# UNIVERSITY OF KWAZULU-NATAL


# THE KEY ROLE THAT ESKOM PLAYS TOWARDS CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABILITY IN SOUTH AFRICA


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# DECLARATION

I  Adam Shongwe declare that

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(ii)    This dissertation/thesis has not been submitted for any degree or examination at any other university.

(iii)   This dissertation/thesis does not contain other persons' data, pictures, graphs or other information, unless specifically acknowledged as being sourced from other persons.

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**ABSTRACT**

The implementation of sustainable development challenge facing South Africa is significant. There appears to be a growing interest within the private sector to participate in partnership with the public sector in contributing towards corporate social responsibility (CSR) programmes and initiatives. This partnership seeks to address the overall socio-economic and sustainable development of the country. However, it is an enormous task to address socio-economic challenges in South Africa due to high expectations. The aim of this study is specifically focused on investigating Eskom's contributions to the sustainable developmental needs of the community in which it operates as a state owned enterprise. Furthermore, the intent is to examine Eskom's current funding strategy, focus and policies in an attempt to investigate Eskom's involvement in corporate social investment sustainability. A quantitative research design is employed in this study. The target population of this research is the Eskom employees selected from the four Eskom divisions, namely, Generation, Transmission, Distribution and Corporate (which includes ESDEF).

The sample was the 95 employees randomly selected, hence those who responded were 61 on the stipulated date. Eskom was chosen, because it plays a major role in accelerating growth in the South African economy by providing electricity. Data was collected using the Eskom's e-mailing system which referred to as the GroupWise system and used as a database that contained the population of all Eskom Holdings employees, and the questionnaire survey was developed by the researcher.

The research study revealed that, although Eskom makes significant contributions in corporate social responsibility, communities need to be brought on board to define the funding objective and to select projects to be funded by Eskom. The results of study should be regarded as exploratory and provides directions to researchers for further, more in-depth research in this area. From the findings it appears as if perception plays the most important role in determining whether or not organisations support social responsibility programmes.

**TABLE OF CONTENTS**

# List of Abbreviations

| | |
|---|---|
| **ANC** | African National Congress |
| **ASGISA** | Accelerated and Shared Growth Initiative of South Africa |
| **BEE** | Black Economic Empowerment |
| **BWO** | Black Women–Owned Enterprises |
| **CS** | Corporate Sustainability. |
| **CSI** | Corporate Social Investment. |
| **CSR** | Corporate Social Responsibility. |
| **DCSA** | Daimler Chrysler of South Africa |
| **ERP** | Economic Recovery Programmes |
| **ESDEF** | Eskom Development Foundation |
| **GEAR** | Growth, Employment and Redistribution |
| **ILO** | International Labour Office |
| **JIPSA** | Joint Initiative for Priority Skills Acquisitions |
| **NEPAD** | New Partnership for Africa's Development |
| **NER** | National Electricity Regulator |
| **NGO's** | Non-Governmental Organisations |
| **SAP** | Structural Adjustment Programme |

**SME**        Small and Medium Enterprises

**SOE**        State Owned Enterprise

**TBL**        Triple Bottom Line

**UK**         United Kingdom

**UNDP**       United Nations Development Programme

# 1 CHAPTER 1: GENERAL INTRODUCTION

## 1.1 Introduction

The corporate social responsibility (CSR) or corporate social investment (CSI) environment in South Africa has to be addressed to improve the life of all South Africans and grow the economy as a key role to play in enhancing and promoting social commitment by business, and all as the nation undertakes the challenge to support sustainable economic development. South Africans, foreign investors and/ or companies can play a crucial role in helping to build the new democracy during the coming years of transition. What is important is the need to have a sense or social priorities. South Africa has the means, political will and potential skills to drive social responsibility.

CSR and CSI are the focus of considerable interest among researchers and policy-makers in South Africa and in most other countries. CSI refers to a company's contributions (cash and non-cash) to people, organisations or communities that are external to the company, whereas CSR refers to a value system which a company adopts in order to be responsible to broader society. Such values inform and guide all company operations and activities (Trialogue, 2005). Values should underpin core business operations and the pursuit of profits. Within the South African context, a CSR value system underpins activities such as corporate governance, employment equity, environmental management, product stewardship, preferential procurement, human rights and CSI (Trialogue, 2005).

According to a research by Trialogue's (2005) CSI is just one small, but influential, element of corporate citizenship or CSR. It is an element that can provide much-needed development expertise to a company's other transformation activities such as enterprise development and preferential procurement.

CSR and Corporate Sustainability (CS) are distinct, but interacting concepts that are usefully formalised in terms of capital-theoretic and welfare-economic approaches. Hediger (2006) asserts that CSR can constitute a necessary condition for corporate sustainability only when externalities and reputational risks harm profit prospects and corporate value. However, it is not sufficient for sustainable development. Therefore, Hediger (2006)

propagates the use of sustainability-based social value function that integrates different concepts of sustainability at the aggregate level, and can be used for the evaluation of a company's CSR performance from a societal perspective of sustainable development. Altogether, CSR encompasses and integrates both a business dimension and social or ethical dimension as seen from the above review from an analytical point of view.

CSR refers to the company' prime responsibility of generating profits (European Commission, 2001) and the preservation of profitability (Hopkins, 2004), whilst CS is expressed in terms of improving the quality of life, or well being, for selected groups or society as a whole (Hopkins, 2004; Government of Canada, 2006). Both CSR and CS are undoubtedly viewed as having a bigger role to play in promoting social commitment and responsibility. Holme and Watts (2000) emphasise that CSR constitutes the commitment of business to contribute to sustainable economic development.

The focus of the study is to identify challenges faced by Eskom a South African state owned enterprise in achieving the CSR objectives and further to examine the impacts of current strategy, focus and policies. A quantitative research design in this study was employed. The target population of this research is the Eskom employees selected from the four Eskom divisions, namely Generations, Transmission, Distribution and Corporate (which includes ESDEF). The sample was the 95 employees, hence those who responded were 61 on the stipulated date.

## 1.2 Background

At its inception in 1923, the acronym Escom, which stood for Electricity Supply Commission, was given to the energy generating, transmitting and distributing corporation. In 1987, it underwent a name change to Eskom, a name which no longer meant anything (except as a brand name) and was no longer an abbreviation for Electricity Supply Commission (Conradie and Messerschmidt, 2000). Eskom consists of 27 Power Station capacities differentiated as follows; 13 coal-fired stations, 4 gas/liquid fuel turbine stations, 6 hydroelectric stations, 2 pumped storage scheme, 1 wind energy Farm and 1 nuclear power station (Eskom Annual Report 2008). Eskom is one of the top 13 utilities in

the world by generation capacity, is among the top 9 by sales, generates approximately 95% of electricity used in South Africa, generates approximately 45% of electricity used in Africa, consist of 35,404 employees, 4,152,312 electricity customers, R171,181 million total assets, the approved capacity expansion budget is R343 billion up to 2013 and is expected to grow to more than a trillion rand by 2026 ultimately Eskom will double its capacity to 80,000MW by 2026 (Eskom Annual Report 2008). Eskom is participating in a number of socio-economic processes in shaping the economy of South Africa. Undoubtedly, CSR is one of the (on going) processes in which Eskom is continually involved. Subsequently, it was rated and nominated as a 'good state owned enterprise grantmaker' (Trialogue, 2004).

Eskom generates, transmits and distributes electricity to industrial, mining, commercial, agricultural and residential customers, and redistributes electricity to industrial, mining, commercial, agricultural and residential customers, and to redistributors. Eskom is regulated in terms of licences granted by the National Elec-tricity Regulator (NER) in terms of the Electricity Act of 1987 and the National Nuclear Regulator. Through Eskom Enterprises (Pty) Limited, Eskom also pursues non-regulated business activities in the energy and related services sector. The core businesses of the main subsidiaries include non-regulated electricity supply industry activities, the provision of electricity supply and related services outside South Africa, the granting of home loans to employees, the management and insurance of the relevant risks to Eskom and social investment initiatives.

Eskom has a responsibility to provide electricity and strive to remain socially sustainable through impacting on the social systems within which it operates. Through the Eskom Development Foundation (ESDEF) whose task it is to drive CSR objectives, Eskom subscribes to sustainable development within its shareholder compact (government). Development would be meaningless without energy. Eskom brings electrical power to the people; it brings electricity to areas that have never been connected to the main grid. The rural areas of South Africa are greeting the dawn of a new life that is becoming increasingly dependent on electricity, which is a basic need in a modern society (Conradie and Messerschmidt, 2000).

Eskom has been making grants to CSI programmes since 1989, for the development of black people who were excluded from economic activities of the country and established ESDEF, which commenced operations on 1 January 1999. Since its inception in 1999 until March 2006, a total of R371 million has been disbursed to various sustainable programmes. This makes Eskom one of the largest grantmaking state owned enterprises in South Africa (ESDEF Annual report, 2006).

The Eskom Development Foundation, hereafter referred to as the Development Foundation, is an independent Section 21 company, which incorporates and integrates Eskom's social responsibility initiatives. It was incorporated on 12 December 1998 and commenced operations on 1 January 1999. The Development Foundation operates in all nine provinces of the Republic of South Africa, in areas that are underdeveloped, especially in rural areas and new urban settlements.  It grants cover projects and donations. Payments may be to beneficiaries, suppliers, service providers and/or partners. The donation of assets is also facilitated by the Development Foundation and accounted for on Eskom's behalf.

## 1.3 Purpose

The purpose of this study is to add to the body of literature that is specifically focused on investigating the impacts of Eskom's contributions to the sustainable developmental needs of the community in which it operates as a state owned enterprise. Furthermore, the intent is to examine the extent of Eskom's current funding strategy, focus and policies in an attempt to investigate Eskom's involvement in corporate social investment sustainability.  It will also contribute to other related research projects, focusing on State Owned Enterprises' approach towards sustainability development.

## 1.4  Significance of the Study

The research study will serve as an awareness tool to the communities that might not be aware of what Eskom Development Foundation is all about, and how best they can access financial assistance or funding. The study will contribute to the growing body of literature on CSR and its impact on South African communities, providing Eskom with the

4

basis for evaluating its short and long term strategies. This research is conducted against the background of providing an objective research source for Eskom decision makers on policies pertaining to social projects. The research intends to contribute towards the extent of strategy formulation and management of such programmes.

## 1.5  Problem Statement

The focus of the study is to examine the extent to which (CSR) initiatives by Eskom meet the developmental needs and challenges of the communities in which it operates and ultimately economic growth. Issues highlighted in the study point to several shortcomings mainly linked to policy considerations and what happens on the ground - in practice. The initial investment through different projects by Eskom needs continuous evaluation and support to ensure sustainability. Constant monitoring and measurement will lead to understanding of sustainability and success of the initiatives taken. It is also important to determine the flexibility of some of the policies and whether they respond accurately to the ever changing needs or circumstances. The inability to identify and integrate the key elements of an effective and sustainable CSR programme presents a problem. Lack of sufficient consultation with the community on the issue of funding results in organizations deciding on what should be done when it comes to funding, irrespective of whether it will benefit the community or not.

The sustainability of projects is a key challenge in achieving CSR objectives. It is necessary to investigate reasons why some of the projects are not sustainable. The research questions below were formulated on the basis of the problems that have been discussed. This study is an attempt to address this problem.

## 1.6  Assumptions

The following assumptions are fundamental to the purpose and design of this study:

1) Participants in this research would be willing and able to relate their experiences, understanding and perceptions of CSR and CS.

2) Encounters with participants will provide a breakthrough to new ways of thinking about prior assumptions held about CSR in Eskom.

3) Business might not achieve profitability, reputation, productivity and sustainability from CSR.

4) It is important that mentoring and project support take place to ensure sustainability without creating dependence.

## 1.7   Research Question

The research study attempts to find an answer to the following question:  What is the role that Eskom plays towards Corporate Social Responsibility and Sustainability in South Africa?

## Sub-questions

In answering the above question, these sub-questions have to be answered, which form part of the study:

• The specific Eskom activities and nature of corporate social responsibility and how these contribute to sustainable development of the CSR project?

• The extent to which Eskom's policy and strategic planning process embrace corporate social responsibility?

• What impact does Government initiatives have on Eskom's corporate social responsibility budget?

• What are the problems and limitations that are hampering the effectiveness of corporate social responsibility envisaged and pursued by Eskom?

## 1.8 Limitations of the Study

The limitations of the research study are:

- Questionnaires are limited to Eskom due to cost and time constraints not all Eskom regions are covered. Other State Owned Enterprises and Public Corporations could be surveyed to validate the results.

- For the purpose of this research distinction will not be made between the managerial staff and the lower levels staff.
- The interviews are not conducted, as it is not planned to influence respondents.
- That the response received from the questionnaire in itself can create bias.
- The understanding and interpretation of certain concepts by respondents could distort the results.
- Previous experience with CSR could cause some respondents to be biased either negatively or positively.
- Lack of experience and exposure of certain respondents to CSR, could give rise to problems in interpreting certain statements.
- The fact that the researcher developed questionnaire might have compromised the objectivity of some questions.

## 1.9  Chapter outline

The structure of the dissertation will be divided into the following chapters and also a descriptions of the way in which the research study develops:

**Chapter One** sets out the background and aims of the research. It deals on the research question, assumptions, the research objective and importance of the study. Lastly the limitations of the study are highlighted.

**Chapter Two** deals with the review of literature on corporate social responsibility and sustainability, starting with various definitions, the backgrounds and the CSR in Eskom. And a discussion on the theoretical development of the concept of CSR. The review seeks to capture what is known about the ways in which organisations are supporting, and have a broader understanding of CSR.

**Chapter Three** covers the research design and methodology. The research instrument was also developed.

**Chapter Four** results are reported, analysed and discussed.

**Chapter Five** provides the summary of the research findings, conclusions and recommendations.

# 2 CHAPTER 2: A REVIEW OF THE LITERATURE

## 2.1 Introduction

A review of the literature was carried out to inform the methodology and establish the state of corporate social responsibility and sustainability research. This chapter is aimed at the theoretical development of the concept of CSR, perspectives, dimensions and contemporary views of corporate social responsibility and sustainability. This aspect is important to give understanding and direction to the study. Numerous other studies have been conducted in the different areas due to the existence of differentiated interpretations accorded to it by various stakeholders, and will be summarised here. Definitions are provided to give a broader view of the study. The integral objective of this research is to show the importance of CSR as a contributory factor to the sustainability, reputation and increased productivity levels in the overall performance of the community and company. Lastly, other related and commonly used CSR concept enterprise strategies will also be mentioned.

## 2.2 Background of CSR

After years of colonial rule, Africa gradually plunged into economic decay. In the mid eighties, Africa had to internalise its economic policies by addressing among others, debt, food security and ethnic problems in a bid to find economic stability. In order to correct the situation, Economic Recovery Programmes (ERP's) had to be initiated, which brought about Structural Adjustment Programmes (Deng, 1998). Deng (1998: 41) goes on to say that one of the errors made by most countries was to loan money in order to finance consumption spending, instead of financing productive investment. Instead of helping to improve the economy's capabilities of managing adverse conditions, the programmes were imposed on weak and corrupt government structures. This led to economic dissipation because of debt repayment and not investment. Capital outflows went to creditors such as the International Monetary Fund and the World Bank. These institutions created a conflict of interest by being lenders and policy drivers (Deng 1998).

Corporate responsibility and corporate sustainability increasingly gained attention in public debate, entrepreneurial and academic research (Fieseler, Hoffman and Meckel, 2008). Since the early 1990's corporate responsibility issues including the social obligation of corporations have attained prominence in political and business debate. Attempts by government and NGO's are frequently made to link corporate social responsibility with the global challenge of sustainable development. The Organisation for Economic Co-operation and Development OECD (2001), for instance, comprehends (CSR) as the "business's contribution to sustainable development". It emphasizes that corporate behavior must not only ensure returns to shareholders, wages to employees, and products and services to consumers, but also respond to societal and environmental concerns and values. Apparently, this implies a shift from the pure shareholders' perspective of maximizing profits and corporate value, towards a broader concept that encompasses multiple stakeholder concerns and values and, thus, involves various conflicting goals and objectives.

