

# **Analysing Corporate Social Responsible activities of Dutch companies in South Africa**

*Contributing to a more  
South-centered agenda*

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**Universiteit Utrecht**

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November 5, 2014

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Masterthesis Economic Geography

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## Preface

Five years ago, I started the bachelor's program Social Geography, in which I started to develop my international awareness with a minor in International Economy and my study abroad at the University of Stockholm. Also, I became inspired by my fellow college students who, in most cases, had already travelled to various countries over the world. Soon, I started to develop my travel experience as well by going beyond the borders of Europe with, for example, the 'Buitex' to Morocco. Enthusiastic about what I had seen, I decided to spread my wings even more by travelling to China, Myanmar, and Thailand with my boyfriend. In these countries, I became increasingly aware of the differences between the developed and developing world.

In 2014, I started the master's program Economic Geography at the University of Utrecht. In order to complete this master's degree and to further develop my international (business) knowledge, I applied at an international organization called South African Netherlands Chamber of Commerce (SANEC). Together, we decided that the subject of my research would be Corporate Social Responsibility in South Africa, and this report is the result of this research. By providing more insight into Corporate Social Responsibility, I hope that companies become inspired and increasingly incorporate Corporate Social Responsibility into their business management. For myself, the research topic has taken me to a new level of global economy and developments, and Corporate Social Responsible international business activities especially fascinate me. I hope that with finalizing this research, new opportunities will appear in order to further develop my fascination with this international business topic.

This research could not have occurred without a few people, whom I want to thank here. First, my supervisor, Leo van Grunsven, for his critical comments and patience during this research. Second, I want to thank the South African Chamber of Commerce for giving me the opportunity to conduct my research. I also want to thank them for giving me the opportunity to organize the CSR Knowledge Tour Event. Third, I want to thank all the respondents for participating in this research. Last, special thanks goes to my boyfriend, family, and friends who supported me during the whole research process and especially in the last couple of months.

I hope you will read this report with great pleasure.

Violet Nijboer

November 5, 2014

## Executive Summary

- This research analysed Corporate Social Responsible (CSR) activities of Dutch private companies in South Africa by the following main question: *What motivates Dutch companies that are active in South Africa to engage in Corporate Social Responsible (CSR) activities, which opportunities and obstacles are perceived concerning these Corporate Social Responsible activities, and could these Corporate Social Responsible activities be described as successes or failures and why?* In order to answer this main research question, Dutch private companies that are members of the South African Netherlands Chamber of Commerce were approached for both a survey and personal interviews. In addition, a contributing research population, including South African companies and Dutch and South African organizations that are active in the governmental and public sector Research, Education, and Training, and are members of the South African Netherlands Chamber of Commerce, also contributed to the research outcome. In total, this research included 47 respondents.
- First, the business relationship between the Netherlands and South Africa was analysed. This relationship can be described as relatively important based on the fact that the Netherlands is the third largest European importer from and exporter to South Africa. In addition, South Africa is one of the 45 most important trade partners of the Netherlands. Furthermore, the trade balance between the Netherlands and South Africa has proved to be positive and has been increasing since 2009. Furthermore, this trade relationship can be described as diverse based on the fact that the total number of Dutch companies in this research includes eight small and 15 large Dutch companies that together are active in 11 different sectors.
- Second, of these 23 companies, 19 are engaged in CSR activities. This research indicates a relationship between the size of companies and their engagement in CSR activities because all large Dutch private companies were engaged in CSR activities compared to a relatively small percentage of small Dutch private companies. Moreover, research findings imply that CSR means different things to different people. To continue, analysing motivations of Dutch companies that engaged in CSR activities in South Africa resulted in the observation that these motivations were primarily based on economic reasons related to improved performance. Significantly, there was no role for institutional organizations

nor was there an influence of size and/or sector of companies and their motivations behind the engagement in CSR.

- Third, the personal interview findings indicated that the sector in which the company was active was represented as the largest opportunity by Dutch private companies. In addition, also the relationship with different stakeholders of companies was a relatively large opportunity, according to all respondents. The main perceived obstacles by Dutch private companies included the availability of resources and the socioeconomic characteristics of South Africa. Respondents in the contributing research population supported these findings.
- Fourth, the South African unique code of conduct BBBEE was ranked as an opportunity rather than an obstacle by all respondents. In short, BBBEE are guidelines that force companies to attract minorities, including black, female, and disabled workers, in the South African society in their business activities. Proponents argued that South Africa is a forerunner in the international field because it presents guidelines that contribute to the development of local society. In addition, companies argued that BBBEE contributes to their reputation and legitimacy. In contrast, opponents argued that most companies do not know the exact requirements regarding what BBBEE includes. In addition, companies wondered if minorities truly benefit from BBBEE and if enforcement is the right way to achieve the goal. Also, they argued that BBBEE contributes to corruption .
- The fifth sub-research question addressed the success or failure of CSR activities of Dutch companies in South Africa, although not much research has yet addressed measuring the social impact of CSR activities. The CSR activities of six of the eight Dutch private firms were evaluated as successes. Noticeably, contact with the local society especially was critical in achieving success.

### **Acknowledgements**

- In creating future advice, the most interesting findings in the research are linked together. First, it is argued that the opportunities of CSR, including an improved relationship with customers and shareholders of companies, should be promoted in order to attract more Dutch companies in the engagement of CSR activities in South Africa since they are largely driven by improving performances.
- Second, because intermediary organizations are evaluated as a relatively large opportunity concerning CSR, they should actively manage the problems regarding the lack of

available knowledge about CSR and BBBEE by organizing more sessions that boost the exchange of knowledge.

- Third, the importance of localization in South Africa was indicated. In addition, this research has proved that small Dutch companies lag behind when it comes to engagement in CSR activities. Also interesting is the fact that the one small firm that was engaged in CSR activities in this research was evaluated as being the most successful. This indicates the importance of attracting more small Dutch companies in the engagement in CSR activities in South Africa. To do this, intermediary organizations should support collaboration on this field by linking companies to each other and to NGOs in the form of, for example, a Social Investment Fund. In this way, in the future, more small-sized companies could engage in CSR activities in South Africa.
- This research has contributed to a more South-centered CSR agenda by analysing CSR activities in a developing country and by analysing the role of a unique code of conduct (BBBEE) in attracting foreign companies and CSR activities. It can be argued that more developing countries should adopt a country specific code of conduct in order to ensure that the needs of these countries correspond with the activities of foreign companies. In addition, this existing code of conduct makes it easier for foreign companies to contribute to local development instead of harming the society. However, when creating a country specific code of conduct, it is extremely important to distribute clear information about the included regulations. If not, this code of conduct will only lead to disadvantages for the developing country. Moreover, it should be noted that the socioeconomic characteristics of the countries contribute to the impact and outcome of the unique code of conduct.

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## 1. Introduction

Globalization has become a major focus of interest amongst business communities (Crane et al., 2008). An increasing number of companies are doing business in an international environment and multinational firms especially settled in developing countries in order to benefit from socioeconomic circumstances in these countries (Chaudri 2006; Jenkins, 2005). With this increasing number of companies doing business in an international environment and the effects for these developing countries, the discussion about ethical dilemmas was also introduced. As a result, Corporate Social Responsibility (CSR) has become a major focus of interest amongst companies, consumers, shareholders, governments, and researchers (Blowfield & Frynas, 2005; Campbell, 2007; Siegele and Ward, 2007). In essence, this research was conducted both in order to contribute to a more South-centered CSR agenda and as a tool to contribute to the success of CSR activities of companies. The term “South-centered” is used because most of the developing countries dealing with foreign companies that benefit from their socioeconomic circumstances are located in the global South.

In explaining these main reasons for starting this research, it is important to first mention the increasing interest in CSR. Due to this phenomenon, CSR has become basically a “container concept”, i.e., meaning different things to different people (Fairbrass, 2011; Mullerat, 2013) and including different types of CSR activities. This has resulted in Corporate Social Responsibility becoming a black box with an enormous range and “identifying and defining what CSR means is open to contest” (Okoye, 2009, p. 613). As a consequence of the varied definitions of CSR, CSR is used for several purposes. Policy-makers, for example, see CSR as an important tool in meeting developmental challenges, including reducing poverty and building human capital. Furthermore, civil society, businesses, and government perceive CSR as a link between businesses and development. However, in most of these cases the differences between developed and developing countries are overlooked (Blowfield & Frynas, 2005; Lund-Thomson, 2011).

As a result of ignoring the differences between developed and developing countries, CSR programs created in developed countries do not contribute to the evolvement of communities in developing countries. This phenomenon could be illustrated by the “universal codes of practice”, which include CSR guidelines created in developed countries in Western Europe and the US and implemented in developing countries in the South. Opponents of the universal codes of practices argue that implementing CSR universal codes of practices in

developing countries will harm instead of contribute because they do not correspond with norms and values in the local community (Blowfield & Frynas, 2005; Lund-Thomson, 2011). Therefore, a more South-centered CSR agenda with attention to the practices of CSR activities in developing countries is needed (Jamali & Mirshak, 2007; Lund-Thomson & Nadvi, 2011).

In addition to the lack of clarity as to the definition and purpose of CSR and the need for a more South-centered CSR agenda, the third driving force behind this research is the fact that companies often fail in their CSR activities. Hereby, the social impact of companies on the local community, or community investment, is minimal. This is shown in a recently published report of Oxfam (The Guardian, 2013). In this report, multinational companies, such as Coca Cola and Unilever, were ranked according to their transparency of the supply chain and their standards across seven different areas, such as rights of workers and farmers and the protection of women's rights. Unfortunately, the report concluded that multinational corporations (MNCs) frequently fail in their CSR goals. This is striking, and therefore, more research should be conducted in order to discover what hinders companies in succeeding in their CSR activities.

Elaborating on the success of CSR activities of companies, not much attention has yet been paid to measuring the social impact of these CSR activities (Maas & Boons, 2010). However, as a result of the increased interest for CSR, increasingly more methods are developed in order to measure the social impact of these CSR activities. Nevertheless, there is still a lack of consensus on both the definition of social impact and the best way to measure social impact (Maas & Boons, 2010) because investigating the social impact of CSR activities is "extremely difficult" (Maas & Liket, 2011). Measuring the social impact of CSR activities is extremely important in order to evaluate and improve these activities in the future, and therefore, more research on this theme is needed.

## **1.1 Context**

In order to contribute to the needs of a more South-centered CSR agenda, it was chosen in this research to analyse CSR activities of companies in a developing country. Here, South Africa was selected due to this country having an emerging economy. Countries with emerging economies are often defined as BRICS (Brazil, Russia, India, China, and South Africa). Together with Brazil, Russia, India, and China, South Africa is responsible for a global shift in power since they will be responsible for 80% of the world economic growth in

the next 40 years (Gomes, 2013). Based on this prediction, doing business with South Africa will become more important. What also makes South Africa an extremely interesting case is that South Africa, as one of these few countries, maintains a unique code of conduct, called Broad Based Black Economic Empowerment (BBBEE). In short, this code of conduct involves the “economic empowerment of black people, including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies” (Jack & Harris, 2007, p. 16). It is important to investigate how companies deal with such a country-specific code in a developing country. This could answer the question whether more developing countries should adopt such a country specific code of conduct instead of maintaining universal codes of conduct.

When examining the BRICS countries, it appears that the role of these emerging economies in Africa is growing. To illustrate, the export from Africa to China and India increased tenfold in the period of 2000 to 2013 (Hout & Warmerdam, 2013). As a consequence, it is of main importance to ensure that “old economies”, including Western Europe and the US, keep their position in doing business with and in Africa in order to ensure that these countries can maintain their position in the world economy. Based on this phenomenon and the two discussed predictions that assume the growing importance of both CSR and the emerging economies, the need to analyse the CSR activities of old economies in South Africa has become clear.

Because of the extensive range of CSR activities, it is impossible to analyse all CSR activities of companies in West European countries and the US. For this reason, one country was selected. The Netherlands was chosen based on two reasons. First, a strong relationship between the Netherlands and South Africa can be distinguished based on historical occurrences, for example the Dutch colony in South Africa. Secondly, the business relationship between the Netherlands and South Africa can be interpreted as extremely important. This is shown in that several economic missions, in which Dutch ministers visited South Africa for business purposes, have occurred. To illustrate, recently, in July 2014, Minister Ploumen of Foreign Affairs and Development visited South Africa to strengthen the bilateral economic relationship between the Netherlands and South Africa (SANEC, 2014). Moreover, in a Responsible Competitive Index, the Netherlands was ranked 12<sup>th</sup> out of 108 countries (Alessandri et al., 2011). Therefore, when investigating the opportunities and/or obstacles and the degree of success, CSR activities of Dutch companies will contribute to more advanced insights about CSR activities.

## 1.2 Research Purpose and Relevance

The main purpose of this research is to discover the type, engagement, practice, and success of CSR activities of Dutch companies in South Africa. This is important in order to make these activities both more attractive and more successful for companies that are active in South Africa and worldwide. Another goal is to determine whether more developing countries should adopt a country specific code of conduct, such as South Africa's BBBEE.

This research is of both scientific and social relevance. The scientific relevance becomes clear from the fact that although there is much more interest for the concept of CSR in academic literature than decades ago, there is still much unknown about CSR. This can be concluded based on the lack of an agreement on both the definition of CSR and the social impact of CSR activities. Moreover, measuring the impact of CSR activities is still in its infancy (Maas & Liket, 2011). Additionally, there is a need for a more South-centred agenda of CSR and little research on CSR activities has focused on South Africa and the role of Broad Based Black Economic Empowerment.

The social relevance of this research is shown in several ways. First, CSR is increasingly discussed in society (Blowfield & Frynas, 2005). Secondly, South Africa, as one of the BRICS countries, is an emerging economy that is rapidly developing, resulting in an important role in the global economy (Gomes, 2013). Thirdly, the Netherlands is one of the countries in the Responsible Competitive Index top 20 and is well-known as a country with a good reputation on CSR (Zadek & MacGillivray, 2007). Additionally, the importance of Dutch CSR activities specifically is shown in a policy letter of the Ministries of Foreign Affairs and Economic Affairs in the Netherlands. This policy letter, in which Dutch companies in South Africa are analysed, states for example that "the increased awareness for CSR is seen in the fact that companies have the feeling that partners in the supply chain are more aware of CSR issues. Next to this, CSR becomes more important for consumers, employees and investors" (Ploumen & Kamp, 2013, p. 1). Finally, this research will lead to new insights for policy makers and other companies with special attention to effects of the country specific code of conduct (BBBEE) in order to improve CSR activities in developing countries specifically.

