Making Business Sustainable: Corporate Social Responsibility in South Africa

A research on the promotion of CSR in South African business life by the Royal Embassy of the Netherlands. Final Version.

This report elaborates on the question how South African Corporate Social Responsibility could be supported by the Embassy of the Netherlands. The goal is to find support for sustainable CSR while making use of the Dutch CSR approach. The aim is to be mutually beneficial for both South African and Dutch companies that operate in South Africa.

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"You can never have an impact on society if you have not the power to change yourself."

-Nelson Mandela

Summary

This chapter summarizes the most important findings and recommendations originating from the research after supporting Corporate Social Responsibility while making use of the Dutch background, as conducted by the Embassy of the Netherlands in Pretoria.

Findings

When looking at the Netherlands and South Africa, it is visible that both countries increasingly regard CSR as being important. Both countries have developed and updated CSR-related policies several times during the last decade. There are differences in the focus points, but transparency and corporate accountability are, just as sustainable development, underlined by both nations. Both countries refer to the GRI as guidelines for transparent reporting. Sustainability is encouraged in South Africa through Socio-Economic Development: investing in historically disadvantaged South Africans in order to create their sustainable access to the economy. The Dutch put more emphasis on embedding CSR in the business core to obtain sustainability.

When taking a closer look on CSR, multiple differences between both countries show up. The position of the government for instance: the Dutch government fulfills a supportive role, whereas the South African government regulates the usage of CSR to a large extend. Differences are also visible when looking at the aim of the policies (international-domestic) and the institutional contexts (public-private cooperation vs. cooperation in the private sector). Where the Dutch CSR-practices fit the 'European' way of conducting CSR (*people, profit* and *planet*, combined with a multi-stakeholder dialogue), South Africa is more similar to the 'American' way (CSR is characterized by philanthropy and corporate branding).

The most important added values that the Embassy and Dutch corporations have are sustainable trade development, environmental expertise, knowledge sharing and pragmatic policy development. Dutch companies that operate in South Africa should be aware of the fact that they are often regarded as being front runners for CSR. They should pay specific attention to sustainability in their CSR practices instead of making 'easy' philanthropic investments in third-party projects. Also, attention should be paid to the workforce and the working environment.

Recommendations

The first recommendation for the Embassy is the erection of a CSR discussion forum. The forum should embrace an open character in order to make it easy approachable. Specific focus should be put on promoting the sustainable character of CSR practices. Further, the forum should aim at the promotion of a clarified and integrated CSR strategy that is different from philanthropy. The second recommendation regards pragmatism in CSR approaches. To increase the effect of CSR-related policies and legislation in South Africa, the Embassy might use Dutch policy experts to support local South African governments with adding a stronger pragmatic approach in CSR-related policies. Also, attention should be paid to effectively linking BBBEE and CSR agendas, for these concepts are often used separate from each other instead of integrated. Finally, the Embassy should encourage the government to create more collaboration between public and private sectors. Companies often fill in the governmental capacity gaps, but only little monitoring and alignment between both sectors is visible.

Dutch companies are requested to actively practice CSR strategies. It is recommended to aim for an integrated approach near the core of the business instead of making third-party investments. Companies should comply to all minimum CSR-requirements and are encouraged to take steps beyond these requirements. Important focus points are SED-projects, the workforce and working conditions and formal business processes such as transparent reporting, CSR down the supply chain or prevention of corruption. Also, investments in the poorer rural areas are requested, for the impact of companies on these regions tends to be high. Finally, companies are encouraged to participate in knowledge sharing initiatives and CSR discussion platforms.

Preface

This report covers the research that I have performed at the Royal Embassy of the Netherlands in Pretoria, South Africa. At the same time it forms the final thesis for the Bachelor degree of the Bachelor Public Administration, which is given by the School of Management & Governance of the University of Twente, the Netherlands.

First of all, I would like to thank my supervisor Deidre Batchelor for giving me a lot of support, useful tips, important contacts and guidance during the period of my research. Also, I would like to thank the head of the Socio-economical department of the embassy, Sandra Pellegrom, for providing me with the assignment and giving me the opportunity to do my research at the embassy.

Next, I would like to mention dr. Theo de Bruijn, senior researcher at the Twente Center for Studies in Technology and Sustainable Development, for his guidance during (and after) the period of my research in South Africa. He spent a lot of time and effort in order to help me with determining the specific focus of my research. He also provided me with a lot of helpful suggestions and ideas which greatly contributed to the quality of my research. Finally I would like to thank mr. dr. Caroline Raat for her support during the start of the research: the research proposal and the initial research design.

Although this research has sometimes been challenging for me (it was the first time I was working all on my own on a research in a foreign environment), I really enjoyed working on it. It was interesting to put the theory that I have learned over the past few years into practice. Some additional skills that I have developed are expressing myself in English, increasing my interviewing skills and working in a diplomatic environment.

During the different summits, meetings and receptions I have met a lot of interesting people and companies that often provided me with necessary information on the subject of Corporate Social Responsibility. I regard it as being a privilege to have been able to work together with representatives from all of these companies, NGOs and governments. The relative simplicity of getting the interviews gave me trust in the importance of the subject. I felt that most interviewees were honestly interested in the subject and did the best they could to provide me with necessary information.

Regarding the contents of this research itself: the report covers my approach towards an efficient and effective approach on the theme of CSR in South Africa for the Embassy of the Netherlands. The research design is based on a ex-ante literature review on the Dutch international CSR policies and the South African legislation and policies regarding this topic.

The verification of the literature research and the gathering of additional relevant information on CSR in South Africa is done by conducting interviews with organizations originating from different sectors of business life, NGOs and government in South Africa. Using this approach, a combined perspective of science, business and government is obtained. In the recommendations section, my results are presented in a pragmatic way to make sure that the results can be implemented without further research needed by Dutch companies in South Africa and the Embassy of the Netherlands.

Jelle Postma

Pretoria,13-12-2010

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1 Introduction

The Royal Embassy of the Netherlands is located in Pretoria, the capital of South Africa. The Embassy represents the different departments of the Dutch government and provides support for Dutch nationals in South Africa. Also, the Embassy can emit Dutch visa to foreigners. The Embassy consists of numerous departments. Amongst them are the departments of politics, development cooperation, trade and economy, agriculture and environment, press and culture, sports and development, defense, economical and social affairs and the consulate. The head of the Embassy is H.E. Rob de Vos, Embassador of the Netherlands in South Africa.

The assignment

This research has been conducted for the department of social and economical affairs. The department decided to execute a research after the support for CSR in South Africa and has initially provided me with the following assignment:

"The Embassy plans to initiate some activities in the field of Corporate Social Responsibility toward the end of 2010. The assignment would be to investigate how the Embassy could locally implement the global CSR policy that has been issued by the Dutch government. The intern would be requested to look at the policies and compare them to relevant South African policies, identify where the Dutch added value in this field could be, to map out interesting players (from South African and Dutch side – not just companies but also NGOs, academic organizations and government) who work in South Africa and to propose activities the Embassy could undertake to promote discussion of CSR and exchange of knowledge and experience that is mutually beneficial to South African and Dutch Parties."

Drivers

Drivers for the execution of a research on CSR are the assumption that CSR has an important role to play in economic improvements of South Africa which currently battles with huge poverty and unemployment rates of over 25%. The Embassy sees clearly that different strategies and philosophies between South Africa and the Netherlands on CSR exist and wants to make use of the possible added value of the Dutch approaches. Last, the Embassy has contact with NGOs that need funding and businesses that have money available for CSR. The Embassy sees an opportunity to bring these parties together.

1.1 Definition of the research questions

As discussed in the preface and introduction, the main goal of the research is the formulation of a plan that will help the Dutch Embassy to increase the usage of CSR in an efficient way in South African business life, while making use of the Dutch approach towards CSR. The research questions that are formulated are not aimed at generalized knowledge, but at solving a specific problem.

1.1.1 General research question

The main problem is transformed into an applied general research question. Applied questions use concepts, methods and theories for specific instances. There are different kinds of applied questions: in this research made use of an applied design question. This kind of question is about getting information from existing literature, do a field research and come up with a design in order to solve the problem.

The general applied design question that is to be answered in this research is the following one:

- **General research question:** *"In what way can the Dutch Embassy in South Africa effectively support the usage of CSR in South African business life while making use of the Dutch CSR background?"*

1.1.2   Specific research questions

In order to answer the general question, I made use of several specific questions. These questions are more specific and detailed than the general one.[1] The main research question requires several specific questions that need to be addressed to first:

The concept of CSR has to be clarified so it is clear what CSR implies in different approaches and how it works in order to draw conclusions from this concept.[2]
The first proposed specific conceptual question is the following one:

- **Specific research question 1:** *"What does the concept of Corporate Social Responsibility imply, how is it worked with and how is it influenced by the institutional context?"*

After getting the concept clarified, the policies that are involved in both countries are explored. This is done by using descriptive specific questions. This kind of question helps with making an empirical approach on the present situation. In order to make the promotion of the Dutch policy as effective as possible, an evaluation of the most important policies must be executed. The second specific question aims at the Dutch approach towards CSR:

- **Specific research question 2:** *"What are the different international CSR-related institutions of the Netherlands and what are their focuses?"*

Because the ex-ante evaluation of the policies in South Africa will probably not give an objective view on the present situation in South Africa, in-depth research was needed and included when analyzing CSR in South Africa. Therefore, interviews have been held with relevant players (scientific, business and governmental institutions). I tried to learn their beliefs and wishes, as well as the CSR-activities that are currently undertaken in South Africa.

- **Specific research question 3:** *"What are the different CSR-related institutions of South Africa, what are their focuses and what is the influence of the institutional context on CSR practices?"*

After having obtained an idea of the Dutch policies on the one hand and the South African playing field regarding CSR on the other, a comparison is made.

- **Specific research question 4:** *"What are the similarities and differences between the South African and Dutch approaches towards CSR and what can be the Dutch added value for South Africa?"*

The last specific question is about the activities that can be undertaken by the Embassy. It points out in which way the Dutch policies can be embedded in South African business life, what promotional activities are requested by the interviewees and an effective approach towards the promotion of CSR by the Embassy. Hence, the specific question that addresses the recommendations will be the following one:

- **Practical research question 5:** *"Which promotional activities regarding CSR in South African and Dutch companies can be proposed by the Embassy while taking the relevant policies and wishes of the companies into account?"*

1.2   Relevance of the research

In this section I address the social relevance of this research and the ethical issues that I have taken into account while interviewing and reporting.

1.2.1   Social relevance

My view on Corporate Social Responsibility, or public awareness and participation of profit-driven organizations, is that it is an increasingly important factor in corporate decision making. Besides the advantages it brings for the corporations, I regard it as being valuable for employees

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[1] (Punch, Developing Effective Research Proposals, 2006, p. 22)
[2] (Babbie, 2004, p. 109)

of the company itself, the environment as well as the broader concept of society. Practices of CSR often increase living standards of people in surroundings of the organization. i.e. higher wages for labor, the support of humane living circumstances, the provision of medical and social help and environmental care.

1.2.2 Scientific relevance

Many large multinational organizations have their own CSR-policies. The Dutch government thinks that the use of CSR in countries all over the world should be increased. From a scientific point of view, it is interesting to investigate what differences in CSR-awareness and approaches differ from country to country. This research might have practical implications for Dutch embassies in other countries. By giving help and support to organizations that agree to implement CSR-policies in their business strategies, the Dutch try to increase the international understanding of CSR on a global scale.[3]

The Dutch embassy in Pretoria has decided to put international Dutch CSR-policies and practices into practice in South Africa. This research is in my opinion of grave importance for the stakeholders of South African organizations. With the conclusions of the research, steps can be made to put the CSR-approaches into practice in day-to-day business life in South Africa. I truly hope that the plan that I provide the Embassy with shall be used, and that the changes it will cause will be beneficial for the Dutch and South African involved companies and NGOs as well as South African employees and citizens.

1.2.3 Ethics

CSR is a subject that has to do with people. Not only the implications of CSR affect people, but most information gathered for this research (except for the literature review) has been obtained by interviewing people. Because the interviewees were originated from different levels of organizations, the interviewing techniques sometimes had to be adjusted in order to fit the interviewee.

Another implication of the differences between the interviewees is the accuracy and legitimacy of the information that has been provided by them.[4] It might be possible that when interviewing an employee who is working at the bottom of the organization, this person will not provide me with accurate information because of the fear for punishment by the corporate management. I tried to counter this problem by guaranteeing the confidentiality or anonymity of the interviewee. I have asked all interviewees whether they would appreciate one of these options. I tried to keep a certain level of distance between the interviewee and myself, to counter the problem of socially acceptable answers to please me as a representative of the Embassy.[5]

It might also be possible that, when interviewing employees from the upper management, the interviewee might give false or incomplete information in order to profile their organization in a better way than it actually is (socially acceptable information).[6] I have taken this into account and solved these issues by asking for examples and official facts and figures. Also, I have often checked annual reporting on CSR of a company before doing the interview. Unfortunately, not all companies had made their reporting available for the public.

Other ethical standards are scientific requirements (using proper scientific analysis methods, referring correctly, using controllable references etc) and the quality and spelling of the English language. To improve my English, I participated in an English language course at the University of Twente, where I obtained my CEF C1-level on academic writing and speaking.

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[3] (CSR the Netherlands, 2009, p. 5)
[4] (Dijkstra & Smit, 2005, p. 17)
[5] (Dijkstra & Smit, 2005, p. 129)
[6] (Dijkstra & Smit, 2005, p. 125)

2 Conceptualization of Corporate Social Responsibility

This chapter elaborates on the general concept of CSR. It starts with an introduction to the concept and will briefly describe a selection of theoretical approaches towards CSR. Afterwards, a working definition is chosen and the advantages and relevance of CSR are briefly discussed. Then, performance, measurement and reporting are introduced as well as institutional influences. This chapter concludes with answering the first specific research question.

2.1 Introduction to the concept of CSR

In order to give a complete analysis on the usage of CSR in the Netherlands and South Africa, the concept of CSR in general must be explored first. The broad development of ideas behind CSR is discussed in many scientific and business articles and has been studied on for decades. The most important approaches are summarized by Moir (2001):

- *Historical development of business*: during the post-WW II re-examination of the relationship between business, society and government, business fulfills the primary role to produce goods and service the needs of the society. However, there is inter-dependence between business and society.[7]
- *Neo-classical*: the only social responsibilities of firms should take depends on the economic perspective of the firm itself: maximizing shareholder value.[8]
- *Behavioral theoretical*: CSR-related activities and programs are influenced by political aspects and non-economical drivers. Also, personal perceptions and motivations of management actors have an influence on the activities that are executed.[9]
- *Business self-interest*: businesses benefit themselves from using CSR, because CSR tends to cause an increase of employee loyalty and retention. This approach is often identified in current business practices. A majority of companies share the common goal of '*long-term business sustainability*'.

The question that arises when taking a look at the different approaches is to what extent companies have the tendency to use self-interest and profit mixed with moral or ethical imperatives as drivers for CSR. This question is evident in current attempts to address to the nature of CSR in general.[10]

2.2 Working with CSR

It is not easy to define CSR in an accurate and objective way, because stakeholders regard the concept each from their own point of view. Baker states that a sustainable approach towards CSR is often present in European business life. This 'European' approach aims, in contrary to the more philanthropic model of the USA, at sustainable operations in the core of the business combined with community investment and a two-way stakeholder dialogue (see section 2.3).[11]

The definition as made by the European Commission in the Green Paper on CSR will be used in this research as a way to define CSR: *"CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".*[12]

From this definition, the conclusion can be drawn that CSR is functioning as a voluntary intermediating factor between business and society. CSR goes beyond compliance to regulation: it is about making investments in the leadership of the private sector in order to support the

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[7] (Cannon, 1992, p. 33)
[8] (Friedman, 1962, p. 133)
[9] (Moir, 2001, p. 3)
[10] (Moir, 2001, p. 4)
[11] (Baker, 2010)
[12] (European Commission, 2001)

creation of a 'better' society. The definition shows a combination of the historical development- and the business self-interest approach. This combination of theories imposes practices of CSR around stakeholder analysis and engagement as well as communication with stakeholder groups. Thus, a multi-stakeholder analysis would be in place instead of only a focus on the profitability of companies or the ethical aspects and drivers of the shareholders.

When taking the sustainability of CSR further into account, a triple bottom line comes into play that focuses on three sectors: *People, Profit, and Planet* (social, economic and environmental sectors). This bottom line is first described by Elkinton (1994). Advocates of the '*ppp'*-bottom line argue that viability of organizations is dependent on sustaining profitability over all three dimensions. The only way to observe profitability on these sectors is to measure, report and asses these sectors on a regular basis.[13] On the reporting of CSR is further elaborated in section 2.2.3 of this report.

2.2.1 Advantages and relevance of CSR

A memo on the advantages for companies and the current relevance of the usage of CSR in terms of the EC-definition has been provided by the European Commission. A selection of business advantages has been described:[14]

- Direct benefit to the profitability of the company: productivity and product quality increase due to training, well-being in the workplace and work-life balances.
- Benefit to company image and reputation: corporate citizens' image improves because of the visible corporate behavior (an underlying assumption is that customers like responsible behavior).
- Act out the corporate values through CSR: CSR and ethics are closely linked. Company ethics can become more prominently visible when carried out through CSR practices.

The European Commission pays also attention to the current relevance of CSR. It underlines the role of corporate responsibility in the long term. Although the budgets might have been frozen or even decreased because of the economical crisis, companies are requested to keep long term sustainability into account. Overall, considerations of social needs in the short term and competitiveness over the long term should persuade companies to invest in their CSR strategies, especially during the recent economical downturn.[15]

2.2.2 CSR performance and measurement

The performance of CSR in the light of CSR as a stakeholder theory is obvious when making use of the 'Corporate Social Performance'-model. Wood (1991) created a model that builds upon CSR and corporate social responsiveness issues in order to be able to make measurement possible. The framework is built around the behavioral-theoretical and business self-interest approaches.
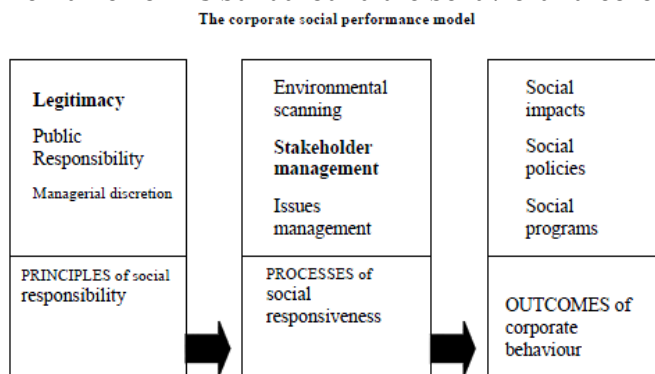

Figure 2.2.1: Wood's Corporate Social Performance model. [16]

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[13] (Brown, Dillard, & Marshall, 2006, pp. 5-6)
[14] (European Commission, 2009, p. 1)
[15] (European Commission, 2009, p. 3)
[16] (Wood, 1991)

The drivers for social behavior in businesses in the CSP-model are the following ones:[17]
- Activities are related to primary or secondary business activities and generate business returns when executed.
- Corporate philanthropy is included in the business. This applies especially to companies that are based in the USA and GGC (due to religious reasons) and applies less to European companies.[18] [19]
- The business tries to have influence on stakeholders.

The model that has been developed by Wood is a normative one that frameworks the assessment of the social performance of corporations. It is assumed that the social behavior of companies partly originates from the self-interest of these firms. However, the model does not measure the outcome of the social performance. CSR Europe argues that the performance of companies on CSR can be measured using an analysis of **input, output, outcome** and **process indicators**. The indicators are compared with suggested impact indicators for CSR-related activities.[20]

2.2.3 Reporting on CSR

As mentioned before, reporting is a very important aspect of CSR in order to benchmark organizational performance regarding legislation, norms, codes, and voluntary initiatives. Reporting demonstrates the organizational commitment to sustainable development and highlights the development of corporate performance on CSR over time. The Global Reporting initiative (GRI) developed the world's most often used sustainability reporting framework. The importance of transparent reporting is comparable to the standard financial reporting, according to the GRI. The GRI provides companies with specific sector supplements and national annexes in order to help companies to report on the right issues and in the right way.[21]

The goal of sustainable development is to "*meet the needs of the present without the ability of future generations to meet their own needs*".[22] According to the GRI, organizations in societies around the world have the role of supporting this aim for sustainability. Developments in knowledge and technology tend not only to increase economic development, but also have the potential to support sustainability of social relations and the environment.

Transparency is an important keyword when looking at sustainable CSR reporting and is in the interest of diverse stakeholders such as surrounding communities, NGOs, investors and governments. The GRI guidelines help companies to report from a multi-stakeholder perspective in a transparent way on sustainable development. Transparency is needed to have means to check, monitor and compare data.

Contents of GRI Reporting: The GRI reporting framework and its guidelines include environment, economy, human rights, labor practices, product responsibility and the corporate role towards society.[23] To qualify the way that reporting is done, multiple guidelines should be taken into account by companies. Balanced, comparable, accurate, timeless, clear and reliable reporting should be strived for by organizations that make use of the GRI reporting framework. The standard disclosures of each report are indicators of performance on finance, environment, social aspects and business. Also, the management approach towards people, profit and planet is expected to be included in the reports. Finally, the strategy and the profile of the company towards sustainable development and CSR is required. This includes the impacts of the organization as well as governance strategies and an analysis on stakeholder involvement.

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[17] (Moir, 2001, p. 14)
[18] (Maignan & Ralston, 33)
[19] (Rossouw D. , 2010)
[20] (CSR Europe, 2000)
[21] (Global Reporting Initiative, 2010)
[22] (Global Reporting Initiative, 2010, p. 2)
[23] (Global Reporting Initiative, 2010, p. 7)

2.3 The institutional influence on CSR

When it comes down to the practice of CSR in different continents around the world, a distinction can be made in terms of different focuses and approaches towards the concept. Welford (2004) made an assessment on CSR elements and a comparison between regions among 15 countries in Europe, North America and Asia. Unfortunately, there is no similar research available that also includes the African continent. The results of the comparison of internal aspects between the regions are shown in the graph underneath:

INTERNAL ASPECTS OF CSR (PERCENTAGE SAYING THAT THEY HAD A WRITTEN POLICY IN THE AREA STATED)
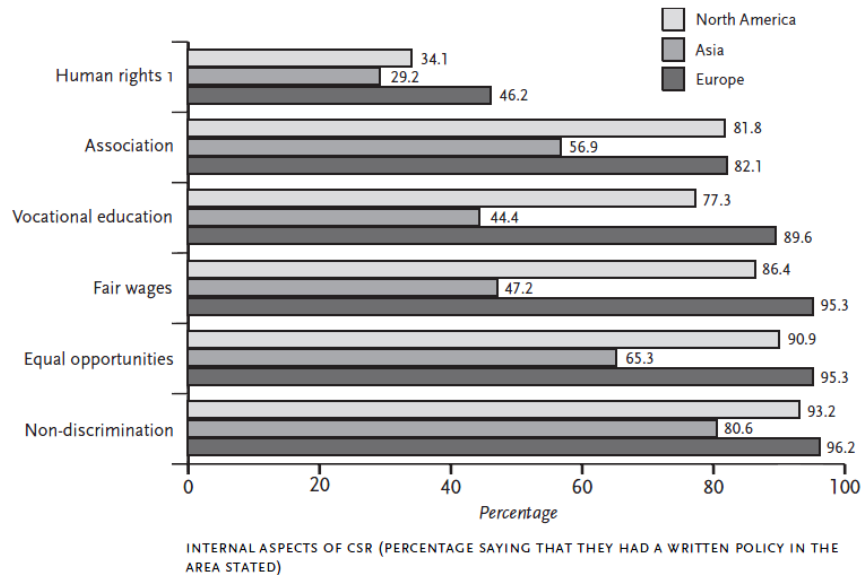
Figure 2.3.1 Internal regional differences in terms of CSR issues. [24]

Conclusions on the Figure 2.3.1 can be drawn as following: there are fewer policies to be found in Asia regarding each and every one of the analyzed elements. Especially the working hours, overtime and wage structures are less than in the USA and Europe. Also, the Asian companies perform worse in terms of guaranteeing freedom of association, staff development and protection on human rights compared to the other two continents.

