Corporate Social Responsibility

Course Handbook

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The views expressed in this handbook are not necessarily reflective of the official views of Fasset.

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1. INTRODUCTION

This document is a detailed guide to Corporate Social Responsibility for all firms; irrespective of size. It provides all the key aspects that you need to know as a business owner, entrepreneur or a manager/practitioner about Corporate Social Responsibility (CSR) and how to implement a CSR programme in a cost effective manner. The guide covers the principles and practical application of CSR, it will also shed light on how organisations can reap the benefits of CSR, both now and in the future.

It is very common to use the words; ‘corporate social investment’ in the place of ‘corporate social responsibility’. The ‘investment’ aspect relates more to the actual financial commitment made by an organisation whilst ‘responsibility’ relates to all the activities engaged in as capacity building activities necessary for social development. However, for the purpose of this guide, in the discussion of the subject matter; the term ‘corporate social responsibility’ will be used for simplicity and clarity purposes.

DEFINITION OF CORPORATE SOCIAL RESPONSIBILITY

There are many definitions of the term; ‘Corporate Social Responsibility’ (otherwise known as CSR). CSR means different things to different people, and many organisations interprete what CSR means to them based on their own peculiar business requirements and the size of their organisation. For some organisations, they measure or evaluate their CSR initiative by their company’s allocation or budget for CSR. In such an instance, most often, these organisations refer to their CSR initiative as CSI (Corporate Social Investment). However, for our need as firms; either newly embracing CSR or expanding our existing horizon on the subject; our definition in this guide is based on the relevance of CSR to large, small, medium, and macro enterprises. This relevance is all-embracing and it goes beyond the actual amount of money spent to drive and sustain the process. The relevance takes into consideration the fact that there are so many things a business or an organisation can do to drive and sustain its CSR initiatives which may not be monetary based. This guide seeks to highlight those activities which every business can engage in to drive its CSR initiative which will bring returns to the business in the short and long run.

What is CSR?

‘Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large’ – World Business Council For Sustainability Development
Corporate Social Responsibility = Responsibility of Business towards the Society.

In the definition given by the World Business Council for Sustainable Development, we can derive a few facts on CSR.

- That there is expectation from stakeholders that there should be continued commitment by business to behave ethically.
- That business needs to contribute to economic development.
- That business needs to improve the quality of life of the work force and their families.
- That business needs to take active part in the improvement of the quality of life of the local society and the society at large.

There is no business which can exist in isolation. Even though business is about making money, but the sustainability of a business depends on a lot more factors than just making profit. CSR is about creating long term value, and maintaining it. It is about understanding the way your business impacts the wider society and considering how you can use that impact to grow your business. It is a known fact that many businesses struggle to survive after a year or two. Many small businesses fold over after three years because of competition, inability to access financial support or technical support. There are many factors threatening the continued sustainability of small businesses. CSR is one practical initiative which can grow your business both in the short run and in the long run. This is because CSR is all about creating long lasting value. It is more than a compliance requirement. It is about adopting a responsible attitude, which ordinarily goes beyond legal compliance or 'tick the box' attitude.

CSR affects every aspect of your business, and to that extent, it can develop into a corporate culture. If the focus of all firms is to ensure sustainability of business, then CSR is what every firm needs to grow that business, just by using what they have to get what they want. Every business can begin to play an important role in shaping the CSR conversation at local, national and even international levels.
2. CORPORATE SOCIAL RESPONSIBILITY IN SOUTH AFRICA – PAST, PRESENT AND THE FUTURE

Many years ago, before 1994, the government was seen as the exclusive social change agent or the ultimate driver for corporate social responsibility. Everyone expected the ruling government to engage in social project, and to drive such from inception until completion. The general attitude of the populace was; ‘what can my country do for me?’ At that time, not many people thought CSR had anything to do with them; most people felt CSR was the responsibility of the government. Also, at that time, the big mining conglomerates did very little to preserve or contribute positively to the communities and environment in which they were carrying out mining activities.

The tide has changed considerably since 1994. After 1994, the democratic government that ruled the country tried to correct the social imbalances and marked equalities of the previous years by introducing various social projects, programmes and initiatives. Gradually, but steadily, the private and the public sectors began to embrace the CSR initiatives.

