

## “Apartheid-Induced” Corporate Social Responsibility in the Context of South Africa: A Review

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### Abstract

Corporate social responsibility (CSR) continues to gain prominence in most parts of Africa. The aim of this study is to explore the nature and extent of recognition of CSR in South Africa (SA), a developing country. The need for CSR research focused in developing countries remains critical, particularly with the concerns that current CSR approaches and with their origins from developed countries, may not reflect and fully respond to developing countries context and circumstances encountered. The aim of this paper is to explore literature and to identify the nature and extent of CSR recognition in SA. This study therefore took a review research study approach. SA has a history of legal racial segregation, termed, ‘apartheid’. Within apartheid, humanity was defined on the basis of race. Thus, apartheid permeated the entire fabric of life. We find that CSR is largely ‘Apartheid-Induced’, and that the practice is two-fold: largely voluntary and less mandatory. The first model that emerged during apartheid followed a ‘moral and ethical perspective’. The second model after the fall of apartheid followed a “legislative perspective”. A third model of CSR practice among SA corporations is one of a ‘Strategic CSR’ towards sustainable development. This final model is in line with emerging global trends. Thus, CSR is seen as a means through which corporations contribute towards national reconstruction and development. The study adopts a multi-theoretical background to explore CSR in the context of SA. The study therefore seeks to add literature to scholarly work in CSR in Africa, and contributes to deepening our understanding of the extent of CSR recognition and practice in SA. Documenting this should help with our understanding of corporate responses in SA.

**Keywords:** Corporate social responsibility, Apartheid, South Africa, Developing, Multi-theoretical view

### 1. Introduction

The CSR literature in developed and western economies have explored historical developments of CSR and raised interesting questions. These reviews, amongst others, provide explanations of CSR practice and offer useful insights from the perspective of developed economies. On the other hand, same could be said of CSR literature in developing countries context (Jamali & Mirshak 2007). Despite the extensive research work on CSR in the developing countries context, there seems to be the need for reviews from individual countries. Thus, there remains a certain level of protracting academic interest about differing CSR understanding and practice in light of enormously different economic, social, and cultural conditions (Jamali & Mirshak 2007). The socio-cultural environment and the level of national economic development have been highlighted as some important institutional determinants influencing CSR practice (Jones 1999), (Robertson 2009). As such, it is worthwhile exploring CSR conceptions and perceptions from developing countries context. CSR may vary across different regions and settings, however, it generally refers to - “actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (McWilliams & Siegel 2001). Traditionally, while governments have been seen to assume sole responsibility for the improvement of the living conditions of their citizens, society’s needs have exceeded their capabilities to fulfil them. To this end, attention is being drawn on the role of businesses in society and progressively majority of organisations globally, are being seen engaging in different CSR initiatives. This subsequently has led to the increase in CSR among various organisations globally.

The literature on CSR and its awareness has mainly been nurtured by western ideas and concepts. Nevertheless, understanding the practice is largely determined by the institutional environment of a country (Fransen 2013), (Fifka & Pobizhan 2014). Even so, there is the assertion that the concept may not be uniformly embraced, with departing views about its would-be usefulness and applicability (Jamali & Mirshak 2007). Hence, the CSR dimensions may differ for developed and developing countries (Quazi & O’Brien 2000). Corporate governance systems and its interrelationships have also been demonstrated to be varied under different national and

institutional contexts, and economic situations (Young & Thyil 2014) to influence CSR practice. As such, society's expectations of organisations have increased in recent years (Turker, 2009a). That is, in the face of high levels of insecurity and poverty, the backlash against globalisation, ozone depletion and mistrust of big business, there is growing pressure on corporate leaders and their corporations to deliver wider societal value (Jenkins 2006).