EXTERNAL ASPECTS OF CSR (PERCENTAGE SAYING THAT THEY HAD A WRITTEN POLICY IN THE AREA STATED)
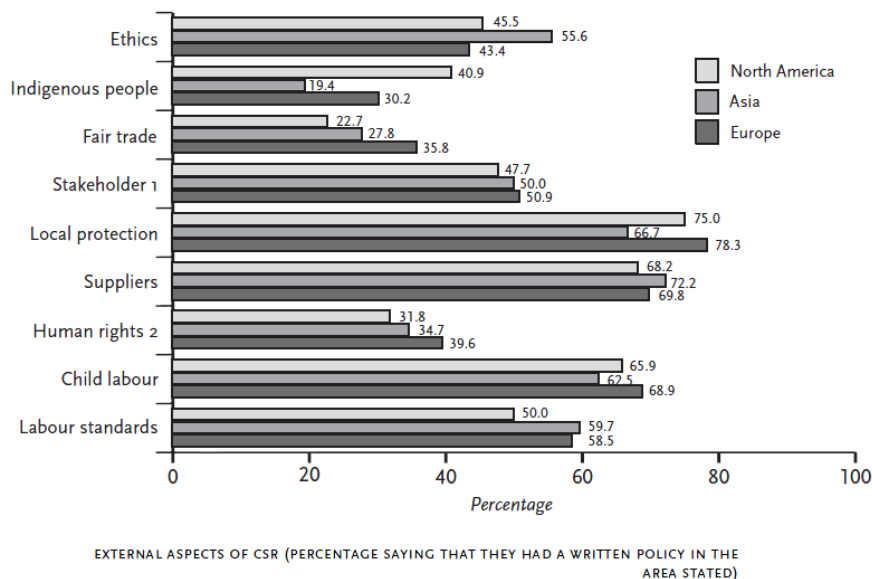
Figure 2.3.2 External regional differences in terms of CSR issues [25]

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[24] (Welford, 2005, p. 40)
[25] (Welford, 2005, p. 40)

When looking at Figure 2.3.2 on external aspects of CSR in companies, the contrast that was visible when looking at the internal aspects is not present in the external aspects. However, when it comes down to the examination of the social accountability and corporate citizenship, the Asian companies perform inferior when compared to the European and North American ones. Philanthropy regarding third party CSR-related activities and sustainable development initiatives are much higher in the USA than in Europe and Asia. Reporting is done best in Europe: 60% of the companies have policies in this area. This level is lower in the USA and Asia. The two-way stakeholder dialogue is increasingly important among European firms. Asia focuses most on ethics, suppliers and labor standards.

The differences between these regions can be used to define the institutional context of the Netherlands and South Africa. The information that is obtained in the interviews will be linked to the regional profiles of Asia, Europe and the USA to find out what the institutional context of the used CSR is. However, it must be mentioned that the external validity of Welford's research might be low because of the small size of the drawn sample.

Concluding, it seems that organizations respond to issues that are important in their own country and context. In general, it is concluded that CSR is closely linked to economical development. It can be stated that the more a country is economically developed, the higher the level of CSR-related policies in its companies is expected to be. There are also links to culture: CSR policies are more common in countries with a social democratic tradition than in other countries.[26]

2.4 Conclusion

Specific research question 1: *"What does the concept of Corporate Social Responsibility imply, how is it worked with and how is it influenced by the institutional context?"*

The concept of CSR is hard to define, because different stakeholders have different approaches towards it. The definition as presented by the European Commission is used as the working definition for this research. The approach consists of the integrated social and environmental concerns of companies in their interaction with stakeholders on a voluntary basis. An underlying theory that is often applicable towards CSR is the multi-stakeholder analysis. This is embraced in the corporate social performance-model, which analyzes the influence of companies on their stakeholders.

It is concluded that, in order to work with CSR, a triple bottom line (*people, profit* and *planet*) must be embraced. In order to be sustainable, companies must have balanced scores on each of the tree pillars. CSR analysis can be conducted by comparing measured scores on the pillars and with the scores of other years and/or organizations. To create good measurability, transparent reporting is necessary. Guidelines for sustainability through reporting are provided by the Global Reporting Initiative. Most important drivers for companies to participate in CSR strategies are direct profits, company branding and the presentation of corporate social values.

Regarding the influence of the institutional context, it is concluded that there are certain differences in terms of CSR activities and drivers on a global level. An institutional analysis is presented by Welford. Welford shows that CSR approaches and practices in Europe and the USA scores on average higher than in their counterparts in Asia. When comparing the USA to Europe, we generally see that the USA uses a model with more focus on philanthropy, whereas European companies generally aim more at sustainable operations in the core of the business combined with community investment and stakeholder dialogue.

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[26] (Welford, 2005, p. 52)

3 Analysis of the Dutch approach

This chapter elaborates on the Dutch international approach towards CSR. It starts with the Dutch history of CSR, the visions which determined this very report and the current vision of the new Dutch cabinet. Also, the most important international CSR guidelines are discussed as well as the institutional context of CSR in the Netherlands. Finally, the second specific research question is answered.

3.1 CSR in the Netherlands

The Dutch government started using CSR as an autonomous concept in March 2001 by embedding it in the cabinet notion '*Maatschappelijk Verantwoord Ondernemen: het perspectief van de overheid'.* The 2001 cabinet based their approach on the report '*De winst van waarden'* as written by the Dutch Socio-Economical Council that advises the Dutch parliament and cabinet on socio-economical affairs. The 2001 cabinet decided to create an '*ambitious and concrete focus on stimulation and facilitation of CSR in the Netherlands*'.[27] Based on this vision, the Embassy decided to conduct a research on the applicability of this Dutch vision to South Africa.

3.1.1 Cabinets vision 2008-2011

The succeeding cabinets up until 2006 have continued this governmental approach that was based on the SEC-report. In 2006, an evaluation of the approach has been conducted. This evaluation draws conclusions regarding the following topics:

- **The importance of CSR**: CSR is not only important for governments on a national level, but also for citizens and companies on both a national and an international level. Entrepreneurship in the 21st century is regarded as '*operating in a context where national boarders are decreasingly important*'. The Dutch government worked together with international organizations on CSR-related topics (WTO, UN, OECD, Kyoto and the EU).[28]
- **The actuality and efforts of Dutch companies regarding CSR**: it is concluded that the importance of CSR on both national and international levels has increased over the period 2001-2006. The G8 and the European parliament drew conclusions that underlined this importance. It is mentioned that a shift has taken place from a defensive characterization ('how to make sure the corporate reputation does not decrease?') into a positive one ('how can we improve the quality of the corporation and how can we support the market demands?'). Research proves that entrepreneurship that is characterized by CSR is up to 15% more sustainable than non-CSR entrepreneurship. Especially the Dutch corporations that operate on an international level are often seen as important players in the CSR field. However, only one third of the Dutch SMEs (that play a key role to make CSR successful and sustainable) were directly implementing CSR activities in their business in 2006.[29]
- **Pragmatic approach towards CSR, the governmental way of supporting CSR:** the pragmatic approach of the 2008 cabinet embraced the keywords '*inspiration, innovation and integration*'. The practical implementation was unfortunately not optimal. Pragmatic CSR leads to innovation: within businesses innovation takes place while making use of CSR. Innovation rewards companies because relations with clients, employees and investors tend to increase while using CSR. Finally, CSR should be a part of the core business of companies, not just a side-project. Therefore, the integration of CSR in the core of the business should take place, both within companies and within the supply chain.[30]
- **The model role of the Dutch government:** the cabinets vision 2008-2011 determines focus points for the Dutch government. These points are increasing knowledge on CSR amongst companies, improve transparency and reporting on CSR, pay specific attention to front runners, linking innovation to CSR, increasing international CSR diplomacy and the start of increasing CSR throughout the international supply chain.

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[27] (Dutch Cabinet, 2007, p. 1)
[28] (Dutch Cabinet, 2007, p. 3)
[29] (Dutch Cabinet, 2007, p. 6)
[30] (Dutch Cabinet, 2007, p. 9)

3.1.2 Present political approach towards CSR

Up until 2009, the department of Economic Affairs was responsible for the CSR on both the national and the international level. On October 14, 2010, the new Dutch cabinet (VVD-CDA) has been installed. From this date on, the new ministry of Economic Affairs, Agriculture and Innovation is in charge of both international entrepreneurship and corporate social responsibility. It should be noted that the minister no longer is responsible for CSR himself.[31]

The coalition agreement of the CDA and VVD underlines the importance of CSR: "*entrepreneurs show attention towards people, profit and planet. Amongst others, CSR is about the interests of all stakeholders, including shareholders, in order to create continuity and sustainability for both the environment, the consumers and the product.*"[32] Other implications of the coalition agreement are the new focus on development aid which is addressing business life in both the Netherlands and foreign countries. Minister Knapen of European Affairs & Development Aid stated that the focus of development aid should be put on sectors where the Dutch have an added value. Two focus sectors are pointed out: agriculture and water. Further, emphasis is put on sustainable trade.[33]

According to the new ministry of EAA&I, the role of the government should decrease and individual entrepreneurs should become increasingly in charge of CSR. Therefore, no general policies will be developed by the ministry. The ministry puts emphasis on the gathering of companies with common interests in order to increase and spread CSR-knowledge.[34] The chamber of commerce supports choices made by the new cabinet and underlines the importance of the Dutch image abroad, since 75% of the Dutch domestic turnover is generated abroad.[35]

3.1.3 Important Dutch CSR organizations

Within the Netherlands, several institutions support the government with increasing the knowledge and implementation of CSR in business life. Two organizations that are pointed out by the ministry of EAA&I and CSR expert Scherpenzeel as being important in the CSR field are the Dutch Social Economic Council (SEC) and the CSR-foundation '*CSR Netherlands'*.[36] [37]

The SEC was the writer of the first report on CSR ('*De winst van waarden')* that has been adapted by the Dutch government in 2001. The report contained an advice regarding CSR for the state secretary of Economic Affairs. In a nutshell the report addressed, among others, the plurality of CSR, defined characteristics of CSR ('*ppp'* and the multi-stakeholder perspective), value creation, stakeholder management, shifting society, the roles of NGOs and governments and international guidelines for CSR, formulated by the Organization for Economic Cooperation Development (OECD).[38] The 2001 cabinets vision was based on the recommendations of this SEC report.

CSR Netherlands is the Dutch national knowledge and networking organization for CSR. The focus of CSR Netherlands lies on '*ppp'* within business processes and entrepreneurial decision making. The foundation was erected in 2004 by the ministry of Economic Affairs in collaboration with Dutch business partners. The program council consists of players from business life, knowledge institutions, NGOs and government and it advices, monitors and guides companies that (start to) implement CSR in their business strategies. For international practices of CSR, CSR Netherlands recommends using the guidelines and recommendations as presented in the 2010

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[31] (Dutch Cabinet 2010, 2010)

[32] (Dutch Cabinet 2010, 2010)

[33] (Nu.nl, 2010)

[34] (Ministerie van Econonomische Zaken, Landbouw en Innovatie, 2010)

[35] (Kamer van Koophandel, 2010)

[36] (Scherpenzeel, 2010)

[37] The former ministry of VROM (responsible for housing, planning and environment) was also an active player in the field of CSR. The focus of this ministry was put on the environmental aspect of CSR: '*Planet'.*

[38] (Sociaal-Economische Raad, 2000)

'*CSR Passport*'.[39] The international partner of CSR Netherlands is 'CSR Europe'. This organization is the leading European business network for CSR with around 70 multinational corporations as its members. Attempts to increase CSR in Europe can be found in the milestone initiative '*Enterprise 2020*' and the '*CSR Toolbox*'. [40]

3.1.4   The Dutch international approach

A 2008 report of the SEC is focused on the sustainable globalization and is called '*Declaration: international corporate social responsibility'.* The SEC recommended the Dutch government to increase stimulation and facilitation of CSR on all levels. The first new international focus is '*chain management'*: in a globalizing world, companies should voluntarily commit to have a positive influence on the social and environmental policies of their suppliers. The closer the contact with the suppliers, the more monitoring should be done down the supply chain. Because of the very specific requirements and situations, no general policies have been developed.

The second focus is the normative framework for international CSR aspects. The international CSR aspects are the ILO declaration on the fundamental principles and rights for work (1998) (regarding the right of negotiation and association, banning child labor, forced labor and discrimination).[41] The ILO declaration for multinational corporations and social policies are also underlined: it includes recommendations for labor, training and working circumstances.[42] Finally and most important for international CSR are the OECD guidelines for multinational corporations, that are highly recommended by both the SEC and CSR Netherlands.[43] [44]

3.1.5   Recommended guidelines for CSR

The institutions and interviewees that are involved in the Dutch CSR sector share common recommendations in terms of which guidelines to use in order to create 'good' international CSR. The OECD guidelines consist of voluntary CSR-supporting and sustainable guidelines for reporting, work availability, labor relations, environment, corruption, consumer interest, science and technology and competition. Second, the Human Rights Compliance Assessment Tools (HRCAT) are important for Dutch companies that operate abroad.[45] These recommendations for international CSR explain how governments expect corporate behavior. The Netherlands National Contact Point helps with practical implementation of these guidelines.

The nature of HRCAT is voluntary, but monitoring is done on the NCP if members to make sure that there is no window dressing.[46] Last, CSR Netherlands, the SEC and the OECD all recommend the usage of the ISO 26000 tool that organizations can incorporate as guidelines to develop their CSR practices, which is developed as a guideline for self declaration of CSR involvement by companies and cannot be used as a certification for good CSR practices.

3.2   Focus points of the Dutch policies

CSR Netherlands has developed a booklet that summarizes the guidelines for Dutch companies that operate in an international environment, called '*The CSR Passport*'. This passport is a practical CSR guideline for companies that elaborates on the expectations of the Dutch government and summarizes the focus points of the Dutch approach towards CSR. Emphasis is put on OECD and human rights. Other topics that are regarded as being relevant by the Dutch government are supply chain social responsibility, stakeholder involvement, human rights

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[39] (MVO Nederland)
[40] (CSR Europe, 2010)
[41] (Social Economical Council, 2008, p. 11)
[42] (Social Economical Council, 2008, pp. 15-21)
[43] (Social Economical Council, 2008, pp. 37-41)
[44] (Sociaal Economische Raad, 2001, pp. 74-78)
[45] (Social Economical Council, 2008, p. 7)
[46] (Organization for Economic Cooperation Development, 2010)

(protection, respect and remedy, child labor, gender) as described by the HRCAT, environmental & sustainable development (energy, recycling, natural resources) and profit ethics (corruption, transparency and openness).[47]

3.3   Institutional context of CSR in the Netherlands

When taking a closer look at the institutional Dutch CSR context, CSR Netherlands is the most influential organization. It functions as knowledge center that uses a combined approach towards CSR from both business life, society and governmental institutions. A shared perspective on the importance of sector cooperation regarding CSR is used. Policies and recommendations that have been developed by CSR Netherlands take the wishes of companies as well as the expectations of the Dutch government into account.

The governmental view on CSR is described in the 2010 coalition agreement. The government states that companies themselves are responsible for CSR. The government fulfills a supporting role: it brings organizations together to address to CSR issues from a collaborative perspective. When using Welford's model, it is concluded that an European approach is applicable on the Netherlands. There is little focus on corporate philanthropy and direct third-party investment and more focus on embedding CSR in the business core and stakeholder management.

When analyzing the Dutch approach using Welford's model that has been discussed in chapter 2.3, the internal CSR drivers immediately show that the Dutch way of doing CSR does not fit the Asian approach. The focus on human rights, non-discrimination and association make the Dutch to mismatch the Asian profile. The external CSR drivers in the model of Welford determine that the Dutch approach does fit the 'European' profile. The low level of philanthropic activities, the focus on transparent reporting and two-way stakeholder dialogue make the Dutch approach more similar to the European than to the American profile.

3.4   Conclusion

Specific research question 2: "*What are the different international CSR-related institutions of the Netherlands and what are their focuses?*"

Concluding, CSR was introduced by the Dutch government as an autonomous concept in 2001. The initial approach towards CSR has been built upon a report of the Social-Economic Council. In this report, the definition and importance of CSR, the actuality and efforts of companies and the pragmatic governmental approach towards CSR have been discussed thoroughly. The new Dutch cabinet has only been installed on the 14th of October 2010. Although the coalition agreement mentions the importance of CSR, no specific approach is elaborated on. Furthermore, the role of the Dutch government in the CSR sector will decrease: companies are required to create CSR-synergy by cooperation without direct governmental participation or regulation.

The most important Dutch CSR-related organizations are the Social-Economic Council (that has been erected to support Dutch parliament and cabinet regarding socio-economic affairs) and CSR Netherlands (a foundation where knowledge institutions, business life, NGOs and government join forces to address CSR). Also, several CSR experts work at the Ministry of Economic Affairs, Agriculture and Innovation. All parties regard the OECD guidelines as the most important CSR guidelines for international business life. For Dutch companies that work on the international level, the CSR Passport is an important document. This toolkit supports the practical implementation of CSR guidelines, and includes Dutch governmental expectations.

Finally it is concluded that the Dutch way of doing CSR up until now is in line with the 'European' approach. This is due to the focus on integration of CSR in the core business , the embedded multi-stakeholder dialogue as well as focus on CSR in supply chain management.

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[47] (CSR the Netherlands, 2009)

4   Analysis of the South African approach

The chapter elaborates on the South African approach towards CSR. The elaboration is mainly based on the interviews that have been conducted during my time in South Africa. I will start with discussing the general findings on CSR, internal and external drivers and CSR issues in specific sectors. Next, the institutional South African context is briefly discussed. This chapter is concluded with answering the third specific research question.

4.1   CSR in South Africa

Several questions that have been asked during the interviews tried to find an answer to the questions how and why companies embed CSR in their business strategies, what the influence of legislation is and how CSR is put into practice. TGZ shares South Africa under the '*Energetic CSR Starters*': countries that show a high level of consistency in their CSR policies and where governments have defined the key areas of weakness. Also, first and second generation instruments to increase the effect of CSR have been developed and put into practice.[48]

4.1.1   CSR contents in South Africa

A theoretical approach towards the contents of South African CSR is made by the BEE Institute, an organization that consults companies on implementation of CSR policies and legislation in their business strategies. The BEE Institute's approach embraces two distinct contents within the concept of CSR. It is regarded as being an 'umbrella' that consists of both CSI and SED.[49]

- CSR: *Corporate Social Responsibility:* CSR is the deliberate inclusion of public interest into corporate decision making, and the honoring of a triple bottom line ('*ppp*'). Includes social welfare, CSI and SED.
    - CSI: *Corporate Social Investment*: CSI is the deliberate investment into social projects or schemes with the aim of realizing a return on investments, including branding and community health. Also includes sustainable social projects.
    - SED: *Socio-Economic Development*: SED's aim is to create sustainable access to the economy for beneficial claries. This includes skills development and workplace readiness programs. SED links close to the business self-interest approach.

SED is an activity that is usually executed with the goal of developing social capacity, related to the economy. SED is not seen as being a philanthropic investment, whereas CSI sometimes can be regarded as being only 'check-writing' with no sustainable element embedded in it. Current attempts aimed at making CSR more sustainable consist of a proposed shift from CSI to SED.[50]
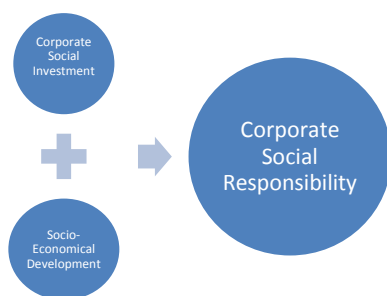
Figure 4.1.1: contents of CSR [51]   *Figure 4.2.1: contents of SED [52]*
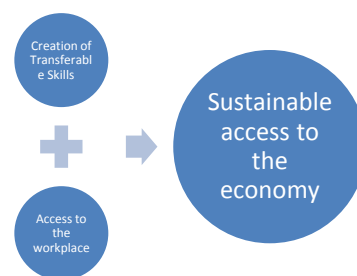
4.1.2   Results statistical analysis

In order to determine the contents of CSR in South Africa, a small questionnaire was added to the interviews. This questionnaire consisted of a Likert scale on 12 CSR-related items and was

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[48] (Deutsche Gesellschaft für Technische Zusammenarbeit & Bertelsmann Stiftung, 2009, pp. 28-29)
[49] (Moonda & Brown, 2010)
[50] (SEDISA, 2010), (Moonda & Brown, 2010), (Guliwe, 2010)
[51] (SEDISA, 2010), (Moonda & Brown, 2010)
[52] (SEDISA, 2010), (Moonda & Brown, 2010)

filled in by fourteen respondents. Although this amount is too few to make strong claims, the results of the questionnaire present an idea on relevant South African CSR issues. The interviewees represented the governmental, (CSR) project management, development aid, clothing and textile, automotive, educational, paper and pulp, consultancy, consumer products and technology, international trade relations and mining sectors. According to the questionnaire results, health care is seen as the most relevant issue, closely followed by working circumstances, discrimination, rights of association and corruption.[53]

Furthermore, the analysis shows that it is possible to extract two main 'clusters' of CSR-related items: *'workforce and working conditions'* and *'formal business processes'*. Both of these CSR components consist of multiple items that have been pre-selected by the OECD and the CSR Netherlands as being important. In general it can be argued that based on the statistical analysis, these two clusters are indicators of relevant South African CSR contents.

4.1.3   Concept perception of South African organizations

The most important South African public policy actor in the field of CSR is the Department of Trade and Industry (DTI). Also, smaller governmental institutions are involved in sector-related policies.[54] In order to create understanding of the practical implications of South African CSR, the interviews have been used to obtain best practices and examples. The way that companies work with CSR can be roughly linked to the before mentioned concepts of CSR, CSI and SED.

Most interviewed institutions mention involvement in CSI using third party initiatives, thus making use of the 'American' CSR approach. Especially companies that manufacture their products in South Africa and own plants themselves (such as BMW, textile companies and Philips) are highly active in the CSI sector. Their practices of CSR put most (or all) emphasis on social investments. Mentioned examples of CSI-investments are HIV/AIDS-projects, erection of houses and schools and projects aimed at increasing living circumstances in the communities that are surrounding companies. Most projects take place in underdeveloped areas.[55] [56] Problems that are mentioned with these projects include the low ability to monitor projects due to their limited running periods, the lack of follow-up projects and 'brain drain' (teachers that have been educated by companies leave after a few years to earn more money elsewhere).[57]

Companies that embrace the 'European' way of CSR are found in the mining, governmental, trade and educational sectors. When using this '*ppp*'-approach in business, companies do not only invest money in third party activities, but also try to make their own business sustainable by paying attention to '*ppp*'. This approach does not only try to meet legal requirements, but also tries to create sustainability by using a multi-stakeholder dialogue. Employee development is often mentioned as an example of CSR. Furthermore, skill development programs and education on the work floor are supported by most companies.[58] However, it is striking that only two organizations mentioned involvement in environmental programs.[59]

Organizations that represent the CSR consultancy sector underlined the grave importance of the shift from CSI towards SED. It is argued that CSI investments are often made in a non-sustainable way and are quite often used as window dressing in order to comply to legal requirements. Companies should be aware that in order to create a sustainable South African market with wealthy consumers, sustainable access to the economy should be created for the

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[53] Appendix 2

[54] (Deutsche Gesellschaft für Technische Zusammenarbeit & Bertelsmann Stiftung, 2009, p. 28)

[55] (Blom, 2010), (Langa, 2010), (Dongen, 2010)

[56] (Blom, 2010), (Enk & Agoons, 2010), (Guliwe, 2010), (Molony, Henneberry, & Peter, 2010)

[57] (Langa, 2010), (Oudheusden, 2010)

[58] (Blom, 2010), (Enk & Agoons, 2010), (Bulose, 2010), (Langa, 2010), (Molony, Henneberry, & Peter, 2010)

[59] (Dongen, 2010), (Lourens, 2010)

historically disadvantaged. Skills development and workplace access are the most important practices in order to create this economical access.[60]

4.1.4   Internal drivers for CSR

The internal drivers for CSR within South African companies are mainly efficiency and image-driven. Investments in health care, workforce welfare and housing often affect the workforce of the company directly. The higher the living standards for the workforce, the more productive they tend to be. Also, by making investments in and aiming projects at surrounding communities, a sustainable working environment and local market is created.[61]

Branding is also an important driver: when local communities benefit from a company, they tend to be more loyal towards it. At the same time a consumer market is created when these communities are relatively healthy and wealthy. If people are in good health and well educated, they tend to make more money and thus spend more on products. Concluding, '*branding*' as well as '*creation of a sustainable market*' are important internal drivers for CSR involvement.[62]

4.1.5   External drivers for CSR

CSR in South Africa is to a large extend regulated by the government. Directly after the Apartheid era (1994), the King I codes on corporate practices and conduct have been developed for South African companies. In 2002, the follow-up codes named 'King II' came into practice. It forced companies to comply to corporate governance codes and was based on the GRI-guidelines. As of March 2010, the King III codes on corporate governance are effective.

King III moves away from the King II report, which focused mainly on corporate boards. King III focuses on leadership, business ethics, sustainable development, integrated reporting and transparent communication.[63] The mandatory codes have a big impact on companies that are listed in the Johannesburg Stock Exchange.[64] King III is regarded by the government as being the most important external imperative for CSR in South Africa.[65] King III stimulates CSI investments directly, by forcing companies to invest 1% of their annual profit after tax on CSR.

