

Chapter 4

Corporate Social Responsibility Forays in Southern Africa: Perspectives from South Africa and Zambia

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Abstract Corporate Social Responsibility (CSR) has been gaining significant ground in Southern Africa, especially in the last decade. This chapter proffers an historical analysis of CSR in two Southern African countries namely: South Africa and Zambia. In South Africa, the post-apartheid period, which spans 20 years, is examined, whilst in the Zambian case, the post one-party state era of 23 years is taken into consideration. The discussion thus focusses on the evolution of CSR in South Africa and Zambia, and it attempts to show how it has taken shape in these two different contexts. Furthermore, it anchors CSR in the socio-political and economic milieus of the two countries. This is done in order to show how CSR efforts are nuanced in the two countries. The discussion also teases out some of the global trends relating to CSR and how they impact on the two countries' CSR endeavours. The paper ends with future considerations for CSR in the two countries and also tries to show how their fortunes may have implications for the development agenda of the Southern African Development Community (SADC).

4.1 Introduction

The purpose of this chapter is to trace the evolution of Corporate Social Responsibility (CSR) endeavours in two Southern African countries, *viz*: South Africa and Zambia. The period under scrutiny is from the early 1990s to the present. As a key point of departure, this chapter takes CSR as a critical facet of social policy. Arguably, CSR which is viewed from the perspective of social policy has not gained much ground, not only in Africa, but in other parts of the world. Usually, discussions pertaining to CSR are dominated by those from the business sector either from practice or academia. There is still a yawning gap in this arena in so far as social policy is concerned. There are few scholars who see CSR as a social policy

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imperative and this chapter views it as an important linkage which is still overlooked. Social policy is a crucial vehicle that can operationalise CSR in particular contexts because of its general orientation of fostering social well-being in society (Noyoo, 2013a, 2013b). In this case, CSR is taken as being part of social policy's role of supporting social and human development. This is the broadest understanding of social policy which integrates social concerns into all aspects of public policy that aim to remove barriers and create a "level playing field" for all geographical regions and social groups to participate equally in the development process. It calls upon policy-makers to design policies in a way that ensures equal access to life chances across social groups (Economic & Social Commission for Western Asia, 2009).

Thus, the role of business in society, among other factors, is also encompassed here. In addition, the rationale for adopting the social policy approach to CSR is informed by the notion that CSR needs to be distinctly linked to national social problems and issues around national labour markets in countries such as South Africa and Zambia, as opposed to the globalisation strand of CSR, which focuses strongly on human rights and environmental sustainability issues (Brejning, 2012). Although it is important, the globalisation form of CSR should not be taken as the only approach to CSR. Thus, it seems as if the social policy approach to CSR is given less attention in the two countries, in comparison to the globalisation linked CSR. In this regard, CSR which is strongly associated with social policy would drive for inclusive labour markets where corporations contribute to social policy, by taking responsibility for the integration of new employees in the labour market. According to the social policy perspective to CSR, the core of social responsibility is the active support of corporations to develop labour market policies. The key concept is the idea of partnerships between the government and corporations. Thus, governments contribute with support to create jobs for poor and unemployed people, and corporations employ and help to create open and inclusive labour markets. However, this is not to say that CSR should be defined as a new kind of social policy (Rendtorff, 2009, p. 147).

4.2 Conceptual Definitions

When discussing CSR, perhaps one must first pause and reflect on the world economic downturn of 2008/2009, which was partly blamed on the unethical business behaviour by some corporations. Therefore, the way businesses behave is not just an abstraction, but something that must be treated with the seriousness it deserves, because it is embedded in global societal structures (Werther & Chandler, 2011). Companies have historically been managed to meet shareholders' best interests, but it is the importance of other stakeholders as well as the need for companies to behave in a more ethical manner that is becoming more and more crucial (Simpson & Taylor, 2013). According to the United Nations Industrial Development Organisation (UNIDO) (2014a, 2014b) CSR is generally understood

as being the way through which a company achieves a balance of economic, environmental and social imperatives (*Triple-Bottom-Line- Approach*), while at the same time addressing the expectations of shareholders and stakeholders. Furthermore, the International Labour Organisation (ILO) (2004) notes that CSR concerns the voluntary initiatives enterprises undertake over and above their legal obligations. Thus, CSR is “a complement to, and not a substitute for, government regulation or social policy” (ILO, 2004). These two definitions of CSR will guide the chapter’s points of departure.