## **2. Problem Statement and Rationale for the Study**

In developed and industrialized economies, like the US, Europe and UK, models of CSR can be said of as comparatively well defined. Therefore, as the notion of CSR takes superiority more globally, there was the need exploring the nature of CSR in individual countries, particularly Sub-Sahara Africa. In this respect, (Robertson 2009) raises the question: "Is a universal model of CSR applicable across countries or is CSR specific to country context?" Comparing the developed and developing economics perspectives, empirical evidence on CSR literature and research have focused more on developed economies, with relatively scant literature available from the developing countries perspective (Julian & Ofori-Dankwa 2013). For instance, Belal & Momin (2009) assert that, most prior studies on CSR were based on developed economies and articles focusing on CSR practice in China were virtually non-existent. This assertion was not far from many Sub-Saharan African countries, with very scant prior studies (Ofori & Hinson 2007). However, in recent times CSR practice could be said of as gaining much prominence. It is worth recognizing that there has been an upsurge in CSR research and acceptance in Sub-Saharan African countries (Hinson et al. 2017). Wahba & Elsayed (2015) indicate that research studies investigating CSR relations should be done from different countries perspective. This is important not only because "socially responsible investment has no universal principles" (McLachlan & Gardner 2004) but rather corporate social responsibility has often "a location-specific context" (Welford et al. 2008). Thus, CSR practice in one country may differ slightly from those of other countries, as country-specific indicators may influence the notion and practice. The need for CSR research focusing on developing countries remains critical, particularly with the concerns that current CSR approaches and with their origins in developed countries, may not reflect and fully respond to developing countries context and circumstances encountered (Muthuri & Gilbert 2011). Further, evidence has shown that differences in cultural and social values, norms and priorities will to a large extent underpin CSR differently from both the developed and developing economies context (Jones 1999), (Robertson 2009), (Jamali & Mirshak 2007). This study aims to explore the notion and extent of recognition of CSR in SA. The context of SA makes an interesting case as a result of its long period of racial segregation termed as "apartheid". Within apartheid, humanity was largely defined on the basis of race. As we will see in subsequent sections of this paper, it is well documented in the literature that 'no study of SA would be possible without an examination of the regime's racial classifications' (Hammond et al. 2009, pp.707). In view of the fact that CSR is steadily gaining prominence in most parts of Sub-Saharan Africa, there was the need for continuous research exploring events that have shaped CSR of individual countries and the influence of other evolving trends. This study, therefore, explores CSR development, practice, motivation, nature and the extent of recognition in SA. This should provide additional insight for researchers to understand and appreciate the background underpinnings of CSR of individual countries. This study, therefore, seeks to add literature to existing scholarly work on CSR in Africa, in particular, Sub-Saharan Africa. This will add value to our understanding with the increase in adoption of CSR from individual countries perspective. The outcome of such studies is more likely to detect possible characteristics, drivers and evolving trends that can be applied to encourage both local and multi-national organisations operating in specific countries to be more socially responsible, whilst contributing towards national developmental efforts.

## **3. South Africa and Apartheid - A Brief Introduction**

South Africa (SA), officially the Republic of South Africa, is the largest country in Southern Africa and the 25th largest country in the world by land area and, with an estimated population of about 56 million people; it is also the world's 24th most populous nation (Schenoni 2017). SA provides an interesting context to explore CSR, with a slight deviation from what pertains in other developing countries, and in particular Sub-Saharan Africa. SA was ruled by an 'apartheid' system of government from 1948 to 1993, a period which officially segregated the country along racial lines in many aspects of life, such as, education health care, housing, business and transportation with disastrous consequences for the SA society. Thus, all aspects of the human endeavour, including living conditions, healthcare, jobs and even burial, were based on racial classification, see (Iheduru 2004); (Southall 2004), (Hammond et al. 2009), (Ntim & Soobaroyen 2013). 'Apartheid' was a political and social system in SA while it was under white minority rule. In this system, the people of SA were divided by their race and were forced to live apart from each other. The people were divided into four racial groups and kept apart by law. The system was used to deny many rights of the non-white people, mainly black people who lived

in SA in the beginning of the ‘apartheid’ regime. The laws allowed the white people to be in certain areas. Black people had to carry special papers (passes) or have permission to live and work in particular areas. The government separated mixed communities and forcibly moved many people. Many laws were made, for example, people of different races were not allowed to marry each other; black people could not own land in white areas or vote. There were a lot of protests in SA, like in Sharpeville in 1960 and in Soweto in 1976. For instance, the Soweto Uprising started because Africans were forced to study some subjects at school in Afrikaans. Many black people did not like Afrikaans because it was the language of the ‘apartheid’ government and they did not understand it. The aim of ‘apartheid’ was to separate the people of SA into small independent nations. It also wanted to keep the majority of SA lands for white people, especially the richest places, like the gold mines of Johannesburg. They wanted black men to work in these mines for little money but their families had to live far away<sup>1</sup>. This was the nature of ‘apartheid’, which has shaped the notion of CSR in SA.

