ARTICLES

Corporate Responsibility and Development in Post-Apartheid South Africa

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Abstract
In the years following the abolition of apartheid in South Africa, the newly-elected African National Congress (ANC) government implemented a number of strategies in an effort to address the inequalities of the past. The Reconstruction and Development (RDP) programme, championed by Nelson Mandela in 1994, placed emphasis on community-based Local Economic Development (LED) strategies as an alternative to top-down development strategies and as a way to empower individuals and communities at the grassroots level. Whilst some LED initiatives have succeeded, many have failed to achieve sustainability and South Africa still has high levels of poverty, inequality and unemployment. In recent years, greater attention has been given to the involvement of the private sector in development initiatives, and this has come at a time when many companies are concerned with presenting a good image in their business operations, particularly in poor countries. Increasing concern about Corporate Responsibility (CR) and, in particular, Corporate Social Responsibility (CSR), has led to the increasing involvement of businesses in a number of community-based enterprises in South Africa. This article examines three such development initiatives and the networks and processes involved, and assesses the role of CSR in achieving both business success and community upliftment.

Introduction
Some twenty years after the demise of apartheid, South Africa remains one of the most unequal countries in the world. Despite the country having the largest economy in Africa, it is also home to some of the continent’s poorest people.¹ The marked inequalities in living standards

¹ Alan Lester, Etienne Nel and Tony Binns, South Africa: Past, Present and Future (Harlow: Longman, 2000); Tony Binns, Alan Dixon and Etienne Nel, Africa:
between the different racial groups are a legacy of decades of discriminatory policies associated with apartheid (‘separateness’), which led to strict spatial and social segregation of South Africa’s different racial groups. The election in 1994 of Nelson Mandela and the African National Congress (ANC) government in the country’s first ever democratic election\(^2\) represented a major turning point for the country, which had been suffering from increasing social tension and international trade embargoes.

Significant progress has been made in South Africa since 1994, including public housing schemes, which have provided new homes for over three million households, and a Black Economic Empowerment (BEE) scheme designed to uplift historically disadvantaged groups. Central government has attempted to decentralise its developmental role to local government in an attempt to bring development initiatives closer to the people who need help.\(^3\) However, Local Economic Development (LED) initiatives have had variable results and significant limitations, especially concerning the availability of funding and skilled personnel. The need for grassroots development, championed by Mandela, has become more widely accepted, and community-based strategies have become an important element in the drive for sustainable development through harnessing local initiatives, knowledge and skills.

In South Africa, as indeed globally, the business sector is giving increasing attention to the issue of Corporate Responsibility, and in particular, Corporate Social Responsibility (CSR), which is broadly concerned with the need for a better understanding and incorporation of socio-economic concerns into development initiatives. The concept of CSR, and its potential role in community-based development, has been widely debated and has received support from the United Nations (UN), such that the role of business is seen as important in achieving the Millennium Development Goals (MDGs) by the target date of 2015.\(^4\)

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The aim of this article is to explore the role of CSR in the context of community-based development, drawing upon specific case studies to illustrate key issues and processes.

The South African context
One of the most significant measures introduced by the ANC government following the election of Mandela in 1994 was the Reconstruction and Development Programme (RDP), an ambitious people-oriented redistribution policy designed to support grassroots action and empower disadvantaged groups such as the poor, women and those with disabilities.\(^5\) The RDP also sought to address major social and economic problems such as violence, a shortage of housing, unemployment, inadequate education and healthcare, and a failing economy.\(^6\) Squatter settlements are a feature of many South African cities, and the RDP set a goal of providing adequate housing for everyone by 2010.\(^7\) Although there is still some way to go in achieving this goal, by December 2006 some 2,306,087 new homes had been provided for low-income households, and by June 2011 this number had risen to over 3 million—an impressive achievement since 1994.\(^8\)

The RDP was re-formulated in 1995 with more realistic goals, and in 1996 the RDP office was, rather surprisingly, closed down and its responsibilities transferred to other government ministries. By 1999, the RDP was effectively abandoned in favour of more free-market policies, although certain aspects of the programme still remain as important goals, notably the provision of housing, water and electricity. Perhaps more than anything, the RDP represented an important step in the political transition of the country, in redirecting the policy focus from ‘top-down’ approaches to meeting the needs of the people through

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\(^{6}\) ANC, “History of the British Anti-Apartheid Movement.”

\(^{7}\) ANC, History of the British Anti-Apartheid Movement; Lester, Nel and Binns, \textit{South Africa: Past, Present and Future.}

‘bottom-up’ approaches. Some of the key achievements of the RDP between 1994 and 2000 are summarised in Table 1.

