartheid system in terms of support for sanctions-busting processes, tax payment, state subsidies and offering of services and technologies to the police and military apparatus (Fig, 2007:3).

The first form of CSI that was introduced in South Africa was philanthropic as a result of the acknowledgement by big companies that it was crucial for them to support a broader social cause. In its first form, CSI was no different from CSR as it was also mainly voluntary. CSI actions were originally philanthropic with a focus on areas of healthcare, specifically HIV/AIDS, wellbeing and education not only locally but also nationally (Hinson and Ndhlovu, 2011). In the sector of mining in South Africa for instance, the institutional environment before 1994 promoted a perspective of CSR, focusing on philanthropic
activities. However, these CSR activities did not result in significant effects since they concurred with a number of issues, such as concerns about safety and health in the mining industry as well as human rights. Although it was commendable, a number of mistakes were made and CSI activities rarely made huge impacts. CSI approaches were not really engaging communities, and were considered patronising, leading to hostility towards companies because of their activities. Given the fact that CSI at the time was mainly considered as a way of “giving back” or “easing corporate conscience”, it was not really part of the core functions of companies (Trialogue, 2004:124). The culture that existed before 1994 changed from 1996 specifically in sectors like mining.

A number of socio-economic and political changes can be listed as the cause of the new form of CSI in South Africa. In South Africa the CC trend has been influenced by various international advances and national catalysts (Tustin and Hamann, 2006:2). The transition from apartheid is one of the elements that influenced CC in South Africa considerably. Some transformations and regulations such as the 1994 democratic elections in South Africa as well as the B-BBEE act of 2003 have increased the pressure on the need for companies to play a more vigorous role in terms of the implementation of development goals like poverty alleviation and the reduction of inequalities (Hinson and Ndhlovu, 2011:340). These regulations will be examined in the next sub-section.

In view of these transformations, the role of companies which basically involved philanthropic and voluntary actions progressively evolved into more specialized performance oriented quests, with the main aim of attaining developmental objectives (Hinson and Ndhlovu, 2011). CSI objectives and focuses shifted to a conceptualization that can have more impact on society. In recent times, CSI projects have become more focused on sustainable development, governance issues and questions of public-private partnerships (Hinson and Ndhlovu, 2011:335).

According to Trialogue (2004:124-125), “direct engagement with communities, public-private partnerships, and rigorous project evaluation are becoming important components of a well-run CSI programme. Corporations now embark on such programmes because they generate community goodwill and improve reputation with peers, government and the development community”. This is related to the elements of instrumental theories which will be developed in section 3.2.1 under chapter three, which sees CSR or CC as means for companies to achieve a win-win situation with communities and to ensure reputation and
marketing gain. CSI is now incorporated in a broader field where it is seen within the context of “citizenship, empowerment, transformation and business sustainability” (Trialogue, 2004: 125). CSI in South Africa is particularly playing a crucial role in terms of the transformation imperative of the nation.

Moreover, Hinson and Ndhlovu (2011:335) argue that, though CSI only represents one percent of the profit that companies make, its implementation in the South African context creates opportunity to develop a new perception of the role that can be played by businesses in a major economic and political transformation. Through their CSI activities, South African companies can play a big role in society. The general narrative dominating the business world in South Africa is that there cannot be a sustainable corporate sector in South Africa if there is no transformation by that sector which will have positive socio-economic impacts on the majority of South Africans (Trialogue, 2004:27). Trialogue (2004:125) points out that, “companies have developed many transformational competencies through their CSI programmes, which can readily be used to further the company citizenship agenda”. CSI is used by South African companies as a way to meet their obligations, or citizenship responsibilities in communities. The extent to which this applies to South African Breweries (SAB), which is the focus of this study, will be examined in chapter four. However, one example of SAB’s contribution to society through its transformation imperatives has already been given in section 2.3.3 (good corporate citizen) of this chapter.

Similarly, CSI’s understanding in South Africa is also concerns collaboration between government and companies towards resolution of social issues. The basics of CSI entail that government and private companies should cooperate regularly in terms of the provision of developmental goals (Hinson and Ndhlovu, 2011:342). Government control and involvement in the corporate world plays an important role in South Africa. In South Africa, CSI is seen as an adequate and efficient method for accountability and control. Hinson and Ndlovu (2011:342) maintain that, “the mere possibility of CSI projects being aligned to government priorities may lead to the necessary leverage and effective follow-through with regards to development projects”. That is to say CSI initiatives are sometimes linked to government’s main concerns, giving government the possibility to control the evolution and implementation of companies’ developmental objectives and responsibilities in society. CSI here is seen as incorporating elements of CC.
CSI and CC have some common junctures. Hamann (2009:440) argues that despite the fact that CSI is part of CC, the latter include elements such as good governance, business ethics, problems of health and safety in the work environment, labour relationships, and high standards concerning the environment. With the particular historical context of South Africa, CSI engages not only CC, which is the inclusion of environmental and social elements into the company’s operations, “but also affirmative action and skills development to redress past apartheid ills, that is, fundamental change via government activities such as B-BBEE” (Hinson and Ndhlovu, 2011:335). CSI does not only include some elements of CC, but it also has some crucial governmental elements that are part of the country’s mobilization towards the transformation imperatives, as seen earlier in this section.

Although CSI might also be seen as voluntary since there is no direct punitive action attached to it. It comes with legal implications and pressures from government which makes it obligatory in a certain way. The South African government has promulgated a number of regulations, charters and policies that provide guidelines for good CC (Tustin and Hamann, 2006:2). The next section presents some of the governmental regulations related to CSI.

2.4.3 Regulations linked to corporate citizenship in South Africa

Charters and regulations have been developed for South African companies by the government on the basis that companies have a huge role to play in the socio-economic and political reconstruction of the country. According to the South African company Trialogue (2004:24), South African businesses should play a major part in creating a “playing field” that is economically impartial and facilitating the socio-economic change that must happen after South Africa’s political “miracle”. Corporations in South Africa have a huge role to play in terms of ensuring the progress of the country, as a matter of urgency, towards socio-economic equality (Trialogue, 2004:46).

In the South African context, a number of regulations and charters have been put in place to ensure that companies take seriously their responsibility towards society and their role in the transformation imperative of the country. To advance the socio-economic objectives and transformation imperative, government in South Africa initiated a structure of charters and scorecards per sector (Fig, 2007:4). A brief overview of charters that have been put in place thus far includes, The charter for the South African Petroleum and Liquid Fuels Industry
which was established in 2002 and which aims at ensuring that over a period of ten years historically disadvantaged South Africans own and control 20% of all the aspects of the industry; the charter that the Business Council of South Africa approved in 2001, through which the promotion of BEE in the industry was entrusted to leaders, with an emphasis on affirmative procurement, development of small businesses, ownership, development of community, employment equity and management opportunities. Other charters include, the mining industry’s Broad-Based Socio-Economic Empowerment Charter of October 2002; the October 2003 financial sector charter; and the BEE charter that the maritime sector signed in 2003 (Trialogue, 2004:25-26). Most of these charters are accompanied by scorecards for points in order to rate companies annually, and for particular advantages. These scorecards have however been criticised in the sense that, companies will only be interested in getting points rather than making sure that they have concrete impacts in society.

Similarly, a number of regulations have been developed for companies in South Africa owing to the historical background of the country. Legislation was established to broaden employment equity, give preferential treatment to selected groups, such as women, blacks and the disabled in attempt to tackle unfair employment/ labour practices of the past (Fig, 2007:4). In terms of corporate regulations, charters and acts which were introduced to further the transformation drive and which form the uniqueness of the CSI concept in South Africa, this study sought to examine the Companies Act, the King II and III Reports, BEE codes and the Johannesburg Stock Exchange’s (JSE) Social Responsibility Investment (SRI) index. These regulations are being examined not only because they are obligatory in nature and emphasise the adaptation and implementation of CC agendas which is crucial to this study, but also because they are key regulations that set the parameters for CC in South Africa.

2.4.3.1 The companies act

The companies act was established in 2008 focusing on the internal and the external functioning of companies. The company Deloitte states that when established, the purpose of the companies act included: supporting the economic progress of South Africa; encouraging investment and creativity within the South African market environment; reiterating the construction of the company as a way of attaining socio-economic gains in a manner that is favourable to the South African economy; giving an environment that is most favourable for
capital investment; promoting a type of companies’ management that is responsible and competent; and making sure that rights are balanced (Deloitte, 2010:3). These purposes place the emphasis on the presentation of companies as well-organized and answerable, and their contribution to the socio-economic wellbeing of South Africa.

Despite the fact that no specific indication is made about CC/CSR in the companies act, efforts have been made to include the social responsibility of companies in the act. There was a need to relate the Companies Act, as a crucial document dealing with the functioning of companies, with CC and CSI. Conscious of the fact that the absence of a section in the Companies Act mandating companies to adopt CC would reduce the chances of companies being forced to be socially responsible, and with the growing interest from the side of the public towards CC issues, efforts have been made to integrate the CC discourse into the Companies Act. Kloppers (2013:166-167) argues that legislature with no particular reference to CC used section 72 of the Act to try and make sure that CC becomes an integral part of the functions and the arrangement of companies.

The legislature played a crucial role in making sure that the Companies Act contributes to ensuring the concrete adoption of CC by companies. The contribution of the Act in terms of CC and CSI is apparent in section 72(4)(a), in which the Minister of Trade and Industry is allowed to recommend via regulations that a company or group of companies identified with regards to their annual revenue, their workforce and the nature and level of their actions must establish ethical and social committees (Kloppers, 2013:167). In order for companies to further comply with the Act, they have to put in place a committee that will focus on the ethical and social aspect of the business. This is one of the forms of pressures that are put in place by the South African government in order to make sure that companies are incorporating CC or CSI agendas in their normal functions.

The committee that has the task of ensuring that companies integrate and adopt CC agendas is comprised of members from the company. According to regulation 43(1) of the Companies Regulations 2011, a social and ethical committee made of three directors or officers of the company should be appointed for companies that are owned by the state, and companies that are listed or companies that have scored 500 points in terms of regulation 26(2) in the past five years (Kloppers, 2013:168-169). One of the requirements is that the committee should be constituted by key staff members from the company, who have a direct involvement in the CC activities and management of the company and who are capable of facilitating the
insertion and adaptation of CC into the functioning and organization of the company (Kloppers, 2013:170). The committee here plays the role of a reminder, controller monitor and advisor in terms of CC, putting pressure on companies to behave in a responsible manner.

The committee has the major responsibility of making sure that CC issues are understood and discussed by the various key parties of the company. This move is to make sure that the issues and policies of CC are presented to the shareholders at the companies’ Annual General Meeting (AGM) and that it will become a crucial element on the agenda of their meetings (Kloppers, 2013:170). As it will be seen in chapter three, the primary concern of most of the shareholders is to make profit, but the committee here puts pressure on shareholders to also focus on CC activities. The committee is also concerned with the functioning and adaptability of international norms, economic requirements as well as ethical and citizenship obligations.

According to Kloppers (2023:168), the idea from the minister of trade and industry to establish an ethical and social committee in companies represents an illustration of the attempts that are being made in SA to force companies to behave in a responsible manner. These decisions from the minister of trade and industry can be regarded as an effort from the government to indirectly put pressure on the private sector to behave in a socially responsible manner. Although there is no governmental policy that legally binds companies to implement CC, the social and ethical committee through the Companies Act represents a way of forcing South African companies, in a certain way, to integrate CC or related terms into their core functions. To be discussed in the next sub-section, the King II Report is another form of regulation that puts pressure on companies to behave in a socially responsible manner.

2.4.3.2 The King II Report

In 1994 the King Committee on Corporate Governance released innovative rules of corporate governance in South Africa, known as the King Report on Corporate Governance. The first of these reports was issued in 1994 (King I), and two other Reports have been issued so far namely, King II and King III. These King Reports on Corporate Governance have an international recognition (Banhegyi, 2007).

The King II report is also a regulation in South Africa that contributes towards the adaptation of CC as an integral part of companies’ functions. In 2002 the second Kind Report was
established by the King committee, acknowledging the African system of “Ubuntu” (essentially shared humanity) as the foundation of CC in ethical terms, and starting to detail the principles with a number of rules for best practice (Schulschenk, 2012:9). The King II Report is a significant initiative by the Institute of Directors to improve corporate governance, with a stress on sustainable development and triple-bottom-line accounting (King Committee, 2002). The 2002 King II Report on Corporate Governance for South Africa that was commissioned by the Institute of Directors, supersedes the 1994 King I Report and gives a number of prescriptions in terms of supporting companies to act in an ethical way and encouraging the highest principles of corporate governance. This does not only concern the financial issues of the company, but also the acknowledgement of the significance of social and environmental concerns in the particular context of the country (Trialogue, 2004:22). Indeed, the King II Report goes beyond the usual concerns about issues of finance and regulation to include prescriptions about stakeholder issues such as: sustainable development, and moves towards SA’s transformation (Trialogue, 2004:22). There is a significant stakeholder dialogue contained in the King Code II, which relates to CC concerns.

The King II Report is also one of the regulations that play a crucial role in terms of pushing companies to integrate and implement their CC agendas. The perspective of CC in South Africa is enhanced by new views established by King II Report, supporting that the code of governance of a corporation should include a report per year about the character and level of its management actions and rules in the social area, transformation imperatives, ethics, health, environment and safety (Trialogue, 2004:39). For instance, it requires directors to explicitly consider non-financial risks and asks companies to prepare so-called triple-bottom line reports on their social, environmental, and economic impacts (Tustin and Hamann, 2006:2). The contribution of the King II to the CC debate in SA encourages companies to publish a report about a number of their activities towards society which are mainly CC oriented.

2.4.3.3 The King III report

Unlike the Companies Act and the King II Report that do not clearly refer to CSR or CC, the King III Report explicitly makes mention of CC. Established in 2009, the third King Report
puts considerable emphasis on “leadership, sustainability and corporate citizenship (Andersen, 2012a in Schulschenk, 2012). The King III Report was established to reiterate the important citizenship role that the corporate sector can play in society towards developmental objectives. The establishment of King III mainly focuses on the significance of ethical norms and leadership, and attempts to place a character of CC for the standards that follow (Payne, 2012b). This regulation clearly emphasises the importance of CC in relation to companies’ leadership behaviour and interaction. Companies are being motivated by the King III to be “good corporate citizens” in society.

The main objective of King III was to establish a direct connection between corporate leadership and its responsibilities in society. The king III attempted to raise the problems that are the preoccupation of leadership and establish the connection between the duties of a company to the society where it operates (Adam, 2012b in Schulschenk, 2012).

The King III report highlighted the fact that there is a need for the leadership to take part in problems of sustainable development, and the manner in which the report to stakeholders is done in relation to these problems. So the King III Report sought to provide a framework that articulates the meaning of leadership and emphasising responsible leadership on the basis of ethics (Adam, 2012b in Schulschenk, 2012).

2.4.3.4 The BEE charter

BEE policies also represent one of the regulations that put pressure on South African companies to be socially responsible and play a part in the transformation process. Companies’ participation in terms of CSI or socio economic development has mostly been affected and characterized not only by the historical background, but also by the regulations of the government and the Broad-Based Black Economic Empowerment (B-BBEE) and industry charters. The BEE codes transfer the ownership of companies by preserving the acquisition of capital progressively by entrepreneurs who are black individuals or for previously marginalised groups (Fig, 2007:4).

2 The difference between BEE and B-BBEE is that: the first policy was establish to fix the imbalances of the apartheid era, and the second focuses on ensuring an effective allocation of South Africa’s riches amongst all the races and genders nationwide. BEE focused mainly on the black representation at managerial positions, while B-BBEE includes other aspects such as skills development and increase in the number of business owned by black people.
The BEE codes are directly related to companies’ CC concerns. It is quite evident that key components of BEE, such as the development of human resources, support of small businesses and affirmative procurement, are crucial concerns linked to CC. Therefore it can be said that BEE represents an agreed definition of the significance of CC in South Africa (Hamann, 2006:180-181). The BEE codes in South Africa are part of the different regulations that also call for companies to participate in the transformation process (Trialogue, 2004:25). The BEE codes contribute to the CC discourse by putting pressure on companies to adopt the transformation imperatives which are linked to some objectives of CC.

As seen with the other regulations in this study, there are no punitive consequences attached to the BEE codes. Conformity with the BEE act as well as its general code of behaviour is not an obligation. As such, corporations from the private sector can personally decide not to observe the BEE codes without any risk of being punished. However, there are other methods and forms of pressures that make the compliance with the BEE act and simultaneously CC obligatory. With BEE codes the influence of the state in relation to companies’ social responsibility is even more apparent. Although the government does not force companies through courts to adopt its regulations, other means of enforcement, include: for instance, only companies that are compliant with B-BBEE principles, scorecards and industry charters can obtain government contracts (Hinson and Ndhlovu, 2011:340).

Similarly, the department of labour also names and shames companies that are not compliant with BEE codes. The Department of Trade and Industry (DTI) has made every effort to establish an impartial generic scorecard to gauge the degree of contribution of companies towards B-BBEE (Hinson and Ndhlovu, 2011:341). In this context, it becomes critical, in a business sense, for companies to adopt BEE codes which also have CC elements that may boost their points through scorecards and obtain governmental favours. However, the scorecard method has been criticized as later seen in this section.

Also, the BEE codes show how government in South Africa puts pressure on companies to adopt and implement norms that will also make them socially responsible. BEE represents an obvious example of how government can play an important role in terms of offering encouragements, targets and pressures for CC. In the particular case of South Africa, the government utilizes the fact that it is the largest purchaser of goods and services in the country to mandate corporations to conform to its BEE obligations, specifically in areas where its authority is limited (Hamann, 2006:186). The South African government uses its
position as a powerful executive body in charge of awarding contracts and tenders that most companies want, to force companies to adopting BEE codes which will also make them “good corporate citizens” as defined in the South African context.

Though there have been a lot of success stories about BEE, it is however important to briefly mention that the BEE Act has been criticized for a number of reasons related to its inability to prescribe behaviour, and for its wrong implementation in society (Trialogue, 2004:24). For instance, some scholars have shown that BEE creates inequality and benefits elites instead of helping the previously disadvantaged and the poor. In other words although the BEE codes are good incentives and pressures to achieve CC agendas, the way some corporate leaders implement it does not meet the expectation of CC. The next sub-section will look at the JSE’s SRI index as a form of regulation that puts pressure on companies to be “good corporate citizens”, because of the national and international benefits that are at stake.

2.4.3.5 The Johannesburg stock exchange and its socially responsible investment index

The debate between companies being “good corporate citizens” and making sustainable profit at the same time has evolved from being mutually exclusive to linking the interest of investors with the CC agendas of companies (Nelson, 2004). Consequently, various investment indices have been established to follow the performance of companies in the area of sustainable development and social responsibility. Some of these indices include: The New York Stock Exchange’s Dow Jones Sustainability Indices (DJSI) and the London Stock Exchange’s Footsie-for-Good index (FTSE4Good) and the Johannesburg Stock Exchange (JSE) through its Socially Responsible Investment (SRI) index (Trialogue, 2004:27). Amongst these different investment indices, this study is concerned with the JSE’s SRI index that also represents a form of pressure on South African companies to behave in a socially responsible manner.

In May 2004 the SRI index was established by the JSE under the supervision of Mr Nicky Newton-King, the deputy executive chief officer, in order to represent the density of the South African society (Hinson and Ndhlovu, 2011:342). Among many reasons, the JSE’s SRI index was also established in the South African context as a growing interest from the public to examine the behaviour of big companies in society. The JSE’s SRI index contributes to the
conceptualization of CC as an obligation in the sense that it provides responsible companies with a platform to make public their CC activities and attract investors. The objective of the JSE’s SRI is to catalogue corporations that are fulfilling the standards of “good governance and report on the triple-bottom-line” (Trialogue, 2004:26). The JSE through its SRI index attracts investors on one hand, and on the other hand forces companies to be socially responsible and report on their CC activities. The JSE’s SRI index allows South African companies to gain credibility, to be listed as responsible businesses, to gain market benefits and to be attractive to national and off-shore investors (Trialogue, 2004:28). Fig (2007:182-183), adds that companies can also benefit from the SRI index in terms of having a competitive edge.

Van de Velde et al. cited in Hinson and Ndlovu (2011:336) investigated the link between CSR or CC and Corporate Social Performance. The main foci of their research was to check if investors who are socially responsible and who include issues of the environment, society and ethics in their strategies of investment can expect the same income as conventional investors. The results showed that investors are more likely to invest primarily in corporations that are recognized as managing their interactions with their shareholders, customers and suppliers well (Hinson and Ndlovu, 2011:336). Knowing that investors are more likely to invest with companies that are listed as “good corporate citizens”, companies will be forced to adopt and implement features that will make them “good corporate citizens”.

2.5 Conclusion

In sum, the conceptual framework of the study involves CSR, CC and CSI. Different interpretations and understandings of CSR and its limitations were examined in this section. Understandings of CSR or CC vary from individuals, authors, governments to corporate bodies, but as stressed above, CC extends CSR in significant ways. The chapter provided an analysis of the importance of the term citizenship in the context of CC, demonstrating that CSR and CC can be harmonized rather than being used interchangeably. CC expands societal obligations of companies towards communities. Unlike CSR, CC goes beyond the simple notion of voluntarism to incorporate duties and rights towards the people living where companies operate. This chapter helped to locate the context in which companies can be seen
as citizens. This chapter also looked at the conceptualization of CC with reference to the South African context. In South Africa, CC is also framed as CSI which is considered more obligatory than voluntary. There are no formal rules forcing companies to adopt their CSI agendas, but its obligatory nature derives from charters and regulations that provide pressures, mandates and incentives to companies, forcing them to be good citizens. Whether these charters at a later stage will create a corporate and state relationship based on total control from the state, as seen in section 2.4.1.1 of this chapter, is another issue.

The conceptualization of the conditions where companies can be seen as citizens (in general) and as good or bad ones (in particular), and the analysis of CC in the South African context lead to the theoretical and normative frameworks that outlines the different theoretical and normative assumptions of the reasons why companies undertake CC activities.
CHAPTER THREE:
THEORETICAL AND NORMATIVE FRAMEWORK

3.1 Introduction

Theories can be understood as sets of generalisations that explain phenomena as well as sets of principles on which practice is based. To this end, theories of Corporate Social Responsibility (CSR) and Corporate Citizenship (CC) espouse normative assumptions about the accepted and expected practice of CC. Likewise, the Millennium Development Goals (MDGs) presents a framework for understanding practices of CC considered acceptable. This chapter outlines the main elements of what is expected from companies’ CC agendas from a theoretical and a normative point of view. And links this to the extent to which companies perceive their CC agenda as obligatory, in relation to uplifting the socio-economic conditions of the people leaving in poor communities. The chapter is divided into two sections, namely; the theoretical and normative framework. The first section outlines the four groups of theories, drawing from each case, the main normative assumptions about CC suggested. The second section of the chapter brings to light, normative assumptions of CC as linked to the MDGs, which can help find normative principles for good corporate citizenship agendas, especially in the developing world.

3.2 Theoretical framework

The various interpretations of CC show that corporations through their activities can impact the socio-economic and political lives of the people living in communities where companies are interact. The different meanings of CC and CSR become clearer when considering different theories, “from the perspective of the focus of interaction between business and society” (Garriga and Mele, 2004:52). Garriga and Mele (2004:52), maintain that CSR theories are centred on aspects of social reality including; “economics, politics, social integration and ethics”. Four main groups of theories are developed by Garriga and Mele (2004:52), namely instrumental, political, integrative and ethical theories. Amongst these four groups of theories, the most relevant ones for this study are the political and integrative theories. Most of these theories deal directly with the substantial impact that companies
should have in communities, and how they should manage their powers in society. Nonetheless the two other groups of theories (instrumental and ethical) are also discussed as they deal respectively with the question of whether companies use CC agendas for their personal gain, the issue of sustainable development and respect for ethical values. Some of these theories concern CC and related concepts at the same time, therefore CC and CSR will be used complementarily, keeping in mind the main differences that have been highlighted in the conceptual framework of chapter two.

3.2.1 Instrumental theories

Instrumental theories regard the relationship between society and business as being merely economically based. “In this group of theories, CSR is seen only as a strategic tool to achieve economic objectives and, ultimately, wealth creation” (Garriga and Mele, 2004:53). In other words, the corporation here is believed to be an apparatus whose social responsibility is prosperity establishment only. In supporting this claim, Windsor (2001:226) maintains that a sole purpose of generating wealth is increasingly directing the understanding of responsibility in management. Corporations can only undertake social activities if these will lead to their prosperous establishment. According to Seitz (2002:61), CC is a new input in the discussion. It is essentially an approach to maximising gains in the long term as a consequence of self-interest from an economic perspective. Depending on the economic motivation, Garriga and Mele (2004:53) categorize three types of instrumental theories: “maximizing the shareholder values, strategies for achieving competitive advantage and cause-related marketing”.

3.2.1.1 Maximizing the shareholder\(^3\) value

According to this theory, the main objective of corporations is the maximization of shareholder value. Friedman (1970) argues that, “the only one responsibility of business towards society is the maximisation of profits by shareholders within the legal framework and ethical custom of the country”. A corporation can only be involved in social activities if there is assurance that these will yield value to shareholders. Garriga and Mele (2004:53)

\(^3\) A shareholder is someone with financial shares in a company. Shareholders can also be stakeholders. However, a stakeholder is someone with an interest in the company; be it financial or of any other kind.
contend that, “any investment in social demands that would result in an increase in shareholders’ value should be made, acting without deception and fraud”. Since few managers have knowledge in the field of social responsibility, involving themselves in social activities will be a distraction to them, from their first and main responsibility, which is the shareholders’ wealth protection and promotion (Locke, 2002:3).

Also, corporations will agree to engage in certain social activities that are beneficial to society, knowing that the shareholder will benefit from those. In order to make profit, a satisfactory degree of investment in social and philanthropic activities can be accepted (McWilliams and Siegel, 2001). Locke (2002:4) posits that the involvement of a company in broader societal problems improves the profitability of the company and the wealth of the shareholder. Corporations usually invest in social demands of the communities where they operate, because it will lead to long term benefits for the corporation’s operation. Many big companies seem to address social problems with the main aim of self-interest. For instance, a social activities’ analysis conducted by 23 companies, revealed that though activities were directed at communities, customers as well as employees, they also had a direct connection to the core business of the company (Kotler and Lee, 2005).

Similarly, in Garriga and Mele (2004: 53) Friedman states that, “it will be in the long run interest of a corporation that is a major employer in a small community to devote resources to providing amenities to that community or to improving its government. This makes it easier to attract desirable employees as it may reduce the wage bill or lessen losses from pilferage and sabotage or have other worthwhile effects”. For instance, The Ford Motor Company was taken to court by its shareholders who contested the company’s plan to forgo the payment of special dividends. Henri Ford explained that his social engineering plan intended to forgo the dividends so that the company could employ more men, augment the benefits of the individual system as much as possible, and assist them improve their lives and homes. The court did not however agree concluding that the organization of a business is centred and undertaken first and foremost for the profit of shareholders (Dodge V. Ford Motor Company cited in Regan, 1998).

3.2.1.2 Strategies for achieving competitive advantages

The second instrumental theory focuses on the fact that corporations only adopt schemes in society that will be beneficial to them in competitive terms. Though the strategy for achieving
competitive advantage theory sees CSR activities as means to achieve the core interests of the company like maximizing the shareholder value theory, the former theory focuses on CSR activities as strategic tools for companies to achieve their long-term goals and competitive advantages. According to Husted and Allen (2000), corporations concentrate on finding ways to distribute resources in a way that will lead to long-term social goals and generate competitive gains. Also, Garriga and Mele (2004:54), in analysing corporations’ strategic involvement in society use three main approaches namely: “Social investments in competitive context; natural resource-based view of the firm and its dynamic capabilities; and strategies for the bottom of the economic pyramid”. These represent companies’ strategies in terms of being socially active in communities, especially poor ones, with the aim of achieving competitive advantage.

Corporations can also achieve competitive gains by targeting mostly poor communities in their social activities or distribution of products. Furthermore, Garriga and Mele (2004:54-55) maintain that, “at the bottom of the economic pyramid there may be some 4000 million people. Indeed, certain strategies may simultaneously serve the poor and make profits”. The idea of doing business aimed at the “bottom of the pyramid” is familiar with big companies, which have concrete development benefits by investing in new initiatives that can create opportunities for poor (World Business Council for Sustainable Development, 2005:7). Prahalad (2002) proposes that in order to convert the poor into active consumers, corporations should see the poor as a source of innovative opportunities instead of a problem. A corporation that targets poor communities and creates strong innovations in those communities ensures both development in the poor communities and competitive gains in its areas of involvement. Examples given by the World Business Council for Sustainable Development (WBCSD) include, attempts by Eskom in terms of affirmative procurement and small business support; and the inventive use of mobile phones by Vodafone to widen access to the services of finance to the poor (Hamann, 2006:182).