It is also important to draw a distinction between CSR (which can be a strategic business management concept) and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction or will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that. Many companies are beginning to approach CSR from a strategic perspective and the former has come to be known as *Strategic Corporate Social Responsibility* or Strategic CSR—SCSR in short (Asongu, 2007). SCSR fits in with this chapter’s thrust which approaches CSR from a much broader perspective of seeking to realise social and human development outcomes in society. SCSR is not only interested in how business can be a force for good in society, but also in what the essence of good business is all about. It goes beyond a focus on community benefaction and includes responsible action in the areas of the workplace, marketplace and environmental practice as well. It gets embedded in policy, adherence to legislation and commitments to national and global codes of actions (Crane, Matten, & Spence, 2008). It is also important not to lose sight of the idea of Corporate Governance when defining CSR. The concepts that Corporate Governance covers, such as accountability, transparency, ethical approaches and stakeholder perspective imply that businesses need to focus on doing “what is right” and what is expected by society from organisations, not just what is right from an economic and legal view-point (Simpson & Taylor, 2013).

4.3 Global Dimensions of CSR

Nowadays, CSR issues have taken on a global character and it can be argued that they are no longer confined to a specific region. The United Nations (UN) and other international organisations took up the call for corporate citizenship several years back and elevated CSR by placing it in the global arena. Usually, causes that are championed by the UN take on a global perspective and begin to even bring forth the question of enforcement. It is due to the foregoing that the UN adopted the Global Compact in 2000. This initiative seeks to combine the best properties of the UN, such as moral authority and convening power, with the private sector’s solution-finding strengths, and the expertise and capacities of a range of key stakeholders. The Global Compact is global and local; private and public; voluntary yet accountable. It exists to assist the private sector in the management of increasingly complex risks and opportunities in the environmental, social and governance

realms. It also seeks to embed markets and societies with universal principles and values for the benefit of all (United Nations, 2014a, 2014b).

The UN's initiative was slow to take off in Africa and it seems that South Africa was the only country on the continent that had responded favourably to the former and in time:

African participation in the Global Compact got off to a slow start with a solitary participant signing up in 2000. The South African electricity utility corporation, Eskom, became the first African corporation to sign up on day one: 26 July 2000. More than a year elapsed before the second signatory joined in August 2001—once again it was a South African corporation (Sasol). Again, there was a waiting period of more than a year before a third participant, the Coca-Cola Bottling Company of Ghana, joined on 31 August 2002. There were three new joiners in 2003, five in 2004 and only two in 2005, before a sudden surge of 32 corporates in 2006 and 26 new joiners in 2007. On 11 April 2008, 17 South African corporations signed up simultaneously at an event in Johannesburg, co-ordinated by the National Business Initiative, the South African focal point of the Global Compact. At the end of 2009, the total number of African company participants stood at 104. At this time, there were also 153 African SME participants—according to the Global Compact, companies are classified as entities with 250 employees or more, while entities with less than 250 employees are classified as Small and Medium Enterprises, or SMEs (Malan, 2011, p. 227).

