INTRODUCTION

According to Freemantle and Rockey (2004) and De Wet (2006), corporate giving has entered a new era. Impelled, ostensibly, by a more demanding community sector, corporates are reconsidering their role in society and, as part of this, their approach to philanthropy (Fulton and Blau 2005). The claim now is that corporates are increasingly foregoing “cheque-book charity” and instead are approaching their giving in terms of an “investment”. Referred to as CSI (Corporate Social Investment) or CCI (Corporate-Community Investment), the key change here is a focus upon impact for dollars spent. As part of this new approach, many larger corporates are establishing dedicated units/positions to deal with their social investments and, within these, are implementing formal processes and procedures to ensure their investments can withstand scrutiny (Njenga and Smit 2007). For these reasons, the claim is that corporate giving is becoming “professionalised”.

As regards the South African context, this change in the nature of corporate giving has been greatly influenced by the Government’s belief that the burden of development -transformation - must be shared by the business sector (Freemantle and Rockey 2004). To this end, the South African Government has mandated corporate funding of community development with various industry charters specifying minimal levels of financial contribution. Arguably the most important document of recent times is the Broad-Based Black Economic Empowerment (BBBEE) Act of 2003 where CSI falls under socioeconomic development as one of the seven measurable aspects of BBBEE. As a consequence, the practice of CSI is well established in South Africa, although the umbrella concepts of CSR (Corporate Social Responsibility) and Corporate Citizenship are acknowledged as significantly less attended.

Community response to this growth in CSI has, however, been mixed. On the one hand the promise of greater funding and established (and known) avenues of access has been welcomed. On the other hand, business is often accused of ulterior motives (ie driven by marketing opportunities) and of operating ineffectively - with the claim that their competitive mindset and lack of development skills have led to some spectacular failures, duplication of efforts and overly burdensome demands upon their community sector partners (especially in terms of reporting) (Njenga & Smit 2007).

Less evident, but perhaps more significant in the longer term, are concerns regarding the influence of corporates upon the overall direction of community funding. What is of concern here is that it appears that corporates – despite their rhetoric to the contrary – seek to fund the status quo in terms of development and are retreating from funding social innovation. Controversially, this is a point acknowledged by some proponents of CSI, such as De Wet (2006, p10) (editor of the South African CSI Handbook) who commented that the spread of CSI “may in fact inhibit innovation”. Further support for this assertion of retreat comes from Njenga and Smit (2007). According to these authors,
Many CSI initiatives have “fallen prey” to funding only established organisations rather than smaller and/or newer community-based initiatives. As the latter are typically much closer to the ground, they are often the source of innovative interventions and, so, reluctance on the part of corporates impacts severely upon the development of these initiatives. Also severely impacted are those community developers known as “social entrepreneurs” – the “reengineers” of the status quo (for instance, Muhammed Yunus – “Banker to the Poor”). Informal feedback from local social entrepreneurs indicates that they, in turn, have retreated from engaging with corporates (unless connections are already in place) as such overtures are simply “a waste of time”. It is of great concern, however, that the opportunity cost of such retraction is high on both sides as decreased funding for social innovation has severe implications for successful “transformation”. Yet, currently the corporate sector appears unconcerned as to these potential losses.

While several features of this situation beg closer examination, it is a particularly puzzling aspect as to why the shift to CSI should accompany an increased corporate aversion to investing is social innovation. Accordingly, this article seeks to explore this conundrum for supporters of social innovation where the professionalisation of corporate giving has seen a retraction, rather than an expansion, of corporate funding for new social interventions. To this end, this paper first considers the “professionalisation” of corporate philanthropy in terms of the rise of CSI in South Africa. Next, the nature of this change is discussed, with attention given to the logics underpinning “the old and the new” forms of giving. This article then suggests how this funding retreat might be addressed so that corporates do not further embed their aversion to investing in social innovation.

