

**The challenges and successes
experienced by CSI practitioners at
financial institutions in Johannesburg
regarding their corporate social
investment partnerships with NPOs**



Outline

1. Statement of the problem and rationale for the study
2. Aims and objectives of the study
3. Theoretical Framework
4. Methodology
5. Main results
6. Recommendations

Statement of the problem and rationale

- In South Africa the legacy of colonialism and apartheid has resulted in multiple challenges, including the formation of an unequal society that is skewed along racial lines, that is characterized by deepening poverty, gross inequality and is exacerbated by high levels of unemployment, especially amongst black South Africans (Smith, 2004;StatsSA, 2014).
- The dominating retail banks in South Africa were established as colonist banks. These banks served colonist a economy that plundered South African resources and exploited black South Africans through unfair labour practices (SA History, 2017;Gelion & De Graaf, 2016). It is only appropriate, for this sector, and others, to contribute towards addressing the imbalances of the past.

Statement of the problem and rationale

- The New Growth Path macro-economic policy upholds that these socio-economic challenges need to be addressed collectively between the government, the private sector and civil society (Triologue, 2013).
- The Broad Based Black Economic Empowerment Act of 2003 places an obligation for the private sector to engage in “socio-economic development”. Corporate social Investment (CSI) programmes in South Africa are mostly directed towards social challenges, with education, health and community development receiving 71 % of the CSI (corporate social investment) expenditure. Environmental programmes only receive 10% of the total CSI spend (Triologue, 2013).

Statement of the problem and rationale

- The financial sector is one of the main contributors to the South African gross domestic product (StatsSA, 2015). This sector is well positioned to help alleviate poverty.
- The financial sector provides second largest portion of the total CSI expenditures in South Africa through corporate-NPO partnerships (Triologue, 2013).



Statement of the problem and rationale

- Since non-profit organizations (NPO's) play a significant role in alleviating poverty in communities, partnerships between the private sector and NPOs have been crucial in addressing socio-economic challenges in communities.
- NPOs assists corporate institutions to understand beneficiary needs, to gain entry into the community and to help the community to take ownership of the programmes and build social capital (Ife, 2002;Weyers, 2001; Njenga & Smith, 2007)

Statement of the problem and rationale

- Anecdotal research suggests that some of the corporate-NPO partnerships are perceived as being monetary-based, with corporate institutions being seen as donors, and NPOs viewed as mere recipients (Njenga & Smith, 2007).
- Corporate-NPO partnerships normally have mistrust between parties (Van Huijstee & Glasbergen, 2010) and NPO capacity constraints also tends to frustrate the relationship (Njenga & Smit, 2007; Department of Social Development, 2010).
- In South Africa, corporate-NPO partnerships have contributed immensely to addressing a milieu of community challenges and building capacities of the grassroots citizens in line with the White Paper for Social Welfare. However, these relationships have not been devoid of challenges.

Objectives

Main Aim

To explore the challenges and successes experienced by CSI practitioners at financial institutions in Johannesburg regarding their corporate social investment partnerships with NPOs

Secondary Objectives

- To explore how partnerships between corporations and NPOs tend to emerge and the values that drive CSI programmes
- To ascertain the respective roles of CSI practitioners in corporate-NPO partnerships
- To understand the challenges CSI practitioners experience in their corporate-NPO partnerships
- To explore the successes CSI practitioners experience in their corporate-NPO partnerships

Theoretical framework

- **Ecosystem practice perspective-** refers to “relationship and reciprocal and adaptive transactions among organisms... and their bio-psycho-socio-cultural-economic-political-physical environment”(Weyers,2001,p.15).
- The private sector cannot be divorced from the social, economic and political context within which the exist, therefore it is in interest of corporate institutions to help alleviate poverty in communities.
- Addressing socio-economic challenges in communities inherently contribute to economic growth of the private sector (Newell and Frynas,2007)
- This concept is strongly related to the concept of CSI programmes being viewed as “social investments” made by corporate institutions that have social, economic and reputational returns.

Theoretical framework

Social development approach- based on the notion that economic development needs to be achieved concurrently with planned social change that promotes the wellbeing of the population.

Since financial institutions experience rapid economic growth which is concentrated amongst a few people. Such inequalities need to be addressed and wealth needs to be distributed in order to improve the social wellbeing of the population (Midgely,1995)