The Organisation for Economic Co-operation and Development (OECD) also came up with a set of guidelines in 2001 for Multinational Enterprises. This initiative was informed by an understanding that issues of monitoring and accountability are crucial to enhancing the credibility of CSR commitments, through standards for evaluation, monitoring and accounting of CSR (OECD, 2001). Many companies develop their own approaches to CSR, which vary with the type of business and the economic and social environment. Important international benchmarks and reference points relating to CSR are among the following: the *ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977, revised 2000)* and the *ILO Declaration on Fundamental Principles and Rights at Work (1998)* (ILO, 2004).

4.4 Case Study I: South Africa

In 1994, racism and all forms of human indignity, which were perpetrated by colonialism and apartheid against African people, mixed race people (or so-called Coloureds) and Indians, for almost 350 years, officially came to an end when a new democratic government of the African National Congress (ANC) was voted into power. Thereafter, the ANC government developed numerous progressive policies and legislation that sought to erase the legacy of colonialism and apartheid. It also adopted a new constitution which has been touted by many legal commentators as one of the best constitutions in the world. Also, in the same year of 1994, a pioneering code of Corporate Governance in South Africa, the *King Report on Corporate Governance* was adopted by the country. It emanated from the *King*

Committee on Corporate Governance which was headed by retired judge of the Supreme Court, Mervyn E. King, in order to streamline Corporate Governance issues in the country. This report known as King I set out the standards of conduct for company boards and directors. It also focused on all companies listed on the Johannesburg Stock Exchange (JSE) and large public entities, banks, financial and insurance companies and large unlisted companies. In 2002, a revised report (King II) included a new section on environmental sustainability and paid attention to the roles of national, provincial and local government departments in this matter. In 2010, an updated report known as King III was finalised. King III made it mandatory for statutory, financial and sustainability information to be presented in an integrated report with sufficient information showing how companies' operations impacted positively or negatively on communities in which they operated during the year of review. In addition, since 2002, several industry charters have come into effect whilst setting varying spending targets. These include the *Mining Charter*, the *Petroleum and Liquid Fuels Charter*, the *Construction Charter*, and the *ICT Charter* (Triologue, 2009).

Although this chapter focuses on CSR in the post-1994 period, this is not to say that it did not exist in the past. Other studies, for example Hamann (2009) examined this trend during apartheid. However, in line with the prevailing ideology, CSR favoured mainly whites at the time. This was also an era where state patronage had extended to white people *via inter alia*, universal employment, housing, education and health-care. Hamann (2009) is cognisant of this reality and observes that South Africa's complex and painful history has significant implications for how CSR is understood and implemented in present times. On the one hand, big business was implicated in human rights abuses which were committed under apartheid and on the other, the apartheid history gave rise to early manifestations of voluntary initiatives to contribute to government policy changes and social development. It is noteworthy that South Africa's legacy of colonial exploitation and apartheid's exclusionary practices, to a certain extent, endure today despite the government's concerted efforts to raise the quality of life of all citizens. While the poverty situation may be improving, due to an extensive state-led social assistance programme and other social policy interventions, inequality however remains a challenge. South Africa's inequality patterns are among the highest in the world (Statistics South Africa, 2014). In South Africa, the term Corporate Social Investment (CSI) is more familiar to the general public than CSR. CSI originated from philanthropy when the value it added to the reputation of the organisation was recognised. Previously, the terms CSI and CSR were used interchangeably, but have now been defined separately. CSI is one of the sub-components of CSR and aims to uplift communities in such a way that the quality of life is generally improved and safeguarded (CSI Solutions, 2014). Social investing is a special form of corporate philanthropy, in which a company invests in organisations or programmes that have a broad social appeal (Schwab, 2008). On the other hand, philanthropy refers to voluntary action for public good. Philanthropy can be seen as a response to the "human problematic" (Payton & Moody, 2008). From a business sense, philanthropy is usually regarded as "tokenism".

