

## TOPIC: SOCIAL RESPONSIBILITY

### Definition of a citizen

A citizen is an individual who belongs to a particular country.

A citizen enjoys the rights associated with being a member of that community and assumes certain responsibilities and duties.

### Components of citizenship

Components	Description
Describes a person's <b>identity</b> .	To be a citizen of a country that person feels a sense of belonging to and identification with a specific country, e.g. "I am a South African."
Describes a person's <b>political status</b> .	To be a citizen of a country means that that person is allowed to play a role in the political system, e.g. voting in the general election.
Describes a person's <b>legal status</b> .	To be a citizen of a country means that the person has certain legal rights, can freely act within the law and enjoy the protection of the law when needed.

### Responsibilities of citizens

- To comply with the law of the country.
- To pay taxes
- To attend school.

### Ways in which an individual can be a good citizen

- Make donations and financial contributions to organisations that promote social and economic development.
- To raise money for people and organisations in need.
- Give up their time and skill to volunteer to help others.
- To draw people's attention to issues and injustices in the community.

### The meaning of social responsibility

- An ethical view point that says every individual or organisation has an obligation to benefit society as a whole.
- The responsibility of every citizen, individual or organisation to contribute towards the well-being of the community and the environment in which they live.

### **Relationship/Link between triple bottom line and social responsibility Profit/Economic**

- Triple Bottom line means that businesses should not only focus on profit or charge high prices, but should also invest in CSI projects.
- Businesses should not make a profit at the expense of its community.

### **People/Social**

- Business operations should not have a negative impact on people employees, customers or the community.
- Businesses should invest in sustainable community programmes that will benefit communities.
- Improve the quality of life of their employees.

### **Planet/Environment**

- Businesses should not harm the environment for production or profit purposes.
- They may support eco-friendly products/production methods.
- Recycle waste, e.g. packaging from recycled material.

### **Strategies to deal with socio-economic issues (HIV/Aids, unemployment and poverty) that challenge social responsibility**

#### **Strategies to deal with HIV/Aids**

- Counselling programmes/train counsellors to provide infected and affected persons/employees.
- Develop counselling programmes for infected/affected persons/employees.
- Conduct workshops on HIV/Aids programmes.
- Roll out anti-retroviral (ARV) treatment programmes (ART) for the infected employees.
- Encourage employees to join HIV/Aids support groups.
- Develop strategies to deal with stigma and discrimination.
- Participate in the HIV/Aids prevention programmes implemented in the community.
- Support non-governmental organisational/community based organisation/NPC HIV/Aids initiatives.

#### **Strategies to deal with unemployment**

- Provide skills development programmes through learnerships.
- Offer bursaries to the community to improve the level of education.
- Create jobs for members of the community.
- Provide entrepreneurial programmes that can promote self-employment.
- Support existing small businesses to create more employment opportunities.

#### **Strategies to deal with poverty**

- Invest in a young starting SME that can be a business competitor, buyer or supplier.
- Attract the best employees by being socially responsible and offering the best volunteering programs.
- Support poverty alleviation programmes that are offered by the government.
- Donate money or food parcels to local NGO's. **(NOTE: Some strategies to deal with unemployment can also be used to deal with poverty.)**

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

### **Meaning of CSR**

- The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the local community and society at large.
- Corporate Social Responsibility/CSR is the way a business conducts its operations ethically and morally, regarding the use of human, physical and financial resources.
- Corporate Social Responsibility is an obligation required by law and benefits both business and society.

### **Purpose of CSR**

- CSR programmes are internal programmes that businesses use to comply with laws and ethics.
- Key areas of concern are protecting the environment, the wellbeing of employees from the community and civil society in general.
- Businesses seek to promote public interest and do away with harmful practices without the need for any formal legislation.
- Business operations address Triple bottom line through CSR programmes by considering its impact on people, profit and planet.
- CSR aims at creating a safe working environment for employees.
- CSR programmes and activities the business undertakes to contribute positively to the community in which the business operates.
- CSR may take the form of a monetary donation to support local organisations.

### **Components of Corporate Social Responsibility (CSR)**

- Environment
- Ethical corporate social investment
- Health and safety
- Corporate governance
- Business ethics
- Employment equity
- Supply chain/Distribution channel
- Customers
- Community

### **Impact of CSR / CSI on businesses**

#### **Advantages/Positives of CSR / CSI on businesses**

- May attract experienced employees to increase the pool of skilled labour which could increase productivity.
- Improved image as the business looks after their employees.
- A business may have a competitive advantage, resulting in good publicity.
- Promotes customer loyalty resulting in more sales.
- CSI projects may be used as a marketing strategy to promote their products.
- The business enjoys the support of communities.
- CSI projects promote teamwork within businesses.
- CSI helps to attract investors because of increased profits.
- Gives businesses tax advantages such as tax reductions.

- Assists in solving socio-economic issues like poverty, unemployment, HIV / Aids.
- The government is less likely to enforce issues through legislation to businesses that voluntarily participate in CSI projects.
- Employees feel as if they are making a difference in working for the business.
- It helps to lower staff turnover as employees' health and safety are considered.
- Improves the health of its employees through focused CSI projects.
- Businesses become more community-based by working closely with the community to roll out skills development projects.