The second important CSR-regulating policy is Black Economic Empowerment (BEE), that consists of a scorecard that addresses to different CSR aspects. BEE is no direct financial penalty that can be applied to non-compliant businesses, but a system that procurement managers from government and related institutions use to determine which suppliers are selected. The higher the BEE score, the more likely it is that government will do business with that company. Due to the lack of fines, BEE supports CSR by using CSR as a mechanism for competitive advantage.[66]

A newer version of BEE is called 'Black Broad Based Economic Empowerment' (BBBEE), which applies in full to all enterprises with an annual turnover of over R5 million. Companies get visited by auditors that check the score on different aspects. Afterwards, the company gets an official score on an generic scorecard. The issues that are addressed to by the BBBEE scorecard are ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic & sector specific contributions. SMEs are also audited, but they are required to make a selection of four out of the seven BBBEE scorecard items. BBBEE can be seen as an approach towards increased corporate citizenship.[67] [68]

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[60] (Moonda & Brown, 2010), (SEDISA, 2010), (Summeren, 2010)

[61] (Blom, 2010), (Molony, Henneberry, & Peter, 2010), (Dongen, 2010), (Enk & Agoons, 2010)

[62] (Mateman, 2010), (Langa, 2010)

[63] (Temkin, 2010)

[64] (Newton-King, 2010), (Ndhlovu, 2009, p. 75)

[65] (Guliwe, 2010)

[66] (Langa, 2010), (Mateman, 2010), (Moonda & Brown, 2010), (Dongen, 2010)

[67] (BEE Scorecard, 2010)

The opinions of the interviewees on (BB)BEE are divided. On the one hand a number of interviewees (mainly the branch organizations and regulatory bodies) is reluctant towards the effects of BEE. They argue that a lot of South African organizations just comply to the minimum requirements in order to obtain a good score. The main problem is caused due to the chosen indicators for '*good*' CSR. For instance, because ownership is the most important contributor to the BEE score, companies choose to fire some good employees in upper management and make some family or friends co-owner to obtain the points. This has no influence at all on the way CSR is embedded in the core of the business, but points towards window dressing instead.[69]

On the other hand, some interviewees (mainly the consultants and public bodies) argue that problems with (BB)BEE exist, but that the general idea works well and almost all companies live up to the requirements. Since (BB)BEE has come into force, the South African awareness for sustainability has increased a lot, as well as the level and transparency of reporting that is done. Also, the way the policies lever CSR is regarded as being good: it is not compulsory for companies to participate in BEE-activities, but they do obtain a competitive advantage when they do. In the end, CSR participation is still a voluntary choice to a large extend.[70]

4.2   CSR in different South African sectors

Different economical sectors request different CSR approaches. The interviewees have been asked to name some typical approaches or focus points of the sector they operate in. This is done to obtain a broader perspective on the differences between South African business sectors.

- Government: legislation is the main driver for CSR. The government develops policies and legislation to increase CSR awareness and practices. The policy contents are chosen together with companies that are involved in the different sectors.
- CSR consultancy: convincing companies to approach CSR from a SED perspective. Discourage companies to make unmonitored third-party investments.
- Development aid: community development, SED, health care, housing and education.
- Clothing and textile: CSR is often regarded as an expensive burden. Focus on improving work force and improving living circumstances of the workforce.
- Automotive: CSI-related investments: education and health care.
- Education: sustainability in society and skills development.
- Paper and pulp industry: education, recycling, community development and staff training.
- Consumer/technology products: sports and workforce sustainability projects.
- International relations: sustainable economic access for disadvantaged, economic sustainability.
- Mining: community relations, social labor, sector collaborative sustainable approaches. Strong sectoral legislative CSR regulation is found in the 'Mining Chapter'.
- Agriculture: very few reporting on sustainability is done. CSR takes place, but little info available.

4.3   Focus points of South African CSR

The South African approach towards CSR consists of a combination of the focus points of King III, the BBBEE scorecard and sector-related policies. The King codes are for a large part based on the GRI guidelines. Extra focus is put on leadership, business ethics, sustainable development, reporting and communication. BBBEE relates to overall sustainability and focuses on ownership, management, employment equality, skills development, preferential procurement, enterprise development and socio-economic development. Businesses score best on risk management and board performance, and poorest in (transparent) reporting.[71]

Although the government supports CSI by forcing companies to invest in third party initiatives, companies increasingly make (sustainable) investments in SED projects or the broader concept

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[68] (Petrel, 2007)
[69] (Blom, 2010), (Edelstein, 2010), (Guliwe, 2010), (Bulose, 2010), (Oudheusden, 2010), (Molony, Henneberry, & Peter, 2010)
[70] (Enk & Agoons, 2010), (Langa, 2010), (Mateman, 2010), (Moonda & Brown, 2010)
[71] (Temkin, Sustainbility 'now a business imperative', 2010)

of CSR, which tries to create sustainability from the business core. Overall it can be stated that, at this stage, most South African CSR is aimed at developing the country and its citizens and at eliminating the huge social, educational and financial inequalities amongst the population.

4.4 Institutional context of CSR in South Africa

In order to describe the institutional context of South African CSR, a start is made with naming the most important characteristics of the South African society: [72]

- Relatively recent reintegration into the global economy; high unemployment rates.
- Government is characterized by post-apartheid politics and policies; capacity gaps.
- High level of autonomy of societal actors; high level of economic inequality.
- High incidence of social conflict.

The public policy activities in South Africa are connected to the institutional context and focus on mandating (BEE and CSR laws), partnering (CSI and corporate partnerships for specific projects), soft law (on sectoral level, standards are set) and incentives (public procurement). Due to the relatively young (and often inefficient) government, companies are requested to fill in gaps regarding challenges of socio-economic integration and government capacity.[73]

Interviewees point out that working together with the government is not preferred.[74] Due to the high level of corruption, inexperience and inefficiency within the government, companies share a lack of trust towards it. Therefore, cooperation between companies takes place on a business written basis (instead of through a CSR institution). Due to the relatively high level of CSI and business-to-business initiatives, CSR closely links to the 'American' approach Welford's model.

4.5 Conclusion

Specific research question 3: "*What are the different CSR-related institutions of South Africa, what are their focuses and what is the influence of the institutional context on CSR practices?*"

South African CSR is often seen as an umbrella that contains CSI (philanthropic investments) and SED (sustainable investments to create sustainable access to the economy). Governmental institutions and CSR consultants argue that, in order to create sustainability, a shift is needed from CSI to SED. The statistical analysis shows that health care is a relevant CSR-related issue in South African business life. Also, two relevant clusters of important items are visible: '*workforce and working conditions*' and '*formal business processes*'.

Important internal CSR drivers in South Africa are efficiency and corporate image. Investments are made in surrounding communities and workforce to obtain loyalty and a healthy work force. External drivers are mostly regulated by the government. The two most important policies are King III, mandatory codes regarding leadership, business ethics, sustainable development, integrated reporting and transparent communication, and (BB)BEE: a voluntary scorecard system to increase the usage of CSR in business life, uses business advantages as a lever for CSR.

Regarding the focus of CSR it can be stated that, at this stage, most South African CSR is aimed at developing the country and its citizens in order to eliminate the inequalities amongst the population. This relates closely to the institutional context of South Africa with high unemployment, governmental capacity gaps and economic inequality. Further, it is concluded that corruption and inefficiency within the government create a situation where companies are hesitant to collaborate with the government and instead form partnerships with other companies. Combined with the tendency to focus on CSI investments, the South African approach towards CSR can be seen as the 'American' approach of Welford's model.

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[72] (Deutsche Gesellschaft für Technische Zusammenarbeit, 2007, p. 29)
[73] (Deutsche Gesellschaft für Technische Zusammenarbeit, 2007, p. 28)
[74] (Oudheusden, 2010), (Guliwe, 2010), (Lourens, 2010)

5 Comparison between South African and Dutch approaches

After having analyzed the headlines of the policies, corporate visions and institutional contexts of both countries, a comparison between both approaches will be made in this chapter. The chapter concludes with answering the fourth specific research question.

5.1 Analysis of similarities between the South African and Dutch approach

The comparison of the similarities in the approaches of both countries is not easy to make. In order to make the results most applicable on the general South African context, the comparison will be based on the headlines and focus points of both approaches.

5.1.1 Similarities in governmental approaches

Both governments share an increased awareness towards the importance of CSR. The Netherlands started using CSR as autonomous concept from 2001 onwards and have put special emphasis on the international context of the concept from 2008 on. The South African government is highly involved in the CSR playing field: with developing (and constantly updating) the BEE scorecard and King guidelines, companies are encouraged to behave sustainable and responsible, both through mandatory and voluntary mechanisms.

Both countries put emphasis on transparency and accountability and stimulate the use of an integrated approach towards reporting. With doing so, attempts are made to make companies increasingly aware that CSR and sustainability should be integrated in the business core, just as much as financial reporting. CSR Netherlands recommends the use of the GRI guidelines for reporting. The South African King III-guidelines are also based on these GRI guidelines.

Among the policy focus points that both countries have in common are integrated reporting, transparent communication and sustainable development. The international CSR issues that the Netherlands are addressing to are human rights and all aspects of the OECD guidelines. Focus point from the OECD are visible as well in South African policies, mainly on the field of human rights, working circumstances, health care and education.

5.1.2 Similarities in corporate approaches

Despite differences in the institutional context, both countries show increased awareness in the private sector on the importance of sustainability. The Johannesburg Stock Exchange's '*socially responsible investment index'* shows that CSR in South African companies (with shareholders) is no longer negotiable, but has become '*a business imperative'*. Also, it shows that the majority of large South African companies do have some kind of CSR initiatives, mainly aimed at social projects and sector-related problems. [75]

The private sector-CSR in the Netherlands has increased during the last decade. The Netherlands are internationally regarded as being a guiding country for social sustainability, mainly because of the high social awareness and high level of involvement of Dutch companies. Further, it should be noted that both South African and Dutch companies tend to put more emphasis on the social aspect of CSR than on the environmental one. However, actual scores on environmental sustainability are high in the Netherlands, especially when compared to the South Africa.[76]

5.1.3 Similarities in the institutional context

Regarding the institutional context, very few similarities are present. One similarity that needs to be mentioned is the cooperation in the public sector. In both countries, companies see the relevance and importance of joining forces in order to create a stronger approach towards CSR. Another similarity is the importance that CSR has been given by the public and private sector. Apart from these two issues, the institutional contexts differ from each other to a large extent.

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[75] (Temkin, Sustainbility 'now a business imperative', 2010)
[76] (MVO Nederland, 2010)

5.2 Analysis of differences between the South African and Dutch approach

Now that the similarities in headlines and focus points for governments and companies have been discussed, attention is paid to the differences between both countries. Again, this will be analyzed for both corporate as governmental approaches and for the institutional context.

5.2.1 Differences in governmental approaches

The Dutch government made attempts in the past to increase domestic CSR practices and awareness by collaborating with business life and NGOs. Little legislative initiatives have been conducted to force companies to make use of CSR. Currently, the role of the government in direct CSR involvement is decreasing. Individual entrepreneurs are encouraged to become in charge of CSR conduction themselves. Contrary, the South African government is highly involved in creating (voluntary and obligatory) drivers for companies to practice CSR. South African focus is put on the increasing role of self-regulation and joined forces of companies. Thus, the South African government fulfills a regulating role in the CSR playing field, whereas the Dutch fulfill a more supporting role.

Also, the international approach towards CSR from the Netherlands differs highly from South Africa. Where the Dutch have distinct ideas and policies regarding the international development of CSR, South Africa focuses mainly on domestic CSR practices. The way that both governments regard the practical implementation of CSR is also different. Where the Dutch put emphasis on pragmatic implementation of the policies, the South African counterpart uses the policies more from a theoretical point of view. Because of the limited funds that the South African government has available, monitoring of compliance is often not done in the right way, or sometimes not at all.

5.2.2 Differences in corporate approaches

Interviewees pointed out that Dutch companies are often seen as front runners for CSR in South Africa. Among the Dutch companies, there is a high level of CSR awareness and knowlege. This is also seen in the larger South African companies: most of them are to a large extinct involved in (cooperative) CSR projects. However, awareness of sustainability through CSR is very low among the small South African companies. Little information is known about their efforts to create sustainability and reporting is often not done at all. Even the sector regulative bodies have little to no information on CSR and sustainability within the sectors they represent.

The institutionalization of CSR in South African companies embraces the 'American' approach. Investments are often made out of philanthropy (third party initiatives, companies regard themselves as humanitarians). The results of these investments are often used to improve the corporate brand image by using it as a marketing tool. Public CSR-awareness is created through advertizing, which forces companies in the same sector to make similar efforts (which leads in the end to increased corporate responsible behavior with business competition as a driver).

The institutionalization is essentially different in the Netherlands. The usage of CSR for marketing is often seen as '*greenwashing*': making the social behavior of a company look better that it is, or being involved in CSR projects while CSR is not embedded in the core of the company. This critical view is caused by the educated and informed Dutch consumers. With this taken into account, companies tend to choose for less visible CSR strategies that increase their own sustainability. For instance, emphasis is put on transparency, reporting, publicly accessible CSR information, reduction of CO_2-emmission and CSR throughout the entire supply chain.[77]

Concluding, it can be stated that the differences in corporate approaches are closely related to the way that the societies work. Where public awareness increases through corporate advertizing in South Africa, the Dutch public regards such strategies as *greenwashing*. Therefore,

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[77] (MVO Nederland, 2010, pp. 7-11)

Dutch companies are involved in CSR initiatives, but often keep low profile towards the public. South African companies tend to invest more in 'green' projects which can be used for corporate branding, whereas Dutch companies focus more on sustainability in business processes.

5.2.3 Differences in the institutional context

Differences in the institutional contexts are huge. When looking at problems facing both societies, it is visible that the Netherlands score high, especially on the social aspects: life expectations, socio-economical development, labor availability, health, corruption, equal opportunities.[78] South Africa faces huge problems with unemployment, government capacity gaps, economic inequality and social conflict.[79]

The relation between government and companies in general is also relevant for practices of CSR. In the Netherlands, much collaboration between public and private institutions is visible. Although the government has announced to take a step down in CSR participation, it will still be involved in creating of a framework for companies to work together on CSR. Dutch companies often cooperate with public bodies to develop new guidelines or strategies towards CSR.

This situation differs highly from the South African relation between government and companies. Companies have often a lack of trust in governmental bodies. The government is often regarded as being inefficient, ineffective and corrupt. Therefore, companies tend to work together without the government involved. These shared corporate initiatives often regard issues that the government fails to address to, i.e. the funding of hospitals and schools.

When taking a look at the model that has been presented by Welford, both countries relate to different continental approaches. Where the Dutch are closely related to the 'European' way of practicing CSR ('*ppp*' and the multi-stakeholder dialogue), South Africa fits more closely to the 'American' way of CSR (philanthropy and CSR marketing), plus an extra focus on supporting the government with filling in governmental capacity gaps.

5.3 Analysis of the Dutch added value

According to the Dutch state secretary Knapen (responsible for development aid), the focus of international sustainability for the coming four years shall be put on international sustainable trade. The level of Dutch investments in third-world countries shall decrease and Dutch companies are requested to fulfill an important contribution to decrease global poverty.[80] According to Knapen, the Dutch government will put emphasis on sectors where the Dutch have a distinct added value, especially in the environmental sector on agriculture and water.

The interviewees have been asked to answer questions about the role the Dutch can play in South Africa. When the Dutch Embassy wants to help the South African governmental bodies, it should be involved in filling in the gap between formulation and implication of South African CSR policies. Also, best practices from the Netherlands on pragmatic CSR approaches should be shared with South Africa.[81] To support Dutch companies that go to South Africa, the Embassy should define the most important local CSR issues. Also, the level playing field and current approaches of South African companies should be provided to the Dutch companies.[82] Next, the Embassy should request companies to participate in sustainability initiatives and share information within these initiatives.[83] Interviewees argue that the role of the Embassy towards South African companies should be more intensive and generally aimed at knowledge sharing.

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[78] (MVO Nederland, 2010)

[79] (Deutsche Gesellschaft für Technische Zusammenarbeit, 2007, p. 29)

[80] (Trouw, 2010)

[81] (Lourens, 2010), (Bulose, 2010)

[82] (Blom, 2010),

[83] (Mateman, 2010), (Moonda & Brown, 2010), (Molony, Henneberry, & Peter, 2010)

The Embassy should promote CSR as a sustainable way to comply to domestic legislation.[84] This can be done through creation of CSR awareness programs or a forum with both Dutch and South African parties included.[85] Dutch companies can then share their knowledge and South African companies with developing strategies towards sustainability. Also, the Dutch can use this forum to bring NGOs and business life together for more collaboration.[86] Finally, the Embassy is requested to put specific emphasis on environmental sustainability and the battle against corruption by funding anti-corruption projects.[87]

Dutch companies can also contribute to the discussion on CSR in South Africa. The requested approach for Dutch companies is to comply to CSR legislation and to even take a step beyond requirements while sticking close to the business core of the company.[88] The most important issues that companies have to deal with are living conditions for the workforce (including education, housing and health) and support collaborative sustainability initiatives.[89] Companies should be aware that there is more than the urban areas: especially the rural areas are highly affected by corporate investments and are often in greater need of help than the urban areas.[90] Further, Dutch companies should try and fulfill a model role. Domestic companies regard them often as frontrunners and will try to follow examples. This model role should focus on environmental awareness, the usage of domestic supplies and investments in rural areas.[91]

5.4 Conclusion

Specific research question 4: *"What are the similarities and differences between the South African and Dutch approaches towards CSR and what can be the Dutch added value for South Africa?"*

The most important similarities between both countries are the policy focus points and governmental CSR awareness. Both governments have developed and updated CSR policies over the last decade and are trying to support economic sustainability through CSR. Sustainable awareness has increased in both countries' private sectors. Both private sectors could put more focus on the '*planet'*-element of '*ppp':* the current focuses aim more at '*people'.* The institutional contexts differ highly from each other. The most important differences for the governments are the actual approaches towards CSR. Where the South African government is highly involved in developing CSR policies and legislation, the Dutch on fulfills a more supporting role. Dutch business life focuses mostly on CSR in business processes and business sustainability, whereas South African companies tend to invest in CSI and make use of CSR for marketing purposes.

There are many differences between both countries in the institutional context: the Netherlands scores higher on all social CSR-related aspects. The level of public-private cooperation is also higher in the Netherlands. South African companies often support public sectors where the government has capacity gaps. Finally, it is concluded that the Dutch approach would fit Welford's 'European' approach, whereas South Africa would fit the 'American' approach.

The Dutch added value can mainly be found in the sharing of knowledge and best practices: originating from both Dutch companies and the Embassy. Main focus points are the environment, increasing CSR awareness, eliminating corruption and fulfilling a model role to convince South African parties to participate in sustainable projects as well.

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[84] (Blom, 2010), (Bulose, 2010), (Moonda & Brown, 2010)
[85] (Langa, 2010), (Mateman, 2010), (Moonda & Brown, 2010)
[86] (Oudheusden, 2010)
[87] (Dongen, 2010)
[88] (Bulose, 2010), (Guliwe, 2010), (Lourens, 2010)
[89] (Molony, Henneberry, & Peter, 2010)
[90] (Enk & Agoons, 2010), (Guliwe, 2010)
[91] (Bulose, 2010) (Molony, Henneberry, & Peter, 2010) (Moonda & Brown, 2010)

6 Conclusions

In this chapter the conclusions of the different subsections are brought together. Based on the answers to the different specific research questions an answer to the general research question will be provided. The practical specific research question is discussed in chapter 7.

6.1 Conclusions on the CSR concept

Corporate Social Responsibility is an increasingly important part of global business life. It is based on the idea of integrated social and environmental concerns within corporate actions in interaction with their stakeholders on a voluntary basis. In order to obtain sustainability within the CSR approach, equal attention must be paid to '*people, profit* and *planet'*. In order to create good CSR measurement, reporting is an important issue. This should be done in an integrated way (sustainability reporting within financial reporting) and should be as transparent as possible. Guidelines for sustainability through reporting have been developed by the Global Reporting Initiative.

Regarding the influence of institutional contexts on CSR practice and contents, Welford has developed a model that defines common CSR-approaches in different continents. First, the American model puts emphasis on philanthropic CSR investments and CSR as a marketing tool. Second, the European approach focuses more on '*ppp'* and sustainability through a multi-stakeholder dialogue. Last, the Asian approach focuses on labor standards and ethics and has relatively low scores on the other CSR-related items.

6.2 Conclusion on Dutch CSR

The Dutch government introduced CSR as an autonomous concept in 2001 and has embraced an international approach towards CSR from 2008 on. Where the focus of 2001 was put on having an ambitious and concrete focus on stimulating CSR in the Netherlands, the current approach the government takes is fulfilling a supportive role. Businesses are responsible for the conduction of CSR themselves. The most influential CSR-related institutions in the Netherlands are CSR Netherlands, the ministry of EAA&I and the Dutch Socio-economic Council. International influential organizations are the OECD and CSR Europe. The Dutch focus points within CSR are mainly human rights, fundamental principles and rights for work and the OECD guidelines (reporting, work availability, environment, corruption and consumer interest). The institutional contexts of the Netherlands shows that a lot of cooperation is done between government and companies. Approaches towards sustainable CSR are quite common. According to the model of Welford, the Netherlands embrace the European '*ppp* and *sustainability'*-approach towards CSR.

6.3 Conclusion on South African CSR

South African CSR can be seen as an umbrella which contains enterprise development, CSI and SED. Interviewees argue that a shift from CSI to SED is necessary to create more sustainability in South African CSR practices. Statistical analysis points health care, workforce and working conditions and formal business processes out as important CSR-related issues. Efficiency and corporate image are often important internal drivers for CSR: when local communities and the workforce are happy, a good return on investment can be obtained. External drivers are (sectoral) policies, such as the King III-guidelines on corporate governance and the BEE policies.

Focus points of South African CSR are corporate contribution to society, equal corporate ownership, management control, employment equity, skills development, preferential procurement, sector specific contributions and enterprise development. In general, South African CSR practices are aimed at developing both the country itself as the citizens within the borders by eliminating inequalities in the population, both economic and social. The institutional context correlates with these inequalities. Because the government is often regarded as being inefficient and corrupt, companies form partnerships to use CSR as a mean to address to governmental capacity gaps (especially housing, education and health care). This nature of CSR fits in the 'American' philanthropic approach that is mentioned in Welford's model.

6.4 Conclusion on CSR comparison and Dutch added value

When comparing the approaches of both countries, the importance that is given to CSR is the first item to stand out. Both countries have developed and updated CSR-related policies several times during the last decade. Although not all focus points are similar, it is visible that transparency and accountability of corporate behavior is regarded as being important. Both countries refer to the GRI-guidelines as means to conduct transparent reporting on CSR. Also, sustainable development is supported by both governments. Approaches towards sustainability are made in South Africa by making investments in SED, whereas the Dutch approach it by embedding CSR in the business core and putting emphasis on transparent reporting.

When looking at the differences between both countries, many issues are visible. First, the governmental position in the CSR playing field differs highly. The Dutch have chosen for a more supportive role, whereas South Africa fulfills a regulating role by developing (mandatory) legislation and policies. Second, the Dutch regard sustainability as a global goal and approach it accordingly by focusing not only on domestic CSR, but also supporting it on a global scale. Contrary, South Africa tends to focus on the domestic social and economical problems. Third, the institutional contexts are different: where the Dutch fit in the 'European' CSR approach, South Africa is more similar to the 'American' one. These approaches imply differences in relations between companies and the public and between companies and the government.

The Dutch themselves regard their own added value mainly in international sustainable trade and environmental expertise. The Dutch added value, as seen by South African parties, lies in creating awareness and sharing knowledge on sustainability in CSR approaches, i.e. by creating a South African CSR best practice and knowledge forum. The Embassy can also contribute to the development of South African policies, especially with embedding pragmatism in their core. The Embassy should get involved with sustainable environmental projects and fighting corruption.

Dutch companies in South Africa should pay specific attention to legislative compliance and sustainability by embedding CSR as a business core. Issues that must be taken into account are related to the workforce (living conditions, education, housing and health) and the support of collaborative CSR-initiatives. Also, companies must keep in mind that the areas outside the big cities request attention. Investments in these areas contribute highly towards national economical sustainability. Finally, companies are requested to contribute to environmental sustainability by sharing expertise and behaving environmentally responsible themselves.

6.5 Answer to the general research question

General research question: *"In what way can the Dutch Embassy in South Africa effectively support the usage of CSR in South African business life while making use of the Dutch CSR background?"*

Concluding, in order to increase the amount and effectiveness of South African CSR practices, the Dutch should focus on increasing awareness on the general subject of CSR and put specific emphasis on economical sustainability through SED. The Embassy should promote the Dutch added values (mainly found in best practices for sustainable social and environmental practices) to the South African public and private sectors.

The focus for the public sector should lie on increasing pragmatism within CSR-related policies and legislation. For business life, the promotion should be aimed at increasing CSR knowledge, improving the discussion on CSR by making use of a multinational forum and making the link between environmental Dutch experts and South African business life. When specifically looking at the Dutch background, the Embassy could make use of the policy focus points (the '*CSR Passport'* and the OECD-guidelines) to attempt to embrace these points as standards for the future of sustainable CSR practices in South African business life.

7 Recommendations

In order to determine the promotional CSR activities that can be proposed by Dutch parties, a pragmatic approach towards the conclusions in the previous chapter is made. First, practical approaches for the Embassy are discussed and interesting players for future projects are mentioned. Afterwards, tips for Dutch companies that want to get involved in CSR-related activities in South Africa are provided and important legislation and policies are discussed.

7.1 Recommendations for the Embassy

Focusing on CSR as an autonomous concept is new for the Embassy. Previous efforts have been made in the social and environmental fields by conducting projects regarding HIV/AIDS, skills development, agriculture and environment (especially water). In order to make a more sustainable approach towards CSR, my first recommendation would be focusing on self-sustainable external projects that do not rely on third-party funding. For instance, a program could be conducted or supported that creates workplace access or labor skills development for historically disadvantaged South Africans in order to make them part of the active economy. Partners for this project might be local development programs or large South African companies.

7.1.1 Recommendations regarding the environment

Environmental projects should be conducted, for there is little attention towards the environment in current CSR practices. The Embassy is currently conducting a project regarding the topic '*water*'. I would recommend that the teams that participate in the '*battle of the concepts'* should focus on creating a self-sustaining project that creates its own income and does not rely on infinite funding in order to keep operating. Further, emphasis should be put by the Embassy on environmental characteristics of the water sector, for instance by focusing on eco-friendly sewerage and water purification.