In the post-apartheid period, CSR shifted from an *ad hoc* philanthropic gesture to a strategic business consideration. CSR would revolve around the following areas:

- Public relations management
- Reputation focus
- Charitable giving
- Grant-making
- Social investment; and
- Social change (Trialogue, 2006)

In the new political dispensation business was explicitly called upon to contribute to national development goals (Hamann, 2009; Trialogue, 2009). For instance, a strategic thrust was added to CSR in 2007 when the National Business Initiative (NBI), with the help of Business Unity South Africa (BUSA), began to drive the Global Compact chapter in South Africa. Also, the government's legislation around Broad Based Black Economic Empowerment (BBBEE) compelled companies to think more broadly about business's role in realising equitable and sustainable development in South Africa. Indeed, BBBEE brings into sharp focus the role of business in the country's transformation process. Although criticised for its lacklustre performance, at least, BBBEE helps to nudge businesses in the direction of Corporate Governance and socio-economic transformation. Some of these changes in the CSR landscape were also observed by some private sector officials. For example, one Group Corporate Social Investment Executive who was interviewed for this chapter made some interesting observations. The former official works for Murray & Roberts. It is a private company which has a CSR thematic focus on education, health, and science and technology. The CSI Executive notes that there has been a shift in CSR trends in the last 5 years as companies are now more focused than 10 years ago and there is also more compliance on their part. In the past, some of the interventions were not sustainable and at times not meaningful. The official also points out that such change was to a larger extent brought about by the 2008 global economic crisis, as many companies had to re-think their approach to CSR, because of tight budgets (D. Defigueiredo, personal communication, October 20, 2014). According to the Executive, politics and government legislation are key enablers as they have forced companies to become more strategic in regard to CSR, unlike before when initiatives were more charity-based. There is also more collaboration between businesses in specific thematic areas and this has led to even co-funding of projects. The Executive refers to this as "systematic funding" which has resulted in the "customisation" of the product for the beneficiaries. Before, a "one-size-fits-all" approach was employed by companies and this did not yield tangible social and human development outcomes and impacts (D. Defigueiredo, personal communication, October 20, 2014).

It must also be mentioned that civil society's role in CSR is significant in South Africa, especially in the areas of advocacy, dissemination of information and capacity building. The major role player here is the Congress of South African Trade Unions (COSATU). However, relations between trade unions and mining firms, especially in the platinum sector, remain tense due to events that unfolded

2 years ago. On 16 August 2012, the South African police shot and killed 34 mine workers who had been striking at the Lonmin platinum mine in Marikana near Rustenburg in the North-West Province. Many miners were also injured in the process. Subsequently, a new and more radical trade union, the Association of Mineworkers and Construction Union (AMCU) was formed. Later, AMCU would lead a 5-month strike which was only called off in June 2014. This strike had negatively impacted on the economy and left the platinum mining sector reeling. Presently, AMCU and the mining sector are extremely suspicious of each other. From the foregoing accounts, it can be speculated that some sections of South Africa's large private sector, do not still see themselves as part of the solution to the country's many social problems. Nevertheless, a lot of progress has been made in CSR activities since 1994. In summary, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) (2013, p. 196) is correct to observe in this manner:

From a developmental vantage point, however, the legacy of apartheid is still there for everybody to see, even though research findings suggest that the majority of public sector social policies have been towards the poor. CSR in post-apartheid South Africa is strongly influenced by a socio-political mandate of nation building, and therefore characterised by national priorities such as transformation and affirmative action, education, job creation, skills and development and HIV/AIDS.