#### **4. “Apartheid-Induced” CSR in South Africa –Background, Nature and Practices**

After the fall of the apartheid regime in 1994, the ruling African National Congress<sup>2</sup> (ANC) embarked upon an economic policy of encouraging growth, employment and redistribution - which was termed as ‘GEAR’ (Chabane et al. 2006). CSR could thus, be said of as relatively new in SA at the time, with its young but progressively emerging economy facing many challenges by virtue of its apartheid past. CSR first emerged in SA in 1976 after the Soweto uprising which resulted in companies endorsing codes of employment, followed by the approval of the Sullivan Code in 1976 by American companies operating in SA, the establishment of the Urban Foundation in 1977, motivated the growth and the formal acceptance of the black trade union movement in 1979 (Davids et al. 2009). Next we explore the framework and practice of CSR in SA, during the pre and post-apartheid era, and present day SA. First, the framework within which CSR was practiced that emerged during the apartheid era followed a ‘Moral and Ethical Perspective’. This was mostly as a result of riots and the peoples’ protests against the bad working conditions that led organisations to take up CSR as a means to address employee complaints and to alleviate suffering within the communities that they operate in (Trialouge 2010). Within this model, CSR was seen as representing development and as a result of philanthropy and ethics. This model was not seen as a forced obligation on the parts of corporations but rather a responsibility of corporations as a part of society to contribute towards the upliftment of its employees and their families (O’Brien 2001). Within this model CSR was seen more as a form of charity (voluntary) and not a legal obligation. Most of the corporations in SA then could be said of as partially practising CSR as and when they felt like it (Davids et al. 2009). Helg (2007) asserts that CSR was developed without the concept being properly framed within a commonly agreed definition, thus leading to actors involved in shaping the CSR framework, but doing so in accordance with their own interests (Helg 2007). In 1972, the notion of corporate-community giving was introduced by Meyer Feldberg, then professor of business administration, at the University of Cape Town, who called on business leaders to emulate their US counterparts and get involved in the communities that surrounded their operations or from which they drew their employees. The Urban Foundation and Sullivan Principles were among the instruments of CSR practices that dominated at the time. In 1977, the Urban Foundation was established as the first large-scale corporate commitment to the plight of the disadvantaged, focusing primarily on housing and education. It followed with the introduction of the Sullivan Principles, as a voluntary code of conduct for US corporations operating worldwide, comprising of eight values, including promoting social, economic and political justice. The term ‘corporate social responsibility’ was used by signatory corporations to denote corporate-community giving. This formed the nature within which CSR was practiced during the apartheid era (Trialouge 2010).

The fall of ‘apartheid’ and the years that followed shaped the second framework. This model is seen through a “Legislative Perspective”- i.e. the implementation of legal obligations, trade policies and codes of good practice. This was achieved by the SA government with the help of international organisations, such as the EU and the UN. The introduction of the various trade policies that protected the corporate environment, as well as, the corporate governance codes that serve as guidelines for corporations to abide by, have led to improved regulation and enforcement of labour laws in the SA (Werner 2009). That is, towards enhancing corporate social investment among SA corporations. Thus, the emergence of CSR as a legal obligation for corporations to adhere to in SA has to a larger extent boosted the practices and disclosure of CSR. Accordingly, motives of corporations to engage in CSR initiatives have largely been seen as a result of legislation. CSR in SA could be seen as more of governmental legislation and less voluntary in nature. The main driver in the post-apartheid period is the

<sup>1</sup> History of Apartheid, <https://simple.wikipedia.org/wiki/Apartheid> - last accessed 29th January, 2018

<sup>2</sup> The ANC took power after the fall of apartheid and has since being in governance, maintaining the cause of democracy in South Africa