Corporations should not only focus on profit but also make an effort to fulfil the triple bottom line challenge – social, environmental and economic dimensions of society. A robust engagement by business on sustainability challenges is required to demonstrate that the private sector has a vision for a fair, clean, productive and prosperous society (Spicer 2004).

Willson (2004) examines the implications of globalisation for business-government relations in South Africa since 1990. His study proposes that business, bolstered by globalisation, is increasingly gaining influence in the policy process of South Africa. He also says that the unfolding era of neo-liberalism has ushered in an enormous surge in the power of capital and the decline in the organisation and influence of labour. This surge in relative power has allowed the South African business community to impose its own discipline on government and to narrow the sphere of public decisions. Willson (2004) further states that fear of loss of competitiveness, in attracting capital, both domestic and international, has forced government to make their policies increasingly capital-friendly rather than responding to popular will or broad social interest.

Willson's study (2004) establishes the features of globalisation and South Africa's position within this process through an analysis of the relationship between the African National Congress (ANC) and business that developed in South Africa between 1990 and 1994, and later facilitated the ANC's acceptance of a neo-liberal macroeconomic strategy in 1996. Willson concludes that the working partnership between business and government, established in terms of the Black Economic Empowerment strategy, is based on the mutual need of each other, as both government and business face the brutal capriciousness of foreign investment, the major challenge posed by globalisation. The South African business community is, however, in a unique position with respect to South Africa's ongoing changes. According to Tabrizi (2007) at its core, transformation is a fundamental shift in the company's functioning, and its goal is to significantly improve the current performance of an organization by better aligning it to changing market conditions and demands. Tabrizi goes on to say that transformation typically encourages change at every level of the organization, from the executive level management down to the individual employee of a company.

According to Mak'Ochieng (2003) corporate social responsibility has become the business issue of the 21st century. Heightened expectations of the business sector, globalisation and increased media attention on the role of business in society are casting an intense spotlight on this issue. As a result, pressure has built on business to play a larger role in bringing about socio-economic development to many local communities where they operate. Mak' Ochieng (2003) goes on to say that while, for a long time, companies have been involved in the community on a philanthropy basis, many companies today are reassessing the manner in which they conduct their corporate social responsibility programmes.

Companies mentioned in the Mak'Ochieng (2003) study include corporate social responsibility issues in their strategic planning process and overall corporate strategy. Emphasis is given to certain strategic indicators that must be present in order for a company to be said to have taken a strategic approach to corporate social responsibility. The study found that Daimler Chrysler South Africa (DCSA) was strategically involved and had a good relationship with its local community. However, the company needs to be more con-

nected with the rural communities to make local projects more successful after handover. Mak'Ochieng (2003) reports that DCSA is involved in many corporate social initiatives within the local community. The company has set for itself focus areas to concentrate on each year in its corporate social responsibility programmes. The idea of focusing on issues of corporate social investment strategy is not new, also other companies such as Coca-Cola South Africa, Clover, Daimler Chrysler SA, Toyota SA, Old Mutual and Telkom are realising that they cannot do everything at the same time; the need is just too great (Trialogue, 2005). Mak'Ochieng (2003) is of the opinion that the need to focus on a few areas at a time also leads to greater effectiveness. He maintains that DCSA's approach to corporate social investment can also be analysed from the perspective of a company taking a strategic decision to respond to challenges in the external environment. He also concludes that by being a responsible company, DCSA, in pursuing its primary objectives, saw the need to respond to the socio-economic problems in its operating environment.

Friedman (1992) views the doctrine of Corporate Social Responsibility as "fundamentally subversive" to a free society in "Capitalism and Freedom". He further purports that few trends would so thoroughly undermine the very foundations of a free society as the acceptance by corporate officials of social responsibility other than to make as much money as possible for their shareholders. Friedman goes on to say that "…there is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game which is to say, engage in open and free competition". Friedman (1992) and other scholars of the "laissez-faire" school take the premise that business is, by its very nature, greedy, self-interested and has no concern for the welfare of society.

Mulligan (1988) alleges that the very foundation of Friedman's argument against CSR rests on the fact that it is unfair because it constitutes taxation without representation. Mulligan therefore contends that if this argument can be proved false, Friedman's subsequent conclusions collapse. It is recommended that at the bottom of Friedman's objection to social responsibility is an inaccurate paradigm. Mulligan believes that the executive has more experience than most in making decisions in the absence of certainty and

therefore has less cause to abstain from social responsibility out of a sense of futility of knowing consequences. It is said that companies are rooted in real communities, they have an implicit obligation to be a "good citizen" of these communities and most importantly, it is in their interest to be institutions of good standing (Mulligan, 1988).

Charney (1983) states that: "In a sense then, the acceptance of social responsibility marks the point where business ideology has come full circle". Instead of assuming that profit-seeking behaviour necessarily serves the public good, business now seeks to serve the public in order to retain the opportunity to pursue profit.

## 2.3 Definitions of Corporate Social Responsibility

As an important proponent, the World Business Council for Sustainable Development (Holme and Watts, 2000) defined CSR in general terms as "…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." In their analysis of different interpretations that exist within the business community, Holmes and Watts (2000) emphasize that "CSR is no longer seen to represent an unproductive cost or resource burden, but, increasingly, as a means of enhancing reputation and credibility among stakeholders". Accordingly, they understand CSR as representing "the human face of the highly competitive world of commerce" and of globalization. In other words, it constitutes "the commitment of business to contribute to sustainable economic development".

For the European Commission (2001), CSR is a programme where "companies decide voluntarily to contribute to a better society and cleaner environment". It is seen as an option where, along with their prime responsibility of generating profits, companies can "contribute to social and environmental objectives, through integrating corporate social responsibility as a strategic investment into their core business strategy, their management instruments and their operations". Likewise, McWilliams and Siegel (2001) define CSR as "actions that appear to further some social good, beyond the interests of the firm and that which is required by law". In these definitions, voluntariness is regarded as the

driving force for CSR. Nevertheless, it "should not be seen as a substitute to regulation or legislation concerning social rights or environmental standards, including the development of new appropriate legislation", as the European Commission (2001) pointed out. Rather, CSR calls for shared responsibility between government and private actors, such as to enhance human rights, environmental protection and social development.

This position is also supported by Hopkins (2004) in an International Labour Office (ILO) working paper. However, he takes a critical positions against the European Union's definition of CSR and suggests that the word 'voluntary' should be eliminated, if one does not want to exclude consideration of any regulation. For him, "CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner" whereas the terms 'ethically and responsible' mean "treating stakeholders in a manner deemed acceptable in civilized societies". Moreover, Hopkins emphasizes that "the wider aim of social responsibility is to create higher and higher standards of living, while preserving profitability of the corporation, for people both within and outside the corporation".

The King 2 Report (2002: 122) said CSR could be used as a tool for change to address social imbalances that have existed for decades in RSA. The corporate sector should rise to the challenge of transformation by not only complying with the legislation but showing commitment to its objectives. Stakeholders should be well informed about employment equity, diversity management, black economic empowerment and social investment in order to carry out the transformation projects initiatives effectively King 2 Report (2002).

Roodt (1987) sees social responsibility as a key business area, typically concerned with the external environment issues of community and consumer relations as well as the internal environment issues of working conditions, racial discrimination, education and training as well as the notion of fairness. Epstein (1987) sees CSR as the discernment of specific issues, problems, expectations and claims upon organisations regarding the consequences of organisational policies and behaviour on internal and external stakeholders. The focus is on the products of corporate action.

Farmer and Hogue (1985) refer to socially responsible actions by a corporation as those actions that, when judged by society in the future, are seen to have been maximum help

in providing necessary amounts of desired goods and services at minimum financial and social costs, distributed as equitably as possible. They believe a corporate goal system that makes social as well as economic sense is necessary to suggest what society wants them to do.

Fryer (1987) not only stresses the voluntary nature of CSR, but also looks at duty to shareholders. He believes that CSR is a form of self-centeredness which involves elements of normative constraints, altruistic incentive and moral imperative in the quest for corporate social nirvana. He stresses that CSR is the notion that organisations have obligations to stakeholder groups besides shareholders and beyond the responsibility required by law.

Corporate social responsibility has been defined in a number of ways and no one simple definition exists. The lack of consistency in defining CSR has led to much differences in both the academic and business disciplines. Leoka (1990) sees CSR as the "conscience of the capitalist". He stresses the need to define CSR in the South African context, as he asserts that what is socially responsible in Canada may not construe socially responsible behaviour in South Africa. In fact he goes so far as to say that what is perceived to be socially responsible in Sandton may not be so perceived in Alexandra. Hence the need for a study like this one, which cautions the corporate sectors to precede any social responsibility venture with assessment of the needs of their target community.

Sommer (1989: 16) stated that "social responsibility refers to an organization that "voluntary" expends its resources to do something not required by law and without immediate economic benefit. Jones (1990: 9) suggests that "the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organisations at a given point in time". This definition is broad enough in the sense that it accommodates all the preceding fragmented definitions. He believes that all other business roles are predicted on these assumptions. Secondly, Jones (1990: 4) suggests that "society expect business to fulfil their economic goals within a legal framework. Although abiding by the law is seen to be necessary, it is not seen as sufficient. Furthermore the third responsibility consists of those additional behaviours and attitudes that are

not required by law, but are expected by society. i.e. ethical responsibility". Lastly Jones (1990) outlines discretionary or voluntary expectations which are left to individual business discretion, judgement and choice. It is purely voluntary action and is "guided only by business desire to engage in social roles not mandated, not required by law and not even generally expected of business in an ethical sense" (Tlakula, 1999: 10).

Conversely, the above view elucidates that contemporary approaches and definitions of CSR are mostly driven by some particular view, interest and context, rather than consistent with a comprehensive approach of sustainable development. The latter involves a continuous evaluation of trade-offs among economic, social and environmental system goals, within bounds of criticality (Barbier, 1987; Pearce *et al*., 1994; Hediger, 2000). According to Hediger (2000: 5) this approach provides an analytical framework for linking the concept of corporate social responsibility and sustainability with an integrated approach of sustainable development that unifies the analytical rigor of neoclassical capital theory and welfare economics with the transdisciplinary system view of ecological economics.

The Kennedy School of Government's Corporate Social Responsibility Initiative at Harvard University also addresses ethical aspects of corporate behaviour. It has correspondingly defined CSR to "encompass not only what companies do with their profits, but also how they make them" (Kytle and Ruggie, 2005: 3). Moreover, CSR is seen as a concept which "goes beyond philanthropy and compliance to address the manner in which companies manage their economic, social and environmental impacts and their stakeholder relationships in all their key spheres of influence: the workplace, the marketplace, the supply chain, the community and the public policy realm" (Kytle and Ruggie 2005: 3). This interpretation reveals the role of CSR as a guiding concept for business that, on the one hand, needs room for contextual interpretation, and on the other hand, also calls for taking societal values and demands into consideration.

In summary of this section, it is apparent that no uniform definition of CSR and CS exists. It is clear that the spectrum of definitions available in the literature supports Jones (1990). He contends that first and foremost, social responsibility is economic in nature,

i.e. the responsibility to produce goods and services that society wants and to sell these at profit. He believes that other business roles are predicted on these assumptions. This approach reinforces that an organisation has responsibility to society, which extends beyond mere economic and legal obligations, but include these obligations as mentioned above.

## 2.4 CSR and Globalisation

According to Williams (2002) corporate social responsibility has come to the forefront of corporate and economic concerns because of the increasingly globalized nature of business and the so-called New Economy, a knowledge-based, technology-driven environment that has, among other things, affected an increase in stakeholders' access to information. Globalisation is a widely used term that refers to a multiplicity of external activities. John, Applegate, Alfred and Aman (2001) maintain that globalisation refers to flows of ideas, images, goods, services, and people that take place within an integrated whole, without regard to territorial or geographical boundaries and often without the direct agency of the state. Globalisation has been defined as "the process of increasing interconnectedness between societies such that events in one part of the world more and more have effects on peoples and societies far away (Baylis and Smith, 1997: 208). Nelson (2004: 25) states that "CSR has become a major social enterprise in the first place largely because of the growing gap between the scope, inventiveness and power of private sector institutions, on the one hand, and public institutions, on the other". For a generation now the role of markets has expanded steadily, at home and abroad. CSR may be seen as a "voluntary effort to realign the efficiency of markets with the shared values and purposes that societies demand, and that markets themselves require to survive and thrive". How much of that burden CSR can and should carry is the key governance question asked.

It must be noted that CSR is already a well-established concept in the West. There are specialist agencies dealing solely with CSR i.e. consulting, marketing and strategy. The UK has even appointed a government minister for CSR. It sees CSR as "the business contribution to our sustainable development goals"; it is about how business takes account of

its economic, social and environmental impacts in the way it operates – maximising the benefits and minimising the downsides El Kammash (2005: 1).

## 2.5 CSR in the South African Context

The post 1994 South African government created structures and effected the structural changes necessary to govern a democratic country, and began placing emphasis on the potentially much larger challenge of socio-economic change. In the early seventies social responsibility was introduced in South Africa, the Soweto Riots in 1976 and  the international and economic consequences thereof influenced business to take on an active social responsibility role. Newell (2005) argues in his contribution that the international affairs represent an attempt at defining an emerging critical agenda about the prospects and limitations of corporate responsibility in the southern region. Newell goes on to say that, the challenge is to engage in a process of determining the potential and limitations of corporate responsibility in the southern region in precise contextual terms without denying the significance of the positive changes that corporate responsibility initiatives have generated.

According to Blowfield (2005) the potential benefits include new notions of responsibility in global supply chains,  an emphasis on the moral dimension of economic globalisation, a compulsion on international corporations to take a more unambiguous stance on environmental management and human rights standards, and the promotion of new ways of thinking about the relationship between business and society. Furthermore Blowfield goes on to describe these observations, to argue that a critical agenda on corporate responsibility in the southern region implies criticism not only of the approaches advocated by international corporations but also of the civil society groupings that campaign against what they perceive as corporate malpractice.

Percival and Homer-Dixon (1998) noted that corporate responsibility problems in South Africa must be understood within the context of extremely uneven distribution of resources between blacks and whites institutionalized as part of the apartheid system. From the mid-seventeenth century onwards, land belonging to black farmers and pastor-

alists was gradually taken away from them through armed conquest, economic pressure or spurious treaties. This process was institutionalized in the Land Acts of 1913 and 1936, which limited black ownership of land to 13 percent of the territory of South Africa. The land allocated to the black population was, with few exceptions, unproductive and barren. The Land Acts dramatically increased the pressure on limited areas set aside for black South Africans. Marginal lands were cultivated by people trying to survive under desperate circumstances, resulting in large-scale soil erosion and desertification of rural areas which had previously had good grazing potential. In 1948 the Nationalist government institutionalized its apartheid policy and created self-governing 'homelands' for black South Africans, which functioned as black labour reserves. As a part of this policy, massive forced removals of communities took place from productive to unproductive land.

The consequence was massive overpopulation and increased environmental destruction in the restricted areas as the number of inhabitants dramatically increased: for example, in the Ciskei the population doubled over a period of 12 years from 1970 to 1982 (Ramphele and McDowell, 1991: 624).  Apartheid also had a profound impact on the provision of urban and social services.  First, a general policy of providing inferior services to black South Africans was instituted, with standards of physical and social infrastructure intentionally set lower for blacks than for whites. Ten times as much money was spent per capita on infrastructure maintenance and upgrading in white areas as in black townships (Beall, Crankshaw and Parnell, 2000: 624).  Secondly, the 1968 decision of the apartheid government to stop development of black areas in white South African cities resulted in a massive shortfall of housing and infrastructure development (McDonald, 1997). Thirdly, industrial developments were placed outside and away from white areas, either near black townships or in areas where migrant workers could set up informal settlements in and around production plants (Beall, 2000).