### 1.3 Main Questions

In order to achieve its purpose, this research revolves around the following main research question:

**What motivates Dutch companies that are active in South Africa to engage in Corporate Social Responsible (CSR) activities, which opportunities and obstacles are perceived concerning these Corporate Social Responsible activities, and could these Corporate Social Responsible activities be described as successes or failures and why?**

This research applies the following definition of CSR:

“Corporate Social Responsibility is the continuing commitment by business to behave ethically and to contribute to economic development, while improving the quality of life of the workforce and their families as well as of the local community and society at large” (Holme & Watts, 1999, p. 8).

This definition makes clear that in this research, CSR is narrowly defined as community investment.

The main research question of this research consists of seven sub-questions, which together provide an answer to the main research question. Because the CSR activities are part of the business relationship between the Netherlands and South Africa, the first two sub-questions uncover the companies and activities in the business relationship between the Netherlands and South Africa:

- 1) How can the business relationship between the Netherlands and South Africa be described through time?
- 2) Which companies are involved in the business relationship between the Netherlands and South Africa?

Furthermore, since CSR is described as a container concept, it is important to first reveal different types of CSR. Also, uncovering motivations of companies to engage or not engage in these activities will be investigated because one of the goals of this research is to

improve the number of companies in CSR activities. Therefore, the third sub-question covers these areas:

- 3) What do current CSR activities of Dutch companies in South Africa imply and what motivates these companies to become involved/not involved in these activities?

On the other hand, this research serves as a way to improve the success of CSR activities of Dutch companies in South Africa. Therefore, opportunities and obstacles concerning these activities must become clear. To do this, the following sub-research question was created:

- 4) What are opportunities and/or obstacles for Dutch companies during their CSR practices in South Africa?

Moreover, special attention to the concept of BBBEE is provided from a business prospective. By doing so, it can be investigated whether more developing countries should adopt a country specific code of conduct:

- 5) To which degree is the South African code of conduct, called Broad Based Black Economic Empowerment, conducive for or damaging to the business environment in South Africa, according to Dutch companies?

Also, the success or failure of CSR activities of Dutch companies is investigated:

- 6) Can the current CSR activities of Dutch companies in South Africa be interpreted as successes or as failures and why?

Finally, to make CSR activities of Dutch companies in South Africa more successful, the following sub-research question is introduced:

- 7) How can CSR activities of Dutch companies in South Africa be improved in the future?

This research gathers data on members of the South African Netherlands Chamber of Commerce based on a qualitative research method in order to answer these research questions. The concerned members include Dutch and South African companies and non-profit organizations. In essence, this research is based on data of Dutch companies. South African companies and non-profit organizations function as a control group in order to contribute to a well-considered research outcome.

### **1.4 Structure**

To gain insight into CSR activities of Dutch companies in South Africa, it is of significant importance to first analyse the business relationship between South Africa and the Netherlands. An overview of this bilateral relationship will be given in Chapter 2. In Chapter 3, a theoretical background about the types of CSR activities, the motivations to engage in CSR, and the type of companies that engage in CSR will be provided. Chapter 4 will present a theoretical background on the opportunities and obstacles concerning CSR activities, and Chapter 5 will address the theoretical findings related to the effects of CSR activities. In Chapter 6, all the theoretical findings will be implemented in a conceptual model and related hypotheses. Chapter 7 will describe the used methods in this research, followed by Chapters 8 and 9, which will present the data outcome. This data outcome will be structured by the used method of data collection. Chapter 10 will discuss the created hypotheses, and this research will end with a conclusion in Chapter 11.



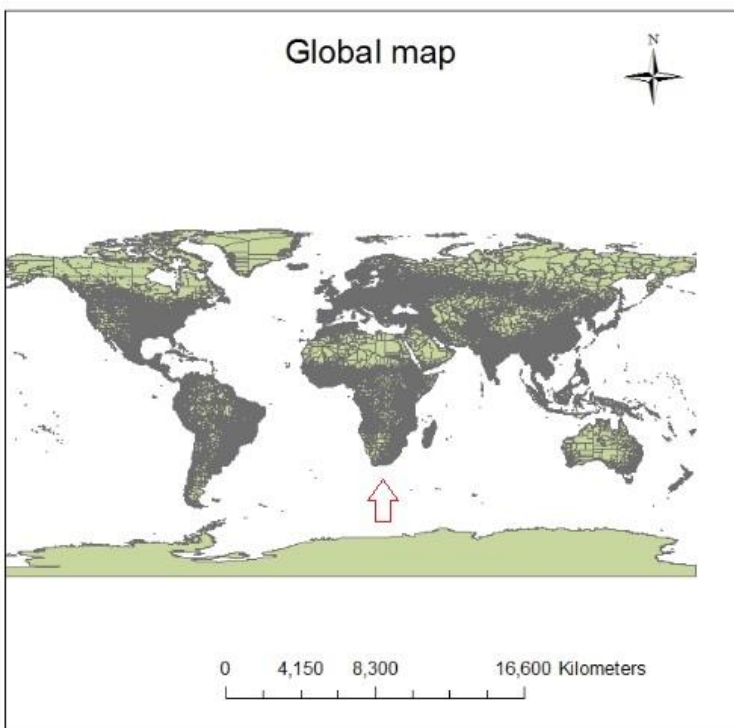
## 2. Business relationship between the Netherlands and South Africa

This chapter will provide an insight into the business relationship between South Africa and the Netherlands by presenting a short overview of the historic economic relationship between the Netherlands and South Africa (Section 2.1), an overview of Dutch companies that are currently active in South Africa (Section 2.2), and supporting trade organizations between the Netherlands and South Africa (Section 2.3).

### 2.1 Historic and economic overview

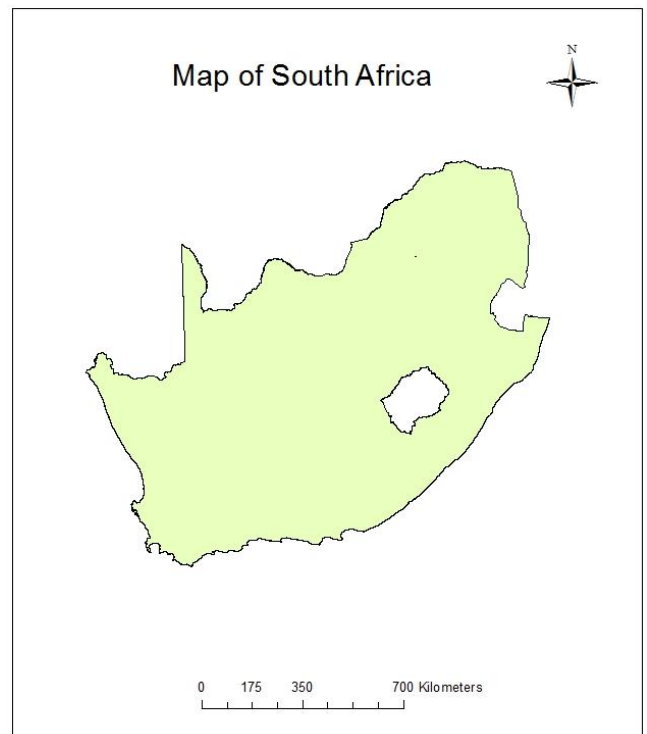
The business relationship between the Netherlands and South Africa was initiated in 1652 when Dutch colonists of the Dutch East India Company settled at *Kaap de Goede Hoop*, now called Cape Town. At that time, South Africa was seen as a strategic business location due to its sea location (Feinstein, 2005) (see Figures 2.1 and 2.2). Another occurrence in the more recent past that should be mentioned is the strong Dutch support in the South African fight against Apartheid (Rijksoverheid, 2014).

Figure 2.1. Global Map



Source: Arc Gis

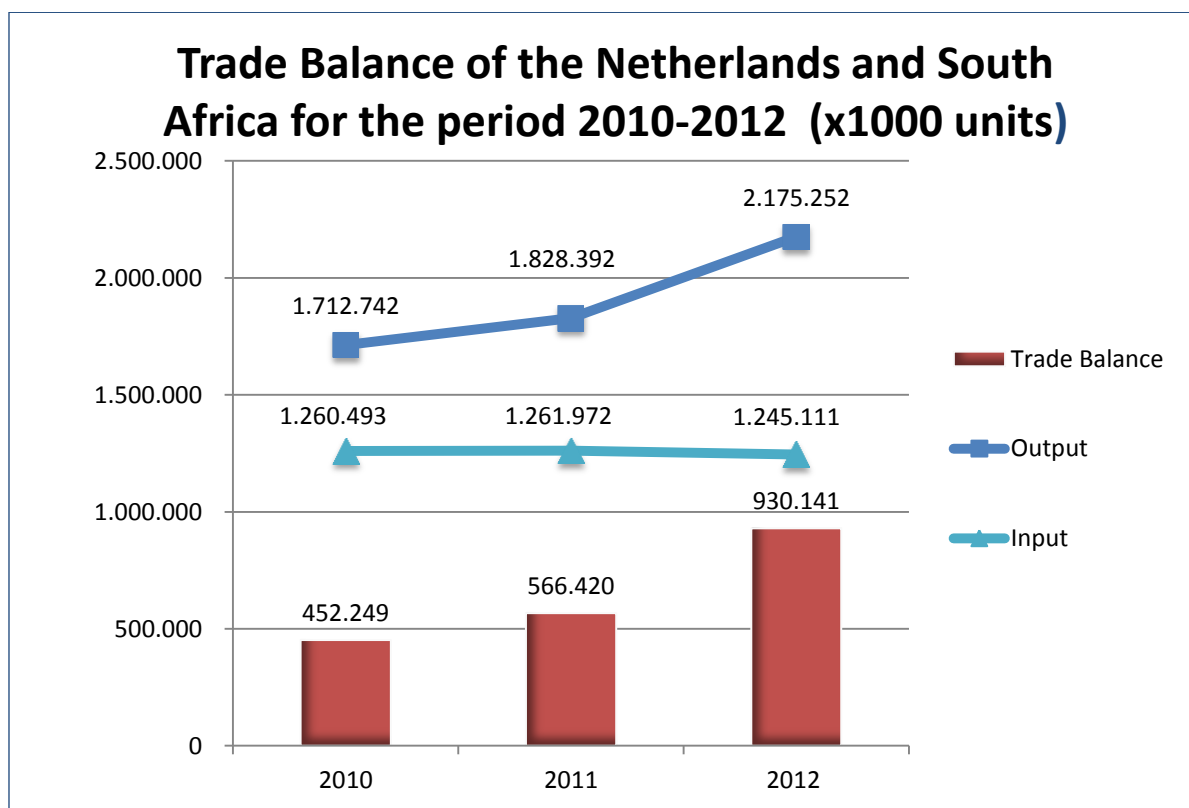
Figure 2.2. Map of South Africa



Source: Arc Gis

In 2014, many Dutch entrepreneurs are still interested in doing business with South Africa. Although the Netherlands mostly trades with countries in the European Union, South Africa is one of 45 most important trade partners of the Netherlands (CBS, 2014a). In addition, the Netherlands are the third largest European importer and exporter from and to South Africa with 11% and 9% of the total European import and export volume, respectively, toward South Africa (UN Comtrade, 2014). In addition, the trade balance between the Netherlands and South Africa has been positive for the Netherlands in the last few years (see Figure 2.3) (Embassy of the Kingdom of the Netherlands, Pretoria, South Africa, 2013).

Figure 2.3. Trade Balance of the Netherlands and South Africa for the period of 2010-2012

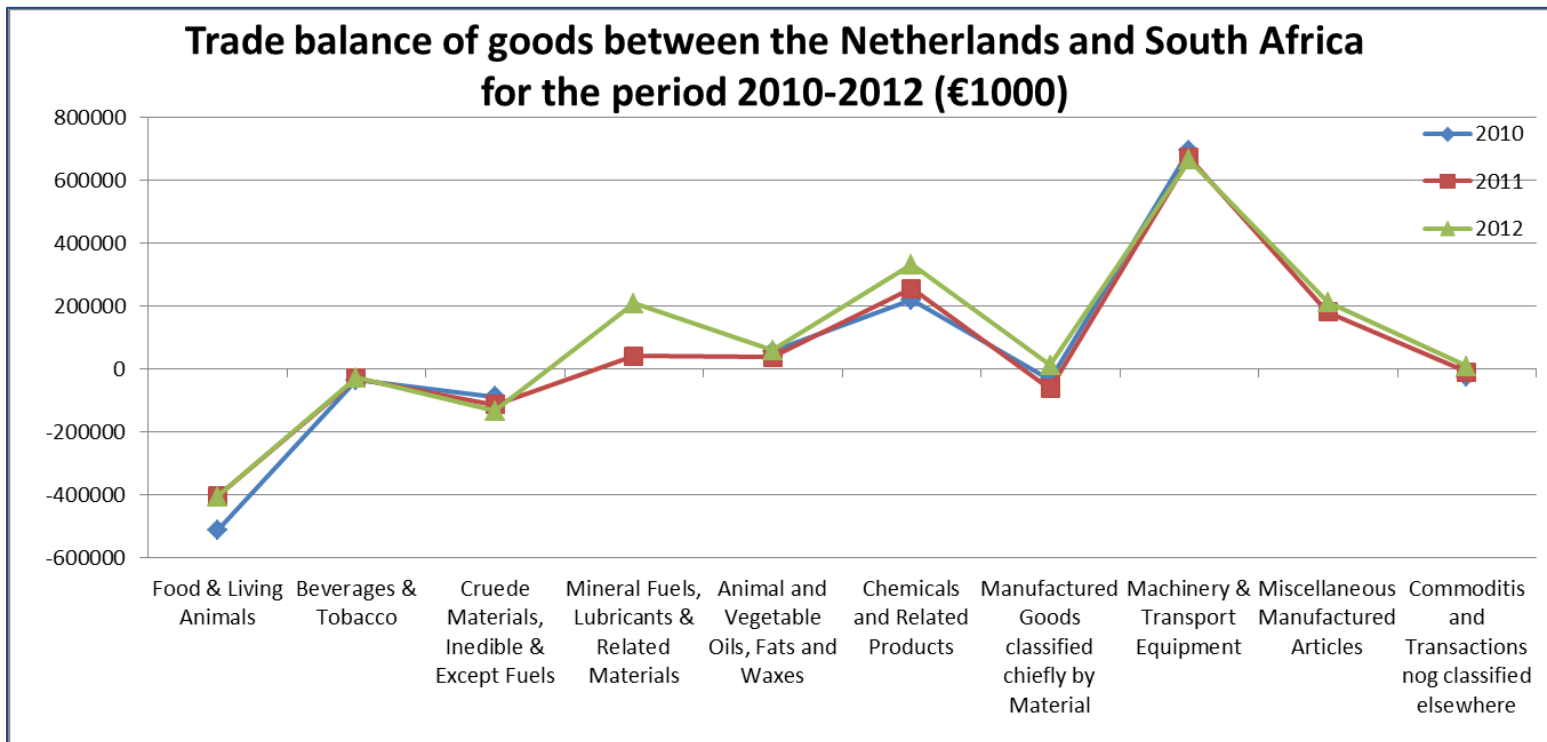


Source: CBS, 2014b

In addition, the Netherlands is a major importer of food and live animals from South Africa in the period of 2010 to 2012 (see Figure 2.4). The larger import from South Africa in this period was Dutch machinery and transport equipment (see Figure 2.4).