For other environmental projects that will be conducted by the Embassy, I would highly recommend to look for expertise in Dutch business life. By linking South African and Dutch parties, business is generated for both and knowledge on sustainability and environmental issues is shared with South African parties. Local communities will benefit from it as well. Next to water, attention could be paid to reducing CO_2-emission and investigating sustainable energy resources. A South African partner for the environmental projects might be found in Impala Platinum, that has a very strong CSR strategy and won the South African 2010 CSI award. The paper industry is also working towards mores environmental sustainability (especially through planting new trees and recycling paper). A partner can be found in PAMSA for sharing environmental CSR best practices.

7.1.2 Recommendations regarding CSR-knowledge

In order to support the level of CSR-knowledge, a forum should be erected. This can be done together with Behold and SANEC as well as South African parties that have a lot of knowledge on sustainable CSR practices and SED (i.e. BEESA, SEDISA). The forum should embrace an open character, to make it easy for small companies to participate. The forum should discuss best practices of CSR and publish information about these discussions in order to be beneficial for South African businesses. Specific focus should be put on promoting sustainability within CSR practices, because this benefits both the company itself and the local communities in the long term and transparent reporting. Thus, the forum should aim at a clarified and integrated CSR strategy development, different from philanthropy. A partner to promote CSR and share best practices with SMEs might be found in the 'Small Enterprise Development Agency' (SEDA). SEDA might also be used to create awareness regarding the existence of the CSR-forum among SMEs.

7.1.3 Recommendations regarding pragmatic CSR-approaches

First, in order to increase the effect of CSR policies and (sector) legislation, the Embassy might use Dutch policy experts to support local governments with increasing pragmatism in CSR

policies and legislation. Second, attention could and should be paid to effectively linking BBBEE and CSR agendas, for these concepts are often used separate from each other instead of being integrated. Partners might be found in the Gauteng Provincial government and sectoral legislative bodies. Finally, the Embassy should encourage the government to create more collaboration between public and private sectors on the topic of CSR. Companies often fill in the governmental capacity gaps, but little alignment between public and private sector is visible. Partners can be found in the different sector-related bargaining chambers, for they often have influence on policy development processes but do not always take the opportunity to contribute.

7.2   Recommendations for Dutch companies

First of all, it should be mentioned that the level playing field of CSR and CSI in South Africa is relatively high, especially when compared to other African countries. South Africa can be seen as a combination of a first and a third world country. While living circumstances for the educated part of the population are generally good, there is also a huge part of the population that lives in questionable circumstances. Dutch companies are requested to help ruling out these inequalities by making efforts regarding the creation of a sustainable economy in South Africa. More general information on general CSR in South Africa can be found in the document called '*Toolkit Z-A*'.[92]

The most important recommendation for Dutch companies that operate in South Africa is to actively practice CSR strategies. It is possible to support aid programs, but it is recommended to try to embed CSR in the core of the company. By doing this, the sustainability for both the company and the South African economy in general will increase. Try not to go for the 'easy way' to make direct third-party investments, but always aim to improve the surrounding economies and communities. In the long term these investments will give an actual return on your investments, for more people will get access to the economy and the (local) market will expand.

CSR in South Africa is to a large extend regulated by the government. Keep the different pillars on the BBBEE scorecard in mind and make sure that compliance to the mandatory King-III codes on corporate governance is taken care of. To increase sustainability, companies should spend the obligatory CSR-investments in SED-projects, the workforce and working conditions or improve the formal business processes such as transparent reporting, CSR down the supply chain or prevention of corruption. To obtain more information on relevant CSR-issues in specific business sectors, more information is provided in chapter 4.2 of this research.

The South African government and companies have defined several focus points that Dutch companies are requested to pay attention to. First, companies are requested to not just comply to regulation, but take a step beyond the minimum requirements. Second, paying special attention to the welfare of the employees and getting involved in collaborative sustainability initiatives is recommended. Third, take a look at urban regions as a possibility to establish your business in: labor is relatively cheap and the impact on local communities can be very high.

Dutch players should remember that domestic companies often see foreign companies as business examples. Respondents indicated that Dutch companies are regarded as front runners for CSR. They should set a good example by sharing CSR knowledge, expertise and best practices with South African players. In contrary to what the strategy of Dutch companies might be in the Netherlands, it is quite common to use CSR investments and projects as a tool for branding the company in South Africa: put specific emphasis on sustainable characteristics of CSR efforts.

Finally, it is recommended to enquire at the Embassy of the Netherlands in Pretoria about CSR-related projects where Dutch companies can participate in. For more information on sustainability through SED and effective CSR practices in South Africa, it is possible to attend one of the free sessions that are organized on a regular basis by BEE South Africa and SEDISA.

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[92] (Internationaal Ondernemen)

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APPENDICES

The appendices are categorized in four categories:

- **Appendix 1:** research design, elements of analysis and conclusions.
- **Appendix 2:** case selection and methods as well as a list of the interview questions and the quick scan contents are discussed.
- **Appendix 3:** analysis of obtained statistical data regarding important CSR issues in South Africa.
- **Appendix 4:** summaries of all interviews that have been conducted amongst NGOs, companies, scientific and governmental institutions in South Africa and the Netherlands.
- **Appendix 5:** summaries of the key speakers of several CSR-related events, meetings and summits that I have been visiting.
- **Appendix 6:** names and reasons of companies that neglected to provide information regarding CSR for this particular research.

1 Appendix –Research design

This chapter elaborates briefly on the used research design of this report. Starting with the different elements of the research design, the approach towards the Dutch and the South African way of doing CSR is discussed. Afterwards, both the qualitative and the quantitative approaches are elaborated on. More information on case selection, data collection and analysis as well as the interview design can be found in Appendix 2.

1.1 Elements of analysis

The research starts with a literature review on the concept of CSR. In order to conduct a research on a certain subject, a definition has to be chosen first. CSR is introduced by looking at a working definition, different approaches and institutional contexts of CSR.

The Dutch approach: a selection of important international Dutch CSR-policies was made. For a thorough analysis I have taken a look at the most important policies, the focus points of these policies, the present political approach towards CSR and the institutional context of CSR in the Netherlands. To point out the most important ones, I made use of information as provided by experts in the field. The information of these experts combined with the literature review has given a qualitative approach to the Dutch way of using CSR.

The South African approach: starts with the determination of the most important CSR elements, legislation and policies in South Africa that has been obtained using the interviews. The perception, drivers and policies are analyzed in terms of relevance in South African business life. Also, CSR focus points and the institutional context of South Africa is elaborated on. In order to obtain a multi-perspective view on CSR in South Africa, a broad selection of interviewees is used to make sure that different views on South African CSR are obtained.

Qualitative approach: the interview research is characterized by a qualitative approach. Rather than asking the respondents to fill in a questionnaire, I interviewed the respondents in a face-to-face encounters. The interviews took between 60 and 90 minutes each. By using this strategy, I obtained additional information on the possible added value of the Dutch policies, especially when compared to the alternative of filling out a questionnaire. For the development and execution of the interviews I have used the guidelines as presented for survey research as well as specific interviewer-related guidelines. [93] [94] I have also attended numerous seminars and summits. I have summarized the topics that have been addressed by the key speakers of these events. The summaries are to be found in the appendices of this thesis.

Quantitative Approach: each interviewee was requested to fill in a Likert-scaled table. This table contains ten CSR-related issues that are to be scaled on a scale of 1 (very relevant) to 5 (completely irrelevant). This quantitative approach is used to see which CSR elements can be considered being statistically significant in terms of relevance in South African CSR. During the creation of the table, '*balanced alternatives'* have been taken into account. This is done to obtain as objective results as possible.[95]

1.2 Conclusions of the research

The conclusions of the research are based on a comparison of the results of the Dutch and South African chapters. The findings are generalized on the information that has been provided in the interviews, meetings and other events, as well as the analyzed policies. These generalizations have been transformed into an answer towards the general research question. Applicable guidelines are provided in the '*recommendations*'-chapter.

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[93] (Babbie, 2004, pp. 263-268)
[94] (Dijkstra & Smit, 2005, pp. 133-156)
[95] (Dijkstra & Smit, 2005, p. 95)

2   Appendix – Data collection and analysis

This appendix elaborates on the selection of the cases (interviewees) and discusses the used methods. Finally, the interview questions that have been used for this research are discussed.

2.1   Case selection and method

As mentioned before, I made use of literature, interviews and meetings to point out the relevant Dutch CSR-policies. As for the interviews, I have made use of several experts in the field that can be seen as sampling units that are representative for the population of Dutch CSR experts. Amongst them are two CSR experts from the Dutch Ministry of Foreign Affairs, the head and a policy employee of the Department of Socio-Economical Affairs of the Embassy and mr. dr. C. Raat, my initial supervisor of the University of Twente. Because the interviewees have been selected, the external validity is relatively low. This problem is countered by doing the literature review. Also, the experts originated from different institutions, so they can be considered as being more or less independent.

The target population of South African parties was harder to choose. I chose for a design that embraces a multi-perspective approach towards CSR. For this, I have interviewed employees of scientific, business and governmental institutions. In order not to omit the non-responsive organizations, an additional appendix is included which contains the names and reasons of the institutions that refused to provide information or did not respond at all.

The emphasis of this research is especially placed on the South African situation and interviews. The reason for this is the fact that the South African business life will be the place where the future actions of the Embassy will take place. Therefore, the South African analysis regarding interviews and literature will be more comprehensive than the Dutch policy analysis.

2.1.1   Interviewees originating from science of government

The selection of interviewees with a scientific or governmental background has been made using an '*informer*' approach. This approach is used for respondents that represent a particular institution or have particular knowledge on a subject.[96] To achieve this, I have used a '*multiple-step method*': I started off by contacting large organizations by phone, e-mail. After having obtained names and contact details of different employees of these institutions, I used the second step to select individuals that I regarded as being interesting to interview.[97] In the case that I met people personally (i.e. on receptions or networking events), I made use of these contacts to get redirected to the persons who have knowledge of CSR. I also asked after the interviews for contact details of other persons that could be interesting for me to interview as well.

2.1.2   Interviewees originating from companies

The selection of companies is based on cluster sampling: *'A multistage sampling in which natural groups are sampled initially, with the members of each selected group being sub-sampled afterward*'.[98] First, the clusters of the different types of organizations are being defined. Next, samples from these clusters are drawn.

Using this method, the '*selection*'-problem might arise, which is a threat to internal validity. For example, companies that have a strong commitment can be more eager to tell about CSR than companies that have lesser commitment towards CSR. Thus, the information that is provided might not be completely objective. By preparing the interview thoroughly (i.e. reading annual reports) and focusing on different CSR-elements, most of the implications of selection can be ruled out.

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[96] (Dijkstra & Smit, 2005, p. 43)
[97] (Dijkstra & Smit, 2005, pp. 43-44)
[98] (Babbie, 2004, p. 208)

The definition of the different sectors, or the *'target population'*[99] for a similar research can be done by focusing on different aspects. Amongst them are organizational characteristics (ownership structure and company size)[100] or distinct industries. Because of the broad applicability of the results that is required, the focus of this research has been the most important South African industries. The main ones are the automotive, tourism, mining and minerals, ICT & electronics and chemicals industries.[101]

Of these industries one, or ideally two, players have been interviewed. Due to time constraints it was unfortunately impossible to increase the number of representatives from these sectors. Also, special attention has been paid to companies that are specialized in the concept of CSR itself. In total, thirteen interviews have been conducted. As additional background information, I have attended ten presentations that related to CSR, CSI and/or sustainability.

2.2   Interview contents

This subsection contains the list of interview questions that has been used for the different interviews. The list of questions consists of two parts. The first part is called the '*quick scan'*. The quick scan is a summarized overview of specific aspects of the company. The *quick scan* is preferably made before the interview takes place. It can be used to compare companies with each other and at the same time to obtain some background information on the company. In the quick scan, information is gathered according to a list of topics. Because not all topics are relevant for the companies visited, the emphasis of the quick scan will lie on the first five topics.

2.2.1   Quick scan contents

Interview Summary: Short summary of what has been discussed. Conclusion on the most important findings, the name of the event, the location and the date.

Most important contents
Quick scan of organization: Summary of the quick scan.
Interviewee: Name of interviewee, contact details, function, working history.
Sector: What is the main sector that the organization operates in?
Activity: Type of company, company profile (domestic, multi-national).
Ownership: Private, public, state owned or joint venture, plus description.
Supply Chain: Position in supply chain.
Collaboration: Partners, license agreements, member of branch organizations.
Emphasis: Design, environment, production, quality.
Location: where does the activity take place.

Less important contents
Influences: Sector organizations, social/political influences, main owners.
Economy: Financial performance, growth rates, balance sheet, future prospects.
Marketing: Strategies, competitors, principal customers.
Production: Volume.
History: When and how established, where located, key events, special breakthroughs.

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[99] (Dijkstra & Smit, 2005, p. 27)
[100] (Mathis, Corporate Social Responsibility and Public Policy-making: perspectives, instruments and consequences, 2008, p. 137)
[101] (The International Marketing Counsil of South Africa, 2010)

2.2.2 Corporate Social Responsibility questions

The second part of the interview is about the core of the research itself: corporate social responsibility in companies that operate in South Africa. A selection of questions used in previous CSR-related research with an international focus has been made.[102] Also, the comments of CSR experts have been taken into account when developing the questions.[103] [104]

Please note that all questions that are mentioned underneath have been used as guidelines rather than being a list of fixed questions. Some topics might have been left out in certain interviews, whereas more emphasis might have been put on those topics in other interviews. The selection of the first set of questions aims to obtain a clear view on the CSR in South Africa, while taking the Dutch background into account.

Questions regarding CSR in general
Motives of business actors to engage in CSR activities:
* What does your company consider to be CSR?
* What are the motives and reasons for your corporation to engage in CSR policies?
* What legislation has an influence on the CSR that is used within the company?
* What is the influence of external expectations: does the degree of CSR management rise when the expectations are higher?

CSR characterizations by companies:
* Do you report on CSR activities?
* Transparency: why was chosen for a particular reporting strategy?
* What are the experiences with this reporting strategy?

Positions and perceptions of the company concerning the policy subsystem CSR:
* What are major issues related to CSR for your company?
* How does the company perceive its role in the policy network?
* Are there certain actors that your company makes use of to improve CSR?

Policy changes:
* Has there been a policy change in CSR over the last few years? If so, what caused it and what changed?
* Were internal (turnover, personnel, belief system) or external (competition, government) factors important for these changes?

After these questions regarding 'standard' CSR, the guidelines for questions regarding CSR in South Africa are used. These questions take specific aspects of South African business life into account. The questions try to distill the core CSR values in South Africa that are relevant for both South African and Dutch companies.[105][106]

Questions regarding CSR in South Africa
* What are typical CSR elements in your business sector?
* What is the influence of former BEE and present BBBEE on your business?
* What are the challenges with former BEE and present BBBEE for your company?
* How does your company obtain its BBBEE points? Through CSI, CSR or SED?

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[102] (Mathis, Corporate Social Responsibility and Public Policy-making: perspectives, instruments and consequences, 2008, pp. 182-190)
[103] (Scherpenzeel, 2010)
[104] (Summeren, 2010)
[105] (Scherpenzeel, 2010)
[106] (Summeren, 2010)

Questions regarding the institutional context
- How do you regard the relation between your company and the government? And companies and the government in general?
- How does the government of South Africa enforce its social and environmental legislation (labor inspection, environmental monitoring)?
- What is done to improve living standards of your employees (housing, medical care, skill development)?

Sector-related questions
- Is the company member of a co-operation with other companies regarding CSR or CSI? If so, why?
- Is CSR a competitive advantage in your business sector? Do suppliers or consumers inform?
- How does your company consider the return on the investments in CSR? Is there any visible return? What are the long-term expectations?
- What is the future perspective on CSR in the company itself and in this business sector in general?

Quantitative research regarding Dutch international policy
The table underneath contains aspects originating from the Dutch international policies. [107] The aim is the gradation of the different aspects originating from the Dutch cabinets vision. This information is used to get a clear view whether the elements that the Dutch consider as being relevant are also underlined in South Africa. A statistical analysis on the responses is conducted afterwards.

Mark the following topics on a scale from 1 to 5 in terms of how the company regards it as being a relevant issue in South African business life:

Issue	Very Relevant	Relevant	Neutral	Irrelevant	Completely Irrelevant
Rights of association & collective negotiation	1	2	3	4	5
Forced labor	1	2	3	4	5
Child labor	1	2	3	4	5
Discrimination	1	2	3	4	5
Business reporting	1	2	3	4	5
Environmental care	1	2	3	4	5
Working circumstances	1	2	3	4	5
Corruption	1	2	3	4	5
Health care	1	2	3	4	5
Consumer interest	1	2	3	4	5
CSR down the supply chain	1	2	3	4	5
CSR in business competition	1	2	3	4	5

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[107] (Social Economical Council, 2008)

2.2.3 Additional questions for Dutch companies

When the interviewed company has Dutch roots, some additional questions regarding the compliance to South African legislation and policies are asked. The questions have also been developed according to the guidelines as obtained during the meeting with CSR experts from the Dutch Ministry of Economic Affairs.[108] These questions address to the following issues:

- What are issues that you have encountered when starting your business in South Africa?
- What are factors regarding CSR that are relevant in South Africa, that are not relevant in the Netherlands?
- How did you get your information on CSR when going to South Africa?
- How does your company comply with domestic CSR of the Netherlands?
- Do you regard Dutch companies as being front runners in terms of CSR strategies and projects in South Africa?
- How do you regard the level playing field of CSR in South Africa: are the standards high, average or low?

2.2.4 Open-ended final part of the interview

The end of the interview consists of questions on corporate social responsibility, specific issues and projects that the interviewed company regards as being important. For this, the 'story telling' interviewing technique is used. Thus, the final part of the report on each interview is used to obtain additional information that is not addressed to by the previously asked questions.

- In what way can Dutch companies and government contribute to the discussion on CSR in South Africa?
- When going abroad, what are the major CSR-related issues in South Africa that Dutch companies have to take into account?
- Which other persons should I talk to in order to increase my knowledge on this subject?

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[108] (Scherpenzeel, 2010)

3 Appendix – Statistical analysis

All interviewees have filled in a Likert-scaled table, which contains ten important CSR-related issues that have been addressed to by the Dutch CSR organizations. The results have low external validity and are hard to generalize because of the low number of respondents (N=14). However, the results of the statistical analysis can be used to obtain a semi-reliable view on relevant CSR-related issues in South Africa.

3.1 Data recoding

First, all obtained data is recoded so that all items measure the same ('if the item scores high, the item is contributing to CSR'). The scores on the items '*corruption*', '*forced labor*' '*child labor*' and '*discrimination*' have been inverted. If any one of these items would have a high score, it would mean that it is bad for the level of CSR. i.e. if corruption scores high, this would not mean that the company regards corruption as being good. When inverting these scores, all items measure the same direction. An example is given for inverting 'corruption':

Corruption * Corruption_New Crosstabulation

Count

		Corruption_New			Total
		3,00	4,00	5,00	
Corruption	Very Relevant	0	0	5	5
	Relevant	0	7	0	7
	Neutral	2	0	0	2
Total		2	7	5	14

Table Appendix 2.1: example of inverting 'corruption'.

3.2 Item clustering

Components are analyzed while making use of a component matrix. This matrix creates three different clusters that all measure a certain field (or topic) of CSR.

Component Matrix[a]

	Component		
	1	2	3
Forced labor	,966		
Child Labor	,900		
Working Circumstances	,771	-,396	
Environmental Care	,657		,643
Business Reporting	,619	,340	
Right of Association	,609		-,372
CSR down Supply Chain		,896	
CSR in Business competition		,784	
Consumer Interest		,694	,512
Discrimination		,379	-,689
Health Care	,305	-,400	,576
Corruption			,440

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

Table Appendix 2.2: component matrix.

3.3 Cluster analysis

Next, reliability statistics are used to analyze three 'clusters' within CSR. The clusters have been named according to the topics that the items within these clusters address to. In order to make sure that the three clusters are indeed trustworthy and reliable, the reliability analysis generates Cronbach's alpha per cluster as well as item-total correlations. Cronbach's alpha should preferably be higher than 0,7 to be significant.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Forced labor	9,93	10,841	,932	,772
Child Labor	10,00	11,692	,832	,795
Working Circumstances	9,86	12,440	,663	,827
Environmental Care	9,64	13,478	,457	,865
Business Reporting	9,79	14,027	,497	,855
Right of Association	9,71	12,835	,523	,855

Reliability Statistics

Cronbach's Alpha	N of Items
,855	6

Table Appendix 2.3: Reliability statistics for cluster 1.

Cluster 1: 'Workforce and working conditions': the first cluster consists of the items 'forced labor', 'child labor', 'working circumstances', 'environmental care', 'business reporting' and 'rights of association'. The correlation between these items is high: Cronbach's Alpha is 0.855.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
CSR down Supply Chain	4,00	1,538	,784	,414
CSR in Business competition	4,21	2,951	,452	,819
Consumer Interest	4,07	1,918	,602	,665

Reliability Statistics

Cronbach's Alpha	N of Items
,758	3

Table Appendix 2.4: Reliability statistics for cluster 2.

Cluster 2: 'Formal business processes': the second cluster of CSR consists of the items 'CSR down the supply chain', 'CSR in business competition' and 'consumer interest'. The correlation within this second cluster is also high: Cronbach's Alpha (0.758)>0.7 and significant.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Discrimination	3,14	,901	,275	,024
Health Care	4,00	1,538	,392	-,071[a]
Corruption	3,57	2,110	-,022	,573

a. The value is negative due to a negative average covariance among items. This violates reliability model assumptions. You may want to check item codings.

Reliability Statistics

Cronbach's Alpha	N of Items
,329	3

Table Appendix 2.5: Reliability statistics for cluster 3.

Cluster 3: 'Society': the third and last cluster consists of the items 'health care', 'discrimination' and 'corruption'. Cronbach's Alpha is 0.329 and thus not significant. In the case that 'environmental care' is added to this third cluster, Cronbach's alpha increases to 0.395, which is still not significant. This does not mean in any way that the items themselves are not relevant, but rather that it is not possible to generalize the combination of these items to a new cluster.

It is concluded that the first two clusters, 'workforce and working conditions' and 'formal business processes' are significant (Chronbach's Alpha >0.7) as a cluster and that 'society' is not significant (Cronbach's Alpha <0.7) as a cluster.

3.4 Indiviual item relevance

Individual items have been marked on a Likert scale, with scores between 1 (very relevant) and 5 (completely irrelevant).When taking a look at individual items and their relevance in South African business life, the following descriptive table is created:

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Right of Association	14	1	4	2,07	,997
Forced labor	14	3	5	4,14	,949
Child Labor	14	3	5	4,21	,893
Discrimination	14	1	4	2,00	,961
Business Reporting	14	1	3	2,00	,784
Environmental Care	14	1	4	2,14	,949
Working Circumstances	14	1	4	1,93	,917
Corruption	14	1	3	1,79	,699
Health Care	14	1	3	1,36	,633
Consumer Interest	14	1	4	2,07	,917
CSR down Supply Chain	14	1	4	2,14	,949
CSR in Business competition	14	1	3	1,93	,616
Valid N (listwise)	14				

Table Appendix 2.6: Descriptive statistics for all items.

In order to judge the items in terms of relevance, the scores are calculated where the standard deviation is deducted from the mean (score = mean – item standard deviation). Items with the lowest scores are the most relevant in South African business life, whereas items with higher scores are less important. The result is the following:

Rank	Score	Item
1	0,724	Health Care
2	1,012	Working Circumstances
3	1,039	Discrimination
4	1,074	Rights of Association
5	1,086	Corruption
6	1,155	Consumer Interest
7	1,194	Environmental Care
8	1,194	CSR down the Supply Chain
9	1,216	Business Reporting
10	1,313	Business Competition
11	3,194	Forced Labor
12	3,322	Child Labor

Table Appendix 2.7: Final scores on item relevance in South African business life.

The table above shows that forced labor and child labor are the least relevant, whereas health care is regarded as highly important. Working circumstances, discrimination, association and corruption are also important CSR-related issues. However, these results may not be accurate due to the low amount of respondents (N=14). Hence, the power and external validity of this analysis is low. In the report, this statistical analysis is used as extra information on South African CSR rather than statistical proof of the importance of separate items.

4   Appendix – Interviews

4.1 Dutch Ministry of Economic Affairs

Jeanette Scherpenzeel, Senior Policy Advisor CSR & Trade.
Thera van Summeren, Policy Advisor.

Details
Event: Meeting with CSR Policy advisor J. Scherpenzeel and South Africa CSR expert Thera van Summeren.
Location: Dutch Ministry of Economic Affairs, The Hague, The Netherlands.
Date: 18 August 2010.
Website: http://www.rijksoverheid.nl/ministeries/ez

Introduction
The standard interview questions have not been applied to this interview. This interview has an explorative character and was rather used to determine the focus of the research itself than to find out how the ministry puts CSR into use. The topics that have been addressed to and the information gathered from this interview is used to determine the interview questions regarding CSR for the rest of the research, as well as the focus of the research.
Sector: Government. The Ministry is a Dutch governmental institution.

4.1.1 Codes that apply to Dutch companies

The OECD (organization for economic co-operation and development) guidelines clearly state the expectations of the Dutch government regarding the practice of CSR in Dutch companies in foreign countries. The OECD guidelines can be seen as guidelines for expected behavior of Dutch companies. The guidelines contain information on issues companies have to deal with, such as environmental care, corruption and working circumstances. Scherpenzeel addresses to the OECD guidelines and the National Contact Point as being the most important message the Dutch government gives to companies with regard to CSR.