Table 1: RDP Achievements, 1994-2000

<table>
<thead>
<tr>
<th>Category</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>4 million more people given access to clean running water</td>
</tr>
<tr>
<td>Housing</td>
<td>900,000 units completed, 1.1 million housing subsidies allocated</td>
</tr>
<tr>
<td>Electricity</td>
<td>1.5 million new connections</td>
</tr>
<tr>
<td>Telephones</td>
<td>4.2 million new connections</td>
</tr>
<tr>
<td>Poverty Relief</td>
<td>R3 billion allocated</td>
</tr>
<tr>
<td>Health</td>
<td>600 new clinics built and free health care introduced for pregnant women and children under the age of 6</td>
</tr>
<tr>
<td>Public works</td>
<td>1,500 kilometres of roads built</td>
</tr>
<tr>
<td>Land</td>
<td>68,000 families resettled on farming land</td>
</tr>
</tbody>
</table>


In 1996 the South African Government introduced its Growth, Employment, and Redistribution strategy (GEAR), a neo-liberal macroeconomic policy designed to rebuild and restructure the economy in line with the main principles of the RDP, but with tight fiscal and monetary policy and significantly increased foreign and domestic investment.9 GEAR aimed for an annual economic growth rate of at least 3.8 per cent, but from 1996-1999 only achieved an increase of 2.1 per cent per annum.10 GEAR also aimed to increase employment but the slow rate of economic growth actually led to an estimated loss of some 350,000 jobs between 1996 and 2000.11

A further post-apartheid initiative launched in 2003 was the Black Economic Empowerment (BEE) programme, designed to empower the historically disadvantaged population by increasing Black ownership of shares in major corporations, management representation, employment equity, skills development, preferential procurement, enterprise development and corporate social investment. BEE is defined by the South African Department of Trade and Industry as,

10 Harsch, “South Africa tackles social inequalities.”
11 Lester, Nel and Binns, South Africa: Past, Present and Future.
an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of Black people that manage, own, and control the country’s economy, as well as significant decreases in income inequalities.12

BEE has been widely debated since its introduction, and some commentators believe that the ANC government’s promise that Black empowerment should not be seen as a threat to the White population is not being upheld, and as a result many White South Africans have left the country. There are criticisms that BEE has led to the development of a Black business-based middle class, and that what was built up by the White population is now in effect being taken away by the Black population.13 Whilst the growth of a Black middle class is not necessarily an undesirable trend, it is suggested that BEE is privileging only the relatively small minority of the Black population who have education and professional training. Furthermore, it is argued that BEE has frightened away foreign investors due to regulations for demographically equal employment, which require businesses to hire minimum numbers of Black employees. However, Southall believes that the government was justified in using its political power to transform the historical White domination of the economy, and that, as a result of apartheid policies, the emerging Black middle class was under-financed and ill-equipped and therefore warranted state financial support.14 He suggests that programmes like the BEE have historical precedents in South Africa, such as when the minority National Party government used similar strategies to strengthen its apartheid policies.15

Local economic development in South Africa
Another strategy that has been adopted widely in South Africa, albeit with rather mixed results, is the encouragement of Local Economic

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15 Southall, “Ten Propositions about Black Economic Empowerment in South Africa,” 84.
Development (LED) programmes. Decentralisation policies have been supported by institutions such as the World Bank, and in South Africa are strongly linked with Mandela’s RDP initiative which argued that local government generally has a better insight into the needs of citizens than national government, and therefore local development initiatives are more likely to satisfy these needs. But a major problem faced by LED initiatives in South Africa has been shortages of financial and human resources. Central government is unable to entirely fund all LED initiatives, and the larger cities have been prioritised for funding since they generate over 80 per cent of the country’s GDP. Another fundamental problem with many LED projects is the lack of adequately trained and experienced personnel to lead them. Decentralisation of responsibilities for development initiatives from central to local government, as advocated in the 1998 Local Government White Paper, might seem like a good idea but in practice many local authorities have inadequate funding from rates income and other sources to support “developmental local government”.

The nine largest cities in South Africa have been the most proactive in undertaking LED schemes, since initiatives in these locales have generally been better resourced in both financial and personnel terms.

Exploring relationships between CSR and development

A significant criticism of decentralising development responsibilities to local government is that it is shifting responsibility away from central government and onto someone else. One possibility, in light of the shortage of financial and skilled human resources in South Africa, is that the business sector—and even multinational corporations (MNCs)—might become more involved in local level community-based development initiatives. But the contribution of companies to economic and social upliftment needs to be closely examined, and it needs to be asked whether companies are undertaking Corporate Social

Responsibility (CSR) practices in order to genuinely support community-based development.\textsuperscript{20}