From 1994 till the present time, CSR as a concept has been embraced by many especially the big corporations and the conglomerates. There has been a lot of debate on why the big corporations are interested in CSR initiatives. Many writers have argued that these companies’ interest lies mainly in the media attention or publicity they get for their CSR effort. While this may be true to a certain extent; it is not all there is to CSR. The truth is that there are many benefits to derive from driving a CSR initiative and corporates and even some SMMEs have come to appreciate the benefits of CSR both in the short and long run. The goal has shifted from just profitability and the protection of the business owners. The focus is now bigger and wider to cater for all stakeholders in the business which will include the employees, customers or clients, suppliers, and the local community. The acceptance of CSR by SMMEs is rather very slow. Many business owners and managers approach the concept rather cautiously. For many small businesses, the survival of their businesses is uppermost on their minds, and profitability is their first priority. Many SMMEs do not appreciate what CSR is all about and they cannot fathom how such an initiative can assist them in their businesses. Businesses are beginning to appreciate the importance of CSR. Though the acceptance of the concept has been gradual, but the awareness is being created for businesses to take advantage of the benefits of CSR.

In the future, we envisage a situation where more businesses will begin to appreciate the impact that CSR initiative can have on their businesses, especially as it concerns the sustainability of their businesses. They will begin to see CSR as a corporate culture which can ensure that their businesses remain competitive, which is necessary for the sustainability of those businesses. When that happens, businesses will begin to take full advantage of the benefits of CSR. CSR initiatives need to be built into the business strategy such that it becomes a corporate culture. CSR should not be another acronym for
‘philanthropy’. It should not be a compliance matter but a corporate culture. The advantages of CSR are numerous; every business should be encouraged to take advantage of the benefits whilst every business irrespective of size begins to make a meaningful contribution to the betterment of the local community and the larger society in which it operates.
3. MYTHS SURROUNDING CORPORATE SOCIAL RESPONSIBILITY

There are many misconceptions or myths surrounding the concept of corporate social responsibility. These myths have made many business owners or entrepreneurs to develop apathy towards the concept. The list of myths surrounding CSR is in-exhaustive, it includes the following:

1. **CSR is not for small businesses**
   
   A CSR initiative for a big corporation may involve a massive capital outlay in its implementation, however, for a small enterprise, CSR means making small affordable changes in your business processes. CSR works for large and small organisations.

2. **It is too complicated and technical**
   
   CSR is all about how your business affects your stakeholders, which include your employees, suppliers, your local community and the effort your business is making in preserving your environment. CSR cuts across everything you do in your business, and nothing more! It's not more complicated than that. All you need to do to make your CSR work effectively is to keep it simple, and relevant. – See case studies

3. **It is too expensive**
   
   It has been said that, for big corporations, CSR is about making the loudest noise and making sure that everyone knows what you are all about. Therefore, many big corporations publicise their CSR projects to get public attention which enhances their reputation in their industries. Publicity does cost money, which many small businesses cannot afford. However, a small business owner or manager should not allow this factor to deter him or her. CSR does not have to be expensive to be effective. Studies have shown that when CSR is implemented as a value add to the existing business model or strategy, it may even be a cost-saving strategy, for example, where your CSR involves cutting back on your electricity consumption by requesting that all lights not in use must be turned off by all employees. That simple step contributes to conservation of electricity in your environment, and it will also reduce your electricity bill at month end.

4. **It is a marketing gimmick**
   
   Many people view CSR as a marketing gimmick. It does not have to be if you are honest about your plan, and everyone can see your commitment to your CSR initiative. What is true about CSR is that one of the benefits of the concept is the improvement in your business performance resulting from customer satisfaction, employees’ sense of commitment to business, and suppliers' long term business relationship. Irrespective of the size of your business, all your stakeholders want to relate
with a responsible business, and if you position your business to be that business in your community; you will begin to reap the benefits in terms of new opportunities.