CC here is also seen as a strategic tool for companies to make wealth. Waddock and Smith (2000:47), state that a modern inspection of CC is viewed as incorporating fields of philanthropy, joint venture work on social problems in the communities where corporations operate, and participation in social fields solely for tactical development reasons of business. Corporations make sure that when working for a specific charitable, social or ethical cause, they achieve a win-win situation whereby the concerns of the people are met and at the same
time the corporation has some competitive gains. “The brand manager uses consumer concern for business responsibility as a means for securing competitive advantage, at the same time a charitable cause receives substantial financial benefits” (Smith and Higgins, 2000:309). CC and related approaches like CSR are used by corporations in a manner that can be beneficial for both the company and communities. Garvey and Newell (2005:390) in Corporate Accountability to the Poor?, Assessing the effectiveness of community-based strategies agree that: “Corporate voluntarism and strategies of partnership, which are at the heart of mainstream CSR approaches, are regarded as ‘win-win’, whereby the social and environmental performance of the firm is increased and corporations benefit from increased efficiency, productivity, and enhanced reputation”. For instance, the Chairman of Phillips Petroleum maintained that he did not know any bankrupt companies which made substantial impacts in societies (Harness, 1978). Implicit in this statement is the notion of mutual dependency between companies and communities. If a company does not make money in communities, it will not be able to develop those communities. It would not have the means to make significant differences in the lives of people.

3.2.1.3 Cause-related marketing

This theory examines the marketing approach that drives various social projects undertaken by corporations, through their CC, CSR activities or related approaches. Cause-related marketing theory like the first two instrumental theories perceives CSR as being used to achieve companies’ interests, objectives and benefits. However, the cause-related marketing theory does not focus on achieving competitive advantage or adopting activities that satisfy shareholders’ value, but rather on undertaking CSR activities that are beneficial for companies’ products and marketing. Varadarajan and Menon (1988:60) define cause-related marketing as, “the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives”. In effect cause-related marketing has to do with a corporation’s involvement in a particular cause, knowing that it will be good for the corporation’s publicity and beneficial to both the people concerned and the corporation.
In addition, a corporation involves in social activities knowing that they will have positive impacts on the corporation’s reputation. By being involved in ethical causes and portraying itself as socially responsible a corporation can easily create a good reputation among its consumers and an accommodative environment for its products. In this regard, McWilliams and Siegel (2001:120) maintain that, “support of cause-related marketing creates a reputation that a firm is reliable and honest. Consumers typically assume that the products of a reliable and honest firm will be of high quality”. Fombrun et al. (2000:85) indicate that corporations adopt citizenship agendas for two main reasons: first, a CC agenda allows corporations to incorporate local communities and strengthen the relationship with their employees and the local communities; second, a citizenship agenda allows corporations to establish reputational capital. The actions undertaken by corporations and that are marketing oriented receive support from people if they also have a social aspect. Handelman and Arnold (1999) assert that marketing activities with a social facet create consumer support for the firm.

In addition, citizenship activities can be used by corporations to control the risks or bad surprises that may arise in future. Citizenship initiatives permit corporations to protect themselves from the negative danger of “reputational loss” by alleviating these risks (Fombrun et al., 2000:95). Banerjee (2007:19) gives an example of an insurance company that developed, financed and implemented a comprehensive fire safety campaign with the assumption that it would increase profitability through reduced claims.

In light of the above, instrumental theories focus on attaining economic gain through social involvement. There are three instrumental theories: the maximization of shareholder value, strategies for competitive advantage, and cause-related marketing. For instrumental theories it is normatively enough to expect corporations to do their core business and in the process provide a service/product to society and employ people. In this regard, CC activities should thus further the core business of the company and its ability to provide services and employ people. These theories enable this study to examine the extent to which both communities and corporations benefit from CC as well as how companies can use CC activities for their personal gains. Apart from the economic aspect of life, there is also a group of theories that deal with the political dimension as discussed below.
3.2.2 Political theories

The second group of theories reflects on how corporations use their social influence and responsibilities in the political arena. According to Garriga and Mele (2004:52) the power of corporations in political terms “leads the corporation to accept social duties and rights or participate in certain social activities”. This translates into a sense that the power of corporations in society confers on them duties and obligations in the community where they operate. Unlike instrumental theories which perceive CSR activities as means for companies to create wealth and achieve their personal interests, political theories are concerned with how companies use or manage the duties and rights that are bestowed upon them by their powers in society. Garriga and Mele (2004:55) identify three major approaches related to political theories namely; corporate constitutionalism, integrative social contract and CC.

3.2.2.1 Corporate constitutionalism

This approach supports the view that corporations are powerful bodies interacting socio-economically and politically with individuals in communities where they operate and should use their power responsibly. Davis (1960) points out that corporations’ power comes from the fact that they focus on all the socio-economic and political aspects of life shifting from one to another. The powerful position of corporations in society obliges them to act responsibly towards the people living in communities where they are located. That is, the position of corporations as wealthy and powerful agents in society confers on them the moral obligation to act in ways that will help the citizens who are weak (Locke, 2002:5). Big companies have the power to organize and impact the quality of life of their shareholders, employees as well as communities where they operate, and legal apparatus which ensure that they are compliant with standards (Evuleocha, 2005). For instance, Hinson and Ndhlovu (2001:336), argue that stakeholders’ lives can change definitely with one decision from a corporation.

Davis (1967:48) identifies two ways in which corporations should manage their social power: “the social power equation” and “the iron law of responsibility”. According to Davis (1967:48) the power equation standard purports that business people’s social responsibility comes from the level of social power that they enjoy. In other words, the more powerful a corporation is in society, the bigger its impact on society and therefore the more responsible it should be. The more powerful a corporation is, the more social responsibilities it must have.
This is quite relevant to this study as it deals with the issue of the extent to which companies should be socially responsible and the reasons why this should be the case.

In the same way, the iron law of responsibility entails the harmful consequences that may arise from the lack of use of power by corporations (Davis, 1967). In addition, Davis (1967:63) is of the view that, “whoever does not use his social power responsibly will lose it. In the long run those who do not use power in a manner which society considers responsible will tend to lose it because other groups eventually will step in to assume those responsibilities”. The corporation that does not use its social power will lose it because there is an increase in demand for more responsible firms in society and activist groups are making sure that these demands are met.

Moreover, because of corporations’ socio-economic and political powers, they must be accountable to the people living in communities where they operate. Garvey and Newell (2005:391) assert that corporations must establish strong methods of answerability and enforceability in their interaction with the communities where they are located. Corporations must be responsible for their actions or lack of actions and be punished for their lack of action or lack of usage of power. According to Schedler (1999), vital to the meaning of accountability are the ideas of “answerability” which represent a duty to give an explanation of one’s acts and absence of acts. This aspect of accountability is however an aspect neglected in the literature.

3.2.2.2 Integrative social contract theory

This theory analyses the relationship between society and corporations from a social contract perspective. Donaldson (1982) believes that there exists a kind of implied social contract between society and business. This approach looks at the functions and responsibilities of corporations in relation to particular social and cultural contexts. According to Garriga and Mele (2004:56), integrative social contract theory as presented by Donaldson and Dunfee (1994, 1999), includes the socio-cultural circumstances and incorporates empirical and normative features of management. Accordingly corporations should take into consideration the people’s need and their culture. Integrative social contract theory, like corporate constitutionalism theory, also emphasises the importance of the responsibility of companies towards society when it comes to CSR activities.
However, while corporate constitutionalism theory focuses on the degree of responsibility of companies and their obligation to act responsibly, integrative social contract theory maintains that companies should take into consideration people’s needs and cultures through their CC activities.

The social contract is an idea conceived by Jean Jacques Rousseau (1968:5-10), who is of the view that because man is born free and in his natural condition always cares about himself and his self-preservation, there is no way he can accept to alienate himself or give his liberty, freedom and existence away to someone. So human beings will redirect the existing forces and unite in order to face the existing challenges and have a better life (Rousseau, 1968:14). For him the best way to achieve goals is by uniting with others. The problem therefore comes in terms of finding a way to benefit from society while being free as before without harming one’s self-preservation and freedom. The solution for Rousseau is to join the social contract. Humans decide to join an association in which they will still have their liberties and self-preservation while sharing the common aspiration with others (Rousseau, 1968:14).

Rousseau calls that association the ‘social contract’. Humans consent to give some of their individual freedoms and interests to the community where things will be done according to the general will. In the social contract, the citizen is an independent individual who is both in positions of being governed and governing. Delanty (200:32) maintains that, “Rousseau is perhaps the greatest theorist of the view that it is in the public domain of political community that the full expression of individualism is to be found. In the Social Contract the interest of the community is above the private interest”. There is a high level of consent, equality and participation in the social contract. Individuals participate in the decision making for the good of the collective or the community. Integrative social contract theory emphasises the importance of unity, togetherness and general consent between companies and society in decisions made for the common good. Garriga and Mele (2004:56) state that social responsibility originates from consent in this approach. The responsibilities here derive from the consent of the association and are for the interest of the whole community.

### 3.2.2.3 Corporate citizenship

Corporate Citizenship as seen in the conceptual framework involves being a member of a given political community. This theory emphasizes the fact that as part of the community,
corporations should take responsibilities towards the people living in those communities. Again, Garriga and Mele (2004:57) argue that the concept CC has always insinuated a degree of belonging to a community. The concept has gained popularity between business people and managers, because the idea that corporations should take into consideration the communities where they are located is increasingly being emphasized (Garriga and Mele, 2004). Corporate citizenship theory like corporate constitutionalism theory emphasises the fact that companies, as powerful actors and members of communities where they operate, have the obligation to take responsibilities in those communities while ensuring good relationships between them.

According to Garriga and Mele (2004:57), even though there might be some differentiations in the theories of CC, the general understanding of the concept by authors includes elements such as: a great degree of responsibility of business towards the local community, partnership as the main strategy to show the compliance to the local community’s improvement and concern for the environment. This statement emphasises three elements which are crucial to this study, namely development of local communities, partnership and a focus on the environment as main concerns.

Garvey and Newell (2005:389) rather than examining the societal and corporate relationship in terms of responsibilities focus on the accountability of corporations. Unlike corporate constitutionalism theory, corporate citizenship theory highlights the aspect of accountability and answerability of companies towards communities because of the social powers that companies have. Because corporations are powerful actors and take on some functions of the government to implement citizenship rights, their power must be checked by some accountability mechanisms. The political understanding of accountability aligns with the conventional concerns on how to keep corporations’ power under control, how to avoid its abuse, and how to expose it to some methods and laws of conduct. There should be mechanisms of accountability for corporations, because their political power can be misused (Schedler, 1999:13).

Mechanisms of accountability may deter corporations from abusing their powerful political position to their advantage in cases where society’s interests are not in accordance with theirs. Garvey and Newell (2005:3920), in order to stress the importance of accountability methods, identify certain aspects of governments, corporations and communities that can be used to the advantage of corporations and government and at the disadvantage of the poor or
the weak. For instance, in situations where there are no risks of disciplinary actions by the state, and the stipulation of high value information to attract foreign investors, governments will give certain concessions to corporations even when they contrast with people’s interests. Government support of a corporation can be based on the financial gains going to governmental officials, and a government can also ignore citizens’ complaints about a corporation that is powerful and that has many investments in communities (Garvey and Newell, 2005: 393-394). Figure 2.3 is a political cartoon by Jonathan Shapiro, representing a satirical view of Shell’s irresponsible behaviour in Nigeria. The figure represents communities’ disappointment towards Shell, because of both its support for a contested regime and its negative impact on some communities of Nigeria.

Source: www.zapiro.com

**Figure 2.3:** Image representation of Shell’s irresponsible behaviour in Nigeria

Corporations can use their financial power or threat of relocation to stop some punishments that are being taken against them by communities (Garvey and Newell, 2005:396-397). Powerful states that protect some corporations for their own interests may receive more support than communities that are poor and marginalized politically. The fact that some communities are illiterate and unskilful considerably reduces their potential to be involved in
significant discussions with corporations and to confront the effect of their actions (Garvey and Newell, 2005:399).

In short, political theories deal with the way companies manage their power responsibly in the political field. There are three political theories, namely corporate constitutionalism, integrative social contract and CC. The normative assumption of political theories is that corporations have political roles (rights and duties) in society, because they may indeed be very powerful actors. CC activities will therefore go beyond furthering the core business of the company (and its survival) to administering certain political (and democratic) rights of citizens. These theories are crucial to this study as they do not only help the study to understand the degree of responsibility that a big company like South African Breweries (SAB) should have, but also the social contract that exists between the company and society as well as the citizenship rights in communities. After looking at the economic and political reasons for the adoption of CC, the next sub-section will deal with the social field.

3.2.3 Integrative theories

The third group of theories suggests that corporations must assimilate the demands of society. Integrative theories share with political theories the idea of companies having some responsibilities towards communities because of their socio-economic interactions and powers in society. Integrative theories believe that a corporation relies on society for its stability and development as well as for its existence (Garriga and Mele, 2004:52). These theories focus on the manner in which social demands are integrated by corporations and argue that society plays a major role in the subsistence, progress and steadiness of corporations. The mutual dependency between companies and society that was highlighted in the instrumental theories is re-emphasised by integrative theories but through a different approach. Unlike instrumental theories that are of the view that companies should use their CSR activities for their wealth creation and in the process help society, integrative theories point out that corporations have the obligation to take people’s demands into consideration as companies depend on people for their survival and existence.

According to Garriga and Mele (2004:57), “social demands are generally considered to be the way in which society interact with business and gives it a certain legitimacy and prestige”. The demands of society must be the elements characterizing or determining corporations’
operations, activities, time line or degree of involvement. There are four integrative theories, namely: issues management theory, the principle of public responsibility theory, stakeholder management theory, and corporate social performance theory.

3.2.3.1 Issues management

Sethi (1975) observes that in the 1970s the approach of social responsiveness was developed in regard to social concerns and methods to control them in the corporation. Garriga and Mele (2004:58) argue that, “in this approach it is crucial to consider the gap between what the organization’s relevant publics expect its performance to be and the organization’s actual performance”. The corporation should find that gap between what people expect them to do and what they are actually doing, and try to find solutions to close it before it affects them.

Jones (1980:65) focuses on the scheme of process instead of principles, as the suitable approach to social issues by arguing that, “corporate behaviour should not in most cases be judged by the decisions actually reached but by the process by which they are reached”. According to Garriga and Mele (2004:58), Jones puts an emphasis on the process of implementing CC activities rather than on the process of conceptualization and adds that the suitable process of CC must be a fair one in which an opportunity to be heard has been given to all interests. While the debate amongst most of the theories in the two previous groups of theories (instrumental and political theories) concern the principles of CSR, the reasons why CSR activities are used and how the power of companies should be used, the debate in issues management theory is about the processes used to implement CSR activities. In undertaking CC activities, the processes used by corporations towards the various actors are of great importance to issues management theory.

Furthermore, this approach focuses on the methods used by corporations to deal with social issues that can have negative or positive impacts on corporations. Wartick and Rude (1986:124) define issues management as, “the process by which the corporation can identify, evaluate and respond to those social and political issues which may impact significantly upon it”. They go further to say that issues management theory try to reduce “surprises” which may be caused by social and political change by being a system that warns against possible risks from the environment or opportunities (Wartick and Rude, 1986:124). In other words, by acknowledging the social issues and finding responses to them, corporations can control the
social impact on them, anticipate the risks and create a network of opportunities. For instance, severe accusations have been raised against Shell and a number of Multinational Oil Companies working in Nigeria with regards to the harmful material impact on communities where drilling and refining of oil takes place. Heated discussions remained about suitable payment for harm to the environment, community resources requisition, livelihood loss and division of the benefits for a long time (Ramasastry, 2002).

3.2.3.2 The principle of public responsibility

Preston and Post (1975, 1981) disapprove the understanding of corporate relationships with society from a responsiveness perspective and a solely process driven perspective. Instead, they suggest the principle of public responsibility, emphasizing the word “public” instead of “social” in order to show the relevance of the public rather than the private method in identifying the extent of responsibility of corporations (Garriga and Mele 2004:58). The principle of public responsibility is different from issues management theory (integrative theories), in the sense that the former does not focus on the process or methods used for the implementation of CSR activities, but rather on the importance of the public. This theory emphasises devotion to the public, Banerjee (2007:21) argues that, “this principle of public responsibility is designed to make larger societal concerns more relevant by providing behavioural parameters for organizations based on issues relating to the firm’s activities and interests”.

Moreover, Preston and Post (1981) examine the range of administrative responsibility from a “primary” and “secondary” involvement aspect of the corporation in its social environment. While primary involvement incorporates necessary economic missions of the firm, secondary involvements arise as a consequence of the primary involvement. Primary involvements comprise economic tasks such as the location and establishment of the corporate facilities, the procurement of suppliers, the engagement of employees, enrolment of marketing products and production functions. The secondary involvements comprise tasks such as creating opportunities and professions for individuals (Garriga and Mele, 2004:59). Similar to the corporate citizenship theory (political theories), the principle of public responsibility theory is concerned with the degree of responsibility of companies, with more emphasis on the responsibility towards the public.
This theory also advocates for the involvement of corporations in public affairs and public policy making. In this regard, Preston and Post (1981:61) are of the opinion that, “it is legitimate – and may be essential – that affected firms participate openly in the policy formation”. This theory emphasises the fact that corporations also have some political responsibilities in societies where they operate and can influence political decision making. The focus here is on the formulation and implementation of government rules as well as the methods used by corporations to influence these rules, such as input in campaigns, establishment of coalitions, proletarian association, raising public matters of corporate concern, and supporting other interests groups (Garriga and Mele, 2004:59).

3.2.3.3 Stakeholder management

Stakeholder management theory analyses the relationship that exists between corporations and society from a stakeholder management perspective. The initial reference to the term stakeholders can be attributed to an international memo in 1963 at the Stanford Research Institute that defined stakeholders as those groups upon whose support companies’ existence depend (Freeman, 1984). However, definitions of the concept stakeholder differ depending on whether a narrow or broad approach is used. Freeman (1984) for example gives a broad definition of stakeholders, as any individual or group that can affect or be affected by the goals of the organization. Post et al. (2002), on the other hand, give a narrow definition of stakeholders based on their aptitude to have an impact on the company by creating riches or any damages, directly or indirectly. Stakeholders have also been divided into legitimate and illegitimate ones depending on whether or not they have any stake in the corporation.

Stakeholder management theory focuses on the various people who can influence or be influenced by the practices and policies of corporations, rather than focusing on public responsibility or on responsiveness (Garriga and Mele, 2004:59). The relationship between companies and society is analysed from a stakeholder management perspective. While the two previous integrative theories focused on the methods used to implement CSR and the importance of the public, stakeholder management theory’s focus is on people who can influence or be influenced by companies’ actions and interactions. Here the responsibility of corporations towards society is mainly set around the relationship between a corporation and its stakeholders. This theory holds that corporate management is not exclusively responsible
to shareholders, but also to those groups that are affected by, or can affect corporate actions, such as consumers, employees, suppliers, creditors and local communities (Locke, 2002:4).

Unlike maximization of shareholder value theory (instrumental theories) that sees CSR as a tool to achieve shareholders’ benefits, the stakeholder management theory postulates that companies do not only have a responsibility towards their shareholders but also towards their stakeholders. The focus here is not on the way issues are managed or how CSR can be used to create wealth for companies, but on how corporations interact with various stakeholders and actors that have vested interests in their business through their CSR activities.

Emshoff and Freeman in Garriga and Mele (2004:59) identify two essential standards which support the stakeholder management approach: one is that the achievement of maximum cooperation between the various stakeholders and corporation’s goals is the fundamental aspiration; the other one is that the most resourceful methods for controlling the relations with stakeholders involves efforts, which at the same time deal with problems affecting various stakeholders. That is to say corporation should: first make sure that there is a maximum compatibility and understanding between their objectives and the stakeholders’ needs; and second, try as much as possible to put in place methods that will help address stakeholders’ concerns. In this study SAB’s interaction with its stakeholders in the Western Cape is examined.

Moreover, this theory emphasizes the importance of stakeholders in corporations’ decision making. Garriga and Mele (2004:59) argue that this theory attempts to incorporate groups that are important to the corporation into the making of managerial decisions. Locke (2002:4) adds that, because of the potential impact of stakeholders, corporate managers must consider the interests of the various stakeholders when they make decisions. Stakeholder management theory like integrative social contract theory (political theory), emphasises the importance of involving people in companies’ decision making. People in this theory are referred to as stakeholders. By including stakeholders in their decision making, corporations ensure long-term benefits and protect themselves from outside risks. For instance, proponents of the stakeholder theory aver that the responsiveness of corporations towards a huge group of stakeholders ensures the protection of the corporation against outside dangers (Freeman in Brummer, 1991). Waddock and Smith (2000:50) also argue that positive relationships between stakeholders permit corporations and stakeholders to share mutual functions and connotations, to comprehend how the system works and their places in it.
Corporations should adopt responsible activities, and take into consideration the demands of the stakeholders, acknowledge them and collaborate with them in decision making and in finding solutions to problems. The method of being converted into a “good corporate citizen” entails a sincere connection with stakeholders, meaning to have discussions in which central arguments and values are candidly expressed, and where common concerns and problems can be discussed in a way that is not threatening (Waddock and Smith, 2000:48).

In response to social demands, a number of corporations launched dialogue between them and a variety of stakeholders (Garriga and Mele, 2004:59). A well-established method of dialogue between a corporation and the stakeholders is crucial in identifying the scale of responsibility of corporations. Freeman (1984:78-80) points out that corporations should have a relationship with their various stakeholders based on dialogue and intentional negotiation on major matters to shelter deliberate accords and they should provide for the needs of stakeholders. This relation, based on dialogue between corporations and stakeholders both improves the understanding of a company’s environment and augments the sympathy of the environment towards the impasses that the corporation can encounter (Kaptein and Van, 2003:208). In other words, mutual understanding leads to mutual gains.

When the interests of the stakeholders are being taken into consideration it is beneficial in various aspects of society. Korner in Hinson and Ndhlovu (2001:336), “focused on stakeholders to explore the potential influence of CSR as a different mind-set to address corporate and public governance issues. The study found that an innovative approach of constantly seeking for actions that take all stakeholders’ perceptions into account is leading to more sustainable solutions in an economic, environmental and societal sense”. By taking stakeholders “as ends rather than means” a corporation establishes relationships whose methods focus on common involvement in dialogue, mutual acceptance of viewpoints, information and methods lucidity, and recognition of acts of responsibility (Waddock and Smith, 2000:50). Here the corporation should not only identify the groups that can affect or be affected by its actions, but it should also interact in a constructive manner with them.

3.2.3.4 Corporate social performance

Another theory used to understand corporate responsibility towards society is through the social performance of corporations. Like the other integrative theories, corporate social
performance theory looks at the relationship between companies and society but with an emphasis on the various performances of companies that enhance their role in society. Carroll in Garriga and Mele (2004:60) proposes a form of “corporate performance” with three components: a simple definition of social responsibility, an identification of issues where social responsibility subsists and an arrangement of the values of answers to social issues (Garriga and Mele, 2004:60). CC involves some kind of commitment via the policies and actions of corporations. This way of conceptualizing CC is portrayed in the company’s social performance, which can be measured by looking at the company’s management of its relationships in society, its impact on society and the consequences of its actions and policies (Wood, 1991). These three elements, amongst others, will be applied to the case of SAB in chapter four, by exploring SAB’s policies and interactions with its stakeholders and different actors, as well as positive and negative impacts of its actions on society.

Above all, the normative argument of integrative theories is that companies should take care of the needs of people as companies depend on society. CC activities should then not only be “nice to have” for companies but should determine their operations activities as companies’ existence and survival depend on society. There are four integrative theories: Management issues, public responsibility, stakeholder management and corporate social management. These theories border this study as they help in examining what the response of SAB to the socio-economic issues and to public needs are, as well as its methods of social involvement.

3.2.4 Ethical theories

While instrumental, political and integrative group of theories respectively focused on the economic, political (power), and the societal dimension of CSR, the fourth group of theories considers the relationship between society and corporations from the perspective of the respect of ethical values. Garriga and Mele (2004:53) maintain that the analysis of the relationship between society and corporations from an ethical point of view implies that corporations must recognize social responsibilities as ethical obligations over any other motivation. Ethical theory emphasises the different ethical values a corporation should adopt or follow in order to both enhance its relationship with society and ensure the firm’s gains. These theories are concentrated on the elements that articulate the “right thing to do” or the need to attain a society that is good (Garriga and Mele, 2004:60).
3.2.4.1 Normative stakeholder theory

Stakeholder management was included in the group of integrative theories because, for some authors, this type of management represents a way to incorporate social claims, but since 1984 stakeholder theory has retained currency as an ethical theory (Garriga and Mele 2004:60). Here, corporations must follow ethical standards when interacting with their stakeholders. Though both normative stakeholder theory and stakeholder management theory (integrative theories) look at the relationship between companies and their stakeholders, the difference lies on the fact that the former emphasises the ethical dimension whereas the latter emphasises the socio-economic dimension.

Indeed, the stakeholders approach in the context of ethical theories gives a perception of CSR and CC in which ethics is central (Garriga and Mele, 2004:61). This theory was introduced by Freeman (1984) and states that corporate managers must allow a fiduciary relationship to their stakeholders rather than having only fiduciary obligations towards stakeholders. In other words, corporations not only have duties towards their stakeholders, but they also have the moral obligation to interact with them. Matten et al. (2003:110) are of the opinion that instead of solely focusing on responsibilities, stakeholder theory, as originally developed by Edward Freeman, begins by examining the prospective groups in society and their relationship with corporations. Like stakeholder management theory (integrative theories), the need for companies to interact with their stakeholders is seen as a duty and a moral obligation by the normative stakeholder theory.

In formulating a stakeholder theory of the company, Donaldson and Preston (1995) recognize three main arguments. Firstly, stakeholder theory has a descriptive aspect as it describes a company as dealing with various groups with diverse needs and interests. Secondly, stakeholder theory has an instrumental aspect since it gives the foundation for examining a link between the CSR activities of a company and other features of corporate performance, such as gain, income and return on investments. Thirdly, stakeholder theory has a normative aspect as it acknowledges that groups that may not contain contractual relationships with the company and that are different from shareholders, traders, workers and clients are also stakeholders who are legitimate.

Moreover, Donaldson and Preston (1995:67), propose that the normative stakeholder theory has a normative mainstay supported by two main thoughts namely: stakeholders are
individuals or groupings that possess interests in substantive and/or technical areas of the 
activities of corporations; and all stakeholders’ interests have a fundamental importance. 
Corporations have the moral obligation to take seriously their stakeholders’ considerations. 
This theory is also based on the argument that the various stakeholders’ interests should be 
taken into consideration for their own good, and not for the good of the corporation.

Garriga and Mele (2004:60) further state that a socially responsible corporation 
simultaneously considers all the stakeholders’ legitimate interests and balances the diversity 
of interests, not only those of the shareholders. Normative stakeholder theory also shares with 
the stakeholder management theory (integrative theories) the idea of companies not only 
focusing on the interests of shareholders, but also on the interests of stakeholders. The value 
of the shareholders can also improve when corporations take into consideration the interests 
of their stakeholders. It has been argued that in certain conditions the satisfaction of the 
interests of the stakeholders can contribute to maximizing the shareholder value (Mitchell et 
als., 1997; Ogden and Watson, 1999). Corporations can at the same time satisfy the needs of 
the stakeholders while ensuring that they maximize the value of shareholders.

3.2.4.2 Universal rights

Universal rights theory like other ethical theories emphasises the respect for moral values by 
companies. This theory emphasises the need for corporations to respect the universal rights of 
people of the communities where they operate. Cassel (2001) argues that human rights for 
example have been considered as a root for CSR specifically in the area of the global market. 
According to Garriga and Mele (2004:61) a number of approaches based on human rights for 
corporate responsibility, like the UN Global Compact, have recently been suggested. The UN 
Compact for example incorporates nine standards that should be followed by corporations in 
the domains of the environment, human rights and labour (Garriga and Mele, 2004:61).

In addition, this theory emphasises the need for corporations to follow the universal rights 
approach adopted by various international human rights organizations. “Despite using 
different approaches, all are based on the Universal Declaration of Human Rights adopted by 
the United Nations General Assembly in 1948 and on other international declarations of 
human rights, labour rights and environmental protection” (Garriga and Mele, 2004:61). The 
relationship with society prescribed by universal rights theory is one based on the respect for
moral values. Waddock and Smith (2000:48) believe that even though there is a need for every corporation to establish its own mainstay values, suitable values are what leadership scholar James McGregor Burns identifies as “end values”, such as respecting rights, freedom and human dignity, values upon which most people will agree. The main idea here is that companies should follow international norms and human rights campaigns that may give them new or existing duties; this also central to this thesis as it speaks to the MDGs. As seen in chapter one, the MDGs explicitly call upon companies to share in the fight against universal hardships, a call which should be respected according to this theory and this study.

3.2.4.3 Sustainable Development

This theory advocates for a significant input in developmental issues by corporations. Sustainable development seeks to “meet the needs of the present without compromising the ability of the future generation to meet their own needs” (World Commission on Environment and Development, 1987: 8). Even though this approach was elaborated at macro level rather than corporate level, it asks for a pertinent contribution from corporations (Garriga and Mele, 2004:61). Unlike instrumental group of theories that focus on social activities that mainly ensures the long-term profitability of the company, sustainable development theory (ethical theories), in the societal and corporate relationship context, implies that corporations have the obligation to undertake the socio-economic and environmental initiatives that will ensure not only the short-term but also the long-term uplifting of people living in communities.

Gladwin and Kennelly (1995:876) assert that an analysis of the main definition of sustainable development proposes that it is “a process of achieving human development in an inclusive, connected, equitable, prudent and secure manner”. The following illustrates a practical example of what this means. A health clinic was built by Shell in Nigeria, but never opened. Shell claimed its responsibility ended when it completed the construction of the building. While the Nigerian government claimed it had no money to pay for medicines or doctors to run the clinic. The hospital has not been of any use to communities (Banerjee, 2007:54). It remained a white elephant to the communities. This scenario is crucial as it exposes two main elements of concern to this study: firstly, the issue of effectiveness of companies’ CSR is
questioned here, and secondly, the confusions that exist around companies’ and government responsibilities in society are exposed.