From the term CSR has emerged more recently the idea of ‘Corporate Citizenship’. Corporate Citizenship is a broader concept than CSR and relates to how companies would like to act towards wider society. This concept is commonly used by companies who prefer not to use the term ‘responsibility’, especially if the company is known to have had some negative environmental or social impacts.\textsuperscript{21} In some cases, there are negative connotations associated with business activities in South Africa, for example, those operating during the apartheid era in support of same-sex hostels, workplace segregation, the racial division of labour, and racially discriminatory salaries.\textsuperscript{22} By using terms such as ‘Corporate Social Investment’ (CSI) and ‘Corporate Citizenship’, it removes questions about legacy, memory, justice or moral and ethical responsibility.\textsuperscript{23} Lund-Thomsen uses ‘corporate responsibility’ as an umbrella term that includes both CSR and corporate accountability.\textsuperscript{24} However, as Hamann notes, one problem in defining CSR is that there are often unintended negative consequences that emerge as a result of trying to apply Northern definitions in Southern countries, where social norms and values are often very different.\textsuperscript{25}

\textsuperscript{20} Corporate Social Responsibility has had many interpretations but in general is used in reference to companies integrating social and environmental concerns into their business strategies because of their perceived responsibility and/or their desire to ‘clean up’ their image and appear to be acting more responsibly. e.g., Marina Prieto-Carron et al., “Critical perspectives on CSR and development: what we know, what we don’t know, and what we need to know,” \textit{International Affairs} 82:5 (2006): 977-987; Michael Blowfield and Jedrzej Frynas, “Editorial: Setting New Agendas – Critical Perspectives on Corporate Social Responsibility in the Developing World, \textit{International Affairs} 81:3 (2005): 499-513.


\textsuperscript{22} Fig, “Manufacturing Amnesia: Corporate Social Responsibility in South Africa,” 617.

\textsuperscript{23} Fig, “Manufacturing Amnesia: Corporate Social Responsibility in South Africa,” 600.


\textsuperscript{25} Hamann, “Mining companies’ role in sustainable development: the ‘why’ and ‘how’ of corporate social responsibility from a business perspective,” 254.
In South Africa, environmental CSR is becoming increasingly important for MNCs and local companies since the environment has been badly neglected in certain areas, especially in the marginal environments in many of the former apartheid Homelands. However, Lund-Thomsen argues that the structure of the South African government’s environmental policies makes it difficult for companies to help, and he proposes that government should work towards changing company-community relations in relation to environmental factors through the establishment of structures to ensure that environmental regulations are actually being complied with.\(^{26}\) But the current government budget for such issues is very limited, and policy is so fragmented that CSR initiatives are likely to have only limited impact on the environment.\(^{27}\) Diageo, to be discussed later, has been one of the leading MNC’s in supporting Corporate Environmental Responsibility (CER) in South Africa.\(^{28}\)

One way in which companies are undertaking CSR is through their support in establishing educational and training facilities. For example, the Shell Foundation has established an early childhood centre at Flower Valley farm on the Agulhas Plain in South Africa’s Western Cape Province. Other MNCs, such as Vodafone, Sony, Coca-Cola, Ford and DaimlerChrysler, have also set up similar facilities. During the apartheid era, when there were more relaxed views about environmental issues, many MNCs were contravening pollution and runoff regulations, in some cases leading to health problems among local people. As Hamann comments, some of South Africa’s industrial installations would never be permitted in the MNCs’ home countries, where tighter environmental controls exist.\(^{29}\) The post-apartheid South African government is introducing tighter environmental controls but in some cases pollutant residues are still to be found in soils and water systems.

Hamann and Acutt believe there is a need to be cautious about having too much optimism or placing excessive reliance on business

\(^{26}\) Lund-Thomsen, “Corporate accountability in South Africa: the role of community mobilizing in environmental governance,” 633.


\(^{29}\) Hamann, “Mining companies’ role in sustainable development: the ‘why’ and ‘how’ of corporate social responsibility from a business perspective,” 254.
contributions to development, since business involvement could distort the market and might even reduce the government’s capacity to fulfil its responsibilities. Other organisations, such as Christian Aid, are also sceptical about the role of business in development, suggesting that CSR may be regarded as ‘greenwashing’ and used to disguise possibly dubious activities. In some cases ‘CSR’ merely involves companies making donations to organisations and charities, with little, if any, positive impact on local communities.

Binns and Bek identify a number of factors that are important if corporate engagement is to be beneficial to community-based development projects. First, businesses must be prepared to take risks in supporting projects. Second, the transmission of business DNA is vital, through exposing the project to real business strategies and generating the capacity to act effectively and decisively in the marketplace. A sustainable market for the business is essential. Third, corporate engagement should play a role in enhancing the capital base and supporting the development of social capital within the community. Finally, it is important to work towards the project becoming self-sustaining, since at some stage it will need to be able to stand alone as a viable enterprise. Clear targets and a time-scale should be set, in addition to identifying a disengagement date to avoid donor dependency. Some of these issues will now be examined in the context of South Africa.