The Dutch ministry of Economic Affairs suggests companies who go abroad to contain the same normative framework as the practice in the Netherlands. This normative framework is in most cases the compliance to the OECD Guidelines. Next to that, companies have to comply to all kinds of policies and laws that are enforced in South Africa. CSR should answer to the creation of more value (through people, planet and profit) and to the dialogue with the stakeholders: how to address to the questions that are relevant in the society the company does business in?

4.1.2 Issues directly related to the research itself

When looking at Dutch companies that operate in South Africa, Scherpenzeel suggests that it should be investigated in what way Dutch companies still comply to the OECD guidelines when operating abroad. Next to that, attention should be paid to the way South African policies, legislation and the current level playing field (the rules of the game taken into account by all businesses in an economy) affect business. The interviews must find an answer to questions regarding the way Dutch companies experience this climate in South Africa on the one hand, and questions regarding how promotion of CSR towards South African companies can be executed by the Dutch Embassy on the other.

In the part of the research that discusses the similarities and differences between Dutch and South African policies, it would be a good thing to discuss what parts of the OECD guidelines are already embedded In South African legislation. Scherpenzeel suggest a selection of both South African and Dutch based companies, as well as both small and large companies for the interviews.

4.1.3 Tips for interviews
- Try to arrange interviews with CSR-personnel instead of PR-personnel. They often just give you the slick story and have little factual knowledge
- Use public policies and statements of the companies to refer to during the interviews.
- Combine a structured part of the interview with an unstructured part, where you try to get to know what issues are important for the companies and why and what problems are raised when implementing CSR.
- Find out in what way legislation affect businesses. Is it just legislation in theory? How is it enforced? Does the government check how companies put it in practice?
- BEE is enforced by using 'BEE points'. How do companies obtain their points? Through responsible and sustainable business or by finding suppliers that give them a lot of BEE points?
- What are the problems with BBBEE, for instance, how do companies cope with the fact that business secrets have to be shared with new shareholders?
- Find out what the differences are between Dutch companies that operate in S A and South African companies that operate in S A. A hypothesis might be that Dutch companies are more likely to take steps beyond legislation that S A companies. See for instance Heineken in South Africa.
- Large companies must address to all seven pillars of the BEE scorecard, whereas SME's can choose one out of four pillars to comply to. How does this work out in practice?
- Find out the practical implications of legislation and policies in S A companies. This information is valuable for Dutch companies.
- Find out how the Dutch can support CSR in South Africa, in all aspects.

4.1.4 Important aspects of CSR in South Africa
- According to Thera van Summeren, the level playing field with regard to CSR in South Africa is currently at a high level, especially when compared to other African countries.
- Health care (and especially HIV/AIDS) is often an important issues for companies, because it directly relates to their business (employees can get sick).
- Environmental issues are quite often taken care of by law. But the amount of inspections regarding the compliance to these rules is often insufficient. Low corporate awareness regarding the environment is present.
- Corruption and transparency are hard to discuss directly. It is more useful to focus on practical implications of corruption. i.e. what measures have been taken to prevent corruption from happening? How often do the managers get repositioned? Etc.
- Use the OECD guidelines for other aspects. Determine which aspects are relevant for S A and which are not.

4.2 Behold International

Jop Blom, Founder Behold International.

Details
Event: Dinner.
Location: 526 Barend Spies, Constantia Park, Pretoria, South Africa.
Date: 19 October 2010. (Enk & Agoons, 2010).
Website: http://behold.nl/

4.2.1 Quick scan Behold

Interview Summary: Blom regards CSI as being a problem, because investments are often made in an unsustainable way. The solution is to implement CSR through top management and embed it in the core business strategies. The level playing field is quite high, but the way investments are made is often not for the beneficiary of the business or the sustainability of society.

Quick scan of organization: Behold is a Dutch-South African organization that helps Dutch companies to organize CSI and CSR-related projects in South Africa. Behold also pays attention to South African companies that want to improve their CSR strategies. Behold has a portfolio that consists of different projects that companies can invest in or work together with.
Interviewee: Jop Blom, founder and owner of Behold international. Before starting Behold, Blom has been part of different CSR-related initiatives.
Sector: CSR. Behold operates in the project management sector that is specialized in CSR.
Activity: Behold is about promoting and empowering social entrepreneurship and corporate social responsibilities on both a national and an international level. Behold links the private sector with NGOs and development work. The company has offices in the Netherlands (headquarters in Amsterdam), Kenya (Nairobi) and South Africa (Pretoria, Cape Town).
Ownership: Behold is a private owned company and has a team of 11 employees, based in the Netherlands and South Africa.
Supply Chain: Behold can be regarded as fulfilling an intermediate role in the supply chain. They provide services to companies that want to start CSR-related activities abroad, but also give advice to domestic South African companies that want to improve their CSR strategies.
Collaboration: Behold fulfills an intermediate function between NGOs and companies that operate in South Africa or the Netherlands. Amongst the best practices, the following companies can be found: Red Bull, Ordina, Lifevromawassa, Hivos, Dutch Ministry of Foreign Affairs, Tread Lightly and more. Other partnerships are with Sovec, Esteam Work, KPMG, AIESEC, UN Volunteers, The Value Agency and UNDP.
Emphasis: Due to the international clientele and partner organizations of Behold, a lot of the activities of Behold take place at an international level. However, emphasis of the activities and project s lies on South(ern) Africa.

4.2.2 Behold: Corporate Social Responsibility
CSR in general
Motives of business actors to engage in CSR activities: Blom regards CSR as being the following: "*In my view the successful companies of the future will be those that integrate CSR in their business and employees' personal values. The best people want to do work that contributes to society with a company whose values they share, where their actions count and their views matter and by broadening their scope new markets and businesses opportunities will be developed*"[109].

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[109] (Behold International, 2010)

CSR characterizations by companies: Reporting is not a relevant factor in this interview. The focus of the company is focused on helping other companies with developing responsible behavior. No public reports on Behold are available.

Positions and perceptions of the company concerning the policy subsystem CSR: The major issues related to CSR for Behold are the creation of awareness on the subject of CSR and effective CSI amongst South African and Dutch companies.

4.2.3 CSR in South Africa

Behold operates in an international environment and has got partners and clients originating from all kinds of sectors. Blom points out that the most important topics in terms of CSR are employee care and discrimination. Employee care is all about the way companies handle their employees. This can be in terms of the provision of education and skill development, but also medical treatment, HIV/AIDS programs, alcohol awareness programs and housing. Blom argues that companies often regard CSR and CSI as being 'check-writing'. Instead of making sustainable investments in society that will eventually benefit the company itself, companies tend to be philanthropic and offer money to projects that are not monitored well and have a low return on investment.

If companies would be more aware of their own responsibilities towards society and see things from a perspective where the company itself is also part of civil society, investments can be made in a much more sustainable way. Blom gives an example: "*There was this large multinational company that ran into problems with its workforce. Because of the bad housing, many of the employees were living in informal settlements. These settlements are often very dangerous, HIV-infested and have a high crime rate. In order to support the workforce, a plan had been made to provide the employees with housing. In this way the company would have a greater influence on the workforce, living standards would be higher and eventually productivity of the workforce would increase. The investment would not be high, for the rents could be deducted from the salary of the workforce. In the end, the company decided not to invest in this project, for unknown reasons.*"

Blom thinks that the short-term vision of much companies in South Africa is one of the major problems for the implementation of sustainable CSR. Because the economy is very young and unbalanced, companies are not willing to take the risk of making investments with a long-term vision. Companies should be more aware of the fact that they themselves can contribute to the balance and sustainability of the economy. This is also observable when looking at the BEE and BBBEE influences on companies. Instead of being motivated to invest in CSR, many companies are just trying to comply to the rules in the way that costs the least money and effort. Again, this is clearly visible: companies often just write a check to some project to live up to the rules instead of making a sustainable investment.

The Dutch international policy

Mark the following topics on a scale from 1 to 5 in terms of how the company regards it as being a relevant issue in South African business life:

Issue	Very Relevant	Relevant	Neutral	Irrelevant	Completely Irrelevant
Rights of association / collective negotiation	*1*	*2*	**_3_**	*4*	*5*
Forced labor	*1*	*2*	**_3_**	*4*	*5*
Child labor	*1*	*2*	**_3_**	*4*	*5*
Discrimination	*1*	*2*	**_3_**	*4*	*5*
Business reporting	*1*	*2*	**_3_**	*4*	*5*
Environmental care	*1*	*2*	**_3_**	*4*	*5*
Working circumstances	*1*	*2*	**_3_**	*4*	*5*
Corruption	*1*	**_2_**	*3*	*4*	*5*
Health care	*1*	*2*	**_3_**	*4*	*5*
Consumer interest	**_1_**	*2*	*3*	*4*	*5*
CSR down the supply chain	**_1_**	*2*	*3*	*4*	*5*
CSR in business competition	**_1_**	*2*	*3*	*4*	*5*

4.2.4 Behold as a Dutch company in South Africa

Blom did not encounter much problems when starting business in South Africa. The main problem was the lack of local contacts and networks, but they are currently being built. BEE legislation and CSI investments are factors that are relevant in South Africa, but not in the Netherlands. South Africa is also a combination of a first and a third world country, what makes doing business quite different than back in the Netherlands. Blom also regards Apartheid as a very relevant historical fact in the CSR context.

When Blom started business in South Africa, most information he got about setting up business originated from Trade mission SANEC and own local contacts. Also, the CSR international booklet of the Embassy was used. Behold is still living up to the CSR standards that are put in use in the Netherlands. These standards are also being promoted in South Africa.

According to Blom, Dutch companies are not really front runners in the CSR context. There are many South African companies that are doing a better and more genuine deal.
The level playing field in South Africa regarding CSR is high. However, the focus in South Africa is different than the focus in the Netherlands. In South Africa, the investments are often more CSI (donations) than CSR driven (corporate strategy).

4.2.5 Behold: miscellaneous

Blom thinks that the Dutch can give a good contribution to the promotion of CSR in South Africa. The main focus should lie on promoting CSR as a strategy instead of promoting CSI. The main issues that have to be taken into account by Dutch parties that want to set up business in South Africa are BEE and the huge economic differences in society.

4.3   Intervolve

Peter Gijs van Enk, Project manager at Intervolve Amsterdam.
Daniel Agoons, Project manager Intervolve Cameroon.

Details
Event: Interview.
Location: Embassy of the Netherlands, Pretoria, South Africa.
Date: 21 October 2010.
Website: http://intervolve.org/

4.3.1   Quick scan Intervolve

Interview Summary: Intervolve executes projects to improve living circumstances of poor people in the urban areas in different African countries. They also help Dutch companies to invest or operate in these countries with the goals of their CSR strategies. Intervolve works on most of the projects together with housing associations. Housing and infrastructure are considered as being very important to create a better and healthier environment for the poor.

Quick scan of organization: Intervolve stands for 'Foundation for Innovative and Integrated Development'. Intervolve is a non-profit foundation that provides innovative programs and activities in order to improve socio-economical circumstances in people living in urban areas in developing countries. In order to obtain money for these activities, Intervolve is making use of a network of companies, governments and NGOs. Intervolve consists of five employees and a board of control of four.
Interviewee: Peter Gijs van Enk, Project manager at Intervolve. Working history: project officer at Dutch Habitat Platform, junior consultant at ARCADIS Euroconsult. Daniel Agoons, project manager for Intervolve in Cameroon. Working history unknown.
Sector: Aid. Intervolve is working in the human aid sector.
Activity: Intervolve is a multi-national operating non-profit organization that provides help to the poor and consults both foreign as domestic companies on what goals to use for CSR. The help to the poor is basically aimed at slums, townships and informal settlements. Intervolve is based in the Netherlands and operates in South Africa, Ethiopia and Cameroon.
Ownership: Intervolve is a non-profit foundation that consists of five employees and a board of four. It is a non-governmental organization.
Supply Chain: Intervolve fulfills an intermediate function between local projects regarding improving housing and living circumstances on the one hand and businesses, NGOs and governments on the other. Also, direct consultancy is given to Dutch companies on CSR goals when expanding business to Africa.
Collaboration: Amongst the partners of Intervolve are private equity corporations, NGO's and governmental institutions. Amongst them are Digh, Eigen Haard, Strikolith, Staedion, ncdo, Cordaid, Ymere, Wissing, SWK, FGH Bank, Woonconcept, Condavia, DLA Piper and the Buffalo City municipality.
Emphasis: The emphasis of Intervolve lies on creating a sustainable healthy environment for those who live in urban regions in developing countries. The emphasis within this scope lies on education, economical stimulation, housing, living circumstances and work.

4.3.2 Intervolve: Corporate Social Responsibility

Intervolve is a foundation that uses CSR as a product. Therefore CSR can be considered as the main driver for the organization to exist. The influence of legislation is not very high in this organization (but it does influence the partner organizations that operate in the housing sector in South Africa). SED is put in use by both Intervolve and its housing partners. The aim of the economical development programs is the improvement of living standards and circumstances in the poor areas. The Dutch government is also helping: housing associations that are based in the Netherlands are supported by the Dutch government when they want to invest in projects in South Africa. This support can also be considered as being a driver for CSR.

Positions and perceptions of the company concerning the policy subsystem CSR: Van Enk describes Intervolve as being a broker in the policy network. They receive funding from other NGO's, governments and companies, mostly based in the Netherlands. This money is then invested (directly or indirectly) in projects in Africa.

The changed focus in South Africa on CSR has not really affected Intervolve. There have not been any changes in the CSR strategies. The drivers for CSR within the organization are mainly caused by internal stimuli: CSR is regarded as being the best tool to achieve the goals of Intervolve.

4.3.3 CSR in South Africa

Van Enk and Agoons see social economic development, capacity building through education, economical development , infrastructure and housing and community development as the most important CSR elements of the housing sector. Both agree that SED is preferred over CSI for making investments in general (although most of the funding that Intervolve receives is originated from CSI projects).

The South African legislation regarding discrimination, working circumstances and environment are regarded as being high. i.e. before partner organizations can start erecting buildings, a lot of permits must be obtained first. Also, the monitoring of the compliance to the legislation and permits by the government is done in an effective way.

The Dutch international policy
Mark the following topics on a scale from 1 to 5 in terms of how the company regards it as being a relevant issue in South African business life:

Issue	Very Relevant	Relevant	Neutral	Irrelevant	Completely Irrelevant
Rights of association / collective negotiation	*1*	*2*	**_3_**	*4*	*5*
Forced labor	*1*	*2*	**_3_**	4	5
Child labor	*1*	*2*	**_3_**	4	5
Discrimination	**_1_**	*2*	3	4	5
Business reporting	*1*	*2*	**_3_**	4	5
Environmental care	*1*	**_2_**	3	4	5
Working circumstances	*1*	**_2_**	3	4	5
Corruption	*1*	**_2_**	3	4	5
Health care	**_1_**	*2*	3	4	5
Consumer interest	*1*	**_2_**	3	4	5
CSR down the supply chain	*1*	*2*	**_3_**	4	5
CSR in business competition	*1*	**_2_**	3	*4*	*5*

4.3.4   Intervolve as a Dutch foundation in South Africa

Intervolve started working in South Africa in 1998. Van Enk joined Intervolve only 5 years ago, so information on which problems were encountered when starting up business could unfortunately not be answered. Van Enk regards discrimination and BEE as being aspects of CSR that need to be addressed to when starting business in South Africa, whereas these topics are not so relevant in the Netherlands. Further, Agoons tells that it is really hard to compare different societies with each other in terms of CSR. For an instance, there are huge differences in CSR between South Africa and other African countries. Comparing them in terms on CSR involvement by business life is impossible.

Intervolve tries to maintain the Dutch standards as much as possible, but pays more attention to the CSR characteristics that are applicable in the society where the project is executed.
South Africa is regarded as having a high standards in the level playing field regarding CSR. A lot of attention is paid to BEE, BBBEE and the environment. Especially when compared to other African countries, South Africa scores high.

4.3.5   Intervolve: miscellaneous

Tips for the contribution of the Dutch Embassy to CSR is South Africa: Van Enk argues that South Africa is regarded by Dutch companies as being easy approachable. It is often considered as a western country instead of a 'real' African country, such as Ethiopia or Cameroon for instance. Therefore, companies are likely to start up business without thinking about getting information or help of the Dutch Embassy. They tend to just use their own research and network to start up a business. This can cause a low level of awareness regarding CSR amongst these companies. The Embassy should pay special attention to Dutch companies that are just starting up business in South Africa.

The major CSR-related issues that these new companies should take into account are according to Van Enk housing, urban living conditions and HIV/AIDS. The companies should try to provide their employees with cheap and good housing in order to create a happy and healthy workforce and contribute to society at the same time.

4.4   International Committee of the Red Cross

Ian Edelstein, Public Affairs Officer.
Claude Voillet, Economic Advisor in Geneva.

Details
Event: Meeting during the break of the NBI summit / e-mail contact.
Location: Hyatt Hotel, Johannesburg / e-mail.
Date: 6 October 2010 / 22 October 2010.
Website: http://www.redcross.org.za/

4.4.1   Quick scan ICRC

Interview Summary: The focus of this interview lies in particular on the role the ICRC fulfills in South Africa and its contacts with business life. Because the ICRC is a non-profit based aid organization, the core of ICRC is providing help to society. This can be considered CSI, but because there is no real return on investment, the interview focuses on the way ICRC propagates CSR rather than the way ICRC implements CSR themselves.

Quick scan of organization: The Red Cross' mission is: "*To render services to prevent and alleviate human suffering and to foster human dignity in all communities by addressing the basic needs of the people in accordance with the fundamental principles of the Red Cross and Red Crescent Movement.*"[110]
Interviewee: Ian Edelstein is the public affairs officer of the South African department of the International Red Cross. Some of the information of this interview is gathered during the break of the NBI Summit, the rest has been obtained by making a selection of the information that was send to me during our exchange of e-mails. Claude Voillet is the economic advisor of the international red cross and is based in Genève, Switzerland. I did not have the pleasure to meet him, but he provided me with some information regarding the cooperation between the ICRC and South African business life.
Sector: Aid. The ICRC is working in the human aid sector.
Activity: The vision of the South African Red Cross Society is to be a democratic service organization. It tries to be effective, dynamic and sensitive to the needs of all communities, while taking the fundamental principles of the Red Cross into account. This is done by providing basic aid to those in need of it, but also by executing information programs and projects in high risk areas and helping companies with embedding responsible behavior in their actions.
Ownership: The ICRC is a non-profit organization with the head office in Genève, Switzerland. The ICRC operates worldwide.
Supply Chain: Because the ICRC is not a company, no specific role in the supply chain can be mentioned. However, the ICRC delivers aid (goods and information) to those in conflict areas. Therefore, it can be argued that the ICRC is in the end of the supply chain of the provision of aid.
Collaboration: Voluntary Principles on Security and Human Rights, UN Global Compact, collaboration with different South African companies in order to improve the respect for human rights and humanitarian law.
Emphasis: The emphasis of the ICRC lies on the provision of both quantitative and qualitative aid to those parts of community that are in need of it.

4.4.2   ICRC: Corporate Social Responsibility

The Red Cross does not take direct part in supporting companies with their CSR practices. The Red Cross South Africa regards itself as fulfilling an important role in improving living circumstances amongst the people living in conflict areas in South Africa. The ICRC does have relations with business life. In its relations with these companies, the ICRC focuses on helping them to manage their operations in the least harmful possible way when they operate in conflict settings. In doing this, the ICRC focuses on multi-stakeholder initiatives or industry initiatives

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[110] (The South African Red Cross Society)

rather than on individual companies. By doing this, Edelstein argues, the impact of the negotiations is higher than when focusing on individual companies.

4.4.3 CSR in South Africa

The ICRC participates actively, although with the a status as an observer, in the initiative called the 'Voluntary Principles on Security and Human Rights', of which the Dutch government is also a member. Through this participation it reaches out to South African companies or companies having operations in South Africa. Amongst them are also large companies, such as AngloGold Ashanti and Anglo American mining.

In particular, the ICRC is one of the leading organizations at the origin of a project to establish an Implementation Guidance Tool for the voluntary principles. This tool will help companies to implement the provisions of the voluntary principles. Next to this project, the ICRC is participating in the establishment of a guidance tool produced by the UN Global Compact to help companies manage their operations in conflict zones and high risk settings. Many South African companies are members of the Global Compact.

Last, the ICRC happened to meet directly with South African companies in 2009, discussing in particular their policies and practices with regard to their respect for human rights law and humanitarian law.

The Dutch international policy
Mark the following topics on a scale from 1 to 5 in terms of how the company regards it as being a relevant issue in South African business life:

Issue	Very Relevant	Relevant	Neutral	Irrelevant	Completely Irrelevant
Rights of association / collective negotiation	*1*	*2*	**_3_**	*4*	*5*
Forced labor	*1*	*2*	**_3_**	4	*5*
Child labor	*1*	*2*	**_3_**	4	*5*
Discrimination	**_1_**	*2*	3	4	*5*
Business reporting	*1*	*2*	**_3_**	4	*5*
Environmental care	*1*	**_2_**	3	4	*5*
Working circumstances	*1*	**_2_**	3	4	*5*
Corruption	*1*	**_2_**	3	4	*5*
Health care	**_1_**	2	3	4	5
Consumer interest	1	2	**_3_**	4	5
CSR down the supply chain	1	2	**_3_**	4	5
CSR in business competition	1	2	**_3_**	4	5

4.4.4 ICRC: miscellaneous

According to Voillet, the ICRC is not really involved in cooperation with business life, but tries to make companies aware of how to do business in conflict and high danger zones. The main goal of using this strategy is helping the people that live in these zones to develop themselves and live a safe and good life without suffering. These zones are often located in the big cities in South Africa, in particular in the townships and informal settlements. These areas need a lot of attention and help in order to grow to safe and healthy living areas for its inhabitants.

4.5 Gauteng Provincial Government

Thulani Guliwe, Research Director and Sector Specialist, Department of Economic and Development Planning.

Details
Event: Interview.
Location: 31 Simmonds Street, Marshalltown, Johannesburg, South Africa.
Date: 26 October 2010.
Website: http://www.gautengonline.gov.za/

4.5.1 Quick scan Gauteng Provincial Government, Economic and Development Planning

Interview Summary: The Gauteng government encourages companies to do business in a social responsible way. The main problem with CSR is the lack of good drivers: most companies are just complying to the minimum and are not prepared to take a step further. Also, companies that make use of CSR are often just investing money in unsustainable projects ('check writing') instead of making a sustainable contribution. In the future, a governmental institution could help with the efficient allocation of means.

Quick scan of organization: The Department of Economic and Development Planning is part of the Gauteng Provincial Government and is in charge of economical legislation and policy making, as well as the planning of regional development.
Interviewee: Thulani Guliwe is the research director and sector specialist of economic policy research of the department of economic and development planning of the Gauteng provincial government.
Sector: Government. The provincial government is a South African governmental institution.
Activity: Governmental legal institution.
Ownership: The provincial government is a legal governmental institution.
Emphasis: The emphasis of the department lies on the effective allocation of money that is invested by both government and companies, as well as creating development plans for the region.

4.5.2 Corporate Social Responsibility in Gauteng

Motives of business actors to engage in CSR activities: According to Guliwe, the main drivers for companies to use CSR (and in particular CSI) is legislation. If the legislation did not exist, companies would do way less on CSR. The main driver is the King III report, which enforces large companies to invest 1% of their annual profit in CSI.

Guliwe tells that the characterization of CSR in companies is mainly about giving money to charity instead of investing it in a sustainable way. The government considers itself as being a good partner to invest money (through a fund) in sustainable development projects. The biggest problem of the King III report is that there is no alignment between the government and the companies. Because of this problem, it is impossible to measure the impact of the investments that are made. Guliwe regards the CSI investments as being compliance-based: the investments are not done in a sustainable way, but just to obtain the points.

The Gauteng provincial government tries to fulfill a monitoring role in Gauteng business life in terms of CSI and CSR. This is done by the erection of the Gauteng Planning Commission, which tries to monitor the investments in society that are done by companies with assistance of the provincial government. The most important pillars of the investments are development of people skills and the creation of sustainable employment.

4.5.3 CSR in South Africa

After King III, companies started to contribute more to society, but mostly in terms of direct investments instead of embedding social awareness in the business core. The main driver for this increase is just the compliance. Real social awareness is especially low in SME's. However, the contribution of SME's has increased over the past three to four years. The large and multinational companies are doing better, but mostly because of shareholder pressure instead of internal drivers.

The most CSR-related issues in South Africa are according to Guliwe environment (although it is not being addressed to in a sustainable way), education and health. The impact of BEE and BBBEE is considered as being low. Because it is not enforced by law, a lot of companies just do not comply to the requirements. Therefore, the level of inequality within society (and within those companies) is still very high.

The government suggests a shift from CSI to SED and CSR, because CSI is considered as being unsustainable, whereas the other two are more or less sustainable. The problem with CSR and labor inspection is that there is a very low amount of monitoring by the government. There are 1,000 inspectors that have to monitor over a million companies. In terms of compliance to environmental law, Guliwe states that monitoring is also at an alarmingly low level. Also, it is often too expensive for companies to comply to the environmental legislation.