corporate governance (CG) reports. In particular, the King III mandates large companies to invest 1% of their annual profit in CSR (CSI). King III is regarded by the government as being the most important external imperative for CSR in South Africa. Also, King IV, which was released in 2016 and the most recent- reinforces the idea of interdependency between business and society, which is expressed by the African concept of ‘Ubuntu’. The King IV CG report is consistent with the basic idea of CSR that businesses and society are interwoven rather than separate entities (Wood 1991). It has been showed that most corporations in SA are motivated by moral obligations, laws and regulations, status and reputation, stakeholder pressures, license-to-operate obligations and industry charters. And despite challenging economic conditions, SA corporations are estimated to have invested over R9 billion in corporate social investments<sup>3</sup> (CSI) in the 2016/2017 financial year. This is compared with R1.5 billion 20 years ago, representing a 105% real increase over the 20 year period (Trialogue 2017). Thus, the SA government is proactively involved in developing CSR policies and legislation as a way of ensuring that the corporate sector supports economic development. Furthermore, the introduction of the 2007 black economic empowerment (BEE) codes of Good Practice, which also requires corporations to allocate 1% of their net profit after tax (NPAT) on socio-economic development (SED), spawned corporations going beyond that which was required by law and allocating an average of 1.3% of NPAT in 2009/2010 financial year (Trialouge 2010). Emphasis on corporations incorporating social considerations into their core businesses is also highlighted by the King II CG report. Thus, corporations should see their role towards CSR as including a contribution towards the reconstruction and development of SA (Davids et al. 2009).

A third and final framework which seeks to be an emerging trend of CSR practices among SA organisations is the use of ‘CSR as a strategic tool’.

**Table 1: Evolution of CSR in South Africa**

Phase	Description
<b>Apartheid Era - Moral and Ethical Perspective</b>	It was more as a result of riots, and the people’s protests against bad working condition that led organisations to take up CSR as a means to address employee complaints and to alleviate suffering within the communities that they operate in.
<b>Post-Apartheid Era - Legislative Perspective</b>	Implementation of legal obligations, trade policies and codes of good practice. The introduction of the various trade policies that protected businesses and the environment, as well as, the corporate governance codes that serve as guidelines for corporations to abide by.
<b>Emerging Trend - CSR as a Strategic Tool</b>	This model could be said of as a result of changing business dynamics and importance of organisations in today’s global environment, i.e. the effects of globalisation and global capitalism, towards sustainable development.

**Authors’ Own Construct**

This model could be said of as a result of changing business dynamics and importance of organisations in today’s global environment, i.e. the effects of globalisation and global capitalism (Dunning (ed.) 2004). This final model aligns with the call for global sustainability. Sustainable development has largely been incorporate in the SA Corporate Governance Codes. A classic example of this emerging trend in SA is the institution of the JSE/FTSE Responsible Index Series for listed firms on the Johannesburg Stock Exchange (JSE) in 2015. The JSE/FTSE Responsible Investment Index Series replaced the JSE SRI Index, as the JSE partners with global index provider FTSE Russell, to help progress its work around promoting corporate sustainability practices in SA. Prior to this, the JSE had been the first emerging market and first stock exchange to form a Socially Responsible Investment Index (SRI Index) in 2003/2004. In its first round of assessment, the top 160 listed companies were eligible for evaluation, of which 74 companies applied and 51 were accepted onto the Index in April 2004 (Dzingai & Fakoya 2017). Also, the King III Corporate Governance Code of SA particularly encourages all entities in SA to incorporate into their operations sustainability development, in a Triple context. This emerging trend could be termed of as a more strategic approach to CSR practice, towards sustainable development. Strategic CSR model has being widely endorsed by global organisations, as global governments/institutions seek to promote a future of ‘shared-responsibility’. Even so, this model takes into account the various roles of organisations with regards to their stakeholder relations. It seeks to harmonize the corporate objectives of corporations to that of the developmental agenda of the country of operation, their obligations to stakeholders and society, as well as, to the environment as a whole (Hartman et al. 2017).

<sup>3</sup> This is the term mostly used in the context of South Africa to denote CSR

