MONITORING AND EVALUATION OF CORPORATE SOCIAL RESPONSIBILITY PROGRAMMES IN SOUTH AFRICA

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Abstract

The South African corporate sector invests millions to support community development and social programs. One of the more fundamental issues about sustainability in a business context is the fact that directors have a fiduciary duty to take into account interests of those stakeholders other than investors/shareholders. This therefore places major importance on sustainability reporting through reports on governance, economic, social and environmental performance and is increasingly being regarded as a key form of stakeholder engagement, and the most accepted formal way of communicating measured outcomes to all stakeholders. A number of methodologies may exist for the development of Corporate Social Responsibility (CSR) strategies or "how-to guides" for community engagement and investment, however, it lacks development in the field of CSR Programme Evaluation. Integrated approaches to the measurement thereof are still in expanding stages of development and statistical data and/or empirical evidence is lacking at this point. Trust and relationships take time to build but are valuable assets, therefore a company must show it has listened and acted in response to stakeholder concerns, this means that ongoing communication and reporting back to stakeholders is a very important component in any engagement strategy. It is therefore important for the corporate sector to not only evaluate the effectiveness of their CSR Programmes, but also to measure the impact on both their beneficiary communities and their business and subsequently on the Return on Investment (ROI). This paper will highlight a case of the South African corporate sectors attempts to evaluate its effectiveness and impact on beneficiary communities and how they quantify the impact of the investment through successful CSR interventions.

Keywords: Monitoring, Evaluation, Sustainability, Engagement, Corporate Social Responsibility

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1 Introduction

There have been many debates surrounding the issue of corporate social responsibility (CSR) since the 1950's. Present day CSR (also referred to as corporate social investment in South Africa and will be used interchangeable in this paper), is a concept whereby business organisations considers the interest of society by taking responsibility for the impact of their activities on various stakeholders as well as the environment. CSR then, is simply the strategic direction in which corporations conduct their business in an ethical and society friendly way (Ismail, 2009). The South African Corporate sector is now ethically bound to redress poverty and inequality in South Africa and is seen to be taking responsibility for the ways their operations impact societies. They are now concerned with applying sustainability principles to the ways in which they conduct their business specifically in their social interactions with stakeholders.

Social and community investment and development programmes have become critically important for companies world-wide. As a result of increasing demand for robust corporate governance and an illustration of the "license to operate", growing consumer awareness as well as a growing global awareness of the divide between rich (corporates) and the poor (communities), companies and grant makers are investing billions of dollars into corporate social community development programmes (Rossouw, 2015). In South Africa, CSI expenditure from corporates has grown from R2 billion in 2003 to R8 billion in 2013 (Trialouge, 2014).

Companies that execute CSR activities effectively are regarded as good corporate citizens that ensure true transformation of the socio-economic environment. The corporate sector in South Africa appear to have taken the approach to CSI more scientifically. Measurement of community initiatives is one of the many changes in the organisational environment and is an important reality that is dictated by recent regulation by the Code of the King Committee on Corporate Governance (Institute of Directors, 2002). Other changes include: tightening of legislation, a more socially-engaged and better educated population with higher expectations around corporate conduct and a growing media focus on corporate practices. This has ensured that all Johannesburg Securities Exchange (JSE) listed corporations are being obliged by regulation to produce codes of ethics and to report on their triple bottom line performance (social, environmental and financial) (Da Piedade and Thomas, 2006). Such obligation shows that South African corporations are complying with legislation and voluntarily taking initiatives to improve the well-being of their employees and their families as well as the communities and societies that they operate in. It further shows that by creating ownership of CSI interventions the corporate sector has been engaging citizens in the planning and implementation of the CSI processes. The citizen engagement increases the quality and responsibility towards the sustainability process, thereby stimulating democratic attitudes (Finkel, 2002). Vibrant citizen engagement promotes trust and cooperation as it can also promote ownership in the system (Heller, 2000). This happens through participatory monitoring and evaluation processes with active citizen engagement which ensures quality at every stage of such interventions. This process enhances corporate reputation and commitment towards social objectives, affecting positive organizational change and promoting sustainability and transparency in primary and secondary stakeholders.