CSR and development in South Africa: Some case studies
Three case studies of CSR from South Africa are presented here: first, rooibos tea production in the Cedarberg Mountains; second, Flower Valley and the harvesting of wild flowers on the Agulhas Plain; and finally, Diageo’s social capital projects.

1. **Rooibos tea production in the Cedarberg Mountains**

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30 Hamann and Acutt, “How should civil society (and the government) respond to ‘corporate social responsibility’?,” 270; Hamann, “Can business make decisive contributions to development? Towards a research agenda on corporate citizenship and beyond,” 195.


Rooibos tee (red-bush tea) is an important commodity from the northwestern region of South Africa’s Western Cape Province. The *rooibos* plant (*Aspalathus linearis*, Fabaceae) is found uniquely in this area and is part of the *fynbos* vegetation biome of the species rich Cape Floral Kingdom, which is entirely located in the Western Cape and Eastern Cape Provinces of South Africa. *Rooibos* grows in two varieties: the domesticated variety, which is planted, and the wild variety, which occurs naturally in the region. *Rooibos* tea is believed to have many health benefits due to its caffeine-free and antioxidant properties.

Increasing amounts of wild *rooibos* are being sourced from two communities—Wupperthal and Heiveld, in the Cedarberg and Bokkeveldberg mountains respectively (see Figure 1). These two communities have been assisted by both NGOs and businesses to help alleviate poverty and hunger in the region through the production of fair-trade organic *rooibos* tea for sale to domestic and overseas markets. Annual production of *rooibos* in South Africa is currently around 6000 tonnes, and Wupperthal and Heiveld contribute around 130 tonnes of this. Some 30 per cent of the nation’s *rooibos* harvest is exported and these two communities currently export their entire production.

Wupperthal is situated in an isolated valley in the Cedarberg Mountains, 80 kilometres away from the closest town, Clanwilliam, and only accessible along a narrow gravel road. A major focus of the community is the Moravian church, which was built by German missionaries shortly after the community settled there in 1827, and which, as well as spreading their faith to the local Black and Coloured population, has taught the community the value of farming. Although the Wupperthal community has over 36,000 hectares of land, only 1000 hectares are suitable for farming due to the rugged and arid nature of the area.

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35 Nel, Binns and Bek, “‘Alternative foods’ and community-based development,” 129.
36 Nel, Binns and Bek, “‘Alternative foods’ and community-based development,” 129.
The rooibos project in Wupperthal began in 1997 with assistance from an NGO called A-SNAPP (Agriculture in Sustainable Natural African Plant Products) based at Stellenbosch University, and was aimed at empowering and developing the community in a sustainable way. Rooibos harvesting was chosen as a driver for development after a needs assessment was carried out between the community and A-SNAPP to discuss local skills and resources. The area produces high quality rooibos and the local community has a good knowledge of production, harvesting and processing techniques.\textsuperscript{37} In 1998, the community, with

\textsuperscript{37} Nel Binns and Bek, “‘Alternative foods’ and community-based development,” 129.
assistance from A-SNAPP, was granted £50,000 (c. $AU144,092) towards upgrading the old tea court, purchasing a new tractor, and building a new store. A-SNAPP also provided technical support in agronomy, improving production quality, strengthening and ensuring organic production, financial management support, and facilitating access to overseas markets and higher prices. In 1999, A-SNAPP helped the community apply for further grants from the RDP and the Department of Social Services to fund an enlargement of the drying floor and extension of the storage shed.

At the start of 2005 the community was harvesting around 10 tonnes of *rooibos* from wild plants, and over 70 tonnes from domesticated plants. By mid-2006 there were 170 farmers in the cooperative, and each individual farmer produced between 200kg and 2 tonnes of tea per year and hired up to eight labourers. Table 2 shows the number of farmers and quantities of *rooibos* production in the early years of the project.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Farmers</th>
<th>Production (tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>25</td>
<td>16</td>
</tr>
<tr>
<td>1999</td>
<td>35</td>
<td>25</td>
</tr>
<tr>
<td>2001</td>
<td>70</td>
<td>91</td>
</tr>
<tr>
<td>2002</td>
<td>–</td>
<td>83</td>
</tr>
<tr>
<td>2004</td>
<td>–</td>
<td>46 (drought)</td>
</tr>
<tr>
<td>2005</td>
<td>152</td>
<td>100 (projected)</td>
</tr>
<tr>
<td>2006</td>
<td>170</td>
<td>250</td>
</tr>
</tbody>
</table>

Source: Nel, Binns and Bek, “‘Alternative foods’ and community-based development,” 129.