The Dutch international policy
Mark the following topics on a scale from 1 to 5 in terms of how the company regards it as being a relevant issue in South African business life:

Issue	Very Relevant	Relevant	Neutral	Irrelevant	Completely Irrelevant
Rights of association / collective negotiation	**1**	**2**	3	4	5
Forced labor	1	2	3	**4**	5
Child labor	1	2	3	4	**5**
Discrimination	1	**2**	3	4	5
Business reporting	1	2	**3**	4	5
Environmental care	1	2	**3**	4	5
Working circumstances	**1**	2	3	4	5
Corruption	1	**2**	3	4	5
Health care	**1**	2	3	4	5
Consumer interest	1	2	**3**	4	5
CSR down the supply chain	1	2	3	**4**	5
CSR in business competition	1	2	**3**	4	5

4.5.4 The role of Dutch companies in South Africa

Guliwe tells that the majority of Dutch companies that operate in South Africa are showing a strong compliance to the legislation and often take steps beyond the minimal requirements. However, more attention should be paid by Dutch companies to the division of labor: if Dutch companies would focus more on the rural areas instead of the urban areas, a large contribution to the local society can be made.

4.5.5 Gauteng Provincial Government: miscellaneous

The Gauteng Province does believe that CSR really can make the difference. Currently, the provincial government is making project that aim to create a platform for the creation of sustainable development in the province. Companies are requested to join this initiative, but it proves to be difficult to get their cooperation. Dutch companies should that want to operate in

South Africa should pay special attention to working circumstances and health care. The embassy could help the government with developing pragmatic policies that are cheap to monitor. Currently a lot of strong policies exist, but it is often too expensive to monitor all compliance or do follow-up after requirements have not been met.

4.6 Clothing Industry Bargaining Chamber

Ezra Bulose, Director of the National Bargaining Counsil for Clothing.

Details
Event: Interview.
Location: 1st Floor, Garment Centre, 148 Kerk Street, Johannesburg, South Africa.
Date: 26 October 2010.
Website: http://www.cibc.co.za/

4.6.1 Quick scan Clothing Industry Bargaining Chamber

Interview Summary: The interview has been about the clothing sector, rather than the bargaining chamber itself. Therefore, the obtained information is generalized instead of specific for this organization.

Quick scan of organization: Summary of the quick scan.
Interviewee: Name of interviewee, contact details, function, working history.
Sector: Clothing and textile industry.
Activity: The CIBC is a statutory body that has been created by the government under the Labor Relations Act. Its main purpose is to provide self-governance and regulation of the clothing industries. Under the Labor Relations Act, the CIBC is accredited to perform resolutions in case of disputes. The CIBC also links clothing manufacturers to wholesalers and shops.
Ownership: State owned.
Supply Chain: The CIBC fulfills an intermediate function in the clothing branch. It links manufacturers to wholesalers, helps solving problems in case of disputes and monitors the working circumstances according to the Labor Relations Act.
Collaboration: Collaborates with no specific governmental bodies, but is involved in the clothing and textiles sector in terms of being a regulatory body.
Emphasis: The emphasis of the CIBC lies on monitoring and inspection of the textile and clothing industry in South Africa.

4.6.2 Clothing industry sector: Corporate Social Responsibility

Bulose starts the interview with explaining that the clothing and textile industry in South Africa is a labor-intensive industry where mostly large companies are involved. Most of the employees of these companies are unskilled and have had little or no education. SME's are also operating in this sector, but are constantly running in trouble because of the low prices they receive for their products.

The larger companies often live up to the Labor Relations Act in terms of providing their employees with the minimum requirements regarding working circumstances: the basic conditions, overtime and minimum wages. However, most problems regarding compliance to legislation are present in the SME's. Because of the high level of international competition (mainly from Thailand, the Phillippines and China), the margin on the products is very low. Often even too low to take care of the employees in a good way.

According to Bulose, most companies in the sector regard CSR and related legislation as being a burden, because it costs money that can be spend in other ways. The main driver for companies that are involved in CSR is the improvement of the work force. This is mainly done by executing housing programs as well as developing clinics, giving medication and education and providing the employees with loans for housing. Other companies just do not comply to the legislation, because they make not enough money.

The inspectors of the bargaining chamber do not fine them for not complying, but try to arrange things the best way possible. This might be considered as being socially responsible, because in this way business that might have been shut down can still employ people. On the other hand is this an irresponsible way of monitoring the compliance to legislation: it can be argued that companies that do not live up to the requirements should close down right away.

Another problem is paying wages. Though the wages are negotiated at a bargaining level, a lot of companies do not pay wages according to the collective agreements. Bulose suggests that a dialogue between the retail sector of clothing and the manufacturers should be promoted. In that way, retailers can pay a bit more for their supplies and the manufacturers can better live up to the requirements. This can then be seen as 'CSR in the supply chain'. However, only few retail companies are participating in this initiative.

Regarding the reporting on CSR-related activities, Bulose explains that the smaller companies often do not report at all. The larger ones (i.e. the Cidel group, a group of large manufacturers that joined forces) do report, but often lack to include CSR in their reporting.

4.6.3   CSR in South Africa

The King III report has had a big influence on the sector, because it mainly aims on large companies. Also, BEE has had a small impact on the SME's in this sector, though it did not lead to satisfying results. It happens often that friends and family are fulfilling important functions just to comply to the BEE requirements and obtain the points, so no equality within the company is created.

Most companies try to comply to the CSR (and BEE) standards, but a lot of the activities can be regarded as being window-dressing. In order to improve this, Bulose argues, there needs to be a higher level of public involvement. This can be obtained by being transparent in reporting. There should also a new monitoring institution be erected that is in charge of checking the reporting of these companies. In the sector is very few cooperation between companies: the 'survival of the fittest'-rule applies in general.

The Dutch international policy
Mark the following topics on a scale from 1 to 5 in terms of how the company regards it as being a relevant issue in South African business life:

Issue	Very Relevant	Relevant	Neutral	Irrelevant	Completely Irrelevant
Rights of association / collective negotiation	**1**	2	3	4	5
Forced labor	1	2	3	4	**5**
Child labor	1	2	3	4	**5**
Discrimination	1	2	**3**	4	5
Business reporting	1	**2**	3	4	5
Environmental care	1	**2**	3	4	5
Working circumstances	**1**	2	3	4	5
Corruption	1	2	**3**	4	5
Health care	1	**2**	3	4	5
Consumer interest	1	**2**	3	4	5
CSR down the supply chain	1	**2**	3	4	5
CSR in business competition	1	**2**	3	4	5

4.6.4 Clothing industry bargaining chamber: miscellaneous

Bulose sees an important role for the Dutch government (as well as other foreign governments) in terms of contributing to the usage of CSR in South Africa. Bulose suggest that a best practice presentation of Dutch companies as well as governmental institutions can contribute to South African companies and legal institutions.

Second, Dutch companies are specifically requested to invest in South Africa. Because the eyes of South African companies are often on foreign companies that invest in South Africa, the Dutch can set a good example. A lot of South African companies in the clothing and textile industries are not even aware of their social responsibilities, let alone investing in a sustainable way in society. For this, the Embassy can also develop an awareness program, preferably in a digital format so it can easily be widely spread.

Last, Dutch companies that expand their business to the South African clothing and textile sector should at least comply to the Labor Relation Act. Also, Dutch companies should mainly focus on employee-driven CSR.

4.7   BMW South Africa

Esther Langa, Manager corporate affairs and corporate social investment.

Details
Event: Interview.
Location: BMW Head Office, Corner of Bavaria and 16th Road, Midrand, South Africa.
Date: 28 October 2010.
Website: http://www.bmw.co.za/

4.7.1   Quick scan BMW South Africa

Interview Summary: Short summary of what has been discussed. Conclusion on the most important findings, the name of the event, the location and the date.

Quick scan of organization: Summary of the quick scan.
Interviewee: Esther Langa, Manager corporate affairs at BMW South Africa. Langa is in charge of the CSI-related projects, budgeting and execution.
Sector: Automotive sector.
Activity: BMW is a German-based car manufacturing company that is specialized in luxury vehicles. The head office of BMW is to be found in Germany, but BMW South Africa also has its own head office (in Midrand) and some car manufacturing plants in Gauteng.
Ownership: Private owned company that operates on an international level. BMW is for sale in almost every country in the world.
Supply Chain: BMW manufactures and sells automobiles directly to their customers. Manufacturing and retail are the positions in the supply chain.
Collaboration: National Business Initiative, Global Business Coalition, Governmental Department of Education.
Emphasis: The emphasis of BMW lies on its product: luxury automobiles. The BMW cars are known for their luxury, speed and safety. When looking at the position of BMW in the automobile-branch, BMW takes a place in the higher regions.

4.7.2   BMW South Africa: Corporate Social Responsibility

Motives of business actors to engage in CSR activities: Langa tells that BMW regards CSR as being a business imperative: it has been embedded in BMW's business all over the world for decades. Langa is in charge of the CSI-budgets for South Africa. The main objective for the use of CSR by BMW is the development of people. The philosophy is that when a company invests in skills and education of people, these people will be better developed and create a new market themselves. BMW tries to benefit from this new market by selling its products over there.

Sustainability is created by SED investments, mainly in community development, the creation of skilled employees and employee health programs. Starting with investing in its own employees, BMW attempts to have a positive influence on the families and communities surrounding these employees. Also, clinics have been built next to manufacturing plants of BMW in order to keep the working force healthy.

Because of its international environmental strategies, BMW South Africa is involved in voluntary environmental awareness projects, where awareness for environmental issues is created amongst students of several South African primary and highschools. Together with the governmental department of education, BMW also invests in the skill development in these schools. The main focus of the skills development lies on mathematics, science and technology, for BMW tries to get a return on the investments made. The educated children might work later on for BMW.

4.7.3 Institutional context

The influence of legislation on CSR at BMW is relatively low. The BBBEE has got an influence on the way new staff is selected. BMW feels that it must live up to all requirements from BEE and BBBEE to keep selling their product to the government. In terms of competition in the sector it is also necessary to comply to all requirements. In the automobile sector it is not considered as being a competitive advantage to comply to the rules and receiving, but rather as a competitive disadvantage when not receiving the BEE points, because all players in the market have the maximum amount of points

Langa sees an increase of public awareness of power over the last couple of years. Customers demand not only more and more of companies in terms of compliance to BEE rules, but also the way companies invest in society, make 'green' products and are socially responsible in general. So, in order to maintain the good reputation towards the customers, BMW uses CSR also as a marketing tool.

Over the past few years there has been no change in approach towards CSR within BMW South Africa, according to Langa. Projects are chosen on their feasibility and impact. The only change that has taken place is the increase of the annual CSI and CSR budgets.

4.7.4 CSR in South Africa

Landa argues that the problems that South Africa faces are way too big to get dealt with by one company. In order to create a sustainable solution towards present issues such as unemployment, poverty, HIV/AIDS and the lack of skills and education amongst South African citizens, cooperation is the keyword. By participating in initiatives such as the NBI (National Business Initiative), companies join forces in order to provide sustainable help towards society. This multi-stakeholder approach should be more promoted to increase the impact, according to Langa.

Langa tells that the most important CSR-related issues that need to be addressed to are the education and healthcare. BMW also gives attention to environmental care, but Langa thinks that the environment is more an issue that comes forth from the German focus of BMW.

Langa thinks that BEE and BBBEE are indeed working to improve living and working standards in South Africa. Businesses are using BEE as a competitive advantage and the government rewards companies that comply to the requirements. Nevertheless, a large number of companies approaches CSR still as 'window-dressing' they participate in order to obtain their points instead of being truly responsible in their businesses.

4.7.5 The future of CSR in South Africa

The return on investments in CSI depends on the way that programs are executed. Langa suggests that companies should do a thorough field research before making investments. Due to the fact that corruption is often present, project also need to be monitored in a consequent way to avoid the drain of money (and unsustainable results of the investment). BMW itself keeps track of each payment to be ensured that the money goes to the places where it was intended to go to.

Langa hopes that no obligatory programs for CSR are needed in the future. She trusts on the self-awareness and self-regulation of companies towards society. Although it might take a long time, Langa believes that CSR eventually will lead to a better society. However, might things not work out for the good, Langa suggests that legislation then should offer a solution. New legislation would help to improve the efficiency and sustainability of investments that are made by companies. Last, as mentioned before, cooperation between companies and the government is the keyword.

The Dutch international policy
Mark the following topics on a scale from 1 to 5 in terms of how the company regards it as being a relevant issue in South African business life:

Issue	Very Relevant	Relevant	Neutral	Irrelevant	Completely Irrelevant
Rights of association / collective negotiation	1	2	3	**4**	5
Forced labor	1	2	3	**4**	5
Child labor	1	2	3	**4**	5
Discrimination	1	2	3	**4**	5
Business reporting	**1**	2	3	4	5
Environmental care	1	**2**	3	4	5
Working circumstances	1	**2**	3	4	5
Corruption	1	**2**	3	4	5
Health care	**1**	2	3	4	5
Consumer interest	1	**2**	3	4	5
CSR down the supply chain	**1**	2	3	4	5
CSR in business competition	**1**	2	3	4	5

4.7.6 BMW South Africa: miscellaneous

Langa suggests that the Dutch Embassy should get involved in CSR-related movements, such as business initiatives, discussion forums and meetings. The best way to improve the discussion on CSR is by participation and research. It is also suggested that the outcomes of this particular research should be provided to all organizations that the Dutch Embassy has contact with.

4.8 UNSA

Albert van Oudheusden, Chairman of the UNSA.

Details
Event: Interview.
Location: 37 Tiger Road, Monument Park, Pretoria, South Africa.
Date: 4 November 2010.
Website: http://unsa.nl/

4.8.1 Quick Scan UNSA

Interview Summary: The UNSA plays a role in the educational sector by linking students to companies for internships. The chairman of the UNSA is not very confident in the South African economy in general. He regards the government as relatively unreliable because it is still too young. Emphasis should lie on creating cooperation between business life and NGOs in order to make CSR work.

Quick scan of organization: The UNSA is a foundation that links Dutch students to organizations in South Africa for internships. Also, additional services that are related to these internships are offered.
Interviewee: Albert van Oudheusden is chairman of the foundation 'Uitwisseling Nederland Suid Afrika' (Exchange the Netherlands South Africa) and lives in Pretoria.
Sector: Education.
Activity: The UNSA is a Dutch-South African foundation that is specialized in student exchange projects between the Netherlands, Flanders and South Africa. The UNSA has started in 1978 and has placed about 16,000 students in South Africa in a 32-year timeframe.
Ownership: The foundation is ran by Albert van Oudheusden. The foundation has a committee of control, consisting of four persons.
Supply Chain: The UNSA functions as a broker between Dutch students on the one hand and South African companies on the other.
Collaboration: The UNSA has several partners in South Africa. Amongst them are (international) governmental institutions, companies in different sectors, universities and related educational organizations. Students can be placed at one of these organizations for an internship.
Emphasis: The UNSA helps students to obtain an internship, final thesis, project or study. UNSA takes also care of several internship-related issues, such as assistance with obtaining an applicable visa, work permits, financial matters, accommodations etcetera.

4.8.2 UNSA: Corporate Social Responsibility

Van Oudheusden considers CSR as being a concept that should be embraced by all companies that expand their business to South Africa. Also, South African companies should be aware of their responsibilities towards society. Unfortunately, not all entrepreneurs share a common awareness of CSR in their business visions. Legislation tries to have an influence on the level of CSR that is used, but the actual impact of these laws is relatively low. Companies have often no feeling for BEE or CSR. They just try to please their shareholders by making as much profit as possible.

UNSA supports projects that are directly linked to sustainability, health care and environment. These projects are offered to Dutch and Belgian students. Also, promotional meetings in the Netherlands are organized to attract Dutch students to visit South Africa and contribute to the South African development while doing their internships. The UNSA functions with this regard as a broker: social awareness is created for South Africa and its problems and students are challenged to come over and contribute to the country. Unfortunately, 'brain drain' is a problem: educated teachers and students tend to leave South Africa to make more money elsewhere.

4.8.3   UNSA: legislation and BEE

Van Oudheusden argues that BEE is a concept that has a big impact on South African business life, but not a positive one. Because of the requirements for BEE, international companies are actually scared away from investing in South Africa. i.e. organizations are required to have 80% of black people in the board. A lot of companies are afraid that they will lose their corporate identity when living up to these requirements. The UNSA itself complies to the BEE requirements. This is done by changing the members of the committee of control from 4 white persons to a mixture of white and black members.

4.8.4   UNSA: institutional context

According to Van Oudheusden, the most important institutional issue that needs to be addressed to is the South African business culture. This culture is the spinal cord of the South African economy. A shift from social culture to business culture should be promoted. Currently, a lot of employed people do not really concern the business interests, but only their own wages. If the economy is to improve, employees should be more involved in the business processes and care more about the companies.

Capitalism should be the main business driver in South Africa. The BEE policies undermine the concept of capitalism, because they obligate organizations to do business and structure the organization in a predetermined way, whereas organizations try to be as efficient and effective as possible to increase profits. A big problem of South Africa is the way the Africans regard the economy. Where Europeans and Americans tend to plan ahead, planning is not embedded in the culture of many South African tribes. There is a change in mentality required to keep improving the economy.

The government is according to Van Oudheusden unreliable and inefficient. The main cause for this problem is the fact that the government is still too young to be experienced and skilled enough to address to problems efficiently. The lack of experience is clearly visible. Per example, the government has paid a lot of attention to renaming locations such as cities and streets to their original African names. This project costs a lot of money that could better have been spent to improve living circumstances of the poor or reduce CO_2-emission. Fortunately, a lot of foreign governments and municipalities are supporting the South African governmental institutions and municipalities. This help is highly needed to create a strong and reliable government.

Corruption is a big issue in South African business life, as well as in South African government. In many institutions, employees are still in charge of checking their own expenses and declarations. This should be changed to a more reliable system, where employees check each other. This will reduce the amount of corruption. Also, corruption prevention should focus on the police. They are often bribed, which damages their function as role models towards the public.

4.8.5   UNSA: view on the educational sector

In the educational sector where the UNSA operates, the CSR focus lies mainly on the applied sciences. These sciences are often directly related to corporate projects. In order to support these projects in a socially responsible way, teams of professors and students are formed for analyzing these projects thoroughly. By making use of this cooperation of teachers and students, universities try to function as research institutions that can be accessed easily by society, rather than an institution that just does research that is relevant for the university itself.

The Dutch international policy

Mark the following topics on a scale from 1 to 5 in terms of how the company regards it as being a relevant issue in South African business life:

Issue	Very Relevant	Relevant	Neutral	Irrelevant	Completely Irrelevant
Rights of association / collective negotiation	1	**2**	3	4	5
Forced labor	1	2	**3**	4	5
Child labor	1	2	3	**4**	5
Discrimination	1	**2**	3	4	5
Business reporting	1	**2**	3	4	5
Environmental care	1	2	3	**4**	5
Working circumstances	1	2	3	**4**	5
Corruption	**1**	2	3	4	5
Health care	1	**2**	3	4	5
Consumer interest	1	**2**	3	4	5
CSR down the supply chain	1	**2**	3	4	5
CSR in business competition	1	**2**	3	4	5

4.8.6 UNSA: miscellaneous

Van Oudheusden regards the CSR standards in South Africa as being relatively high, especially when compared to surrounding nations. Nevertheless, South African companies often have insufficient knowledge on CSR to implement it in a sustainable way. The business sector is not playing a hard game: most companies are aware of their responsibilities towards their own work force and surroundings. This should be taken into account by Dutch companies that go and operate in South Africa. These companies should be aware of the relatively high level playing field and should also set examples for South African companies to follow. In general, Van Oudheusden regards Dutch companies as being front runners in terms of CSR. He argues that the Dutch social background is an important driver for the high level of involvement in CSR by Dutch companies.

The Embassy should, according to Van Oudheusden, fulfill a mediating role. The Embassy should start projects with determined focuses on certain CSR elements. For the execution of these projects, the Embassy should try to match companies and NGOs in order to create cooperation between those institutions. Also, the Embassy should try to enhance the amount of initiatives with both Dutch and South African parties involved.

4.9 Paper Manufacturers Association South Africa

Jane Molony, Executive Diretor of PAMSA
Ursula Henneberry, Paper Recycling Association of South Africa
Michael Peter, Forestry in South Africa, PAMSA

Details
Event: Interview.
Location: Corner Austin & Morris Streets, Woodmead, Standton, Johannesburg, South Africa.
Date: 8 November 2010.
Website: http://pamsa.co.za/

4.9.1 Quick Scan PAMSA

Interview Summary: According to the employees of PAMSA, CSR is in South Africa is mostly seen as CSI. The investments made in CSI are often mandatory and are often done to comply to legislation. BEE has a negative influence on the position of South Africa in the world market. Because BEE implies extra costs for businesses, it is a barrier for foreign companies to invest in the South African economy. Education and training are regarded as being the most important CSR factors in the paper and pulp industry.

Quick scan of organization: PAMSA represents the paper and pulp industry in South Africa. About 90% of the companies in this sector are a member of PAMSA. PAMSA tries to promote growth and development of the sector. PAMSA has about 10 employees.
Interviewee: The interview consisted of a group meeting with three employees of PAMSA. In order to get a complete view on the paper industry, I have spoken with the executive director, the person in charge of paper recycling and the person in charge of forestry.
Sector: Paper & pulp industry.
Activity: PAMSA is a non-profit driven organizations that coordinates activities common to the paper industry. Also, the interests of the industry are promoted in different forums and a forum is provided for development and presentation of paper-industry related issues.
Ownership: The PAMSA can be seen as a joint venture of 90% of South Africa's pulp and paper producers. Membership is open to all companies that are working in the paper industries.
Supply Chain: PAMSA is a representative body that represents the interests of the pulp and paper industry.
Collaboration: Education is done in cooperation with the Durban University of Technology, Witsrand University and the University of Kwazulu-Natal. Also, employees from the Forest Industries Education and Training Authority and the Pulp and Paper Chamber of the Fieta are partners. In terms of collaboration with government, the Department of Trade and Industry is mentioned. PAMSA negotiates with the government and helps with creating legislation for the sector.
Emphasis: The emphasis of PAMSA lies on promoting growth and development of the sector.

4.9.2 PAMSA & the Paper industries: Corporate Social Responsibility

The paper industry is a capital-intensive industry. The industry does not only embrace the paper manufacturers, but also the companies that collect the timber and the recycling companies. According to the interviewees, the main CSR-related element in the industry is education and training. The education tries to increase the knowledge of people on paper recycling, so that the amount of recycled paper will increase. Unfortunately, these programs have little effect. The awareness for recycling is created, but people just do not put their knowledge into practice.

CSR is mandatory in most companies in the paper sector. Although most recycling projects are voluntary, a lot of legislation influences the timber- and paper production industries. These legislation is mandatory for most companies, but many of them are also prepared to take a step beyond the legislation.

CSR characterizations by companies: especially the large companies in this sector have developed a strong socially driven strategy. Historically, most companies provide the surrounding villages and settlements with education (primary schools), housing etcetera. Since the Kind II report, a lot of these projects have even become mandatory. Companies must invest in the surrounding communities in order to receive their points and to survive.

4.9.3 CSR in South Africa

The interviewees make a distinction on CSR between the most important issues for society and the most important issues for companies. The most important issues for society are jobs, education and health, whereas the most important issues for companies are the development of a solid workforce and return on the CSR investments. When looking at CSR in general, both parties will benefit most from investments in education and training, according to the interviewees.

BEE is not regarded as being a competitive advantage. Moreover, competitiveness of South Africa as a country has decreased because BEE requires a lot of investments that also could have been put in the growth of the company itself. BEE is seen as being 'just additional costs of doing business, without having a real influence on the way companies think'. However, BEE does have an impact on the position of black South Africans. Thus, although the drivers for BEE are not the right ones, the influence is apparent.

Certification makes things easier for the government: by legislating the way companies should use CSR (i.e. in BEE or BBBEE), the government influences business life highly. Compliance to BEE has nothing to do with the enforcement of legislation, but rather with the fact that companies want to obtain their points in order to sell products to the government itself. Concluding, CSR and BEE are rather a business incentive (make more profit) than a social incentive (help society).

4.9.4 The South African institutional context

The main problem in the relation between government and businesses is the inefficiency of the government. The regulation is often excessive, the government is highly bureaucratic and the state administers costs of common goods, such as electricity. Due to the inefficiency of the government, costs to live up to regulation are high. This causes the competitiveness of South Africa as a country to be relatively low.

The government decides what tariffs and taxes apply to the different industries. This often leads to increased costs for companies in these industries, which eventually close. The most important factor for businesses to close down is the way that the government deals with property rates, water rates and electricity. The tariffs for these products are not fixed: they tend to change annually. The government should make a predictable and transparent pricing system, so companies can adjust their planning to these costs.

In terms of customer awareness, the interviewees tell that most of the customers do not really care about the usage of CSR in companies. Only amongst the rich elite, an increase of socially awareness has taken place over the last few years. The poorer parts of society just want cheap goods: they do not take social responsibility into account as criteria to decide which good to buy.

The Dutch international policy

Mark the following topics on a scale from 1 to 5 in terms of how the company regards it as being a relevant issue in South African business life. Because there were three interviewees, three tables have been filled in.