Reasons for this relatively important business relationship still emphasize South Africa as a strategic market for Dutch companies due to its gateway. In addition, the size of the South African market and the demand from local consumers are becoming increasingly important as drivers behind the establishment in South Africa (Embassy of the Kingdom of the Netherlands, Pretoria, South Africa, 2013).

Figure 2.4. Trade Balance of the Netherlands and South Africa for the period of 2010-2012 by goods



Source: CBS, 2014b

## 2.2 Dutch companies involved

In the year 2013, 351 unique Dutch companies were active in South Africa. Of these Dutch companies, 220 had an establishment and together these companies contained 438 establishments and 105.300 employees in South Africa. Mostly, the legal structure of these companies included “partner” (33%). Significantly, almost all Dutch multinational companies conduct business in South Africa including Air France KLM, Akzo Nobel, Bavaria Breweries, Boskalis, Damen Shipyards, DSM, Elsevier, Endemol, Fugro, Heineken, Hencon, IHC Merwede, IMCD, KPMG, Mammoet, Pentair X-Flow, Philips, Royal HaskoningDHV, Shell, TomTom, Unilever, Vanderlande Industries, and Vopak. Out of all the companies that are active in South Africa, more than half have been present in South Africa for at least five years. In addition, 17% have even been active in South Africa for fifteen years or more (Embassy of the Kingdom of the Netherlands, Pretoria, South Africa, 2013).

Regarding the Dutch companies that are active in South Africa, one third has been active for over five years. Moreover, Dutch companies in South Africa are mainly active in the Renewable Energy, Agriculture, Transport and Logistics, and Water industries. Although

these companies are active in South Africa, their research and design (R&D) institutions and headquarters are still mainly located in the Netherlands. The business activities of these companies in South Africa include primarily marketing and sales (18%), technical support centers (8%), and service centers (4,6%). In addition to these business-to-business groups, business-to-government is a relatively large transaction group whereby mostly multinational companies conduct business with the South African government. Furthermore, most of the Dutch companies are profitable, and these companies even foresee an increase in sales (72%), an increase in profitability (67%), and an increase in investment (52%). In 2012, Dutch companies invested more than €6 million each, and they planned to invest another €17 million in the period of 2013 to 2015 (Embassy of the Kingdom of the Netherlands, Pretoria, South Africa, 2013).

Negative aspects that Dutch companies face in doing business in South Africa mainly concern “scarcity of skills amongst the labor force” and the “difficulties that come with the Broad Based Black Economic Empowerment (BBBEE)”. Other challenges include the government bureaucracy, perceived corruption, the public procurement processes, and currency volatility (Embassy of the Kingdom of the Netherlands, Pretoria, South Africa, 2013).

### **2.3 Facilitating Trade—the example of the South African Netherlands Chamber of Commerce**

To achieve closer economic ties and better understanding between the Netherlands and South Africa, different organizations support Dutch entrepreneurs in doing business in South Africa. Examples of these organizations are the Netherlands Enterprise Agency and the South African Netherlands Chamber of Commerce (SANEC). These organizations offer different services, varying from business support in the Dutch and South African markets, trade and investment promotion, networking, market entry assistance, and program cluster management.

This research is based on data of SANEC members. Also, SANEC has indicated the importance of Corporate Social Responsible behaviour by companies using five main reasons. Firstly, SANEC argued for the embracement of CSR as a way to increase employee engagement and performance. An employee that feels proud about the organization he or she works for is less likely to look for a job elsewhere. In addition, CSR is a tool in challenging the global problem of “attracting the right people and creating employee loyalty”, and CSR can also be inserted in order to attract and maintain qualified employees that contribute to

improved performances of the company. Secondly, CSR can be introduced in a company in order to satisfy customers or involve new customers. Furthermore, a strong record of CSR improves the attitude of a customer towards the company, and this will lead to more customer consumption of products or services. CSR can also help the firm to maintain customers and ensure that the customer will be less willing to switch brands. Thirdly, by sharing positive CSR stories online and through traditional media, a firm spreads publicity without paying for it. Sharing positive stories is a free way of promoting and branding the firm and increasing sales without an expensive campaign. Fourthly, companies engage in CSR activities in order to reduce costs. A company can reduce costs through “more efficient staff hiring and retention”, “managing potential risks and liabilities more effectively”, “implementing energy saving programs”, and “less investment in traditional advertising” (Sanec 2014, p. 56). Finally, SANEC argued that engaging in CSR can be seen as a way of “being compliant”. As the standards of doing international business have raised over the last two decades, governments and international businesses have increasingly embedded CSR into their policies. Therefore, establishing CSR systems is essential in both doing international business and improving performance (SANEC, 2014).

### **3. The concept of and drivers behind Corporate Social Responsibility**

In this chapter, first a historical overview of the development of CSR will be provided. Following that, the second section will present the different dimensions of CSR. In the third section, different drivers behind the engagement in CSR activities will be presented. Finally, the fourth section will analyse the relationship between the type of companies and their engagement in CSR activities. These firm characteristics are a driving factor behind engagement in CSR activities as well.

#### **3.1 Development of CSR through time**

At the moment, CSR is a major focus of interest amongst researchers, governments, and social communities. However, this was not the case at its emergence around 1930. At this point, the idea that companies had responsibilities toward society was first introduced (Frederick, 2008). This idea was a result of increasing governmental regulations that emerged due to the rise of large corporations in the United States in the late 19th century. Also, after the Great Depression of 1930, a wave of national regulations were passed. As a consequence, Corporate Social Responsibility was introduced. However, in the early 1990s, CSR did not receive much attention. This is shown in that international drafts about standards for employment circumstances, international investments, and restrictive business practices were never ratified by the US (Jenkins, 2005).

From the 1930s until the 1950s, the nature of CSR was mostly economically based with attention for trusteeship management and profit maximization. However, from the 1950s onwards, there was a growing attention for social aspects of business. To illustrate, in 1953, Howard R. Bowen published his book *Social Responsibilities of the Businessman* as one of the first academics that emphasized the social aspects of CSR (Caroll et al., 2010). However, it was not before 1960 that modern Corporate Social Responsibility primarily started to develop.

As a result of social movements in the United States, including women rights, the environmental movement, and consumer's rights around 1960, CSR received increasing interest from the social society. Also, forward-thinking academics contributed to the increasing popularity of CSR. These academics strived for more knowledge, practices, and information of CSR by conducting research about meanings and effects of CSR. As a result,

communities became more aware of the concept and importance of CSR, resulting in a change in the context in which companies operated. Noticeably, in this period, the concept of CSR was not based as much on a social dimension as it is currently (Carroll et al., 2010).

In the late 1960s and 1970s, foreign investors increasingly became regulated by national governments in the developing world. Also, for the first time corporate activities became the subject of international discussion. Moreover, numerous attempts from the developed world tried to ground codes of conduct in order to support the efforts of national governments in the developing world as a way to regulate foreign investment. Regulation was needed in order to protect vulnerable nation-states in the developing world from the giant international companies. To illustrate, in 1972, the International Chamber of Commerce launched its Guidelines for International Investment (Jenkins, 2005).

Afterwards, in the 1980s, transnational companies tried to avoid the regulations concerning their investments in the developing world by relocating their production in countries with more favorable regimes. As a consequence, competition began between the developing countries in attracting foreign direct investment (Dicken, 2004; Jenkins, 2005). In addition, significant for this period is the link between CSR and financial performance (Lee, 2008). This financial relationship started to explosively emerge, and as a consequence, more attention was given to the business case of CSR.

In the 1990s, there was an increased awareness amongst the society about the consequences of doing business. This resulted in the fact that companies became criticized based on their labour circumstances and their damage to the global environment. In addition, the increased significance of brand and reputation made companies vulnerable for criticism from society. To illustrate, in the mid-1990s, different leading brands, such as Nike and Disney, were charged with using child labour. Also, Levi Strauss was charged with treating his workers as slaves; afterward, the company implemented its *Business Partners Terms of Engagement*. At this time, international trade unions, development NGOs, environmental groups and human right organizations all demanded for social responsible behavior of companies (Jenkins, 2005).

Due to the development in global communications, production activities could be observed on a wide-scale. As a result, companies were supposed to be responsible for their own working conditions and environmental impacts. Furthermore, the regulations of transnational corporations in the 1990s became increasingly based on ideas of the developed countries in the North because most Southern governments were still following the neo-liberal

policies from the 1970s. This resulted in CSR initiatives currently having to deal primarily with environmental impacts, working conditions, and human rights in order to improve the reputation of these large companies from the North. Moreover, this phenomenon has resulted in the fact that currently CSR is primarily based on activities that companies should *not* do, rather than positive outcomes, including eradicating poverty. To illustrate, CSR agendas of both individual companies and large international organizations, such as the UN, are based on negative outcomes, such as “no child employment” and “no violating human rights”, rather than positive outcomes, such as “reducing poverty” (Jenkins, 2005).

From 2000 onwards, more formal agreement on CSR emerged, for example, the Green Paper in 2001. Furthermore, transnational trade unions started to pay attention to CSR as well. For example, in 2000, the European Union (EU) suddenly broadened its agenda from social cohesion into sustainability and human rights in global supply chains. In addition, CSR in the EU became increasingly business-driven in pairs with a focus on capacity-building and competitiveness between members (Kinderman 2013, p. 708). In 2001, the definition of CSR included “encouraging companies to integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis” (Kinderman, 2013, p. 715). Reasons for this business driven concept of CSR are the institutional diversity in Europe, the deregulation in policy-making, and the ruling of principles of liberality and privatization.

In the current period, from 2010 onwards, it seems like the social dimension of CSR was re-investigated. This can be clarified by the renewed CSR strategy of the European Union in 2011 to 2014. This new definition of CSR included “CSR as the responsibility of enterprises for their impacts on society” (Kinderman, 2013, pp. 711). This strategy, focused on the social aspects of CSR, contributes to the achievement of Europe’s 2020 Growth Strategy by the following:

“Cheering best practices and stimulating dialogue and dissemination of responsible business conduct through the supply chain. Also, companies should integrate social, environmental, ethical and human right concerns into their business operations and core strategy. It is important that companies collaborate with their stakeholders” (Mullerat, 2013, pp. 14).

This change is radical because it forces companies to start minimizing their negative impacts and maximizing their positive impacts on all fronts (Kinderman, 2013, p. 711). In addition, this switch from an economic to a more social dimension also becomes clear as seen



in the Human Development Index by the United Nations Development Program and the UN Millennium Development Goals. These organizations make an effort to combat hunger and poverty and try to achieve universal primary education. Furthermore, they try to reduce mortality, improve health, promote gender equality, and create environmental sustainability (Jenkins, 2005).

### **3.2 CSR as a container concept**

Developments of CSR through time show that CSR has changed from period to period. As a consequence, CSR currently is a container concept that is hard to theoretically and empirically analyse. In addition, the meaning of corporate social responsibility differs among people in different countries, continents, sectors, and corporations (Fairbrass, 2011; Mullerat, 2013), and CSR has become a black box with an enormous range. As a consequence, “identifying and defining what CSR means is open to contest” (Okoye, 2009, p. 613). Furthermore, competing terms, such as corporate citizenship, stakeholder management, sustainability, and business ethics, were created (Caroll et al., 2010), and this phenomenon further reduced the transparency of CSR.

The diverse nature of CSR also is shown in research of Dahlsrud (2008), who analysed 37 different definitions of Corporate Social Responsibility. In total, 37 definitions were discovered and analysed, covering a time period from 1980 to 2003. Moreover, five different dimensions were identified through a content analysis of these definitions. Examples of these dimensions of CSR include the social dimension, the economic dimension, the voluntariness dimension, the environmental dimension and the stakeholder dimension. In addition, different CSR activities could also be distinguished based on identified ethical, altruistic, and strategic CSR (Lantos, 2001) or ethical, political, integrative, and instrumental CSR (Garriga & Mele, 2004).

In classifying the different types of CSR activities, the guidelines of the International Organization for Standardization (ISO) are most commonly used. The ISO is an organization that calls itself the “world’s largest developer of voluntary international standards” (ISO, 2014, About ISO). The ISO 26000 presents guidance on how companies should operate in a socially responsible way by clarifying the meaning of social responsibility and sharing the best practices from around the world. This guidance is manageable for all type of companies, public administrations, and governmental and non-governmental organizations. In the ISO 26000 guidelines, seven types of CSR are distinguished (see Figure 3.1): organizational

governance, human rights, labour practices, the environment, fair operating practices, consumer issues, and community involvement/development (ISO, 2014).