4.5 Case Study II: Zambia

CSR activities had existed in Zambia in the colonial era. After the country's independence in 1964, CSR was stepped up by the state through its parastatal organisations. Another study by this author showed how CSR evolved in Zambia from the colonial period (especially from the 1920s to the early 1960s), to the post-colonial era, from the 1960s to the noughties. In the colonial period the mining sector was heavily involved in CSR which was tilted towards meeting the needs of mainly European settlers. After independence, it was the state that saw to it that CSR initiatives became embedded in the social fabric of the country (Noyoo, 2010, 2013a, 2013b). However, this discussion focusses on the period after the collapse of the one-party state in Zambia. In 1991, Zambians voted out of power the founding president of the country, Kenneth Kaunda and his United National Independence Party (UNIP) government. Kaunda and his party had effectively been in power for 27 years. From 1964 to December 1972, Zambia had a liberal constitution which safeguarded multi-party politics and the country also adhered to a mixed economy. However, after 1972, Zambia became a one-party state and the economy was changed from one which was mixed to one which was commandist. In the period from 1973 to 1991, Zambia was a socialist country as well. Therefore, the change of government in 1991 also saw socialism being rejected by the Zambian people after they voted for the Movement for Multi-party Democracy (MMD), which was led by a former trade union leader, Frederick Chiluba. The MMD was an avowed proponent of neo-liberalism and immediately dismantled the monolithic state-led

economy when it came into power and made sure that socialism was no longer the country's guiding ideology. The privatisation of state enterprises became the hallmarks of the MMD's and especially, Chiluba's 10-year rule. Privatisation was followed by the retrenchment of hundreds of thousands of workers who had worked in these firms. The public sector was also not spared as institutional reforms were undertaken to downsize government departments.

Unfortunately, privatisation did not automatically translate into higher standards of living for the majority of Zambians, but it actually reversed the positive social and human development strides that were made during the socialist era. The private sector that emerged from the initial privatisation phase, between 1991 and 2001, arguably resembled cut-throat *laissez-faire* types of businesses, whose activities were mostly devoid of social goals. This anomalous situation was informed by two factors. First, the interpretation of privatisation and the definition of the role of the private sector in society, by the government and its donor partners, were very narrow and misleading. Once socialism was abandoned for neo-liberalism as the country's ideology, the MMD went to the extreme end of the spectrum and touted a privatisation programme that called for an almost absence of the state in national affairs. Markets were seen as the sole redistributive mechanism in the country. The MMD government firmly believed that economic growth would eventually "trickle-down" to the citizens through private sector investments and other business activities. There was an almost naïve approach to privatisation by Chiluba and his ministers, who assumed that business activities would translate into better social outcomes for the country, without the private sector being socially responsible in the first instance. The second issue is that the privatisation programme was marred by clientelistic tendencies, cronyism and outright corruption. Due to this situation, many private companies saw a gap and did not treat their workers humanely and flouted labour laws. In this atmosphere, some of the South African firms that had started to do business in Zambia were accused of discriminatory practices. They were also seen by the locals as promoting the casualization of labour (Noyoo, 2015). Ironically, Chiluba's rule had also attenuated the role of trade unionism in Zambia. This happened, in spite of the fact that Chiluba had headed the once powerful Zambia Congress of Trade Unions (ZCTU). Due to this situation, some foreign firms were averse to the idea of workers joining trade unions and did not contribute much towards proper labour standards in the country. Hence, during this period, there were also a lot of labour violations and there were even serious breaches in environmental company practices resulting in the pollution of the environment, especially by some mining firms.

After Chiluba's second term ended, the late Levy Mwanawasa became president in 2001. Mwanawasa would bring a much needed sober approach to the privatisation programme and matters of governance. During Mwanawasa's reign Foreign Direct Investment (FDI) increased in the country, with the bulk of FDI coming from China. FDI was mainly in the mining sector. Nonetheless, Chinese firms were also allegedly notorious for flouting labour laws and paying their workers very low wages. Workers were treated inhumanely and many worked in very hazardous conditions. For example, in 2005, an explosion at a Chinese