Issue	Very Relevant	Relevant	Neutral	Irrelevant	Completely Irrelevant
Rights of association / collective negotiation	**1**	2	3	4	5
Forced labor	1	2	3	4	**5**
Child labor	1	2	3	4	**5**
Discrimination	1	**2**	3	4	5
Business reporting	1	**2**	3	4	5
Environmental care	**1**	2	3	4	5
Working circumstances	**1**	2	3	4	5
Corruption	1	**2**	3	4	5
Health care	**1**	2	3	4	5
Consumer interest	1	**2**	3	4	5
CSR down the supply chain	**1**	2	3	4	5
CSR in business competition	1	**2**	3	4	5

Issue	Very Relevant	Relevant	Neutral	Irrelevant	Completely Irrelevant
Rights of association / collective negotiation	1	**2**	3	4	5
Forced labor	1	2	3	4	**5**
Child labor	1	2	3	4	**5**
Discrimination	**1**	2	3	4	5
Business reporting	**1**	2	3	4	5
Environmental care	**1**	2	3	4	5
Working circumstances	1	**2**	3	4	5
Corruption	1	2	**3**	4	5
Health care	**1**	2	3	4	5
Consumer interest	**1**	2	3	4	5
CSR down the supply chain	**1**	2	3	4	5
CSR in business competition	1	**2**	3	4	5

Issue	Very Relevant	Relevant	Neu tral	Irrelevant	Completely Irrelevant
Rights of association / collective negotiation	**1**	2	3	4	5
Forced labor	1	2	3	4	**5**
Child labor	1	2	3	4	**5**
Discrimination	1	**2**	3	4	5
Business reporting	**1**	2	3	4	5
Environmental care	**1**	2	3	4	5
Working circumstances	**1**	2	3	4	5
Corruption	**1**	2	3	4	5
Health care	**1**	2	3	4	5
Consumer interest	1	**2**	3	4	5
CSR down the supply chain	1	**2**	3	4	5
CSR in business competition	1	**2**	3	4	5

4.9.5 PAMSA on Dutch companies in South Africa

The interviewees point out that due to the capital intensiveness of the sector, it is hard for foreign companies to expand their business to South Africa in this sector. At present, there are rarely any foreign companies working in the paper sector in South Africa. This is regarded as being positive, because the money that is paid for paper in South Africa will not flow to abroad, but will stay in the South African economy.

Dutch companies are regarded as front runners for CSR in South Africa, especially in the paper and pulp sector. The interviewees agree that Dutch companies have a lot of practical knowledge and specific expertise on business processes and recycling, which can be put in use in South Africa. Dutch companies that want to invest in South Africa should do that by building factories in South Africa instead of just importing goods and sell it to the South African market. Direct investment will benefit the economy best. Also, jobs will be created for the unemployed when building factories.

4.9.6 PAMSA: miscellaneous

The Dutch Embassy should be serving a need. Foreign investment in South Africa is needed in order to create a sustainable economy. The interviewees request the Dutch Embassy to create awareness on South Africa amongst Dutch companies. Although the paper and pulp sector is not the easiest to compete in, a lot of other sectors can benefit from strong examples that can be set by foreign companies.

4.10 South African – Netherlands Chamber of Commerce

Douwe Mateman, General Manager at SANEC

Details
Event: Interview.
Location: 1st Floor Bridle Building, 38 Wierda Road West, Standton, Johannesburg, South Africa.
Date: 9 November 2010.
Website: http://www.sanec.org/

4.10.1 Quick Scan SANEC

Interview Summary: The Embassy should determine the focus of the approach towards CSR. Choose between multinationals (that often already have a CSR strategy, but are mostly approaching it the CSI way) or SME's (that often have little knowledge and means to use CSR). A Dutch – South African platform should be created to increase the impact of the Dutch way of using CSR.

Quick scan of organization: The South African Netherlands Chamber of Commerce was established in 1992 and has the task of promoting the trade and investments in a bilateral way between South Africa and the Netherlands. SANEC plays an active role in co-operation with businesses, government and other organizations that work in the trade promotion sector.
Interviewee: Douwe Mateman, General Manager at SANEC South Africa.
Sector: International trade relations.
Activity: The aims of SANEC is to improve and increase the business relations between South Africa and the Netherlands. This is done in order to strengthen the economic ties and mutually beneficial trade between these countries. Especially, SANEC focuses on the objective or promoting exports, imports, business services, tourism and investments. Also, SANEC aims to promote South Africa as a springboard for Dutch companies to reach other sub-Saharan African countries. In practice, SANEC helps Dutch companies with creating their local South African network and brings possible business partners in touch with each other.
Ownership: SANEC is a non-profit organization, but it operates on commercial principles: clients have to pay for the services that are delivered by SANEC to them. SANEC does not receive any funding from the Dutch or South African government. SANEC was founded as a business initiative of several Dutch and South African companies.
Supply Chain: SANEC functions as a broker between Dutch and South African companies.
Collaboration: Multiple South African and Dutch businesses, as well as the South African Netherlands Transport Forum and other institutions that are used for individual matchmaking.
Emphasis: Individual matchmaking for South African and Dutch companies, providing contacts for starting businesses to expand their network and providing information to companies that are starting up business in South Africa or the Netherlands.

4.10.2 SANEC: Corporate Social Responsibility

When thinking of CSR, Mateman mentions pensions for the elderly as well as health insurances. Both of these constructs are not mandatory or enforced by law in any way. Neither do companies get rewards or compensations when making use of pensions of health insurances for their employees. Nevertheless, a lot of companies make investments in these programs. Sometimes out of social reasons and sometimes as a marketing and selection tool for new employees.
The most important motives for companies to engage in CSR activities are related to the creation of loyalty from the work force and surrounding communities. This loyalty is obtained by investing in the workforce, increasing the strength of the name of the brand and create a social aware business core.

4.10.3 CSR in South Africa

South Africa as a country is still in grave need of help. Sustainable access to the economy for the historically disadvantaged should be promoted by business life in order to improve the economic standards. CSR in South Africa is often seen as part of the branding strategy: when investments are made in the corporate identity and the surrounding communities, a return on investment can be made in terms of stakeholder approval and eventually financial payback.

King III is the most important CSR-related document in South Africa. However, it mainly affects the large companies. SMEs are often not really involved in CSR. It also makes a difference how much contact there is between a company and the government. If a company does not sell half-fabricated products, the drivers to comply to the King III standards are often not present. King III does have a big impact on companies that are in the supply chain of products that are consumed by the government. In those cases, BEE is a very strong tool to make companies behaving socially responsible.

Mateman gives the example of the mining sector. Most companies in this sector do not sell to the government directly, but make use of a logistics company (transnet) that works directly with the government. Transnet then requires the mining companies to comply to the BEE framework to ensure the usage of BEE through the supply chain. Else, Transnet will not receive the maximum amount of BEE points.

4.10.4 The South African institutional context

The relation between the government and businesses is not really good. The government is regarded as being bureaucratic, corrupt and highly inefficient. Therefore, especially the multinational companies are also contributing to the public sector. Business life has taken its own role in providing the South African citizens with medical care and schooling, whereas the government should theoretically take care of these needs.

The government is aware of the fact that It is not as efficient as wished for, so legislation does not focus on taxes but on direct investment from the companies in the economy. When companies make these investments and contribute to society, the government rewards them with appreciation in the form of BEE points.

Companies are more and more trying to remove the huge inequality between South African citizens. They are doing this by employing the historically disadvantaged. This also takes care of keeping the local communities happy, for these can cause serious problems when they start to oppose the companies.

The Dutch international policy

Mark the following topics on a scale from 1 to 5 in terms of how the company regards it as being a relevant issue in South African business life. Because there were three interviewees, three tables have been filled in.

Issue	Very Relevant	Relevant	Neu tral	Irrelevant	Completely Irrelevant
Rights of association / collective negotiation	**<u>1</u>**	2	3	4	5
Forced labor	1	2	3	4	**<u>5</u>**
Child labor	1	2	3	4	**<u>5</u>**
Discrimination	1	2	**<u>3</u>**	4	5
Business reporting	1	**<u>2</u>**	3	4	5
Environmental care	1	**<u>2</u>**	3	4	5
Working circumstances	1	**<u>2</u>**	3	4	5
Corruption	1	**<u>2</u>**	3	4	5
Health care	**<u>1</u>**	2	3	4	5
Consumer interest	**<u>1</u>**	2	3	4	5
CSR down the supply chain	1	**<u>2</u>**	3	4	5
CSR in business competition	1	**<u>2</u>**	3	4	5

4.10.5 SANEC on Dutch companies in South Africa

Mateman regards it as problematic to talk about 'Dutch companies', because it is hard to define which companies are actually Dutch. Are Dutchmen with a company in South Africa 'Dutch companies'? Dutch companies often make use of CSR as a competitive advantage when competing with South African domestic companies. The Dutch make, regarding to Mateman, serious investments in South Africa often with an emphasis on CSR. Consumer awareness in South Africa is relatively low: a lot of customers are not aware of the impact of CSR or they just do not care. Other aspects of the products, mainly the quality and even more the price, are more important.

Mateman would advise the embassy to put focus on the SME's in South Africa. Most multinational companies have already taken care of a strong CSR strategy, whereas SME's are often struggling with implementing it effectively. There are also a lot of SME's that are just not aware of the concept and the beneficiaries of CSR.

4.10.6 SANEC: miscellaneous

Mateman would like to discuss the possibilities of working together with the Dutch Embassy on a CSR-related project. As mentioned before, emphasis can be put on large corporations where it is easy to invest in CSR or on SME's where often little knowledge is available on CSR. Mateman sees a role for the Dutch in erecting a South African – Dutch platform that focuses on making sustainable CSR investments.

Also, all companies that are in one way or another affiliated with the Netherlands should be invited to discuss the possibilities of CSR-related cooperation. The Embasssy of the Netherlands should create a forum or discussion platform for these companies to come together.

4.11 Black Economic Empowerment Institute

Leila Moonda, Director of BEE Institute
Duncan Brown, Social Economical Development Expert, Black Economic Empowerment South Africa

Details
Event: Interview.
Location: Unit 3 Sherborne Square 5, Sherborne Rd., Parktown, Johannesburg, South Africa.
Date: 10 November 2010.
Website: http://beeinstitute.co.za/

4.11.1 Quick Scan BEE Institute

Interview Summary: The BEE Institute regards BEE as one of the main CSR drivers in South Africa. BEE is effective and the drivers behind it are also good. Because BEE is not mandatory, BEE can be regarded as CSR. The institutional context is a big problem in South Africa, for the government is highly inefficient and corrupt. Awareness should be created amongst companies, especially amongst SMEs.

Quick scan of organization: The BEE Institute is a professional body that supports businesses to adopt and implement the BEE Scorecard and sustainable Bee strategies. BEE Institute offers support, services and training of staff for clients.
Interviewees: Leila Moonda (director of BEE Institute) and Duncan Brown (SED Expert).
Sector: Consultancy.
Activity: Companies that are in need of professional implementation of the BEE guidelines in order to receive their BEE points can consult BEE Institute. Training and information on a sustainable implementation of BEE is provided.
Ownership: The BEE Institute is a professional, private owned, body that is active in South Africa.
Supply Chain: The BEE Institute provides companies with information and thus delivers the final product to the consumers.
Collaboration: BEE Institute works together with the BEESA Group, BEE.co.za, Enterprise Development Services, SEDISA, BEESA BoxSmart, Veriquote, Exempt and the Human Resources Hub.
Emphasis: The CSR-related emphasis of BEE Institute lies obviously on the implementation of BEE requirements in businesses.

4.11.2 BEE Institute: Corporate Social Responsibility

According to the interviewees, BEE is the most important piece of CSR-related legislation, for it takes take of many CSR-related issues without being mandatory. By stimulating the usage of CSR as a competitive advantage, companies will be more eager to comply to the regulation than when enforced in legislation. The interviewees see CSR as an umbrella that also embraces Socio-Economical Development, Corporate Social Investments and Enterprise Development. BEE is about the inclusion of historically disadvantaged black people in the economy. SED aims especially at creating a sustainable access to the economy for these people in order to improve the quality of living standards and the South African economy itself.

The main drivers for the usage of CSR in South African businesses is the sustainability of the business itself. In an economy where 70% of the population is unemployed it is very important to increase the number of working people. This will have a direct impact on businesses in terms of increasing turnovers and a larger consumer market. BEE is more a business imperative than a legislative framework. The enforcement of the BEE requirements is done through business advantages instead of fines. BEE also applies to the entire supply chain, which makes sure that companies will enforce BEE compliance down the chain.

Most large companies have excellent reporting on CSR. Most of them report in a transparent way and comply with the King III requirements. However, the quality of reporting amongst the SMEs is not as good: often their reporting is not transparent, CSR is not being addressed to or no reporting is done at all. More awareness is still created amongst these companies, for the King III guidelines have only been put into practice use three years ago.

4.11.3 CSR in South Africa

Window dressing is done by some companies when it comes down to compliance to the BEE requirements. This is forbidden by law. The government has taken an active role of taking companies that cheat on the requirements to court.

The incentives for using CSR in South Africa are changing, according to the interviewees. Whereas CSR was regarded as a requirement that needed to be complied to a few years ago, nowadays companies are seeing CSR as 'the right thing to do'. The economical downturn of the South African economy contributes to this change in vision. Because companies pay relatively more on CSR-related projects than in times of economical growth, these companies tend to pay more attention to the sustainability of their CSR investments. The interviewees see a shift from compliance to BEE rules to sustainable economic development, which affects both the company itself as the communities surrounding it in a positive way.

CSR has two positive effects (roughly seen): the development of human capital (internal effect) and the influence on the value chain (external effect). The future of South African CSR should consist of an atmosphere in which an emphasis lies on the creation of a nation-wide awareness for CSR, which eventually should lead to a larger skills basis of the working force. A lot of SMEs still regard BEE as being a change in corporate ownership only. The knowledge of the actual contents of King III should be increased. CSR should be seen as a holistic approach towards CSR in the public sector.

4.11.4 The South African institutional context

The institutional implementation of the role of BEE has increased over the past three years. Most of the implementation-related problems emerge within the government. The officials that have designed the codes are not working there anymore and a lot of government employees are not skilled properly. This leads to bad communication within the government and problems with the understanding of BEE as a result.

Also, the implementation of governmental projects in general is problematic. Corruption is the main cause for this, but also the lack of skilled employees and the high ineffectiveness of the operations are causing problems. An example that is mentioned is the South African National Skills Fund: almost 5 billion Rand is present in the fund, but due to the inefficiency most of the money is not invested in projects, but stays in the fund itself.

The monitoring and inspection that is executed by government officials is often not very effective. Again, the low level of skilled employees and the inefficiency of the governmental institutions (except for the economical departments) leads to a low level of inspection regarding the practice of CSR that is done by companies.

The Dutch international policy

Mark the following topics on a scale from 1 to 5 in terms of how the company regards it as being a relevant issue in South African business life. Because there were three interviewees, three tables have been filled in.

Issue	Very Relevant	Relevant	Neu tral	Irrelevant	Completely Irrelevant
Rights of association / collective negotiation	1	2	**3**	4	5
Forced labor	1	2	3	4	**5**
Child labor	1	2	3	**4**	5
Discrimination	1	**2**	3	4	5
Business reporting	1	**2**	3	4	5
Environmental care	**1**	2	3	4	5
Working circumstances	1	**2**	3	4	5
Corruption	**1**	2	3	4	5
Health care	**1**	2	3	4	5
Consumer interest	**1**	2	3	4	5
CSR down the supply chain	1	**2**	3	4	5
CSR in business competition	1	**2**	3	4	5

4.11.5 BEE Institute: miscellaneous

The Embassy should put emphasis on the promotion of awareness of CSR and should provide companies with handouts of the implications of King III. Also, specific attention should be paid by the Dutch to environmental issues, for these issues are often not addressed to in South Africa. The Netherlands has got a lot of experience with these issues and should share its knowledge. Also, the Embassy should facilitate a forum where the CSR message is spread. The interviewees refer also to the CSR networking reception on October 14 as being a good example of an event that brings parties together. The focus should be both on multinationals and SMEs.

4.12 Philips South Africa

JJ Van Dongen, CEO of Philips South Africa.

Details
Event: Interview.
Location:195 Main Road, Martindale 2092, South Africa.
Date: 17 November 2010.
Website: http://www.philips.co.za/

4.12.1 Quick Scan Philips South Africa

Interview Summary: Philips is mainly investing in third party CSI projects that contribute to community- and enterprise development. Philips tries to take a step beyond the required policies. The ownership-equity requirement is regarded as being ineffective. According to Philips, the Dutch government should fulfill the role of fighting corruption by monitoring and anti-corruption projects. Dutch companies should focus on making CSR investments in sectors that are closely related to their own business.

Quick scan of organization: Philips is founded in Eindhoven, the Netherlands and has been doing business in South Africa since 1895. Philips is the largest supplier of medical equipment in South Africa. Philips also sells TVs, consumer-, lighting- and lifestyle products.
Interviewees: JJ van Dongen, CEO and Chairman of Philips South Africa
Sector: Producer of TVs, consumer products, lighting solutions, medical equipment and lifestyle products.
Activity: Philips manufactures and sells consumer products in different sectors as well as medical equipment.
Ownership: Philips is a multinational that is based in the Netherlands. Philips operates on a global scale. Philips is noted on different stock exchanges around the world.
Supply Chain: Philips manufactures and sells its own products. However, Philips makes use of suppliers for technical components of its products.
Collaboration: Philips works together with BMW South Africa on its CSR-related projects.
Emphasis: Philips puts special emphasis on 'green' energy usage by focusing on products that consume economical amounts of power.

4.12.2 Philips South Africa: Corporate Social Responsibility

According to Van Dongen, Philips regards CSR as being a support for local communities and enterprise development. The community development is supported by the development of schools and clinics. The enterprise development takes place by using mainly 'black' companies as suppliers and making use of support programs for business development in the surrounding communities.

Also, Philips is involved in project regarding sports. By supporting football teams and football competitions, Philips tries to contribute to the community development and social awareness among communities that live in the same areas as Philips operates.

The CSR-related investments that are made by Philips are BBBEE supportive. Only the black equity norm is not lived up to: Philips does not believe in voluntarily selling shares of the company to historically disadvantaged people. The BBBEE scores of Philips are high on average (A or B level). Only the management and ownership scores are low (D and E level).

Philips also invests in sustainability projects. These projects are in general aimed at vitalizing the workforce by using different kinds of training. Amongst these trainings are skills development, hiv/aids and education for the youth conducted. Philips also has a global CSR program, which is mandatory for Philips establishments all over the world. The global program is mainly focused on environmental issues, such as the 'Going Green' project.

4.12.3 CSR in South Africa

The South African government has got high expectations of companies regarding CSR. Especially after the development of the BBBEE regulations, pressure is put on companies to act more socially aware. Because of the fact that 50% of the turnover of Philips originates from sold goods to the government, Philips is trying to keep their BBBEE level as high as possible. BBBEE forces competitive advantage on CSR, for the government buys their supplies only from companies with high scorecard scores.

Regarding reporting on CSR, Van Dongen tells that Philips puts emphasis on the global reports, in which South Africa is also mentioned. There are no distinct reports with facts and figures of the usage of CSR by Philips in South Africa. However, there are reports available that list all projects that Philips has sponsored with money from the CSI budgets.

Typical (and important) South African CSR issues are, according to Van Dongen, health care and education. Also, the broader perspective of the BBBEE requirements is important. Companies tend to focus most on complying to one or two points from the scorecard, but it is important to take all aspects into account in order to create more equity in South Africa.

Van Dongen sees some problems with BEE. Especially the required equity in ownership does not contribute to more equity in the society. Several companies just pick some friends or family to fulfill the ownership requirements, so a lot of window dressing takes place regarding this requirement. Other companies are just complying to the rules in the easiest way possible, without taking the sustainability of their investments into account. Therefore, the influence of BEE on CSR is not as high as it could be. In order to make an effective approach towards CSR, a good sustainability strategy is needed.

The Dutch international policy

Mark the following topics on a scale from 1 to 5 in terms of how the company regards it as being a relevant issue in South African business life. Because there were three interviewees, three tables have been filled in.

Issue	Very Relevant	Relevant	Neutral	Irrelevant	Completely Irrelevant
Rights of association / collective negotiation	1	**2**	3	4	5
Forced labor	1	2	**3**	4	5
Child labor	1	2	**3**	4	5
Discrimination	**1**	2	3	4	5
Business reporting	1	**2**	3	4	5
Environmental care	1	2	**3**	4	5
Working circumstances	1	2	**3**	4	5
Corruption	**1**	2	3	4	5
Health care	**1**	2	3	4	5
Consumer interest	1	2	**3**	4	5
CSR down the supply chain	1	2	**3**	4	5
CSR in business competition	**1**	2	3	4	5

4.12.4 Philips as a Dutch organization in South Africa

Philips is originated from the Netherlands, but has been operating in South Africa since 1895. The CSR programs are homegrown in South Africa and are not tied to Dutch requirements or regulation. The Dutch global headquarters do however have an influence on Philips South Africa. The CSR regulation programs and focus points are determined by the global management and are mandatory in South Africa.

Van Dongen regards the level playing field of CSR in South Africa as being high, especially when compared with the rest of the African continent. There is a lot of focus and awareness on CSR, especially because of the BEE and BBBEE policies. The development of this focus is due to the rough history of South Africa. Equality of all inhabitants must be regulated in order to streamline this process.

4.12.5 Philips South Africa: miscellaneous

The Dutch have an influence on CSR in South Africa, because of the distribution of the Dutch Development Bank (FMO) aid funds from the Netherlands. The Dutch should put emphasis on fighting corruption in South Africa, because this is a huge problem. This can be done by monitoring and supporting anti-corruption projects and the monitoring of the aid projects that are funded by the FMO to make sure that the money is spent efficient and effective.

Van Dongen advises Dutch companies that start their operations in South Africa to keep their CSR strategies close to their core business. These companies should invest in projects that are close to the company and within their field of expertise. In this way synergy can be created: the company will gain more from the efforts put in CSR because of their expertise in the topic. At the same time, the market is explored and the network is expanded.

4.13 Impala Platinum

Pierre Lourens, Group Sustainable Development Manager at Impala Platinum Group.

Details
Event: Interview.
Location: 2 Fricker Road, Illovo, Johannesburg, South Africa.
Date: 17 November 2010.
Website: http://www.implats.co.za/

4.13.1 Quick Scan Impala Platinum

Interview Summary: The Impala Platinum group has an award winning CSR program that focuses on a multi-stakeholder approach that takes all local communities into account. Through collaboration with community leaders, job creation and training the company tries to maintain a good relationship. The mining sector works closely together with the government on policy development. Problems with the government is often the lack of a pragmatic approach is legislation and policies.

Quick scan of organization: Impala Platinum is a South African based mining company. The Impala holding produces 1,7 million ounces of platinum and 3.4 million ounces of platinum group metals annually. The Impala group operates around the Bushfeld Comples in South Africa as well as the Great Dyke in Zimbabwe.
Interviewees: Pierre Lourens, Impala Platinum Group Sustainable Development Manager.
Sector: Mining.
Activity: Impala Platinum is involved in mining, refining and marketing of platinum and platinum group metals (nickel, copper and cobalt). The Impala Platinum group employs about 53,000 people in South Africa and Zimbabwe. Most of the employees are contractors that work in or around the mines.
Ownership: The Impala Platinum group is a South African based private owned group that is noted on different stock exchanges around the world (amongst others Johannesburg and New York).
Supply Chain: The Impala group fulfills the role of a supplier. By mining and refining, platinum and related products are subtracted from the ground. The raw material is sold to companies around the world.
Collaboration: The Impala Group is highly involved in collaborative projects with companies that operate in the South African mining sector. Also, collaboration and negotiation on a high level with government officials is done. Impala is member of the South African Corporate Governance Institute.
Emphasis: Being the winner of the 2010 award for the best CSI, Impala Group puts a lot of emphasis on corporate responsible behavior, enterprise development and social engagement.

4.13.2 Impala Platinum: Corporate Social Responsibility
Impala Platinum has a very strong focus on sustainability and CSR embedded in their core business. The CSR projects take place on three different levels:
1. Community relations: approaches towards small local communities through collaboration with local community leaders. Community structures are hard to describe, so the identification of the leaders is done first. For the community relations, a 14-item fixed agenda has been developed.
2. Social labor: compliance to mining legislation (Mining Chapter) by investments in and cooperation with projects regarding socio-economic development such as social labor plans.
3. Collaborative approaches: involvement in different branches that are related to the mining sector in order to create sustainability around the industry. This involves a lot of other institutions, such as governmental departments of roads, water and treasury. Also, a lot of collaboration is done together with other companies that operate in the mining sector in order to create sustainability within this sector. The aim of the sustainability-approach is to plan ahead and anticipate on the future of the sector.

The basis for the approach on these three levels is a multi-stakeholder one: Impala Platinum sees its influence on multiple stakeholders in South Africa, rather than focusing on creating a maximum shareholder value.

Impala Platinum has developed programs together with several South African universities. These programs involve planning for transport, community and environmental development. Reporting is done on material issues rather than on awards and ideological programs. The aim is to report with integrated reports that consist of a maximum of 50 pages. The reports are also distributed amongst the communities around the company. This is done by pamphlets and presentations, to also provide the information to the illiterate people. The reports embrace an integrated approach towards the different processes within the organization and is verified by independent auditors.

4.13.3 CSR in South Africa
A lot of CSR-related activities are regulated by the government. In the mining sector there is also a lot of legislation that takes CSR into regard, included in the 'mining charter'. When mining companies do not comply to this legislation, they will lose their mining permits and will eventually have to shut down. The mining sector is therefore trying to bundle their forces in order to make the shift from compliance to a more strategic approach in order to create sustainability within the sector. The true impact of CSR is not the impact that is caused by complying to regulation, but the impact that your company has on its stakeholders.

4.13.4 The South African institutional context
The relationship between the government and the mining sector is good. However, the government has problems with the identification of the most important issues in many sectors. Therefore, companies cooperate with the government to discuss the contents of the regulations together. Because of the direct influence on the governmental policies, companies are able to comply to the requirements quite easy and are able to take steps beyond them.