Figure 3.1. Seven core subjects of social responsibility



Source: ISO, 2014

### 3.3 Drivers behind CSR

The ISO guidelines 26000 indicate seven core subjects in the concept of CSR. According to these seven subjects, CSR activities of companies in this research are divided into seven different types. In order to also differentiate between the motivations of companies behind CSR engagement, this section will present different drivers behind the engagement of companies in CSR activities.

### 3.3.1 Driven by improving performances

Usually, CSR engagement is seen as beneficial for the financial performance of companies, and they incorporate CSR in order to enrich themselves (Berens et al., 2007; De los Salmones et al., 2005; Jamali & Mirshak, 2007; Jenkins, 2006; Kang et al. 2010; Mandhachitara & Poolthong 2011; Maurer et al., 2011 ; Pirsch et al., 2007; Porter and Kramer 2006; Weber, 2008).

In this line of reasoning, four main reasons of incorporating CSR activities can be indicated (Kurucz et al., 2008). First, companies engage in CSR activities as a way to reduce costs and risks. Hereby, companies that are engaged in CSR activities are allowed to avoid strict regulation or realize tax benefits. Second, by engaging in CSR activities, companies could strengthen their legitimacies and reputations. Hereby, engagement in CSR activities shows that a company is meeting the needs of its stakeholders. This could result in an improved legitimacy. Moreover, companies that are engaged in CSR activities could achieve a better reputation amongst governments and social communities. The improvement of a company's reputation on CSR could have positive effects on consumers that increase their loyalty to the company (Maignan, Ferrel & Hult, 1999). Therefore, engaging in CSR is a way to attract more customers (Christmann & Taylor, 2006). In addition, Jenkins (2006) argued that some companies use CSR in terms of marketing and improving their reputations in order to improve their (financial) performances. Thirdly, companies engage in CSR activities in order to improve their competitive advantage. To illustrate, in order to compete in the global market of employees companies are "using corporate social responsibility to win the war for talent", which is the name of the article of Bhattacharya et al., 2008. Finally, the fourth argument for engagement in CSR activities by companies is to create win-win situations through synergistic value creation. These win-win situations will emerge by fulfilling the needs of companies' stakeholders and, at the same time, pursuing their profit goals (Kurucz et al., 2008). To illustrate, when a company evolves in CSR activities, it builds a strong relationship with its stakeholders. A strong relationship with its stakeholders can result in lower levels of employee turnover and customer loyalty, as well as access to a higher talent pool. In addition, academic literature presents some other motivations for the CSR engagement by companies including "positive effects on employee motivation, retention and recruitment, cost saving and risk reduction by avoiding negative press" (Weber, 2008, p. 248) and "access to capital, lower production costs and employee motivation" (Thorpe & Prakash-Mani, 2003, p. 20).

### 3.3.2 Driven by institutional organizations

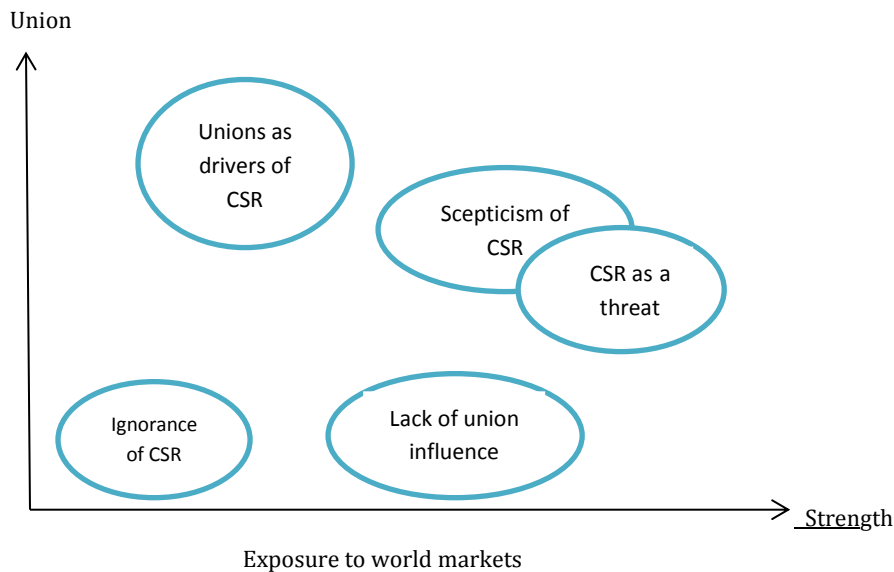
What has become clear from the historic overview of CSR (see Section 3.1) is that more agencies and organizations increasingly started to pay attention to CSR on international and national levels since the 1990s. Some researchers argued the strong relationship between institutional initiatives and CSR engagement: “companies are more willingly to act in socially responsible ways when they deal with strong state regulation, non-governmental organizations (NGOs) and other independent organizations that monitor them and an institutional environment that encourages social responsible behavior” (Campbell, 2007, p. 953). This section presents an overview of organizations that are related to CSR on international, trade union, and national levels.

A major example of a CSR-related international agency or organization is the International Organization for Standardization (ISO), whose framework is also mentioned in differing between types of CSR (see Section 3.2). In addition, the Organization for Economic Co-Operation and Development is a central organization in promoting policies that will contribute to an improvement of the economic and social global well-being (OECD, 2014). Furthermore, the World Bank, which is a large international organization as well, created a training institute that occasionally organizes conferences, training, and sessions on CSR (World bank, 2013). Also, the Department for International Development encourages the adoption of CSR. To illustrate, this department was responsible for the Socially Responsible Business Unit in 1997 and the first white paper on International Development, which included voluntary codes of conduct regarding labour standards. Furthermore, in 2000, the United Nations created the Global Compact that is based on principles from the Universal Declaration of Human Rights, the International Labour Organisation’s (ILO) Fundamental Principles on Rights at Work and the Rio Declaration on Environment and Development (Jenkins, 2005). Furthermore, professional bodies, including the United Nations and Organization for Economic Co-Operation and Development (OECD), are increasingly becoming the standard for corporate decision-makers across the industrialized world. In line with the increasing importance of CSR, some of these international operating bodies have recently sharpened their policy regarding Corporate Social Responsibility. To illustrate, the OECD has recently updated its guidelines for responsible business of multinational enterprises. This new standard includes a new human rights chapter based on the “Protect, Respect and Remedy” Framework of the United Nations and a new approach on responsible

supply chain management (OECD, 2011). In addition, the OECD has enlarged its number of members from 18 in 1961 to 34 in 2014 (OECD, 2014).

In addition to the international level, on the level of trade unions a relationship between the presence of political institutions and the engagement in CSR activities of companies is indicated (see Figure 3.2).

*Figure 3.2. A typology of unions' positions on CSR*



Source: Preuss e.a. 2006

To support this, it is shown that on global scale countries within the European Union pay most attention to the concept of Corporate Social Responsibility. This becomes clear in the Responsible Competitive Index which measures the performance of responsible business practices. The Responsible Competitive Index shows a high number of European countries in its top 20: 1) Sweden, 2) Denmark, 3) Finland, 4) Iceland, 5) United Kingdom, 6) Norway, 7) New Zealand, 8) Ireland, 9) Australia, 10) Canada, 11) Germany, 12) The Netherlands, 13) Switzerland, 14) Belgium, 15) Singapore, 16) Austria, 17) France, 18) United States of America, 19) Japan, and 20) Hong Kong (Zadek & MacGillivray, 2007).

The reason for the overrepresentation of European countries in the Responsible Competitive Index can be partly attributed to the political institutions. Since the 1990s, Corporate Social Responsibility has become increasingly important in policy-making of the European Union (Kinderman 2013, p. 703). At the same time, the increasing interest in CSR is shown in the fact that, in 1997, the European Business Network for Social Cohesion

contained 75 partner organizations in eight member states (Kinderman, 2013, p. 709), while currently, the same organization, renamed “CSR Europe”, contains 70 corporate members and 37 national partner organizations (CSR Europe, 2014). In addition, a multitude of formal agreements on CSR have passed within the European Union, including the Green Paper 2001, “Promoting an European Framework for CSR”, the EC Communication in 2002, “A business contribution to sustainable development”, the Lisbon European Summit in 2006, “A business contribution to sustainable development, the EC Communication in 2006, “Implementing the partnership for growth and jobs: Making Europe a pole of excellence of CSR”, and the EC Renewed Policy 2011-2014 in October 2011 (Mullerat, 2013, p. 6-7). Also, Global Reporting Initiative and educational initiatives, such as the European Academy of Business in Society, deliver pressures on businesses to adopt CSR. Moreover, in 2000, the European Business Network for Social Cohesion (EBNSC) that was installed in 1996 was transferred to CSR Europe. CSR Europe (2014) describes itself as follows:

“The leading European business network for corporate social responsibility. CSR Europe brings the CSR agenda forward by going beyond European borders and cooperate with CSR organizations in other regions across the world. Its mission is to connect companies to share best practices on CSR and innovate with peers to shape the business and political agenda on sustainability and competitiveness in Europe” (About Us).

In addition, according to Kinderman (2013), CSR Europe, with its member companies and its network of national partner organizations, is responsible for the integration of CSR in EU institutions and across Europe as a whole.

Besides the international level and the level of trade unions, national initiatives in supporting CSR engagement of companies have arisen. Examples include the Canadian International Development Agency (CIDA), the German Federal Ministry for Economic Cooperation and Development (BMZ), the Swedish International Development Agency (SIDA), and the Dutch Ministry of Development Cooperation (MBZ) (Jenkins, 2005).

However, there are differences between different countries. For example, the United Kingdom is a leader in CSR, France and Germany are becoming increasingly active, and countries in central and Eastern Europe hardly know what CSR involves (Mullerat 2013, p. 7-14). These differences between countries could be caused by different levels of foreign direct investment (FDI) or different national frameworks (Preuss et al., 2006). In addition, national governments are responsible for the way CSR is carried out by recommending CSR through

public policies (Albareda, Lozana & Ysa, 2007; Doh & Guay, 2006). Also, in the Netherlands, the national government expects every company to act social responsible (MVO Nederland, 2014). The Dutch government based its Corporate Social Responsibility policy mainly on the OECD and ISO 26000 guidelines, which include an international standard.

### **3.4 Which type of companies?**

After addressing the different drivers behind CSR, this section will attempt to provide more insight into CSR by investigating the relationship between characteristics of companies, including size and sector, and the engagement in CSR activities. However, some of these factors can also be interpreted as possible obstacles and/or opportunities. These factors are recalled in the next chapter about obstacles and opportunities concerning CSR activities.

#### **3.4.1 Large or small companies**

Most CSR research is based on large companies, and small and medium companies (SMEs) stay relatively under-exposed (Jenkins, 2004; Margolis & Walsh, 2003; Scherer, 2013). Multinational companies are often considered responsible for civil society, and due to their size, they have to be aware of global issues of public concern. For example, multinational companies largely deal with corporate policies of codes of conduct on human rights, climate change, and labour standards. In addition, multinational companies dominate both the media and the literature field on CSR (Aguilerae et al., 2007; Blombäck & Wigren, 2009). Reasons for this preference of large companies instead of small companies in CSR practices are related to the fact that large companies have relatively more financial and human resources available for CSR. Furthermore, MNCs are more sufficient and advanced at implementing CSR into their policies than SMEs (Campell, 2007; McWilliams & Siegel, 2001; Rasche & Kell, 2010).

However, recently increasing numbers of studies examined small and medium sized companies and their experiences with CSR. Here, there was a difference between multinational companies and small and medium sized companies based on three initial aspects (Jenkins, 2006). First, SMEs were characterized by a personalized style of management instead of a formal management structure with specialized staff. As a consequence, the company's approach to CSR and how it was given shape was mainly based on the personal ethics and values of the manager/owner (Jenkins, 2006). The manager/owner in small-sized companies had relatively close ties with the organization, and therefore, he or she could more

easily influence his or her values and culture throughout the company. In addition, the nature of doing business in small and medium enterprises, rather than multinationals, was largely personal, far more direct, and based on trust (Vivies, 2006). Secondly, due to their size, SMEs were very adaptable and flexible so they could react very quickly to changing circumstances. For example, SMEs could quickly take advantage of new niche markets that incorporate Corporate Social Responsibility. Furthermore, communications in small and medium companies occurred more easily, and information about CSR could spread quickly. In addition, a less hierarchical management structure made it easier to involve all the employees in CSR initiatives (Beumann-Pauly et al., 2013). Also, SMEs tended to often be innovative and creative, which helped them to develop innovative approaches to CSR (Jenkins, 2006). Moreover, SMEs were more flexible and had less price-focused business natures and different stakeholder relationships. To illustrate, the relationship between an SME and its stakeholders is mainly based on personal, intuitive engagement and trust, also characterized as informal. In addition, SMEs act responsibly because of their legitimacy with shareholders, employees, suppliers, customers, and their local community. However, the relationship between a large company and its stakeholders is far more formal and strategically planned, often associated with results and procedures (Fuller & Tian, 2006; Grayson, 2006; Jenkins, 2004; Jenkins, 2006; Perrini, 2006;). Furthermore, the gap between the relative power and influence of company and stakeholder is much larger in the case of the large company (Jenkins, 2006).

Some researchers argued that size of companies and their related characteristics influence the level of participation in CSR activities. This difference is based on different combinations of resource access, company visibility, and scale of operations of the companies. Udayansakar (2008) grounded his findings in differences between large and small companies and CSR participation mainly on a difference in access to resources. He indicated that extremely small and extremely large companies equally participate in CSR activities, while medium-sized companies participate less, resulting in a U-shaped relationship between company size and CSR participation (see Figure 3.3).