## 5. Exploring the Legislative Framework of CSR in South Africa

CSR remains as perceptible efforts on the part of most corporations in SA, both indigenous and multinationals. The social image of the country after the fall of 'apartheid' was one of the marked inequalities in terms of education, infrastructure, economic power, and access to basic services (Trialouge 2010). Specifically, a long period of racial segregation in the form of 'apartheid' rule resulted in a number of social, economic and political consequences for the black majority (Southall 2004). Therefore, when the ruling African National Congress (ANC) government assumed power in 1994, it pursued a number of reforms intended at addressing historical imbalances between black and white South Africans, one of which is the Black Economic Empowerment Act (Chabane et al. 2006). Also, the 'GEAR' primarily aimed at addressing the wide gap in socio-economic development between white and non-white South Africans, of which BEE constituted a key part (West 2006). Corporate governance (CG) guidelines and standards, which are well institutionalized, could thus be termed as the legislative scroll of CSR in SA, which are well institutionalized. They are regarded as state-of-the-art guidelines regarding good CG and compliance, and its adoption is very popular and highly recommended within the corporate arena of SA. In 1994, the King Committee on CG issued the first report, known as King I. While encouraging good governance practices, the report also emphasized the need for corporations to be socially responsible in the communities in which they operate (KING I CG Report, 1994<sup>4</sup>). In 2002, the King II report on CG was released. More or less at the same time, the Johannesburg Stock Exchange (JSE) required listed companies to comply with the King report or otherwise justify why they were not adhering to the norm. The King II clearly established and explained seven good governance elements that any corporation adopting the report should adhere to: among them is the social responsibility element (KING II CG Report, 2002<sup>5</sup>). During this period, responsible investment was a relatively new concept especially in emerging markets, where SA was the first to launch a sustainability index, followed by Brazil in 2005. This was some few years after the launch of Dow Jones Sustainability Index in 1999 and FTSE4Good Index Series in 2001<sup>6</sup>.

The third version of CG report, King III, was made effective in March 2010. With respect to the previous versions, this report focuses on sustainability and risk issues, while continuing to highlight the importance for companies to respond to all stakeholders (KING III CG Report, 2009<sup>7</sup>). Recently in 2016, the corporate and business environment witnessed the launch of the King IV report of CG. The King IV, which seeks to enhance the accessibility of the report to all types of entities across sectors, aims to see developments in areas including, responsible investing and linkage with the code for responsible investing in SA (KING IV CG Report, 2016<sup>8</sup>). All these regulations together reinforce the notion and practice of CSR among corporations in South Africa, a key imperative for promoting the notion and practice of CSR in SA. Originally, and as conceived, the BEE Act required white-owned corporations transferring equity ownership to black-owned business consortiums (Russell 2007). In practice however, the BEE deals have mainly involved very large white-owned conglomerates voluntarily selling some of their ownership stakes to consortia of the small black elite<sup>9</sup>, normally with high connections to the ANC (Iheduru 2004). This spawned widespread condemnations of the BEE deals by both black and white businesses for its narrow focus on equity ownership and helping to creating a circle of "very rich black elite" rather than empowering the underprivileged South African majority (Southall 2004); (Ntim & Soobaroyen 2013). Therefore, in response to the increasing public disapprovals of the BEE, the government reviewed the policy and consequently, passed a legislation that rendered the BEE more 'inclusive' or 'broad-based' in 2003, which came to be known as Broad-Based BEE (BBBEE) Act 53 of 2003. In contrast with the BEE policy that focused narrowly on equity ownership, the BBBEE is broader in focus, encouraging SA companies to account on an annual basis their contributions in seven comprehensive and clearly defined CSR areas: corporate social investment, equity ownership, employment equity, enterprise development, management control, preferential procurement and skills development (Ntim & Soobaroyen, 2013). The need to disclose BEE<sup>10</sup> interventions and performance was reinforced in the local code of corporate governance (KING II CG Report, 2002).

<sup>4</sup> Institute of Directors Southern Africa, <http://www.iodsa.co.za/?kingI>, last accessed 31st January, 2018

<sup>5</sup> Institute of Directors Southern Africa, <http://www.iodsa.co.za/?kingII>, last accessed 31st January, 2018

<sup>6</sup> Accountancy SA (2001), The JSE SRI Index, <http://www.accountancysa.org.za>, last accessed 31st January, 2018

<sup>7</sup> Institute of Directors Southern Africa, <http://www.iodsa.co.za/?kingIII>, last accessed 31st January, 2018

<sup>8</sup> Institute of Directors Southern Africa, <http://www.iodsa.co.za/?kingIV>, last accessed 31st January, 2018

<sup>9</sup> Ntim & Soobaroyen, 2013, indicate that over 1,364 empowerment deals were completed between 1995 to 2005, majority of which were led by a small group of black elites