#### **Negatives/Disadvantages**

- Customers may not buy their products/services resulting in a decrease in sales.
- Small and medium enterprises find it difficult to implement CSI programmes.
- Detailed reports must be drawn up, which can be time consuming.
- Social spending reduces economic efficiency which makes it less competitive.
- Social involvement is funded from business profits which could have been used to the benefit of customers by reducing prices.
- CSI activities distract business focus from its core business functions.
- Businesses find it difficult to adhere to legislation governing CSI.
- It can increase financial risk, as programmes cost money and may impact negatively on profits.
- It is difficult to accurately measure the effectiveness of social investment.
- It is not easy to determine the exact needs of the communities, which may result in fruitless expenditure on CSI.
- Most managers lack experience to handle social programmes.
- Employees may spend more time working on CSI projects instead of focusing on their core duties.
- Providing goods or services that meet the needs of consumers is, according to some stakeholders, already socially responsible.
- Shareholders may receive fewer dividends, as some profits are spent on CSI.
- Some shareholders might withdraw their support from the business as they feel that social issues should be the government's responsibility.

**(NOTE: that the impact of CSR and CSI on business are the same.)**

#### **Impact of CSR / CSI on the community**

##### **Positives/Advantages**

- Socio-economic issues are attended to which will improve the welfare of the community.
- Training opportunities in the community increase the possibility of appointments of members of the community.
- Implementing developmental programmes in the community improves entrepreneurial skills of communities.
- Provision of bursaries encourages communities to improve their skills.
- The standard of living of the community is uplifted.
- Better educational facilities are established in poor communities.
- The provision of medical infrastructure improves the health of communities.

##### **Negatives/Disadvantages**

- Businesses are not always equipped to address social problems.
- Communities tend to be dependent on CSR programmes and struggle to take their own initiatives.
- Distribution of scarce resources to selected beneficiaries in the community may cause problems such as discrimination.

- Some businesses only participate in CSR initiatives to raise profit and do not really care for the community in which they operate.
  - Business cannot deliver sustainable CSR programmes.
  - The benefits of the programmes may not reach the intended persons within the community.
  - Spending money on CSR programmes means the business has to recover expenses through higher prices which have a negative impact on the economy.
  - Businesses tend to focus on CSR programmes that do not directly benefit the community.
  - Less money is available for community projects during unfavourable economic conditions.
  - Consumers are not easily convinced that a business is acting in the best interest of the community and the environment.
  - A business often appears to benefit more from the CSR expenditure than the perceived benefits to the communities.
- (NOTE: that the impact of CSR and CSI on the community are the same.)**

### **Business ethics**

This indicates how a business integrates core values such as honesty, trust, respect and fairness into all its policies, practices and decisions.

There are two main types of civil society organisations namely:

- **Non – governmental organisations (NGOs)** operate without a profit motive and aim at developing and serving civil society.
- **Community – based organisations (CBOs)** are organisations that serve the direct needs of specific communities, in response to specific problems and conditions.

### **The role of organisations in the social and economic development of their communities**

- Filling gaps that government does not service.
- Meet a particular need that they have identified in the community.
- Develop, educate, protect and care for the needy and marginalised.
- Combat socio-economic issues such as HIV/Aids, poverty, corruption and unemployment.

**TOPIC: SOCIAL RESPONSIBILITY – ACTIVITY**

1. Read the scenario below and answer the questions that follow.

**SBAA CHICKEN FARM ( SCF)**

SBAA Chicken Farm specialises in selling live and slaughtered chickens in the local township. Some SCF employees stay absent from work on a regular basis due to illnesses caused by not taking ARV treatment as prescribed. The majority in the community are not economically active. Some are unable to satisfy basic need.

- 1.1 Name **THREE** socio economic issues from the scenario above. Motivate your answer by quoting from the scenario. (6)
- 1.2 Discuss the impact of corporate social investment on SCF as a business. (8)
2. Explain how businesses could deal with HIV / Aids as a socio economic issue. (6)
3. Big Bus CC wants to invest in the community.
  - 3.1 List **FIVE** components of Corporate Social Responsibility that Big Bus CC can consider. (5)
  - 3.2 Explain to Big Bus CC the relationship between the triple bottom line and social responsibility. (9)
4. Discuss the negative impact of corporate social investment on communities. (8)
5. Explain **THREE** components of citizenship. (9)
6. Read the case study below and answer the questions that follow.

**Impala Platinum helps the community!**

A small town, Mankweng in North West benefited from the Corporate Social Investment programme initiatives by Impala Platinum. The company built a block of classrooms and a science laboratory for Mabuya High School. Some members of the community were employed for this project. They donated clothing and food parcels to the local old age home. In addition to this they sponsored the soccer tournament which is an annual event.

- a) Identify **FIVE** social responsibility programmes supported by Impala Platinum. (10)
- b) Describe how Corporate Social Responsibility will benefit the Mankweng community. (8)
7. Elaborate on the role that organisations play in the social and economic development of their communities. (6)
8. Explain the purpose of Corporate Social Responsibility. (8)