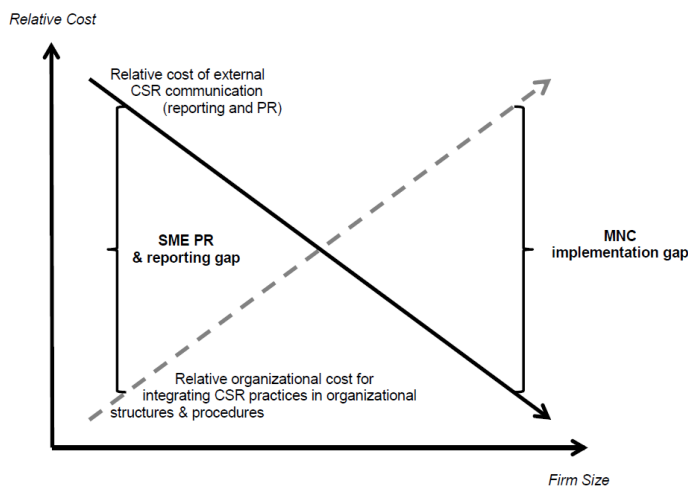
Figure 3.3. Company attributes and the motivation for CSR participation

Size	Firm attributes			CSR participation	Motivating factors
	Visibility	Resource access	Scale of operations		
Small	Low	Low	Small	High	Basis for differentiation, and access to resources. Firms likely to seek visibility in order to enhance access to resources.
↓	High	Low	Small	High	Basis for differentiation, and access to resources. Firms also under scrutiny of various stakeholders.
	Low	Low	Large	Moderately high	Low-cost means of access to resources, essential to gain from cost-leadership based on scale of operations. Firms may also seek visibility.
	Low	High	Small	Moderate	Basis for differentiation strategy. Firms however not likely to be under much scrutiny, and are also pressure-resistant.
	Low	High	Large	Low	Least motivation, given lesser visibility and higher pressure-resistance due to resource access and scale of operations.
	High	High	Small	Moderately high	Firm under scrutiny of stakeholders. However, firms may be pressure-resistant given resource access. Supports differentiation strategy.
Large	High	Low	Large	High	Low cost means of access required to gain from large scale of operations. In addition, the firm is highly visible.
	High	High	Large	High	Firms perceived as visible, and able to commit resources to CSR. Non-participation likely to be detrimental, even though firms may be moderately pressure-resistant.

Source: Udayasankar, 2008

Next to the access to resources, relative organizational costs for implementing and communicating CSR in companies could explain the differences in CSR engagement between large and small firms (Beaumann-Pauly et al., 2011; Sherer, 2013) (see Figure 3.4). Hereby, the larger the companies, the less their relative costs of CSR.

Figure 3.4. Relative organizational cost of engagement in CSR (as relative share in total company cost)<sup>1</sup>



Source: Sherer, 2011

<sup>1</sup> Black: Relative cost of external communication (façade building by way of reporting and PR)  
Dotted: Relative organizational cost for embedding CSR (implementing CSR policies in organizational structures and procedures)

In addition, Jenkins (2006) argued that performance-related motivations to engage in CSR activities differ between different types of companies. This supports the approach of this research. Jenkins (2006) argued that reasons to engage in CSR activities based on improving their reputation and image differ between large and small and medium companies. Large companies see CSR in terms of branding their images or reputations (Jenkins, 2004), while small and medium companies care more about company issues, such as employee motivation and community involvement. Furthermore, Jenkins (2006) argued that small and medium companies are uncomfortable with promoting their CSR activities. Promoting CSR activities is seen as a “big business thing” in order to create PR benefits. In general, small and medium companies undertake CSR activities for moral purposes instead of business advantages. In addition, Jenkins (2006) mentioned that competitive advantages for SMEs do not necessarily include increased profits but are intended to supply better value for customers and other stakeholders. Connecting these findings suggests that only large companies will engage in CSR activities as a way to improve their performances. Consequently, these findings suggest that there are different opportunities and obstacles for large and small/medium companies in the engagement of CSR activities.

### **3.4.2 Type of sector**

Besides the size, companies also differ in the sector in which they are active. In addition to the size of companies, the sector in which companies are active could explain their engagement in CSR activities. Some researchers have acknowledged the relationship between CSR and the type of sector of the company. To illustrate, Jenkins (2006) acknowledged the importance of the sector in the target and nature of the CSR activities. For example, he argued that printing, manufacturing, and engineering companies tended to focus more on environmental aspects, while service and construction companies tended to focus more on employment and community aspects. However, since there is a lack of research regarding influence of the sector in which companies are active on their engagement in CSR, the primary phase of data collection in this research will examine this influence of sector at CSR activities of private companies.

## **4. Opportunities and obstacles concerning Corporate Social Responsible activities**

In Chapter 3, various literature approaches were presented in order to build a theoretical framework in analysing several types of CSR activities, motivations behind CSR activities, and types of companies that engage in CSR activities. This chapter will provide detail on several factors that could be perceived as opportunities and/or obstacles for companies both in their engagement of CSR and during their CSR activities. Four main possible opportunities and/or obstacles will be discussed, including the type of company (Section 4.1) and the all-embracing nature of CSR (Section 4.2). Moreover, the characteristics of the receiving party (Section 4.3) and the related codes of conduct (Section 4.4) will be discussed. Also, the role of attachments (Section 4.5) will be analysed. The final section will provide a clear overview of the factors that could be perceived as opportunities and/or obstacles by companies, concerning their CSR activities.

### **4.1 Company characteristics**

As previously argued, there are differences to identify when it comes to companies that engage in CSR activities. These differences are mainly based on differences in the size and sector in which companies are active (see Section 3.4). Moreover, this research also differs among the motivations behind the engagement in CSR activities (see Section 3.3). Some of these possible drivers are also related to the characteristics of a company. This section provides further detail about these company characteristics because they could also be perceived as possible opportunities and/or obstacles before and during the practice of CSR activities of companies.

First, the personal ethics and values of the manager/owner of companies could be indicated as a possible opportunity and/or obstacle concerning the engagement in CSR activities. To explain, if the manager/owner does not add value to his or her environment and common humanity, then this could minimize the chance that the company will engage in CSR activities. In contrast, if a manager/owner has norms and values that emphasize the social aspects of life, this could have a positive effect on the engagement of the company in CSR activities. As argued in Section 3.4, in small companies, the ethics and values of the manager/owner are far more influential in business management than in large companies.

Second, the available resources of companies could affect both the CSR engagement and progress of CSR activities (see Section 3.4). These resources include the amount of time, money, and knowledge. To illustrate, if there are no resources available, the chance that companies will engage in CSR activities will be relatively low. Furthermore, if there are no resources available after the engagement in CSR activities, progress in these CSR activities will be minimized and these available resources could possibly be a large obstacle for companies.

Third, the relationship with stakeholders of companies could also affect both the CSR engagement and progress of CSR activities (see Section 3.4). Examples of these stakeholders include the relationship with customers, employees, and shareholders. This relationship with company stakeholders was also indicated as a driver behind CSR activities (see Section 3.3.1). To illustrate, the relationship between companies and customers could be improved during CSR activities because both companies and customers share the same interests.

Fourth, the relative organizational costs of CSR activities could affect both the engagement in CSR activities and CSR activities themselves. These organizational costs differ between small and large companies (see Section 3.4). In addition, the degree in which companies can respond to changing circumstances affects both the engagement and progress of CSR activities. Jenkins (2005) argued that SMEs could quickly take advantage of new niche markets that incorporate CSR.

Finally, the degree in which companies can respond to changing circumstances could be perceived as a possible opportunity or obstacle because CSR is a dynamic subject that requires intensive contact with the local community and the business environment. It is, therefore, important that companies are flexible and easily adapt to CSR movements.

## **4.2 Types of CSR**

In addition to company characteristics, another possible opportunity and/or obstacle is the all-embracing nature of the concept of CSR. This is shown in Section 3.1.2., which illustrated that the concept of Corporate Social Responsibility can be described as a container concept, i.e., meaning CSR is different things for different people. Furthermore, the developments of CSR through time show how dimensions and definitions of CSR have changed from period to period, resulting in the fact that currently CSR is a large, overlapping concept of different definitions and dimensions of activities. This diversity of CSR also is

shown in the research of Dahlsrud (2008), who analysed 37 different definitions of Corporate Social Responsibility.

As a result of the container concept of CSR, some researchers argued that CSR is difficult to analyse theoretically and empirically. However, CSR has become so various that it allows people to interpret and use it for many different purposes resulting in a vagueness of the concept. Consequently, the vagueness of CSR makes it impossible to use it as both an analytical tool and a guide for policy makers (Blowfield & Frynas, 2005). This research investigates whether the all-embracing nature of CSR is received as an opportunity or obstacle by companies when engaging and during their CSR activities.

### **4.3 Characteristics of receiving country**

The introduction of this research has shown that increasingly companies are doing business over borders. To continue, companies have settled primarily in developing countries due to the socioeconomic circumstances in these countries (Chaudri, 2006; Jenkins, 2005). This section will present different possible opportunities/obstacles that are related to the characteristics of these receiving countries.

First, as previously argued, the concept of Corporate Social Responsibility differs among people in different countries, continents, sectors, and corporations (Fairbrass, 2011; Mullerat, 2013). More clearly, people in different countries pay attention to different issues. To illustrate, in Thailand, environmental issues receive relatively more attention, while in Ghana the empowering of local communities is of great importance. Also, the way of thinking about ethical concerns of business managers differs among nations. As a consequence, managers of international companies have to deal with different expectations of their head offices and the local offices (Blowfield & Frynas, 2005). Therefore, cultural differences are indicated as the first main possible opportunity and/or obstacle.

In addition, also other cultural aspects can cause obstacles and/or opportunities during CSR activities in developing countries. Blowfield and Frynas (2006) argued that the success of CSR initiatives is often linked to the relationship between different stakeholders. Therefore, bringing different stakeholders together mixes the best practices of representatives of business, public sectors, and non-governmental organizations, which leads to identifying important aspects of CSR. However, stakeholder engagement in developing countries faces challenges in terms of language, values, culture, and education that can negatively affect the exchange of practices both for delivering and receiving countries. Additionally, some

researchers argued that differences in culture require more research on the sociocultural determinants of CSR (Jamali & Mirshak, 2007). In contrast, the differences in cultural aspects, such as norms and values, can also lead to new insights in existing CSR policy. Therefore, cultural differences can also be an opportunity.

Moreover, national governments and international organizations in developing countries affect the social responsible behaviour of companies because these institutions could play a central role in regulating economic activity. For these countries especially, it is important to maintain an attractive economic business climate in order to attract foreign investments and CSR activities. Related to this, Acemoglu and Robinson (2012) argued in their book *Why Nations Fail?* that nations differ in their levels of economic success based on different institutions, the incentives that drive people, and the rules that influence how the economy works. To explain, people that grow up in poverty used to not be properly educated. The lucky ones that received education learned, in most cases, about the superiority of the country and the national leader in order to continue the legitimacy of the regime. Entrepreneurial initiative, private property, and creativity were unknown for these people that largely had to work in the Army for several years. Moreover, in most cases, they also did not have access to markets where they could purchase the goods they needed.

In contrast, in well-developed countries, the national government supports economic activity by providing the opportunity to borrow money from banks, by opening the financial market for foreign companies, and by issuing mortgages for individuals that make it possible to buy houses. In addition, in contrast with undeveloped countries, people in developed countries are free to open any business they like. These contrasting rules concerning the economic development are a consequence of the economic institutions under which these countries live. In short, in order to stimulate economic success, institutions should allow private property, encourage economic activity, maintain an unbiased system of law, and offer public financial services that provide equality for new entrepreneurs. In addition, as argued in Section 3.3.2, these well-developed central institutions could also be drivers of Corporate Social Responsible behaviour of companies (Acemoglu & Robinson, 2012).

Economic institutions are a result of society because people make decisions about how to structure society. The economic institutions differ between societies since different people have different interest, norms and values, and objectives. This also results in the fact that different societies choose different rules that will govern them and that different societies have different politics. To be clear, political institutions determine who has power in society

and to which degree that power can be used. There is a relationship between these institutions and economic success because inclusive political institutions may be good for the economic prosperity of a nation if power is broadly distributed amongst society. In contrast, political institutions could also negatively influence economic prosperity. This is the case in countries where the distribution of power is narrow and unconstrained and where political institutions establish economic institutions to enrich themselves and strengthen their power at the expense of society (Acemoglu & Robinson, 2012).

It becomes clear that economic and political institutions could be both advantages and disadvantages for the economic success of nations. However, in some nations, there is a lack of these kinds of central institutions. For example, if political power is widely distributed, there is no true authority that controls or sanctions what anyone does, resulting in a chaos. In relation to this, Max Weber presented a widely accepted definition of the state including “monopoly of legitimate violence” in society (Acemoglu & Robinson, 2012, p. 123). If there is no degree of monopoly and if there is a lack of central institutions, no law can be enforced. In addition, there is no incentive to support, regulate, and encourage economic activity and trade, nor basic security of society (Acemoglu & Robinson, 2012).

Finally, the receptivity of the receiving party is a possible opportunity and/or obstacle. Hereby, one should think of the capacity of the company to adapt knowledge and financial resources and to use these in profitably and efficiently. Also, practical issues are relevant, for example, the possibility to communicate with companies. In addition, the perception toward CSR affects the receptivity of the receiving party.

#### **4.4 Codes of conduct: Universality versus unique**

Some researchers argued that universal codes of conduct that are created in developed countries will lead to improved circumstances for the local community in developing countries (Barrantes & Smith, 2007). However, Lund-Thomson (2011) argued that these codes of conduct worsen the social and environmental circumstances of the receiving developing country rather than improving it, explaining inevitable differences between these two types of countries. This approach is based on three arguments.

First, simply complying with certification schemes or environmental standards, such as the ISO14001 guidelines, does not automatically guarantee an improvement of the local circumstances. To illustrate, a factory in a developing country that has been certified according to this guideline by building primary and secondary water treatment plants to clean

it wastewater seems to contribute to the local circumstances of the receiving country. However, if the factory does not rid itself of the in water-treatment process filtered out substance, these investments will not improve the factory's overall environmental impact at all. In addition, when the factory dumps these substances in a nearby river, the factory will contribute to a worsening of the environmental impact instead of an improvement (Lund-Thomson, 2011).