Foreign governments and institutions often request South Africa to comply to certain international standards (i.e. environmental requirements regarding CO_2 emission, blood diamonds, labor standards). It is often hard for South Africa to apply these requirements within its borders. There is a need for a sustainable plan for the future in order to support the international standards. On a national level, a lot of focus is put on short-term investments and results. Often, a lot of stakeholder groups are not taken into account by companies and government. A shift is needed from the short-term vision towards a long-term, informed and

strategic one. Stakeholders are not yet formed into a 'critical mass', but think-a-likers have emerged and are starting movements.

The Dutch international policy
Mark the following topics on a scale from 1 to 5 in terms of how the company regards it as being a relevant issue in South African business life. Because there were three interviewees, three tables have been filled in.

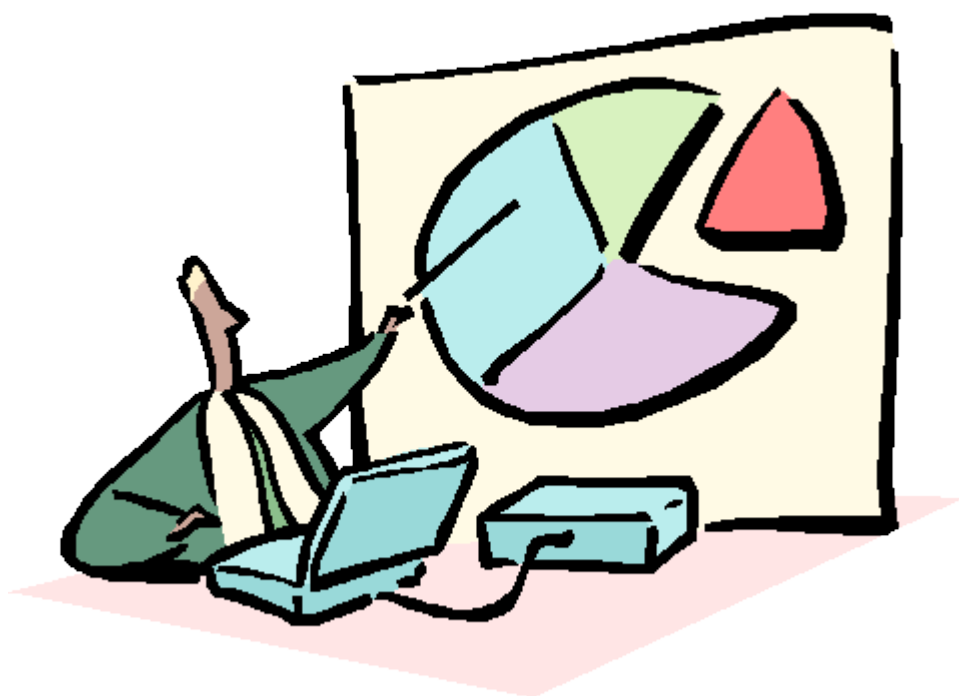| Issue	Very Relevant	Relevant	Neu tral	Irrelevant	Completely Irrelevant
Rights of association / collective negotiation	**1**	2	3	4	5
Forced labor	1	2	3	4	**5**
Child labor	1	2	3	4	**5**
Discrimination	1	2	3	**4**	5
Business reporting	**1**	2	3	4	5
Environmental care	1	2	**3**	4	5
Working circumstances	**1**	2	3	4	5
Corruption	**1**	2	3	4	5
Health care	1	**2**	3	4	5
Consumer interest	1	2	3	**4**	5
CSR down the supply chain	1	2	**3**	4	5
CSR in business competition	1	2	3	4	**5**

4.13.5 Impala Platinum: miscellaneous

The Dutch Embassy should play a strong role in South Africa by supporting the South African government with the formulation of policies. Not enough emphasis is put on the pragmatic approach of policies, so real changes in businesses are not achieved. The government is currently good in the development of policies, but the delivery of them is often inefficient and ineffective. The Dutch could fill in the gap between the formulation and implications of CSR-related policies.

Dutch companies that expand their business to South Africa should take a lot of issues into account. The bottom line is that companies should be involved in sectors where their expertise can contribute to the development of that sector. There is a great need for training. The combination of sector needs and business expertise can then lead to synergy for both the sector and the company.

5 Appendix - Events, summits and presentations

5.1 National Business Initiative annual summit

Details

Event: National Business Initiative annual Summit: '*Shaping a Sustainable Future through Responsible Business'.*

Location: Hyatt Regency Hotel, Rosebank, Johannesburg, South Africa.

Date: 6 October 2010.

Website: http://www.nbi.org.za/

Summary

The NBI is a group of South African based and multi-national corporations that work on a voluntary basis together. They tend to achieve South African growth and development in South Africa by using partnerships, engagement in politics and practical programs. It is not a company itself, rather it can be seen as a non-governmental organization with political and social aspirations.

5.1.1 Quick scan National Business Initiative

Interviewees: no interviews took place during the NBI Summit 2010. All information in this summary is extracted from the people who spoke on stage during the summit.

Activity : Since the establishment of NBI in '95, the NBI is working as an advocate for the role of business in different ways: the support of democracy, economy and environment. It functions as a platform for leadership in business and a forum for companies to see how they can contribute to sustainability in the society.

Strategic focus: business in society (how to create sustainable business and a sustainable society in 2050), human capital (schooling and skills development to create a sustainable future), climate and energy (energy efficiency, carbon project, water projects) and economic linkages (linking SME's in the supply chain, building competitiveness and social cohesion).

Sector: Sustainability and project development.

History: NBI was founded in 1995 by Nelson Mandela. The NBI was the convergence of the CBM (Consultative Business Movement) and UF (Urban Foundation). The main targets of the NBI were the promotion of increased growth of the economy, reduce poverty and support efficient governance in South Africa.

Ownership: the NBI is an NGO that basically is a cooperation of different companies that make voluntary contributions in order to create a sustainable society. The NBI is governed by a Board that consists of representatives from companies that are NBI members, as well as leaders from business and communities.

Influences: the NBI is all about providing help to government and society, in order to increase sustainability of all sectors in South Africa (public and private sectors). It tries to influence both the public and private sector.

Economy: information is not public: only provided to the fellow member companies.

Marketing: marketing of NBI is done by the fellow member companies. They use the logo of NBI in order to spread the word about the things NBI is doing.

Production: the NBI conducts projects related to business in society, human capital, climate & energy and economic linkages. It also made a project called 'vision 2050', that aims to create a fully sustainable society in 2050.

Supply Chain: because it is an NGO, it does not have a specific position in a supply chain. However, because of the projects that are executed by NBI, NBI can be seen as an initiator of the product 'sustainability'.

Emphasis: the emphasis of NBI lies on sustainability of growth and development in South Africa. This is done through partnerships, practical programs and policy engagement.

Collaboration: the NBI is a voluntary initiative that consists of over 450 companies that share a common interest in corporate social responsibility and sustainability through responsible business. The fellow members are both domestic and multi-national companies. They have in common that they practice their business in South Africa. Only a few of them (Brandhouse Beverages, Philips, Shell, Unilever) are companies with a Dutch origin.

5.1.2 Speakers at National Business Initiative summit

During the NBI Summit in Johannesburg, several speakers were invited on stage to elaborate on different topics.

5.1.2.1 Speaker: Graça Machel

Organization: Women and Child Rights Activist & Founder and President of the Foundation for Community Development in Mozambique.
Sector: Human activism.
Topic: Keynote address NBI
Summary: In South Africa it is for women hard to find a good job. This should be solved by creating awareness and removing barriers. Also the youth is having a problem. In 2007, only 50% of all youth has ever been working in their entire life. Women are too little involved in business. This is bad for business sustainability. Practicing CSR is a strategic tool to invest in human capital. The goal of this investment is the creation of a skilled working force over the coming 30 years. Experts are needed to create a sustainable economical market.

Major issues in South Africa are the level of crime. This will eventually create distrust of society among youngsters and because of that they will get angry and become a criminal themselves. The solution to this problem is investment in young people. Business can be sustainable only if the economy is sustainable as well. South Africa is the biggest economy in the continent so hit has to take its responsibility and give a good example by investing in public private partnership.

5.1.2.2 Speaker: Sir Mark Moody-Stuart

Organization: Chairman, United Nations Global Compact Foundation and former Chairman of Ango American (Mining company)
Sector: International development.
Topic: Increasing corporate sustainability – a UN Global Compact approach
Summary: Kofi Anan used to tell that civil society and labor organizations should work together with governments. No sector can operate on its own: we need to work together. Businesses should not just sign up in umbrella organizations just for the sake of their shareholders, but really should work on their impact on society. They must also take a good objective look on their entire supply chain.

The UN Global Compact Foundation developed a tool called the 'Blueprint'. It contains a matrix for different countries on how to position themselves between government, NGOs and civil society. Sector groups and pioneers are important, but not as important as local networks of big firms, SME's and civil society working together. The Global Compact Foundation focuses on human rights, working conditions, environmental care and corruption.

Another matrix provided by the Blueprint is the support of UN goals, such as the millennium goals. Because these are goals that cannot be addressed to by just one institution, problems must be addressed to collectively. All sectors should work together. The first step to create this co-operation is to solve unemployment problems. Also, more support should be given to people who want to start their own local businesses.

5.1.2.3 Speaker: Nicky Newton-King

Organization: Deputy Chief Executive, Johannesburg Stock Exchange
Sector: Financial sector.
Topic: Why is sustainability important?

Summary: Sustainability is not about Corporate Social Investment, but about re-engineering your business and about changing your impact. Sustainability is important because you shouldn't be taking and give nothing back. Companies tend to forget about looking to their impact on society. It is often very hard to make sustainability an agenda item, because sustainability is often an issue that is does not play a role in the board or with the CEO.
It is hard to get it on the agenda when you are at the bottom of the ladder and need to push it all the way up to the top. When you use CSR in your business, it is important to report on it the right way. This should be done by integrating sustainability in the annual reports and not by making it a separate brochure and using it as a marketing tool.

5.1.2.4   Speaker: Lindie Engelbrecht

Organization: Director of Assurance – Climate Change and Sustainability Services, Ernst & Young
Sector: Consultancy.
Topic: Why is sustainability important?
Summary: After King III, many companies focused on reporting on sustainability most of the time (there are some exceptions: some companies really have made some efforts). A possible solution to the problem that firms tend not to use sustainability in a good way is the creation of a 'Sustainability award'. Many companies nowadays i.e. take some pictures of the CEO together with some orphans and put those pictures in a public relation- brochure. That is not what CSR and sustainability are about.

Companies need to see the economic benefits before they really start with adapting sustainability in their business. The problem with the adaptation is often that people who propagate sustainability are seen as being 'greenies' and become criticized. Usually, after management has been convinced that profits might increase, firms will be more likely to adapt. Engelbrecht argues that sustainability is about performance, not about reporting. In order to shift this focus, business processes should be integrated.

After King III, stakeholders have been taken more into account. How do you really improve your good aspects and how do you lose your bad aspects is the question, not how to increase short-term profit the most. There must be a shift from integrated report (the report itself) to integrated reporting (showing the world the context of the contents). King III focuses on the last one: integrated reporting. Sustainability must find a place in the core of the business instead of being on the outskirts.

5.1.2.5   Speaker: Deon Botha

Organization: Senior Corporate Governance Specialist, Public Investment Corporation
Sector: Financial sector.
Topic: Why is sustainability important?
Summary: After King III, a lot of companies started measuring their impact and their performance. After this measurement, companies can undergo a change in mentality. For the public investment corporation it is hard to find out what companies are exactly achieving, because they must rely on information that is provided from the companies to the public.

Botha says that a lot of companies do not report on their CSR-related activities in the right way because they do not regard them as being an integral part of their business. The solution Botha provides: companies need to set clear targets so ex-post evaluation can be conducted. This information should be made public.

5.1.2.6 Speaker: Shireen Naidoo

Organization: Director of Advisory Sustainability Services, KPMG
Sector: Consultancy.
Topic: Why is sustainability important?
Summary: The biggest problem with sustainability is that it is often given to the wrong department or the wrong level in the organization. In most cases the issue is given to someone from the public relations department instead of a CSR-manager. A problem with reporting on CSR is that companies tend to compare their results to other companies, even when it is not even possible to do so.

If you really want to set a benchmark, companies should be persistent in the measurement of sustainable processes and achievements. If companies want to implement CSR and sustainability in an effective way, they should on top of the company with the board and the CEO. Once they are convinced, the rest of the organization will follow. Naidoo also puts emphasis on the fact that companies should try to be as transparent as possible.

5.1.2.7 Speaker: Steve Nicholls

Organization: Head of Sustainability, Accenture South Africa.
Sector: Consultancy.
Topic: The interdependence of sustainability issues and significance of integrated action
Summary: Accenture S-A has made a 'risk network' graph that shows that many problems that are more or less likely to occur are related to each other. Amongst the examples provided are war with North Korea, Afghanistan, terrorist attacks, earthquakes, a war between the USA and China etc. In order to keep performing as a society, integrated action is needed. Companies have often way more stakeholders than they think they have. i.e. the oil disaster of BP in the gulf of Mexico: also people who were not regarded as being stakeholders started anti-pages on Facebook and internet forums. Nicholls answers the question 'How to integrate sustainability in businesses?' with the focus on skills and skill development. Companies should provide more support to education and the development of skilled employees.

5.1.2.8 Speaker: Linda Vilakhazi

Organization: Chief Executive Officer, Bridge
Sector: Education.
Topic: Integrated approach to sustainability through education: the role of business
Summary: Vilakhazi argues that it is an obligation of business to provide a good educational system to the youth. The current educational systems are totally disfunctioning. Ever since the end of apartheid, education has failed. Businesses and NGOs have been investing lots of money in education, but it still does not work the way it should. Even when investments increased, the results of education stayed the same. The provided solution is to look deeper. Look at collective participation: civil society working together with NGOs, the government and firms. The collective participation should support innovations on the educational system, such as weekend courses or alike interventions. There also must be more support outside school times. Schools need to be redesigned in order to fit better in society. The use of collective power should consist of a long term cooperation with business, governments and NGOs involved.

5.1.2.9   Speaker: Haroon Bhorat

Organization: Director of Development Policy Research Unit, University of Cape Town
Sector: Education.
Topic: South Africa, an emerging economy divided: breaking down the barriers to unleashing participative, competitive and sustainable economic opportunities and growth.
Summary: In South Africa, there are major policy issues. It is up to the government and firms to solve them. Since Apartheid ended, the annual growth of S-A increases annually with circa 2,5%. At the same time, unemployment increased from 15% to 25%. The poverty levels rose as well. South Africa basically has the most unequal society in the world. The income distribution is oblique: the growth only helps the middle and upper classes, while the lower classes have no profit at all of this growth, due to the fact that the informal sector is very small.

The state should address the problem of the small informal sector by taking some action:
- The state should offer money to people who want to start up their own micro-enterprise. Nowadays, it is very hard for people to get money to start up business. Furthermore, the state should also help small enterprises by providing them with goods, such as cars, car reparations and uniforms.
- Next to the offering of money, the state must provide credit access to small enterprises.
- Short-term help with insurances. Good insurances are often way too expensive for small enterprises. Many of them shut down after things go wrong. When good insurances are provided for a short term, small enterprises can survive misfortune.

Also, Bhorat argues, employment agencies should be supported. They can help people with no income to get jobs for a few days at a time. People really need to be stimulated to start looking for jobs or else the economical system will eventually collapse.

5.1.2.10 Speaker: Deon Rossouw

Organization: Chief Executive Officer, The Ethics Institute
Sector: Consultancy.
Topic: People's values, ethics and the implications for behavior change in achieving a sustainable future. Do businesses have a role in shaping governance and encouraging sustainable consumption?
Summary: Rossouw starts with an orientation why we are currently in a crisis. It is because of people's personal values: they are wrong. A paradigm shift needs to take place to other, better, values. The unfortunate thing with values is that they can't be prescribed, they need to be cultivated.

To change the values of business, we need to look at the question 'what is the role of business in society?'. King III states that businesses should embrace a shared future with society. Businesses have an important role in order to create a sustainable society.

There is a need for corporate investors to invest in sustainable businesses. In order to create a sustainable society, organizations must take a wider look: they must look beyond the sustainability in corporations and broaden their view towards society. Big challenges must be approached in a collaborate way, the powerful and the powerless should cooperate in order to change society.

5.2   SEDISA Sustainable BEE Presentation

Details
Event: BEESA / SEDISA Social Economical Development Event.
Location: 05 Sherborne Road, Unit 3 Sherborne Square, Parktown, Johannesburg, South Africa.
Date: 14 October 2010.
Website: http://sedisa.co.za/

5.2.1   Quick Scan SEDISA (part of BEESA Group)

Summary: BEESA is an organization that helps their clients (companies) to comply to the Black Economic Empowerment requirements in a sustainable way. Sustainable BEE is, according to BEESA, not about the replacement of white people by black people, but rather about growing the South African economy. This is done through a nation-wide framework of economic and social integration on many levels. SEDISA is part of BEESA and is specialized on sustainable socio-economic development, which is an important part of the sustainable BEE model.
Sector: Consultancy.
Interviewee: no interviews took place during the BEESA Social Economic Development (SED) presentation. All information in this report is extracted and summarized from the presenter of the event: Duncan Brown and the SEDISA department.
Activity: SEDISA stands for 'Socio-Economic Development Initiative South Africa' and regards itself as being a leader in the development and implementation of sustainable SED. SEDISA operates only in South Africa, because the BEE-policies only apply to South Africa. SEDISA makes SED programs for the businesses that are their client. Clients of SEDISA want to comply with the Codes of Good Practice for BEE. Thus, SEDISA provides their clients with programs that try to get BEE points for SED.
Ownership: the BEESA Group is a private owned group.
Supply Chain: the SEDISA part of the BEESA group is at the end of the consultancy supply chain. They offer the product (information on how to implement SED and other advices) directly to their customers, without interference of third party organizations.
Emphasis: the emphasis of SEDISA lies on consultancy for organizations that want to obtain BEE-points. SEDISA is in between the government (legislation and BEE policies) and companies (implementation of BEE in their businesses in order to obtain BEE points). The product that is offered to customers is advice, embodied in practical applicable plans for SED that are aimed at one specific customer. This product is considered being rather a qualitative than a quantitative product.

5.2.2   BEESA dept. Social Economical Development Initiative South Africa (SEDISA)

This part is a summary of the presentation that has been given by Duncan Brown, Social Economical Development Expert of SEDISA.

5.2.2.1   *Speaker: Duncan Brown, Social Economical Development Expert*

The presentation consists of different issues regarding Social Economic Development.

Why should we use SED?
Brown argues that only a very small proportion of the economy can be seen as a contribution to the economy. In South Africa, a large proportion of the inhabitants do not contribute because they spent almost their entire income on housing and food. The smaller wealthier proportion of society is regarded as 'contributors' as soon as they spend money on consumer goods. Brown states that a movement has to be created. This will lead to more consumers and eventually to 'more economy'.

When comparing 2004 to 2008, a clear shift can be seen. This is because more historically disadvantaged people (black people, who worked under the Apartheid regime) started contributing to the economy, due to the BEE policies.

How should we use SED?
Social Economical Development can be seen as both a monetary and a non-monetary contribution to society in order to create sustainable access to economy for non-contributors. In order to be sustainable, experience, skills and cash need to be provided to the disadvantaged. King III (2007) enforced companies to spend 1% cumulative of their annual turnover on Corporate Social Investment. If not, companies would miss some of the BEE points that could be earned.
SEDISA advices companies that have to invest in CSI to invest in a sustainable way, so that a return on the investment can be obtained. So, SED is not about philanthropy, but about making good investments.

The concepts of CSR, CSI and SED
Brown describes CSR as the non-legal, ethical and community driven way of investing in society. It is about people, profit and planet and is discussed in the King III report. A formal way of putting it is: '*CSR is the deliberate inclusion of public interest into corporate decision making, and honoring of a triple bottom line (people, planet & profit)'*. BEE is included in CSR, because there are no fines that companies get when not complying to the rules.

Second, CSI is a part of CSR. CSI is that part of CSR that tries to earn a 'social return' on investments made in society. Social returns can be things like branding, but also community health. A definition of CSI is: '*CSI is the deliberate investment into social project or schemes with the aim of realizing a return including branding and community health'*.

Last, SED is discussed as being a tool to provide sustainable access to the economy for the disadvantaged ones. This includes skill development and workplace readiness programs. Or: '*SED's aim is to create sustainable access to the economy for benefit claries'*. SED needs to be proven by the company in order to obtain the BEE points: '*it is about spending money in a CSI-way, not just check writing'*.

6 Appendix – non-response

This appendix consists of a list of companies that did not reply to my request to interview them, replied positive but did not participate or denied my request at all. Of each company, some information about the sector and the nature of the reply of the organization is given.

Name: Foskor Mining.
Sector: mining industry.
Reply: negative reply.
Reason given: no time available, Foskor does not cooperate with these initiatives.

Name: Sefapane Lodge.
Sector: tourism.
Reply: negative reply.
Reason given: there was no CSR-manager and the owner did not want to provide any information regarding CSR.

Name: Unilever South Africa.
Sector: international sector of food, home and personal care products.
Reply: negative reply.
Reason given: the department of Corporate Brand & Communication send an e-mail that states that they regret to inform that Unilever does not give out information of such sensitive nature. They also apologize for not being able to assist me and wish me will in my studies.

Name: Coca-Cola South Africa.
Sector: beverages.
Reply: positive reply, but no follow-up.
Reason given: Due to the fact that the representative of Coca-Cola did not have time to do an interview within the timeframe of my research, I was requested to send the list of questions by e-mail. Afterwards I did send out some reminders, but unfortunately did not receive a reply.

Name: Imtech.
Sector: Mechanical engineering and ICT services (based in the Netherlands).
Reply: positive reply, but no follow-up.
Reason given: After meeting one of the representatives of Imtech at a networking event, I tried to set up a meeting. Unfortunately, no-one of Imtech was available for a meeting and the list of questions that I have sent by e-mail was regarded as being too large.

Name: Checkers.
Sector: Supermarket chain.
Reply: positive reply, but no follow-up.
Reason given: no representative of Checkers was available for a meeting. The only information that I was given was a CSR report of Checkers. The information in this report was unfortunately insufficient to be used for this report.

Name: Gordon Institute of Business Science.
Sector: Scientific research.
Reply: positive reply, but no follow-up.
Reason given: Contact has been made with several CSR managers and I have been waiting for availability for interviews., but I've been a little swamped. I did not manage to get an actual appointment.

Name: Akzo Nobel South Africa.
Sector: Decorative paints and chemicals.
Reply: positive reply, but no follow-up.
Reason given: Due to time constraints it was not possible to conduct an interview with a representative of Akzo Nobel South Africa. I e-mailed the list of questions but unfortunately did not receive a reply.

Name: Chemimpo.
Sector: Agency and distribution for major international chemical companies.
Reply: positive reply, but no follow-up.
Reason given: after meeting the CEO of Chemimpo at a networking event, I tried to follow-up this meeting with an interview. Unfortunately I did not receive a reply.

Name: Graduate School of Business, Cape Town.
Sector: Scientific research
Reply: positive reply, but no follow-up.
Reason given: due to the fact that the Graduate School of Business is located in Cape Town and I live in Pretoria, I decided to do no follow-up on this contact.

Name: Sentech.
Sector: Information Communication Technology.
Reply: non-response.

Name: Paracon.
Sector: Information Communication Technology.
Reply: non-response.

Name: Total South Africa.
Sector: Oil and petrol.
Reply: positive reply, but no follow-up.
Reason given: I did receive a call from a representative of Total. We tried to make an appointment but it was not possible during that week. Afterwards, I send several e-mails to make a new appointment, but this did not work out.

Name: Friends Accommodation Services.
Sector: Tourism.
Reply: non-response.
Reason given: the owner of Friends Accommodation Services never replied to my inquiries regarding an interview.

Name: South African Breweries
Sector: Drinks (brewery).
Reply: non-response.

Name: Anglo American Thermal Coal
Sector: Mining.
Reply: positive reply.
Reason given: did not conduct an interview due to time constraints. Got the opportunity to make an appointment too late. Also, Impala Platinum of the mining sector has been interviewed, so the need for another company from this sector was not high.

Name: C.A.P.E.
Sector: Environment and biodiversity.
Reply: non-response.
Reason given: C.A.P.E. is a partnership of government and players of civil society. It focuses on conserving and restoring biodiversity in rural areas.

Name: Heineken South Africa
Sector: Drinks (brewery).
Reply: non-response.

Name: Makro
Sector: Wholesale of food, general merchandise and liquor.
Reply: non-response

Name: Woolworths
Sector: food, general merchandise and clothing
Reply: non-response

Name: Neotel
Sector: Information Communication Technologies
Reply: non-response

Name: Vox Telecom
Sector: Information Communication Technologies
Reply: non-response

Name: Tongaat Hulett
Sector: Sugar, starch, glucose and aluminium.
Reply: Positive, I have met the CSR manager in person at a conference. Unfortunately no follow-up.
Reason given: Tongaat Hulett offered cooperation for the research but are located in Durban. An interview did not take place due to distance constraints.

Name: Prominent Paints
Sector: Decorative paints and textile painting.
Reply: Positive, I have met a representative of Prominent Paints at a rugby match. No follow-up because Prominent Paints got me in touch with the bargaining chamber of the clothing industry, with which I conducted an interview.