Sustainable development as a theory initially emphasised the environmental aspect, but later incorporated other aspects that are of crucial importance to development. According to Garriga and Mele (2004:61) sustainable development incorporates the consideration of social aspects as being undividable from development. The World Business Council for Sustainable Development (2000:2) stipulates that sustainable development “requires the integration of social, environmental, and economic considerations to make balanced judgements for the long term”. However, since corporations have various aims and objectives a consistent involvement in developmental projects in sustainable terms is not always unproblematic.

Garriga and Mele (2004:61) argue that, “the problem come about when the corporation has to develop the processes and implement strategies to meet the corporate challenge of corporate sustainable development”. Therefore, because sustainable development is not short-term driven, corporations should take step by step measures and decisions that are in accordance with their corporate goals. Wheeler et al. (2003:17) contend that sustainability is “an ideal toward which society and business can continually strive, the way we strive is by creating value, creating outcomes that are consistent with the ideal of sustainability along social, environmental and economic dimensions”. Thus a corporation should identify its main goals and objectives and set sustainable projects that are in accordance with these goals and objectives. Since corporate sustainable development is a customized procedure, every corporation should select its own particular approach and aim concerning corporate sustainability (Marrewijk, 2003).

One of the main arguments of this study is that corporations through their CC agendas can administer citizenship rights and therefore have a significant positive impact on the lives of people living in communities where they operate. The sustainable development theory supports this argument. As seen in the previous section, corporate sustainable development is also a matter of effectiveness. For instance, Maas (2005) gives an example of a water pump built in Nigeria by Shell that never delivered any drinking water to local villagers, because the company did not dig a well or connect it to the water system in its plant. In this case again the CSR activities did not have sustainable impact on the lives of people in communities, despite the fact that Shell could report the building of a pump in their CSR report.
3.2.4.4 The common good approach

This approach analyses the relationship between corporations and society based on the common good of society. In line with the social contract theory (political theories), the common good theory sees the general wellbeing of society as the root of CSR/CC. The common good approach goes beyond the idea of involving people in decision making (which is developed by the social contract theory) to emphasise the fact that the contribution to the general good of society is and should be an obligation for companies. Corporations have the obligation to base their actions on the common good in communities where they are located. “This approach maintains that business, as with any other social group or individual in society, has to contribute to the common good, because it is a part of society” (Garriga and Mele, 2004:62).

Furthermore, corporations should only take actions and decisions that will ensure the common good of society rather than those that will hinder society. Business should neither do harm nor be a scrounger to society, but solely contribute positively to the welfare of society (Garriga and Mele, 2004:62). A corporation must use the power at its disposal to contribute positively to the common good of the community where it operates. According to Mele (2002) there are different ways through which a corporation can contribute to the common good, such as wealth creation, efficient and fair distribution of goods and services and the respect for human dignity and other fundamental human rights. He further says that the common good approach encourages an environment where social wellbeing, harmony, justice, friendship and peace prevail both in present and in the future (Mele, 2002). A common good based approach used by a corporation will reduce antagonism in the relationship and interests between the corporation and society where it operates.

Also, Garriga and Mele (2004:62) maintain that the notion of common good is similar to the Japanese idea of “Kyosei”, perceived as to live and work together for the common good. With the code of human dignity, the common good is one of the original standards of the famous “The Caux Round Table (CRT) Principles for Business”. The CRT that held its first meeting in 1986 is an international association of leaders business with experience, who interact with other leaders from business and politics in order to model intellectual methods, management apparatus to solidify the private and public sector for a better global community (Caux Round Table, nd). The caux principles are those principles mainly focusing on the respect of moral values, laws and human dignity (Waddock and Smith, 2000:55). They stress the
significance of the various stakeholders, of labouring towards economic justice, comprehending corporations’ impact, having respect for laws and for the environment (Waddock and Smith, 2000:55).

In light of the above, for ethical theories, companies are normatively expected to act in an ethical and sustainable manner in society. Viewed from the perspective of ethical theories, CC activities should go beyond the satisfaction of core interests of the company to further the recognition of social responsibilities as moral or ethical obligations over any other. There are four ethical theories: the stakeholder normative theory, universal rights theory, sustainable development theory, and the common good theory. These theories shape this study as they investigate whether companies are doing harm to communities and if they respect the rights of people and ensure long-term sustainability and development for present and coming generations. Table 3.1 is summary representation of various theories in their respective group of theories, and their relevance to this study.

As seen in previous sections of this study, the idea of CC can sometimes be quite unclear, for example aspects of common good or socio-economic obligations in society. This thesis thus proposes, as demonstrated in section 1.2 in chapter one, that the MDGs, both implicitly and explicitly, provide a normative guideline for CC. The extent to which corporations’ activities align, with and meet, the MDGs gives a more concrete indication of the nature of its CC. The next section looks at what MDGs are and to what extent they normatively frame corporations’ CC agendas/activities.

Table 3.1: Summary of the theories and their relevance to the study

<table>
<thead>
<tr>
<th>Group of theories</th>
<th>Sub-theories</th>
<th>Main assumption</th>
<th>Relevance to the study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instrumental</td>
<td>Maximization of shareholder value</td>
<td>CSR/CC as means of wealth creation and prosperity establishment for companies</td>
<td>The extent to which both communities and corporations can benefit from CC as well as how companies can use CC activities for their personal gain</td>
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<tr>
<td></td>
<td>Strategy for achieving competitive advantage</td>
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<td></td>
<td>Cause-related marketing</td>
<td></td>
<td></td>
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<tr>
<td>Political</td>
<td>Corporate constitutionalism</td>
<td>The power of</td>
<td>Understand the degree of</td>
</tr>
<tr>
<td>Integrative social contract</td>
<td>Corporate citizenship</td>
<td>companies confer to them right and obligations as well as the need to use their power responsibly in society</td>
<td>responsibility that a big company like SAB should have; the social contract that exists between the company and society.</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Integrative</td>
<td>Issues management</td>
<td>Society’s demands should be assimilated by companies as they rely on society for their survival and existence</td>
<td>Examine what the response of SAB to the socio-economic issues and to public needs is, as well as its methods of involvement.</td>
</tr>
<tr>
<td></td>
<td>The principle of public responsibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stakeholder management</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Corporate social performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical</td>
<td>Normative stakeholder</td>
<td>Corporations should recognize social responsibilities as moral and ethical obligations over any other motivations</td>
<td>Investigate into whether companies are doing harm to communities and whether they respect the rights of people and ensure their long-term sustainability and development.</td>
</tr>
<tr>
<td></td>
<td>Universal rights</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sustainable development</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The common good approach</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Table done based on the CC theories of Garriga and Mele (2004)

3.3 Normative framework

3.3.1 The Millennium Development Goals

In September 2000 the Millennium declaration was ratified by 189 heads of state. In order to address developmental challenges globally, and especially in developing countries, heads of states decided to adopt the Millennium Declaration. Nelson and Prescott (2008:5) state that, “the 2000 declaration is an unprecedented global commitment and one of the most significant United Nations documents of recent time”. The declaration led to the implementation of what
was called the MDGs (Prescott and Nelson, 2008:5), a set of eight development goals that all nations must strive to achieve. These eight MDGs are: 1) To eradicate extreme poverty and hunger; 2) Achieve universal primary education; 3) Promote gender equality and empower women; 4) Reduce child mortality; 5) Improve maternal health; 6) Combat HIV/AIDS, Malaria and other diseases; 7) Ensure environmental sustainability and 8) Develop a global partnership for development. Furthermore, targets and indicators have been set for each of these goals to be met by 2015 (Nelson and Prescott, 2008:5). In short, the MDGs were set in order to tackle the main developmental challenges that the world is facing and improve the quality of life of the poor through a global partnership with the deadline of 2015. Figure 3.1 gives an image representation of the different goals and their implications. Each image represents the issue that the goal tries to tackle.

Source: missbrownmhs.wikispaces.com

Figure 3.1: Image representation of the MDGs

The MDGs, both implicitly and explicitly, highlight the fact that corporations must take responsibility in society and contribute to the welfare of people living in communities where they operate. The MDGs can be used to evaluate the degree of responsibility taken by corporations in the global mobilisation against the issues facing poor communities. Vandemoortele (2002:1) defines MDGs as, “a set of numerical and time-bound targets” that represent crucial components of the development of human life. The MDGs were set in order to attack the main developmental problems that developing countries are facing and advance the quality of life of the poor with the deadline of 2015 through a global partnership.
In table 3.2 are a list of the MDGs with their corresponding targets. As ratified by the 189 heads of state in 1999, the eight MDGs and their targets are: 1) to eradicate extreme poverty and hunger: Target 1a, reduce by half between 1990 and 2015, the amount of people whose revenue is less than one dollar per day. Target 1b; attain full and fruitful employment and decent work for all, comprising women and young people. Target 1c, halve between 1990 and 2015, the fraction of people who suffer from hunger; 2) Achieve universal primary education: Target 2a, guarantee that, by 2015, children in all places, boys and girls similarly, will be able to complete a full course of primary education; 3) Promote gender equality and empower women: Target 3a, eradicate gender discrepancy in primary and secondary education if possible by 2005 and to all levels of education no later than 2015; 4) Reduce child mortality: Target 4a, between 1990 and 2015, the mortality proportion amongst children under five by two third; 5) Improve maternal health: Target 5a, decrease by three-quarters, between 1990 and 2015, the maternal mortality ratio. Target 5b; achieve, by 2015, worldwide access to procreative health; 6) Combats HIV/AIDS, Malaria and other diseases: Target 6a, stop the spread of HIV/AIDS, and inverse the effect by 2015. Target 6b; realize, by 2010, universal access to treatment for HIV/AIDS for those who need it. Target 6c, termination and begin to inverse the occurrence of malaria and other major diseases, by 2015; 7) Ensure environmental sustainability: Target 7a, assimilate the principle of sustainable development into country policies and programmes and inverse the loss of environmental resources. Target 7b, lessen biodiversity loss, and achieve, by 2010, a substantial reduction in the degree of loss. Target 7c; halve the quantity of people without access to safe drinking water by 2015. Target 7d; realize momentous improvements in the lives of at least 100 million slum dwellers, by 2020; 8) develop a global partnership for development: Target 8a, develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Target 8b; address the distinct needs of the less developed countries. Target 8c; deal systematically with the debt problems of developing countries through national and international actions in order to make debt sustainable in the long term. Target 8d; in corporation with pharmaceutical companies, offer access to reasonable essential drugs in developing countries. Target 8e, in cooperation with the private sector, make accessible the welfares of new technologies, especially information and communications (Nelson and Prescott, 2008: 9-27). These are well established and structured goals and targets with the aim of solving specific problems facing the poor.
<table>
<thead>
<tr>
<th>MDGs</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal 1: Poverty alleviation</strong></td>
<td>1a: Reduce by half the amount of people with a revenue of less than one dollar per day- 2015</td>
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<tr>
<td></td>
<td>1b: Fruitful employment and decent work for all, comprising women and young people.</td>
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<tr>
<td></td>
<td>1c: Halve between 1990 and 2015, the fraction of people who suffer from hunger</td>
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<tr>
<td><strong>Goal 2: Education for all</strong></td>
<td>2a: Similar opportunity for boys and girls to complete a full course of primary education</td>
</tr>
<tr>
<td><strong>Goal 3: Gender equality</strong></td>
<td>3a: Eradicate gender discrepancy in all levels of education if possible by 2005</td>
</tr>
<tr>
<td><strong>Goal 4: Child mortality</strong></td>
<td>4a: Reduce by two third the mortality proportion amongst children under five-2015</td>
</tr>
<tr>
<td><strong>Goal 5: Maternal health</strong></td>
<td>5a: Decrease by three-quarters the maternal mortality ratio- 2015</td>
</tr>
<tr>
<td></td>
<td>5b: Achieve worldwide access to procreative health- 2015</td>
</tr>
<tr>
<td></td>
<td>6b: Universal access to treatment for HIV/AIDS for those who need it- 2010</td>
</tr>
<tr>
<td></td>
<td>6c: Termination the occurrence of malaria and other major diseases</td>
</tr>
<tr>
<td><strong>Goal 7: Protection of the environment</strong></td>
<td>7a: Assimilate the principle of sustainable development into country policies and programmes</td>
</tr>
<tr>
<td></td>
<td>7b: Lessen biodiversity loss, and achieve, a substantial reduction in the degree of loss, by 2010</td>
</tr>
<tr>
<td></td>
<td>7c: Halve the quantity of people without access to safe drinking water, by 2015</td>
</tr>
<tr>
<td></td>
<td>7d: Realize momentous improvements in the lives of at least 100 million slum</td>
</tr>
</tbody>
</table>
dwellers, by 2020

| Goal 8: Global partnership | 8a: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system  
8b: Address the distinct needs of the less developed countries.  
8c: Deal systematically with the debt problems of developing countries through national and international actions in order to make debt sustainable in the long term  
8d: In corporation with pharmaceutical companies, offer access to reasonable essential drugs in developing countries.  
8e: In cooperation with the private sector, make accessible the welfares of new technologies, especially information and communications |

Source: Table done based on Nelson and Prescott (2008)

3.3.2 The MDGs and Corporate Citizenship

The MDGs represent a universally accepted approach to sustainable development and poverty alleviation that calls for a partnership with a diverse stakeholders including, companies. To succeed, they must be used as a framework to deepen understanding of what is normatively expected from companies’ CC agendas. An analysis of the theories covered in this study in relation to MDGs can help in understanding what normative principles of a good corporate citizenship agenda can be expected from companies CC agendas.

Instrumental theories are of the view that companies by simply thriving, contribute to poverty alleviation through job creation and production of goods and services for consumption. These theories see companies’ CC agendas as deriving from companies’ focus on their core activities. However, this perception is not reasonable in terms of the MDGs as there are many aspects of the MDGs that may not be addressed. For instance, the theories do not take into account the fact that production of some products may be harmful to society and the environment, and by focusing only on their core objectives, companies exploit their employees to increase profit margins. Issues presented by MDG 1 (poverty alleviation), MDG 2 (education) and MDGs 4 to 6 (health) which are crucial to society would hardly be
addressed in a “sustainable manner” through an instrumental approach. An instrumental approach can also address some issues facing the poor, but the sustainability of such contributions is questionable. The emphasis on sustainable development rather than economic growth with the MDGs, shifts attention to political, integrative and ethical theories.

The normative assumption of political theories is that corporations play political roles in society. The main idea of this theory is that due to their powers, companies have rights and duties in communities and should act responsibly. From this perspective CC activities should not only further the core business of companies, but also administer certain rights of people, e.g., political, civic, and social rights. This perception of companies’ CC agendas is fair in terms of the MDGs. Considered from the perspective of political theories, the MDGs dealing with poverty alleviation, the provision of health and education can be, or are directly linked to companies CC agendas.

As for integrative theories, companies are expected to integrate the demand of society because they depend on society for their existence and survival. CC activities should be an essential motivation of companies as it is crucial for companies’ endurance. An integrative theories’ approach of CC would speak to the MDGs not only in terms of the expectation to see companies integrate society’s demands, but also through the manner in which these demands are addressed. A CC agenda understood from integrative theories’ perspective would be fair for the issues that the MDGs are addressing. The MDGs were established to deal with the concerns and demands of poor people in developing countries. So, from an integrative group of theories’ point of view, a CC agenda should integrate the MDGs related to poverty alleviation, education, maternal health, HIV and malaria as well as the environment which are pretty much demands from people in society.

Finally, the normative assumption of ethical theories is that companies are expected to respect ethical values and behave in an ethical manner. CC agendas should not only respect people’s rights and ethical values, but they should also emphasise social responsibility and sustainable development as moral and ethical obligations of companies. This perception of CC agendas would also be fair in terms of the MDGs’ concerns. By respecting people’s rights and ethical norms through their CC agendas, companies will promote issues such as gender equality (MDG 2) and the protection of the environment (MDG 7). Similarly, an emphasis on sustainable development through CC activities, would address most of the concerns raised by MDGs.
In addition, most MDGs are normatively linked to corporations’ CC agendas. In other words, corporations as citizens have the responsibility to contribute significantly (directly or indirectly) to the achievement of many if not all the issues presented by MDGs which are issues that poor people are facing in communities where companies operate. Nelson and Prescott (2008:5) argue that, “although there is a growing debate on what the boundaries of business should be in tackling these challenges towards governments and civil society organizations, there is no doubt that the private sector can play a creative and beneficial role”.

Goal number one, the eradication of poverty, implicitly informs corporations’ CC agendas. Corporations as citizens and powerful socio-economic actors, have the responsibility to ensure the wellbeing and the development of people living in communities where they are located. Corporations are crucial economic agents who can play an important role in areas such as poverty alleviation, liberalisation of trade, the transfer of technology and capacity-building (Carroll, 2008). For instance, corporations can give products and services that are affordable, establish the linkage between local business and opportunities of employment, operate on a small scale and on the base of entrepreneurship, invest in social entrepreneurs and establish local capabilities (Nelson and Prescott, 2008:9-11).

In addition, goals number two, four, five and six are explicitly linked to corporations’ CC in terms of the administration of citizenship rights. As was mentioned earlier, corporations as citizens have taken some of the responsibilities of government in terms of the administration of citizenship rights. Corporations have the obligation to administer social, civil and political rights. Matten and Crane (2005:174) assert that in terms of administering social rights, corporations take a providing role. Social rights include rights to education, pension, and health safety. In other words, corporations as citizens have the responsibility to ensure that the social rights of people living in communities where they operate are respected and provided.

Corporations can help in the achievement of these goals for example by providing technological materials for education, addressing child labour, investing in local schools and supporting education’s work of NGOs, creating a work place environment that is safe, improving the economic capabilities of women as entrepreneurs, employees and producers, creating awareness around children and pregnant women, supporting AIDS programmes, donating products and strengthening the mechanism of health delivery (Nelson and Prescott, 2008).
Moreover, goal number three informs corporations in terms of the administration of civil and political rights. Corporations, in administering political and civil rights, should make sure that the fractions of the population previously marginalized are included in decision making. In other words, corporations must be sure that the decisions that are taken and the regulations that are made do not discriminate against weak and vulnerable stakeholders.

Furthermore, goal number seven can inform corporations’ focus on sustainable development. Corporations can use their socio-economic and political power in society to contribute positively and not negatively to the communities where they operate. Nelson and Prescott (2008: 7) maintain that it is in the interests of corporations to be “part of the solution rather than part of the problem.” Corporations can take actions and decisions that promote the protection and development of the environment and communities where they are located. Here the corporation can control the direct impact of its actions on society as well as the environment by supporting international environmental movements and NGOs. This idea of companies not doing harm to the environment or to communities constitutes a crucial debate in this study, specifically in chapter two and four, given the study’s focus on a controversial company such as SAB.

Also, with the eighth MDG, the United Nations re-emphasize the need for companies to be part of the fight against the problems facing the poor. The MDG number eight shows that these challenges are global and need a global response or partnership. Therefore there is a clear link between CC and the MDGs. In other words, corporations have a crucial role to play in setting the economic and social basis needed for the long-term fight against the issues of the poor which have been universally recognized. From the theoretical and normative analysis done in this chapter, this study proposes the following expectations of a “good corporate” citizenship agenda, especially from a big company:

- Do no harm,
- Do “good”,
- Manage the negative impact of products and actions in society,
- Undertake sustainable activities (and projects in society) for the uplifting of people’s lives,
- Ethical and responsible advertisement of products,
- Act in an ethical manner towards stakeholders,
- Care for people in communities and include them in decisions making,
• Provide quality products for the poor, and
• Care for employees and include them in decisions made.

3.4 Conclusion

This chapter has analysed four groups of theories that give the reasons why companies undertake their CSR/CC activities namely: instrumental, political, integrative and ethical group of theories. From these groups of theories it can be inferred that there are explicit and implicit dimensions or expectations to CC. The explicit dimensions involve “doing good” in society. While, the implicit aspect entails that, corporations should not do harm to people living in communities where they operate. Similarly, the MDGs have been identified as being related to CC activities of companies. Therefore from a normative analysis of the MDGs in relation to CC, nine principles emerged as the expectations of a good Corporate Citizenship agenda. These principles support this study understanding of CC, by emphasizing the obligation for companies, not only to avoid doing harm to people but also to behave ethically and take part in the socio-economic uplifting of the lives of their stakeholders. However, before looking at the case of SAB, it is important to look at how these conceptual frameworks apply to the South African context in general. The analysis in this chapter about the theoretical and the normative assumptions of CC enabled this study to look at the specific case of SAB. Hence, the next chapter explores the CSI activities of SAB and their theoretical implications.
CHAPTER FOUR:
A CASE-STUDY OF SAB’s CORPORATE CITIZENSHIP PORTFOLIO

4.1 Introduction

The literature about SAB shows that it has a corporate citizenship (CC) agenda which is framed as corporate social investment (CSI) in South Africa. This chapter is concerned with two crucial points that emerged from the previous chapters: the implicit and explicit expectations of CC implied by theories; and the particularity of the concept of CSI in South Africa. Based on these points, this chapter looks at South African Breweries’ (SAB) understanding and implementation of its CC agenda in the Western Cape in particular. Also, given the fact that some of South SAB’s products are deemed controversial there is a need to examine the explicit and the implicit dimensions of SAB’s CC activities. These dimensions respectively entail the do “good” and “do no harm” expectations of CC. The chapter is thus structured as follows: the first section focuses on SAB’s policies and its understanding of CC; the second section examines the explicit and the implicit dimensions of SAB’s CC agenda; and the third section gives an overview of recent debates and controversies around SAB.

4.2 SAB as a case-study

4.2.1 Background of SAB

Established in 1895, the South African Breweries Ltd is the South African auxiliary and place of birth of SABMiller plc which is the second largest brewer in the world by volume (SAB Ltd Corporate Brochure, 2010:6). In 1897, SAB was catalogued as the first industrial share on the Johannesburg Stock Exchange. After the death of Mr Anders Ohlssons in 1912, a beer named Lion Lager given after his nickname lion was brewed in his honour by his friends. During the years 1953-55, work started on a new modern Castle Brewery in Isando East of Johannesburg, with the largest brew house in Africa and one of the most modern in the world (SAB Ltd Corporate Brochure, 2010:6). All these developments paved the way for the establishment of SAB. SAB’s World of Beer that was at the time the centenary centre was opened in 1995 by President Nelson Mandela in Newtown cultural precinct of Johannesburg,
celebrating at the same time the one hundred years of the brewery (SAB Ltd Corporate Brochure, 2010:13).

Moreover, over the years SAB has retained strong recognition and image worldwide. SABMiller has interests in over sixty countries across the world. It became one of the largest brewers in the world after the merger in 2008, of SAB Miller and Coors (SAB Ltd Corporate Brochure, 2010:14). SAB is a corporation with a reputation of international standard and it has in total seven breweries and forty two depots with a potential to brew of 3.1 billion litres per year, and a standard sale above 2.5 billion litres per year in South Africa alone. These features can also be due to the fact that SAB produces a variety of products. Among these products are; ten brands of beer, including Castle Lager, Castle Lite, Carling Black Label and Hansa Pilsener. A number of SAB’s beers have also won international awards and recognition (SAB Ltd Corporate Brochure, 2010:18). Figure 4.1 is an image representation of two of SAB’s beers that have won international awards. In addition to brews that are alcoholic, SAB also produces soft drinks through its department of Amalgamated Beverage Industries (ABI), which is known as the biggest division to produce and distribute the brand Coca-Cola in Southern Africa. As well as its beer and soft drink divisions, SAB also possess a company of hop production, the SAB Hop Farms Ltd; a SAB Barley Farms Ltd; a SAB company of malt Ltd; barley farming company; and the metal crown share of 60% (Mashenguete, 2012). This national and international success or expansion can also be, directly or indirectly, linked to SAB’s interaction with its stakeholders, a crucial aspect of CC as proposed by stakeholder theory in chapter three.

Source: SAB corporate brochure (2010:24)

Figure 4.1: SAB’s awarded beers
4.2.2. SAB’s policies and methods of interaction with its stakeholders

SAB’s policies and rules of interaction with its stakeholders are not well-documented in academic literature. However, SAB’s interaction with its stakeholders is presented in some forms of policies that are related to the market environment. Stakeholders as seen in chapter II, refer to those who can influence or can be influenced by the company’s actions and interactions. As shown by Figure 4.2, SAB’s stakeholders are suppliers, investors, industry, government, employees, media, customers, and civil society.


Figure 4.2: SAB’s Stakeholders

SAB’s policies and aspirations can be seen as driven by the need to satisfy consumers. SAB’s mission is to produce local and international products which are the consumer’s first choice (SAB Ltd Corporate Brochure, 2010:5). SAB’s documents show that it acknowledges the importance of its consumers. Mr Norman Adami, the chairperson of SAB avers that SAB is conscious of the fact that it must gain the loyalty of South African consumers by providing high quality and unique merchandises with exciting brands of good value (SAB Ltd Corporate Brochure, 2010:2). Also, SAB policies focus on attempting to offer products that are non-flexible in order to meet the variety of its consumers changing needs and make them available at affordable prices. In this regard, SAB has for instance, profitably reduced the real price of beer by approximately 50% during the past four decades (SAB Ltd Corporate Brochure, 2010:21). This shows the vested interest that SAB has in satisfying consumer demand. As for whether the interest is for the good of the consumers or for the good of the company, is another question/issue requiring investigation.
Moreover, some of SAB’s policies are aimed at establishing strategies that facilitate its engagement within the market environment. SAB as a corporation in a competitive environment adopted what it calls a “five thrust strategy” (SAB Ltd Corporate Brochure, 2010:3). SAB’s five thrust strategy is composed of: the stabilisation of operational foundation and the restoration of productivity; engaging the rival; producing a range of brands that will ensure short and long term gains; establishing sales potential adequate to the current competitive market environment; and guaranteeing leadership in society as well as establishing an operating environment which is positive (SAB Ltd Corporate Brochure, 2010:3). This strategy is a way for SAB to ensure its survival in a changing and competitive market environment and to ensure long and short term gains.

Besides, SAB’s policies and strategies of interaction are not only linked to their consumers, but also to their retailers. Mr Norman Adami maintains that SAB has been aware of the fact that for more than a century in South Africa its achievement as a business has considerably relied on its ability to produce greater value to South Africans, especially to retailers, consumers and society at large (SAB Ltd Corporate Brochure, 2010:2). SAB alleges that it takes the satisfaction of its retailers seriously since its success is also linked to them. SAB understands that the best way to create a really strong, sustainable business is by ensuring that all of its partners in business profit suitably, specifically those who are crucial in distributing SAB’s brands to consumer (SAB Ltd Corporate Brochure, 2010:2).

Furthermore, SAB claims it shows an interest in society. According to Mr Norman Adami, since SAB considers South Africa as its homeland, it considers social obligations very seriously, it also believes that it has the obligation to show societal leadership and attempts to achieve societal and business objectives with the same ardour (SAB Ltd Corporate Brochure, 2010:2). The claim above of SAB’s social involvement and responsibility will be scrutinised in this chapter. The next section starts by examining how SAB understands and conceptualizes its CC agenda through its corporate publications.

4.2.3 SAB’s conceptualization and understanding of corporate citizenship

SAB as many other companies in South Africa has a CC agenda which is largely framed as CSI (Mashengete, 2011). That is to say most companies in South Africa have a CSI department that deals with the CC activities of the company. CC activities of many
companies in South Africa, including SAB, are known as CSI activities. This section highlights how SAB’s strategic management understands CC/CSI focusing on SAB’s corporate publications to gain insight into the company’s conceptualisation of CC/CSI. SAB is not a unitary entity, but consists of different levels of decision-makers and employees who have some margin of autonomy when implementing SAB’s strategic policies, including its CC agenda. Chapter five will show that there may be a subtle difference in the conceptualisation of CC as framed in SAB’s corporate documents and the understanding of CC at the level of implementation that was recorded from the field.

In 1998, SAB disclosed its social responsibility to its stakeholders in the markets where the company operated by publishing its first CC review (SAB Ltd Corporate Brochure, 2010:13). From this review and other public corporate documents, it can be inferred that SAB believes it is playing a crucial role through its CSI agenda. The company maintains that it transcends the conventional methods of doing business and seeing CC or CSI as a “nice to have” that most corporations utilise, and find constructive solutions to new societal and business challenges. SAB also claims that it considers the focus on CSI and sustainable development as being fundamental to the core functioning of the corporation (SAB working for South Africa, 2010:12-13). It can therefore be said that SAB’s CSI programmes are an integral part of its functioning and instruments through which it improves the functions of the company and has an impact on society.

SAB perceives its CC/CSI agenda as a way to make a positive impact on society as well as to strengthen its relationship with its stakeholders, the government, and other authorities in South Africa. SAB alleges that its CC/CSI activities aspire to improve South Africans’ quality of life and to assist the corporation in nurturing strong affiliations with consumers, suppliers, employees, government and the regulatory apparatus (SAB leading the way in empowerment, 2011:10). Mr Norman Adami the managing director of SAB states that, “we care about our people, we care about our country, and we care about our environment. We see this as integral to doing business profitably” (SAB sustainable development report, 2008:3). This understanding of CC/CSI is not in line with the normative framework for CC that this study proposes, because it fails to emphasize the obligatory aspect of the involvement with these parties. From this quote it can be deduced that there is no sense of obligatory involvement towards society rather than an emphasis on the link between society’s concerns and profit from the side of the company.
Similarly, SAB’s perceptions of its CC activities from an instrumental group of theories’ perspective, and the lack of emphasis on the obligatory aspect of CC, are apparent in the way the company develops its relationship with its stakeholders.