## 2.5.1  Environmental Impact on South African Economy

In summary, according to Fig (2003: 624) the environmental contribution of apartheid was to ensure that environmental protection came to be identified as a first-world, white,

middle-class concern, and a priority that was ultimately a threat to economic growth, social stability and poverty alleviation. Since relatively little pollution monitoring was taking place, insufficient information is now available to provide scientifically based proof of the disproportionate health and productivity costs borne by black people living in highly polluted townships. This inevitably limits the potential of CSR strategies in South Africa. Albertyn and Watkins (2002: 625) state that the South African government's economic policy and its neo-liberal economic development strategy places severe restrictions on the ability of CSR initiatives to reduce substantially the environmental health risks affecting communities living near industrial production sites. The 1996 Growth, Employment and Redistribution strategy (GEAR) was planned in accordance with standard neo-liberal economic principle such as deficit reduction, trade liberalization, privatization and shrinking of the state. Deficit reduction, trade liberalization, privatization and shrinking of the state has not happened because of the volatility of the rand which has affected economic activity raising inflation, and causing the Reserve Bank to increase interest rates (Beinart, 2001). Furthermore the unemployment levels amongst poorer South Africans even though South Africa has the fourth highest per capita income in Africa, only behind Seychelles, Botswana and the European possessions located in Africa, it suffers from large income gaps and a dual economy marking it as a developing country (Republic of South Africa, 2008: 11). The ANC government accepted the argument that adjustments were necessary in order to attract the foreign investment that could spur growth, which would in turn (at least in theory) generate a trickle-down effect in improving living standards (Fig and Cock, 2002: 626).

Fig and Cock (2002: 626) furthermore argue that although the government had in principle committed itself to a range of new, pro-poor policies, factors such as budgetary constraints, the legacy of inefficient and corrupt state management, and the state's limited capacity to intervene in society meant that the public sector did not broaden its reach. At the same time, the notion of a strong state as central to national economic development had been discredited. Fig and Cock (2002) goes on to say that a new political dispensation requires a concerted effort on the part of South African government and private sector to deal with pressing social problems such as unemployment, housing, education

and that social responsibility programmes be financed, whilst trying to find better ways of negotiating equitable benefit-sharing mechanisms between companies and communities to areas where the potentially negative impacts of business are likely to be minimized (Thomsen, 2005).

## 2.5.2 Background on the South African Economy

South Africa is a nation of more than 47 million people of diverse origins, languages and beliefs. According to the mid -2007 estimates from Statistics South Africa (2001), the country's population stands at some 47,9 million, up from the census 2001 count of 44.8 million. Africans are in the majority at just over 38 million, making up 79.6% of the total population. The white population is estimated at 4.3 million (9.1%), the coloured population at 4.2 million (8.9%) and the Indian/Asian population at just short of 1.2 million (2.5%). South Africa's economy is highly dependent on natural resources for food and energy production, input to manufacturing, and to absorb wastes and pollutants.

According to U.S. Department of State, (2008: 7) South Africa has a two tiered economy, one rivaling other developed countries and the other with only the most basic infrastructure. It is therefore a productive and industrialised economy that exhibits many characteristics associated with developing countries, including a division of labour between formal and informal sectors, and uneven distribution of wealth and income. South Africa has increasingly high unemployment (the South African Institute for Race Relations estimated 24% of the economically active population were unemployed in 1996) and unemployed was growing at 2% per year.

The government of South Africa demonstrated its commitment to open markets, privatisation, and favourable investment climate with its release of the GEAR strategy. The strategy had mixed success. It brought greater financial discipline and macroeconomic stability but has failed to deliver in key areas ("Economy of South Africa", 2008: 2). Having emerged from the international isolation of the apartheid era, South Africa has become a leading international actor. Its principal foreign policy objective is to promote the economic, political, and cultural regeneration of Africa, through NEPAD, to promote

the peaceful resolution of conflict in Africa, and to use multilateral bodies to insure that developing countries' voices are heard on international issues (U.S. Department of State, 2008: 9)

Trialogue (2007) estimates that the total expenditure on CSI investment in South Africa for the 2006/07 financial year (henceforth referred to as 2007) amounted to R3.2 billion. This represents an 11.1% increase over the previous year's CSI-spend (which was estimated at R2.88 billion), and is well ahead of the average inflation rate (CPIX) of about 5.4% over the same period. Given this scenario, and given South Africa's current sound economic fundamentals and projected economic growth rates in the coming five years, it is anticipated that there will be further real (inflation-adjusted) growth in aggregate CSI spending by the corporate sector in the coming years. This is an indication of a positive trend (Trialogue, 2007).

## 2.6  CSR and Sustainable Development

The literature review provides formal definitions of CSR and corporate sustainability. The United Nations Development Programme (UNDP) usefully described sustainable development as a process for realising human development "in an inclusive, connected, equitable, prudent and secure manner" (Bansal and Howard, 1997: 60).

Key elements of sustainable development, according to Bansal and Howard (1997: 60) are: "Connectivity embraces ecological, social and economic interdependence. Equity suggests fairness, within and across generations and species. Prudence connotes duties of care and prevention, technologically, scientifically and politically. Security demands safety from chronic threats and protection from harmful disruption. By extrapolation, any form of development that fails to satisfy each of these elements could be deemed to be unsustainable".

Serageldin (1996a, 1996b) builds on other definitions that suggest it is a process where future generations receive as much capital per capita, or more than, the current generation has available. Atkinson (1997) state that "social capital embraces essential factors of economic production and social life". It is in itself an input for social capital accumula-

tion, and is a valuable asset as such: human health, literacy and life expectancy, cultural and social integrity, and social cohesion are generally considered as determinants of human well-being. According to the World Bank (1997) natural capital, physical (or produced) capital, and social (including human) capital, together, their measurement provides indicators of the wealth of nations and they might be considered as forming the basis of sustainable economic development and growth.

## 2.6.1 Eskom and Sustainable Development

Eskom's sustainability strategy was developed in 2004 to integrate the organisation's economic, social and environmental goals and ensure the evolution of good practice. A new sustainability vision was outlined in the 2006 annual report. Sustainability in the Eskom context emphasises the need to include economic development, environmental quality and social equity (Eskom Annual Report, 2007). In addition to these three pillars of sustainable development the strategy also covers cross-cutting issues such as: technical issues including plant performance and long health, safety, quality, research and development, skills development and integrated risk management. Therefore an important component of the sustainability strategy as the research programme stretches across all areas.

Various Eskom strategies build on the sustainability strategy, including climate change, energy efficient and renewable energy. Meeting the sustainability challenge means maintaining a balance, Eskom subscribes to the principle of integrated decision making and conducts comparative evaluations to balance the trade-offs that characterise the sustainability challenge (Eskom Annual Report, 2007). It must be noted, as stated in the 2007 annual report, that Eskom uses the term sustainability and sustainable development interchangeable. A sustainability performance index is used to determine Eskom's long-term sustainability status. The overall performance is considered sustainable if the score is equal to or greater than three on a five-point scale. In 2007, Eskom's overall sustainability performance was 3.0 and 3.4 in 2006 (Eskom Annual Report, 2007).

Drawing upon the relevance of measuring corporate sustainability, Atkinson (2000: 5), for instance, points out that "corporate entities are increasingly under pressure to demonstrate how they contribute to the national sustainability goals outlined by government". He draws attention to the fact that the emerging debate on this topic has resulted in various concepts of "corporate sustainability" and "corporate (environmental) responsibility", with a view on how business might adapt and improve environmental accounting and reporting practices.

## 2.7  Background to Telkom Foundation

According to the acting chief executive officer of Telkom Foundation, (Telkom Annual Report 2007), the foundation is entering a new phase in its corporate social investment work. This new phase is characterized by a holistic and integrated approach to development. New sustainable development programmes will be achieved by combining the efforts and objectives of all focus areas of the Telkom Foundation toward the establishment of Information and Communication Technologies (ICT) empowered communities. The foundation's dream is to empower selected communities through ICT. This involves amongst other things the provision of new and innovative technology such as multi media and broadband services where applicable. Through this technology it is hoped that communities will be able to effectively address their social, educational, technological and economical needs. According to the Telkom Foundation an empowered community is a community that is able to sustain itself through development projects (Telkom Annual Report, 2007).

This strategy is made up of initiatives which among other things include:

- Food security projects;

- The introduction of permaculture or technical gardens to grow vegetables for both sustenance and commercialization;

- Skills training projects that will increase the skills base of the community;

- Projects that will raise awareness, respect and sensitivity to people living with disability and children;

- Economic development projects for women to generate revenue and projects that will lead to functional and effective schools as well as institutions of higher learning;

- To develop centres of excellence that will produce highly productive and skilled South Africans;

- Equally important the Telkom Foundation will partner with organizations that deal with issues affecting children, women and people living with disabilities;

- These organizations will contribute to the achievement of goals envisaged by the government through Accelerated and Shared Growth Initiative of South Africa (ASGISA). The focus of this phase is to contribute to the positive transformation of disadvantaged communities in areas where Telkom SA operates through social investment programmes aimed at achieving sustainable development;

- The Foundation is entrusted with a budget of approximately R51 million and spent R51.1 million in 2006, R50.2 million in the year ended 31 March 2007 (Telkom Annual Report, 2007).

## 2.7.1  Telkom Projects

Projects which were dominant during the year ending 31 March 2007 are as follows:

## 2.7.2 ICT empowered communities

In 2005, the Foundation launched its first Letsema Village, which heralded a new approach to the way the Foundation operates in projects of a similar nature. As the name suggests, Letsema, meaning "Volunteerism" in SeSotho participating on a voluntary basis, working together towards a common goal of empowering the community of the Dixie Village in Limpopo province.  The Foundation has taken on more villages, with additional projects rolled-out to involve the communities at large. At the end of the finan-

cial year ended 31 March 2007, nine ICT empowered communities, all modelled around the Letsema concept had been set up in some of the poorest and most remote areas across the country. These were in the Free State (Villiers and QwaQwa); Eastern Cape (Alice and Ndevana); KwaZulu-Natal (Empangeni, Inanda and Bergville); Northern Cape (Pampierstad); Mpumalanga (Elukwatini) and Limpopo (Sekhukhune).

In each village the Foundation was faced with the challenge of how to best address skills shortages, which were particularly prominent among women. The approach that the Foundation took was to initiate paradigm shifts in gender empowerment resulting in housewives becoming entrepreneurs. To achieve this goal a number of projects aimed at equipping women with skills were started. For the community of Villiers in the Free State, for example, the Qalabotjha multi-purpose centre was used as a base. A number of projects, including sewing, baking and the Ucingo project were introduced. Ucingo is a wiring skills project that the Foundation has been involved in for many years. It involves the use of waste copper wire to weave copper ornaments and other artwork. The Ucingo project recently received a major marketing boost when groups based in the Free State, Villiers Village and KwaZulu-Natal joined up for an exhibition that was organised by the Department of Arts and Culture in Richards Bay.

In schools, the Foundation assists by introducing gardens and agriculture projects that are supported by technology such as irrigation schemes and greenhouses. Community members also receive training to get the best results from the projects. Known as technosuss gardens, these projects continue to play a vital role in the integrated functioning of the impacted communities. The benefits of the garden scheme are twofold, learners and educators learn how the different scientific and biological principles apply practically; and the gardens provide these often poor, rural communities with food and possibly an income (Telkom annual report, 2007: 2).

### 2.7.3 Beacon of Hope

During the financial year ended March 31, 2007, the Foundation also initiated a project that aims to invest in the development of future leaders for the country, particularly in areas of maths and science. The Beacon of Hope programme is a new initiative that seeks

to support top Grade 7 learners from disadvantaged backgrounds and under resourced schools by sponsoring them to attend better resourced schools. The Foundation assists the learners with their financial requirements, tuition, leisure and all study related needs. Learners who perform well and wish to pursue careers in ICT are placed in better resourced schools and the Foundation pays all costs for their education and extra mural activities. The Beacon of Hope programme has 105 learners. The Foundation monitors the progress of these young people carefully to enable them to assist more young people to achieve their full potential (Telkom annual report, 2007: 3).

## 2.7.4 Giving from the Heart

The Giving from the Heart scheme was initiated in 2005 by Telkom's Human Resources department to give Telkom employees an opportunity to voluntarily give back to the community. As a natural progression, during the 2006 financial year, the project was absorbed into the Foundation portfolio because of the synergies between its functions and what it aims to achieve. The project is an opportunity for Telkom employees to be generous with their time and money and many have already heeded the call. Employees get involved in three ways to donate a part of their salary every month to Giving from the Heart initiatives. More than 5000 employees have already signed up; an option is to give their time and skills by participating in certain projects driven by the Foundation; and employees identify their own charity to which they give time and money and the Foundation matches their donations rand for rand (Telkom annual report, 2007: 3).

## 2.7.5 Other Foundation Projects

- Rally to Read: Since 1996 the Foundation has thrown its weight behind the Read Foundation's Rally to Read Marathon. The Marathon delivers equipment and learning materials that include libraries of books, educational toys, soccer balls and netballs, stationery kits and water bottles to rural and disadvantaged schools across the country (Telkom Annual Report, 2007).

- Investing in educators: The Foundation believes that significant investment in skills development of educators is necessary, as well as moral support, for the job chal-

lenges. In partnership with the Mathematics Centre for Professional Teachers, Telkom worked with 27 of its sponsors for Saturday classes to design and implement programmes to improve education and learning in the country, particularly focusing on maths Telkom Annual Report (2007).

- Adopt-a-Project: Over the past year, numerous schools and community centres were in the fortunate position of being "adopted" by some of Telkom's top management team through the Adopt-a-Project campaign. The projects involve various means of support in schools, setting up computer centres with Internet connectivity, educational equipment, books, fully equipped media centres and school uniforms (Telkom Annual Report, 2007).

- The Foundation Schools: In addition to connecting up new schools across country, the Foundation continued to support more than 500 Foundation schools accumulated over the years of the Foundation's endeavours to bridge the digital divide in South Africa (Telkom Annual Report, 2007).

## 2.8   CSR - The Eskom Perspective

Eskom entrenches corporate social investment as forming an integral part of corporate social responsibility. Eskom's CSR is reflected in its internal value system for conducting business and regulating operations. According to Eskom annual report (2007) the state-owned enterprise conducts its business operations with integrity, in a manner that is responsible to broader society, as demonstrated by its commitment to corporate governance, employment equity, and mitigation of environmental degradation management arising from its activities, product stewardship, open and fair procurement practices, respect for human rights, and its CSI programmes Eskom annual report (2007). According to Hanks (2002) the waste and pollution management known in South African legislation as environmental management co-operative agreements are seen as voluntary accords between the government and "any other person or community" for the purpose of implementing the law.

According to Eskom Development Foundation Report (2006) corporate social investment is one element of Eskom's corporate social responsibility. Corporate social investment donations and grants are defined as contributions made by Eskom to the benefit, sustainable development, and growth of primarily disadvantaged communities in which it operates, thereby giving it "licence to operate". Eskom considers its CSI programmes as an investment for a developmental return, and as such, the majority of these programmes will mainly take place within the framework of Eskom's electricity capacity expansion programme, with a focus on the ASGISA, which has objectives of skills development, job creation, including the Joint Initiative for Priority Skills Acquisition (JIPSA) and poverty alleviation. Grants and donations form part of Eskom's CSI programme (Eskom Development Foundation Report, 2006).

According to Everatt (2004) firms get more credit than they deserve. First National Bank, in a scenario-building exercise which resulted in a publication based on the predictions of 77 prominent South Africans, stated that "corporate social responsibility projects are going a long way to alleviate poverty, and to prove that South Africans do not see this challenge as one for government alone".

According to Eskom business report (2007) Eskom's CSI programmes face the following future challenges in delivering on its mandate:

- Maximising local content in executing the build programme to minimise slippage on the capacity build program.

- Maximising BEE, SME and BWO participation in existing business operations and in executing the build programme.

- Maximising skills development in executing the build programme Acceleration of the electrification drive, and

- Focused CSI programmes, through an integrated CSI strategy, to deliver on skills development, job creation and poverty alleviation (Eskom Business Report 2007).

## 2.9   Funding Strategy

The Eskom Development Foundation has specifically been formed as an entity in and through which most of the CSI initiatives of Eskom are managed. Specifically, donations and grants, are executed, but subject to the overall CSI philosophy and policy of Eskom. The Development Foundation is also responsible for its CSI programme execution. The CSI activities of Eskom and all its various divisions and subsidiaries are consolidated and reported on by the Development Foundation strategically positioned in the Office of the Chief Executive (Eskom Development Foundation, 2007)

Eskom's developmental mandate rests on the corporate sustainability drive which is driven through its vision and embedded in shareholder compact (government) and commitment to the accelerated and shared growth initiative for South Africa. The strategic objectives of Eskom fall into four main areas, namely: technical performance, capacity expansion, funding and financial resourcing and development. In line with its strategic objectives Eskom has adopted a CSI cap of 3% of profit after tax and dividend, in line with the prevailing CSI trends in corporate South Africa (Trialogue, 2005).