CSI programmes in South Africa does not only form a primary part of the company's marketing initiatives but as has been internationally proven. CSI now forms an integral part of a company's core business strategy to strengthen the brand; increase market share and competitiveness support strategic business objectives and subsequently result in a spin off that would lead to a measurable return on Investment (Rossouw, 2011).

2 Monitoring and Evaluation of CSR projects

Monitoring and evaluation (M&E) of developmental activities provides the corporate sector with a better means of learning from past experiences, improvising the service delivery system, systematic planning and optimizing resource allocation and demonstration of results as part of accountability to the key stakeholders (Prasad and Sampath Kumar, 2011). M&E can also be viewed as a tool to enhance the ability to consult and coordinate and engage with a wide variety of stakeholders. These two are essentially inseparable partnerships, and very important instruments for corporate citizenship interventions to enhance the quality and sustainability. The diversified monitoring and evaluation process leads to identification of relevant issues in a timely manner which in turn provides the ability to address issues through proper indicators and assists management in terms of further consultation (Appleton and Booth, 2001).

Evidence of CSI in South Africa, reveals that the corporate sector is geared towards result oriented performance and investing in local communities is seen to be a prerequisite in contributing to a sustainable, healthy and stable business environment in which investments will be protected and will produce returns (World Business Council for Sustainable Development, 2003). However, in some cases the corporate sector is still settling in to understand the interrelatedness of issues and lack the capacity to plan, implement, manage, measure and report on community development programmes. As a result, unsuccessful development models are replicated and the real beneficiaries of their programmes, i.e. the communities, are not engaged, committed to and supported by programmes.

The continuous process of a monitoring and evaluation system in South Africa will yield good results in enhancement of the socially responsible activities. Planned interventions by the corporate sector in tune with the needs of people and implementation of programmes with active citizenship will enhance the quality of monitoring.

2.1 Evaluation of CSR programmes by definition

Evaluation is the systematic and objective assessment of an on-going or completed project, programme or policy, its design, implementation and results. The aim of evaluation of a CSR programme, is therefore to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact and sustainability. Such an evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors. Evaluation also refers to the process of determining the worth or significance of an activity, policy or program. (Rossouw , 2011).

Globally, the donor industry uses 40 models to measure the effectiveness of CSR programmes (Rossouw, 2011). A recent detailed analysis of the 40 existing models revealed that each of the 40 methods has its own strengths and weaknesses, yet no single, specific method has been widely adopted throughout the social sector and no universal standards govern the impact and outcome of CSI. There are different reasons why a corporate aims to measure the effectiveness and impact of a programme. The reasons for measuring impact would differ greatly from a non-profit organisation or an international development agency to a corporate organisation and each would expect very different outcomes. Many models do not customise their impact assessment techniques to the needs of the industry. Every programme has to be evaluated in its own context and within its own set of indicators (nextgeneration, 2011). Rossouw (2011) adds that CSR programmes often operate at grassroots level and, therefore, a lack of consistent record keeping, unavailability of reliable data and limited resources to conduct evaluations are inhibiting factors that affect the effectiveness of measurement models. There is also no integrated approach in the existing models. Qualitative issues are frequently neglected, whereas quantitative issues are overemphasised. As a result of the lack of common practice around social-impact assessments and reporting, many of the ventures that have been studied are judged solely in financial terms, even if their social goals are a primary driver for operational choices, or if social goals were a key motivation for investment or philanthropic capital from the outset. Rossouw (2011) is of the opinion that the South African business sector involved in CSI has reached a tipping point and believes the heightened requirement by business and regulatory bodies to know the direct impact of CSI on beneficiary communities and the measurable return on investment for a company is steering the industry to excellence, away from simply spending to comply with legal requirements, as well as social guilt.

2.2 Levels of measurement to track the outcomes of community initiatives

The most cited questions from investors and participatory stakeholders regarding Social/Community Development and Investment projects is: "How are the social impact/outcome/change of the development programme measured?" According to Trialouge (2014) companies track their investment initiatives to varying degrees. The five level of measurement outlined below describe progressive degrees of measurement and can be used to measure the short-term or long-term and quantitative or qualitative, results of interventions.