dynamite manufacturing firm killed 50 workers. Subsequent investigations revealed that workers were locked in the factory the whole day and they did not wear protective clothing (Noyoo, 2015). In 2010, in Southern Province, a Chinese manager at Collum Coal Mine shot at striking workers and injured 13 miners in the process. In such an atmosphere, it can be argued that CSR was the last thing on some private firms' programmes. However, it was on Mwanawasa's watch that more thought was paid to Corporate Governance. For instance, the Global Compact was first introduced in Zambia in 2002 when Mwanawasa had just completed his first year in office. A steering committee consisting of representatives from business, government, donors, multilateral Non-Governmental Organisations (NGOs), the United Nations and civil society was established to drive this process (United Nations, 2014a, 2014b). In 2006, the ZCTU demanded a restructuring of the mining sector by, for instance, improving the working conditions while at the same time emphasising that investors formulate a corporate social responsibility code so as to ensure that communities benefitted from mining operations (OECD, 2012). Unfortunately, Mwanawasa's demise before the end of his term in 2008 scuppered his solid policy agenda. His successor, Rupiah Banda, did not invest much energy into this work until he was voted out of office in 2011.

Unlike South Africa, CSR in Zambia is hobbled by a weak policy and legislative regime. Also extreme political interference still plays a role in Zambia's business fortunes. On 20 January 2015 Zambians participated and voted in a presidential bye-election. This is because Zambia's fifth president Michael Chilufya Sata died on 28 October 2014. Sata was elected on a populist ticket that sought to expel Chinese firms operating in Zambia. Sata had also made quite outlandish promises to Zambians which he had supposedly sought to meet in a period of 90 days. The Chinese were accused of gross labour violations by Zambians and many firms were indeed guilty of such malpractices. However, Sata had backtracked on his intentions to expel the Chinese firms and also on other promises once he became president. Regrettably, Sata's 3-year rule was marred by policy incoherence and inconsistencies which negatively impacted on the country's economic development. Sata's government of the Patriotic Front (PF) is quite interventionist and has sent out wrong signals to investors. This government has also imprudently saddled Zambia with a huge foreign debt that the country had successfully emerged from in 2005, during Mwanawasa's rule. Crucially, politics is heavily influenced by personalities in Zambia due to weak institutions. Thus, the search for better CSR practices will continue to be dependent on the type of leadership in power. In regard to the elections of 20 January 2015, there were two major contenders namely, Edgar Lungu of the PF who was at the time the country's Minister of Defence, and Hakainde Hichilema, the leader of the main opposition party the United Party for National Development (UPND). Lungu won the elections with a slight margin and became Zambia's sixth president. Lungu and the PF have not deviated much from Sata's path and the country's economic outlook continues to be bleak. To sum up, post the socialist era, CSR in Zambia is still in its early phases and mostly approached from a philanthropic or CSI perspective. To date, the business sector takes CSR as "giving something back" to the country and community in which they

operate, mostly focusing on social and health issues, in order to contribute to social stability “which is the right thing to do” and will also benefit their operations, namely, productivity and profitability (GIZ, 2013, p. 257). However, the government continues to be instrumental in providing a basis for social and environmental development in the country, whilst civil society seems ready to play a constructive role in CSR endeavours.

4.6 Future Considerations for CSR Initiatives in South Africa and Zambia

Even though there have been considerable strides made in the area of CSR in both countries during the examined periods, more work needs to be done, especially in Zambia. CSR in both countries still carries philanthropic connotations and is not taken as a social policy imperative. Therefore, a more strategic approach to CSR is yet to take root in South Africa and Zambia, and for this discussion it is proposed that CSR must be located in the broader ambit of social policy in both countries, so as to reap tangible social and human development outcomes and impacts. Also, when CSR is approached from a social policy perspective, the question of social justice could be adequately answered in both countries. In South Africa, the National Department of Social Development (DSD) could play a leading role here. However, the DSD has dismally failed to proffer a strategic and policy focused approach to CSR in South Africa and has mostly been reactive and at times incoherent in its responses to CSR. The government, through the DSD, is well-placed to articulate and provide guidance on CSR which could be underwritten by social and human development objectives. Furthermore, the BBBEE Act (43) of 2013 must be taken as a powerful lever by the DSD and other government entities so as to shape the future of CSR in South Africa (GIZ, 2013).