All divisions clearly indicate CSI planned spend component of budget, together with proposed projects. CSI budget are managed centrally, but project approvals are done through divisional governance structures (Eskom Business Report 2007). A total of 77,415 people benefited from the grants and donations during the period 2006/7 and 200,986 people in 2006 (Foundation Annual Report, 2006/2007). The foundation spent R65 million in 2002, R44.1 million in 2003, R50.3 million in 2004, R42.1 million in 2005/6 and R43.7 millionin 2006/7 (Foundation AnnualReport, 2006/2007). The corporate social investment consolidated proposed budget at the end of 2006/2007 was R119 million transferred to development foundation (Eskom Business Report, 2007).

## 2.10 Eskom Philosophy on CSR

Eskom as the grantor of resources (cash, assets and services) for the purpose of CSI is committed to good corporate citizenship through its corporate social investment donations and grants initiatives (Eskom corporate social investment donations and grants pol-

icy, 2006). Eskom's strategy is partly to bring the necessary focus to bear through an appropriate delivery mechanism to support its objectives of effective and sustainable CSI. Eskom's contribution to ASGISA will be mainly through its core business of supplying electricity, and by leveraging associated activities such as its corporate social investment programme, the infrastructure build programme and electrification to support the development of the second economy. Eskom's CSI philosophy is to contribute towards the development and up-liftment of primarily previous disadvantaged communities where it operates (i.e. redressing the imbalances of the past).

The primary driver is development, even though the outcome position Eskom as a responsible corporate citizen, however, positioning in itself is not the primary driver (Eskom Business Report, 2007). This includes activities that have a social element, resulting in a direct up-liftment benefit to the community, even though the objective may be a business imperative (e.g. awarding of bursaries for pipelining into Eskom's future resource pool). This includes sponsorship activities that have a social element, even though the objective may be a business imperative (e.g. Proudly SA campaign and publicity mileage), and donations related activities including donations of assets and services (Eskom Business Report, 2007).

According to Sommer (1989: 16) "social responsibility refers to an organisation that voluntary expends its resources to do something not required by law and without immediate economic benefit". Jones (1990: 4) suggests that "society expects businesses to fulfil their economic goals within a legal framework, although, abiding by the law is seen to be necessary, it is not seen as sufficient. The above emphasises that the organisation has responsibility to society, which extends beyond economic and legal obligations.
Carroll (1979: 55) argues that "being profitable is the foundation of CSR, but that operations are also expected to be conducted within the law. The business is also expected to be ethical and to be a good corporate citizen".

## 2.11 Eskom Projects

The following are some of the projects which were funded by ESDEF to contribute to the upliftment and improve the quality of life of the community (Foundation Annual Report, 2006 and 2007).

## 2.11.1 Commercial Towbar and Bullbar Manufacturers CC

This project was of an economic nature and performed successfully (Eskom Development Foundation Report, 2007). The business is situated in Braelyn Industrial in East London. The business started operating on the 1 June 2000 but was registered in 1996 as a close corporation. The business is owned by two entrepreneurs and employs eight people. Five additional jobs were created in the short term due to additional capital injection granted by Eskom in support of contributing to the development of an economic business and giving it an opportunity to become more sustainable and resulting in enhancement of Eskom's image through visibility in the area (Eskom Development Foundation Register of Projects, 2005).

## 2.11.2 Luthendo Community Project

This project was of an economic nature although it started as a social project and was unsuccessful (Eskom Development Foundation Procedural Manual, 2007). This is a registered Non Profit Making Organisation, The Luthendo Community project is owned by 368 people from the informal settlements of Ennerdale, Mountain View Hopps fields and Kappok, situated in Gauteng. The aim of the group was to establish a range of community based farming and allied enterprises that would provide employment, food security and poverty alleviation. The project has been provided with continued support for the technical and commercial expertise needed, to ensure the project's success by the Department of Agriculture. Eskom granted the initiative support based on the viability and sustainability of the project which appeared to provide development and empowerment of the community members for the longer term (Eskom Development Foundation Register of Projects, 2005).

### 2.11.3 National Youth Development Programme

The above project was of social nature and performed successfully (Eskom Development Foundation Procedural Manual, 2007), Buffalo City College was established in 2002 as a merger between East London College, Border College and John Knox Bokwe College. John Bokwe College focuses on business studies and engineering studies. The campus is situated in the previously and currently disadvantaged township of Mdantsane in the Eastern Cape and caters mostly for black South African learners. The college is under the administration of the Department of Education through a campus manager and has educators in various curriculums including electrical engineering.

Eskom's intervention, through the contribution of modern technology has encouraged learners to enrol for the electrical engineering field and discouraged migration of learners to other provinces such as Gauteng. The project has contributed towards improvement of education and more job and business opportunities for the learners after completion. Through Eskom's intervention students with high technical competency are produced and able to access jobs within Eskom and other companies (Eskom Development Foundation Register of Projects, 2005).

### 2.12 Conclusion

In summary, previous research and informational articles were reviewed for their contribution to the understanding of the concept corporate social responsibility. There is a considerable amount of literature on CSR and this indicates its importance, necessity and growing interest. Contrasting views expressed in the literature review indicate the need for further research. However, there is very little literature referring to the South African current situation and it is an area which warrants greater attention as well as more extensive research.

The challenge facing South Africa on CSR cannot be ignored, hence the major debate which further serves to complicate the concept, resulting in the difficulty of how corporate social responsibility and sustainability is conceptualised and subsequently operationalised. Fryer (1987) stresses that CSR is the notion that organisations have obligations to

stakeholder groups besides shareholders and beyond the responsibility required by law. Friedman's (1992) perspectives on CSR and other scholars of the "laissez-faire" school take the premise that business is, by its very nature, greedy, self-interested and has no concern for the welfare of society. These contrasting viewpoints further deepen the need for debate on corporate social responsibility. In reviewing and looking at the above funding strategy it will be important to assess the highlighted initiatives against the impact it may have on the socio economic challenges. This will serve to assess whether the funding objectives have been met.

The next chapter will explain the research methodology that will be used to analyse corporate social responsibility initiatives by Eskom to meet the developmental needs and challenges of the communities and economic growth.

# 3 CHAPTER 3: THE RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter will set out the methods of the study. The research methodology will be restated. In main, it deals with data collection and analysis, covers how data is derived from primary to secondary sources. The sample size will be discussed followed by the survey method used and design of main research instrument (questionnaire), which is used to collect the primary data.

### 3.1.1 Qualitative and Quantitative Approaches

These two research paradigms can be thought of, by purists of each paradigm, as mutually exclusive. However, the practical act of conducting research suggests that in fact, these two paradigms need not be mutually exclusive. Both paradigms can be used in a complementary and not necessarily contradictory fashion for the purpose of enhancing the outcome of the investigation (Creswell, 1998).

### 3.1.2 Definitions

### 3.1.2.1 Qualitative Methodology

The qualitative methodology is described by Creswell (1994) as a constructivistic or naturalistic approach an interpretative approach, or a postpositivist or postmodern perspective. It is a constructivistic approach because reality is not just thought of as a given fact, but as that which is constructed by individuals involved in the research situation as well. It is postpositivist or postmodern in the sense that it started as a counter movement to modernism or positivism of perceived rigid quantitative methodology.

It is interpretative insofar as it advocates for continuous interpretation of data while it is being collected. In this methodology there is a lot of interaction between the informants and the researcher which may even include the researcher leaving or spending some time at the research site. Here the researcher acknowledges and reports his/her biases.

Even the language used for reporting is different from that of quantitative methodology in the sense that the researcher may use the first person. Creswell (1994) argues that in qualitative methodology inductive logic prevails. Categories emerge from informants, rather than being identified as a priori by the researcher.

A distinctive and possibly the most interesting feature of this method is that the main concern is not so much the outcome or product but the process. Qualitative methods are concerned with understanding the phenomenon rather than predicting the outcome or control of variables.

Qualitative methodology deals mainly with descriptive data such as descriptions of people, places, words and pictures, phenomena which are not easily handled by statistical procedures (Wickham, 1997).

## 3.1.2.2 Quantitative Methodology

A very distinctive feature of this methodology is that it uses a deductive form of logic, wherein theories and hypotheses are tested in a cause-and-effect order (Creswell, 1994: 7). In this methodology, the researcher designs the research project with well defined and clearly distinguished variables and hypotheses and these remain fixed until the end of the study. Throughout the study, the researcher remains distant and independent from the object of research.

This method is seen as objective and this becomes even more evident in the language used in writing the report. The researcher has to use impersonal language when presenting the findings (Leedy and Ormrod, 2005: 97).

For instance the researcher may not use first person "I", but instead has to use the third person "the researcher". In some instances the researcher uses impersonal language like "It was discovered…….." instead of "I discovered that……". The importance of using the third person lies in the fact that the researcher must be seen to be an objective observer and not a subjective participant. Special sets of words such as relationships, comparison and within-group are used when the researcher writes the study. In other

words the researcher looks how variables relate to and affect one another (Creswell, 1994).

## 3.2 Theoretical Assumptions

In any research inquiry, the researcher has to address the issue of whether the study will employ a quantitative or a qualitative methodology.

Guba and Lincoln (1994) view quantitative and qualitative research as resting on divergent paradigms, and hence assumptions, about the study of social life. According to Henwood and Pidgeon (1993), the quantity-quality debate has been anchored within two apparently opposed epistemological positions known variously as 'experimental', hypothetico-deductive' or 'positivism' and the 'naturalistic', 'contextual' or 'interpretive' approaches respectively. However, Bryman (1988: 108) neutralizes this quantitative – qualitative debate by suggesting, "the distinction between qualitative and quantitative research is really a technical matter whereby the choice between them is to do with their suitability in answering particular research questions". Riley, Wood, Clark, Wilkie and Szivas (2000) observe that it serves no useful purpose to regard qualitative and quantitative methods as inherently mutually exclusive. Qualitative in this context means an approach whose concern is with the nature of the phenomenon, as opposed to the quantity or amount of it (Hagen, 1992).

It is for the above reasons that a quantitative research design was chosen as the most suitable for understanding how Eskom conducts its corporate social investment programmes. Qualitative research is multi-method in focus, involving an interpretive, naturalistic approach to its subject matter (Denzin and Lincoln, 1998). In qualitative research, the researcher observes and records conversations, actions, and events and then tries to interpret them and their meaning through a range of concepts and theories which owe their explanatory power to factors other than statistical techniques or formulae (Riley, Wood, Clark and Szivas, 2000).

Blumberg, Cooper and Schindler (2005) also point out the different approach of the research study, namely the one between qualitative studies and quantitative studies.

Quantitative studies rely on quantitative information (i.e. numbers and figures), while qualitative studies base their accounts on qualitative information (i.e. words, sentences and narratives). Quality is the essential character or nature of something; quantity is the amount. Quality is the what; quantity the how much. Qualitative refers to the meaning, the definition or analogy or model or metaphor characterizing something, while quantitative assumes the meaning and refers to a measure of it.

The term qualitative research encompasses several approaches to research that are, in some respects, quite different from one another. Yet all qualitative approaches have two things in common. First, they focus on phenomena that occur in natural settings - that is, in the "real world." And second, they involve studying those phenomena in all their complexity. Qualitative researchers rarely try to simplify what they observe. Instead, they recognize that the issue they are studying has many dimensions and layers, and so they try to portray the issue in its multifaceted form (Leedy and Ormrod, 2005). They further argue that it should not be assumed that qualitative research is "new" or "modern." In fact, many researchers believe that all inquiry starts out in a qualitative form (Lauer and Asher, 1988). When little information exists on a topic, when variables are unknown, when a relevant theory base is inadequate or missing, a qualitative study can help define what is important - that is, what needs to be studied.

Leedy and Ormrod (2005: 180), assert that in quantitative research, an observation study is quite different. Typically, the focus is on a particular aspect of behaviour. Furthermore, the behaviour is quantified in some way. In some situation, each occurrence of the behaviour is counted to determine its overall frequency. In other situations the behaviour is rated for accuracy, intensity, maturity, or some other dimension. But regardless of approach, the researcher strives to be as objective as possible in assessing the behaviour being studied.

Saunders, Lewis and Thornhill (2003: 327) say that virtually all research will involve some numerical data or contain data that could usefully be quantified to help answer the research question(s) and to meet the objective. Quantitative data refers to all such data and can be a product of all research strategies. It can range from simple counts such as

the frequency of occurrences to more complex data such as test scores or prices. To be useful these data need to be analysed and interpreted. Quantitative analysis techniques assist this process. These range from creating simple tables or diagrams that show the frequency of occurrence through establishing statistical relationships between variables to complex statistical modelling.

In conclusion, when conducting quantitative research methods, numerical estimation and statistical inference from a generalisable sample are often used in relation to a larger "true" population of interest. In qualitative research, narrative description and constant comparison are usually used in order to understand the specific populations or situation being studied. As a result, quantitative research is oftenly seen as a method trying to demonstrate causal relationships under standardised (controlled) conditions. Conversely, qualitative research is usually seen as a method seeking better understanding of some particular, natural (uncontrolled) phenomenon  (Casebeer  and Verhoef, 1997).

## 3.3  Justification of method

Quantitative research method is employed in this study as a result of its positivist philosophy which assumes that there are social facts with an objective reality apart from the beliefs of individuals. Qualitative research is rooted in phenomenological paradigm which holds that reality is socially constructed through individual or collective definitions of the situation (Taylor and Bogdan, 1984).

According to Leedy and Ormrod (2005) quantitative studies represent the mainstream approach to research, carefully structured guidelines exist for conducting them. Concepts, variables, hypotheses, and methods of measurement tend to be defined before the study begins and remain the same throughout. Quantitative researchers choose methods that allow them to objectively measure the variables of interest. Researchers also try to remain detached from the research participants which result in drawing unbiased conclusion.

Quantitative research seeks to explain the causes of changes in social facts, primarily through objective measurement and quantitative analysis.  Finally, the approach of the quantitative researcher typically employs experimental or correlational designs to reduce

error, bias, and other noise that keeps one from clearly perceiving social facts (Cronbach, 1951).

## 3.4   Population

The population of this study consists of Eskom's personnel as indicated in chapter one. Although Eskom Development Foundation personnel is the focus group due to the nature of their business which is relevant to this research, the target population of this research is the Eskom employees selected from the four Eskom divisions, namely, Generation, Transmission, Distribution and Corporate (which includes ESDEF). The sample is the 95 employees randomly selected, hence those who responded were 61 on the stipulated date. The sample of 95 employees will be chosen because the study sets out to examine Eskom's current funding strategy, focus and policies in an attempt to investigate Eskom's involvement in corporate social responsibility and sustainability.

## 3.5   Sampling Technique

Questionnaires will be distributed to employees of the four Eskom divisions, the researcher will use a non-probability – non-random and subjective, restricted, purposive sampling method based on the researcher's judgement. According to Willemse (1990) defines non-probability sample as "any techniques in which the selection of the sample items is not determined by chance, but rather by personal convenience, expert judgement, or type of conscious researcher selection".  No person is compelled to complete the questionnaire; therefore the possibility exists that not all who receive the questionnaire may choose to return a completed questionnaire.

**Table 3.1**:  Total sample consist of (95) people

| Sampling Frame | Circulated Questionnaires | Responses Received |
|---|---|---|
| Eskom Personnel | 95 | 61 |

The population for this research study was focused on the role that Eskom plays towards CSR and sustainability in South Africa. The Eskom emailing system which referred to as the GroupWise system was used as a database that contained the population of Eskom Holdings employees.

## 3.6   Validity and Reliability

In general, given the nature of quantitative research, the question always arises whether the research is truly unbiased and to what degree it describes what it has set out to describe. CSR is not immune to these concerns. According to Glaser (1978) and Kim and Mueller (1978) the constant comparison method has been likened to factor analysis where, every piece of data is compared with every other piece of data. Hence, large amounts of data are not only reduced to a solution with a few factors, but these comparison techniques allow the underlying pattern of relationships to emerge. Through this constant comparison method, whereby one is continually checking tentative conceptualisations of the phenomenon, the "problem of elitism or, we-know-what's-best-for-you, can be avoided" (Stern, Allen and Moxley, 1984: 383). Therefore, it would appear that in fusing the essences of qualitative and quantitative methods a two-fold advantage might be realised by the researcher in finding natural solutions to problems under study.