The production process is labour-intensive, such that once the tea is harvested it must be turned every two hours on the concrete floor of the

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38 At exchange rate current in 1998 of GBP1= AUD0.347.
40 Nel, Binns and Bek, “‘Alternative foods’ and community-based development,” 129; Bek and Binns, “Putting ethics on the table: Part 1, Consumption,” 4; Bek and Binns, “Putting ethics on the table: Part 2, Case Studies from South Africa,” 40.
41 Nel, Binns and Bek, “‘Alternative foods’ and community-based development,” 129.
tea court in order to ensure that it dries thoroughly. The Wupperthal community do not have the facilities to sterilise and package the tea themselves so this is undertaken in the closest town, Clanwilliam. The success of the enterprise began when a Dutch-based fair-trade company approached the community and became its first major customer. Community farmers were also able to become certified organic producers which gave them an opening to the world of organic fair-trade produce. At the present time most of the sales go through a wholesaler, but producers are now trying to find a direct link to retailers in Europe in order to cut out the intermediary agents in their trading, and they have also developed strong customer links in North America. Oxfam also imports rooibos from Wupperthal into Australia, making it available in both their retail stores and online.42

This initiative is bringing considerable benefits to a community that was previously experiencing high levels of poverty and unemployment rates of up to 80 per cent, as well as out-migration of young people in search of jobs elsewhere. The community now has over 170 farmers earning regular incomes and generating disposable income which has been used to purchase more equipment and help improve the local school. There have been a number of local issues, however, including: conflicting demands between the use of land for grazing and the need to protect the native fynbos vegetation; the isolation of the community leading to very high transport costs; and the high cost of maintaining registration as fair-trade and organic producers.43

After the success in Wupperthal, a similar project was developed in 1999 in a neighbouring town, Heiveld, by another NGO, Environmental Monitoring Group (EMG). In 2000, EMG took members of the Heiveld community to Wupperthal to demonstrate how the community might benefit from developing a similar rooibos project. The community was inspired by this visit and worked with EMG to build on their local knowledge base and to establish the project.44 Around 600 people live in and around the Heiveld area, scattered over a wide area. The majority of these people are historically disadvantaged Coloured people, who have always grown rooibos plants, albeit on a small-scale for local needs. The

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43 Nel, Binns and Bek, “‘Alternative foods’ and community-based development,” 129.
44 Nel, Binns and Bek, “‘Alternative foods’ and community-based development,” 129.
community recognised that, although they possessed the farming skills for such a project, they did not have the necessary management and organisational skills. So EMG worked with the community on developing these skills through participatory methods, whilst funding for the project came from membership fees and outside aid.

In 2001 the Heiveld cooperative had 26 members, harvesting both domesticated and wild *rooibos*, with 30 per cent of the annual profits being set aside for community development projects. As with Wupperthal, the future of the project was secured by a Dutch-based fair-trade company which approached EMG to buy the cooperative’s product. In the first year of production 30 tonnes of *rooibos* were produced, with 6 tonnes sold to the Dutch company and 24 tonnes to a Clanwilliam company. In 2003 some 30 tonnes were exported to Europe, and as the cooperative is registered both as fair trade and organic there is a strong market for the Heiveld product.

The examples of Wupperthal and Heiveld demonstrate the significance of business support (in these cases, NGOs) in promoting community-based development, notably in accessing financial and other inputs and linking producers with the international fair-trade marketing system. Fair-trade production ensures that a good percentage of the profits actually reach the producers.

2. Flower Valley

A further case of CSR in a community-based development project is Flower Valley farm, which covers 580 hectares along the western edge of the Agulhas Plain at the southernmost tip of the African continent in South Africa’s Western Cape Province (see Figure 2). In this case, UK high-street retailer Marks and Spencer and the Shell Foundation are working with the local community to harvest local flowers for overseas markets. As with the *rooibos*-producing areas, Flower Valley is located within the Cape Floral Kingdom where typical species among the *fynbos* flora include various types of *protea*.

The Flower Valley project utilises naturally growing, rather than planted, flowers and a system of ‘wild harvesting’ which helps to conserve the natural ecosystem. In fact, the farm was used as a testing ground for the development of sustainable wild harvesting strategies. The project is also concerned to protect the area from conversion to

45 Nel, Binns and Bek, “‘Alternative foods’ and community-based development,” 129.
46 Binns and Bek, “The developmental potential of Corporate Social Responsibility.”
agriculture, and is vigilant about possible infestation of alien species and infrastructure development.47

Flower Valley was bought in 1999 by an NGO, Flora and Fauna International, in order to prevent it from being converted into a vineyard, and they then began the process of picking the naturally growing flowers for export overseas. The flowers proved to be popular, particularly in the European market, but in the early stages of the project the quality and quantity of the flowers was somewhat unreliable. In order to help overcome such problems the business was split into two organisations, with the Flower Valley Conservation Trust (FVCT) established to oversee social and environmental issues, whilst Fynsa

controlled the business operation. The Shell Foundation became involved with the community in 2001, and in 2002 allocated AU$172,763 to help improve working and living conditions and to fund the upgrade of production equipment.\textsuperscript{48} During the early stages of the project there were many problems due to the lack of a clear business strategy, such that by 2004 the company was failing and employment opportunities were decreasing. After many personnel changes in 2005, and a detailed re-evaluation of the project, it was decided that producing flower bouquets would be more profitable than selling unprocessed flowers.\textsuperscript{49} A significant step forward occurred when the Shell Foundation nominated the farm as one of its ‘Millennium Legacy Projects’, which brought funding into the community for setting up basic infrastructure.