- Inputs – all resources (human, financial and other) that are allocated to specific activities (e.g. staff time, infrastructure, vehicles, funding and supplies)
- Activities - Purposefully designated actions that transform the various inputs into specific outputs (e.g. distributing supplies, training people, donating equipment, building infrastructure, counselling patients, feeding learners)
- Outputs - Direct result of activities. These are short-term result that are immediate, visible, concrete (e.g. number of people trained, supplies distributed or community members treated). Outputs for the business include the value of Public Relations that is generated, number of business stakeholders involved, and the number of staff volunteers engaged.
- Outcomes - specific changes in the behaviours change, new knowledge, skills or wellbeing. These are medium-term developmental results that are a consequence of achieving a specified combination of short-term outputs (e.g. behaviour, knowledge or skills, improved grades improved access to health services, improved self-esteem). Outcomes could include improved staff morale, increased customer awareness or enhanced corporate reputation.
- Impact - Broader long-term consequences of the project. These include community, society or system-level changes that are the logical consequence of a series of medium-and short-term result (e.g. improved effectiveness of education system, reduction in HIV prevalence, more educated or healthier population, increased capacity)

Companies can select indicators measuring a combination of these levels of measurement to track the outcomes of their community initiatives and are generally advised to adopt an approach commensurate with each projects level of investment or strategic value. Most South African corporates track their inputs (87%) and outputs (89%). However, least common is impact measurement, although a surprising two-thirds of companies claim to track impact. Research on American corporates also suggests a high incidence of measurement, with 76% of companies tracking outcomes or impact on at least one project in their portfolio in 2013 (Trialouge, 2014).

2.3 Tracking outcomes of social investment

Gubic (2015) believes that tracking the outcomes of social investment is increasingly becoming a shared responsibility between donors and recipients where a common understanding needs to be reached to manage expectations around long-term impact and to extract lessons that will help guide future interventions.

At the annual Trialogue Making CSI Matters conference held in June 2015 in Johannesburg, South Africa, Trialogue facilitated a lively discussion on 'measuring outcomes' that uncovered some diverse views from donors and grantees. The debate sought to challenge practitioners to look beyond compliance and reporting for reporting sake, and instead to really interrogate whether the information and data being gathered was being meaningfully accessed. Discussion was led on how business should measure beyond the inputs and activities of outreach programmes to better understand how the outcomes have changed the lives of the people they are looking to support and whether monitoring should be seen as an ongoing managerial practice that involves keeping track of their activities, while evaluation is a more reflective process that should interrogate whether the right choices are being made to reach a strategic objective (Trialogue, 2015).

Gubic (2015) reports that the measurement task needs to be approached with more sensitivity. While M&E is increasingly required as a governance function to show accountability and return on investment, industry is urged to steer away from its increasingly complex technological approach and instead return to mutually supportive conversations that are mindful of the human systems in which they operate. Measuring outcomes is a social practice intended to extract learning and insight into complex social issues. It requires stakeholders to hold mutually respectful conversations that will determine shared value and be willing to act outside of the rigidity of academic frameworks and checklists.

2.4 Best practice cases

There are several best practice examples emerging in multiple sectors across South Africa. The mining industry, specifically, invests about R1.5-billion of the country's total CSI spend. Best practice case studies, specifically for small to medium-sized enterprise development, indicate that mining companies are making a significant difference to the lives of the people who are affected by operations. Monitoring and evaluation is increasingly becoming a donor requirement, with many corporates investing in measuring the impact of their development work (Archer, 2015).

Although over 80% of corporates and NPOs claim to be measuring project performance and impact, according to Trialogue's CSI research in 2014 the questions remains as to what they are doing with this knowledge.

The following case studies reveal brief best practice M&E attempts by two leading corporates in South Africa.