“PROFESSIONALISATION” OF CORPORATE PHILANTHROPY – THE RISE OF CSI

Previously, corporate philanthropy was the banner under which those in business typically provided funds to the community. While described by Oscar Wilde (1854-1900) as “the refuge of rich people who wish to annoy their fellow creatures”, corporate philanthropy has long been credited as the sponsor and enabler of many great social advances (for instance, the Carnegie Institution of Washington founded in 1902 as home to “exceptional individuals” with imagination and extraordinary dedication and who work at the cutting edge of scientific discovery). Indeed, according to David Rockerfeller (1915- ), the focus of philanthropy lies rightly with basic innovations that transform society with the more mundane aspects of development remaining with government.

Now, however, corporate philanthropy is widely depicted as an unprofessional and adhoc organisational practice, designed principally to appease the “corporate conscience” rather than achieve lasting social change. De Wet (2006), for instance, describes philanthropy in terms of a “pet project” of the company chairman and a “discretionary adjunct” to business. He contends that previous corporate interest was innately “arms-length” and their degree of involvement limited to checking on their handouts through informal site visits and descriptive reports that had “little concrete evidence of tangible outcomes” (De Wet 2006 p.164).

It is claimed that in becoming cognisant of these short comings, corporates are “professionalising” their giving, formalising processes and procedures to better focus on results. According to De Wet (2006 p6):

“Corporate giving in South Africa has gradually shifted from being a philanthropic, voluntary activity that responded in an ad hoc way to welfare needs, to becoming a more professional, performance-driven pursuit, focused on achieving developmental impact.”

This new approach to corporate giving has been termed CSI (Corporate Social Investment) and, according to its advocates, is a “more strategic approach to giving”, bringing an entirely new mindset to the corporate-community connection. In particular, two aspects of this new “mindset” serve to distinguish CSI from the previous approach to corporate giving. The first aspect pertains to the role of business as a contributor to “transformation”. While it is the case that government has left business with little option except to become a significant contributor to development, it is also the case that the corporate sector has responded by publicly embracing this new status and has long left the argument that “the proper business of business is only business”. Indeed, CSI is now formally described by corporates as a valuable part of their own business agenda, frequently claiming that even without government demands they would continue to engage with the community in this increased capacity.
The second aspect of distinction concerns how business has interpreted their new responsibility which, in simple terms, is based on “reciprocity”. Indeed, rather than casting themselves as “one-way donors” (ie philanthropists), it is a key trait of CSI that corporates expect to benefit from these interactions – that is, there must be both community and business benefits emanating from CSI expenditure. Achievement of this is described by De Wet (2006 p8) as the CSI “sweet-spot” - the intersection between community development and business operations which yield measurable gains for both sets of interests. This marks a fundamental divide from the previous approach to corporate giving (corporate philanthropy) where organisational returns were purposively avoided (or at least denied). Now, however, corporations openly relate their categories of interest, frequently requesting their “partners” to consider how their projects might contribute to these. The following are common benefits sought by business when considering CSI expenditure (De Wet 2006 p8):

- enhancing company’s reputation
- contributing to the corporate citizenship agenda
- playing a role in BBBEE transformation agenda
- building stable and empowered communities around the company
- enhancing access to stakeholder groups
- creating a company of employees feel proud of
- improving the ability to attract and retain talented employees
- growing an appropriate skills pool
- securing the company’s license to operate
- promoting corporate credentials to secure government tenders
- supporting commercial objectives

According to De Wet (2006), while different companies emphasise different aspects, enhanced corporate reputation was the most commonly sought benefit, closely followed by contribution to the corporate citizenship and the BBBEE transformation agenda. It is due to changes such as these that corporates claim that their “adjunct corporate philanthropy” has evolved into “strategic CSI”.

As regards what constitutes CSI in South Africa, it is defined in the draft of the Codes of Good Practice and in the Financial Services Charter as: “an enterprise’s contributions to society and a community that are extraneous to its regular business activities”. (Njenga & Smit 2007 p13) (italics added)

CSI interventions may include, but are not limited to development programs that target women, the youth, people with disabilities, and people living in rural areas or other marginalised groups. The focus of these interventions is far ranging and includes the areas of: health; education; training; environment; arts and culture; and sports. As regards the operationalisation of their CSI programs, De Wet (2006 p10) observed that corporates typically focus upon the following as key elements of “strategic” CSI:

- having a formalised approach (ie documented strategy)
- undertaking regular reporting
- securing senior management / board involvement
- aligning with core business
- working in partnerships
- appointing dedicated CSI staff
- having a dedicated CSI department / foundation / trust
- undertaking regular stakeholder consultation
- securing employee involvement
- regularly monitoring and measuring
- replicating successful projects
- developing best-practice guidelines
- sharing of lessons and insights

With such scope and ascribed importance, CSI has become an industry in its own right, contributing an estimated R2.88 billion to South Africa’s development landscape (CSI budgets 2005/6) (De Wet 2006). In order to deal with the demands of executing these CSI programs, a new organisational position has emerged, generally referred to as the CSI practitioner. According to Njenga and Smit (2007), the CSI practitioner refers to those charged with translating the company’s philosophy and model of social investment into tangible and measurable outcomes at the community level. Despite the newness of this occupation, there is already growing pressure for the practice of CSI to be recognised as a distinct profession. One reason given for this is that CSI advocates wish to differentiate this role both from previous corporate giving efforts (ie corporate philanthropy) and from contemporary community sector operations (which are frequently described by the business sector as
In view of the emphasis given to the new “professional” standing of corporate giving (ie formalised practices delivered by CSI “professionals”), it is of interest to this discussion as to what extent CSI can be claimed as a “profession”. To consider this point (albeit briefly), reference is made to Frow (1990), who holds that the phenomenon of “professionalisation” incorporates a complex of processes, including:

1. the consolidation and closure of a body of knowledge within clearly demarcated disciplinary boundaries and an internal differentiation of this body of knowledge into discrete but interrelated parts
2. the more efficient production and transmission but, also more efficient monopolisation, of this knowledge by a definite group
3. a stratification of this group such that those at the top of the hierarchy are endowed with the authority to control group membership by the administration of credentials and of sanctions
4. a clearly defined relationship between that knowledge which can be publicly displayed as part of a claim to expertise and remunerations and the “mystery” or craft which forms the basis for the closure of the professional group against the uninitiated. Specialised languages or jargons may be an important part of the elaboration of the mystery, as may ceremonies.

This view of professionalisation is supported by Freeman and Soete (1997) who offer a more simplified criteria consisting of: a formal body of “book learning”; growing complexity; and the general trend towards division of labour. As regards the development of CSI in relation to this view, it appears that certain advances have been made. For instance, as regards “formal book learning”, there is a burgeoning field in South Africa dedicated to the CSI practitioner, incorporating a growing series of forums (including conferences and special interest groups) that endeavour to disseminate information and stimulate local debate. However, as regards formal training for CSI practitioners, as yet there is no general agreement on what constitutes the necessary building blocks of this profession and so no agreement as to the academic qualifications required (Njenga & Smit 2007). This means that most practitioners will continue learning while on the job. As regards demarcation within the field, already there are signs of specialisation in terms of industry focus (eg mining, banking) and also function (ie evaluation, benchmarking and research) (see for instance Njenga and Smit 2007). This distinction, however, remains informal and the amount of dedicated material is limited.

As such, it appears the practice of CSI cannot yet claim the status of a profession. However, CSI can lay claim to being a more “professional” approach to corporate giving based upon its greater emphasis on formal processes and procedures and its development of associated practitioners. What can be more readily claimed is that the approach taken to corporate giving is conducted in a more “business-like” way and that CSI has become the dominant approach to corporate giving in South Africa, overtaking corporate philanthropy as the preferred means of providing resourcing for community transformation.

**A NEW LOGIC FOR GIVING**

However, while agreeing that CSI has become the dominant “professionalised” approach to corporate giving in South Africa, what is not yet agreed is the asserted relationship between CSI and its predecessor - corporate philanthropy. The popular claim is that CSI is the evolved or “professional” version of corporate philanthropy. However, it is here asserted that the nature of the change is not so much one of evolution but, rather, one of replacement. While this may appear a pedantic distinction (ie evolution v replacement), it is believed that the change in corporate giving is more fundamental and carries with it greater ramifications than is generally appreciated – and furthermore, that it is our failure to understand this that has allowed the unanticipated shifts that now confound corporate giving (eg the retreat from funding social innovation).