Since 2006 we have adopted an issues-based approach to stakeholder engagement. Each engagement is planned, monitored, recorded and analysed. We believe this systematic approach gives us greater insight into what matters most to our stakeholders. At the same time, it enables us to offer them our point of view and to encourage mutually beneficial dialogue leading to on-going improvements in our relationships (SAB sustainable development report, 2008:6).

Furthermore, SAB’s understanding of CC/CSI is one of mutual gain and dependence between the company and communities. SAB believes that the business success of a corporation and communities’ wealth are connected, which is why the CSI agenda of SAB focuses on impacting local communities positively (SAB Leading the way in empowerment, 2011:10). This understanding is in line with the notions espoused by most of the instrumental theories developed in chapter two. For instance, strategies for competitive advantage theory, looks at CSR/CC as means for win-win purposes and as tools for companies’ strategic investment in society. Mr Norman Adami the managing director of SAB asserts that, “SAB’s sustainable development priorities present opportunities for societal leadership that we believe will not only help us pull through tough times, but will also set us apart from our competitors” (SAB sustainable development report, 2008:3). In other words business’ profit and social responsibility are interlinked for SAB. Similarly, instrumental theories such as, strategy for achieving competitive advantage theory maintains that companies will engage in social activities only if they create wealth and competitive gains. An analysis of SAB’s corporate publications and speeches shows that SAB’s conceptualization of its CC agenda is mostly in line with those two instrumental theories.

There is a strong business case for using less energy, using less water, and engaging meaningfully with our employees, customers, suppliers and communities. There is a strong business case for developing a constructive dialogue with government and helping disadvantaged South Africans to reach their economic aspirations. And there is a strong business case for optimism in the face of adversity – a trait well developed in South Africans (SAB sustainable development report, 2008:6).
From the above statement, it can be inferred that SAB sees in all its interactions with its stakeholders, society and government ways to create wealth and make profit. SAB undertakes a number of CC and sustainable development activities knowing that they will contribute to improving SAB’s ability to do business.

However, though SAB’s documents, “officially” seem to have an instrumentalist theoretical view of CC, their activities sometimes go beyond this view as illustrated in the next sections of this chapter. After an examination of SAB’s perception of its CC activities, it is essential to explore the way SAB’s CC activities are practised. This can be done by looking at the extent to which SAB’s CC activities are in line or not in line with the explicit (do good) and implicit (do no harm) expectations of CC which emerged from the theories, as mentioned in the concluding part of chapter three.

4.3 SAB’S corporate citizenship in practice

SAB, as many other companies and as noted above, reports on its CC activities in communities. This section goes beyond SAB’s conceptualisation of its CC by taking a broader look at what has been referred to in the thesis as the explicit dimensions of CC (i.e. do good for society) and the implicit dimensions of CC (i.e. do no harm to society). The sources that are drawn upon here do not include the fieldwork (chapter five) and go beyond SAB’s corporate documentation to include other secondary sources and documents. It is also important to mention that SAB’s CC agenda is seen in both a broader dimension and a narrow one as CSI. This is mainly because as seen earlier in this thesis, CC has a more political and obligatory orientation while CSI is mainly economically oriented and a pressure from the government to fix the imbalances of the pass.

4.3.1 SAB and the “do good” dimension of corporate citizenship

There are many “do good” aspects that can be pointed to with respect to SAB’s CC agenda. Indeed, the company recognises this itself, “SAB has long played a role as one of South Africa’s most socially progressive and innovative enterprises” (SAB working for South Africa, 2010:12). This sub-section reviews SAB’s positive contribution to the economy of the country, its CSI activities, alcohol abuse activities, as well as its B-BBEE implementation.
4.3.1.1 SAB’s positive impact on the South African economy

The alcohol industry is known for its positive contribution to the country’s economic growth. If contribution to the Gross Domestic Product (GDP) is anything to go by, SAB is “doing good” for South Africa. For instance, “in 2008, the Bureau for Economic Research calculated that SAB’s contribution to value added GDP at factor cost, including all multiplier effects, was R51 billion in FY07, or 3.3% of the country’s GDP. Based on SAB’s sales revenue the GDP multiplier suggested that, for every R1 in sales revenue generated by SAB, R1.82 is added to the country’s GDP” (SAB sustainable development report, 2008:4). Similarly, in 2009 the wide economic input of SAB to the South African GDP summed up to R66.2 billion or 3.1% of the GDP of the country (SAB sustainable development report, 2008:4). Through this substantial contribution to the GDP, SAB is thus a major creator of employment, tax and other economic benefits for the economy. In 2009, more than 350,000 jobs were prolonged by SAB and its value chain, with an estimate of 21,300 workers employed by SAB and 66,000 supported in terms of first round suppliers (SAB working for South Africa, 2010:1). SAB is also contributing to entrepreneurship and economic development in poor areas such as townships, through its alcohol delivery services and its interactions in those communities.

SAB’s production and sales directly generated taxes to the total of R9.6 billion in FY071 (SAB sustainable development report, 2008:4). Also in 2009, R10.2 billion in tax income were obtained by the National Treasury directly from SAB in the form of corporate taxes, SAB’s employees through individual tax revenue, and SAB’s consumers, VAT and excise responsibilities. This represented 1.7% of the entire tax intake for the South African government in 2009 (SAB working for South Africa, 2010:3-4).

SAB also impacts positively on the economy of the country through other businesses. The indirect and provoked effects of SAB’s activities on other businesses in the economy produced R14 billion in taxes. Both the direct and indirect effects of SAB’s activities generated R23.6 billion which represented 5.0% of the total tax income of government in FY07 (SAB sustainable development report, 2008:4). When viewed through the prism of its contribution to macro-economic indicators, it is unquestionable that SAB complies with the “doing good” to society dimension of CC⁴.

⁴ See appendix 1 for a table of SAB’s detailed economic contribution to SA in 2009.
Similarly, the positive contribution of SAB towards the South African economy in general, and development in particular, can also be illustrated through SAB’s support of *shebeens* in townships. A number of scholars have written about the economic, social and cultural importance of *shebeens*, not only for people living in townships but also for the South African economy. *Shebeens* since the apartheid era have been an integral part of people’s culture and daily lives in townships (Charman and Peterson, 2010). This amongst many reasons is developed in section 4.4 of chapter four, talking about the criticism and the obstacles to the implementation of the 2008 liquor Act of the Western Cape. The first owners of *shebeens* were women who relied on selling liquor to support their families in a regulated apartheid environment. From the time of the establishment of the first *shebeens* until now, a number of decent women and men have relied on *shebeens* as their major source of revenue (Nakasa in Rogerson and Hart, 1986).

Moreover, research undertaken by the Sustainable Livelihood Foundation\(^5\) on “informal micro-enterprises” in five locations of the Western Cape (such as Delft) and two in Gauteng demonstrate that *shebeens* play a crucial part in the socio-economic functioning of townships and informal settlements (Charman *et al.*, 2013:7). Although there are stereotypes as well as valid concerns related to *shebeens* (especially when it comes to alcohol abuse and crime related issues), research of the Sustainable Livelihood Foundation show that there is more to look into. A number of findings emerged from these researches but this study is mainly concerned with two: First, most of the products that *shebeens* sell come from the formal economy, which shows the strong connection between the formal and the informal sector in the South African economic environment. Second, *shebeens*’ establishments and interactions also have significant impacts on various informal businesses where they operate (Charman *et al.*, 2013:7). For instance research in Delft, Cape Town, show that the list of those gaining from the presence of *shebeens* in the area include: Spaza shops and houses; informal liquor traders; shops in Delft South; butcheries and fast food traders; car-wash businesses and those involved in recycling (Charman *et al.*, 2013:10-11). From these researches it can be inferred that *shebeens* represent to a considerable extent an economic value for the livelihood of most of the people living in townships.

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\(^5\) The Sustainable Livelihood Foundation is a Non-Profit Organisation that contributes to poverty alleviation through: its interactions with communities; original researches; pioneering activities to the betterment and strengthening of poor of communities.
Consequently, SAB by considerably supporting many Shebeens, which are part of the economic catalysts of townships, contributes to the South African economy. A number of people rely on shebeens for their survival and SAB through its huge and constant delivery services promotes a circle of economic sustainability and survival in townships. It is however important to mention that this study acknowledges the various negative consequences to society that can be associated with shebeens. The economic contribution and sustainability caused by shebeens is one thing, but the negative social impact represents another. Apart from its economic contribution through the production, distribution and sale of its products, SAB also does “good” by undertaking a number of CC activities in society.

4.3.1.2 SAB’S Corporate Social Investment

As mentioned in the previous sections of this chapter and in chapter three, SAB frames its CC agenda as CSI and undertakes these activities according to its understanding of what its responsibility in society is. Corporate documentation of SAB shows that SAB’s CC agenda consists of spending money on CSI activities, Enterprise Development (ED)\(^6\) programmes, Black Economic Empowerment (BEE) projects and projects promoting responsible alcohol consumption (SAB sustainable development report, 2008:12). CSI activities and ED initiatives are crucial elements through which SAB does “good” in society- these activities are outlined below. SAB spends in excess of R21 million annually on ED and CSI initiatives (SAB working for South Africa, 2010:13). SAB’s CSI activities are classified into categories and undertaken at various levels and areas in society. The three crucial constituents of the CSI agenda of SAB are the “flagship programmes”, the “Soul” programmes and the “employee volunteerism” (SAB Ltd Corporate Brochure, 2010:29).

a. Flagship programmes

The flagship programmes are usually devotions of three years to activities which directly support SAB’s core duties and long-term investment. The flagship programmes are related to the development of sports and enterprise, as well as the improvement of communities where SAB operates (SAB Ltd Corporate Brochure, 2010:29). For instance, SAB’s involvement in

\(^6\) Enterprise development can be seen as a contribution to economic growth through the support and empowerment of old or start up businesses and young entrepreneurs, by means of job creation and the development of entrepreneurial skills.
the sponsorship and development of sports is an illustration of a SAB flagship programme and the kind of projects that suggests doing "good" in society. SAB believes that the development of sports makes a positive impact on communities (SAB leading the way in empowerment, 2011:11). SAB has been involved in South African sport for many decades. The creation in the Western Cape of the Ohlsson’s Hockey Cup in 1902 was SAB’s first foothstep in sport sponsorship in South Africa (SAB Ltd Corporate Brochure, 2010:17). Since then SAB has been involved in the sponsorship and development of a number of sport activities. In 2010 for example, SAB commemorated the ten years anniversary of the under 21 SAB Regional League and more than 50 years of its participation in football. The SAB Regional League, which was previously the Castle Regional League, is the biggest senior league that the South African Football Association manages, and it is the mean through which SAB discovers and exploits soccer ability (SAB leading the way in empowerment, 2011:11). These sport sponsorships and events are some of SAB’s important means of improving the lives of people living in communities where it operates, but they are not the only ones. Looking at these activities through the lens of sustainable development theory (ethical theories) and stakeholder management theory (integrative theories) it can be said that SAB is trying to ensure human development in interaction with its stakeholders in some of the communities where it operates.

Enterprise Development projects are also some of the flagship initiatives of SAB’s CSI. SAB’s ED projects mainly focus on the long term sustainability of SAB as well as the creation of jobs and the development of skills in communities where it operates (SAB Ltd Corporate Brochure, 2010:29). Similarly, ED focuses on assisting in the development and the empowerment of black owned companies and helping them become independent and sustainable. SAB’s ED projects include initiatives such as: KickStart, Trade academy, SAB’s owner-driver programme, and Taung barley farmers. The KickStart programme, for example, was created in 1995 originally as a programme to lessen poverty, but it now focuses on promoting amongst the youth a culture of entrepreneurship and sustainable development creation (SAB leading the way in empowerment, 2011:8). This programme is aimed at helping young South Africans from communities who were disadvantaged by apartheid to create their own businesses and it facilitates the development of weak enterprises. According to SAB, the KickStart programme has invested around R51 million of funding, through which 22936 young entrepreneurs have benefited. It has also created 3200 small businesses since its establishment in 1995 (SAB working for South Africa, 2010:12). This project is in
line with the sustainable development theory (ethical theories) and corporate social performance theory (integrative theories), examined in chapter three, in terms of companies’ ensuring the development of communities in a sustainable manner through the development of people’s skills. SAB here contributes to sustainable development by encouraging the development of skills and supporting small and medium enterprises in poor communities.

Other examples of SAB’s ED activities include: the Trade Academy, where SAB invests in empowering the liquor traders with whom it interacts by providing them with necessary skills to improve their business acumen and develop their business for long-term sustainability; the Owner-driver programme, which is a project that was initiated in 1987 by SAB and which saw previous SAB’s employees create their own businesses to distribute the products of SAB to the market; the Taung barley farmers, which was created in the early 1990s with the aim of promoting local barley production and lessening imports reliance (Leading the way in empowerment, 2011:9-10).

Looking at these programmes in terms of stakeholder management theory (integrative theories) and normative stakeholder theory (ethical theories) examined in section 3.2.3.3 and 3.2.4.1 of chapter three, SAB here is doing “good” to society by empowering some of its stakeholders and interacting with them.

b. Soul investment programmes

Soul Investment programmes of SAB represent the second crucial group of its CSI activities. SAB’s Soul Investment programmes entail ad hoc gifts and support for humanitarian assistance and tragedies. SAB allocates funds for outreach to every day requests for contributions and disaster assistance (SAB Ltd Corporate Brochure, 2010:29). For instance, the Tavern Intervention Programme can be seen as one of SAB’s Soul Investment programme. The main focus of the programme is to improve the social health of communities. This is done by engaging men who have been recognised by communities as persons behind offences linked to alcohol misuse, such as the abuse of children or gender violence, as well as the contraction of HIV/AIDS associated with impeded responsibility resulting from the consumption of alcohol (SAB leading the way in empowerment, 2011:10). Advisory programmes are held with men in taverns by SAB in affiliation with the NGO “Men for Development” (SAB leading the way in empowerment, 2011:11). SAB, through this programme, deals with the negative consequences of its products and attempts to
minimise the social problems in communities. These activities are in line with the issue management theory (integrative theories) that deals with the management of the problems facing people in communities. Here SAB acknowledges some of the issues that its product may induce and tries to address them.

In addition, addressing HIV and AIDS is another Soul Investment activity of SAB. SAB has included HIV/AIDS into its CSI agenda as part of its attempt to reduce illness in communities where it is located (SAB Ltd Corporate Brochure, 2010:30). Among SAB’s actions there is the commitment of the time of SAB employees to help people who have HIV and AIDS during the days set aside for “CSI outreach” (SAB Ltd Corporate Brochure, 2010:30). There is also a condom distribution programme (SAB leading the way in empowerment, 2011:11). When the use of condoms was identified as crucial in the fight against HIV/AIDS, SAB’s distribution network was solicited. The Department of Health asked for the services of SAB in its campaign to distribute condoms among communities and promote condom use as a trustworthy method of lessening new HIV and AIDS infections. Boxes of condoms to be handed out to the community accompanied SAB’s products to its customers (SAB leading the way in empowerment, 2011:12). Through a social issue prism, these CC activities of SAB comply with the “do good” aspect of CC as they focus on tackling some social problems faced by communities. These activities are in line with issues management theory and public responsibility theory (integrative theories). These theories focus on the responsibility from companies to deal with issues facing the public. These activities are also directly in line with some MDGs related to health. These CSI activities of SAB are especially linked to MDG number six which deals with the reduction of HIV/AIDS and other diseases.

c. Employee volunteerism

Furthermore, the third group of SAB’s CSI activities is the employee volunteerism programmes. Through these programmes, employees are given the opportunity to make a considerable impact in needy communities. Employees are encouraged to apply for funding projects that they love, and they are motivated to take part in the CSI days that the corporation funds (SAB Ltd Corporate Brochure, 2010:29). For instance, in 2009 SAB’s employee volunteerism programmes ranged from campaigning for water on Mandela day, where employees had to devote 67 minutes of their time to assist communities around issues of water and recycling; and the invitation of SAB for employees to give sanitary towels to
girls in partnership with the women from the Young Women Campaign (SAB leading the way, 2011:12).

These activities are in line with the stakeholder management theory (integrative theories) that says that companies should focus on having a good relationship with their stakeholders. They are also in line with some of the elements of good “corporate citizen” examined in section 2.3.3 of chapter two, highlighting the need for a good relationship with employees and other main actors. Apart from these three CSI groups of activities, SAB is also undertaking a number of societal initiatives in an attempt to do “good”.

4.3.1.3 Tackling alcohol abuse

One of SAB’s social concerns is to tackle the issue of alcohol abuse in communities. SAB invests R60 million annually in responsible alcohol use campaigns. Just before the end of 2009, SAB established a “hard hitting and a wide reaching strategy” with the objective of tackling the negative impact of the misuse of alcohol on South African society (SAB Ltd Corporate Brochure, 2010:26). SAB has a well-established plan to address the issue of alcohol abuse. SAB structures its strategy on alcohol around three main elements, namely, leading by example where SAB provides new codes of the conduct for employees and new approaches in the marketing of its programmes; by championing co-regulation, where SAB promotes the strengthening of the relationship with the government, organisations, as well as the integration of shebeens into formal and self-regulated industry; and investing in high impact programmes—where SAB works in partnership with local and provincial law enforcement and NGOs to tackle the drunk driving issue and to educate local people about the severe impact of Foetal Alcohol Syndrome (FAS) (particularly in South Africa), as well as underage drinking (SAB Ltd Corporate Brochure, 2010:27). SAB thus strives to address the social problems related to the consumption of its products. This is mainly what integrative theories, such as issues management and public responsibility theory, advocate in terms of companies dealing with the negative impact of their products and actions in society. This is also in line with the aspect of good citizenship examined in section 2.3.3 of chapter two, with respect to the need for companies to manage and control the negative impact of their products to be considered “good corporate citizens”. A more critical view of the extent of the damages associated with SAB’s products is provided in section 4.3.2 of this chapter.
4.3.1.4 SAB and its B-BBEE initiatives

As seen in chapter three of this study, South Africa companies must comply with the B-BBEE initiatives, and SAB has a number of interactions related to it. SAB sees the B-BBEE act as being aligned with the strategy of the company with regards to sustainable development (SAB leading the way in empowerment, 2011:1). The fact that SAB has been involved in several social initiatives that have empowered and changed the lives of many people made it easier for the company to assimilate to B-BBEE codes of conduct. SAB complies with the B-BBEE policies too in the sense that it has integrated some crucial elements of BEE for a long time. SAB’s history of affirmative action can be traced back to the 1970s and 1980s; it was the first company to adopt preferential procurement in South Africa (SAB leading the way in empowerment, 2011:2). Areas such as ED, socio-economic development and preferential procurement are features of the BEE act that SAB has been integrating and implementing in South Africa.

One of SAB’s B-BBEE programmes is SAB Zenzele. The SAB Zenzele initiative was established in 2009 and is a refined attempt to empower black people economically. The Zenzele initiative was worth R7 billion and was framed to ensure the empowerment of black workers (SAB Ltd Corporate Brochure, 2010:17). The initiative benefited many stakeholders and created more shareholders in the company. The stakeholders involved were: the employees of SAB, previously marginalized groups, and black traders of beer and soft drink. Furthermore, the Zenzele initiative created around 40,000 new shareholders in SAB amongst whom 95% are black people or companies owned where black are major owners (SAB Corporate brochure, 2010:26). From SAB’s documentation there are many examples to conclude that SAB is doing “good” in communities and therefore complies with the explicit dimension of CC. However, SAB remains a controversial company, necessitating a critical investigation of the impact of its product and activities with respect to the implicit dimension of CC.

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7 See appendix 2 for SAB’s 2010 BEE scorecard.
8 Preferential procurement is an affirmative action motivating companies and governmental apparatus to purchase goods from businesses or individuals who were previously marginalized
4.3.2 SAB and the “do no harm” dimension of corporate citizenship

This sub-section analyses SAB’s actions in terms of the do no harm principle of CC in the context of the debate whether SAB can be held responsible for the negative impact of alcohol on society.

4.3.2.1 The negative impact of alcohol on the South African society

There has always been a debate about the positive and negative effects of alcohol in society. Although many see alcohol as having some benefits, it is widely recognised that its negative effects far outweigh the positive ones, especially when being abused. Parry and Bennetts (1998) argue that though there has been a lot of discussion on the benefits that arise from moderate drinking, it is important to note that these benefits “have at best been” found for particular populations in developed countries. In countries such as South Africa where the level of consumption is high, there are substantial problems related to alcohol consumption. Obot (2006:21) maintains that the level of alcohol consumption in a country or a group is crucial in determining the varieties and degrees of drinking-associated problems. Research in a number of countries has proved that there is a link between the harmful alcoholic consumption and social and health consequences, including domestic violence, death from road traffic accidents, disorders necessitating demand for treatment, and HIV infection (Obot, 2006:17).

For instance, in developing countries such as South Africa where many people drink until they intoxicate, it would be difficult to avoid problems such as cardiovascular illness, as opposed to places where people drink moderately (Parry, 2000:217). In other words, in countries where there is a pattern of heavy drinking it is difficult to protect health; the consequences are very negative compared to countries with a moderate pattern of drinking. Parry, 2000:216 asserts that: “Along with its pleasures and benefits drinking brings many problems for developing societies, including trauma, violence, organ system damage, various cancers, unsafe sexual practices, and injuries to the brain of the developing foetus. These in addition to negative economic and social consequences”. Alcohol abuse has negative consequences in society in general and on the health of drinkers themselves. Apart from its long background as a cultural practice and its social profits, alcohol in all its varieties is a product with a great risk for harmful health and social outcomes (Obot, 2006:25). For
instance, the data collected from the research conducted by the South African Community Epidemiology Network on Drug Use (SACENDU) and the SADC Epidemiology Network on Drug Use (SENDU) in Southern Africa for 2004 and 2005 conclude that the dangerous consumption of alcohol has a serious burden on health in South Africa (Obot, 2006:25). As a company that actively promotes drinking of alcohol and making profit from increased drinking, the question is whether SAB is compliant with the do no harm aspect of CC, given the health dangers associated with increased consumption alcohol.

Apart from health related issues, alcohol also has many negative social effects. The abuse of alcohol affects the family, the sector of employment, the criminal justice system, as well as the socio-economic improvement of developing countries (Jernigan et al., 2000). The misuse of alcohol can affect the social environment of the drinker and the people around him/her. For instance, in relation to social damage, research undertaken in South Africa, Kenya, Ghana, Uganda and Nigeria show that there is a close link between alcohol and social issues, such as: domestic violence, problems at work and family disturbance (World Health Organization, 2004b).

Moreover, alcohol has a negative economic impact on societies of some developing countries. For instance, the general economic cost associated with the abuse of alcohol, to the South African society is estimated at $ 1.7 billion, representing 2% of the GDP of the country (Obot, 2006:25). Many developing countries experience serious economic losses linked to the abuse of alcohol than the amount of revenue they receive from alcohol companies. According to Parry and Bennetts (1998), the cost associated with the irresponsible consumption of alcohol in South Africa economically represents approximately three times the sum of income that the government receives as excise taxes. The above statement questions the relevance of SAB’s economic contribution to the country compared to the negative impact of its products as one of the biggest alcohol producing companies in South Africa and the world.

In addition, alcohol abuse may be directly and indirectly linked to crime. Parry and Dewing (2006:44) assert that South Africa is rich in studies showing a strong link between injury, crime and alcohol. Alcohol has been recognised as one of the catalysts of criminal acts. Rocha-Silva and Stahmer (1996) state that the Human Sciences Research Council (HSRC) undertook a nationwide survey of prisoners and parolees, which showed that half had consumed alcohol or other drugs just before the offense that led to their incarceration. Alcohol was especially associated with housebreaking and rape crimes (Parry and Dewing,
Similarly, the Institute for Security Studies (ISS) conducted a victim study of people who were victims of grave attacks nationwide in 2003. Their findings show that there were very high degrees of alcohol intoxication amongst the perpetrators of the attacks (Parry and Dewing, 2006:44). Here SAB’s products are seen as creating more social issues in communities and doing harm.

Furthermore, alcohol abuse has also been associated with many cases of death. For instance, research undertaken in five provinces of South Africa on the mortality linked to alcohol consumption in 1999 shows that among cases of deaths caused by traffic accidents and murder, approximately 50% had concentrations of blood alcohol higher or equal to 0.08g/100ml. Above one quarter of deaths caused by other crashes and suicides had levels of blood alcohol higher or equal to 0.08g/100ml (Peden et al. 2000). In other words, many had consumed very high concentrations of alcohol, which could have been the cause of the tragedies. The South African legal limit is a blood alcohol limit of 0.05g/100ml or a 0.24mg/1,000 ml in terms of inhalation of alcohol content. The normal consumption would be one unit of alcohol per hour utmost, which is equivalent to 10ml of pure alcohol for a grown person of 68 kg. Simply put one unit corresponds to: 2/3 of a beer or spirit beverage with 5% alcohol; or 75ml of white or wine per hour with 12%-14% of alcohol component; or 25ml tot of Whisky or brandy alcohol per hour (Automobile Association of South Africa, nd).

Also, the data retrieved in 2002 from the Non-Natural Mortality Surveillance System show that within non-natural deaths in South Africa, 46% involved people who had blood alcohol concentrations higher than or identical to 0.05g/100 ml (Matzopoulos et al., 2003). The 2003 data from the Non-Natural Mortality Surveillance System confirm that for all the sources of non-natural death, 49% had blood alcohol concentrations that were positive, i.e. blood alcohol concentration of 0.18g/100 ml (Harris et al., 2004).

Whilst there is a general concern about the negative impact of alcohol on the South African society, there are particular regions such as the Western Cape Province that necessitate more attention as the level of alcohol consumption and the problems associated with it are more pronounce in this region.

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9See appendix 3 for the blood alcohol concentration and progressive effects
4.3.2.2 The negative impact of alcohol in the Western Cape

Alcohol has been directly associated with many traumas and injuries in the Western Cape. For instance, Peden (1995) says that studies were conducted in the early 1990s by the Medical Research Council on people being treated for traumatic injuries at various places in the Western Cape region, and the results pointed out that alcohol was associated with 70% of cases of domestic violence. Research has shown that most of the victims of trauma or injuries in Cape Town are under the influence of alcohol. Plüddemann et al., (2004) also argue that in 2001 among the patients admitted for trauma in Cape Town, Durban and Port Elizabeth, 39% had concentrations of alcohol on their breath higher than or equivalent to 0.05g/100ml. They further add that the degree of alcohol presence were high specifically for people with injuries caused by violence, with a proportion of 61% for Cape Town (Plüddemann et al., 2004).

In other words, many patients admitted to Cape Town hospitals had a blood alcohol concentration that was above the norm with Cape Town having the highest percentage compared to other regions. In addition, alcohol has been associated with a number of crime related problems in the Western Cape Province. The South African Police Service (1997) accounts that in 64% of cases where the reason was identified and in 24% of cases where the conditions leading to the murder were known, the offence had occurred after a dispute and/or during a fight involving alcohol. The South African Police Service in its final docket analysis in 2001 shows that 9.1% of cases of child sexual offences in the province of the Western Cape involved a lawbreaker under the influence of alcohol (Parry and Dewing, 2006:44). Surveys show that most of the people arrested for different crimes are under the influence of alcohol in the Western Cape. For instance, the three stages survey undertaken by the Medical Research Council and the Institute for Security Studies in Cape Town, Durban and Johannesburg shows that in relation to brutal crimes, offenders in those three regions admitted that they were under the influence of alcohol, breaking statistically down into 10% for robberies, 14% for attack cases, 17% of killings and 22% for rapes (Parry et al., 2004). Among the various crimes related to alcohol, the degree of offences associated with alcohol was particularly high with domestic violence crimes at 49% (Parry et al., 2004).

Another alcohol related issue pertaining in the Western Cape is the issue of drunk driving. According to Parry and Dewing (2006:45) to drink and drive represents an offence. Drunk driving is a serious problem in the Western Cape. The Department of Transport has conducted research in relation to the issue of drinking and driving and has discovered that the
daily standard of people driving under the influence of alcohol has augmented from 1.8% in 2002 to 2.1% in 2003 (Arrive Alive, 2005). Similarly, alcohol has also been associated with deaths and health related issues in the Western Cape. The 2002 deaths quoted by the Medical Research Council demonstrates that amongst the deaths that were not caused naturally, 53% of the people dead had a blood alcohol concentration of 0.05g/100ml, a percentage which is considerably higher than the average of 46% nationwide (Bleby, 2012). Likewise, a number of murders have also been associated with the consumption of commercialised alcoholic brews as well as the misuse of alcohol in shebeens in the Western Cape. In 1996, the South African Police Service conducted a survey in the Western Cape where it identified that there was a high connection between shebeens, alcohol and brutality and especially murder (Obot, 2006:24).