5. **It is a separate corporate initiative**
For your CSR to be relevant, and cost effective, you need to align it with your business strategy. It does not need to be a separate business or corporate initiative. Your CSR project could even be a free add-on service you provide to your customers. It can be a 50 cent you donate to a charity organisation for every R1 purchase your customers make in your business. The initiative fits in perfectly into your business plan, and because the amount is not prohibitive, your customers will most likely embrace the idea.
4. CSR LEGISLATIVE FRAMEWORK

LEGISLATIVE FRAMEWORK

Corporate Social Responsibility (CSR) is a topic usually discussed under Corporate Governance. In terms of legislation, the Companies Act 71 of 2008 does not compel companies to engage in CSR activities or projects. However, various government policies and document, and King III all address the need and relevance of companies to acknowledge all stakeholders and to adopt the ‘triple bottom line’ approach. The Triple bottom line approach focuses on social, environmental and economic concerns of the organisation. Some scholars have further simplified the three concerns to mean people, plant and profit respectively.

Looking through King III, in contrast to King I and King II, King III applies to all entities regardless of the manner and form of incorporation or establishment. King III adopts the principles of apply or explain which means that companies shall apply King III principles or motivate/justify why they are not applying them. For listed companies, compliance with King III is a listing requirement which makes compliance regulatory or mandatory for them.

In addition, in the bid to comply with BBBEE Legislation Act 53 of 2003, many companies are legally compelled to embrace CSR initiatives because the Act requires South African based companies to engage in Preferential Procurement Policy, they are required to assist previously disadvantaged groups in the economy to be actively involved in the economy. This way, the government is of the opinion that the imbalances of the past would be corrected. There are many schools of thoughts that hold the view that the BBBEE Legislation is discriminatory.

It must be pointed out that the BBBEE initiative if handled properly could be a positive CSR project if its main objective is to empower the local community or support previously disadvantaged groups as part of social responsibility or community development.
5. BENEFITS OF CSR

There are many advantages a business may derive from driving a CSR initiative within its structures. These include;

1. **Winning new businesses**
   Many business owners are always telling themselves that CSR is not for them, and that they do not have the budget to run with a CSR project. However, a CSR project does not necessarily need to be expensive for it to be effective. As more people and companies are becoming more enlightened on the benefits of CSR, one discovers that every business owner wants to do business with that business manager or entrepreneur whose business is reputable and credible. To this extent, even small businesses that are seen to be relevant in their immediate community will begin to attract new businesses and partners.

2. **Increase in customer retention**
   For a business enterprise, CSR is all about what impact your business is making in your immediate environment. It is about community building, how you treat your stakeholders; employees, customers, suppliers etc. CSR makes every business owner or manager to think beyond the profit margin. It embraces the holistic concept of corporate responsibility which is very essential to the sustainability of every business, big or small. When your customers see that your business has a ‘heart’, they keep coming back to patronise you, not because they cannot get the product cheaper in the other shop, but essentially because they have come to accept your business in the community as a community building driver.

3. **Enhanced relationship with stakeholders**
   As a result of your CSR initiatives, the groups or networks that interact with you on a daily basis begin to see the human side of your business. Your stakeholders begin to forge a long lasting relationship with you as a business owner or manager, and more importantly, they see your business as a venture that needs their support, both morally and financially. Your stakeholder group could be your employees, customers or clients, your suppliers and even government agencies you interact with in your line of business.

4. **Attracting, retaining and maintaining a happy workforce**
   An adage says; ‘a happy employee is a loyal employee’. In the same vein, an unhappy employee is a dangerous employee. With CSR initiatives, your employees will begin to see the human side of your business. They will start appreciating the fact that your business is not just about making profit, but that you as a business owner or manager is concerned about their welfare. In the little,
very inexpensive ways that you show them that you care about their wellbeing; you in turn give
them a sense of belonging in your business. The result of this could be a low employees’ turnover
in your business, reduced absenteeism; you are able to attract, retain and maintain a happy,
motivated and fulfilled workforce.