In 2005 there was a major restructuring at Flower Valley and the need to develop a niche market was identified. In that year, the UK high-street retailer Marks and Spencer teamed up with the Shell Foundation to set up the ‘Small Scale Suppliers Programme,’ through which the Shell Foundation invested money in the producer end and Marks and Spencer helped to develop the supply chain.\textsuperscript{50} This new initiative has helped to establish a strong chain and ensure a regular supply of flowers to Marks and Spencer’s UK stores. This has also allowed the local community to substantially increase its profits, whilst Marks and Spencer strengthens its position as an ethical company concerned with what is happening ‘behind the label’.\textsuperscript{51} Through support from the Shell Foundation, an early learning centre has been set up for the children of Flower Valley workers, and local women have been trained to work with the children. Some diversification of products has occurred, for example, the production of speciality greetings cards and homemade paper, which has helped reduce seasonal unemployment.\textsuperscript{52}

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\textsuperscript{49} Binns and Bek, “The developmental potential of Corporate Social Responsibility”; Bek Binns and Nel, “Wild flower harvesting on South Africa’s Agulhas Plain.”
\textsuperscript{50} Shell Foundation, “M&S Partnership – Flowers from South Africa.”
\textsuperscript{52} Suzanne Stoll-Kleemann and Timothy O’Riordan, “From Participation to Partnership in Biodiversity Protection: Experience from Germany and South Africa,” Society & Natural Resources 15:2 (2002): 161-177; Binns and Bek, “The
For both the Shell Foundation and Marks and Spencer, the Flower Valley project is more than just CSR. The initiative has fostered an important commercial relationship which is seen as a viable economic project that also brings genuine benefits to the community by providing employment and generating income.\(^{53}\) It is hoped that in time the project can become completely independent, with management and ownership transferred to the local community and run on the foundation of their skills and experience gained in the early phase of operations.

The Flower Valley project has already had some significant achievements, with flower sales reaching AU$1,131,832 in 2005 and AU$1,672,199 in 2006. By June 2006, 330,000 bouquets had been sold in Marks and Spencer UK stores, and the project had 25 full-time employees and 20 more on casual contracts. As the project has become more efficient and profitable the community has also been able to develop supply chains with other retailers, most notably the South African supermarket chain, Pick ‘n Pay. The Flower Valley model is intended to be used for other similar projects throughout the Cape region, and the Shell Foundation estimates that some 3200\(^{54}\) people could benefit from employment opportunities and improved living standards in the Agulhas Plain region.

The Flower Valley project has been important for the local community, as well as for Shell and Marks and Spencer. Financial support from the Shell Foundation is used to pay the Managing Director’s salary, as well as helping to fund the setting up of a detailed flower database of over 9000 species in the Cape Floral Kingdom. A major focus in the development of the project has been on the conservation of the natural environment, such that the harvesting of indigenous flowers is undertaken without detriment to the vulnerable and very significant Cape Floral Kingdom. Both Shell and Marks and Spencer have worked with the community to develop an efficient production strategy which involves a maximum of four days turnaround from when a flower is picked to when it appears on the supermarket shelf. Such strict criteria have enabled Flower Valley to set high quality standards for their product that are in keeping with the standards set by Marks and Spencer in its high street stores.

\(^{53}\) Binns and Bek, “The developmental potential of Corporate Social Responsibility.”

\(^{54}\) Shell Foundation, “M&S Partnership - Flowers from South Africa.”
3. Diageo
A third example of CSR in South Africa is the case of Diageo, an international alcoholic beverage company that includes well-known brands such as Guinness, Johnnie Walker and Baileys.\textsuperscript{55} For Diageo, CSR means,

acting responsibly in everything we do – where our business impacts on society and the environment, how we govern our company and conduct ourselves in business. As with individual citizenship we believe such responsibility confers rights to trade freely and be treated fairly. Clearly this balance is essential to the sustainability of our business.\textsuperscript{56}