In essence, CSI has cannibalised corporate philanthropy, taking over the space it previously occupied, along with its goodwill, and introducing a different logic of exchange. It is this new logic of exchange that has created the conditions that encourage corporates away from investing in innovation (ie the “untried”). To demonstrate the nature and significance of this new logic, reference is made to the “gift and commodities” debate initiated by Mauss (1872-1950) and subsequently developed by the likes of Gregory (1982). The intent of so doing is to view corporate giving through a lens of “modes of
exchange” and so expose points of difference that have remained largely hidden. While acknowledging the “continuum or dichotomy” debate in this field, the gift-commodity distinction is regarded as a useful analytical tool as it brings to the fore the idea that there is essentially two types of social exchange relations: gift relations and commodity relations. These two sets of relations highlight differences in expectation and dynamics that underpin an exchange. According to Gregory (1982), the key elements that separates gifts from commodities is that gifts are social and that their exchange brings into play “the boundedness” of people with others and things. In contrast, commodities are bought and sold in market transactions, where the transactors are each primarily interested in the objects and money exchanged. As such, their concern with the other is as an agent effecting the efficient flow of goods and services through the economy. Radin (1996) expands upon this distinction, identifying essential elements of commodity exchange such as fungibility (the item must be interchangeable with like items and with money) and commensurability (which refers to an understanding of value that is unitary).

As regards corporate giving in South Africa, it is contended that the previous approach of corporate philanthropy is closer to the notion of a “gift” while the approach of CSI better approximates the idea of “commodity” exchange. In support of this assertion, two aspects provide insight. The first concerns the role of the “person” in the exchange. In gift relations, the personal connection is key while in commodity exchanges, the person simply plays a functional role and so is replaceable. Somewhat ironically, the CSI rhetoric provides much support for this claim. Indeed, it is a key and reoccurring criticism of corporate philanthropy that the personal element is too prominent. Consider, for instance, the dismissive labelling of the focus of corporate philanthropy - “Chairman’s wife choices”, “Board’s pet-project”. Indeed, even less antagonistic accounts highlight an obvious focus on the person, such as for receiving credit and/or gratitude for the donation. For instance, it is the man Carnegie that is remembered rather the steel company that allowed the donation. As regards the CSI approach, in being disdainful of the personal, there is a purposeful focus upon independent, objective decision making that can withstand scrutiny and has no hint of personal favouritism. This emphasis on transparency places CSI more in the realm of commodity exchange. It is acknowledged that the CSI rhetoric does include aspirations for “partnerships” and closer connections with funding recipients. This style of connection, however, is completely inline with the notion of relationship marketing where enduring connections are sought as a means of encapsulating interactions to render subsequent exchange more efficient. Such associations, though, do not move the exchange into the social arena as they are predicated upon market returns and so will be discontinued if not deemed productive.

As regards the second aspect of distinction, this pertains to the “terms” of the exchange and goes to the type of value pursued. In commodity exchange, it is the motivation of each party to secure an increase in commercial value for the item exchanged in order for the event to take place. In this way, motivations are similar for each party. In gift exchange, the motivation (and so value sought) is much more varying, often emanating from the fact of involvement with specific parties. As regards corporate giving, it is a defining feature of the CSI approach that mutual benefit is sought – returns for both the business and the community. Interestingly, there is a growing demand for corporates to evidence these returns for all parties to the exchange (Njenga and Smit 2007). For instance, government requires “proof” of contribution and has specified (through various sector charters) very detailed procedures for quantifying and reporting on CSI. In addition, corporate shareholders also demand to see the impact in the targeted communities for money spent. According to De Wet (2006), it is for these reasons, that companies are now more closely analysing their CSI activities and corporate executives are becoming more interested in the exact cost of CSI and what the company’s “return on investment” is. In contrast – and as has been a specific point of criticism - corporate philanthropy typically did not include any formal assessments of the impact of contributions. De Wet (2006 p164) contends that efforts under corporate philanthropy were confined to occasional informal site visits and descriptive reports that had “little concrete evidence of tangible outcomes”. This is not to suggest a lack of interest in achievements for it can be imagined that Carnegie would not likely tolerate ineffective use of his donation. Rather, it underscores a difference in the need to quantify and account, with the CSI imperative being to ensure demonstrable reciprocity in the exchange (ie return on expenditure) while corporate philanthropy needs principally to satisfy the particular expectations of the key decision maker.