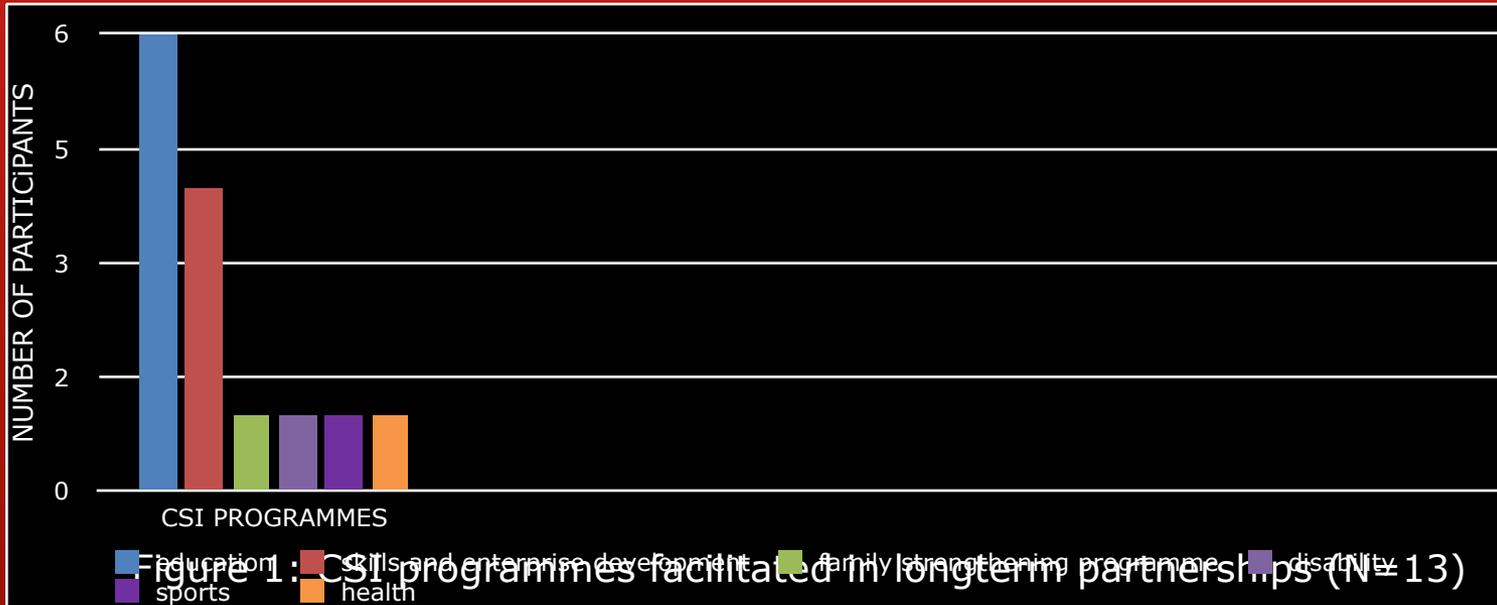
Methodology

- **Research design**- case study, located within a qualitative paradigm
- **Sampling**- non-probability sampling and snowballing sampling. Sample comprised of 13 CSI practitioners: 9 participants from retail banks and 4 participants from investment banks
- **Data collection** - one-on-one tape recorded interviews
- **Data analysis**- thematic content analysis

Results

- **Types of corporate –NPO partnerships-**
- Short-term partnerships-formalized employee volunteer programmes
- Long-term partnerships-contracted funding of CSI programmes

Results



Results

- Corporate institutions have moved from a philanthropic approach and developed a human development approach
- Involves contributing to the wellbeing of people by creating opportunities for them to enhance their skills and to be economically active through educational programmes and enterprise development programmes (UNDP cited in Nguemegne p.90, 2011).

Results

Criteria used to select partners	Frequency
Legally registered NPO	5 participants
Innovative response to social challenges	5 participants
Programmes that are aligned with national agenda priorities	4 participants
Alignment with corporate CSI focus area	4 participants
Good governance	3 participants

Figure 2: Criteria used to select partners

Results

- Funding priorities – corporates fund CSI programmes that are aligned with achieving National Development Plan (NDP), which is the priority of the state to alleviate poverty and combat socio-economic inequality.
- Selection criteria assists to select partners that would not place corporates at a reputation risk.
- Strengths perspective applied- even though there NPOs have limited skills partnerships still take place.

Results

CSI practitioners have a dual role in communities

- Authoritative role as they fund monitor and evaluate NPO's. Practitioners therefore have position of power
- Partnership approach –CSI practitioners also work as partners with NPOs
- NPO- corporate partnerships tend to be monetarily based as CSI practitioners are not involved in the planning and implementation of CSI projects. NPO serve as the expert, while CSI practitioners are somehow detached from challenges that are experienced by NPO's

Challenges

- Lack of skilled and well functioning governance structures within NPO's. It was mostly well established NPO's that are well managed and more accountable. CSI practitioners expressed a need to constantly monitor emerging NPO's
- Corporates do not fund operational costs. NPO personnel are sometimes expected to carry the burden of providing services in a context of limited funds for operational cost. This is a paradox as NPOs are still expected to be well managed and the same time they do not make any profit.
- NPO sometimes do not report financially difficulties in fear that funds will be withdrawn. Whereas transparency is needed to facilitate effective relationships.
- Sometimes NPO's have conflicted interest as they seek personal gain.

Results

**Figure 3:
Perception of CSI
practitioners
regarding
common interest
between partners**



Successes

- Long term partnership produces greater impact and sustainable intervention in communities due to mutual understanding
- Working with established NPO's, established NPO's have better opportunities to partner with corporates as they have proper management and reporting systems.
- Improving skills of community members and increased employability through enterprise development programmes
- Contributions to achievement of national development plan

Recommendations

- Further research need to be conducted how NPO's can be assisted to ameliorate the burden of operational costs on NPO's.
- Continued capacitation of emerging NPO's is required to help NPO's to be sustainable
- Participation of CSI practitioners in planning and implementation of CSI Programmes

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