In order to counter possible negative images such as those associated with alcohol abuse and irresponsible drinking, Diageo has adopted a strong position on corporate citizenship and was one of the first companies to appoint a CSR director to coordinate corporate community involvement. In 2005, Diageo was ranked 32\textsuperscript{nd} out of the 132 participating companies in the Corporate Responsibility Index, and was the highest ranked beverage company. Also in 2005, Diageo was ranked 18\textsuperscript{th} among FTSE 100 companies in terms of the value of its donations as a share of profits.\textsuperscript{57}

Diageo initiates many projects each year, and in Colesberg, situated in the far east of Northern Cape Province, the ‘Guinness Skills for Life Centre’ was established as a response to Nelson Mandela’s plea that large corporations play a role in South Africa’s post-apartheid development. The Centre provides education for the entire community, including those with disabilities, and has specific programmes in HIV/AIDS education, adult education and entrepreneurial training. Courses are also offered in reading and computer literacy, tourism, agriculture and business skills. The project has also established an enterprise centre, whilst a communications centre provides electronic

\textsuperscript{55} Ian Jones, Michael Pollit and David Bek, \textit{Multinationals in their Communities: A social capital approach to corporate citizenship projects} (Aldershot: Palgrave Macmillan, 2007); Diageo, “Environment.”
\textsuperscript{57} Jones, Pollit and Bek, \textit{Multinationals in their Communities: A social capital approach to corporate citizenship projects} (Aldershot: Palgrave Macmillan, 2007); Diageo, “Environment.”
and postal services for the community.\textsuperscript{58} This project aims to develop skills in the Colesberg community, which will hopefully help community members find employment and set up projects using the various skills and confidence they have gained. The Skills for Life Centre also provides community members with information and help on starting up their own enterprises after they graduate from the Centre.\textsuperscript{59} This type of project is particularly beneficial since, rather than giving money to poor community members, it provides them with the necessary skills to be able to get jobs and have a reliable source of income.

Another Diageo project in South Africa is the Diageo-Guinness/UDV Literacy Awards. Established in 1994, these awards recognise the achievements of local individuals who are working to overcome the problems caused by adult illiteracy by teaching people to read and write. Awards have also been given to projects such as the Free State Association for Persons with Disabilities, where around 300 adults are taught reading and computer skills. Diageo also provides funding for literacy projects in small communities and among historically disadvantaged groups.\textsuperscript{60} By 2005, over 800 literacy projects had been supported by this programme, involving more than 400,000 students. In some cases these students have gone on to start their own companies and employ other graduates from the educational programmes. Entire communities have become involved, and awards have been given to churches, NGOs, tertiary institutions and local businesses. Diageo has also maintained contact with past award winners, and evidence suggests that many people are continuing to succeed and help in their communities.\textsuperscript{61}

\textbf{Discussion}

Community-based development, assisted through Corporate Social Responsibility, clearly can have a significant role in helping poor communities uplift their livelihoods, as well as working towards achieving broader objectives such as the UN Millennium Development Goals (MDGs). Community-based development has been particularly

\textsuperscript{59} Bek, Jones and Pollitt, “How do multinationals build social capital?”
\textsuperscript{60} Bek, Jones and Pollitt, “How do multinationals build social capital?”
\textsuperscript{61} Bek, Jones and Pollitt, “How do multinationals build social capital?”
important in post-apartheid South Africa where there is massive inequality in livelihoods, with millions of ‘historically disadvantaged’ people still lacking basic education, skills and resources. Understandably, many South Africans expected their livelihoods to change ‘overnight’ following the euphoria of the first democratic election in 1994. But the realities of the post-apartheid situation are that, despite significant progress in building homes and installing basic utilities, the challenges for all levels of government are enormous and unlikely to be met for several generations. This is why harnessing the visions, energies and skills of local communities to work towards improving their livelihoods from the ‘bottom up’ is so crucial, as was recognised by Nelson Mandela in setting out the Reconstruction and Development Programme (RDP).

The case studies considered here have shown that these communities have vision and possess vital local knowledge, but they often need to be guided and supported in moving towards fulfilling their potential. With the assistance of NGOs and MNCs, these communities have been able to recognise and utilise their skills in a manner that has led to genuine livelihood upliftment. In both Wupperthal and Flower Valley, communities have been able to utilise their skills and develop successful business enterprises that seem to display good levels of momentum and sustainability that can hopefully be maintained after the external agencies withdraw from the initiatives. In the case of the Wupperthal rooibos project, the NGO A-SNAPP provided valuable production and marketing knowledge and was instrumental in connecting the community to world markets. As a result, the community has been empowered and has demonstrated a capability to move forward in terms of both production and markets. Similarly, in the case of Flower Valley, the involvement of both Marks and Spencer and the Shell Foundation provided a much needed catalyst for increasing production and accessing overseas markets. Corporate Social Responsibility is becoming an increasingly important business strategy for large corporations, and most businesses now include a statement on CSR in their annual reports. But it must be asked whether this is merely to generate good publicity, or are corporations actually making meaningful contributions to development?