While acknowledging the elementary nature of this discussion, it is believed that some insight has been provided as to why shifting to CSI brought an aversion to funding innovation. In this regard two points are of importance. The first is that the dynamics of commodity exchange move corporate giving into a
context predicated upon market principles. This brings with it a different reason for engaging in
corporate giving – mutual commercial benefit. Secondly, the choice of design for CSI programs is
greatly influenced by the imperative to account in specified terms to a range of parties, most especially
government. This means that the mutual benefits sought must also be “objectively” quantifiable and
provided according to an annual reporting cycle. It is this aspect of CSI (i.e. its operationalisation) that
impels a move away from investing in innovation because only projects that rate well in terms of
specified criteria will be pursued. Indeed, according to Njenga and Smit (2007), the tragedy is that CSI
will increasingly be driven by the need to “show” greater returns. The result is that more “deserving”
projects that have low returns according to nominated criteria, will be neglected and attention given to
projects that “score” better. As such, this retreat from funding innovation is a retreat from risk where
projects that are more easily quantifiable, such as supplying food, clothing or computers are preferred
to projects that are untried with unreliable returns and/or are harder to quantify according to nominated
criteria. However, it is already a point of discussion that, while satisfying reporting demands, very few
firms can confidently provide evidence of people’s lives having been improved by virtue of their
current investments (Njenga and Smit 2007). The main reason for this is that real community
development is accepted as occurring over years of sustained investment, but many corporates, driven
by the annual reporting cycle, are unwilling to so commit. So, the irony is that in seeking greater
business involvement in transformation, the South African Government seems to have impelled
corporates down a path unconducive to enabling lasting innovative and systemic change.

This section sought to highlight two points. First, that CSI, rather than being the evolution of corporate
philanthropy, is an approach to corporate giving predicated upon a logic of commodity exchange.
Secondly, that the manner in which CSI is typically operationalised emphasises an imperative for
achieving “measurable” results in the short-term. Together, these features create an often unseen barrier
for corporates to engage in social innovation as the nature of these offerings do not sit well with the
criteria nominated by government and pursued by business. Without explicit understanding of these
forces, corporates will likely continue their pursuit of status quo interventions. What is now hoped is
that in better appreciating these impelling factors that corporates will be open to reconstructing their
approaches to giving so that their decisions to support (or not) social innovations are made purposively
and not, as is currently the case, be default.

ENCOURAGING INVESTMENT IN SOCIAL INNOVATION
The key claim of this paper is that CSI has cannibalised the space occupied by corporate philanthropy,
introducing a different logic for engaging in corporate giving. This was a change hidden in plain sight
for while the shift to CSI was publicly made (indeed, openly celebrated), certain aspects remained
unappreciated, including pressure to avoid funding innovative interventions due to their “unreliable”
returns. In taking this retreat to be undesirable, the challenge is what might now be done to minimise or
reverse this trend. The suggestion here is that two avenues of action hold promise. The first of these
concerns skilling CSI practitioners while the second relates to influencing those that currently influence
corporates (principally the South African Government).

As previously noted, the emergence of the CSI practitioner has brought with it a desire to improve the
skill base of this occupation which, at the very least, promises an openness to this recommendation. As
a general statement, current directions for skilling tend towards enhancing existing skill sets (e.g. social
marketing). The suggestion here is that rather than pursuing this conventional path that an additional
skill be sought – in particular, the capability of “investing”. Ironically, this skill appears almost entirely
absent from current profiles of CSI practitioners, a point partially captured in the recent (informal)
criticism by local social developers concerning the CSI aversion to longer timeframes. Their suggestion
is that CSI be renamed “CSS” where the last “S” is for “spending” (in the short-term) as opposed to
longer-term investment. This short term orientation is unsurprising, though, when viewed in terms of
the backgrounds of most CSI practitioners. According to Njenga and Smit (2007), most CSI
practitioners hail from careers in public relations and/or marketing, disciplines known for their business
acumen and equally not known for their long term orientation.