2.4.1 Exxaro

Exxaro is one of the largest South African-based diversified resources groups. It is listed on the JSE Limited where it is a constituent of the Socially Responsible Investment (SRI) index. The group's current business interests span South Africa, Republic of the Congo and Australia. Based on a well-executed strategy, solid returns, access to funds and quality resources, Exxaro is a unique listed investment opportunity into its chosen commodities (http://www.exxaro.com/index.php/about-our-business/)

Exxaro has shown that compliance driven efforts don't necessarily breed trust or a social licence to operate within the communities surrounding Exxaro's operations. As a result, Exxaro has shifted away from compliance towards a shared value approach by viewing these communities as development partners rather than beneficiaries. As such, they seek the common ground between community needs and business objectives. This approach has stimulated the need for extensive M&E at Exxaro with a strategic outcomes-based approach to M&E. They believe that it is about impact, not just whether objectives are being met.

Exxaro have chosen the Social Return on Investment (SROI) methodology which a comprehensive approach as this includes a theory of change and a translation of change into rand-value. M&E processes have improved Exxaro's CSR planning and management decisions and helps them to focus on shared value and sustainability by facilitating meaningful conversations with the projects they support (Trialouge, 2015).

2.4.2 Mercedes-Benz South Africa (MBSA)

Mercedes-Benz South Africa (MBSA) is a wholly-owned subsidiary of the global motor manufacturer, Daimler AG, with a history of over 60 years in South Africa as a committed corporate citizen. The Mercedes-Benz group of companies in South Africa has a solid reputation for contributing toward nation building, stretching as far back as the establishment of its production facility in the country, 60 years ago.

This legacy of good corporate citizenship lives on today through the group's formalised Corporate Social Investment (CSI) portfolio, which has evolved over the years to strategically align with the priorities of government in creating an empowered and economically independent population.

The focus of CSI echoes the general emphasis on sustainability, which is foundational to the organisation in its day-to-day operations. All projects supported make an enduring and lasting difference in the lives of beneficiaries. Project partnerships are developed with the aim of creating best practise models that can be replicated in more communities, increasing the overall impact on society. Key focus areas are re-assessed annually to ensure that projects supported address real needs within society. At present these areas are: Education and HIV/AIDS. In addition, the employees of the group of companies amplify the passion for community upliftment by initiating projects that further support the CSI project beneficiaries. Employee volunteerism is gaining momentum in the group (http://www.mercedes-benzsa.co.za/sustainable-development/corporate-social-investment/).

Mercedes-Benz South Africa (MBSA) recently re-evaluated its CSI strategy with the assistance of Trialouge, to strengthen its monitoring and evaluation (M&E) practices of its flagship projects. They strengthened and formalised their approach to capturing and reporting performance data, the level of detail, frequency and responsibility for reporting performance data and finally created reporting templates reflecting the new M&E approach (Trialogue, 2015).

3 Conclusion

While investment by companies in corporate social responsibility programmes is increasing, the way in which return is delivered and the success of these programmes is also being increasingly observed. The changes by the recent regulation by the Code of the King Committee on corporate governance has made it even more critical than ever before, for the corporate sector to improve the effectiveness of their investment and development models. The corporate sector is now required to refocus and gain deeper knowledge of change, develop new skills, and gather and analyze more complex data as South African's are particularly interested in key issues pertaining to reporting of measurement of CSI programmes. Interest is expressed as to whether the donor organization's, investments has yielded any results in making the donor more profitable, successful and competitive. Did the investment have impact on the brand, reputation and customer perceptions and what other benefits were gained from the investment. And from the beneficiary communities point of view whether the investment has had any impact on the community, was it sustainable and self-sufficient and finally what were the extended benefits gained by the recipient communities?

Evidence of what South African corporates are currently doing may be briefly gleaned from the two cases reported on in this paper.

South African business is therefore required to adopt more robust development models, combined with better impact assessment tools, and to build more skills and capacity to not only manage and measure the outcomes of their CSI programmes, but also to assess the impacts of these programmes over the short, medium and long term within their targeted beneficiary/ community groups. This will certainly improve the effectiveness of their development programmes and are likely to be viewed as best practice change management models.

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