<sup>10</sup> Black Economic Empowerment Act

Briefly, and with respect to the seven specified CSR areas of the BBBEE<sup>11</sup>, corporate social investment requires firms to invest about 1% of their profits (after tax) in socio-economic development, such as education. Secondly, equity ownership requires firms to encourage blacks to acquire up to 25% of their share-ownership. Thirdly, employment equity seeks to achieve equity and diversity in employment by eliminating all forms of unfair discrimination. Fourthly, enterprise development encourages companies to directly invest about 3% of their profits in black enterprises. Fifth, management control aims to address the low participation of blacks in executive management, by encouraging firms to appoint qualified blacks into positions of influence, with a general target of 40% to 50% senior management posts to be held by blacks. Sixth, preferential procurement empowers organisations to acquire up to 70% of their raw materials from black-owned enterprises, even if they cost higher than they may be acquired from white-owned businesses. Finally, skills development encourages companies to invest about 3% of their profits in the skills development of their black employees (Ntim & Soobaroyen, 2013). An issue worth noting is that, the CSR expectations set out by the BEE Act were not legally binding. This renders compliance with its provisions voluntary for South Africa corporations, although the SA government had reiterated that the BEE performance will inform its decisions when awarding public sector contracts and concessions. It may thus be argued that Section 10 of the BBBEE Act (2003) makes it difficult, if not impossible, for corporations in SA to operate smoothly and competitively without complying with this Act (Ntim & Soobaroyen, 2013). It is vital to state that even though King I was completely silent on BEE issues, King II explicitly required corporations to consider and report on them (Ntim, Opong, Danbolt, & Thomas, 2012). In contrast, King III was silent on BEE issues. However, this could be due to the fact that prior to the release of King III, BEE had already become an Act. King III code of practice subsequently required corporations to abide by all binding and non-binding laws in SA and specifically asked firms to disclose in their integrated report those non-binding laws they have complied with. King III code of governance therefore impliedly required firms to comply with the BBBEE Act (2003) (Gyapong et al. 2016).

King IV report on CG, which is the most recent, further echoes the idea of interdependency between organisations and society, which is expressed by the African concept of 'Ubuntu' philosophy. "Ubuntu is the capacity in African culture to express compassion, reciprocity, dignity, harmony and humanity in the interests of building and maintaining community" (Nussbaum 2003). Ubuntu emphasizes the strong interdependence of human beings (Battle 1997). It stresses the importance of communication and reconciliation in the interest of harmony and understanding. Therefore, it is evident that eventually, the existence of these legislative regimes is seen to have significantly changed the corporate outlook and the posture of CSR in SA.

### **6.0 A Multi-Theoretical View Exploring CSR in South Africa**

Many different theories have been identified to explain and explore the CSR literature and its importance and necessity (Moir 2001). These theories and approaches are under the themes of economics, politics, social integration and ethics (Garriga & Melé 2004), (Jamali & Mirshak 2007). Recognising that there may be limitations with respect to using a single theory to explore the notion of CSR in SA, as well as, given the multiplicity within corporate motivations for social disclosures (Palazzo & Scherer 2006); (Palazzo & Scherer 2006), this study follows a multi-theoretical view. Consistent with prior suggestions and evidence - see (C. Deegan 2002), (Branco & Rodrigues 2008), (Reverte 2009), (Ntim & Soobaroyen, 2013), we consider these theories complementary rather than opposing. Therefore, we argue that a combination of the theories below is useful in exploring CSR practices in SA. Again, recognizing that there is a lot of extensive literature on these theories, and which is well documented in literature, we briefly describes these theories in the context of SA.

Institutional Theory (IT) - The "REASON WHY" organisations act in socially responsible ways in different national contexts has attracted scholars and researchers in business and society (Campbell 2007), (Matten & Moon 2008). IT provides useful theoretical foundations for understanding the effects of the institutional environment on CSR initiatives of organisations (Aguilera & Jackson 2003), (Campbell 2006). IT asserts that organisations are substantially influenced by the institutional environment in which they operate. The institutional environments take into account elements, such as, culture, regulation and social norms, which influence and which are influenced by actors' interactions in a governance system. These institutional determinants affect the uptake of CSR, and serve to promote or temper CSR agendas (Muthuri & Gilbert 2011). Within the SA, the ruling ANC government has implemented policies aimed at achieving socio-economic transformation, of which the BEE is a central part (Southall 2004); (Ntim & Soobaroyen 2013). Resource dependence theory (RDT) suggests that corporations that are perceived to be socially responsible can improve