Leedy and Ormrod (2005) emphasize that the validity and reliability of a measurement instruments influence the extent of the outcome of a study about a phenomenon, the probability that statistical significance can be obtained and the extent to which a meaningful conclusion can be drawn from the data.  Validity of a measurement instrument refers to the extent to which the instrument measures what it is supposed to measure. Whilst on the other hand, reliability is the consistency with which a measuring instrument yields a certain result when the entity being measured has not changed. Reliability is a necessary but insufficient condition for validity.

## 3.7  Data Collection and Analysis

Having previously discussed CSR from a theoretical perspective, with the sample size in mind, a discussion regarding the actual data collection and analysis procedures is in

order. It should be stressed that data collection and data analysis was conducted sequentially to analyse corporate social responsibility in Eskom. Data was collected from a sample indicated in table 3.1 and the sample was the 95 employees, hence those who responded were 61 on the stipulated date. According to Kothari (1995) in dealing with any real-life problem it is often found that data at hand are inadequate, and hence, it becomes necessary to collect data that are appropriate. There are several ways of collecting the appropriate data which differ considerably in context of money costs, time and other resources at the disposal of the researcher.

Oliner (1984) states that, first, in retaining theory building techniques that call for continually redesigning of the analysis, the approach allows for the creative flow of ideas; and second, through careful coding of the data in addition to constant comparison method of new data the approach assures that emerging theory on this study is grounded in the present data and not forced into some previous theories that do not fit. Glaser and Strauss (1967) assert that in order for a theory to have credibility - in other words, validity- it must "fit, have grab and work". Fit refers to the categories in that they must be readily evident from the data - or be grounded, to have grab is to have relevance to the participant group, and for it to work is to have the theory explain what happened. De Milo, Lipton and Perlis (1979) substantiate this claim when they observe that the true test of theory and its acceptability is whether (or not) it is reasonable and makes sense. To this end, Glaser (1978) suggests that findings are soon forgotten, but not good ideas.

Data in this study is largely quantitative, hence a quantitative data analysis procedure was used. For data analysis, the statistical package for social science (Statistica) was used for both descriptive and inferential statistics. Further, an Excel spreadsheet with all the relevant questions from the questionnaire was developed and this made the analysis and comparisons of average scores per the questionnaire possible. The theoretical analysis formed the basis for questionnaire compilation and a questionnaire was compiled and distributed to Eskom employees for this study. The questionnaire was compiled in a format that ensures confidentiality of information and anonymity of the respondent (Appendix B).

The respondent's related details are recorded on the response form, and the individual's specific details like job title, job description, identity number, for example, is not required. The questionnaire consists of three components. The first component is a covering letter that will explain the purpose of the questionnaire. A covering letter, as suggested by Bailey (1994), was used to introduce the research topic, to inform respondents about the nature of the study, to stimulate interest, and to encourage them to participate in the research. A copy of this letter can be found in Appendix A. The second component of the questionnaire requests certain demographic information, gender, age, highest educational qualification and duration of employment.

The third component contains specific research questions which explores the role and perceptions towards corporate social responsibility. The full questionnaire is contained in Appendix B. A categorical rating scale will be used to measure the responses. The categorical scale is chosen over a comparative scale because respondents will score objects without direct reference to other objects. A 5-point Likert intensity scale will be used as scale design for the questionnaire due to ease of construction, ease of use and good discriminating ability. The scale consists of a statement expressing either a favourable or unfavourable attitude towards the object of interest. The survey method selected for this research is an e-mail survey, which is preferred for its advantages over other methods. The completed questionnaires will be collected via e-mail and in print form.

## 3.8 Conclusion

This chapter explained the research methodology that was followed to obtain data. Details of the sample size and research design process were described and presented. Explanation on how the survey was conducted and also an account of the survey method followed and preferred for its advantage in conducting the study. Following this, the chapter focused on the meaning of validity and reliability in this study and explained how statistical significance of the results is determined.

The theory of corporate social responsibility, which includes the field of this study, is in an evolutionary stage, and therefore advancement of theory will benefit from research which moves from exploration through description to understanding.

The next section will record and interpret the data received from the questionnaires. The responses will be classified in accordance with the question groups.

# 4 CHAPTER 4: FINDINGS AND INTERPRETATIONS

## 4.1 Introduction

This chapter provides the results of the survey. This chapter also reports empirical findings to empirical research questions (see Appendix B) and demonstrates the findings through the use of graphs. Tables demonstrating some of the findings can be found in Appendix C. The methodology described in the previous chapter has laid the foundation for understanding of what will be described in this chapter, a theoretical framework for describing the phenomenon, corporate social responsibility and sustainability in South Africa. The research was of a quantitative analytic nature, entailing a research methodology based on questionnaires and sampling techniques, the appropriate form of statistical quantifications in the analytical program, Statistica and interpretations of results in terms of parameters of significance projected by Statistica.

The chapter will also outline the questionnaire design, which can be found in Appendix B. Respondents were informed at the outset that this was a voluntary survey and their responses would remain confidential. Whilst respondents were informed that their participation was voluntary , they were encouraged to participate by being assured that their assistance, through their participation, was needed. The categorical scale of rating was used to measure the responses. The categorical scale was chosen over the comparison scale because respondents could score objects without direct reference to rating. The categorical scale was chosen over the comparison scale because respondents will score objects without direct reference to other objects. A 5-point Likert intensity scale was used as scale designed for the questionnaire due to ease of construction, ease of use and good discriminating ability (Cooper and Emory, 1995).

## 4.2 Demographic Characteristics of the Respondents: Analysis and Results

### 4.2.1 Gender

As indicated in chapter 3, a questionnaire was circulated among a population of 95 (the questionnaire consisted of 21 questions and four demographic topical questions) and 61 responses were received with 34 no responses. This "no response", will not be considered for the purposes of this study almost 56% (34) of the respondents in the study were males, and 44% (27) were females. Gender will be used as one of the variables in the analysis of data to determine whether there is a difference between males and females, in social responsibility and Eskom funding objective.

Table 1 in appendix C shows the compositions of respondents in terms of gender. The gender composition of the sample is represented by the bar graphs below. Figure 1 bar graph indicates the gender targeted sample and figure 2 bar graph represent gender percentage response. It is usual to put numbers and percentages of the same variables on the same graph.

**Figure 1: Gender per Target Sample Graph**
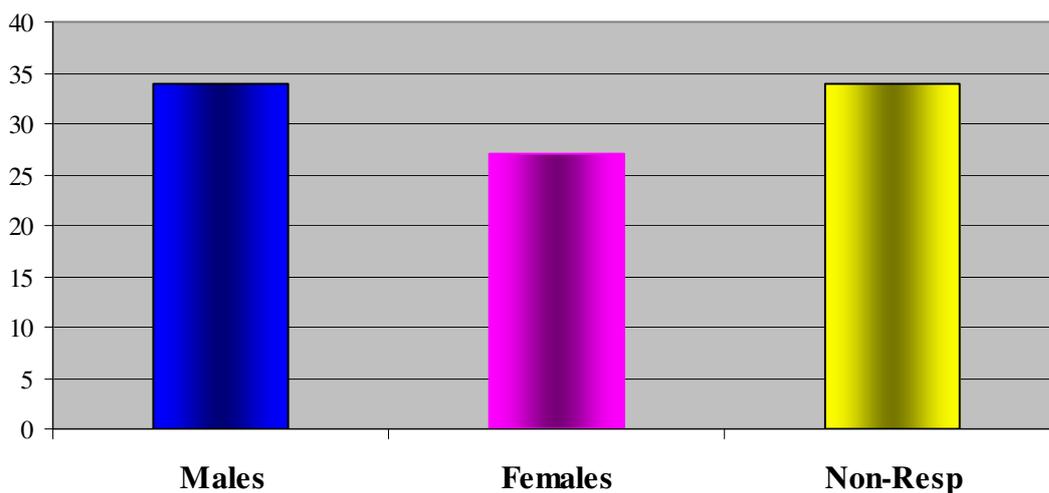
**Figure 2: Gender Percentage Response Graph**
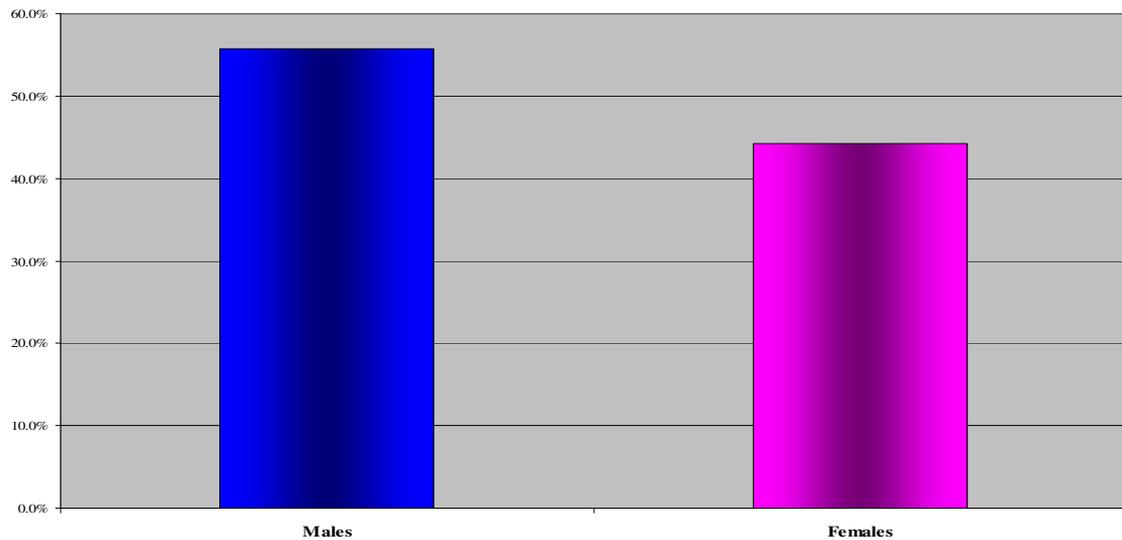


## 4.2.2 Age

Ages of respondents ranged from 25 years to over 60 years old. About 28% (17) of the respondents ages ranged between 25-35years and just over 36% (22) of the respondents' ages ranged between the ages of 36-45. Almost 21% (13) of the respondents fall within the ages of 46-55 year old category and almost 15% (9) respondents are over the age of 60. The overall response is 64% of the sample (95) and less than 36% of the respondents did not respond to this statement. Table 2 in appendix C shows a breakdown of the age categories of respondents. The categories of the sample are represented by Figure 3 below.

**Figure 3: Age as per Response Graph**
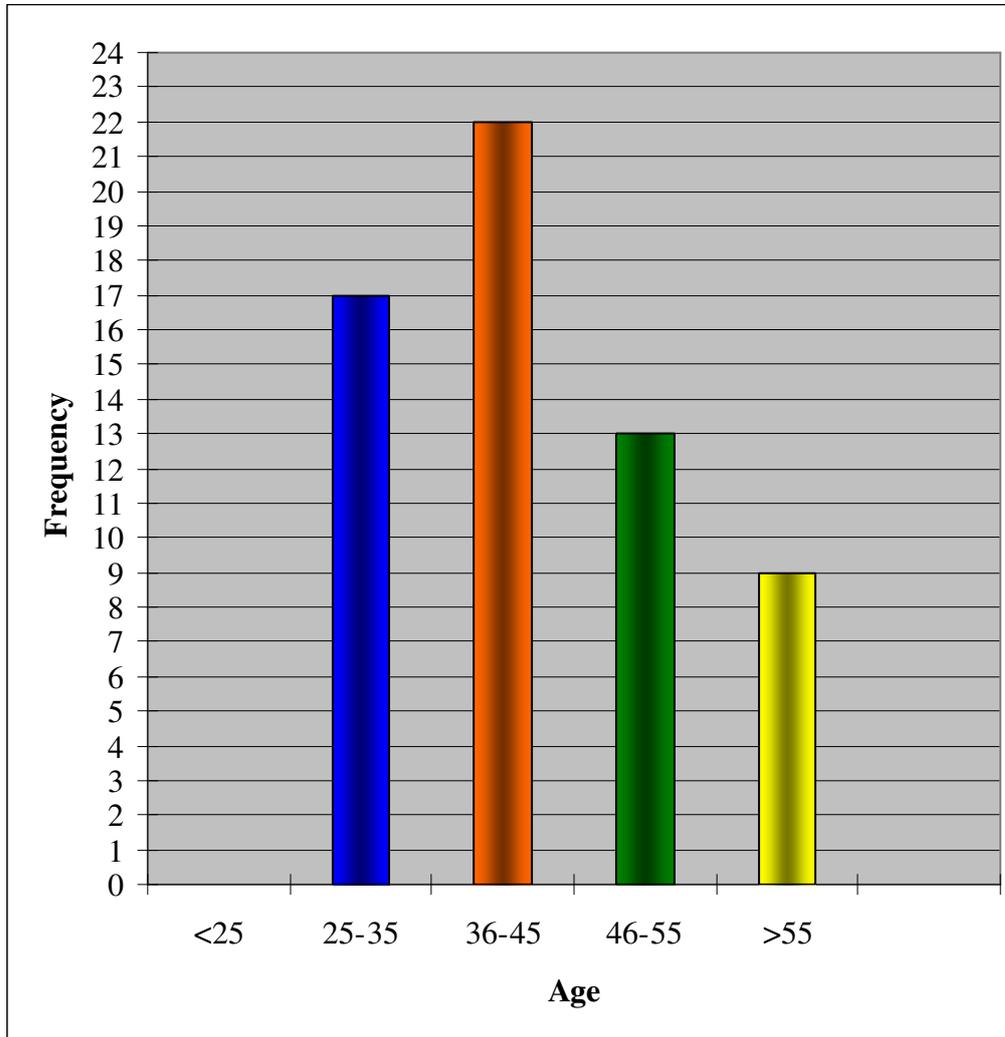


### 4.2.3 Educational Qualifications

The educational qualifications composition of the respondents in this study was as follows.

Almost 46% (28) were post-graduate degrees; just over 30% (18) were post-matric diploma or certificate, and just over 23% (14) were baccalaureate degrees, just over 2% (1) were grade 12 (matric, STD 10) and 0% were grade 11 or lower (STD 9 or lower). It must be noted that of all 61 responses received from the circulated sample, all respondents completed the questionnaire and indicated their educational qualifications. Table 3

in appendix C shows the educational qualification composition of respondents in this study. The educational qualification composition of the sample is represented in Figure 4 below.