In recent years, it has become common for businesses to support local education schemes in developing countries to provide people with the knowledge and skills that they need. This trend is well illustrated in South Africa in the cases of the Shell Foundation’s early learning centre in Flower Valley, and Diageo’s education facilities in Colesberg. These
facilities focus particularly on basic literacy; a major issue among South Africa’s historically disadvantaged Black and Coloured populations which have persistently high levels of illiteracy and unemployment. Also, in South Africa there are many projects targeted at HIV/AIDS education, since the country has more people with HIV/AIDS than any other African country. Business education is also important for communities wishing to develop grassroots initiatives, and the Diageo education facility in Colesberg provides extensive information and support for local people who want to set up businesses after graduating from the centre’s courses.62 As mentioned earlier, other large companies that have set up educational facilities in South Africa include Vodafone, DaimlerChrysler and Tesco.63 But it is important that such education and skills training lead to sustainable employment opportunities. The community-based initiatives in both Flower Valley and Wupperthal are good examples of CSR that has produced tangible community benefits and job creation.

In the Wupperthal case, the community already possessed the skills to grow and harvest *rooibos* but they did not recognise the market potential of the product, and also lacked the skills and essential contacts for marketing *rooibos* on a national and international scale. With the assistance of the NGO A-SNAPP, the community was able to gain access to grants for new infrastructure to increase tea production and, with a fair-trade company willing to become a regular buyer of their product, they were able to secure a guaranteed market. The experience and success of the Wupperthal project was then successfully replicated in the nearby community of Heiveld. An essential element in both projects has been the guaranteed market from fair-trade companies.

In the case of Flower Valley, the project has not only helped to improve the quality of life of the local people, but the community has also been able to use sustainable production methods to conserve the vulnerable environment and *fynbos* vegetation. The market is guaranteed

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62 Bek, Jones and Pollitt, “How do multinationals build social capital?”; Jones, Pollit and Bek, Multinationals in their Communities: A social capital approach to corporate citizenship projects.

by the involvement of Marks and Spencer, and now other supermarkets, which allows the community to focus on developing both the business and social infrastructure. The transfer of ‘business DNA’ to local communities and their initiatives is an important element of CSR, and is well illustrated in both Wupperthal and Flower Valley.64

**Conclusion**

The apartheid regime in South Africa has left numerous indelible legacies, many of which will take large amounts of finance, time and political will to effectively address. The former Black homeland areas still experience the greatest problems, with high levels of unemployment, poverty and hunger. These areas are characterised now, as before, by high levels of out-migration, with many people moving into urban centres to seek jobs and income. This has led to burgeoning squatter settlements in many South African cities, despite the construction since 1994 of over 3 million new low-cost homes. Post-apartheid government policies have been effective in providing other basic necessities such as drinking water, sanitation, electricity, telephones and health care. Meanwhile, the Black Economic Empowerment (BEE) initiative has generated criticism concerning whether it is really helping those who are most in need, or whether it is only benefiting those who were already relatively better off. There are also ongoing issues concerning devolving and strengthening the Local Economic Development (LED) process, especially in terms of the lack of funding in local governments to assist worthy initiatives, and a shortage of skilled expertise to implement such projects.

Corporate Social Responsibility (CSR) is becoming increasingly significant in business activities, but there is a need to critically examine whether local communities do actually receive genuine benefits from CSR. There are many different approaches to CSR, from simply donating money to poor communities, to building education facilities, to engaging more fully with community-based projects such as in Flower Valley and Wupperthal. CSR projects which focus on capacity building undoubtedly have a key role to play in giving individuals and communities the important skills they need to uplift their livelihoods.

The coming together of CSR and community-based development is still relatively new, and there is need for further research. But consideration here of examples from South Africa has hopefully indicated the potential of CSR when it works in close partnership with

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64 Binns and Bek, “The developmental potential of Corporate Social Responsibility.”
local communities. Further research should possibly engage in longitudinal studies of CSR and local community partnerships, in particular focusing on issues of sustainability and what happens when companies disengage from communities. Medium- and long-term benefits of CSR need to be further evaluated. It would be useful to put together an inventory of CSR initiatives in South Africa, and indeed other developing countries, to ascertain the impact of CSR on community-based development, particularly in terms of improving living standards and fulfilling basic needs such as food security, health, education and employment. If such an inventory demonstrates good levels of success, a possible way forward would be for governments in countries such as South Africa to actively encourage corporate involvement at the local level, rather than merely focusing on large prestigious city-based project initiatives. In light of the pressures facing local governments in dealing with post-apartheid legacies, and in the context of limited financial and skilled human resources, there seems to be considerable potential for CSR activities to play a significant role in delivering so-called ‘developmental local government’.

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