Furthermore, one very dangerous health issue related to alcohol consumption in the Western Cape is what is known as the Foetal Alcohol Syndrome (FAS). Croxford and Viljoen, (1999:962) state that: “In 1899, a study on jailed, alcoholic women and their offspring by Sullivan, reported the earliest scientific work on the effects of maternal alcohol ingestion during pregnancy on the foetus”. Croxford and Viljoen (1999:962) maintain that child health care workers in the Western Cape have been conscious for many years of the fact that FAS is a “common paediatric disorder, characterised by features of mental retardation, growth disturbances and characteristic facial dysmorphology”. FAS was identified as a serious health problem related to alcohol in South Africa especially in the Western Cape. In the mid-1990s maternal drinking was indicated to be a dangerous and severe issue in the Western Cape (Meyers and Parry, 2001). South Africa has been classified as the country with the highest rates of FAS, with the pace of full-blown FAS being identified in the Western Cape alone at 46 cases per 1000 births (May et al., 2000). For instance, after an investigation of twelve months in 1985 at the Somerset hospital in Cape Town, Palmer indicated that the occurrence of FAS was 1/281 live born children (Croxford and Viljoen, 1999:962). Also it was also reported that beer is one of the alcoholic brews most consumed by many pregnant women in the Western Cape.

Moreover, a health investigation gauging the use of alcohol amongst pregnant women going to regular prenatal clinics in three regions of the Western Cape was undertaken as an attempt to ameliorate intended impediment methods and to gauge their efficiency in poor communities. The results indicated that the main form of alcohol consumed by 91.5% of
pregnant women during pregnancy was beer, followed by wine 8.8%, spirits 4.4% and finally exotic alcohols 2.2% (Croxford and Viljoen, 1999:962-963). These statistics are of great significance to this study as they speak about an issue that MDGs number 4 and 5 (child mortality and maternal health) are trying to address. SAB’s products have been associated with the cause of the harm done in these cases.

Although both rural and urban pregnant women of the Western Cape consume a great quantity of alcohol, the highest rate of consumption and FAS come from rural and poor communities of the Western Cape. According to Abel (1998), maternal drinking throughout pregnancy differs amongst and inside populations worldwide. For instance, research has shown than 46% to 51% of rural women and 34% of urban women drink throughout their pregnancy in the Western Cape Province (Croxford and Viljoen, 1998). Some undependable details have highlighted a noticeable increase of FAS in poor communities of the Western Cape (May et al., 2005:1190).

The analysis done in these two sub-sections about the consequences of alcohol consumption in society with reference to the Western Cape, shows that alcohol has negative impacts on society especially when it is abused. The question therefore arises whether SAB should be blamed for the harm caused by some of its products or the responsibility lies with people not to abuse SAB’s product? This concern is considered below.

**4.3.2.3 Debate about whether SAB should be blamed or not**

The debate about whether SAB should be held responsible for the negative consequences of alcohol abuse is a long standing one. It would be unfair to hold SAB directly responsible for the dangers imposed on communities by their products. SAB cannot be directly held responsible for the harm associated with their products because it is also people’s responsibility not to abuse SAB’s products. This is captured by one of the interviewees, manager B from an NGO, in the following quote: “I don’t see their products as only negative. I think their products can be used responsibly, so I don’t know if we can blame SAB if someone abuses their product”. Also, Mr Sanele the corporate manager of SAB Newlands believes that SAB’s products can be used responsibly. Implicit in these statements is the need for people to take responsibility for their actions rather than accusing SAB for the negative impact associated with alcohol abuse.
Similarly, SAB is being blamed for all the negative consequences associated with its products while people are the ones abusing these products. SAB is always portrayed as the “bad guy” and people who abuse SAB’s product are seen as the “victims”. But the fact remains that in most cases people are doing harm to themselves that SAB is not responsible for. The concern raised by Manager B from an NGO was: “Is it the product or the behaviour of the people causing the problem? I think it is more the behaviour of the people causing the problem. It is not only the product. And I think SAB is blamed for many things that should be attributed to the behaviour of the people and not necessarily the product only”. SAB should not be blamed directly for the harm associated with their products as a distinction can be made between the impact of the product and the behaviour of people.

Yes alcohol can cause babies to be born with FAS, yes it can cause people to drink and drive and all that. But can we blame BMW for all roads accidents involving BMW? The fact that so many television sets are stolen from households is that Sony’s problem or is it the people’s behaviour and dishonesty problem. Should Sony now stop making TV because people still them? (Manager B from a NGO).

Also, SAB cannot be said to be directly responsible for the negative impact associated with alcohol products because these problems are not only related to breweries but also to wine industries. In the Western Cape region for instance, the fact that a lot of people are/were involved in the growth of grapes and the production of wine is one factor that has considerably influenced the drinking pattern of the region (May et al., 2000:1906). The culture among farmers, their customs and ways of living has considerably influenced the drinking pattern in the Western Cape region. The Northern Cape and particularly the Western Cape are still affected by the legacy of the “Dop system” that was a way of controlling people working in farms, by giving wine to them daily to be consumed as partial reimbursement for their labour. Although the “Dop system” has been prohibited by two legislative acts at least, it left an inheritance of intense alcohol consumption among workers in the society of the Western Cape nowadays (May et al., 2000:1906). This system, which was linked to the consumption of wine, has left the Western Cape society with a harmful drinking habit.

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10 Drinking pattern entails the habit of drinking in the region.
However, this thesis argues that though SAB is not doing harm directly to society, it can nevertheless be held responsible for the abuse of its products and the negative effects associated with it for the following reasons:

First, alcohol as one of the major products sold by SAB is a mind altering drug with addictive properties, which sets it aside from products, like food. Around sixty disease groups have been found in which alcohol is a contributing cause (Babor et al., 2003). For instance, alcohol can be seen as a contributing factor or the source of constant and delicate health related issues because it directly affects organs toxically and because of its dependency produced essence (Babor et al., 2003). Alcoholic products can have a damaging effect on the health of its consumers be it abusers or not. For instance, Schneider et al (2007:664-665) aver that constant alcohol abuse can lead to alcohol cirrhosis inclining consumers to infections, injuries that are internal and unintentional; and chronic illnesses such as high blood pressure. Similarly, alcohol abuse can have negative health impacts such as: affecting people’s alertness and coordination; causing the syndrome of alcohol dependency; and alcohol overdose (World Health Organization, 2002:19).

Second, SAB actively promotes not only drinking, but drinking more. This is where SAB is complicit in creating harm and where its advertisements and lobbying for more drinking time and places are problematic. The issue here arises at the level were SAB does not only advertise responsible drinking, but also encourages drinking more. As seen in chapter two and three, authors like Friedman and the neo-economic schools of thoughts are of the view that the core responsibility of a business is to make profit. A CEO of Ford also said that for a business to be socially responsible it first needs to be financially successful, make as much profit as possible (Ford, 1978). In the case of this study, SAB was labelled as a “controversial” company because of the challenge that it faces in terms of making profit while ensuring the wellbeing of the consumers in particular and society at large. In the end, SAB’s main concern like any other company would be to make profit and get people to drink more, which out-weigh the company’s CC obligations not to “do harm”.

For any company selling more of its product, it means that its profit increases, so SAB has a vested interest in getting people to drink more and more people to drink. For instance one of SAB’s advertisements of its products that were seen as an encouragement to make people drink more is SAB’s billboard “Grootman or laat die vol 750 ml”. A billboard of SAB placed on the way to the University of the Western Cape (UWC) marketed the larger bottle of...
beer with the question “Grootman of laaitie: Vra vir die vol 750ml” in English “Are a grown-up man or a small boy: Ask for the full 750ml”. Given the placement of the billboard, it did not only target any consumer but clearly students, encouraging them to buy the larger bottle. This advert is an illustration of the promotion of more drinking which can be dangerous for consumers and for society. The advert sparked a lot of controversy especially concerning the consequence that it can have on consumers. Allen Titus, The South African Medical Research Council and Sonke Gender Justice Network amongst many others have sent complaints to the Advertising Standard Authority of South Africa (ASA), saying that SAB’s advert encouraged drinkers to drink disproportionately portraying those who drink moderately as childish and weak (Comins, 2010). When looked through the prism of SAB’s role and impact on society through some of its adverts, SAB can be seen here as not being in line with the company’s CC obligations to do no harm. This is mostly because, by marketing more drinking, the company exposes its consumers and society to the negative consequences of alcohol abuse as identified in the previous section of this chapter. The complainants of SAB’s billboard were of the view that SAB’s billboard was irresponsible given the various social and health related issues that can be associated to alcohol abuse such as: deaths, HIV disease, cardiovascular illness, injuries and mental disorders (Comins, 2010).

The foregone analysis explored the theoretical measurement of SAB’s CSI activities. On one side, SAB is compliant to a large extent with the do “good” aspect of CC through its CSI initiatives that have considerable impact not only on the lives of people living in communities but also on the country as a whole. But on the other side, though cannot be blamed directly for the negative impact associated with its products, the company is complicit in doing harm to society by advertising more drinking, which can lead to negative consequences. The analysis also demonstrated that SAB is not compliant with the do no harm aspect of CC given the fact that some of its products are associated with a number of issues in society. These controversies have nevertheless raised a number of discussions and because of the negative impact of alcohol products in society, a number of regulations have been taken or are in the process of being taken. The next section explores the different debate around SAB in South Africa with respect to the Western Cape.
4.4. Recent controversies and debates surrounding SAB

There have been a number of social, economic debates, involving government about the controversies around SAB that question its “good” CC agenda. This section looks especially at the general perception of government towards SAB’s involvement in society. This section’s contribution to this study is in terms of understanding how SAB interacts in practice with its stakeholders (mainly shebeen owners, retailers, government) to understand to what extent they see their involvement in communities as voluntary or obligatory.

In 2004 an investigation was initiated by the South African competition commission after receiving grievances from liquor distributors about the anti-competitive conduct of SAB. In 2007 prosecution was declared against SAB and a number of its distributors (Gedye, 2010). SAB and its distributors thus faced a number of accusations. SAB was accused of conspiring with some distributors to stall the beer market in South Africa by restraining the capacity of distributors to store the products of its rivals. It was also accused of supplying products to shebeens that did not have licences and helping shebeens to get licences quickly. With all these accusations, SAB claimed that it was innocent and emphasized that it was economically proficient and extremely competitive and therefore will keep on distributing and trading its products in the most competitive and gainful manner it can (Gedye, 2010).

Furthermore, in 2008, in attempt to minimise problems related to alcohol abuse, the Western Cape government decided to introduce the Liquor Law Amendment Bill which aimed to regulate alcohol licensing (Bleby, 2012). The government of the Western Cape believed that the new bill would be a step towards reducing issues related to alcohol abuse. This bill intended to reduce illegal sellers of alcohol and restrain giant alcohol companies from providing brews to illegal bars and/or shebeens. This new bill was vehemently criticised by SAB. Mr Norman Adami sustains that this new bill was a bad approach in an attempt to solve the problem of alcohol abuse and this would only make the situation worse. He further argued that the Western Cape already had too few alcohol licences and a further reduction of these would pave way to huge illicit market of beers. Yet, Mr Alan Winde, the MEC for finance, economic development and tourism in the Western Cape in 2008 counter-attacked SAB’s position by saying that SAB’s motto has always been to sell alcohol and make profit as much as they can (Bleby, 2012). In other words, this government representative was of the view that SAB’s position has never been in the interest of the people living in the Western Cape region, but in its own interest.
However, the government’s effort to control liquor in the Western Cape was not only refuted by SAB and liquor industries, but it also instigated a lot of criticism from the South African public. The liquor was criticized for its discriminatory character towards the black and poor traders of the Western Cape. The legacy of the apartheid era is still feasible in the structuring and the functioning of the liquor environment. During the apartheid era South Africa, the formal trade of liquor was establish primarily and solely to satisfy white consumers. While, the informal trade of liquor emerged to satisfy black people who had no access to liquor (Charman et al., 2013:5). Charman and Peterson (2010) are of the view that the Western Cape liquor Act will only maintain the enormous economic gap that already exists between black and white liquor traders. They further maintain that the Act has a “discriminatory and anti-poor” nature, because only 852 black applicants have been the recipients of liquor licences in a total of 7 358 licences which have been awarded in the province” (Charman and Peterson, 2010). Though the development of the Act was motivated by the issue of alcohol abuse, its ability to address that issue has also been questioned. A number of researches undertaken in regards to the burden cost of alcohol abuse can be questioned as most of them are not verifiable facts attributed to the Western Cape, and the liquor will not stop the issue of alcohol abuse but restrain small black traders while benefiting (white) established liquor sellers (Charman and Petersen, 2010). Though alcohol abuse is a crucial issue in South Africa and in the Western Cape in particular, solutions that are adapted to the realities of the townships must be implemented given the fact that shebeens are already integral parts of the poor and marginalized environment of black and coloured communities. The imposition of regulations forcing the functioning of Shebeens in a responsible manner would be more effective in tackling the issue of alcohol abuse than the implementation of a liquor Act that will increase irregularities and only worsen the existing situation (Charman and Petersen, 2010).

Additionally, since 2011 the Department of Health has worked to put in place a bill forbidding advertising and sponsorship of alcohol products. The marketing and promotion of alcoholic products was identified as one of the leading causes of alcohol abuse. In this regard, the Department of Health has been trying to ban the advertisement of alcoholic products. However this decision has created a huge debate in South Africa amongst society,
Firstly, the alcohol industry criticised this proposition of the ban of alcohol marketing. The director at the Industry Association for Responsible Alcohol Use, Mr Adrian Botha, complained about the fact that the alcohol industry did not take part in the discussion concerning the ban of alcohol advertisements and said that there is no evidence that shows the link between alcohol advertising and alcohol abuse (Short, 2012). In addition, SAB criticised the bill and maintained that it had not been able to engage with government over this planned decision but it was always open for discussion in case it was approached. SAB is concerned with this draft bill, because if it becomes a law it will affect all the sponsorship deals that SAB has in many areas of South African society, such as soccer, cricket and rugby (Mjikeliso, 2012). SAB’s head of media and communications, Ms Robyn Chalmers also says that advertisement should not be banned because it is crucial to the free and fair market as well as for a developmental, innovative and competitive environment.

The government’s position here is clear, alcohol has many harmful consequences in South African society therefore a ban or a prohibition of alcohol advert is a good initiative in the fight against alcohol abuse. The minister of social development Ms Bathabile Dlamini maintains that alcohol is the cause of the criminal actions of youngsters in South Africa resulting in problems such as: wounds, accidents, pregnancies of teenagers, unprotected sex leading to the transmission of HIV (Gernetzky, 2012). In the same way, Mr Aaron Motsoaledi, the Minister of Health, argues that his main objective is to make sure that all alcohol marketing is stopped in every form that was inviting people to make use of those merchandises (Mjikeliso, 2012). In other words, marketing through sponsorship and advertisement of alcohol products should be stopped by all means. Mr Aaron Motsoaledi further adds that since alcohol companies want to defend their businesses, they cannot admit that advertisement promotes the dangerous use of alcohol. He further says that he is working for the wellbeing of communities since alcohol companies work for nothing but gain (Short, 2012).

Thirdly, many workers and marketing specialists have focused on the vacuum that laws banning advertisement of alcohol products can have on the South African economy. Many

11 For more on advertisement and controversial companies in general, see the work of Schuster, C. And Powell, C (1986) on, *Comparison of Cigarette and alcohol advertising controversies.*
organisations, sport teams, televisions and radios benefit from sponsorship deals and adverts of alcohol companies such as SAB. Many people predict a huge economic loss if the law is passed to ban the marketing of alcohol products. For instance, Mr Chris Moerdyk conducted research in 2011 that showed that if the advertisement of alcohol is prohibited, the media industry can lose R2 billion in revenue (Gernetzky, 2012). The South African Football Association and the South African Sports Confederation have also expressed their concern about losing sponsorship deals with alcohol companies such as SAB and whether such losses will be compensated. In relation to those concerns, Mr Aaron Motsoaledi believes that those teams and organs which will lose sponsorships of alcohol corporations will find new ones (Mjikeliso, 2012b).

Moreover, since 2011 there have been talks by governmental bodies about raising the age limit of alcohol consumption from 18 to 21 in South Africa. This proposal has also brought a lot of debate and controversy. For instance, Mrs Bongi Ntuli, the deputy minister of social development, says that 18 years old represents a very early age to be drinking, given the fact that many 18 year olds are still immature, and to allow such youngsters to drink represents a risk to build a generation that is lost (Gernetzky, 2012). However, this approach was criticised by Mr Adrian Botha, the director of the Industry Association for Responsible Alcohol Use, who argues that to raise the age limit of alcohol consumption to 21 years old would barely have an impact on the youngsters of twelve and thirteen years old who already abuse alcohol. Additionally, Mr Benedict Maaga, the spokesman of SAB, has criticised the proposal to raise the age limit and complained about the fact that the Department of Social Development declined constantly to meet with SAB officials on the matters of age limits. He further states that instead of taking measures such as forcing limits on licences, banning advertisement, raising the age limits for alcohol consumption and raising alcohol taxes, SAB trusts that the more efficient approach in tackling the misuse of alcohol is through involvement that are objective and that concentrate on addressing drinking patterns (Gernetzky, 2012).

All these debates have highlighted a number of issues such as: attempts by government to control alcohol sales and consumption because of the negative effects of alcohol products when abused; SAB resists such attempts, and there is lack of engagement between SAB and government with regards to alcohol controls.
4.5 Conclusion

The main purpose of this chapter was to explore the CC/CSI activities of SAB. Three main areas were examined including: an analysis of SAB’s CC activities in terms of the “do good” and do no harm expectations of CC. The results show that SAB undertakes a number of activities related to economic and social determinants in South Africa which are in line with the “do good” aspect of CC. The debate about whether SAB should be blamed, or the people abusing its products, showed that people’s behaviour is also part of the problem. But because SAB’s products can have damaging consequences on people and society, and given the fact that some of their sales activities and advertisement promote drinking more, SAB can be said to be complicit in the harm caused by alcohol in communities. The negative consequences were identified as inimical to well-being-health and socio-economic development of people in communities, which is one of the foci of this study. An examination of the controversial debates around SAB was done to explore the controversies surrounding SAB, and SAB’s position with regards to governmental initiatives intended to control alcohol, including banning advertisement, increasing the drinking age and limiting the time and spaces where alcohol can be sold. While the analysis in this chapter was based on secondary data, the next chapter will be a general analysis of empirical data generated from the study’s fieldwork.
5.1 Introduction

The fieldwork represented the ideal platform through which an empirical analysis could be done in addition to exploring the extant literature and information aimed at finding answers to the main questions raised by this study. The empirical data collected from the fieldwork serve as the study’s contribution to the understanding of how South African Breweries (SAB) practices its Corporate Citizenship (CC) agendas and what communities’ perceptions about CC and SAB are. Through the analysis and interpretation of the findings, this chapter responds to the overarching question of this study which is: is the notion of a CC agenda an appropriate vehicle for ‘controversial’ companies (in general) and SAB in the Western Cape (in particular) to realise corporate obligations with respect to the socio-economic rights of the host community as outlined by the Millennium Development Goals (MDGs)?

As noted earlier in chapter one, the fieldwork involved in-depth interviews with a number of participants\textsuperscript{12} including: five managers and CEOs from NGOs through which SAB implemented its CSI activities; one UNASA representative; and two SAB staff members. The questions asked varied depending on their background and the relevance of their input to this study. Questions asked to managers and CEOs of NGOs were related to communities’ perception of CC, SAB, the MDGs and what their expectations were in regard to giant companies in society\textsuperscript{13}. Questions asked to the UNASA representative were mostly concerned with ascertaining the link between the MDGs and CC as well as the expected role of big companies in society\textsuperscript{14}. Finally, the questions directed at SAB representatives were generally aimed at eliciting corporate views in terms of what social responsibility is or should be and its impact on society\textsuperscript{15}.

This chapter describes the five main themes that emerged from the interviews data and observations that were made in the field. The chapter firstly looks at the various understandings and perceptions of CSR/CC by participants. Secondly, the MDGs and SAB’s

\textsuperscript{12} See appendix 4 for the detailed list of interviews.
\textsuperscript{13} See appendix 5 for questions posed to community members.
\textsuperscript{14} See appendix 6 for the questions posed to UNASA representative.
\textsuperscript{15} See appendix 7 for the questions posed to SAB representatives.
expected role in alleviating poverty are examined. Thirdly, an investigation of whether SAB should be considered as a “good corporate citizen” or not is done. This is followed by analysis of how CSR/CC is practised by SAB and its effectiveness of such activities from an NGO representatives’ perspective in the Western Cape. Finally, the misunderstandings and confusions around companies’ role in society are discussed.

5.2 Different understandings of corporate social responsibility

The data collected in the fieldwork give insight into how CSR is understood differently by different parties concerned with its implementation. The data reveal that there are two general understandings of CSR\textsuperscript{16}, but one dominates the other. In a broader sense, the understanding and description of CSR given by most of the participants from community organizations and United Nations Association of South Africa (UNASA) in this study was one similar or close to the one adopted in this research, as described by Matten and Crane (2005) who view CC as the responsibility that corporations have in terms of administering citizenship rights of individuals.

5.2.1 Community organizations and UNASA representatives’ perspectives

The first general perception and dominating perception is that corporations have socio-economic obligations and definite responsibilities towards the communities where they operate. The emphasis here is on the fact that CSR is obligatory for companies, i.e. the first dimension of a CSR understanding revolves around what companies should do in society. The UNASA representative A for example mentioned that companies “would have a moral, ethical, imperative to have a social responsibility programme”. Most of the managers from community organizations that participated in this study perceived CSR as a way for companies to exercise their moral obligation to support people in communities. This view resonates with the stakeholder normative theory (ethical theories). The stakeholder normative theory says that companies should consider their moral duties towards the people with whom they deal with. It also resonates with corporate citizenship theory (political theories) that

\textsuperscript{16}The concept of CSR is used here rather than CC because community organizations were more comfortable with the former and thus used the two concepts interchangeably.
states that companies have a moral obligation towards the people of the communities in which they belong.

Not only should companies be present in communities, they should also show their gratitude by giving back a certain percentage of their income to people, especially the poor, who support them. CEO-E from an academic institution for instance thinks that, “there is an obligation on the private sector to invest some of their profits back into community”. This understanding of CSR would make sense from a Corporate Citizenship theory (political theories) perspective, since corporations here are seen as having definite obligations as members of the community where they make profit.

CSR is also described here as a moral obligation that companies should have not only towards the people of the communities, but also towards community organisations (NGOs and NPOs). CEO-E from an academic institution believes that: “Companies or the private sector does have a responsibility towards communities and community organisations, because many of the people in our communities buy from companies like SAB”. CSR is understood and described as a means through which companies should assist organizations that are involved in communities and help them cope with their difficulties. Manager C from a NPO says that: “My understanding is that most of the corporate have got the moral responsibility to provide some social responsibility to NPOs that are struggling financially and assist them how they can”. He goes on to specify that: “because most of the NGOs have got limited funding, so sometimes our operational running of things is having some problems. That is where I think the corporate companies need to inject some financial boost in terms of assisting those operational running”. The data here depict CSR in terms of companies having the moral obligation to assist not only community members, but also community organizations in regards to their operational running costs and other issues. It would make sense to view this understanding of CSR from a stakeholder management and issues management theory (integrative theories) perspective. The stakeholder management theory emphasises the need for companies to take into consideration the different interests of the company’s stakeholders and actors with whom it interacts in society. While the management issues theory involves the methods of response by companies towards the issues facing communities. According to this participant from community organizations, SAB’s CSR would therefore imply taking into account the interests of communities and community organizations, and trying to respond to their financial issues through CSR financial donations. However, the question is whether this is a fair expectation of companies’ CSR agendas in
In addition, in describing CSR, emphasis is also put on the fact that it is not simply about companies having a CSR agenda but the form CSR programmes in poor communities should take. In giving their understanding of CSR, participants from communities listed a number of specific programs and activities that should be undertaken by companies through their CSR portfolios. Most of the programmes were mainly related to the improvement of the quality of life of the people living in communities. According to manager B from a NGO, CSR is a way through which companies can “then plough back into the community to help to uplift the people that support them and buy their products by investing into programs or training and skills development and employment preparation for those individuals that they actually cash in on, in terms of their sales. But then they also have a responsibility to plough back to uplift them”. The understanding of CSR is therefore also linked to the responsibility of companies to undertake other specific programs such as: skills development, training, preparation for employment, as well as employment itself. According to CEO – E from an academic institution, “companies’ social responsibility should not only be in the form of financial support but also in the form of education improvement and awareness campaigns relating to the responsible use of alcohol in the specific case of SAB”. These understandings of CSR are in line with issues management theory (integrative theories) and sustainable development theory (ethical theories). They are in line with the issues management theory in the sense that they do not only identify the issues that companies should resolve, but they also emphasise the methods and strategies which should be undertaken by companies in their CSR activities. Thus, these understandings are in line with sustainable development theory as they emphasise the importance of human development towards companies’ social activities. Just like sustainable development theory, representatives from community organizations and UNASA see CSR in terms of long term development of human abilities and capacities. This understanding is also in line with this study’s understanding of CSR. SAB’s understanding of CSR also emerged from the data collected in this study.
5.2.2 SAB representatives’ perspectives

The second general understanding of CSR coming out of the data of this study puts less emphasis on the obligatory aspect of the concept of CSR and more on strategic investment. This understanding of CSR is not in line with the one adopted by this study. The understanding and description of CSR that emphasises the voluntary and strategic investment aspect of CSR was mostly supported by one participant from SAB. According to SAB representative A, “CSR is mainly about investing strategically in communities”. CSR is described here as a concept used for win-win results between the company and communities.

And the strengthening of communities can also be done through the implementation of investments that will be of great significance to both the community and the company. SAB representative A adds that, “really a lot of our projects are quite strategic and at very specific interventions. These interventions are important for us as a company, because they focus on areas where our products are likely to be abused. Once again we want to build strong communities”. SAB’s understanding of CSR is one that emphasises the need for companies to strengthen the community which is crucial for the consumption of its products. SAB representative A maintains that: “Community members buy our products and for us it is important that the communities are strong. The stronger your community is, the more buying power your community has the more... economic development”. The data here shows that strengthening communities is a very important aspect of SAB’s description of CSR, as it clearly benefits from a strong community. CSR is understood here by SAB representative A as a means through which companies get socially involved in communities in a tactical manner. Therefore, it would make sense to look the above understanding of CSR from the perspective of the maximization of the shareholder value theory and the strategies for competitive advantage theory which are instrumental theories. These theories see CSR as a means for wealth creation, long-term gain for the company and win-win results between companies and communities. Whereas SAB representative A sees the strengthening of communities to be an important gain to the company, the shareholder value theory also emphasises social investment in communities for the long term profitability of the company and its shareholders. Similarly, as SAB representative A emphasises a tactical investment in society as well as promotion of a win-win situation between a strong community and SAB, the strategies for competitive advantage theory focuses on CSR as a means for corporations to achieve long term gain and win-win results with communities where they operate.
Also, in contrast with the general understanding of CSR by the participants from community organizations and UNASA, SAB’s understanding of CSR does not emphasise the financial assistance aspect. From the perspective of one SAB representative, a clear distinction is made to remove or reduce the focus from financial assistance when it comes to CSR. “And obviously for us, it is not about giving money away, it is about forming real partnership that can have a positive impact on society” says SAB representative A. So SAB’s understanding of CSR is one that is in line with that of authors such as Carroll (1999) who emphasise the voluntary and charitable aspect of CSR. This understanding is also in line with the two CSR theories explored above, namely the maximization of the shareholder value theory and the strategies for competitive advantage theory.

There is however one aspect where SAB representatives agree with the representatives of community organizations, academic and UNASA, which is the perception of CSR that emphasises the responsibility of corporations to give back to communities and take care of them. This understanding was mostly supported by Mr Sanele, the corporate affairs manager of SAB, who states: “I think, especially a company like SAB that is very local and embedded within any country that it operate in. Because we brew, we source our raw materials locally; we sell locally, so everything we do is local. We don’t export we don’t import. Because of that you have to make sure that socially, the communities are looked after because you operate with them”.

Similarly, as mentioned in the previous chapters, SAB frames its CSR agenda as CSI. Therefore an examination of SAB’s understanding of CSI and its intentions with respect to that concept is needed to make sure that there are no variations in the understanding of the two concepts. The finding in this regards was that SAB’s understanding of CSI is the same as its understanding of CSR with a little more emphasis on the investment in terms of CSI. According to Mr Sanele from SAB: “CSI entails, if you want to take it literally, pumping some of the money that you make out of a country back into the development of that country. A certain amount of your bottom line must be taken back to the country”. For instance for SAB, CSI like CSR is about investing in communities. SAB representative A in describing CSI states that: “The intention of CSI is to really strengthen the community in which we operate and to have a meaningful impact through that investment”. So the name of the concept might differ but the understanding and the intentions are the same according to SAB representatives.
Nevertheless, an interesting finding that emerged from this study is the fact that one of the limitations of the CSI approach was exposed by one SAB representative and an important suggestion was made to tackle that limitation. Mr Sanele, the corporate affairs manager of SAB, argues that with CSI, “you need to invest, and maybe not just financially, with human resources as well. Perhaps our board could sit on some organization’s boards, to make sure that those NGOs are doing well within the social investment space”. This understanding of CSI by Mr Sanele from SAB would make sense from a stakeholder management (integrative theories), a stakeholder normative (ethical theories) and an integrative social contract theory (political theories) point of view. The stakeholder management theory deals with the management of the different interests of stakeholders and the stakeholder normative theory puts emphasis on participation of the stakeholders and other actors in decision making. The integrative social contract deals with synergy between companies and communities in which people from communities are involved in decisions made for the greater good of the community. Viewed from the perspective of Mr Sanele this means managing the various interests of NGOs/NPOs and fostering dialogue between them and SAB. It also means allowing people from communities to participate in decision-making process with board of directors in terms of the social interventions of the company. This point is further expanded in the concluding chapter as a key recommendation of this study.