## Figure 4: Qualifications as per Response Graph
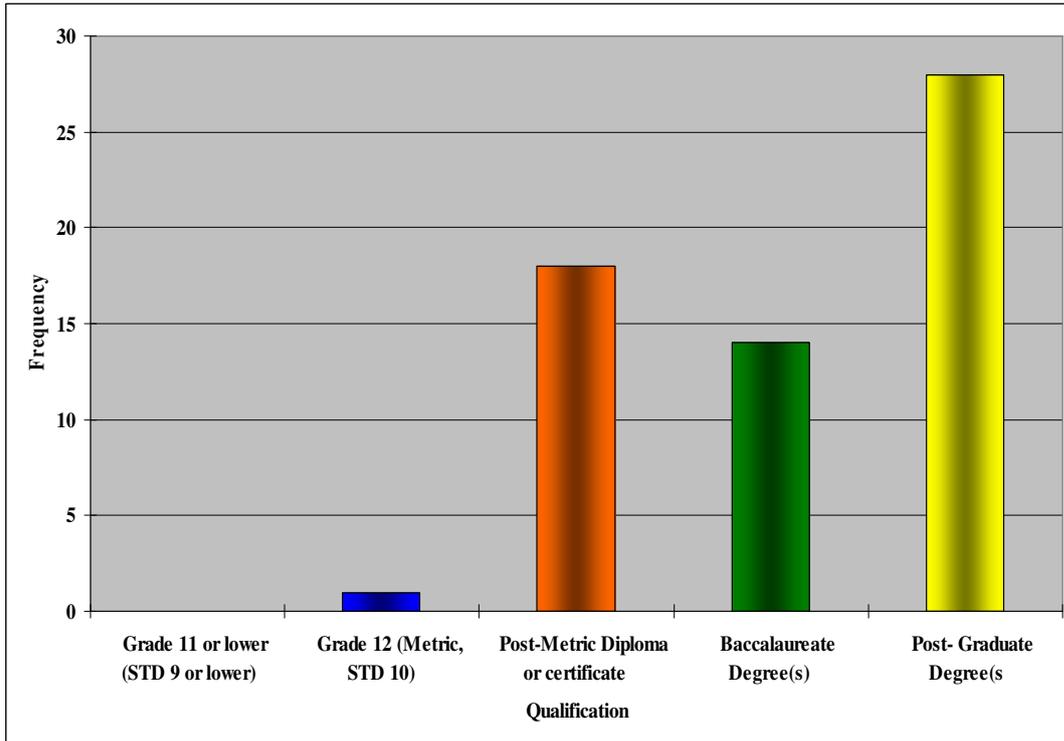


## 4.2.4 Duration of Employment

The Respondents' duration of employment with Eskom ranged from 2 years to more than 20 years of service. About 51% (31) of the respondent's duration of employment ranged between 10-20 years  and just over 23% (14) of the respondents duration of employment ranged between 5-10 years service of employment. Almost 15% (9) of the respondents fall within 2-5 years of working experience within Eskom and almost 12% (7) of the re-spondents have spent more than 20 years of service with Eskom. It must be noted that of the responses to this question, no respondent has spent less than one year from the responses received. Being a zero percentage this figure will not be considered for purpose of this study. Table 4 in Appendix C, shows the employment duration of respondents in

this study. The employment duration of the sample is represented in Figure 5 by the bar graph below.

**Figure 5: Duration as per Response Graph**
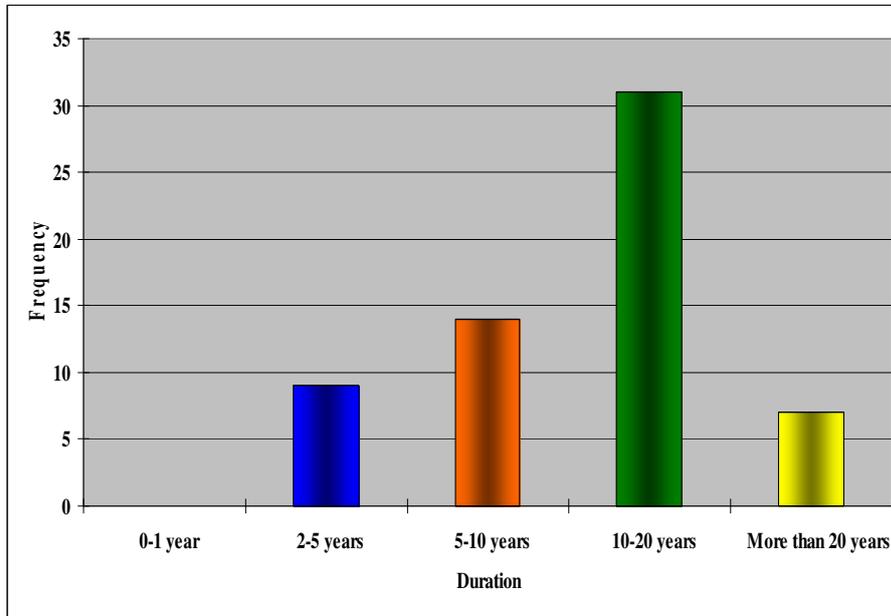


## 4.2.5 Interpretation of Results About the Demographics of the Respondents

In this section of the questionnaire trends in terms of gender indicate that male and female respondents in this survey were evenly distributed in the following category of the responses on educational qualifications and duration of employment. The duration of employment and diploma/certificate sample is represented by table 1.

**Table 1: Duration of employment in Terms of Qualification: Diploma/Certificate**

| | |
|---|---|
| 4 > than 20 years | 22.2% |
| 10 between 10-20 years | 55.6% |
| None between 5-10 years | 0.0% |
| 4 between 2-5 years | 22.2% |

Almost 22.2% (4) of the respondents in the category of diplomas have more than 20 years of service with Eskom, and just over 55.6% (10) are between 10-20 years of service, none between 5-10 years of service, and just over 22.2% (4) are between 2-5 years of service. There is an equal distribution of percentage in the duration of employment and diploma qualification in the category of respondents with more than 20 years and 2-5 years. For the diploma/certificate, gender was evenly distributed males 10 and females 8. Another variable of the respondents stem from the age group. The age sample is represented in table 2.

**Table 2: In the Diploma/Certificate category there is an equal proportion of respondents**

| | Age | Percentage | Frequency |
|---|---|---|---|
| between the age of 25-35 | >55 | 11.1% | 2 |
| and 46-55 | 46-55 | 33.3% | 6 |
| The smallest prop for Dipl/Cert | 36-45 | 22.2% | 4 |
| was in the >55 age group | 25-35 | 33.3% | 6 |
| **Total** | | **100%** | **18** |

In this section of questionnaire respondents in the category of degrees are as follows, the duration of employment and the degree sample is represented by table 3.

**Table 3: Duration of employment in Terms of Qualification: Degree**

| | |
|---|---|
| > than 20 years | 7.1% |
| between 10-20 years | 35.7% |
| Between 5-10 years | 50 .0% |
| between 2-5 years | 7.1% |

About 7.1% (1) of the respondents in the category of degrees have more than 20 years of service with Eskom, and just over 35.7% (5) are between 10-20 years of service, almost 50% (7) are between 5-10 years of service and just over 7.1% (1) are between 2-5 years of service. There is an equal distribution of percentage in the duration of employment and degree qualification in the category of respondents with more than 20 years and 2-5 years. For the degree qualification the gender was evenly distributed between the number of males (8) and females (6).  The other variable of the respondents stem from the age group. The age sample is shown in Table 4 for degree category.

**Table 4: In the Degree category the proportion of respondents differs between all age group**

|  | Age | Percentage | Frequency |
|---|---|---|---|
| More than 55 | >55 | 21.4% | 3 |
| and 46-55 | 46-55 | 7.1% | 1 |
| The smallest prop for Degree | 36-45 | 57.1% | 8 |
| was in the 46-55 age group | 25-35 | 14.3% | 2 |
| **Total** |  | **100%** | **14** |

In this section of the questionnaire, respondents in the category of postgraduates are as follows, where the duration of employment and the postgraduate sample is shown in Table 5 for Postgraduate.

**Table 5: Duration of Employment in terms of Qualification: Postgraduates**

| 2 > than 20 years | 7.1% |
|---|---|
| 15 between 10-20 years | 53.6% |
| 7 Between 5-10 years | 25.0% |
| 4 between 2-5 years | 14.3% |

Almost 7.1% (2) of the respondents in the category of postgraduate have more than 20 years of service with Eskom, and just over 53.6% (15) have between 10-20 years of service, almost 25% (7) have between 5-10 years of service and almost 14.3% have between 2-5 years of service. The distribution percentage differs in the duration of employment and postgraduate qualification in all categories of years of service of respondents. For the post-

graduate qualification the gender was evenly distributed, the number of males being 15 and females 13. The other variable of the respondents stem from the age group. The age sample is represented in Table 6 for Postgraduates. In the Postgraduate category there is an equal proportion of respondents between the ages of 25-35years and 36-45. The smallest prop for Postgraduate was in the >55 age group.

**Table 6: In the Postgraduate category there is an equal proportion of respondents**

|  | Age | Percentage | Frequency |
|---|---|---|---|
| between the ages of 25-35years | >55 | 14.3% | 4 |
| and 36-45 | 46-55 | 21.4% | 6 |
| The smallest prop for Postgraduate | 36-45 | 32.1% | 9 |
| was in the >55 age group | 25-35 | 32.1% | 9 |
| **Total** |  | **100%** | **28** |

Table 6 above indicates that in the category of qualification distribution on diplomas, degrees and postgraduate, no significant differences were noted in terms of gender; differences are noted in terms of age. Respondents between age 36-45 in the category of degree and postgraduate qualifications scores a high percentage whilst in the diploma category the highest percentage score is between the ages, 25-35 and 46-55.

### 4.2.6 Section B – Roles and Perceptions

The next section which is part B of the questionnaires appendix B explores the role and perceptions towards CSR. The composition of the sample questionnaires is represented by the factor analysis graph below. According to Leedy and Ormrod (2005) factor analysis examines the correlations among a number of variables and identity clusters of highly interrelated variables that reflect underlying themes, or factors, within the data.

Darlington (1973) states that the purpose of factor analysis is to discover simple patterns in the pattern of relationships among the variables. In particular, it seeks to discover if the observed variables can be explained largely or entirely in terms of a much smaller number of variables called factors.

**Figure 6: Factor Analysis Graph**
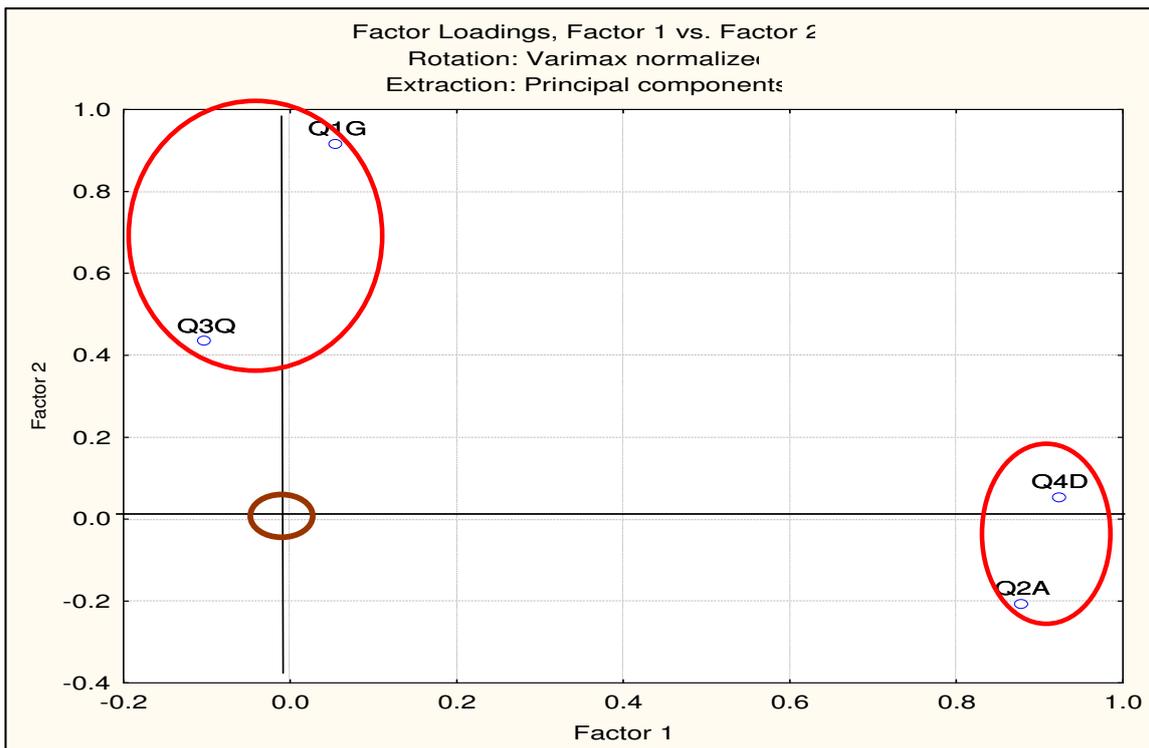


This factor analysis graph illustrates that the more the responses move away from the origin (brown circle), the higher the inter-relationships between the responses that cluster together. The gender and qualifications tend to group together and duration and age tend to group together, which indicates that what you can expect from males you can also expect from females in terms of qualifications showing that respondents are not dependent on each other (males and females). The sample indicates that gender was evenly distributed in terms of qualifications. From the graph above there is an indication the age of the respondents (Q2A) and the duration of employment within the company (Q4D) are marginally in contrast: i.e. duration and age shows that employees with long service and ages between 46 – 55 tend to be far away from everybody else. A similar argument is

illustrated in the graph between gender (Q1G) and qualification (Q3Q). However, these relationships are substantiated by means of hypothesis testing using a Chi-Squared statistics. There is no significant preference in qualification between genders (as per Chi-Square Test in qualification Table 4, Appendix C). Table 7 demonstrates the frequency table for age by duration.

**Table 7: Frequency Table for Age by Duration**

| | Duration of Employment | | | | |
| --- | --- | --- | --- | --- | --- |
| | **2-5 years** | **5-10 years** | **10-20 years** | **> 20 years** | **Row Total** |
| **25-35** **Observed Frequency** | 7 | 7 | 3 | 0 | **17** |
| Percentage | 11.48% | 11.48% | 4.92% | 0.00% | 27.87% |
| **36-45** **Observed Frequency** | 2 | 5 | 15 | 0 | **22** |
| Percentage | 3.28% | 8.20% | **24.59%** | 0.00% | 36.07% |
| **46-55** **Observed Frequency** | 0 | 1 | 9 | 3 | **13** |
| Percentage | 0.00% | 1.64% | **14.75%** | 4.92% | 21.31% |
| **>55** **Observed Frequency** | 0 | 1 | 4 | 4 | **9** |
| Percentage | 0.00% | 1.64% | 6.56% | 6.56% | 14.75% |
| **Column Total** | **9** | **14** | **31** | **7** | **61** |
| | 14.75% | 22.95% | 50.82% | 11.48% | 100.00% |

Table 7 shows how often the 4 values of age occur together with each of the 4 values of employment. The first number in each cell of the table is the count or frequency. The second number shows the percentage of the entire table represented by that cell. For example, there were 3 times when age equalled 25-35 and duration equalled 10-20 years. This represents 4.92% of the total of 61 observations. The above table indicates that there is a relationship between age and duration of employment (Appendix C Table 5).

The following is a composition of the sample questionnaires which is represented by the correspondence analysis graph below. Correspondence analysis is a descriptive/exploratory technique designed to analyze simple two-way and multi-way tables containing some measure of correspondence between the rows and columns.

The results provide information which is similar in nature to those produced by factor analysis techniques, and they allow one to explore the structure of categorical variables included in the table (StatSoft, 1984 – 2008: 1).

**Figure 7: Correspondence Analysis Graph**
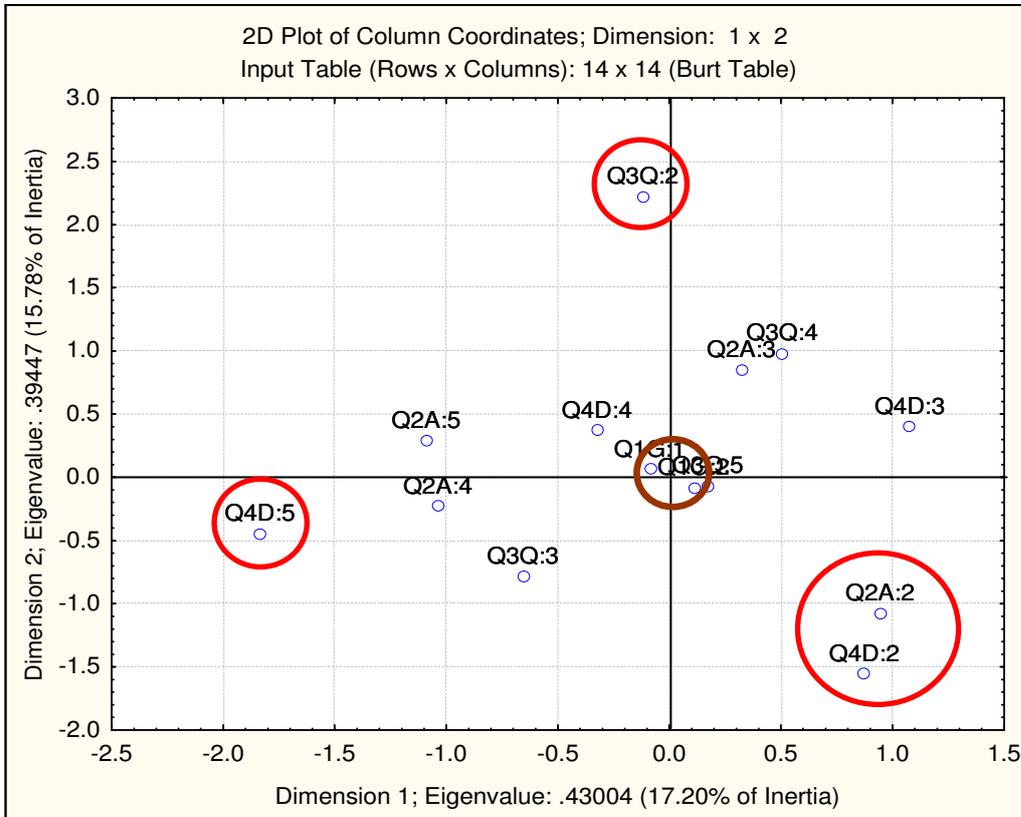


The above correspondence analysis graph indicates that the younger age and short term duration of employment turn to cluster together, which can be attributed in terms of how younger persons, in the age group of 25-35 years, think and behave. The graph shows that there is a strong correlation between the age group of 25-35 and the duration of employment being 2-5 years (see Q2A:2 and Q4D:2 in figure 7 above). The 33% (17.20% + 15.78%) explains the two axis of inertia that the data exercises.

