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opinion by Charlene Lackay

Rethinking engagement

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Lackay is group CSI manager of MMI Holdings

Instead of sneezing in a thunderstorm, firms should be brave enough to experiment

Cyril Ramaphosa's state of the nation address reignited the hope that it was still possible to build an inclusive society using our collective talents and resources. It was a presidential call to action, grand and inspiring.

Then, during the budget speech, this wave of enthusiasm crashed headlong into the harsh fiscal realities facing SA. It was clear it will be hard work. It will also challenge corporate social investment (CSI) decision makers about where to focus their efforts.

Companies spend R8bn/year on CSI – a contribution mirrored by R8bn in philanthropic donations from high-net-worth individuals.

This doesn't take into account contributions towards skills and supplier development. The *2017 Trialogue Business in Society Handbook* says companies have spent R137bn on CSI over the past 20 years.

One can rightly argue about the quality and impact of this investment. But the fact is, our transformation and governance codes (such as BEE codes and King 4), ensure that companies are actively contributing, collaborating and connecting with communities.

Yet the challenges facing us in education, health care, access to justice, employment and the protection of the most vulnerable remain – made worse by government failure, as was crudely evident with the Life Esidimeni tragedy.

How should we understand this? Did we just waste R137bn? Or, is there something fundamentally wrong with the way we think about CSI?

In 2018, government committed R259.4bn for social development, which makes CSI budgets seem like a sneeze in a thunderstorm. So shouldn't we use our comparatively small pot of funds to take the risks government can't?

If you ask Kerryn Krige, chief technical adviser for the International Labour Organisation, the answer is an unequivocal "yes". We should look at ways to be catalysts for service delivery, innovation and strengthening community systems.

CSI has evolved from pure philanthropy where "strategic CSI" and business sustainability are considered integral. What is frowned upon today are old-school, transactional funding partnerships that do nothing to build the financial sustainability, independence and capacity of organisations.

One area producing results is social entrepreneurship. Social entrepreneurs follow start-up rules and try to address a social problem with a business solution. Muhammad Yunus, who started the Grameen microfinance bank, famously said: "I looked at what the problem was, then started a business."

In SA, growth in social entrepreneurship has been encouraging. The department of economic development is working on a policy framework to boost this sector, which could make a tremendous contribution to growth, job creation and youth unemployment.

Of course, tough economic times lead to a lockdown in funding from donors. In this context, experimenting with investments in social entrepreneurship could easily be seen as irresponsible. But instead of trying to do what only government can, companies should provide new social investment models that can, once established, grow to scale with the help of government's muscle.

Here is the snag: CSI departments are flooded with requests for funding of critical functions such as clean water supply, access to basic health care and education spaces that can build the dignity of children. These are honourable causes that make a difference, but they can never be the core focus of CSI.

Companies should take their lead from government priorities – but instead of sneezing in the thunderstorm, they should be brave enough to experiment with ways to amplify the efforts of government. x