5. **Saving money on energy and operating costs**

What is workable, practicable and effective for a business is to incorporate the CSR initiative into
their business systems or strategy. This way, the business will not be spending money that it does
not have. For such a business, CSR becomes a corporate culture that everyone breathes and
drives within the business. The practice of CSR within the business becomes a natural
phenomenon with every employee within the business structure from the manager or business
owner down to the most junior in the service line. For the simple reason that everyone has a buy-in
in the CSR initiative, there is the willingness on the part of all your stakeholders to make it work. It
becomes ‘our initiative’ rather than ‘your initiative’. In terms of operating cost; everyone wants to be
seen to be doing the ‘right thing’. This culture becomes entrenched in your business which
ultimately has the potential of reducing your overhead and operating cost. In addition, as a result of
employees being more effective and in their bid to use scarce resources more efficiently, the
business cost on energy could be reduced considerably.

6. **Differentiating yourself from the competition**

For many business enterprises; the passing phrase is’ the survival of the fittest’. To survive in a
competitive industry, what an enterprise can do is to deliberately differentiate itself from the
competition. You need to give your stakeholders a reason or a justification why they must choose
your business over the competitor’s. Even if you do not have the financial wherewithal to do an
elaborate advertisement for your business, you as a business owner or manager can use the
available resources you have to drive an excellent CSR initiative that can launch your business into
the heart of your immediate community. CSR is about the little things you are willing to do about
your environment or towards the betterment of your local community or the society at large. A real
commitment to CSR makes you stand out even in the face of competition.

7. **Enhancing your influence in the industry**

When a business takes CSR as a continuing commitment to the society, to behave ethically,
legally, by contributing to economic development; that business irrespective of size is sending out a
strong message of where it stands when it comes to its stakeholders. The business is seen as
being committed to improving the quality of life of its workforce and their families. It is seen as
desiring to improve the quality of life of its local community and the society at large. The bold move
to drive a CSR initiative relevant to the business strategy of an enterprise which at the same time
can be seen as a positive contribution to the local community can easily enhance the influence of
that business not only in its industry but also in the community in which it is trading.
8. **Access to funding opportunities**

For many small, medium and micro businesses, the survival of their businesses has always been a major concern, and given the statistics that many small businesses do go into oblivion in about three years after incorporation, it is understandable that many small businesses do not concern themselves with any other issues other than profitability. However, it has been proven that CSR does build the reputation of a business, which in turn opens new business opportunities to the business, thereby enlarging the business and improving the bottom line of such a business. This means that a small business may take advantage of the benefits of CSR to grow. In addition, most financial institutions are beginning to look at other considerations in granting financial assistance to businesses, which considerations are considered by the institution; in addition to the usual request for a business plan, financial statements, financial projections and possibly a collateral facility. Your good CSR record may come in handy in such a situation.

9. **Media interest and good reputation**

An excellent CSR Policy or initiative will ultimately get you noticed, not only by your competitors; but also by everyone in your local community, immediate industry and most times, even by the society at large. That in itself brings you unpaid publicity; the media notices your social contributions and your effort as a company or business gets publicised for all to hear or see as a tool to motivate others to do the same for the general betterment of the local community of larger society. In effect, the good publicity is good for business, and it can be an excellent reputation booster for your business.
6. CSR AS A CORPORATE CULTURE

A culture can be defined as a way of doing things over a period of time by a group of people that has come to be accepted as the norm or the right way of doing certain things within that group. In essence, a CSR culture means that everyone in the business has a buy-in; they see it and apply the concept as a ‘group concept’. It is not what the manager or the business owner is forcing them to do; it is not ‘the boss’ idea’ but ‘our idea’ and everyone is committed to making it work. In essence, every stakeholder has a sense of belonging in what the business is proposing. The CSR project becomes a group project.

Since the CSR project is aligned with the company’s business strategy, it works out perfectly for everyone. It synchronises with the employees’ daily activities. Essentially, that is how to make your CSR initiative become your business culture; and as new employees join your company’s employ, the CSR culture is one of the corporate matters they would be inducted on as part of their induction exercise, so that everyone in your company could be carried along as far as your CSR project is concerned.
7. **CSR – DRIVER AND STAKEHOLDERS DYNAMICS**

The stakeholders in your business are diversified, such as your employees, suppliers, clients and customers, labour unions (if applicable), special interest groups, government departments, local and foreign shareholders, financial institutions, and regulatory bodies. Leading a change has been described by many change process theorists as the essence of leadership.