In brief, two main perceptions of CSR emerged from the data of this study: the first one from community members, and UNASA representatives who see CSR as an obligation to improve lives in communities; give back to communities; an obligation to NGOs and NPOs; and involvement through specific programs. This understanding is in line with the study’s understanding and thus makes sense from the perspective of integrative, political and ethical groups of theories. The second understanding is one from SAB participants who view CSR as a way to strengthen the community for personal gains by investing strategically for win-win results. This understanding makes sense from the perspective of all instrumental theories, including one of the ethical theories. These understandings contribute to answering the main question of this thesis in that they show how people interpret the concept and what should be the reasons behind companies’ adoption of CSR. Also, from these understandings it could be discerned that all the interviewees involved (NGOs, NPOs, UNASA, academia and SAB representatives) have given importance to the concept of CSR in the corporate-societal relationship.
Given these findings about the different understandings of CSR and their motives, the question remains whether SAB’s CSR agenda speaks to the tangible needs of poor people in communities. As explained in the background (section 1.1 of chapter one), the relevance of SAB’s CSR agenda and its link to the needs and problems of people in communities can be examined through the lens of the United Nations (UN) MDGs. Following is an analysis and interpretation of the extent to which the respondents related to the MDGs (which MDGs were most pertinent for communities under investigation) and how SAB’s CSR can respond to these MDGs that are significant to the poor.

5.3 The Millennium Development Goals and SAB’s role in alleviating poverty

5.3.1 The Millennium Development Goals and communities

Although most participants had limited knowledge about the MDGs, they were still able to identify specific MDGs that are of great significance to their communities. The data collected in this study proved that MDG one—poverty alleviation—has high significance according to people from community organizations. For instance, Manager A from a NGO sustains that poverty is a very big issue for her NGO and community. Poverty in this context can be perceived in terms of problems facing the weak and vulnerable groups, unemployment and limited access to essential amenities. Also, in demonstrating the importance of poverty alleviation to her organization and community, Manager B from a NGO affirms that:

I think in my field, working with persons with intellectual disabilities specifically adults with intellectual disabilities, poverty alleviation is very important because studies have shown that persons with disabilities and specifically persons with intellectual disabilities are mostly in that bracket where they can be regarded as poor…and they are stuck in that cycle of poverty. They don’t really have the opportunity to get them out of that vicious circle unless they have the opportunity for employment and opportunities for ownership of poverty and what other people use to get out of those circles.

In addition, data showed that after poverty alleviation, MDG two which is education for all was also identified as another goal that is dear to the community and community organizations. Education is a very crucial element for the development of people in poor communities. Education in this context is not solely understood in terms of formal schooling,
but also in terms of the development of abilities. Manager D from a NGO for instance maintains that education and skills development are very important to his NGO and community. He adds that, “the main thing is skill development, in terms of the fact that not everyone can be a doctor or want to be a doctor”. Similarly, education is very important to communities and community organizations since its achievement can facilitate the development of communities in various ways. CEO- E from an academic institution argues that, “we recruit young people across the Western Cape to educate them so that they can find meaningful employment and thereby reduce poverty. So ours is poverty alleviation, it is definitely about education. Because many of our students have dropped out of school and this is to get them back into mainstream”.

Furthermore the data in this study also show that, other goals related to issues such as; youth problems, health, HIV, gender equality and sustainable development are important to the community and community organizations. Many of these MDGs were identified to be crucial as they are directly linked to the issues that communities face. These goals are also identified as being interconnected when it comes to communities. CEO- E from an academic institution states that:

Certainly reduction in HIV and AIDS is very crucial. We do a lot of education work around HIV/AIDS and gender equality through awareness raising and deepening active citizenship. We build active citizenship because we would like young people to go back into their communities to play an active role to ensure that there is continuous awareness raising.

So, from the perspective of the participants from community organizations, there is a general agreement in terms of the two main goals of great significance to the communities, namely: poverty alleviation and education (MDGs 1 and 2). Nonetheless, a few other goals related to health, youth and environment are also identified as being important to the participants from community organizations (MDGs 4, 5, 6 and 7). The finding here was that though these participants came from different community organizations and different communities, their interests were almost the same. The identification of these goals by community organizations and UNASA members helps this study in terms of clearly identifying the socio-economic problems that communities are mostly struggling with. Similarly, identifying these goals as important by participants from community organizations in addition to the corresponding reasons can be associated with the perspective of public responsibility theory, sustainable
development and common good theory. From the perspective of public responsibility, these goals represent public issues that should be addressed by companies’ agendas. From the perspective of sustainable development theory, goals like poverty alleviation and education as mentioned by community organizations’ participants are issues that should be addressed to ensure long-term development and improvement of people’s lives. Finally, from a common good theory perspective these different goals or issues that are dear to communities and that should be addressed for the wellbeing and interest of society.

The clear identification of current needs and problems of communities in relation to the MDGs did not only raise the issue of whether or not concrete efforts are being made by companies, but also the issue of how companies like SAB can, and should intervene to ensure that these issues are addressed in communities. It appears that for people in communities, the corporate sector in general and SAB in particular have a big role to play in terms of addressing the issues identified earlier. From this finding arose the need to examine the roles and responsibilities of SAB towards tackling these issues in communities, as perceived by the representatives of community organizations. The analysis in the next sub-section will mainly be about people’s expectations with regards to the responsibility of and the role that SAB should play in reducing poverty—a goal of high significance to communities and community organizations.

5.3.2 SAB’s expected role in alleviating poverty

It would seem that community members expect corporations to play a role in poverty alleviation. In this case, the question is not whether it is the responsibility of government or not, but it is about the big role that corporations can and should be playing in the fight against poverty in communities (MDG 1). Data do not only show that people from community organizations expect SAB to play a big role in terms of poverty alleviation, but also show how and where that expected role from SAB should be played. This is in line with the issues management theory (integrative theories) as it emphasises the methods and strategies used in addressing issues facing the public.

One way through which SAB can contribute to alleviating poverty in communities is by focusing on the development of the skills of the weak and the vulnerable. This may be
through internships and training programmes. CEO- E from an academic institution affirms that:

Alleviating poverty involves improving skills and education. I always say, if people earned more, you are able to buy, you are able to then invest in housing, and you are able to invest in education. So I think skills development is critical so is job creation. By job creation I also mean it could be internships, it could be learner ships. And I think companies must do that.

In addition, SAB can contribute to poverty alleviation through the creation of opportunities and through providing training to enhance people’s skills towards employment. In terms of SAB’s role in alleviating poverty, Manager A from a NGO mentioned that, “If they can offer internships or mentoring programmes where people from previously disadvantaged communities can come in and do training they can return to their communities and start small businesses or even get employed by SAB or similar companies”. This view of SAB’s contribution to poverty alleviation is in line with the sustainable development theory. In line with sustainable development theory (ethical theories), community members think that if companies focus on the development of skills and education of people it would not only help in terms of poverty alleviation but it will also ensure the long term development of individuals in communities. This statement is also in line with the CC theory (political theories) as it implies that companies have an obligation to uplift the lives of people in the communities where they belong.

Furthermore, from the viewpoint of representatives from community organizations, providing financial support to community organizations is yet another means through which SAB can contribute to poverty alleviation in communities. Manager B from a NGO says that, “I think there is a range of opportunities they can invest in, and the easiest one would be to write a check and make it go away”. Financial donations from SAB would be highly appreciated by community members and community organizations in the process of alleviating poverty. This view of SAB’s role in society from representatives of community organizations, emphasising financial donations, is in contradiction with SAB’s opinion, as seen earlier in section 5.2 of this chapter.

Another notion that emerged from the data with regards to SAB’s contribution to poverty alleviation in communities is strong partnerships between SAB and community members as
well as community organizations. The notion of partnership between SAB and communities and community organizations is presented below.

The first form of partnership expected between SAB and community members or organizations is based on supporting various community projects. Here emphasis is put on the idea of SAB supporting sustainable and profitable projects in communities. For instance the case of recycling projects was identified as an area that SAB can support and through which it can build partnership with communities. As suggested by Manager A from a NGO: “Like for instance recycling beer bottles and whatever that can be recycled especially in areas where there is high consumption of their products”. Similarly, SAB’s partnership should not be limited to supporting projects that are already existent, but it should also assist new projects. SAB should strive to build partnership with community members and community organization that are working with or supporting start up projects. In this regard, Manager A from a NGO avers that SAB should “in communities where there are very little projects going on, support the NGOs to perhaps start with start-up funding, and if it reaches a point where the project can sustain itself, then they can withdraw”.

The second form of partnership is based on SAB making available all its diverse expertise to community members and organizations. SAB can build a partnership with community members and organizations by mobilizing communities and using its expertise to help them with issues related to poverty. According to Manager B from a NGO:

> Big companies have resources that communities are in desperate need of. Should it be program development, should it be infrastructure development, should it be project managers, if they can make some of that expertise available, the projects at community level can be so much more effective and the money that is spent can be spent and monitored professionally.

Communities can definitely benefit from the resources and potential that companies have. This statement is mainly in line with the corporate constitutionalism theory (political theories). Corporate constitutionalism theory argues that big companies have the obligation to use their powers and abilities responsibly to help society. In this context, community members expect SAB, as a big company, to use its power and put its abilities and resources at the disposal of communities as they greatly need them.
The third form of partnership is between SAB and community organizations that have knowledge of the problems and needs of people living in communities. SAB can rely to a great extent on community organizations which have a better understanding of what is needed by communities to alleviate poverty and improve well-being. Manager B from a NGO holds that:

There are a lot of very responsible and excellent NGOs/NPOs working at community level. But the organisations which know the needs, and who are very much aware of the people and their problems and obstacles better than the companies, should go into partnerships and roll out projects with companies.

Because community organizations deal with people on daily basis in communities and because they know the problems related to poverty that people face, SAB can build fruitful partnerships with these organizations. Additionally, for these partnerships to be efficient and effective for poverty alleviation, SAB can conduct detailed research into the needs and problems of those organizations in order to help them accordingly. By assisting these organizations, SAB will be facilitating their work in communities. For example, Manager C’s understanding of SAB’s role in alleviating poverty through partnership is one where SAB has “to institutionalise the available NPOs and NGOs and address their needs”. Manager C from a NGO also believes that companies in general and SAB in particular “have got that responsibility to institutionalise and do an analysis of the needs of NGOs, and inject their money accordingly”. The perception amongst some participants was that, in most cases, there is not coherence between the needs of the communities and the help or support that they receive from companies. This last form of partnership may be commensurate with the perspective of issues management theory and public responsibility theory (integrative theories). Here participants from community organizations want companies to do research into the socio-economic and political issues that NGO’s, NPO’s and community members encounter, and address these accordingly. In terms of the two theories mentioned above, it involves resolution of issues and focus on the methods used to assist communities.

In sum, from a community point of view, SAB can contribute to poverty alleviation through skills development, creation of opportunities, training, employment, financial support and building partnerships with organizations. These findings are mostly in line with some of the arguments developed in this study in terms of companies having to play a big role towards the achievement of the socio-economic needs of the poor. It is prudent to juxtapose the
statements from the community organizations and UNASA representatives with the perspectives from political, integrative and ethical group of theories. The various findings about MDGs which are of great significance to communities as well as the role that SAB should play in alleviating poverty contribute to answering the main question of this study in terms of: identifying the socio-economic rights or issues that people face and showing how community and UNASA members expect companies like SAB to tackle these issues. The different findings on the main problems facing people in communities and their expectations in terms of SAB’s role in solving some of these problems paved way to debate about what would make SAB a good citizen or actor in society. So the issue of what people expect from SAB to be considered a good citizen as well as how SAB would perceive itself as a good citizen was addressed through interviews. The concept of good actor or good citizen here is linked to the notion of “good corporate citizen” as presented in section 2.3.3 of chapter two, and also directly linked to the study’s understanding of CC.

5.4 SAB as a good citizen/actor?

According to the study’s findings, the perception of a corporate as being a good citizen is determined or influenced by the way CSR is perceived. For instance, the expectations given by participants from communities in terms of the elements that a company should have to be considered a good citizen are in direct link with the way they understood CSR. From the community’s perspective, the moral, ethical and social obligations towards communities must be fulfilled by a corporation, for it to be considered a good citizen. While for SAB it is all about its economic power in society.

5.4.1 Community organizations and UNASA representatives’ point of view

The data demonstrate that perspectives of representatives from community organizations about corporations being good citizens mostly entails companies promoting their socio-economic rights, being efficient, respecting ethics and caring for communities. Also, the data showed a number of concrete expectations and suggestions from community organizations and UNASA representatives with respect to what SAB should do to be considered a good citizen or a good actor in society. For SAB to be considered a good citizen it must not only be active, but also play an effective and efficient role that is feasible in communities. Manager B
from a NGO sustains that: “I think I would like to see that they do play a role. I would like to see in newspapers that they are opened to the community and open to consider upgrades and funding opportunities for vulnerable groups”. To be considered a good citizen, SAB should play a major role in responding to the needs of the vulnerable have significant impact on the lives of people in communities. This way of viewing SAB as a good citizen is conformed to the notion of sustainable development theory (ethical theories) which focuses on companies making concrete and sustainable impacts through their CSR activities. It is also related to the literature of section 2.3.3 in chapter two where elements such as the need to see companies’ concrete and visible impact on society were listed as some of the major criteria to be considered a “good corporate citizen”.

Similarly, according to community organizations representatives, for SAB to be considered a good citizen it should have a well-organized CSR agenda in communities where it operates. Companies in general and SAB in particular should have well-structured social responsibility targets and devote part of their budgets and time to achieve them. With regards to companies being seen as good citizens, Manager C from a NGO for instance expects “companies to have a form of social responsibility plan within their strategic plans, so a certain percentage of their profit can be ploughed back into communities”. One way to give back to the community and be a good citizen is by investing and creating employment.

Moreover, community organizations also maintain that, for SAB to be considered a good citizen in communities it must investigate the challenges of people living in the communities where it operates, understanding their socio-economic needs is crucial to responding effectively and efficiently to those needs. For instance, CEO- E from an academic institution says that: “I think firstly is to know about the communities, especially their socio-economic situation”. A company that knows the problems and needs of the people living in the community can be more socially responsible and can thus be seen as a good citizen.

In addition, from the view of community organizations representatives, for SAB to be considered a good citizen it should deal effectively with the negative impact of its products, and gear its programs and activities towards reduction of the harm caused by its products. Data from this study emphasise the fact that the negative effects of SAB’s products should be controlled by SAB. This statement is in line with the arguments given in section 2.3.3 of the conceptual framework in chapter two about how companies should be able to manage the negative impact as well as the image of their products for them to be considered “good
corporate citizens”. Specifications were even given in terms of alcohol companies, tobacco and oil companies which all seem controversial given the nature of their products (Trialogue, 2005; Hamann, 2006). As stipulated by these representatives, these elements of good citizenship apply to SAB. Data also reveal that there is a lack of awareness in terms of SAB’s actions in communities with regards to the reduction of the negative impact of its products. All the participants from community organizations and UNASA expressed the view that they were not aware of SAB’s actions and strategic plans in dealing with the impact of alcohol abuse and associated ills in communities.

The main reason for this lack of awareness, as CEO- E from an academic institution puts it, is the fact that: “It is not in your face, the work that they do”. The general perception is a lack of tangible efforts on the side of SAB to deal with the negative aspect of its products. Manager A from a NGO for example had “no idea” about SAB’s activities in communities aimed at reducing the negative effects of its products. This lack of awareness by the public in terms of SAB’s efforts at reducing the negative effects of its products in communities is substantiated by Manager D’s statement; “I don’t have a clue”. SAB would more likely be seen as a good citizen if its activities that are related to the reduction of the ills and issues associated with its products were made public and visible in communities. Manager A from a NGO talking about SAB asserts: “I am not aware if they are running any distinctive programme or awareness campaigns or anything like that”. She however suggests that an efficient and strong campaign on issues related to the misuse of SAB’s products would actually be a great way of SAB asserting itself as a good citizen. This statement verifies the common good theory (ethical theories) which emphasises the fact that companies should have a relationship with society for the common interest and their products or actions should cause no harm to communities. Those statements highlight the issue of awareness around companies’ activities in society, because as seen in chapter three, SAB has a number of projects in some communities. As for the level of effectiveness of these activities, this is another issue that will be discussed in section 5.5 of this chapter.

Although the idea of SAB seen as a good citizen was questioned by the arguments given by participants from community organizations, the data however revealed that there is one aspect where they can say without doubt that SAB is not falling short when it comes to what should be done to be seen as a “good corporate citizen”. This aspect relates to the fact that companies should show that they care for the community and environment. Although some were sceptical, most of the participants from community organizations in this study agreed
that SAB cares for them and people living in their communities. This aspect is crucial in terms of analysing the extent to which SAB can be seen as a good citizen. The general perception here is that it may be subjective to say if SAB as a company cares, but so far SAB employees and officials who visited the organizations have shown that they do. For instance Manager A from a NGO says SAB cares “because I think with all the companies the representative that was here from SAB was actually the first representative from a big company that we have asked for support. I think that the fact that Mr Dunne came in person to see what we are all about speaks volumes”.

Although SAB is seen as caring for community to a certain extent, its relationship with society is still one based on win-win situation. CEO-E from an academic institution states that: “I think they do. It is a private sector company, it is about profit. But I think they have realised that if you wipe out communities, there will be nobody to have your products. So I do think there is a caring about what happens in communities”. This point of view conforms to the perspective of instrumental group of theories. The point made by this participant is that SAB needs the community for its products to be consumed. SAB cares, but the motive is for the company’s survival SAB’s own perception of being a “good corporate citizen” and their contradictions regarding community organizations representatives’ view manifested in the study’s empirical data.

5.4.2 SAB representatives’ point of view

However, in response to the above allegations by community organizations representatives, that they are unaware of SAB’s activities in terms of the reduction of the negative impact of its products in communities, SAB representative A gives some clarifications and details. SAB representative A argues that SAB recognizes and is conscious of the negative impacts that are associated with its products and it is taking measures to deal with those problems. Some of these measures are:

We supported the Foundation for Alcohol Related research, FAR, we supported FAS at the University of Stellenbosch. We have a responsible trader program where we train outlook owners in responsible trading. Not to serve to intoxicate people, not to serve to pregnant women, how to deal with difficult customers, not to serve to people under age. We also have a tavern intervention program that
looks at promoting gender equity and law’s skills among people. There are always a number of projects. We have worked with the department of transport to try and reduce the problem of drunk driving.

The same projects were also presented by the second SAB representative to show that SAB is involved in the reduction of the harm associated with their products in the Western Cape. Mr Sanele from SAB maintains that: “For example, the Western Cape had the biggest reduction of cases of drunk driving and that was attributed to one of our programs that involved partnering with the alcohol abuse centre. We partnered with the department of transport, provincial traffic and transport. We are doing an impact study on FAS. So we do”. Based on these clarifications and based on the elements of good citizenship examined in chapter two, SAB’s activities in this instance represents “good” CC by trying to deal with the negative impact of its products. These programmes of SAB about pregnant women, FAS and gender equity and directly in line with MDG number 2, 4, and 5 which deal respectively with: gender equality, child mortality and maternal health.

Furthermore, because the findings show opposing views at this level, further investigation was needed regarding the reason why community members and organizations are not aware of SAB’s attempts to reduce the harm associated with its products. When confronted with the statement that though SAB seems to be involved in activities to reduce the negative effects of its products, the communities are not aware of those activities and they are neither feasible nor visible, Mr Sanele from SAB said that it is because of the shift that has happened in the domain of SAB’s CSR in terms of its CSR focus and process. Companies in general and SAB in particular do not depend on NGOs anymore for their CSR activities, they conduct these activities themselves. From the viewpoint of SAB, this is the main reason why NGO’s do not see the work of companies anymore. According to Mr Sanele from SAB:

What happened years back, companies did a lot of philanthropic CSI. They used to give these NGOs buckets of money and unfortunately the monies got abused. So what happens now is that there is so much... And accreditation that need to happen to these NGOs, that you might as well have a CSI department of your own. And I do now, so why do I need a NGO for, when I have got a department of people to make sure that they will take out my news and put them in the right place. Before there were no departments there was only one person. I just had to sign off checks. I had to give a check to a NGO and on a day they are handing over, I just had to cut a rubber and take a picture. Now I have
people, like the one that you interviewed who does it. So, as CSI moved internal the NGOs don’t see it. That is why they don’t see it. I think.

All these arguments given by SAB representatives concur with the notion that a “good corporate citizen” should identify the various problems related to its products and actions and deal with them accordingly. In this case, the two SAB representatives are of the view that SAB has identified alcohol abuse, FAS and drunk driving as some negative issues related to its products and has undertaken actions to deal with them.

The company’s own perspective in terms of what makes it a good citizen also emerged from the data. The finding here is that SAB considers itself as a good citizen because of its general support and its various inputs to the country as a whole. From the perspective of SAB representatives, SAB can be seen as a “good corporate citizen” because of its significant input to the South African economy in terms of the GDP of the country. SAB representative A says that: “We are responsible for, not a large extent, a solid percentage of the GDP”. He also adds that SAB can be considered a good citizen because of its active involvement, and its support to the country in terms of the soccer league. This idea of SAB as a good citizen is even broadened by the other SAB participant who sees it in terms of SAB’s contribution not only at the national level but also at the international level. Here, SAB’s perspective is that to be a good citizen can be associated with supporting the country economically, but most importantly selling the image of the country and representing it considerably at the international scene. In other words, one finding here is that from the standpoint of the SAB participants, the role that SAB plays at the international level as a giant company is an aspect that definitely classifies SAB as a good citizen. This argument is emphasised by Mr Sanele from SAB who maintains that:

I think when you start adding value to the country where you operate. And value like I said again is not about financial value. It is about putting the country on the map which we have done. We are the second largest brewer in the world and in our company’s name our country is, South African Breweries. I think that is when you add value. All of the sudden this little country is profiled globally by this company. There are not many companies that can do that. You know that SAB is on six continents hundred and eighty countries. So, immediately, we have profiled the country. Also with the tone of sponsors of our national size, national cricket, national rugby, national soccer, every where these
teams go and play, this company is associated with this country. So, you need to get value that is outside just financial value. You must profile the country that you are created in. And of course we are a global giant and our birth place is South Africa.

Another key finding however is that though SAB participants clearly identified and portrayed their company as being a good citizen, they also acknowledge that SAB still has some challenges to address. SAB representative A for instance mentioned that one of SAB’s main challenges is schools because it is a sensitive area since SAB is a controversial company. Mr Sanele from SAB states that, “because we are the type of company that we are that sells alcohol, challenge is that always there is distrust, massive distrust. And there is so much more we can do, like for example we can do so much in schools, we can help so much in education issues”.

SAB recognises that it still has some challenges to address, but it also puts blame on the government.

I don’t know if you saw that joke that went around, that SAB delivers to so many taverns, yet there is a government that can’t deliver text books. Can you imagine what we could do, but the problem is you need to give us that space to play. So yes these are the challenges, SAB could do so much, but because of the type of products that we sell, it is tuff for us. Says Mr Sanele from SAB.

This deals with the issue of corporation and society relationship and government’s position in this relationship. This is a big debate that has been indirectly raised by findings from this study.

Summarily, two main perceptions of what SAB should do to be seen as a good citizen emerged from this analysis. The first perspective is from community organizations members who maintain that to be a “good corporate citizen” companies must help communities to achieve their socio-economic rights, reduce their negative impact on society, be effective and efficient, respect ethics and care for people living in those communities. This study agrees to a large extent with this perspective as it touches on the aspects of welfare-an area where companies should make significant impact through their CC agendas. This view from community organizations and UNASA members is mostly in line with the elements of making concrete changes and interacting with stakeholders, which are criteria to be a “good corporate citizen” examined in chapter two. The second perspective is the one of SAB
representatives who says that SAB can consider itself as being a good citizen because of its large socio-economic contribution to the nation, and its international status.

In considering social indicators to measure SAB’s good citizenship status, SAB falls short in many aspects such as meeting with stakeholders, discussing with them and following up. But they do “good” in terms of developmental projects. Also, SAB can be seen as a good citizen when looking at measurement factors in the South African context such as: Black ownership, employment equity, employees support and HIV/ AIDS to name a few. These findings about SAB as a good citizen have contributed to answering the overarching question of this study in the sense that: first, they have shown that communities members and organizations expect companies in general and SAB in particular to behave as good citizens; and second, they have revealed that a concrete implementation of CC as applied and understood by this study implies meeting the socio-economic needs of people and caring for them. Which also implies not doing harm.

The analysis of whether SAB’s perception and understanding of CC as well as what communities expect from them revealed also practice and effectiveness of its CSR activities. UNASA representative A argues that companies might have voluntary or obligatory CSR agendas, “but to what extent they implement that and how meaningful it is, that varies”. It appeared that the focus should also be on the level of effectiveness of SAB’s CSR agenda and the link thereof between its effectiveness and its voluntary and charitable nature. This then leads the study into the debate about the practice of SAB’s CSR and its level of effectiveness in communities.

5.5 The way SAB’s CSR is practised and its effectiveness

5.5.1 How SAB practises its Corporate Social Responsibility

This sub-section mainly deals with the question of whether SAB has an active CSR portfolio and how it is practised. The finding in this study is that SAB has a CSR presence, but not as significant as one would expect from a company of its size. It is however important to realize that the answers came from a targeted sample. Meaning that most of those respondents were those with whom SAB had its CSR programs. So, based on that, SAB can be identified as being socially active in the Western Cape to a certain extent. UNASA representative A states that SAB’s social activities “are in the right area. They fall into the solution of being socially
responsible and for corporate to have socially responsible program”. Also because SAB has a CSR agenda and undertakes some activities with some organizations in the Western Cape, it can be recognized as being socially active. SAB’s donations, interactions and support to some NGOs and to some members of communities in the Western Cape can confirm that SAB is active but not as it would have been expected from them. Manager A from NGOs asserts that SAB’s active social involvement can be illustrated by the response they received from SAB in relation to the demand in kind (furniture) formulated by her NGO. So the finding here is that through its interaction with communities and its donations, SAB can be seen as having a CSR agenda that is active. “Recently SAB has contributed with solar and boiler system in my current home. They assisted us because this home has not been having hot water for a long time. So they assisted us in terms of injecting money to make sure that the older people get hot water for their washing as well as their operational running of the home” according to Manager C. SAB’s active social involvement is not only illustrated in terms of donations but also in terms of moral support and guidance. CEO- E from an academic institution maintains that SAB has been active in her academy in terms of being present at their main “functions” and reading their “quarterly reports”.

It is however important to mention that, looking at the social involvement of SAB in the Western Cape, new and crucial findings surfaced from this study. The first one is the fact that SAB’s recent CSR activities were mostly directed at organizations and not at communities as a whole. The second new finding that emerged is the fact that SAB is mainly involved with donations in kind. SAB CSR activities were mainly donations of chairs, tables, televisions, solar panels and boiler systems (equipment). The significance of this CSR approach by SAB in terms of donations in kind will be developed in another section as it is central to the criticism by many community organizations members who were not satisfied with this type of CSR assistance or practice.

Given these findings about SAB having a CSR agenda that is active, the question remains whether SAB’s CSR activities actually have concrete impacts on the lives of people living in communities where it operates. The next sub-section will address the question around the effectiveness of SAB’s CSR activities in the Western Cape.
5.5.2 The degree of effectiveness of SAB’s CC/CSR

The data reveal that the extent to which SAB’s CSR activities have an effective and efficient impact on communities is questionable. The finding here is that SAB’s CSR activities are not enough and they have a reduced impact on the communities because of their voluntary nature. These findings support the first proposition of this study which states that: the fact that corporations frame CSR as charitable activities rather than obligatory reduces the effectiveness of CSR agendas to realise the perceived role that the private sector should play in relation to socio-economic rights of the communities in which they operate as proposed by the MDGs. With regards to the effectiveness of SAB’s CSR activities, three main arguments emerged from the data of this study namely: the need for SAB to do more; the reduced impact of its CSR; and the voluntary nature of its CSR as the cause of its limited impact.

5.5.2.1 The need for SAB to do more

The first main argument is that there is definitely a need from SAB to do more in terms of its CSR activities in communities. CEO- E from an academic institution states that she “would like to see more”. This need to see more activities from SAB is even highly emphasised by Manager D from a NPO who asks the question “what activities?” and adds “of course they are not enough”. A number of reasons were given in order to support the argument that SAB should do more as its activities and involvement in communities are not enough.

One reason given by community organizations and UNASA members for the need to see more activities from SAB is that SAB as a big company active in poor communities is supposed to have a big impact on those communities. UNASA representative A says that: “With small businesses it may not be as apparent, but with big businesses it is”. Because SAB is making a lot of money from those poor communities it should also have a positive impact on them. Manager B from a NGO sustains that: “As a big company making a lot of money from people buying their products, I think they could play a bigger role”. Manager A from a NGO also agrees with the others when she says that companies must be more involved in communities because their managers make millions from these poor communities. Manager B from a NGO also supports this argument by saying that not only SAB “but companies in general who make their money within communities” must do more in these places where they operate. These statements are in line with the corporate constitutionalism theory (political
theories). Corporate constitutionalism theory maintains that the responsibilities of corporations are totally dependent on and linked to the powers that they have in society. The bigger your power in society, the bigger your responsibility should be. Through the lens of the corporate constitutionalism theory, it can be said that SAB as a big and powerful company operating in SA and worldwide should have a big responsibility and do a lot in communities where it operates. This is one of the arguments that this study has been supporting. Likewise, an interesting finding here is that this argument about the need for SAB to do more is also supported by Mr. Sanele from SAB who asserts that: “I think we could do better. I mean if you look at companies like Anglo, which have massive budgets and they can”.