According to StatSoft (2008: 2) Inertia is defined as total Pearson Chi-square for the two-way divided by the total sum, thus another way of looking at correspondence analysis is to consider it a method for decomposing the overall Chi-square statistic (or Inertia=Chi-square/Total N) by identifying a small number of dimensions in which the deviations from the expected values can be represented (StatSoft, 1984-2008: 3).

There is a significant relationship between age and duration of employment (see Appendix C table 5). However, the analysis shows that gender does not have an influence on the perception of the respondents on any of the factors in section B. The results indicate that the largest representation is in the 36 – 45 years of age category.

The following is a detailed break down of the type of questions that were posed to respondents on this survey (Appendix B), and the research problem was tested using a carefully constructed questionnaire in order to yield answers to the problem at hand.

## 4.3 Questions Referring to Circulated Questionnaire (Appendix B and Table B)

The questions were structured to reflect the following:

- Strategic Contribution;

- Funding Challenge;

- Corporate and Legal objectives;

- Long-term commitment;

- Community Involvement in CSR and;

- Programme Through Partnership.

These questions are itemised below as per question number in the Questionnaire.

### 4.3.1 Strategic Contribution

**Questions**

1. Eskom has an active Social Responsibility Programme.

2. The central purpose of Eskom is to generate electricity to the public interest.

3.  The management of Eskom should actively manage Social Responsibility Programmes.

5.  The management of Eskom should do more than the legislation requires in its concerns with the impact on society.

7.  Involvement in social issues is part of the culture of Eskom.

8.  It is important to measure return on social investments.

9.  The management of Eskom are prepared to answer to the concerted call for social investment.

10. The management of Eskom considers a contribution to a social cause to be an investment.

12. The management of Eskom should be the sole determinant of the objectives of the company.

14. Socially responsible investment leads to:    – Increased market share – Greater customer loyalty.

**Results (refer to Appendix C table 3)**

The results from the respondents are summarised below.

•   The respondents seem to strongly agree that Eskom has an active social responsibility programme and Eskom management should actively manage social responsibility programme.

•   Respondents strongly agree that the central purpose of Eskom is to generate electricity to the public interest.

•   The majority of respondents agree that management of Eskom should do more than the legislation requires, in its concerns with social impact in a society.

- Question 7, 8, 9 and 10 cluster together and seem to indicate that there is an agreement that management of Eskom consider contributions to a social cause to be an investment.

- Generally respondents agree that Eskom management should be the sole determinant of the objectives of the company.

- The respondents agree that socially responsible investment leads to greater customer loyalty. However, they disagree that socially responsible investment leads to increased market share.

### 4.3.2 Funding Challenge

**Questions**

4. The management of Eskom consider contributions to a social cause to be a cost to the company.

18. Only projects from the community which benefit Eskom are considered for funding.

**Results**

The results from the respondents are summarised below.

- The respondents generally disagree that the management of Eskom consider contributions to a social cause to be a cost to the company.

- Question 4 and 18 are close and seem to indicate that there is a disagreement in considering that only projects from the community that benefit Eskom are considered for funding.

### 4.3.3 Corporate and Legal Objectives

**Questions**

6. Right or wrong conduct of business can only be meaningfully defined by the law.

11. The management of Eskom should be the sole determinant of the objectives of the company.

**Results**

The results from the respondents are summarised below.

- Question 6 and 11 are grouped and seem to indicate that there is disagreement that management of Eskom should be the sole determinant of the company's objectives.

- There is also a strong disagreement that the law can meaningfully define right or wrong conduct of business.

### 4.3.4  Long-term Commitment

**Question**

13. Guidelines for social responsibility are ultimately guided by return on investment.

**Result**

The result from the respondent is summarised below.

- Most of the respondents seem to agree that social responsibility is guided by return on investment relative to CSR, and also they disagree with the statement that guide-lines for social responsibility are guided by return on investment.

### 4.3.5  Community Involvement in CSR

**Questions**

15. Eskom discusses funding objectives with the community before providing funding.

16. Eskom works towards a common understanding with the community on funding goals.

20. Eskom facilitates meetings with the community it funds as and when there is a need.

**Results**

The results from the respondents are summarised below.

- Question 15, 16 and 20 cluster closely together and the responses indicate that the discussion of funding objectives with community is closely related to working towards a common understanding between Eskom and the community about funding goals.

- Most respondents seem to agree that there is a common understanding on facilitation of meeting by Eskom in consultation with the community.

### 4.3.6 Programme Through Partnership

**Questions**

17. The programmes funded by Eskom are initiated by the community.

19. There are set dates for project review meetings with the community.

21. During the duration of the programme, report back meetings are initiated by my organisation.

**Results**

The results from the respondents are summarised below.

Question 17, 19 and 21 cluster together in addressing the issues of programmes and project management.

- There is a good indication that the respondents agree that community initiated programmes that are funded by Eskom have set dates for review meetings including feedback sessions throughout the duration of the programme.

## 4.4 Conclusion

The response rate of 64.21% is acceptable. The statistical analysis indicates that all the dimensions are reliable. The response to section B indicates most agreements with the statements in the questionnaire. However, there are few responses which reflect insignificant differences of disagreement. This survey has further shown that the majority of the respondents, from all age groups, know and understand that Eskom has to support and embrace CSR initiatives to alleviate poverty in the communities which it is serving. The findings reveal a dominant perception that Eskom is making a significant contribution on CSR to the communities (refer to table 7 pg 56). However, respondents seem to disagree in terms of return on investment relative to CSR. The conclusions of the study are set out in the next chapter. Recommendations are also made in the next chapter to address the findings.

# 5 CHAPTER 5: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Introduction

In this chapter, a summary of the research objectives, analytical discussion related to the findings, conclusions, and recommendations for research study are provided. These are the key points to project the relationships between perceived highlights of the many facts derived in the theory and practise literature, other findings, and the conclusions that emerged from this research study. It draws the overall conclusions of this study and suggests areas for further research pertaining to Corporate Social Responsibility and Sustainability.

### 5.1.1 Summary of the Research Objectives and Findings

Given that the intent of this study was to establish the role and contribution that Eskom plays towards CSR and sustainability in South Africa, the purpose of the study culminates in the development of a number of objectives that are set to guide the research process. The research objectives for the study were as follows:

- To investigate the impact of Eskom's contributions to the sustainable developmental needs of the community;

- To examine the extent of Eskom's current funding strategy, focus and policies on CSR

- To investigate the extent of Eskom's involvement on corporate social investment sustainability.

The subsequent discussion of research findings will be made in line with the research objectives.

## 5.1.2 The Impact of Eskom's Contributions to the Sustainable Developmental Needs of the Communities

The main objective of CSR according to the literature reviewed is to make a sustainable contribution to the developmental needs of the community (Mulligan, 1988).The research questions as per the questionnaire for this study were formulated in such a manner that would attempt to establish whether CSR implemented in Eskom Holdings fulfilled this objective. Evidence was found in the literature reviewed (Holme and Watts, 2000) indicated that in their analysis of different interpretations that exist within the business community CSR is no longer seen to represent an unproductive cost or resource burden, but, increasingly, as a means of enhancing reputation and credibility among stakeholders. For example Holme and Watts (2000) understand CSR as representing "the human face of highly competitive world of commerce" and of globalisation. In other words, it constitutes "the commitment of business to contribute to sustainable economic development".

The analysis of the research findings in Eskom with regard to CSR and sustainability yielded the following:

The results revealed a positive feedback which indicated that Eskom is making a significant contribution on CSR to the communities. An overwhelming majority of the respondents (60%) confirmed that Eskom is making a significant contribution on CSR. Furthermore the analysis revealed that 36% respondents of this study were males and 24% were females agreed with the statement, 17% males were neutral, 8% males disagreed, and 10% females were neutral, whilst 5% females disagreed. The relatively high total score of 60% of respondents reinforces the perceptions that CSR in Eskom has a positive impact to communities. A conclusion could be drawn from these results that, even though there is a small insignificant difference among the respondents, this difference is predominantly positive. This suggests that, for CSR to work, Eskom should work in partnership with all stakeholders. Based on the information above, even though there is a small insignificant difference in respondents' opinions, there is evidence that respondents hold similar views on the statement that Eskom is making a positive impact in communities. Furthermore the statement is supported on question 7, 8, 9 and 10 which

sought to establish whether CSR in Eskom had a positive impact towards the developmental needs of the communities in South Africa. The findings indicated that management of Eskom considered contributions to a social cause to be an investment.

The positive impact of CSR in Eskom on communities as confirmed by the research results is further strengthened by the research findings to questions 1, 3, 5, 15, 16, 17, 19, 20 and 21(chapter 4). A brief summary of the findings indicated that the respondents perceived a positive relationship between Eskom's CSR programmes and communities.

## 5.1.3 The Extent of Eskom's Current Funding Strategy, Focus and Policies on CSR

According to Eskom Annual Report (2007) the strategic objectives of Eskom fall into four main areas, namely, technical performance, capacity expansion, funding and financial resourcing and development. In line with its strategic objectives Eskom has adopted a CSI cap of 3% of profit after tax and dividend, in line with prevailing CSI trends in corporate South Africa (Trialogue, 2005). To assess this view, a statement was posed to the respondents to indicate their opinion on the statement that said: Eskom works towards a common understanding with the community on funding goals. More than half of the respondents (57%) were supportive of the statement, whilst (28%) were neutral and (15%) disagreed.

## 5.1.4 The Extent of Eskom's Involvement on CSI Sustainability

Farmer and Hogue (1985) refer to socially responsible actions by a corporation as those actions that, when judged by society in the future, are seen to have been maximum help in providing necessary amounts of desired goods and services at minimum financial and social costs, distributed as equitably as possible. According to Eskom Development Foundation Report (2006) corporate social investment is one element of Eskom's corporate social responsibility. Corporate social investment donations and grants are defined as contributions made by Eskom to the benefit, sustainable development, and growth of primarily disadvantaged communities in which it operates, thereby giving it "licence to operate". In line with this assertion, a statement was made to the respondents, to establish

whether involvement in social issues is part of the culture of Eskom. The overwhelming majority of the respondents (86%) were supportive of the statement with more than half of the respondents (58%) agreed and (28%) strongly agreed with the statement, (9%) were neutral, whilst (5%) disagreed.

## 5.1.5 Comparison Between the Proposition and the Findings

**Proposition 1**

The results revealed a positive feedback which indicated that Eskom is making a significant contribution on CSR to the communities.

An analysis of results confirmed that a positive correlation exist between Eskom CSR and communities. The positive impact has been confirmed by the research findings to questions 1, 3, 5, 15, 16, 17, 19, 20 and 21(discussed under paragraph 5.2.1 above). Furthermore a review of the research findings indicated 36% males and 24% females agreed with the statement that Eskom is making a significant contribution on CSR to the communities. However, the research results are marginally conclusive in support of the proposition because 17% males and 10% females of the respondents were neutral, did not agree nor disagree. 8% males and 5% females of the respondents disagreed with the statement.

**Proposition 2**

The results revealed that Eskom's current funding strategy and policies on CSR are implemented. A review of the research results indicated that more than half of the respondents (57) agreed with the statement that Eskom works towards a common understanding with the community on funding goals. However, the research results are marginally conclusive in support of the proposition because (28%) of the respondents were neutral on the matter, did not agree nor disagree. Whilst (15%) of the respondents disagree.

**Proposition 3**

In this case Eskom's involvement on corporate social investment indicated that Eskom made contributions to the benefit, sustainable development and growth of primarily disadvantaged communities. A review of the research results indicated that an overwhelming majority of the respondents (86%) were supportive of the statement, with more than half of the respondents (58%) agreed and (28%) strongly agreed with the statement, that involvement in social issues is part of culture of Eskom.

## 5.2 Conclusions

### 5.2.1 The Corporate Social Responsibility as a facilitator of meeting developmental needs and new challenges

The findings of the survey clearly indicate that corporate social responsibility in Eskom is predominantly characterised by an inappropriate corporate social responsibility programmes initiatives. The overwhelming impression based on the results is that the current corporate social responsibility programme are adopted and implemented directly without substantial adjustments to meet the new challenges of the communities.

These programmes are used merely because Eskom has failed to consider the issue of appropriateness. The similar view is indicated in chapter 2 due to the decline of Eskom funding to communities since 2003 – 2007. Furthermore Fryer (1987) in chapter 2 stressed that CSR is the notion that organisations have obligations to stakeholder groups besides shareholders and beyond the responsibility required by law.

### 5.2.2 Eskom's policy, strategic planning and Corporate Social Responsibility

The majority of respondents and from the literature reviewed seem to be holding similar views that there should be a link between Eskom Development Foundation and the communities preferences on projects identified, through which most of the corporate social investment initiatives of Eskom are managed. Failure to respond to the preferences of the communities prevents speedy implementation of projects and benefit to the community.

### 5.2.3 Assessment of Eskom's impact in addressing government initiatives

The conclusion drawn is that economic growth will result in electricity demand growth and positively impact Eskom's enterprise value, is relevant in addressing the challenges of reducing the unemployed in South Africa. The overwhelming impression based on the results is that cooperation between Eskom and Government through ASGISA will have an impact in addressing the social challenges in the communities. This cooperation is an important contribution towards the development of the country, resulting in a direct upliftment benefit to the community. The cooperation system should be established to provide a facility for reviewing, evaluating and monitoring on an ongoing basis as a means of management control.

### 5.2.4 Problems hampering the effectiveness of Corporate Social Responsibility envisaged by Eskom

From the literature reviewed and the findings of this study a problem is the meaningful support to ASGISA objectives taking care to ensure real empowerment and sustainable poverty alleviation. Eskom is challenged to meet the appropriate needs of the present generation without compromising the ability of future generations to meet their needs. Lack of common understanding about projects, project magnitude, identification process of projects and implementation thereof.

In chapter 2 it was argued that understanding of the concept of CSR in relation to pro-grammes and projects within the community by all stakeholders contribute towards the economic growth and sustainable development in the country. Evidence was found in the literature that supports the notion that an empowered community is a community that is able to sustain itself through development projects and that measurement might be considered as forming the basis of sustainable economic development and growth. Further, the literature revealed contrasting views expressed on the concept of CSR as defined by numerous authors in chapter 2. For example the status of profits in the context of social responsibility still remains an important aspect of defining CSR which deepen the need for debate on corporate social responsibility.

The research study has indicated that one of the basic requirements for contributing towards social responsibility is to involve the community in selecting projects to be undertaken. The importance of consulting with the community and leaders of the community is to ensure that programmes are meeting the needs of the people.

## 5.3 Limitations of Study

This section addresses the imperfections of the research design and acknowledges the limitations of this study.

- That the response received from the questionnaire in itself can create bias.
- The understanding and interpretation of certain concepts by respondents could distort the results.
- Previous experience with CSR could cause some respondents to be biased either negatively or positively.
- Lack of experience and exposure of certain respondents to CSR, could give rise to problems in interpreting certain statements.
- It is judicious to acknowledge that the construction of questions by the researcher inevitably led to the compromisation of the responses by the respondents. Despite these efforts, however, there is an awareness that a degree of bias arising from the unique experiences and expectations of the researcher is unavoidable.