The introduction of a CSR project into your business, irrespective of whatever form or model you adopt, will be a change for your business and your stakeholders because intrinsically, the introduction of anything new or different into the way things used to be done is a change. Therefore, it is important to prepare for a proper introduction of the new concept into your business strategy to ensure a smooth integration. If the process is not handled properly, it could crash even before it starts. The need to adopt a CSR project, the process of change itself from the beginning to the finalisation stage need to be communicated to all stakeholders for their support and involvement. Usually, there is resistance to change which may not necessarily be as a result of inflexibility. Resistance to change is a natural reflex human reaction to a new process or ideology. Such a resistance may come from individuals or groups or even a reaction in one stratum may spark off a multiple of reactions from other strata of the company. If that happens; it should be managed as a normal reaction to change.

It is important to determine who the best candidate to facilitate the change is; also it is important to solicit for key people to act as change agents. All stakeholders must be kept informed of the process of the change as it moves through the phases, and they should be assisted to adjust and deal with the logistics associated with the change. Moreover, all stakeholders must be empowered to implement the change. In all of these processes, the communication systems for internal and external communication must be excellent such that information is disseminated through the best channels as at when due, timeously and effectively, also to encourage feedback, which is crucial for monitoring progress and acceptance. Examples of the form of media to use could be staff and customers’ newsletters, bulletin boards, computer/video/teleconferencing, emails, memos, publications, hotlines, formal presentations, group meetings or even face-to-face communication with all your stakeholders.
8. CSR PROJECTS FOR BUSINESSES – TYPES OF INITIATIVES

CSR is a concept which every business as a corporate citizen should embrace. It is true that the concept is much more discussed in relation to big organisations, other than in relation to small businesses. However, empirical evidence has shown that CSR is as relevant to big organisations as to small businesses too. The outcomes of CSR activities can help to improve the survival rate of most businesses and it may offer opportunities for business competitiveness, locally and globally. Nowadays, businesses are not only expected to create and secure jobs, to provide products and services to society, and to pay taxes. Many consumers are beginning to show interest in making sure the products they purchase are produced in a socially and environmentally responsible manner.

While it is true that CSR is beneficial to businesses, no one is oblivious of the fact that many businesses still face several challenges that hinder them from implementing CSR activities. These obstacles include: a lack of financial resources; a lack of management experience; weak institutions; poor governance; poor infrastructure; poor skills in reflecting upon their businesses strategically; low demand for products and services; poverty; withdrawing too much cash for personal use; insufficient profits; and lack of market strategy. However, regardless of these obstacles, businesses do contribute to communities through silent CSR activities because of their relationship with the community. Moreover, companies which are more concerned about brand development in the long-term tend to be more conscious about their social responsibility. However, since all businesses, irrespective of size have stakeholders and an impact on society, the concept of CSR is just as valid for small businesses, as for large businesses.

It is true that the nature of CSR activities in a small enterprise can be significantly different from CSR activities in large businesses. For instance, the relationships between SMMEs and their key stakeholders, notably employees and customers, are qualitatively different from those of large businesses, characterised by a high level of informality. Customer relationships are often based on personal knowledge of the customer’s needs, while employee relationships are more family-like, with greater openness and social integration. Therefore, even small enterprises should consider themselves to be responsible businesses even though it may not be formally recognised.

CSR includes a variety of different activities, and there is no one single CSR approach, particularly for small enterprises. However, in order to make the vague concept of CSR more tangible, it is vital to describe the conceivable CSR activities in more detail by classifying them into different categories. CSR is equated with the notions of ‘giving back’ to the community, treating employees fairly and providing quality products and services. Common CSR activities include sponsorship programmes, providing career development and training to employees, waste recycling, and being part of the community’s activities.
The following are some of the areas a business can look at for its CSR projects:

- Market focused initiative
- Product focused initiative
- Employee focused initiative
- Society focused initiative
- Environmentally focused initiative

### CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

<table>
<thead>
<tr>
<th>Area</th>
<th>Meaning</th>
<th>Activities</th>
<th>Possible Results</th>
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<tbody>
<tr>
<td><strong>MARKET FOCUSED</strong></td>
<td>CSR initiative tied to the consumers or client base of the company.</td>
<td>Excellent service delivery, customer feedbacks, good customer relation services, customer education, ethical business practices.</td>
<td>Customer satisfaction, Good customer feedbacks, referrals, publicity.</td>
</tr>
<tr>
<td><strong>PRODUCT FOCUSED</strong></td>
<td>CSR initiative tied to the system of production or quality of the products/service range.</td>
<td>Provision of high quality products, using organic or natural ingredient in production, excellent service delivery.</td>
<td>Business reputation, competitiveness.</td>
</tr>
<tr>
<td><strong>EMPLOYEE FOCUSED</strong></td>
<td>CSR initiative to improve the wellbeing of employees.</td>
<td>Employee wellness programme, fair wages and salaries, job security, better working conditions, workplace diversity.</td>
<td>Low staff turnover, staff loyalty, motivated employees, reduced rate of absenteeism, high staff morale, efficient staff.</td>
</tr>
<tr>
<td><strong>SOCIETY FOCUSED</strong></td>
<td>CSR initiative focused on the betterment of the society.</td>
<td>Support for the underprivileged, provision of job, health talk/ awareness programme, community education/literacy programmes.</td>
<td>Relationship with the local community, customer loyalty, new business opportunities, recognition by community stakeholders.</td>
</tr>
<tr>
<td><strong>ENVIRONMENTALLY FOCUSED</strong></td>
<td>CSR initiative focused on conservation or sustainability of the environment.</td>
<td>Energy and water saving practices; environmental product responsibility; ecologic and economic use of natural resources; environmentally friendly packaging; recycling; use of recycled materials; waste reduction practices; protection of.</td>
<td>Competitiveness, cost reduction, customer loyalty, opportunity for innovations.</td>
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9. PRACTICAL APPLICATION OF CSR

A CSR programme is as good as its results. The programme is not effective if it is not result-driven. Many big companies have fantastic plans for CSR, the publicity about the project may be impressive, but most often than not; for any of the companies, they take CSR as philanthropy; a financial pledge or donation. For CSR to make the required impact, the business owner or manager needs to critically evaluate every aspect of the business to know what impact it has on the employees, suppliers, local community, and the society at large. From the assessment, it becomes clearer what you need to do to improve your efficiency by incorporating your CSR initiative into your business strategy.

There are many areas a small business may exploit as CSR initiatives, depending on the focus of the business, and the results it envisages to derive from the CSR project; for example; if the focus of the business is to drive a CSR project which has the potential to affect the employees positively; the business may decide to drive a wellness programme for its employees. This is a workforce oriented CSR, this initiative has the potential to increase employees loyalty, improve employees job satisfaction, thereby reducing staff turn-over. The results will be different if the business focus is market oriented. However, irrespective of the focus of the CSR initiative and the result being envisaged by business, there are certain key elements a good CSR initiative should have. As a business owner or manager, you need to do the following:

1. You need to evaluate various aspects of your business and operations.
2. You need to evaluate the impact your business is having on your stakeholders.
3. Then set realistic targets on how to improve your business operations and processes.
4. Draw up a result-driven CSR Policy.
5. Embed your CSR into your business strategy.
6. Appoint a driver for your CSR initiative.
7. Communicate your CSR efforts to all your stakeholders clearly and boldly.
8. Make your CSR initiative part of your business culture.
9. Set up CSR measuring indicators to monitor progress and possible deviations.
10. Be enthusiastic about your CSR initiative; be committed to it.
10. CASE STUDIES

We have selected a few case studies to demonstrate the impact of CSR on businesses. Fictitious names have been used to protect the true identity of the companies concerned.

1. **Company A – BYJ Consolidated Group**

   A company in the retail industry. It has branches in many urban areas. Its CSR initiative is to supply surplus food items from its kitchen to nearby schools and shelters. A few years ago, one of the products in the consumer range of products was withdrawn from the shelves because it was alleged to have contained a supplement, in its composition, which was not safe for human consumption. The problem was traced to one of the company’s major suppliers. There was negative media publicity about the incident. The company’s reaction to the problem was to re-call the product from the market. The CEO of the company called a press conference to address the issue, and the company issued a press release to comment on the problem and to inform the public what the company was doing to address the situation.