However, it is important to briefly note that although all the participants agreed that there is a need for a big company like SAB to do more, there was a difference in the views about who are to blame for the identified shortage of involvement. While the community organizations representatives blamed SAB, SAB blamed the government for not allowing them to play their role. For instance, Mr Sanele from SAB argues that: “Again it is just difficult for us to be given the space to play. But we could do a lot better”. The question about the role of the government in corporate society’s relationship once again surfaces. The issue of corporate, society and government relation is dealt in section 5.6 of this chapter.

Additionally, because SAB is seen as part of the cause of the problems facing people in communities, it is expected to play a bigger role in the development process of those communities. The study’s findings show that there is a need for SAB to do more since it is identified as contributing to ills related to alcohol abuse in communities. According to CEO-E from an academic institution, she “would like to see more work being done, particularly in the Western Cape where substance abuse is rampant. So, all companies operating here have a responsibility”. UN representative A also sustains that: “SAB is part of the problem. So their contribution to the society, because of all the problems that arise out of the bad use of alcohol should be even more”. Moreover, the view examined in section 4.4 of chapter four on the controversial debates around SAB, where a statement was made by government officials that SAB’s contribution to the community is not of great significance compared to the negative effects of its products, is reemphasized by some community and UNASA participants in this study. Responding to SAB’s social involvement, the UNASA representative A avers that: “You know they pretend they are making a huge contribution, but in effect given the damage that has been caused and sales they make, this contribution is insignificant”.

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However, SAB opposed this last view from community organizations members and UNASA representatives by showing that efforts are being made by SAB in an attempt to reduce the harm associated with their products. Mr Sanele from SAB, in an effort to prove that SAB is concerned about the harmful effect of its products, alleges that:

Of course, most of our programs are actually targeted at preventing the harm that is related to alcohol abuse. So for example, we have a program on underage drinking, because alcohol is for people who are 18 years and older. The program is called *you decide* and it seeks to address underage drinking. We also have a program involving alcohol evidence centres that seek to address drinking and driving, because when you have had too much to drink then you should not get behind the wheel of the car. Given such initiatives, I think we do care about the harmful effects.

These two contrasting views are in line with the public responsibility (integrative theories) and the common good theory (ethical theories) as seen in previous sections of this chapter. The focus is firstly on the fact that companies should not do harm to society or people, and if in the affirmative, they must identify such problems and deal with them accordingly. Apart from the fact that SAB’s CSR activities are seen as not being enough, they have also been identified by most participants from the community organizations and UNASA as having a reduced impact on communities.

**5.5.2.2 SAB’s corporate social responsibility has a reduced effect**

The second main argument in this sub-section is that the level of effectiveness of SAB’s CSR is reduced with regards to the socio-economic impact of its activities on communities and the extent to which it improves people’s lives. Most of the participants agreed with the argument given above, with only two having a different opinion. Those who agreed with the argument that SAB’s CSR activities have a reduced impact in some communities of the Western Cape based their arguments on a number of reasons.

One reason is that SAB’s CSR activities only benefit a small amount of people in communities. Manager B from a NGO for instance maintains that SAB’s activities have a certain impact, but “not on everybody’s lives”. SAB’s CSR activities are not directed at the community at large, but they are directed at small groups which result in small scale impact.
Manager A from a NGO sustains that: “SAB’s involvement at the moment is going to benefit the 50 people that are in the workshop. But an awareness campaign can benefit 5000 people”. There is a need for SAB to redirect its CSR activities in such a way that they would have a bigger impact on communities. The impact of companies on the lives of people in communities is one of the arguments stressed by this study and supported by the sustainable development theory (ethical theories). These arguments also tie in with the perspective of a corporate social performance theory (integrative theories). The corporate social performance theory looks at the performance of companies, and sees CC as some sort of obligation to companies. In this case, community members gauged SAB’s performance to be ineffective based on SAB’s CC activities in their organizations and communities as well as those around.

In addition, the fact that SAB’s CSR activities are mainly once-off deals is another reason why SAB’s CSR activities have a limited socio-economic impact on communities. The fact that SAB’s CSR activities through community organisations are mainly once-off deals does not really help in terms of improving the lives of people living in communities where it operates. Manager C from a NGO, talking about the limits of SAB’s contributions argues that: “Not for their contribution to be a once off thing. If it can be continuous, then it would be important”. The once-off deal contribution of SAB’s CSR towards communities has a weak and reduced socio-economic impact, while a constant support or social involvement would have a bigger impact and would be more effective. Manager B from a NGO for example affirms that SAB’s contribution to her organization is good and she is thankful for it, “but it is once off, it is not continuous”. She goes further by saying, “I sometimes feel that it would make a bigger impact if it was a longer period intervention like a three years working partnership or program that we can have together rather than short term splits of injections into the work that we do”. And this once-off deal nature of SAB’s social activities is mainly due to the fact that it does not feel obliged to have a continuous involvement through its CSR agenda. These statements are in direct link with corporate social performance (integrative theories) and sustainable development theory (ethical theories). Sustainable development theory emphasise the need for the development of the present and coming generations through CSR/CC agendas. In this context, community members are of the view that the once-off deal nature of SAB’s CSR activities are not conducive to the human development of people and they do not facilitate an effective and appropriate answer to the crucial issues that the present and coming generations in communities are facing or will be facing.
Moreover, another reason given by those who agree that the socio-economic impact of SAB’s CSR is reduced is that there is no tangible and concrete footprint of SAB in communities. Manager D from a NPO clearly states that it is more uncertain that SAB’s CSR agenda has a big socio-economic impact on people’s lives, because if that was the case, “it would have been very feasible”. SAB’s footprint in the community is not present or seen, reason why people believe that SAB needs to do more in terms of improving the lives of people in communities. CEO- E from an academic institution thinks that in terms of improving the lives of people and having an effective socio-economic impact on communities, SAB “can do more. I think it is going to be incumbent upon companies to do more”. However, the argument stating that there are no tangible footprints of SAB in communities was briefly refuted by a participant from SAB. SAB representative A argues that: “Our footprint is all over the country”. So he does not agree with those saying that SAB has no footprint in communities. From the data collected in this study it appears that all the participants from the community organizations where the fieldwork was undertaken are not aware of these footprints.

Nevertheless, although the data from this study, presented quite a pessimistic view about the socio-economic impact of SAB’s CSR in communities, a positive view of SAB’s socio-economic impact however emerged. Two participants gave a quite opposite view seeing SAB as a company that improves the lives of people living in communities through its CSR agenda. For instance, the data show that in some cases SAB made donations that met the most relevant needs of the people of some community organizations, concretely improving or changing the lives of the people living or working there. For instance, CEO- E from an academic institution talking about SAB’s donation and its impact maintains that:

They didn’t give us money in cash (let me put it that way). They invested in equipment. So what they did, they made available the proximal machines, and that has been good because many of our students don’t have matrix, and so we rely a lot on visual materials. So by using the proximal, we are able to show them many more things that ordinary we wouldn’t be able to. So I would say they have made a big impact. I mean, if you are on a scale of one to five, I would say this is probably a two, two and a half.

In this case, even if SAB’s contribution was not a big one, it certainly improved the lives of few youngsters in her organization. Also in supporting this argument of the positive impact of
SAB’s CSR on people’s lives, Manager A from a NGO thinks that SAB has improved the lives of the people working in her organization, because the donation of the furniture has improved the working conditions of the workers and people living in the organization, making their lives easier. These last assertions would make sense in a sustainable development theory (ethical theories) perspective, in the sense that SAB’s CSR activities in this case have concretely impacted the lives of people living and working in those NGOs.

Though some defended SAB, participants from community organizations are of the view that SAB’s CSR activities have a reduced effectiveness. Though this study agrees to a certain extent with the arguments given by community and UNASA members, it however concludes the fact that the reduced effectiveness of CSR activities are caused by their voluntary and charitable natures.

5.5.2.3 SAB’s CSR reduced effectiveness caused by its voluntary nature

The third main argument is that the limited effectiveness and socio-economic impact on the lives of people in communities is caused by the fact that SAB frames or perceives its CSR as voluntary and charitable. Data from this study answered the question as to whether SAB perceives its CSR as voluntary or obligatory. Although there were slight differences, when taking into consideration the details of the data gathered in this study, it appears that SAB perceives its CSR as merely voluntary and charitable. The vast majority of the participants from community organizations, UNASA and SAB agree that SAB perceives its CSR agenda as voluntary. Among participants only two claimed that SAB perceives its CSR agenda as obligatory or both obligatory and voluntary.

Those who agreed with the view that SAB frames its CSR agenda as voluntary based their views on the interaction that they have/had with SAB. The perception from some participants was that SAB donated willingly and not because it was an obligation for them to do it. Manager A from a NGO for example asserts that: “I think that they gave voluntary and not because they feel that they have an obligation”. Furthermore this perception of SAB’s CSR as being voluntary and charitable rather than obligatory was even substantiated by the two SAB participants. SAB representative A pointed out that: “For SAB it has always been about recognising the communities”. He adds that: “it is not necessary we are going to carry it out with an obligation”. In other words, SAB’s CSR agenda focuses on undertaking voluntary
and charitable activities in communities rather than doing it as if it is an obligation. Similarly, SAB’s perception of its CSI as voluntary and not obligatory is reaffirmed by Mr Sanele from SAB who states that: “It is because we think it is the right thing to do. We do it because we think it is necessary, it needs to be done. We do not feel obligated to do it we do it because it is necessary. It is part of who we are”.

Therefore the argument emerging from the findings is that corporations in general and SAB in particular frame their CSR agenda as voluntary and this therefore reduces the effectiveness of their activities in communities. UNASA representative A talking about companies’ response to their social responsibilities says that: “I think some of them are responding but not very effectively. They are not taking that very seriously”. Also, there is a sort of social response from corporations, but not an effective and efficient one because corporations are not really bind in any way by their CSR. This highlights the issue of CSI and its regulatory nature discussed in chapter three. It also highlights, as it will be discussed at a later stage in this chapter, the fact that the discourse on CSI appears to be absent in the data of this study from the dialogue between community organizations, UNASA and SAB representatives.

The fact that CSR is perceived as voluntary by SAB gives room for limitations in its implementation and reduces its effectiveness in communities. So, from the above perspective and the point of view of community and UNASA members about the need to do more and the reduced effectiveness of SAB’s CSR, the findings verify the first proposition of this study which stipulates that: the fact that corporations frame corporate citizenship as charitable activities rather than obligatory reduces the effectiveness of corporate citizenship agendas to realise the perceived role that the private sector should play in relation to socio-economic rights of the communities in which they operate as proposed by the MDGs.

However, SAB refuted the arguments given above especially proposition one of this study. Mr Sanele from SAB opposes this view of proposition one by saying that: “I don’t necessarily think so. I think you don’t want to force people into doing things. It needs to come from a good place. Once your employees feel like they are obligated they don’t want to do it. It needs to be given as an option and they choose to get involved. Just like anything”. SAB’s argument is that a voluntary and charitable approach is good and advantageous. “I think the fact that it seems to be charitable is good. And I don’t think it reduces the impact, people are grateful,” says SAB representative A. For SAB the contrary of the argument given in proposition one and in the sub-section above applies. SAB’s understanding is that a
voluntary CSR approach is more productive than an obligatory approach. SAB representative A argues that: “I think that when people have an obligation to CSI, CSI loses its effectiveness both for the company and the perception of the company”. SAB representative A adds that when it comes to SAB’s CSR “people never ever see it as an obligation of the corporate. I think they see it as a generosity”.

Yet, these last statements given by SAB representatives are also contested by this study based on the data gathered, which were analysed in the previous sections of this chapter. For instance, all participants from community organizations and UNASA have agreed on the fact that CSR according to them is a moral and an ethical obligation for corporations to give back to communities from which they benefit. The obligatory aspect of the concept of CSR was emphasised by all the participants from communities. From the perspective of the community organizations CSR is mostly an obligation for companies. Most of the community members and organizations as well as UNASA definitely perceived CSR as being more an obligation to the companies rather than a generosity. Similarly, even though most of the participants did agree to the fact that SAB frames its CSR as voluntary rather than obligatory, they criticized this voluntary approach of SAB’s CSR. Among many reasons, this voluntary nature of SAB’s CSR was identified by community and UNSASA representatives as the cause of its reduced impact on communities and lack of accountability.

In sum, this section analysed how SAB’s CSR is practised and its level of effectiveness in society. It presented three main arguments which are interconnected: the first argument is the fact that SAB needs to do more in terms of its CSR/CC activities. Opposing views however emerged. On one side are many participants from community organizations including one from SAB who maintained that more needs to be done in regards to SAB’s social responsibility in communities. While on the other side were SAB and two participants from the community organizations who were of the view that SAB’s CSR activities are effective and they have a socio-economic impact on communities.

The second argument is that SAB’s CSR activities have a reduced impact on communities. This was mainly supported by most participants from community organizations and UNASA participants and refuted by SAB and two participants from the community. Finally, because SAB perceives its CSR as voluntary it reduces the impact that it is supposed to have on the lives of people in communities. These various arguments raised in this section are mainly in line with some perspectives from political, integrative and ethical group of theories. This
study agreed mostly with the view held by community organizations and UNASA representatives. The findings verify the first proposition of this study. They also helped to answer the overarching question of this study by tackling the aspect of how CSR is practised. All the sections examined earlier and analyses done so far prove that there is much misunderstanding in terms of the perception of corporations’ social responsibility, their relation with people from communities and the role that they should play in these communities. These confusions and debates raised by the data so far are the consequence of the limitations and absence of a well-defined and structured model of CSR and related concepts. The next section looks at how the misunderstandings and confusions around companies’ role in society are caused by the limitations of CSR, CC and related concepts. It also examines the different solutions to these confusions that emerged in this study.

5.6 Misunderstandings and confusions around companies’ role in society

When considering the various findings that have been presented in various sections of this study, and looking at the various debates and conflicting views that emerged, it is quite apparent that the limitations of the concept of CSR and related concepts are to blame to a large extent. These limitations should be addressed. In Chapter one, a discussion arose in relation to the confusion that exists in terms of the description of CSR and the distinction or similarity with concepts such as CC and CSI. Similarly, in chapter two some of the limitations of the concept of CSR were examined. In this chapter the analysis done so far has brought out new confusions, conflict of interest and debates that are a consequence of the inconsistencies and limitations of CSR and related concepts. In addition, the findings in this section relate to proposition two of this study which states that: the limitations of the concept of CC and related concepts such as CSR and CSI, as well as the confusions that surround these concepts create misunderstandings between corporations and society with regards to the role that the former should play in communities.

5.6.1 Lack of clarity around various concepts

The fact that there is no clear-cut definition of CC, CSR and related concepts makes it easier for corporations to have their own understanding of the concept that might be totally different from the understanding of other companies and community members. The data in this study
have shown that the understanding of CSR by community members differs to some extent from the understanding by representatives of SAB. In a broader sense the understandings are similar in terms of companies giving back to communities. But in terms of specifics, operations, motives and degree of responsibility, they differed most of the time. For instance, On one side, the community members and the UNASA representatives had an understanding of CSR that is mostly in line with this study’s understanding of CC, which implies a more obligatory moral and ethical responsibility towards socio-economic rights of people living where companies operate. While on the other side, representatives from SAB had quite a different approach which emphasized a voluntary role in communities and a win-win or strategic social involvement. In other words, for communities, CSR is the socio-economic responsibility of companies towards the communities where they operate, while for SAB, CSR is mainly company’s generous gesture in a tactical manner.

Similarly, the findings have shown that there is confusion with regards to CC, CSR and CSI activities among community members and SAB. This study adopted the concepts of CSR in this chapter as community members were not familiar with the concept of CC and perceived both concepts as identical. In criticizing SAB’s CSR activities, community members were not aware of the fact that most of SAB’s CC activities are framed as CSI. The fact that SAB and the community use the concept CSR to refer to CC and CSI activities contributed to the problem. If CSR is reframed in the context of CC as this study suggests, it provides the structure of expectations, which is currently lacking and thus causing so much confusion. Though the concept of CC itself has some limitations, it provides more clarity than other concepts in terms of what can be expected from companies in society.

Moreover, a broad concept of CSR allows room for confusion and misunderstanding in terms of companies’ social role in communities. For instance this gives room for companies to choose their social involvement in communities according to the company’s preference. And It also gives room for discrepancies in terms of the expectations of communities about companies responsibilities. The data analysed earlier depicted cases of confusion and misunderstandings between community members and SAB on the issue around what SAB should do or not do exactly in communities through its CSR agenda. Such misunderstandings are caused by the limitations and weakness of the concept of CSR and its synonymous use with CC or CSI.
The debate and criticism which arose earlier in this study around SAB’s approach in terms of supporting organizations mainly through donations in kind (furniture and equipment) and not support the operational cost of organizations financially represents a good illustration. Most community organizations expect SAB to support their operational costs, and are not happy with the fact that SAB instead supports them with furniture and equipment. But according to SAB, supporting the operational costs of NGOs or NPOs is not part of the company’s CSR agenda. SAB representative A clearly stated that SAB in its CSR agenda is more into giving donations in kind rather than giving money to communities or supporting the operational running costs of organisations. This comes as a disappointment to Managers D and B who earlier on expressed their need to be supported by SAB financially in terms of the operational running cost of their organizations. The total disappointment of some organizations in terms of what they expected from SAB and what they received can be illustrated with the argument of Manager D from an NGO who says: “Let’s put it that way, we asked for R250 000 they gave us R30 000. SAB gave us a donation of office equipment, we appreciate it obviously. But you see, I have no clue what SAB’s CSI corporate is at the moment, and I personally haven’t seen their footprint in the communities beside the beers that we drink”. In this case, it appears that SAB believes it has done its part by being socially active and by responding to demands in line with its CSI agenda and principles. But most community organizations are not satisfied with the donation they received. Such confusions in terms of various expectations and misunderstanding are caused by the limitations and the vagueness of the concept of CSR and related concepts.

Furthermore, the limitations and absence of a clear description of the role of companies in society are part of the cause of the confusions emerging in terms of the extent of responsibility that companies should have over certain issues pertaining to communities. The analysis of the data exposed confusions as to who owes the responsibility of ensuring the socio-economic wellbeing of communities and the extent of that role. The data collected and analysed here did not only show the confusion that exists in terms of what should be the government’s responsibility in communities and what should be the one of companies operating in those communities, but it also showed that community members have a lot of expectation towards big companies. For instance, participants from community organizations expect companies to administer their socio-economic rights and demands to a large extent, especially in terms of poverty alleviation, education, health and training. SAB however identified most of those socio-economic rights as not being part of their responsibility. SAB
has a vision of its role in society that is influenced by its perception of CSR and the same applies for community members and community organizations. Even though some participants like the UNASA representative A, identified these socio-economic rights of the people in communities as being the responsibility of both the government and companies, clear and well-structured models of CSR, CC and related concepts would clarify the extent of social responsibility of companies.

In general, the findings addressed the overarching question of this study which is: is the notion of a CC agenda an appropriate vehicle for ‘controversial’ companies (in general) and SAB in the Western Cape (in particular) to realise corporate obligations with respect to the socio-economic rights of the host community as framed by the MDGs? The finding here is that in theory CC can be an adequate vehicle, and people expect it to be, but in practice a lot still needs to be changed and be achieved. That is to say, CC can be an adequate vehicle for companies to meet their socio-economic obligations towards communities as the MDGs ask, but the confusions around the use of CSR (which is mostly voluntary) or CC (which confers rights and obligations to companies) represent a problem/limitation. From SAB representatives’ perspective, CC is an adequate vehicle for companies to achieve their socio-economic roles in communities as MDG number eight envisages. Mr Sanele from SAB states that: “Yes, it certainly is”. This was also supported by SAB representative A, who avers that: “It is a vehicle, it is an adequate vehicle, but it is not the only vehicle on a small scale. But it creates an impact and CSI/CC is definitely not the only vehicle if one is going to achieve solutions to many other problems that we face in SA. But it is a vehicle and it is an effective vehicle”.

However, from this last statement and analysis done earlier, it can be seen that there are limitations in terms of the extent to which CC can be an adequate vehicle for achieving various needs. Similarly, from the perspective of the community, in theory CC can be an adequate vehicle for companies to achieve their socio-economic obligations towards the communities as the MDG number eight asks. Communities actually expect it to be an adequate vehicle, but in practice a lot still needs to be done especially in terms of how one perceives, understands and implement the CC concept. The fact that there were a lot of criticism from community members, including many suggestions and expectations, shows that a lot still needs to be done with regards to how the responsibility of companies is framed by both communities and companies. However, in terms of SAB not doing enough through its CC activities, this study holds that, if looked at from the narrow perspective of CSI, SAB
is doing what it is supposed to do. CSI speaking, SAB’s budget allocation is in line with what is required from companies. But if looked at from the broader CC perspective SAB is not doing enough. The reasons given by respondents in terms of why they felt SAB should “do more” fall more in the bracket of what has been developed as aspects of citizenship and good corporate citizenship.

Table 5.1: Confusions and misunderstandings between the different parties involved.

<table>
<thead>
<tr>
<th>Ambiguity and misunderstandings</th>
<th>SAB</th>
<th>NGOS/NPOs</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interpretation of CSR</td>
<td>More voluntary; invest for Win-Win results</td>
<td>More obligatory; Socio-economic rights</td>
<td>More obligatory; Companies should play a big role</td>
</tr>
<tr>
<td>Role in communities</td>
<td>Low expectations</td>
<td>High expectations</td>
<td>High expectations</td>
</tr>
<tr>
<td>Type of support</td>
<td>The focus is mainly on donations in kind</td>
<td>Expectations in terms of finance and operational costs</td>
<td>Finance, material donations, employment</td>
</tr>
<tr>
<td>Who is responsible for some problems in communities</td>
<td>The government is. And the government is not giving the space to SAB to act</td>
<td>Companies are to blame</td>
<td>Government and big companies</td>
</tr>
<tr>
<td>Accountability</td>
<td>SAB is accountable to communities</td>
<td>SAB is not</td>
<td>SAB is not</td>
</tr>
</tbody>
</table>

Source: Table done based on the findings of this study.

5.6.2 Proposed solutions to the confusions and misunderstandings

In response to the problems and confusions created by the limitations and confusions around CC and related concepts, the findings suggest two main solutions namely: the harsh and the soft approach.

The harsh approach has to do with finding means to compel corporations to be socially active and effective. This proposition was given by community and UNASA participants. Suggestions ranged from putting corporations under pressure with matters concerning CC
and putting in place mechanisms to make them respect their obligations in society. This study agrees to a certain extent with this proposition. For instance, UNASA representative A maintains that: “So it has to be much more emphasis on CSR, and these big corporations like SAB have to be confronted on these issues and forced if they don’t do it themselves to have better CSR”. He goes further by suggesting that “a way to get them to intervene is to threaten to involve government (regulations)”. This approach is mainly about putting in place regulations that will force companies to be socially active and accountable. As seen in chapter three, it is a method that is already undertaken to a certain extent through the form of CSI. But the lack of awareness around CSI and CC amongst some community organizations and UNASA participants, as revealed by the findings here, may be the driver of this particular call for tough regulations. Norway emerged from the findings as an example of how CSR and alcohol companies can be regulated and structured to accommodate different parties involved and avoid misunderstandings. UNASA representative A, asserts that: “In countries like Norway for example the state controls the amount of alcohol that might be consumed and also the shops from which they are sold. So I think in the case of developing countries like SA, Cameroon and others there should be a much tougher policy on the control of alcohol in society”.

The soft approach however concerns establishing well-structured, detailed models of CC and related concepts that can be adopted universally. The data suggest a number of methods to use in order to have a well-defined and structured model of CC that will have effective socio-economic interventions in society. Such methods include: first, the establishment of a charter for the CC agenda of companies; and second, the use of MDGs as a normative framework to inform CC agendas.

A charter on CC and related concepts should be written and be adopted by companies nationwide. The charter will set the map in terms of what, description, aims, motivations and responsibilities of companies’ CC agendas in society should be. The UNASA representative A avers that:

In terms of BEE we now have a charter a set of rules that corporations have to adopt in order to get government funding. I think that there should be, and you should investigate that, a CSR charter which would actually say what all companies have to implement this. So that it is not an ad hoc process.
The second suggestion is to use the MDGs as a framework to inform CC and to structure and strengthen the concept. As developed in chapter three (in section 3.3 about the MDGs), the MDGs are well established goals with targets and expectations, which are directed at specific actors. Therefore, CC can be structured as the MDGs, with specific goals, responsibilities and well established differentiations and roles. The MDGs can also help inform companies for their CC agendas as all the MDGs are aimed at improving the lives of the poor people in communities. Additionally, most of the MDGs are indirectly or directly linked to corporate responsibilities in communities. Consequently, companies through their CC agendas can choose clear goals among the MDGs to focus on, with an aim of giving back to communities and improving people’s lives. Supporting this view, the UNASA representative A maintains that: “Basically the MDGs give you eight distinct areas with distinct targets. So it is so much structured so that the corporation can decide in which area they wish to focus their funding”. The MDGs provide to companies an entire arena for development. Through the MDGs there are many fields of social development in which companies can and are supposed to focus on. Even beyond the deadline of 2015, companies can use the MDGs as a guideline for their CC agendas. Most importantly, the nine principles developed in chapter three deriving from an analysis of the MDGs and CC theories can also be used as areas of focus for corporate in communities for long term development. So, the data in this study affirms that the MDGs can be used efficiently by companies as a guideline or framework for their CC agendas.

5.7 Conclusion

This chapter focused on analyses of the core themes that emerged from the findings in order to get various perceptions of the concept under study and to find answers to the various concerns and questions raised in this study. Five main themes emerged from the data, namely: the various understandings and perceptions of CSR/CC from all participants; the MDGs and SAB’s expected role in alleviating poverty; the position of SAB as a good citizen or not; the way CSR/CC is practised by SAB and the level of effectiveness of its activities according to community organizations representatives in the Western Cape; and the misunderstandings and confusions around companies role in society. From these themes it could be inferred that community members’ understanding of CSR/CC is one of companies having the obligation to support communities from whom companies prosper. But SAB representatives’ understanding of CSR/CC was one of mutual respect. The themes also
showed that communities expect SAB to play a significant role in society and be a good citizen. Although SAB refuted the statement given by community members stating that SAB’s CC activities have a reduced impact in some region of the Western Cape because of the voluntary nature of its CC agenda, the need for SAB to do more through its CC activities was strongly emphasised. The limitations of the concept of CC and related concepts such as CSR were also identified as the cause of confusions and misunderstandings between communities and companies. The use of the MDGs as a guideline and the nine principles of a good corporate citizenship agenda as well as the establishment of a charter for companies’ social responsibility emerged as potential solutions to the confusions and limitations around various concepts.
CHAPTER SIX:
CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This study addressed the following main question: Is the notion of a CC agenda an appropriate vehicle for ‘controversial’ companies (in general) and SAB in the Western Cape (in particular) to realise corporate obligations with respect to the socio-economic rights of the host community as framed by the MDGs? The study was mainly concerned with the concept of CC and related concepts involving companies’ role in society. This final chapter provides a summary of the main arguments and debates that have been developed through this study. This is followed by an elaboration of the findings and their relevance to the study and the main research question; and finally recommendations based on the key findings of this study are provided.

6.2 Looking back

This study was concerned with corporate and societal relationship with regards to companies’ obligations in communities where they operate. The focus of discussions was on CC including related concepts such as CSR and CSI. As discovered by this study, it seems to be difficult to talk about one of these concepts without mentioning or including the others. In addressing the main question of this study presented above, a number of sub-questions were formulated. These included:

- How is CC conceptualised in general and by SAB in particular?
- How is CC practised in general and by SAB in the Western Cape in particular?
- How can the MDGs serve as a normative framework to inform corporate obligations related to the socio-economic rights of communities in developing countries where they operate, with specific reference to the case of SAB in the Western Cape?
Can it be said that CC is an adequate and appropriate vehicle for the private sector to foster host community’s socio-economic rights as defined by the MDGs in general and as envisioned by MDG number eight in particular?

Chapter two dealt with the conceptual framework of the study. Each section of this chapter had a particular concern related to the overall study: the conceptual framework had the main task of showing the conditions under which companies can be seen as citizens. In order to do that the different definitions of concepts such as CC, CSR and CSI were clearly developed to show the similarities and differences that existed between them. The analysis of the various definitions showed that CC confers rights and duties to companies in places where they operate. It was also noticed that CC, apart from focusing on the obligatory aspect, also has an implication of being a “good” or “bad” citizen for corporations. Similarly, CC was also examined in the South African context where it takes the form of CSI. CSR and CC worldwide were seen to have moved from their initial obligatory perception to a new voluntary one. However, given the historical past of South Africa, CC has taken a unique form of CSI which is more obligatory oriented. CSI in South Africa comes with some forms of government pressures, incentives and controls. CSI in the South African context is linked to a number of regulatory norms such as: the Companies Act, king II and III Reports, and the BEE codes to name a few. This chapter has mainly helped this study in terms of understanding the way CC is conceptualized in the South African context, and its obligatory tendency caused by the historical context of the country.