The importance of noting backgrounds is, according to Njenga & Smit (2007), is that they shape our
worldview and our CSI practices. Indeed, it is intriguing to consider whether the most widely cited CSI
benefit to business (i.e. an enhanced corporate reputation (De Wet 2006)) was the reason for employing
marketers or whether this became an aim because marketers had been employed. Whatever the case, it
is increasingly accepted that for CSI to be strategic, interventions should be at an “investment” (i.e
“social change”) level (De Wet 2006). This requires a greater understanding of the dynamics of social
investment and the tools that can assist. As regards how such skills might be acquired, current developments in the companion discipline of commercial investment provide great hope. Indeed, moves towards “ethical investment” and “socially responsible investment” (which includes environmental, social, and governance aspects along with financial indicators) suggest growing synergies between these two currently distinct fields. What is especially promising is that such developments may promote an eagerness in commercial practitioners to assist their counterparts in the social arena. In this regard, organisations that have the benefit of their own investment sections can draw together multidisciplinary teams to discuss current directions. Organisations without such resources must seek assistance from their “professional” CSI bodies where more generic deliberations can be undertaken.

The second recommended avenue pertains to influencing the approach taken by the South African Government to encouraging CSI. As previously discussed, in endeavouring to ensure corporate involvement in transformation, the South African Government has (albeit inadvertently) also encouraged a short-term orientation in the corporate approach to CSI. Indeed, in insisting upon annual reports and minutely specifying CSI criteria, government has left business with little scope for applying their own expertise to the area of social development – which, according to De Wet (2006), was originally a key advantage sought by government. However, instead of being “partners” in transformation, the dynamics of the current relationship is very much one of regulator and conformer. In order to redress this, government awareness as to the impact of their actions must be raised this then must be followed by provision of the means to reengineering their indicators of “contribution”. In particular, the BBBEE “scorecard” needs to become more expansive in scope and more flexible in accepting markers of “progress”. For instance, the inclusion of concepts such as “wellbeing” (which is gaining currency amongst many international economic organisations) would seem a useful starting point. It is, however, accepted that the greatest challenge lies with securing the buy-in of both the CSI industry and the South Africa Government – both of which have considerable buy-in to the current set-up. It now falls to academia to initiate this discussion and expose those points of deficiency that currently remain hidden.

CONCLUSION

This discussion was prompted by the observation that corporates, while increasing their community contributions were, at the same time, retreating from investing in social innovation. This retreat coincided with the move of corporates from their traditional form of corporate giving – philanthropy – to a more “professional” approach referred to as CSI. Key features of this CSI approach included a move away from the personal orientation of philanthropy and a focus upon ensuring reciprocal benefits from all corporate contributions (ie both community and business).

However, there appeared no intrinsic reason for the move to CSI to result in a retreat from funding social innovation. As such, the intention of this paper was to consider why this move may have yielded such ramifications.

In casting “old and new” forms of corporate giving in terms of modes of exchange (ie gift – commodity distinction), it was asserted that the change in corporate giving was more fundamental than generally appreciated. Indeed, rather than being a “professionalised” version of corporate philanthropy, it was contended that CSI marked the introduction of a different set of “giving” dynamics – ones predicated upon market exchange rather than gift giving. In addition to this, it was asserted that under government and shareholder pressure that corporates approached their CSI programs with a short-term orientation and a “verification” imperative (ie measurement). So, the assertion here was that while enabled by the new “market” dynamics, it is the particular operationalisation of CSI that has encouraged a move away from investing in social innovation. The reason for this is that the results for investing in “dismantling the status quo” (ie social innovation) are too long in terms of timeframe and too nebulous in terms of measurement to satisfy the audiences to which corporates must account.

In order to remedy this situation, two courses of action are recommended. One is oriented towards increasing the skill base of CSI practitioners, specifically by introducing “investment” skills which are currently largely absent. The second recommendation is focused upon expanding government appreciation of their (inadvertent) impact and also upon possibilities for the redress of this. However, the key difficulty in launching these courses of action is that the state of affairs described in this
discussion is largely unappreciated and, so, the remedy is currently unsought. It therefore falls to academics to draw attention to this state of affairs and to engage key parties in robust debate.

REFERENCES