In Zambia, a strong policy and legislative regulatory framework is still needed to guide and also regulate the behaviour of private firms, especially in the mining sector. It is proposed here that Zambia should actually use the *Public-Private Partnership Act No. 14 of 2009*—which aims to promote the implementation of privately financed infrastructure projects in Zambia—as a scaffold for CSR initiatives in the country. Lastly, in both South Africa and Zambia the role of Small and Medium-sized Enterprises (SMEs) is still not clear in regard to CSR. More is still needed and in fact the question of capacity building becomes important here. There is a need to professionalise CSR practice in both countries at the level of SMEs. Some good work already happening in this area in South Africa could be extended to Zambia and other parts of Southern Africa. CSI practitioners should be assisted at the SME levels for them to better manage and implement their projects internally through the provision of training, tools and resources. Such an approach could eventually lead to better impact at grassroots levels (M. Yorke, personal communication, November 20, 2014).

4.7 Wither CSR in Southern Africa?

South Africa and Zambia are members of the regional economic grouping, the Southern African Development Community (SADC), which also comprises the following countries: Angola, Botswana, the Democratic Republic of the Congo (DRC), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Tanzania, Swaziland and Zimbabwe. Colonial rule in Southern Africa followed quite a unique trajectory in contrast to other parts of Africa. Due to large mineral deposits in this region, many Europeans settled here and even carved out their own “independent” states and severed ties with their mother imperial countries in Europe. The settlers enjoyed high standards of living compared to their kin in Europe, as many of them worked in the lucrative mining and auxiliary industries. Hence, colonial rule was cemented in this part of Africa by the mining industry. Mining conglomerates began their business in the region on the back of the discovery of diamonds and gold in South Africa in the late 1880s. Hence, the Anglo-American mining conglomerate and America’s Chase Manhattan Bank were firmly entrenched in South Africa’s mining sector by the early twentieth century. Anglo-American extended its reach as far as northern Zambia, where copper mining was taking place near the border with the DRC, in the area aptly named the Copperbelt. The mining sector also opened up other areas for commercial exploitation, for instance, in agriculture and manufacturing. Presently, South Africa is one of the top producers of not only diamonds and gold in the world but also platinum. Zambia is the largest copper producer in Africa. Angola, Botswana, the DRC, Namibia and Zimbabwe are major producers in Africa and the world of diamonds, gold and platinum. Tanzania is producing gold and semi-precious stones. Mozambique is also mining semi-precious stones. The mining sector also gave rise to the private sector in this part of Africa. This issue must be underlined because we cannot refer to CSR in Southern Africa without also touching on the private sector.

Southern Africa still has a burgeoning private sector which is not so extensive. Most of the countries in the region had favoured state-led business ventures after gaining their independence and they had not provided enough incentives for the private sector to grow. This seems to almost resemble the scenario in the rest of Africa where the private sector’s presence is quite negligible. Notwithstanding, after several decades of independence, the private sector is beginning to be regarded by most African governments as a crucial partner in national development efforts. There is now a general appreciation by governments and other role players, that private sector led industrial development plays a significant role in bringing about the much needed structural changes, which can set the economies of poor countries on a path of sustained economic growth (UNIDO, 2014a, 2014b). Today, South Africa does not just have the biggest economy in the region, but its private sector has the largest presence on the African continent. The country’s private enterprises comprise the largest investment portfolio of African countries. In 2012, South Africa invested in more new FDI projects in Africa than any other country in

the world, and the number of projects from the country has increased by almost 536 %, according to a 2013 report by FDI Intelligence—a company which provides insights into, and advice on, cross-border investment. In addition, in 2012, the number of South African FDI projects increased by 23 %, despite the grim global economic outlook of that year. Also, Ernst & Young's 2013 *Attractiveness Survey* found that South Africa created almost 46,000 cumulative jobs through FDI in Africa since 2003 (Mail & Guardian, 2013).