Chapter three examined the theoretical and the normative frameworks of the study. In the theoretical framework, the focus was on examining the different theories that give reasons why companies should adopt CC activities. Four groups of theories were examined namely: Instrumental, political, Integrative and ethical theories. This study was mainly concerned with political and integrative theories but also touched on instrumental and ethical theories as some of these theories dealt with some issues crucial to the study. Instrumental theories looked at CC and CSR as instrument of wealth creation for companies. Political theories dealt with companies’ power in society and how they manage it in the political domain. Integrative theories looked at the realisation of communities’ needs as the main obligation of companies given the fact that their success depends on communities. And ethical theories focused on the ethical responsibility of companies in society in terms of not doing harm and acting for the good of society. From these theories, this study infers that there is an implicit and an explicit dimension associated with the concept of CC. In other words, on one side these groups of
theories showed that CC implies that companies should not do harm to society and on the other side it explicitly states that companies should do “good”.

The normative framework focused on exploring the relationship that can exist between the MDGs and CC agendas, the MDGS and the theories analysed, as well as the relevance of the MDGs to this study. Similarly, given the fact that the idea of CC or related concepts can be quite vague, and in an attempt to address some of the issues raised above, this study proposed the use of the MDGs as a normative framework or guideline. This is mainly because the MDGs implicitly and explicitly provide a normative guideline for CC agendas for companies, as theses goals were adopted worldwide to deal with the reduction of poverty and issues facing the poor. MDGs 1, 4, 5, 6, 7, and 8 were clearly presented as being linked to some CC activities. However, this study was not concerned with the contribution of companies to the achievement of the MDGs, but rather suggested that an examination of the extent to which a company’s activities align or meet the MDGs could give a more concrete and comprehensive indication of the nature of its CC. Therefore, nine principles derived from the analysis of the MDGs and CC, as expectations of a good Corporate Citizenship agenda focusing on the socio-economic uplifting of people’s lives and the respect of human rights.

Chapter four explored the case of SAB and its CC activities. This chapter had two main parts namely, a descriptive and a partial analytical one. The first one dealt with the description and the presentation of SAB’s policies and conceptualization of its CC agenda. The second one was a partial analysis of SAB’s CC activities, drawn from documents, in regards to the implicit and explicit implications derived from the theories examined in chapter two. Chapter four also looked at SAB’s CC activities in the Western Cape and the extent to which they were compliant with the do “good” and do no harm aspect of CC as implied by the group of theories developed in this study and by the MDGs. Through a social issues prism, and SAB’s contribution to some macro-economic determinants, SAB is compliant with the do good dimension of CC. But in terms of responsible advertising and the impact of products, SAB is seen to be complicit in the harm done to society. A debate undertaken has however shown that SAB should not be directly and totally blamed, as the behaviour of people is also the cause of the problem. One of the arguments given was that SAB’s products can be used responsibly. It was however noted that SAB is doing efforts to deal with the “do no harm” aspect of its CC agenda. Similarly, as said earlier, some of SAB’s CC activities have been seen as being aligned with some MDGs such as: poverty alleviation (MDG 1), child mortality
(MDG 4), maternal health (MDG 5), the reduction of HIV, malaria and other diseases (MDG 6), protection of the environment (MDG 7) and global partnership (MDG 8).

Chapter five provided a detailed analysis of the results gathered in this study. While the partial analysis of SAB’s activities in Chapter four was done based on the information gathered from various documents, the analysis in chapter five focussed on data gathered from the field. Five main themes emerged from the study’s empirical data namely: the various understandings and perceptions of CSR/CC from all the participants; the MDGs and SAB’s expected role in alleviating poverty; the position of SAB as a good citizen or not; the way CSR/CC is practised by SAB and the level of effectiveness of its activities according to community organizations representatives in the Western Cape; and the misunderstandings and confusions around companies’ role in society.

6.3 Looking in

The following five themes have played a crucial role in answering the overarching question of this study and in giving a better and detailed understanding of the study and its implications:

1) The understanding and perception of CSR by various participants. Two main understandings of CC/CSR emerged from the data of this study namely: CSR seen as a tool through which companies can implement their socio-economic obligations towards the communities where they operate and on which they depend; and CC/CSR as a mean of mutual benefit and strategic investment. The first understanding was mostly in line with the CC understanding of this study, which emphasises the fact that Companies in general and SAB in particular need to give back to communities from which they make huge profit by meeting the needs of poor people through their empowerment and development. While this first understanding of CC/CSR would make sense from a point of view of political, integrative and ethical group of theories, the second understanding of CC/CSR would mostly make sense from an instrumental perspective. The second understanding which was mainly from the company is one where CC/CSR is used to benefit the company while helping communities. This first theme helped to answer the first sub-question of this study which, as seen earlier, was: How is CC/CSR conceptualised in general and by SAB in particular?
2) The second theme that emerged from the data was: the MDGs and SAB’s role in alleviating poverty. Three elements were identified under this theme, namely the MDGs which are of great significance to communities; Expectations from communities in terms of SAB’s role in alleviating poverty; and other MDGs linked to SAB’s CC activities. The first aspect showed that MDG number one (poverty alleviation) and MDG number two (education for all) are of great importance to people in communities and community organizations. These goals were identified as the main ones that will facilitate and enhance human development. Other goals such as: the goals related to health (MDGs 4, 5 and 6) and the ones related to the environment (MDG 7) were also identified as being of great importance to people from community and community organizations. The second aspect revealed that SAB is expected to play a big role in terms of poverty alleviation. As a giant company operating in poor communities, SAB is expected to contribute to poverty alleviation through: Skills development, creation of opportunities, training, employment, financial support and partnerships with organizations. The last aspect identified similarities or common grounds between some of SAB’s CC activities and some MDGs. For instance, a number of CC activities undertaken by SAB in the Western Cape are directly in line with the objectives of MDG 5 (maternal health), MDG 6 (reduction of HIV and other diseases), and MDG 7 (protection of the environment). This theme re-enforced the relevance and the significance of the MDGs to this study. This theme also re-emphasized one of the arguments given by this study which says that the MDGs may be seen as tentative answers to the socio-economic issues facing the poor which are mostly in line with companies CC activities.

3) The third theme was, the various perceptions in terms of whether SAB is a “good corporate citizen/actor” in society or not. The data produced two main views in terms of what would make SAB a “good corporate citizen”. The first view included elements such as: companies helping communities achieve their socio-economic rights; reducing their negative impact on society; being efficient; respecting ethics and caring. Aspects such as companies taking part in terms of the achievement of the socio-economic rights of people and the effectiveness aspect are elements which have been emphasized by this study to show the particularity of the concept of CC. The second view was that SAB can consider itself as being a good citizen because of its respect for ethics and due to its large socio-economic contribution to the nation, and most importantly its international status. This study also agrees with the second view to the extent where SAB’s contribution to the South African economy can have a concrete impact on the poor people living in communities where it operates. This
theme helped this study in terms of clearly showing that some community members and organizations expect companies in general and SAB in particular to play a crucial role fostering the socio-economic rights of people, to be considered a good citizen.

4) How CSR is practised by SAB and the level of effectiveness of SAB’s CSR activities in some areas of the Western Cape emerged as the fourth theme. The first finding here was that SAB can be seen as being socially active in the Western Cape. SAB had a number of CC/CSR activities in the form of donations in kind in some NGOs and NPOs in the Western Cape. However, SAB’s donations which were mostly tables, chairs, boilers, solar systems and proxy TVs did not make unanimity amongst the recipients. This therefore paved the way to the second finding related to the effectiveness of SAB’s CC activities in some areas of the Western Cape.

In terms of the effectiveness of SAB’s CC activities in some areas of the Western Cape three main arguments emerged. The first one was that there is a need for SAB to do more in terms of its CC/CSR activities in the Western Cape. SAB’s CC activities in some communities of the Western Cape were identified as not being enough because SAB is not only part of the problems facing poor communities, but it is also a giant company making profit from these communities. These points are directly in line with political, integrative and ethical group of theories. These theories deal respectively with the fact that: powerful companies have more responsibilities in society; companies should avoid doing harm and they should deal with the negative impact associated with their products effectively. Though there was unanimity in terms of the fact that SAB needs to do more with its CSR agendas, SAB however put the blame on government for not giving the space to the private sector to act.

The second argument was related to the effectiveness of SAB’s CSR/CC activities in some communities of the Western Cape. Though this argument generated mixed opinions, the dominating finding was the fact that: SAB’s CC activities have a reduced impact on the lives of people living in some poor communities of the Western Cape. The reduced effectiveness of SAB’s CC agenda was illustrated by the fact that SAB’s CC activities in some communities of the Western Cape are not targeted at large groups, not continuous and are not tangible in those communities. These concerns would make sense from an integrative and ethical group of theories’ point of view, as those groups of theories deal with the need for companies to identify the problems facing communities and address them. But they also deal
with issues of sustainable development and CC for the common good. This study’s arguments mostly concurred with the argument of the need for companies’ CC activities to enhance sustainable development and to aim for the common good. The fact that SAB refuted some of these views, claiming that SAB’s footprint is all over the Western Cape revealed issues of lack of awareness and differences of understandings in terms of the degree of significance of companies’ CC activities.

The final argument related to the effectiveness of SAB’s CC/CSR activities was that: SAB’s limited impact on society is caused by the voluntary nature of its CC/CSR activities. This argument supported the first proposition of this study which is: The fact that corporations frame CC as charitable activities rather than obligatory reduces the effectiveness of CC agendas to realise the perceived role that the private sector should play in relation to socio-economic rights of the communities in which they operate as proposed by the MDGs. In this case also, opinions were mixed. The main finding and most supported argument was: the fact that companies do not take their responsibility in society seriously and frame their CC activities as voluntary reduces their impact on society. Nevertheless, though the argument criticizing the voluntary nature of SAB’s CC activities and their reduced impact was dominant, the company had an opposed view. The finding showed that the company’s view is that CSR should be voluntary and should remain companies’ own choice to act, because as soon as companies will be forced to be socially responsible their activities will then have a reduced impact on society.

This theme was of great significance to this study as it helped answer crucial sub-questions related to how companies (in general) and SAB (in particular) practice their CSR activities, as well as the impact of these activities in communities. The main theories concerned here were integrative and ethical theories as they dealt with sustainable development, issues management, common good and stakeholder management.

5) The last theme that emerged from the data of this study and that helped deal with the main concerns of this study was: misunderstandings and confusions around companies’ role in society. The previous themes and debates have illustrated that there are some forms of misunderstandings between SAB and some community organizations and members in the Western Cape. This study has attributed these misunderstandings and irregularities to the limitations and confusions around CC and related concepts such as CSR and CSI. Because all
these concepts are used interchangeably (although there are crucial differences between some) and because of the absence of well established and structured models of companies’ responsibilities in society, misunderstandings arise in terms of: the understanding and perception of CC and related concepts; the extent of companies’ involvement in addressing issues facing the poor; and the role that companies are expecting to play in society. This theme has also verified proposition two of this study which is: the limitations of the concept of CSR and related concepts such as CC and CSI, as well as the confusions that arise around these concepts create misunderstandings between corporate and society in terms of the role that companies should play in communities.

The above themes and all the chapters examined have helped to answer the overarching question of this study which is: Is the notion of a CC agenda an appropriate vehicle for ‘controversial’ companies (in general) and SAB in the Western Cape (in particular) to realise corporate obligations with respect to the socio-economic rights of the host community as framed by the MDGs? The answer based on the fieldwork findings is that CC can be an adequate vehicle if the misunderstandings around various concepts are addressed. CC can be an adequate vehicle for companies to meet their socio-economic obligations towards communities as the MDGs ask, but the limitations of CC and related concepts and the different interpretations and implementations represent a big obstacle.

It is however important to stress the fact that amongst all the issues represented in the different chapters, more emphasis can be put on two main issues that need to be addressed namely: the lack of awareness around SAB’s CC activities; and the lack of mutual understandings in terms of the interpretation of CC and related concepts. In terms of awareness, some people on the ground are not aware of SAB’s activities and are not aware of SAB’s conceptualization of its CC activities. As seen in chapter four, SAB has a number of CC activities that are having quite a considerable impact on society, but people are not aware of these and therefore focus only on the negative aspects of SAB’s products. And this remark can also be applied to other companies that have impactful activities in communities but which are not known to the public. In terms of the lack of awareness around different understandings of companies’ CC activities, people from community organizations are not aware of the fact that SAB frames its CC activities as CSI. Chapter four gave a list of both bad and good contributions from SAB, with many CSI activities being part of the good contributions. Surprisingly, representatives from the recipients NGOs and NPOs were not
aware of these good activities but only knew about the negative ones. This is central as misunderstandings and confusions will persist if these issues are not addressed. Companies’ CC activities will either be undervalued or overvalued, while communities’ grievances or expectations towards companies will always be seen as being over the board (high).

One of the aims of this study was to outline the challenges or limitations of the role that corporations can play through their CC activities in terms of the achievement of sustainable development and the improvement of people’s lives as the MDGs propose. Most of these challenges have been presented in the section above. The next section will therefore undertake the task of giving some recommendations which will stand as potential solutions.

6.4 Looking forward

To debate the contribution of the private sector to development through the notion of CC and related concepts such as CSR and CSI was one of the aims of this study. The debate has resulted in identifying some gaps in terms of the corporate-societal relationship. This section will give some recommendations with thorough explanations.

6.5.1 Suggested recommendations

The first recommendation is that the MDGs even beyond the deadline of 2015 should be used as a normative framework or guideline for companies’ CC activities. As demonstrated in many parts of this study, MDGs are well established goals which have been accepted worldwide as concrete attempts to address the main issues facing the poor and are also in line with most of companies’ CC activities. And the nine principles derived from the analysis of the MDGs and CC in chapter three, can also serve as expectations in regard to a good Corporate Citizenship agenda.

Second recommendation is the establishment of charters to regulate companies’ social responsibilities. This study dealt with three main concepts which all represent the role of companies in society namely, CC, CSR and CSI. Throughout the study emphasis has been put on the fact that CC has more implications than CSR. Nonetheless, this study was sometimes obliged to use these two concepts interchangeably in certain occasions,
particularly because of perception of the two concepts as identical and due to the fact that participants did not know a lot about CC and therefore used CSR and CC interchangeably. An establishment of a charter will help solve most of the misunderstandings that have been identified in table 5.1 of section 5.6.1 between communities, companies (SAB) and government.

A third important recommendation is for companies to create a platform for dialogue with communities and all their stakeholders. One of the additional findings of this study was that participants from the recipients NGOs and NPOs were of the view that though SAB cares for people’s wellbeing they are not accountable. Accountability here was seen through the lens of dialogue and communication with people from communities. A dialogue between companies and their stakeholders would reduce confusions between the two parties, and enlighten the specific responsibilities that should be undertaken by companies as well as what the expectations from communities should be.

The fourth recommendation is the establishment of strong partnerships with private sector, government and communities. The relationship between government and the private sector should be strengthened and communities should be involved in this process. Government can play a big role in terms of creating a framework, a structure for companies to act freely, effectively and have meaningful impact on society. The creation of a platform where communities, companies and government can interact will settle the confusions and misunderstandings in terms of the difference between the role of government in society and the one of companies, as seen in table 5.1 of section 5.6.1 chapter five. The general feeling here is that government is working against the industry. Companies are being exposed and blamed by both communities and government, while behind the scene they apparently have the support of government. All parties should communicate and work together in an effort to address issues facing the poor. “Only when all sectors of our society work together in an integrated and coordinated manner and in close partnership, will our common goal of building a better life for all be realised” (Skweyiya, 2003).

In conclusion, through secondary and empirical field data, the study is of the view that CC can be an adequate vehicle for companies in general and controversial ones in particular to achieve their socio-economic obligations towards host communities as proposed by the MDGs. But how this vehicle is understood and used needs further cooperation between
companies, and government with input from academia. The findings, conclusions and recommendations reported in this thesis represent significant step towards this agenda.
Bibliography


Cynthia Carroll, CEO, Anglo American plc, speech to Royal Institute of International Affairs, London, 18 June 2008.


Locke, J. (1690). *Two Treatises of Government*. [anonymous].


## Table 6: The impact of SAB on the South African economy – 2009

<table>
<thead>
<tr>
<th></th>
<th>Impact including gross domestic fixed investment (Rand billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First round impact</td>
</tr>
<tr>
<td><strong>Intermediate output (at user prices)</strong></td>
<td></td>
</tr>
<tr>
<td>Total SAB</td>
<td>21.8</td>
</tr>
<tr>
<td>SAB soft drinks division</td>
<td>7.1</td>
</tr>
<tr>
<td>SAB beer division</td>
<td>14.7</td>
</tr>
<tr>
<td>SAB beer as % of total liquor</td>
<td>47.4%</td>
</tr>
<tr>
<td><strong>Capital requirement</strong></td>
<td></td>
</tr>
<tr>
<td>Total SAB</td>
<td>11.8</td>
</tr>
<tr>
<td>SAB soft drinks division</td>
<td>4.4</td>
</tr>
<tr>
<td>SAB beer division</td>
<td>7.4</td>
</tr>
<tr>
<td>SAB beer as % of total liquor</td>
<td>44.7%</td>
</tr>
<tr>
<td><strong>Employment (number, Including the informal sector)</strong></td>
<td></td>
</tr>
<tr>
<td>Total SAB</td>
<td>37,095</td>
</tr>
<tr>
<td>SAB soft drinks division</td>
<td>10,016</td>
</tr>
<tr>
<td>SAB beer division</td>
<td>27,079</td>
</tr>
<tr>
<td>SAB beer as % of total liquor</td>
<td>41.1%</td>
</tr>
<tr>
<td><strong>Labour income</strong></td>
<td></td>
</tr>
<tr>
<td>Total SAB</td>
<td>3.3</td>
</tr>
<tr>
<td>SAB soft drinks division</td>
<td>1.0</td>
</tr>
<tr>
<td>SAB beer division</td>
<td>2.3</td>
</tr>
<tr>
<td>SAB beer as % of total liquor</td>
<td>54.1%</td>
</tr>
<tr>
<td><strong>Government tax revenue</strong></td>
<td></td>
</tr>
<tr>
<td>Total SAB</td>
<td>2.1</td>
</tr>
<tr>
<td>SAB soft drinks division</td>
<td>0.7</td>
</tr>
<tr>
<td>SAB beer division</td>
<td>1.4</td>
</tr>
<tr>
<td>SAB beer as % of total liquor</td>
<td>42.3%</td>
</tr>
<tr>
<td><strong>Value added (GDP) at factor cost</strong></td>
<td></td>
</tr>
<tr>
<td>Total SAB</td>
<td>6.4</td>
</tr>
<tr>
<td>SAB soft drinks division</td>
<td>2.0</td>
</tr>
<tr>
<td>SAB beer division</td>
<td>4.4</td>
</tr>
<tr>
<td>SAB beer as % of total liquor</td>
<td>49.4%</td>
</tr>
<tr>
<td><strong>SAB’s share of:</strong></td>
<td></td>
</tr>
<tr>
<td>Total capital stock in SA</td>
<td>0.2%</td>
</tr>
<tr>
<td>Total employment in SA</td>
<td>0.3%</td>
</tr>
<tr>
<td>Government tax revenue</td>
<td>0.3%</td>
</tr>
<tr>
<td>GDP at factor cost</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

Source: Quantece Research
## Appendix 2

### SAB’s BBBEE scorecard performance 2010

<table>
<thead>
<tr>
<th>Code element</th>
<th>Compliance Target</th>
<th>Points</th>
<th>SAB 2010</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 Ownership</td>
<td>25%</td>
<td>20</td>
<td>13.25</td>
<td>Measures economic and voting rights attached to ownership of an enterprise in respect of black people, black women and designated groups</td>
</tr>
<tr>
<td>200 Management control</td>
<td>50%</td>
<td>10</td>
<td>3.53</td>
<td>Measures representation of black people and black women at board and executive level</td>
</tr>
<tr>
<td>300 Employment equity</td>
<td>43% - 68%</td>
<td>15</td>
<td>8.20</td>
<td>Measures representation of black people, black women and black disabled employees at all management levels</td>
</tr>
<tr>
<td>400 Skills development</td>
<td>3% of payroll</td>
<td>15</td>
<td>9.11</td>
<td>Measures training and skills development spend on black people, black women and black disabled employees, as well as learnerships</td>
</tr>
<tr>
<td>500 Preferential procurement</td>
<td>50% - 70%</td>
<td>20</td>
<td>17.37</td>
<td>Measures the extent that goods and services are bought from BBBEE compliant, black-owned and black women-owned enterprises</td>
</tr>
<tr>
<td>600 Enterprise development</td>
<td>3% of NPAT</td>
<td>15</td>
<td>15.00</td>
<td>Measures the extent to which initiatives are carried out that contribute to the development of small businesses</td>
</tr>
<tr>
<td>700 Socio-economic development</td>
<td>1% of NPAT</td>
<td>5</td>
<td>4.35</td>
<td>Measures the extent to which initiatives are carried out that contribute to socio-economic development prompting access to the economy for black people</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>70.81</td>
<td>SAB’s score falls within the Level 4 Contributor status</td>
</tr>
</tbody>
</table>

**Source:** SAB leading the way in empowerment (2011:4).
### Appendix 3

#### Progressive effects of alcohol

<table>
<thead>
<tr>
<th>BAC (% by vol.)</th>
<th>Behaviour</th>
<th>Impairment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.010–0.029</td>
<td>• Average individual appears normal</td>
<td>• Subtle effects that can be detected with special tests</td>
</tr>
<tr>
<td>0.030–0.059</td>
<td>• Mild euphoria&lt;br&gt;• Relaxation&lt;br&gt;• Joyousness&lt;br&gt;• Talkativeness&lt;br&gt;• Decreased inhibition</td>
<td>• Concentration</td>
</tr>
<tr>
<td>0.06–0.09</td>
<td>• Blunted feelings&lt;br&gt;• Disinhibition&lt;br&gt;• Extroversion</td>
<td>• Reasoning&lt;br&gt;• Depth perception&lt;br&gt;• Peripheral vision&lt;br&gt;• Glare recovery</td>
</tr>
<tr>
<td>0.10–0.19</td>
<td>• Over-expression&lt;br&gt;• Emotional swings&lt;br&gt;• Anger or sadness&lt;br&gt;• Boisterousness&lt;br&gt;• Decreased libido</td>
<td>• Reflexes&lt;br&gt;• Reaction time&lt;br&gt;• Gross motor control&lt;br&gt;• Staggering&lt;br&gt;• Slurred speech&lt;br&gt;• Temporary erectile dysfunction&lt;br&gt;• Possibility of temporary alcohol poisoning</td>
</tr>
<tr>
<td>0.20–0.29</td>
<td>• Stupor&lt;br&gt;• Loss of understanding&lt;br&gt;• Impaired sensations&lt;br&gt;• Possibility of falling unconscious</td>
<td>• Severe motor impairment&lt;br&gt;• Loss of consciousness&lt;br&gt;• Memory blackout</td>
</tr>
<tr>
<td>0.30–0.39</td>
<td>• Severe central nervous system depression&lt;br&gt;• Unconsciousness&lt;br&gt;• Possibility of death</td>
<td>• Bladder function&lt;br&gt;• Breathing&lt;br&gt;• Disequilibrium&lt;br&gt;• Heart rate</td>
</tr>
</tbody>
</table>
| 0.40–0.50 | • General lack of behaviour  
• Unconsciousness  
• Possibility of death | • Breathing  
• Heart rate  
• Positional Alcohol Nystagmus |
|---|---|---|
| >0.50 | • High risk of poisoning  
• Possibility of death |  

Appendix 4

List of interviews:

CEO-A, CEO of an academic institution, 08th October 2012, Cape Town, South Africa.

Manager A, general manager of a NGO, 31st August 2012, Cape Town, South Africa.

Manager B, general manager of a NGO, 14th September 2012, Cape Town, South Africa.

Manager C, general manager of a NPO, 21st September 2012, Cape Town, South Africa.

Manager D, manager of a NGO, 18th September 2012, Cape Town, South Africa.

Mr Sanele Gaqa, corporate affairs manager of SAB Newlands, 10th April 2013, Cape Town, South Africa.

Ms Mpho Mashenguete, former CSI co-ordinator of SAB for the Cape region, May 2011 Cape Town.

SAB representative A, staff member of SAB Newlands, 18th March 2013, Cape Town, South Africa.

UNASA representative A, official of UNASA, 30th August 2012, Cape Town, South Africa.
Appendix 5

Questions for the representatives from communities.

1- Mr/Ms.................................what is your understanding of the responsibility (or obligations) of companies in the communities where they operate?

-What do you expect from corporations in general and SAB in particular to consider them good actors in society (stakeholder)?

2- Are you aware of the eight MDGs? If yes which MDGs are more significant for your community?

- What are the main points that you need in order to alleviate poverty? What should giant companies like SAB do?

3- Is SAB active in your community, in what ways?

4- Is SAB meeting its responsibilities in your community? In other words, has SAB been socially active in your community? Has SAB’s CSI agendas had significant impacts on the socio-economic lives of people living in this community? If yes how?

5- Would you say that SAB’s activities in your community are adequate to improve your lives?

- SAB sells alcohol which when abused leads to many social ills. How is SAB dealing with issues related to alcohol abuse in your community, e.g.: crime, HIV, alcohol abuse, Foetal Alcohol Syndrome related issues in your community?

- Are these activities enough or would you like to see more activities and more regulations? If yes what kind of regulations should be taken against SAB? Why haven’t you raised that issue?
6- Do you think that SAB is using its CSI agenda to complement the negative effect of its products in society and avoid regulation?

7- Is SAB accountable to the community? Does it meet with community leaders? Have you ever had any discussions with SAB’s representatives on issues that are really important for the community?

8- Does SAB mainly focus on the voluntary aspect of its CSI agenda or it focuses on the obligatory part?

9- Given all what have been said, do you think that SAB care for your wellbeing?
Appendix 6

Questions for the representatives from the United Nations Association of South Africa (UNASA).

1- Do you think that South African public is aware of the MDGs?

2- Mr/Ms ................... do you think that concrete efforts are being made in the Western Cape in terms of the achievement of the MDGs? If yes By whom? In what way? If not, why not?

3- How can the MDGs serve as a normative framework to inform corporate obligations related to the socio-economic rights of communities in developing countries where controversial companies operate, with specific reference to the case of SAB in the Western Cape?

- Do you think that corporations consider their social activities as voluntary activities or as obligatory ones as envisaged by MDG no height and Corporate Citizenship?

4- Do you think that corporations generally are responding positively to the call of the MDG number 8 (which calls for a global partnership in the fight against the problems facing the poor)?

- Do you think corporations in developing countries or areas like SA/poor communities like Cape flat, Guguletu e.g., have different/more obligations in terms of MDGs and SD?

5- There exist so-called controversial companies, e.g. beer breweries are quite active in developing countries. How do you see their role in achieving the MDGs?
- Many corporations have social responsibility, framed as corporate citizenship agendas, in the form of charitable activities, such as: sport involvement, campaigns against HIV... Do you think that these activities meet the obligations of corporations in terms of the MDGs? (Are these activities enough?)

- Are these activities obligatory or voluntary for corporations? (Should they be... or how are corporations viewing them?)
Appendix 7

Questions for the representatives of South African Breweries (SAB) in the Western Cape

1- Big companies like SAB have a big impact on society; what do you think the role of a big company like SAB, is in relation to society?

-Mr/Ms..........................................................SAB employs the concept CSI. What is the companies understanding and intention with this concept?

2- The UN approved the MDGs in 2000 and one of the goals calls upon corporations to be partners in achieving these goals. Does SAB (Newlands) have an active CSI agenda? Does SAB link its CSI agenda to the achievement of the MDGs? If yes in what way?

3- Do you think that SAB (Newlands) has an obligation towards the community to engage in these CSI activities? Is this a must or only voluntary?

4- Mr/Ms......................Companies’ production processes may impact on the environment of communities. Do you include prevention of harmful effects like this as part of the CSI agenda? Is CSI only restricted to improving and empowering communities through certain CSI events, like sports days, or does it include consideration of possible harmful effects of their product/production process on the community? e.g...

5- Mr/Ms......................the Western Cape is recognized as the region with the highest level of problem related to alcohol abuse (even though the wine industry is also concerned) and other issues such as Foetal Alcohol Syndrome...

- What is SAB Newlands approach to those crucial problems (since its products are recognized as having a negative impact on society)?
- What is your take on the argument given by many saying that SAB uses its corporate citizenship agenda to complement the negative impact of its activities in society and avoid regulation?

6- Usually in academia the role of corporations in society is framed as Corporate Citizenship. So how can SAB be seen as a citizen?

- Given the comment of the CEO of NEDBANK on the inefficiency of the South African government, do you think that corporations must play a more active role in administering the socio-economic and political rights of citizens in the communities where they operate?

7- Mr/Ms................is the notion of CSI an adequate vehicle, in theory and in practice, for SAB Newlands to realize corporate obligations with respect to the socio-economic rights of citizens as envisaged by the MDG number 8?

- Mr/Ms...................................................what is your take on the assumption that: The fact that corporations frame CSI/their social responsibility as charitable activities rather than obligatory reduces the effectiveness of corporate citizenship agendas to realise the perceived role that the private sector should play in relation to socio-economic rights of the communities in which they operate as proposed by the MDGs. In other words.....

8- Are there any CSI challenges that SAB have not dealt with, e.g. in terms of sustainable development or poverty alleviation?

- Do you think that SAB is doing enough for its stakeholders and the community where it operates, in terms of the achievement of sustainable development and the achievement of the MDGs?

9- We also know that some government officials as well as some civil society groups have been acting against alcohol companies, asking for example, for a law to raise the age limit for alcohol consumption and the interdiction of the publicity of alcohol products.
- What is SAB Newlands’ position in respect to those allegations and regulations being taken against alcohol companies?

- And what are the measures taken by SAB to ensure its survival in that environment?