   Analysis of BYJ Consolidated Group CSR Project

   1. BYJ Consolidated Group’s CSR initiative is society/community focused – supply of food items to schools and shelters in the community.
   2. One of the objectives of a society based CSR is to draw community support for the business.
   3. BYJ’s CSR initiative paid off especially when the company had a crisis which ordinarily should have affected its business negatively.
   4. There was community sympathy for BYJ.
   5. The customers continued to patronise BYJ shops despite the problem the company had with one of its consumer range of products which was removed from the shelves. The customers decided to treat the matter as an honest mistake made by the retailer. This was because of the good relationship the company had built with the community as a result of its past CSR initiatives.
   6. Instead of BYJ experiencing a fall in its sales due to the bad publicity resulting from the product re-call; the contrary was the case; its sale mounted and some people even made sympathetic purchases from the retailer’s outlets just to show their support for the company during the difficult period.

2. **Company B – Lungile; Pillay & Associates**

   An SMME in the service industry. It adopted, as its CSR project, a plan to promote literacy in its local community. It started a reading group for all students in Grade 1-12 and collaborated with the local library to run the project. Pupils in Grades 1-12 could come in, in groups of five every Monday to borrow a book to read. Books borrowed had to be returned by the Friday. Parental signatures were
required for each child to participate in the programme. Parents were to guarantee the safe return of books borrowed.

Analysis of Lungile, Pillay & Associates
1. The CSR initiative adopted is community based. Being a small enterprise; the company decided to collaborate with the local library to run the project. The advantage of this is that the project becomes cost effective for the company.
2. The initiative resulted in local schools in the community showing overwhelming interest in the project; thereby promoting scholastic activities among the students.
3. The community backed up the project, and generated community awareness for the project.
4. Lungile, Pillay & Associates became known in the community. The parents were grateful for the positive impact the project was having on their children; the renewed interest for reading and studying kept many of the children off the street; and away from mischief and drug.
5. The project attracted media attention and this was good publicity for the enterprise.
6. Lungile, Pillay & Associate started getting business calls from far and near; it gradually became a service provider of choice; even in spite of its size
7. The enterprise adopted a new pay off line; ‘dynamites come in small packages’.

3. Company C- PCG Accounting Services
A small accounting firm decided to offer free tax seminars to its clientele twice a year as a value added service.

Analysis of PCG Accounting Services
1. The company’s CSR initiative is market focused; specifically targeting the clients’ satisfaction or motivation
2. Existing clients were welcome to attend the seminar for free. To many of PCG’s clients who needed regular updates on tax issues; this was a brilliant move by the company.
3. The response to the free tax seminar was positive; PCG was offering its clients a free tax seminar which the competitors were charging their own clients for.
4. PCG clients appreciated the ‘special treatment’. PCG was able to retain its clientele and it also enjoyed referrals from its existing clients.
5. PCG became a service provider of choice – positive business reputation.
11. HOW TO MEASURE YOUR PERFORMANCE

Unlike large corporations where the performance of CSR initiatives are easily measured by various CSR measuring indicators which can measure performances such as market share, growth rate, net worth etc. For SMMEs, the measuring indicators are slightly different. Traditionally, businesses measure their competitiveness by using financial indicators such as profitability, sales, growth rate, but non-financial indicators are also very effective measuring indicators for CSR initiative.

The performance of a company in its CSR initiative may not be noticed immediately, but in the long run, the values created by the business through its CSR initiative become evident for all to see. The aim of every business irrespective of its size; is to remain competitive which means that the long term goal of the business is also to stay in business, grow and make profit. A well designed CSR campaign can do all of that for the small, medium or macro business. CSR is not the same as philanthropy; a one-time huge financial donation or contribution to a charity. It must be seen as a long term corporate strategy built into your business.

Businesses need to understand that certain returns on CSR are not measurable; this is because they may not be quantitative in nature, but qualitative. Therefore, do not as a rule base the success or otherwise of your CSR initiative on a direct financial return on investment. There are many ways a small business can measure its performance which include; enhanced reputation in the industry, customer loyalty, motivated employees, reduced staff turnover etc. – See case studies.