Another example is the case of the manufacturing sector in Pakistan. In Pakistan, both well-meaning NGOs and the International Labor Organization demanded a stop in using child labour in the manufacturing of soccer balls. However, these working activities were primarily home-based and mothers and children implemented the manufacturing in their daily family routines. The people did not see their manufacturing as their full-time job, since they could easily implement it into their daily routines, in addition to working on the land or cooking dinner. When the child labour was ceased, due to the increased, international media attention, family units were strained or even destroyed. In addition, norms of gender relations were violated (Bird & Smucker, 2007; Khan, 2007). Furthermore, around 1995, in Bangladesh child labour in the textile industry rose. However, when child labour was disputed by large, international organizations from the developed world, many children ended up in situations far worse than working in textile factories. Some children even ended up becoming child prostitutes (Nielsen, 2005; Pierik & Houwerzijl, 2006). These stories are typical examples that illustrate that when a universal code is taken into account while ignoring the social context, this code of conduct will worsen the social standard in receiving countries.

To continue, some codes of conduct include the requirement of a limited number of working hours a week, based on practices in Europe and North America. However, in developing countries, a limited working week means that they do not earn enough money to care for themselves and their families. This is, for example, the fact in China, where people often are underpaid. Therefore, satisfying requirements of an international guideline does not guarantee that the company is acting socially responsibly due to inevitable differences between various countries. It is unrealistic and naïve to assume that codes of conduct created, for example, in an office in London or New York, will improve the working conditions and environmental circumstances of local communities in developed countries (Lund-Thomson, 2011). Therefore, universal codes of conduct created by western countries can be seen as an obstacle of CSR activities for developing, receiving countries because they often do not make sense with the norms, values, and habits of the local community.



However, a few developing countries have adopted a land specific code of conduct. These unique codes of conduct represent the main norms, values, and needs within this country. Overall, these unique, country specific codes of conduct are based on historical incidents, culture, minorities in society, etc. These codes, on one hand, manage the presented and explained troubles that come with a universal code of conduct because it is based on needs of the country in particular. In addition, these county-specific codes of conduct contribute to socio-economic development because it is based on needs of the local society, for example, supporting minorities within society. Moreover, the attendance of a unique code of conduct could also lead to an increased engagement of companies that want to do business with this country and engage in CSR activities because these already existing guidelines make incorporation easier and less time consuming. In this line of reasoning, the universal codes of conduct can be seen as opportunities.

On the other hand, specific guidelines could also negatively influence the socioeconomic development from a business perspective when these guidelines become vague and unclear. This could result in the phenomenon whereby foreign companies keep away from this country and no CSR activities will be initiated.

### **4.5 Additions**

In addition to company characteristics, the type of CSR, the characteristics of the receiving country, and the attendance of universal codes of conduct, several additions are included as possible opportunities and/or obstacles in both the engagement and development of CSR activities. Although not much existing research has addressed these additions, this research investigates if the presence of the additions can lead to engagement and/or progress in CSR activities of companies. Examples of these additions include intermediary organizations and an action plan. To explain, intermediary organizations could support the business relationship between two countries by distributing clear information of the economic situation in countries. Furthermore, these organizations could also support CSR activities by providing information about CSR possibilities and opportunities in order to encourage companies to engage in CSR activities. The second addition indicated as a possible opportunity and/or obstacle in this research is an action plan because this plan could contribute to more successful outcomes of CSR activities. Conversely, action plans could also worsen the development of CSR activities if these plans are weak, take too much time, and/or do not contribute to the local needs.

#### 4.6 Overview

This chapter has presented several factors that could possibly be perceived as opportunities and/or obstacles by companies that want to engage or are engaged in CSR activities. To provide a clear overview, these different factors will be presented and both possible positive and negative interpretations will be provided.

*Table 4.1. Different factors that can be perceived as an opportunity and/or obstacle by companies in the engagement of and during Corporate Social Responsible activities*

Factor	If opportunity	If obstacle
<b>Type of company</b> (size and sector)	Size and sector positively influence the practice of CSR	Size and sector negatively influence the practice of CSR
<b>Personal ethics manager/owner</b>	The manager/owner adds great value to CSR and thinks it is important that the company adopts an active attitude concerning CSR	The manager/owner does not add value to CSR behaviour and does not think companies should incorporate CSR
<b>Available resources</b> (time, money, knowledge)	There are enough available resources to incorporate and perform CSR	There are too few available resources to incorporate and perform CSR
<b>Stakeholder relationship</b> (shareholders, customers, employees)	The stakeholders support the incorporation of CSR and/or CSR leads to an improved relationship with stakeholders	The stakeholders do not support the incorporation of CSR and/or CSR leads to a worsening relationship with these stakeholders
<b>Relative organizational costs of CSR activities</b>	The relative organizational costs of CSR are no barrier in the incorporation/performance of CSR activities of companies	The relative organizational costs of CSR discourage the incorporation/performance of CSR activities of companies
<b>Degree to which the company can respond to changing circumstances</b>	Companies can react to the developments of CSR very easily	Companies cannot easily react to the developments of CSR
<b>Type of CSR</b>	CSR as a container concept leads to several opportunities	The concept of CSR is too broad and vague and companies do not know what to do with it
<b>Code of conduct</b> (universality or unique)	The code of conduct contributes to the development of the local society	The code of conduct does not contribute to the development of the local society
<b>Characteristics of receiving country</b>	The characteristic of the receiving country are favorable in the development of CSR activities	The characteristic of the receiving country are unfavorable in the development of CSR activities
<b>Receptivity of receiving country</b>	The local community is open to CSR	The local community is not open to CSR
<b>Additions</b> (action plan, intermediary organizations)	Attachments contribute to the success of CSR activities	Attachments badly influence the success of CSR activities

## **5. CSR activities: Success or failure?**

At this stage of research, different types, drivers, opportunities, and obstacles regarding Corporate Social Responsible activities of companies will be analysed and an overview of these findings will be presented. What is missing is a theoretical overview regarding measuring and determining effects of these CSR activities. This chapter will begin with presenting effects of FDI in developing countries (Section 5.1). Afterward, the effects of CSR will be presented both in terms of social impact (Section 5.2), different levels of this social impact (Section 5.3), and business benefits (Section 5.4). The last sections will analyse critical factors in succeeding in CSR activities of companies.

### **5.1 Consequences of Foreign Direct Investment (FDI) in developing countries**

Investments in developing countries have various, divergent consequences for the receiving country and/or the local community in which these activities occur. These consequences could be beneficial but sometimes, unfortunately, also result in disadvantages for the receiving party. Although it is difficult to indicate the exact impact of foreign direct investment on the host countries, interest for this phenomenon from the research field is growing. This section aims to provide an overview of these literature insights regarding the impact of foreign direct investments for the local community.

For developing countries, attracting global FDI is mainly seen as a way of improving their national and local circumstances. Since the 1980s particularly, due to market liberalization, developing countries have received increasingly more FDI. Some researchers argued that the cause of the phenomenon whereby the amount of FDI is steadily increasing indicates these companies, mostly multinational corporations, are benefitting from their own investments (Giuliani & Macchi, 2013).

When examining the consequences of FDI for the local community in the receiving country, two main types can be distinguished. The first type includes economic consequences. To explain, local companies in developing countries could learn from the multinationals about commercial skills. In the end, this could result in export spillovers for the receiving country. In addition, there could emerge wage spillovers because multinationals often pay higher wages and offer better job opportunities. Another example is that local companies and employees could be (dis)advantaged by the investments of foreign companies, based on technological and productivity spillovers. It is assumed that foreign, often multinational, organizations are far more developed in the technological field than the local companies. To

continue, national governments hope that FDI will lead to more employment under the local community because it often contains large branches. Lastly, investments of foreign companies could lead to a more diversified economy for the receiving, developing country.

The second type of consequence affects the social standards of the receiving country. Hereby, researchers argued that multinationals could negatively affect the degree of human rights. They indicated the complicity of multinationals that are active in the mining sector in the Democratic Republic of Congo because they are accused of plundering resources, ignoring human rights, and lengthening the war (Papaioannou, 2006). In this line of thinking, FDI is seen as a way of strengthening global inequality. In contrast, optimistic views count on the idea that multinationals can contribute to greater respect for human rights, democratization, and an increase in GDP levels. Among these optimistic views is a group of researchers and policy makers that argue that investments of companies can lead to better living conditions in the receiving, developing countries, for example, by Corporate Social Responsible behaviour and/or universal codes of conduct (Giuliani & Macchi, 2013).

Summarized, FDI could lead to consequences both in economic and social terms. As a result of these suspected benefits, governments in developing countries compete in order to attract FDI. However, these governments focus on the consequences of FDI regarding the economic development, and social standards lag behind. These governments assume that this economic development indirectly will lead to the improvement of the social standard in their country. However, preferring economic development to social development can lead to undesirable scenarios. Hereby, revenues are primarily flowing to the government and elites, resulting in disadvantages for the economic and political position of the local inhabitants (Frynas, 1998; Idemudia, 2009; Orogun, 2010).

In this research, the focus is on the consequences of Corporate Social Responsible activities in terms of the social impact on the local community and business benefits for companies. Since the definition of CSR in this research is largely socially based, determining the success of CSR activities of companies is mainly based on the degree of social impact on the local community.

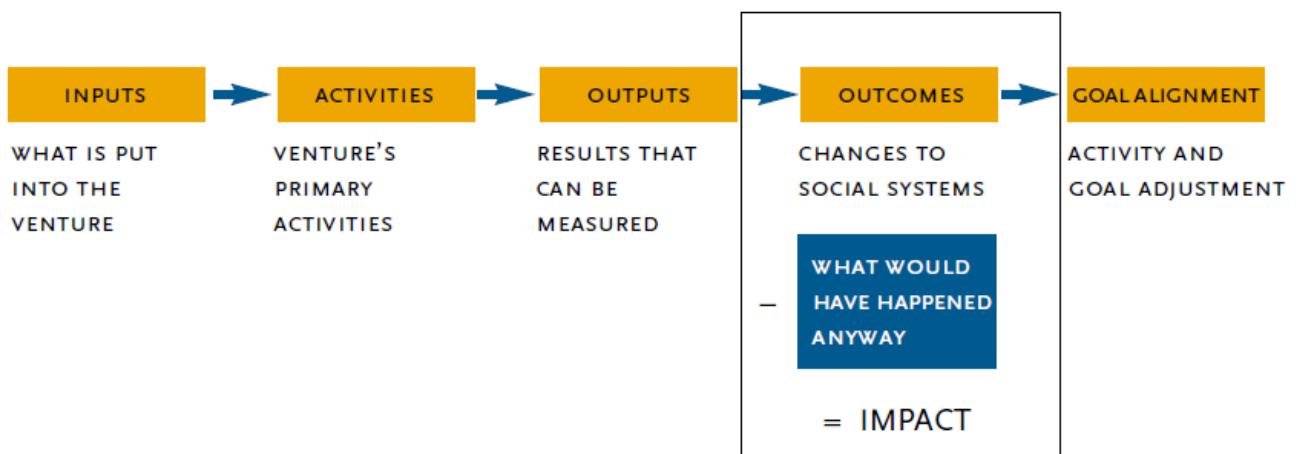
## 5.2 Social impact of CSR activities

What is shown this research is that Corporate Social Responsibility has received increasingly more attention in the literature field. Noticeably, however, not much attention in the literary field is paid to the effects of CSR activities (Merino & Valor, 2011). This section addresses the effects of CSR activities in terms of the social impact of these activities for the receiving country.

When defining the concept of social impact, various ways can be distinguished. Gentile (2000), for example, described social impact as “the field of inquiry at the intersection of business practice and wider societal concerns that reflects and respects the complex interdependency between the two” (p. 2), and Burdge and Vanclay (1996) described social impact as “the consequences to human populations of any public or private actions that alter the ways in which people live, work, play, relate to one another, organize to meet their needs and generally act as a member of society” (p. 59). In this research, the definition of social impact is based on the research of Clark et al. (2004). Clark et al. (2004) described social impact as “The proportion of the total outcome that happened as a result of the activity of organizations, above and beyond what would have happened anyway” (p. 9).

This definition is based on the so called “Value Chain” (see Figure 5.1), which differentiates input, activities, output, outcome, and goal alignment.

*Figure 5.1. Value Chain*



*Source: Clark et al., 2004*

Since there is a lack of consensus about definitions of social impact, there is also a lack of the best way to determine social impact (Maas & Boons, 2010). Both these phenomenon makes investigating the social impact of CSR activities extremely difficult (Maas & Liket, 2011). The difficulties that come with measuring social impact are based on four arguments. First, investigating the social impact of CSR activities is difficult due to the qualitative nature of social impact. This qualitative nature makes it is hard to attach an objective value to the various expressions of impact. Next, social impact affects the society both in the short-term and the long-term. Third, the social impact can include both positive and negative consequences upon the society in environmental, social, and economic fields. Fourth, there are different perspectives regarding the effect of social impact, for example, the business perspective and the social science perspective. Finally, different components of social impact can affect different fields of the social impact (environmental, social, and economic), which makes it difficult to link activities to impact. As a result of these challenges, there is no widely accepted scientific approach to measure the social impact of CSR activities. Examples of methods which do exist are the Social Return of Investment (SROI), the Social Costs-Benefit Analysis (SCBA), and the Social Return Assessment (SRA) (Maas & Liket, 2011).