## 5.4 Recommendations for Further Research

While this research may have shed a significant new light on the area of corporate social responsibility, much additional work needs to be done in order to respond to the following areas regarding the potential impacts of social responsibility and sustainable development. Based on what was found in this research, the future studies could be aimed at determining the following:

1) The impact of CSR initiatives to the rural communities is largely dependent on top management commitment and responsibility. Without the support and understanding of

top management Eskom's CSR is doomed for failure. Top management need to ensure that the required resources and the infrastructure to support the CSR programmes are made available when required.

2) The impact of economic recession on CSR initiatives and sustainability. The global recession, embedded in the financial sector, is creating an environment of cost cutting and streamlining. The current economy has produced a challenging environment and a challenge for sustainability in which to operate. Therefore in the period of economic distress and contraction, Eskom must prioritise in the face of recession, but CSR and sustainability should not be swept aside and Eskom must not overlook the importance of CSR.

3) Regular reviews by Eskom top management need to be in place to ensure that planned target are met. These CSR programmes and projects must be reviewed quarterly to ensure compliance to set standards. Such regular reviews will provide an opportunity for identifying areas that require improvement.

4) Finally, ESDEF as the custodian of CSR projects appears to be an unstable environment in terms of short term changes in its leadership which causes an uncertain future for its personnel.

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**Appendices**

**Appendix A**

**Covering Letter**

To whom it may concern

Title: The role that Eskom plays towards Corporate Social Responsibility (CSR) and Sustainability in South Africa

I am currently studying for my Masters in Business Administration at the University of KwaZulu-Natal (former University of Natal) and I have to complete a dissertation to fulfil the requirements of the degree. To compile the dissertation I need to conduct research into the role that Eskom plays towards Corporate Social Responsibility and Sustainability in South Africa and to motivate for use thereof.

You have been identified as one of the people that could be of assistance with the research and I thus request your participation in the research. Essentially, you would be required to complete a questionnaire.

Please note that your participation is voluntary. Your response would only be seen by the researcher and the study supervisor and will be treated with absolute confidentiality. On completion of the research, a dissertation will be compiled for submission to the study supervisor. The dissertation will be published but the identity of all participants will be treated as anonymous.

The questionnaire will take only about 10 to 15 minutes to complete. It would be greatly appreciated if you could complete the questionnaire promptly and as accurate as you can and return per e-mail to the researcher at adam.shongwe@eskom.co.za

Should you require further information or assistance or have any enquiry in completing the questionnaire, please do not hesitate to contact me.

Looking forward to your participation and assistance.

Yours sincerely

**Adam Shongwe**

Graduate School of Business

University of KwaZulu-Natal

**Study Supervisor:  Martin Challenor**


From:

**Adam Shongwe**

Business Support Services Manager

Business Support Services Department

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Fax: (011) 800-4737

e-mail: adam.shongwe@eskom.co.za

**Appendix B**


**QUESTIONNAIRE**

**Research Project title: The role that Eskom plays towards Corporate Social Responsibility (CSR) and Sustainability in South Africa**

What you say in this questionnaire will remain private and confidential. No one will be able to trace your opinions back to you as a person.

Please answer the following questions as truthfully as you can. Also, please be sure to read and follow the instruction.

You can mark each response by making a tick or a cross in the relevant block or writing down your answer in the space provided.

**Thank you in advance for completing this questionnaire**

Applicant:  Adam Shongwe   011 – 800 4571

Supervisor: Martin Challenor      031 – 260 8104

Participant: Permission to use my responses for academic research not revealed in the published records of the research.

Signature: ---------------------------------------------

I hereby give permission that my responses may be used for research purposes provided that my identity is not revealed.

Initial and surname -----------------------------------------------

Postal address: -----------------------------------------------

Postal code:------------------------

Contact numbers: Home:-------------------------------------- Cell:--------------------------

DECLARATION

I………………………………………………… (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participate in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

SIGNATURE OF PARTICIPANT                                    DATE

…………………………………………………………………………………………

**SECTION A:** Background or Demographic Information

This section of the questionnaire refers to background or demographic information. Although I am aware of the sensitivity of the questions in this section, the information will allow me to compare groups of respondents. Once again, I assure you that your response will remain anonymous. Your co-operation is appreciated.

| 1. Gender |
| --- |
| Male |
| Female |

| 2. Age at last birthday (in complete years) |
| --- |

| 3. Your highest educational qualification? |
| --- |
| Grade 11 or lower (STD 9 or lower) |
| Grade 12 (Matric, STD 10) |
| Post-Matric Diploma or certificate |
| Baccalaureate Degree(s) |
| Post- Graduate Degree(s) |
|  |

| 4. Duration of employment at Eskom or other at last anniversary (incomplete years) |
| --- |
| 0-1 year |
| 2-5 years |
| 5-10 years |
| 10-20 years |
| More than 20 years |

## SECTION B

This section of the questionnaire explores the role and perceptions towards CSR.

There are no "right" or "wrong" answers.

To what extent do you agree with each of the following statements. Please indicate your answer using the following 5 – point scale where:

**1. Strongly Disagree**
**2. Disagree**
**3. Neutral**
**4. Agree**
**5. Strongly Agree**

Eskom has an active Social responsibility Programme.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
|  |  |  |  |  |

2. The central purpose of Eskom is to generate  electricity to the public interest.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
|  |  |  |  |  |

3. The management of Eskom should  actively manage social responsibility programmes.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
|  |  |  |  |  |

4. The management of Eskom consider contributions to a social cause to be a cost to the company.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
|  |  |  |  |  |

5. The management of Eskom should do more than the legislation requires in its concerns with the impact on society.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
| | | | | |

6. Right or wrong conduct of business can only be meaningfully defined by the law.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
| | | | | |

7. Involvement in social issues is part of the culture of Eskom.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
| | | | | |

8. It is important to measure return on social investments.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
|  |  |  |  |  |

9. The management of Eskom are prepared to answer to the concerted call for social investment.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
|  |  |  |  |  |

10. The management of Eskom considers a contribution to a social cause to be an investment.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
|  |  |  |  |  |

11. The management of Eskom should be the sole determinant of the objectives of the company.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
| | | | | |

12. Concern for the welfare of others should be the principle that guides the conduct of organisations.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
| | | | | |

13. Guidelines for social responsibility are ultimately guided by return on investment.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
| | | | | |

14. Socially responsible investment leads to: – Increased market share – Greater customer loyalty

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
|  |  |  |  |  |

15. Eskom discusses funding objectives with the community before providing funding

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
|  |  |  |  |  |

16. Eskom works towards a common understanding with the community on funding goals

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
|  |  |  |  |  |

17. The programmes funded by Eskom are initiated by the community.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
| | | | | |

18. Only projects from the community which benefit Eskom are considered

for funding.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
| | | | | |

19. There are set dates for project review meetings with the community.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
| | | | | |

20. Eskom facilitates meetings with the community it funds as and when there is a need.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
|  |  |  |  |  |

21. During the duration of the programme, report back meetings are initiated by my organisation.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
|  |  |  |  |  |

Thanks again for helping me with this survey

Adam Shongwe

**Table B**

| | Response | |
| --- | --- | --- |
| | **Average** | **Stdev** |
| **Quest. 1** | 4.20 | 0.94551 |
| **Quest. 2** | 4.51 | 0.744378 |
| **Quest. 3** | 4.25 | 0.849622 |
| **Quest. 4** | 2.74 | 1.078605 |
| **Quest. 5** | 4.13 | 1.024295 |
| **Quest. 6** | 2.36 | 1.342048 |
| **Quest. 7** | 4.03 | 0.893816 |
| **Quest. 8** | 4.16 | 0.969198 |
| **Quest. 9** | 4.08 | 0.640184 |
| **Quest. 10** | 3.92 | 0.953853 |
| **Quest. 11** | 2.26 | 1.093948 |
| **Quest. 12** | 3.82 | 1.008434 |
| **Quest. 13** | 3.02 | 1.147342 |
| **Quest. 14** | 3.85 | 1.077591 |
| **Quest. 15** | 3.48 | 0.9765 |
| **Quest. 16** | 3.51 | 1.058662 |
| **Quest. 17** | 3.25 | 0.994246 |
| **Quest. 18** | 2.62 | 1.127888 |
| **Quest. 19** | 3.44 | 0.866499 |
| **Quest. 20** | 3.49 | 0.905961 |
| **Quest. 21** | 3.49 | 0.744378 |

**Appendix C**

**Table 1 Gender**

| | MALES | | FEMALES | |
|---|---|---|---|---|
| R 1 | 1 | R 3 | 2 | |
| R 2 | 1 | R 8 | 2 | |
| R 4 | 1 | R 10 | 2 | |
| R 5 | 1 | R 11 | 2 | |
| R 6 | 1 | R 12 | 2 | |
| R 7 | 1 | R 14 | 2 | |
| R 9 | 1 | R 17 | 2 | |
| R 13 | 1 | R 20 | 2 | |
| R 15 | 1 | R 21 | 2 | |
| R 16 | 1 | R 23 | 2 | |
| R 18 | 1 | R 24 | 2 | |
| R 19 | 1 | R 29 | 2 | |
| R 22 | 1 | R 30 | 2 | |
| R 25 | 1 | R 31 | 2 | |
| R 26 | 1 | R 33 | 2 | |
| R 27 | 1 | R 35 | 2 | |
| R 28 | 1 | R 36 | 2 | |
| R 32 | 1 | R 37 | 2 | |
| R 34 | 1 | R 38 | 2 | |
| R 40 | 1 | R 39 | 2 | |
| R 41 | 1 | R 43 | 2 | |
| R 42 | 1 | R 45 | 2 | |
| R 44 | 1 | R 48 | 2 | |
| R 46 | 1 | R 50 | 2 | |
| R 47 | 1 | R 53 | 2 | |
| R 49 | 1 | R 58 | 2 | |
| R 51 | 1 | R 60 | 2 | |
| R 52 | 1 | | | |
| R 54 | 1 | | | |
| R 55 | 1 | | | |
| R 56 | 1 | | | |
| R 57 | 1 | | | |
| R 59 | 1 | | | |
| R 61 | 1 | | | |
| | | | | |
| **61** | **34** | | **27** | |
| | | | | |
| | **56%** | | **44%** | Test for proportion difference |

**Table 2 Ages**

| Bin | Frequency | |
|---|---|---|
| | | |
| <25 | 0 | 0% |
| | | |
| 25-35 | 17 | 28% |
| | | |
| 36-45 | 22 | 36% |
| | | |
| 46-55 | 13 | 21% |
| | | |
| >55 | 9 | 15% |
| | | |
| | **61** | |

## Table 3 Educational Qualifications

### Diplomas/Certificates

|  | Gender | Age | Qualif | Durat |
|---|---|---|---|---|
| **R 3** | 2 | 2 | Dipl/Cert | 4 |
| **R 7** | 1 | 5 | Dipl/Cert | 5 |
| **R 8** | 2 | 4 | Dipl/Cert | 5 |
| **R 17** | 2 | 3 | Dipl/Cert | 4 |
| **R 19** | 1 | 2 | Dipl/Cert | 2 |
| **R 23** | 2 | 4 | Dipl/Cert | 4 |
| **R 24** | 2 | 3 | Dipl/Cert | 4 |
| **R 26** | 1 | 3 | Dipl/Cert | 4 |
| **R 27** | 1 | 4 | Dipl/Cert | 5 |
| **R 34** | 1 | 5 | Dipl/Cert | 4 |
| **R 35** | 2 | 2 | Dipl/Cert | 2 |
| **R 37** | 2 | 4 | Dipl/Cert | 4 |
| **R 39** | 2 | 4 | Dipl/Cert | 5 |
| **R 42** | 1 | 2 | Dipl/Cert | 2 |
| **R 51** | 1 | 2 | Dipl/Cert | 4 |
| **R 55** | 1 | 4 | Dipl/Cert | 4 |
| **R 57** | 1 | 2 | Dipl/Cert | 2 |
| **R 61** | 1 | 3 | Dipl/Cert | 4 |
|  |  |  |  | 18 |

|  | Gender | Age | Qualif | Durat |
|---|---|---|---|---|
| **R 5** | 1 | 3 | Degree | 3 |
| **R 10** | 2 | 3 | Degree | 4 |
| **R 11** | 2 | 5 | Degree | 4 |
| **R 13** | 1 | 2 | Degree | 3 |
| **R 16** | 1 | 3 | Degree | 2 |
| **R 18** | 1 | 5 | Degree | 4 |
| **R 32** | 1 | 3 | Degree | 4 |
| **R 38** | 2 | 3 | Degree | 3 |
| **R 41** | 1 | 3 | Degree | 3 |
| **R 45** | 2 | 5 | Degree | 5 |
| **R 50** | 2 | 3 | Degree | 4 |
| **R 54** | 1 | 2 | Degree | 3 |
| **R 56** | 1 | 3 | Degree | 3 |
| **R 60** | 2 | 4 | Degree | 3 |
|  |  |  |  |  |
|  |  |  |  | 14 |

# Table 4 Educational Qualifications and Gender

| Observed | M | F | |
|---|---|---|---|
| **Diploma** | 10 | 8 | 18 |
| **Degree** | 8 | 6 | 14 |
| **PostgGrad** | 15 | 13 | 28 |
| | 33 | 27 | 60 |

| Expected | M | F | |
|---|---|---|---|
| **Diploma** | 9.9 | 8.1 | 18 |
| **Degree** | 7.7 | 6.3 | 14 |
| **PostgGrad** | 15.4 | 12.6 | 28 |
| | 33 | 27 | |

**0.9746729**      **Not Significant; Do not Reject Null Hypothesis**

**Null Hypothesis:**

Observed results do not differ significantly from those Expected.      No relationship

**Alternate Hypothesis:**

Observed results differ significantly from those Expected due to Chance. There is a relationship

**Conclusion:**

There is no significant Qualification preference between Genders

**Table 5 Age and Duration**

| | Observed | AGE | | | | |
|---|---|---|---|---|---|---|
| | | 25-35 | 36-45 | 46-55 | >55 | |
| DURATION | 2-5 y | 7 | 2 | 0 | 0 | 9 |
| | 5-10 y | 7 | 5 | 1 | 1 | 14 |
| | 10-20 y | 3 | 15 | 9 | 4 | 31 |
| | > 20 y | 0 | 0 | 3 | 4 | 7 |
| | | 17 | 22 | 13 | 9 | 61 |

| | Expected | AGE | | | | |
|---|---|---|---|---|---|---|
| | | 25-35 | 36-45 | 46-55 | >55 | |
| DURATION | 2-5 y | 2.508 | 3.246 | 1.918 | 1.328 | 9 |
| | 5-10 y | 3.902 | 5.049 | 2.984 | 2.066 | 14 |
| | 10-20 y | 8.639 | 11.18 | 6.607 | 4.574 | 31 |
| | > 20 y | 1.951 | 2.525 | 1.492 | 1.033 | 7 |
| | | 17 | 22 | 13 | 9 | |

**3.16841E-05 Significant; Accept Alternative Hypothesis**

**Null Hypothesis:**

No Relationship

**Alternate Hypothesis:**

There is a relationship

**Conclusion:**

There is a significant relationship between Age and Duration of Employment

**GLOSSARY**

Corporate Sustainability **(CS) -** business operations that can be continued over the long term without degrading the ecological environment.

Corporate Social Investment **(CSI) -** refers to a company's contributions (cash and non-cash) to people, organisations or communities that are external to the company.

Corporate Social Responsibility **(CSR) -** the broad concept that businesses are more than just profit-seeking entities and, therefore, also have an obligation to benefit society.

Development - the process of improving the quality of all human lives.

Ethics – A guide to moral behaviour based on culturally embedded definitions of right and wrong

Globalisation **-** the process by which organisations transcend national boundaries in their communication and operations.

Non-Governmental Organisations - organisations that pursue social good exclusively rather than profits or political requirements of government, although many of the activities conducted by an NGO might be government programs or receive government funding.

Paradigm - implicit assumptions from which theories evolve; a model or framework of analysis.

Privatisation – preponderance of private ownership of means of production. Selling of public assets (corporations) to private business interests.

Stakeholders – those who have an effect on, or are affected by, a firm's actions.

State Owned Enterprise **(SOE)** – public corporations and parastatals agencies owned and operated by the government.