Given South Africa's domineering private sector presence in both Southern Africa and the rest of the African continent, it can be argued that South Africa has both a moral and strategic role to play in driving a continent-wide CSR agenda. With such a large South African presence in the mining, manufacturing, retail and agriculture sectors, South African companies can indeed be the drivers of CSR on the continent if they adhered to their national codes of practice. It is important that South African companies take responsibility and make sure that the way that they conduct themselves at home is the same when they are operating in other African countries. As earlier mentioned, the *King Report on Corporate Governance*, especially King III, sets the standards for Corporate Governance in South Africa. If South African companies do not deviate from the aforementioned instruments and also self-regulate themselves by following what is stipulated in these codes of practice, when they are not operating on home soil, CSR would be firmly rooted where they are operating in Africa. That is the only way the African and SADC agenda of development can be taken forward by South Africa, which also considers itself as an architect of "Africa's renewal". The other issue is that SADC governments, politicians and policy-makers must also begin to have a regional approach to CSR. One way of ensuring this is by linking CSR to the notion of regional social policy. In this way, CSR could ensure that some of the private sector's profits are channelled into regional social investment endeavours (Noyoo, 2013a, 2013b). Furthermore, Corporate Governance could be elevated to the regional level and not just left to individual countries alone. History has shown us that Multinational Corporations, especially in the developing world, can be quite powerful. For smaller countries of the region, their backing by the SADC can be helpful in this regard.

There are also challenges in the manner in which the private sector is constituted in most of the Southern African countries. Private sector involvement in regional economies is still heavily skewed in the favour of mining activities. Minerals represent potential wealth for the region's economies, with a variety of benefits, including job creation, export earnings, knowledge and skills transfer, and industrialisation through forward and backward linkages to the rest of the SADC's economies and resource transformation (Southern Africa Resources Watch, 2013). Arguably, minerals have not produced the expected socio-economic outcomes in the SADC so far. A good number of SADC economies have posted lacklustre performances over the past two decades—with probably the exception of Botswana. The biggest problem in the region with regard to the management of its resources has not been commodity price fluctuations but the inability to effectively monitor the performance of the sector (Southern Africa Resources Watch, 2013).

Furthermore, in most SADC countries the law is silent on how the communities in the areas where mining takes place should be developed, or how an investor should contribute to the development of affected communities. Therefore, it is not surprising that CSR in most SADC countries is voluntary and mostly a public relations tool for the largest mining companies. It has been observed by some quarters that the costs and effects of CSR activities are often negligible and seldom assist the communities in which they are undertaken, since CSR policies do not often take into consideration, or genuinely seek to address, the negative impact of mining operations (Southern Africa Resources Watch, 2013).

4.8 Conclusion

This chapter's intention was to provide an historical analysis of CSR in two Southern African countries, namely, South Africa and Zambia. Its main concern was to shed some light on the historical development of CSR in the two countries. Even though CSR is slowly growing in both countries, there is still a need for stronger policy and legislative regimes, especially in Zambia. The discussion's main contention was that CSR in both countries could have far-reaching social and human development outcomes and impacts if it was couched in a social policy thrust. The chapter had also argued that this approach could be extended and linked to a regional social policy, if the SADC was to also benefit from CSR. Nonetheless, it is critically important for businesses to see CSR as part of their entire business value-chain and not just an "add on". Businesses should see CSR as actually adding to their fortunes rather than something which negatively impacts on their profits. CSR is thus important for the development of South Africa, Zambia and the SADC region. Even though this chapter had set out to proffer an historical analysis of CSR in South Africa and Zambia, it is also important to point out that this discussion was meant to be illustrative rather than exhaustive. There are still many other aspects of CSR in South Africa and Zambia as well as in Southern Africa which still require careful analysis.

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