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<sup>11</sup> Broad Base Black Economic Empowerment Act

their performance by gaining competitive advantages (Pfeffer 1973). Since it is costly to engage in CSR activities, some benefits can be expected to be accrued to socially responsible corporations. For example, investments in BEE can help improve employee know-how, management expertise, corporate image and reputation (Ntim & Soobaroyen 2013). Yet still, RDT has been critiqued for failing to recognise the role that other external factors, such as, the political environment might impose on company's performance (Branco & Rodrigues 2006), (Chen & Roberts 2010). Legitimacy Theory (LT) holds a widespread view that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values and beliefs (Suchman 1995). Consequently, stakeholders (including, consumers, local communities, and NGOs) can influence corporate actions by arguing that a given practice does not conform to societal expectations or lacks legitimacy (Berry & Rondinelli 1998); (Dawkins, 2005). Hence, when the legitimacy of an institution is endangered, it could employ some legitimization approaches to minimise those threats by seeking to influence stakeholder actions and perceptions (Cormier et al. 2004), (Reverte 2009). Within the context of SA, it has been argued that organisations could legitimise their actions by disclosing BEE information, notwithstanding its usefulness in explaining CSR disclosures motives (Ntim & Soobaroyen 2013). Agency Theory (AT) explains the conflicts of interests between shareholders and managers. Due to conflicts of interest between agents (managers) and principals (owners), agency costs may arise. Misalignment of interests between managers and companies result in agency costs, by making self-entrenched decisions that may reduce shareholder's value. Thus, there is a need to align managers' interests with those of owners through a code of governance. The SA context provides adequate guides to aligning the interests of management and owners of firms, through the institution of corporate governance instruments. Agency theory has thus become the cornerstone of corporate governance and is the dominant theory to explain corporate governance (Dzingai & Fakoya 2017). Finally, Stakeholder Theory (ST) considers CSR disclosure as a tool used by organisations to explore the informational needs of their dominant stakeholders, including, shareholders and government, to obtain their endorsement (Orij 2010). Within the SA context, the ruling ANC government continues to embark on various policies implementation directed at achieving socio-economic transformation, of which the BBE is vital (Southall, 2004), as such, firms that comply with those provisions may win government support for their operations. Notwithstanding the sheer relevance of ST in explaining CSR disclosures motives, it has been cited for directing CSR disclosures at the most influential stakeholders, thereby pandering CSR disclosures to corporate self-interests (Deegan 2002), (Ntim & Soobaroyen 2013).

## 7.0 Conclusion

This study took a descriptive research approach by reviewing and exploring existing literature on CSR in SA, identifying in particular events that have shape the notion and recognition of CSR in SA. We conclude that CSR in SA is 'Apartheid-Induced'. Whereas the practice is largely seen as voluntary in nature, there are also mandatory implications. In this review study, findings are largely consistent with Visser's (2006) study of the nature of CSR in the context of Africa. Visser's (2006) study uncovers CSR characteristics, including (i) the existence of formal CSR codes, standards and guidelines that are mostly applicable to developing countries that tend to be issue specific (e.g. EEA, BBE and Broad Based BBE Act) or sector-led and (ii) that CSR is mostly associated with philanthropy or charity, i.e. through corporate social investment in education, health, sports, development, the environment, and other community services. It further includes, tackling HIV/AIDS, improving working conditions, provision of basic services, supply chain integrity, and poverty alleviation (Visser 2006). From this review, we argue that, the corporate outlook in SA is seen to have embraced what may be termed as 'Apartheid-Induced' CSR, far in contrast with those imposed in most developed and other developing economies, which takes into consideration the history and real situation in SA, based on its laws and regulations that protect workers' rights and other social concerns arisen from corporate operations. The SA corporate governance reports provide continuous view of the notion and practice of CSR among SA corporations. It has been asserted that when CSR activities, which are largely philanthropic, are closely linked with the missions and visions of organisations, it turns to create greater wealth than other kinds of donations (Burke & Logsdon 1996). The study concludes that the CSR approaches and model in the context of SA is largely 'Apartheid-Induced'. And that the practice is largely voluntary, but also partly mandatory. Further, the presence of a CG regime, which is recognized at the forefront of the corporate sector, ensures that the notion of CSR is implemented among all SA entities. However in the wake of globalisation and the search for a world of "creating a shared future" there was the certainty of a convergence of a global common goal for business and society, hence the adoption of a universal "Strategic CSR" approach was eminent, towards sustainable development. Future research could review the extent of applicability of global CSR trends from country specific context. That is, by reviewing the applicability of global CSR trends in relation to individual countries' socio-cultural and national characteristics to provide a better picture of CSR in individual countries' context.

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