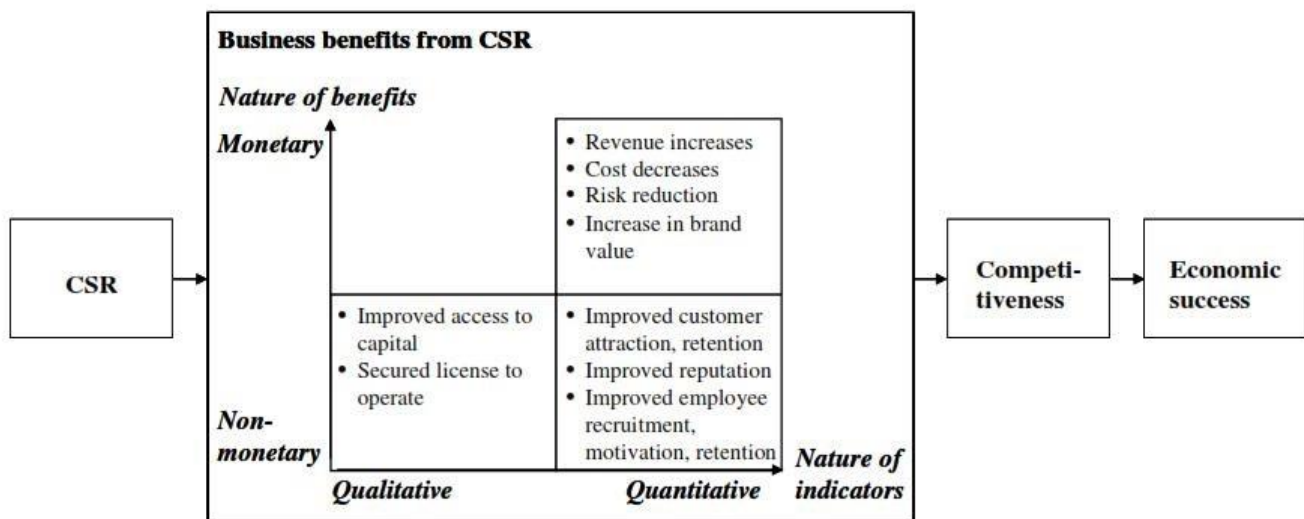
### **5.3 Business benefits for companies**

Clearly from the theoretical insight from Chapter 3, one of the drivers behind CSR activities of companies is based on improving its financial performances (see Section 3.3). Examples of these benefits are improving the reputation and competitive advantage of the company, reducing costs and risks, attracting employees and satisfying its stakeholders. In this line of reasoning, the success of CSR activities of companies is not only about the consequences for the local community (see Section 5.2), but also includes the consequences for the performances of the company itself (see Section 5.3). In addition, the main purpose of this research is discover the engagement, the practice, and the success of CSR activities of Dutch companies in South Africa in order to make these CSR activities more approachable for companies. To make these CSR activities more approachable and attractive for an increasing number of companies from a business perspective, it is important to also discover the (financial) consequences for the companies themselves. Therefore, in this research, the business benefits from CSR activities are not only implemented as a driver behind the

engagement of CSR activities, they also are of use in determining the success of CSR activities.

Weber (2008) theorized the way of determining the business benefits of CSR activities. She argued that there are two different natures of benefits: monetary and non-monetary (see Figure 5.2). Monetary benefits deal with direct and indirect quantitative effects, which can be measured in financial terms. An example of these monetary benefits is an improved reputation of the company because of the commitment to CSR activities. Contrarily, non-monetary benefits include both qualitative and quantitative benefits. An example of a qualitative non-monetary benefit is the improved relationship with stakeholders. In contrast, an example of a quantitative non-monetary benefit is employee attraction. Both the qualitative and the quantitative non-monetary benefits could lead to monetary benefits. In the end, the business benefits from CSR will lead to economic success.

Figure 5.2. CSR impact model for companies



Source: Weber, 2008

#### 5.4 Different Corporate Social Responsible ambition levels of companies

The differences between type of companies, firm characteristics, and motivations for CSR engagement result in various types of CSR activities, social impact, and business benefits. In order to classify these types, van Marrewijk and Werre (2003) indicated six levels of ambition regarding Corporate Social Responsibility. These six levels are based on value systems and motivations of companies to engage in CSR. Summarized, this model can be used in order to determine the degree of success of CSR activities of companies and is presented as follows:

1. **Pre-phase:** The ambition for CSR is not present in the company at this level.
2. **Compliance-driven:** At this level, the company is trying to make good and clear signed appointments. It strives to obtain a certificate and goes through all the procedures, etc. This phase narrows to chain responsibility, including accepted appointments in the sector that result in more efficiency. However, the disadvantages lie in the fact that CSR is seen as a sort of bureaucratic list whereby companies “check off” their CSR progress. This results in companies losing their commitment and drive to enhance their Corporate Social Responsible behaviour.
3. **Profit-driven:** At this level, the company is trying to improve its performance. During this phase, companies try to create a better and/or larger reputation, an enhanced sales volume, an established brand, etc. The motivation behind CSR in this ambition level is based on the business case whereby CSR is seen as being profitable.
4. **Caring:** This level of CSR ambition is about caring. Companies make themselves strong for taking care of both their employees and their surroundings. Also, companies are concerned about the local community with whom they are doing business. Examples in which this is shown are the support of schools and social projects. This phase in CSR is strongly related to community investment.
5. **Synergistic:** At this level, CSR is seen as important in itself and is recognized as being “the inevitable direction progress takes” (van Marrewijk & Were, 2003, p. #). The company is constantly searching for well-balanced functional solutions in a win-win situation for all relevant stakeholders.
6. **Holistic:** At this highest and final level of CSR ambition, CSR is fully embedded throughout the company. In every decision, the company aims to contribute to the quality and continuation of life now and in the future. The company discovers that it can innovate on another level whereby it is not (only) about improving its product,



but improving the quality of life. For example, a company does not only consider selling its CRI scan, but also at a higher level considers how to improve the quality of care in South Africa. It is still focused on selling its CRI scan, but the company is able to collaborate with local parties and attain a long-term comparative advantage whereby unique chances develop. At this final level of ambition, CSR equals innovation.

In this model of van Marrewijk and Wempe (2003), six different ambition levels are distinguished, varying from a zero level of ambition to a fully integrated and embedded CSR mind set whereby innovation is indicated as the optimum way of practicing CSR. Subsequently, these different levels of CSR have different consequences for the local society and the businesses themselves. Companies that find themselves in the compliance level of CSR will have a minimal impact on the local society since they define CSR as their duty and, therefore, only keep to the regulations from rightful authorities.

Furthermore, companies that find themselves in the profit-driven level of CSR could have an impact on the local society, but this will be less than the benefits they gain themselves. In contrast, companies in the taking care level of CSR will overextend to this profit driven nature of CSR. This level of CSR, also called “community investment” goes beyond legal compliance and profit considerations and will, therefore, lead to a larger impact on the local society.

The most significant consequences for the local society will develop in the last levels of CSR ambition, especially during the holistic level of CSR. In this level, companies consider the consequences of life, now and in the future, in every single aspect. Innovation is the highest in this level, since the local community profits most when a new local business with a CSR perspective is created.

## 5.5 Reaching success

This section analyses critical factors that influence the success or failure of CSR activities of companies. The success of CSR activities, both in terms of the social impact on the local community and the business benefits are affected by different factors. In Chapter 4, possible opportunities and obstacles were presented. These possible opportunities and obstacles could affect the success of CSR activities. Other factors that could affect the success or failure of CSR activities are based on the social and cultural characteristics of the country. Bird and Smucker (2006) translated this into three principles that should be taken into account by international business companies when doing business in developing areas. These principles are also relevant for CSR activities in developing countries. The three principles include the awareness of the historical and institutional dynamics of local communities, the necessity of non-intimidating communication with local constituencies, and the degree to which the company's operations safeguard and improve the social and economic assets of local communities (Bird & Smucker, 2006). In addition, Bird and Smucker (2006) argued that it is impossible to operate with one common CSR code of conduct since these three principles differ among various countries.

The first indicator is based on the fact that international business deals with different cultures and circumstances that affect the way in which companies have to do business. For example, wage scales, equity roles, and authority and management roles, as well as attitudes towards work, vary among different countries. It is, therefore, important to take cultural and institutional contexts of the company's location into account. To illustrate, doing business in the industrialized and multicultural context of Malaysia in the 1980s is much different than doing business in a free-market principle changing Vietnam during the same period. Furthermore, in South Africa the moral demands, public expectations, opportunities, and obstacles have changed before and after the end of Apartheid (Daye, 2005; Kotze, 2005). Based on the preface, local contextual variables, such as the local culture, the history of the area, and the nature of local institutions (see also Sections 4.3 and 6.2) and their interrelationships need to be considered when acting socially responsible in developing countries. In addition, when a company is aware of the different phases in history and differences in cultural contexts, it can gain a better understanding of expected attitudes of managers when introducing the company to local communities (Bird & Smucke, 2006).

The second indicator involves the nature of communications between business companies and local communities. Hereby, it is important that companies understand the culture of the

local community. To make this possible, companies and organizations should participate in open conversations with representative groups and individuals of the local community. If not, this will conceivably lead to a worsening of social and economic conditions. The story of manufacturing soccer balls in Pakistan illustrates this phenomenon (Section 3.2). In order to overcome this paradox of the universal codes of conduct, there must be an emphasis on interacting with the local community:

“Sitting in the office of a large corporation in London or the UN headquarters in New York, and presuming to know what is best for workers, communities and the environment in the developing world, is simply no longer a feasible option”(Lund-Thomson, 2011, p. 1016).

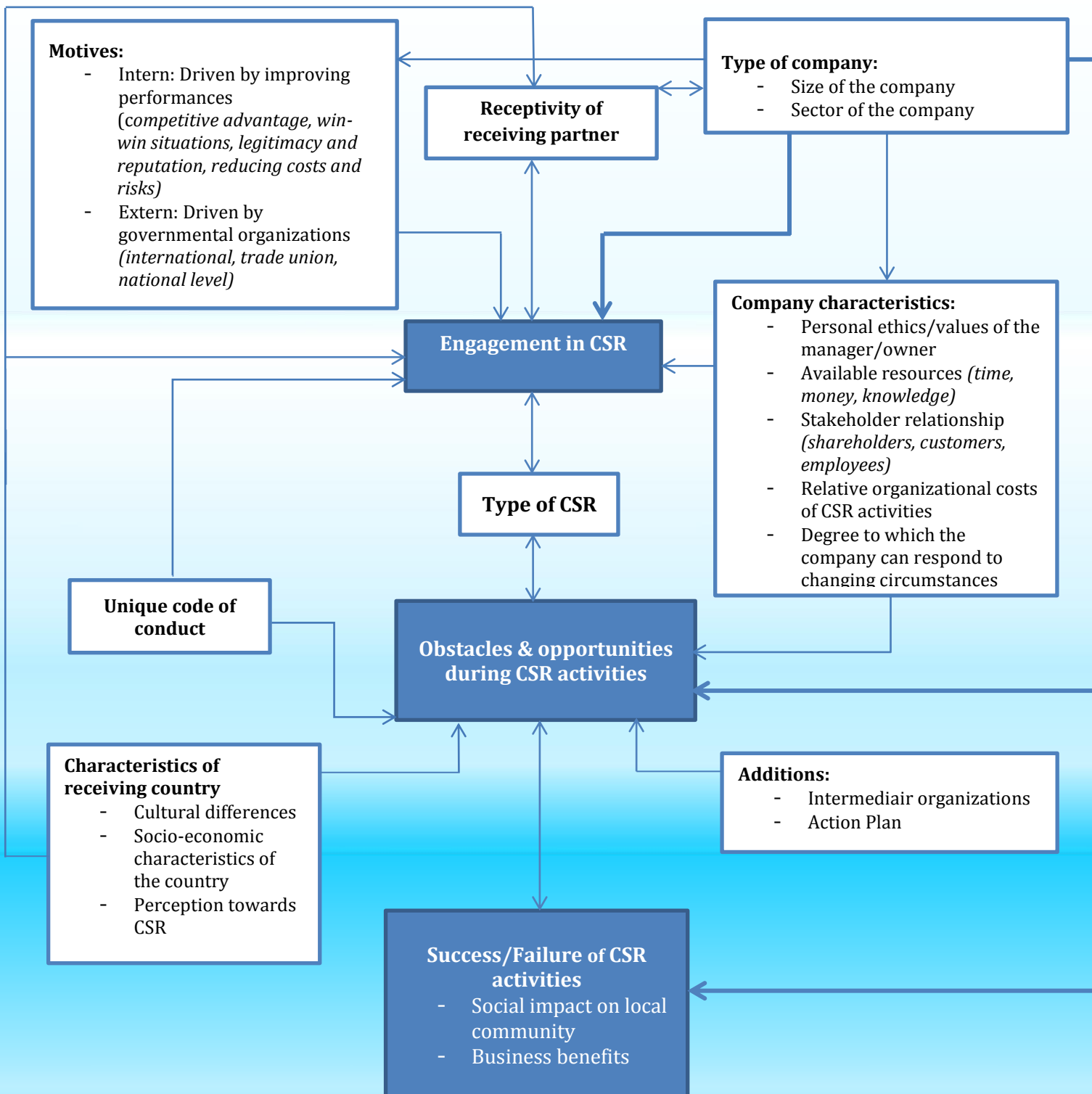
Both sensitivity to local cultures and communication with local communities are necessary steps in a company's willingness to act socially responsible. However, these two principles alone do not guarantee positive outcomes since they can be used for a company's own gain, resulting in negative effects for the local community. Therefore, a third principle has to be established, dealing with sustaining and improving assets. Hereby, companies have to demonstrate that they take the welfare of the local community seriously by adding value to the social and economic assets of the community. This means going beyond the share in supporting government initiated welfare programs or ensuring the fairness of their product. Contributing to the social and economic assets of the local community means actively intervening in specific problems and advancing the social and economic welfare of local communities. Therefore, one should think of the creation and distribution of financial commodities, the sustainability of natural resources, the improvement of human assets, and the improvement of the effectiveness of social commodities embedded in social institutions. Examples are contributing to the upkeep and improvement of the infrastructure and social services (Bird, 2003; Sachs, 2005).

## 6. Conceptualization and hypotheses in South African perspective

In this chapter, the theoretical findings of Chapters 3, 4, and 5 will be represented by a conceptual model that indicates possible relationships (Section 6.1). Also, relevant South African factors will be addressed (Section 6.2). Finally, six hypotheses will be presented (Section 6.3).

### 6.1 Conceptual Model

Figure 6.1. Conceptual model

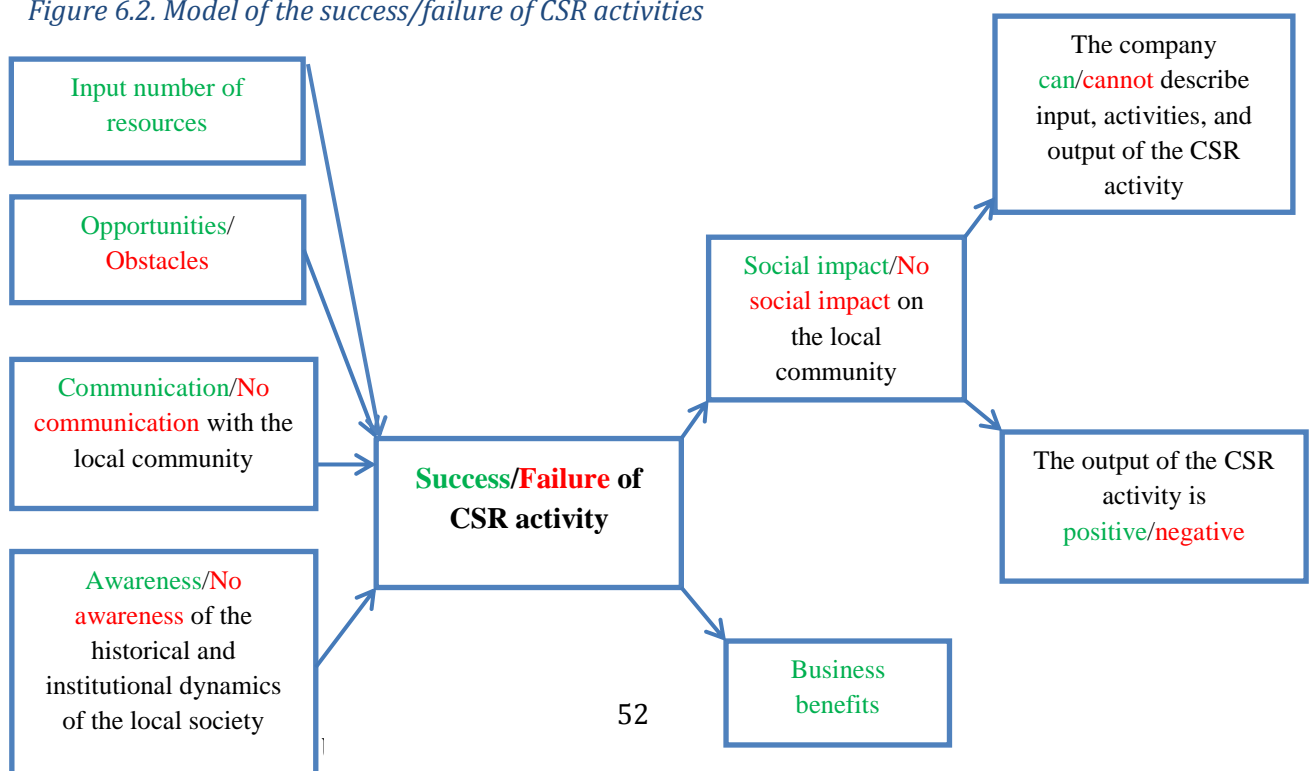


This conceptual model (Figure 6.1) represents the findings from academic literature (see Chapters 3, 4, and 5) regarding relevant themes in CSR. The different concepts that are introduced in analysing this secondary data are arranged in a way that distinguishes possible relationships between these concepts.

What becomes clear from the conceptual model is that the success or failure of CSR activities will be determined by both the social impact on local community and business benefits. However, not many researchers have paid attention to measuring the social impact of CSR activities (see Section 5.2). In managing this problem, a new method of determining the success of CSR activities was created in this research, based on theoretical findings (see Figure 6.2). Here, social impact is only one of the factors that expresses success of CSR activities.

In this research, success is determined by different factors including the input of resources, perceived opportunities/obstacles during CSR activities, and the degree of communication with the local community and awareness of the political and institutional dynamics of the local society. Moreover, the success of CSR activities expresses itself both by a certain degree of social impact on the local community and by business benefits. The social impact on the local community includes companies that could define the social effects of their CSR activities in detail. In addition, due to economic reasons appearing extremely important for companies, it is also important that companies face business benefits in order to define the CSR activity as a success.

Figure 6.2. Model of the success/failure of CSR activities



## 6.2 The South African Case

At this point in the research, it has become clear that different factors are responsible for the engagement and success of CSR activities of companies. Some of these factors are internal and related to the type of company and company characteristics (see Section 3.4). Other factors are external and these factors include the characteristics of the receiving country and the possible code of conduct. This section addresses these external factors of South Africa by first analysing the characteristics of this country, followed by the South African code of conduct

The cultural differences between the Netherlands and South Africa in terms of language, norms, and values could be both an opportunity and obstacle for Dutch companies that are active in South Africa. For example, the Dutch are often described as straight and direct regarding business, while South Africans are described as “first have dinner, then talk about business”. Also, the general image of the Dutch is that they are organized, while South Africans are not. Both these differences could possibly lead to problems or opportunities during CSR activities of Dutch companies in South Africa.

Related to cultural differences, also the differences in perception towards CSR could lead to possible opportunities/obstacles concerning these CSR activities. To illustrate, this difference in perception, the Netherlands have more advanced economic and political institutions (see Sections 3.3.2 and 4.3), such as MVO Nederland, that support and encourage companies to engage in CSR activities. Currently, South Africa is less developed, and there are no South African governmental organizations that exclusively promote Corporate Social Responsibility in broad sense (not only BBBEE). This shows that South Africans have a different perception towards CSR than the Dutch. Furthermore, the receptiveness of South Africa toward the CSR activities of Dutch companies is a factor that is perceived as a possible opportunity or obstacle, especially since the perception toward CSR differs between these two countries.

Sections 3.3.2 and 4.3 emphasized the importance of strong and central economic and political institutions in order to attract foreign companies, encourage entrepreneurship, and develop educated workers. These sections emphasized the importance of maintaining an attractive economic business climate in order to attract foreign investments and CSR activities. Therefore, strong institutions are important in attracting and developing CSR activities in the country. In South Africa specifically, the external business environment is related to a relatively large number of governmental regulations that negatively affect

business development, weaken institutional capacity, and increase crime and corruption (Olawale & Garwe, 2010; Abor & Quaerty, 2010). This suggests that the South African economic and political institutions are an obstacle concerning CSR activities. In addition, the critical factors in the business climate in South Africa are the quality of labour, the availability and quality of infrastructure, a lack of good management skills and/or training, and a lack of access to advanced technology (Abor & Quaerty, 2010; Olawale & Garwe, 2010). Furthermore, findings argue that 75% of the new created SMEs in South Africa do not become established companies due to weak economic circumstances. This percentage of new SMEs that fail in South Africa is one of the highest in the world (Olawale & Garwe, 2010).

These findings suggest a problematic socioeconomic business environment in South Africa and are supported by the report of the Kingdom of the Embassy of the Netherlands in Pretoria, South Africa in 2013 (see also Chapter 2). This report, concerning doing business in South Africa, argued that the most dominant challenges that Dutch companies in South Africa face are the scarcity of skills amongst the labour force and the commitments to the concept of Broad Based Black Economic Empowerment. Other challenges include the government bureaucracy, perceived corruption, the public procurement processes, and currency volatility (Embassy of the Kingdom of the Netherlands, Pretoria, South Africa, 2013). This research further investigates if these specific South African characteristics affect the engagement, progress, and success of CSR activities of Dutch companies in South Africa.

### **6.2.1 Broad Based Black Economic Empowerment**

Doing business in South Africa is indissolubly connected to the South African code of conduct called Broad Based Black Economic Empowerment. In short, BBBEE emphasizes the empowerment of minorities in the South African society and therefore can be interpreted as a certain type of Corporate Social Responsibility. According to the ISO 26000, BBBEE strongly relates with community involvement and development (see Figure 3.1). This research analyses the role of this code of conduct in attracting Dutch companies and their CSR activities. First, in this section, a short historical overview, the main goals, and the advantages and disadvantages of this unique code of conduct will be presented.

**“Broad Based Black Economic Empowerment:** *the economic empowerment of black people, including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not restricted to-*

- a) *Increasing the number of black people that manage, own and control enterprises and productive assets;*
- b) *Facilitating ownership and management of enterprises and productive assets by communities, workers, co-operatives and other collective enterprises;*
- c) *Human resource and skills development;*
- d) *Achieving equitable representation in all occupational categories and levels in the workforce;*
- e) *Preferential procurement; and*
- f) *Investment in enterprises that are owned or managed by black people*

whereby

**Black people:** *a generic term which means Africans, Colored and Indians. “*

*(Jack & Harris 2007, p. 16)*

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BBBEE is a consequence of the years of Apartheid in the mid-20th century, in which a gross imbalance in socioeconomic status between blacks and whites emerged. The exclusively white government introduced laws first through colonialism, and subsequently Apartheid, to exclude black people from economic participation. For example, in 1913, the Land Act prohibited black people from owning land outside their appropriated areas. Furthermore, the colonial government engineered in 1923 the Native Act, whereby black people were restricted from designated “locations”. Also, these people were denied the right to intellectual and economic growth by several destabilization mechanisms. This denigration expanded. From the 1950s onwards, black people were even prohibited from owning property in their designated areas. These restrictions are examples that restrained black entrepreneurs and the economic development of black people in South Africa.

From the 1980s on, a contrary movement started to develop and small black trade unions emerged. This movement started under the leadership of the black business man Anton Rupert and resulted in black South Africans being increasingly allowed to participate in entrepreneurial activities. Close to the end of the Apartheid regime, the government lost the fight in prohibiting and strictly managing black economic participation. Finally, the Apartheid



era came to an end in 1994. With this fall, all legal restrictions on black people disappeared. However, most of the business activities were still in white hands and mainly mining, financial services, and agriculture did not include black people (Jack & Harris 2007, p. 6). To illustrate the structure between black and white ownership around that time, in 1990, the black South African population was approximately 77% of the total South African population. Simultaneously, the black South Africans occupied less than 3% of the management positions (Gray and Karp, 1993). In addition, in 1995, more than 99% of the total market value of South Africa and the gross of the South African corporations were owned by white investors (Cargill, 1999).

In order to increase the amount of black ownership in South African businesses, Nelson Mandela introduced Black Economic Empowerment (BEE) in the early 1990s. BEE can be defined as “the sale of a company’s equity to black empowerment groups or other black investors, thereby increasing black ownership and presence in the South African economy” (Alessandri et al., 2011, p. 232). Since 1994, BEE has developed in two stages. In the first stage, the initial focus of BEE was increasing “black” ownership in South African companies. In the period 1993 to 2005, the number of BEE deals increased from less than six in 1993 to an estimated 358 in 2005 (Alessandri et al., 2011, p. 232). In the second stage, from 2000 onwards, the concept of Broad Based Black Economic Empowerment was introduced. BBBEE includes seven criteria: ownership, management representation, skills development, corporate social investment, enterprise development, employment equity, and preferential procurement (Ponte et al., 2007).

The reasons for driving this transformation can be summarized into three main reasons. The first reason is based on the moral issue to restore the imbalance that emerged as a consequence of the era of Apartheid. The second reason is to contribute to economic growth, and the final reason is to further develop the skills level of labour (Jack & Harris, 2007). In order to obtain this transformation that comes into practice by the Broad Based Black Economic Empowerment, the South African governments introduced several tools. These tools include the BEE Advisory Council, the Employment Equity Act, the Skills Development Act, the BEE Commission, and Codes of Good Practice (Jack & Harris, 2007). Currently, BBBEE can lead to both advantages and disadvantages for companies when doing business in South Africa. Advantages of BBBEE deal with potential economic gains, including access to government contracts, access to new market opportunities, increased social capital with black empowerment groups, and an improvement of the reputation among

the black majority. These advantages can result in generating new business for companies (Embassy of Kingdom of the Netherlands, Pretoria, South Africa, 2013). On the contrary, disadvantages of BBBEE include high costs and high risks for participating companies.

In order to contribute to a more South-centered CSR agenda, this research investigates if the South African socioeconomic characteristics and unique code of conduct (BBBEE) affect Dutch companies in their CSR activities. The following section will list six hypotheses that were formulated based on the conceptual model and the South African case.

### 6.3 Investigating theoretical predictions

Based on the theoretical insights from Chapters 3, 4, 5, and Section 6.2, which translated into a conceptual model (6.1), some relevant hypotheses were formulated. These hypotheses are predictions, regarding the theoretical insights, which function as a way to explain the gathered data. There are six different hypotheses relevant for this research's population:

**Hypothesis 1:** Dutch large private companies engage more often in CSR activities in South Africa than Dutch small private companies, and Dutch private companies that are active in Marine and Off-shore engage more often in CSR activities compared to companies that are active in other sectors.

**Hypothesis 2:** The motivation of Dutch private companies for engaging in CSR activities in South Africa is based on improving performances rather than company characteristics or pressure from governmental organizations, and this motivation varies by company size and sector.

**Hypothesis 3:** Dutch large private companies indicate relatively more opportunities than obstacles concerning their CSR activities in South Africa compared to small Dutch private companies.

**Hypothesis 4:** The factors South African bureaucracy, corruption, Broad Based Black Economic Empowerment and skills of the South African workers are indicated as obstacles by Dutch private companies more often than the remaining factors, and Broad Based Black Economic Empowerment is perceived as the largest obstacle indicated.

**Hypothesis 5:** The more obstacles companies perceive, the less they will engage in CSR activities and/or the less their CSR activities can be described as successes.

**Hypothesis 6:** Dutch companies that work closely together with the South African local community are more successful in their CSR activities compared to companies that do not work closely together with the South African local community.

## 7. Method

At this stage of research, theoretical insights regarding the research questions will be presented and summarized in a conceptual model consisting of several variables (see Section 6.2). After explaining the conceptual model, six hypotheses will be explained. These hypotheses are predictions based on theoretical insights and will be discussed based on the findings of this research (see Chapter 10). This chapter will define the research population and explain methods that were used in order to investigate the research questions and hypotheses. The chapter will start with a description of the research population. Afterward, different phases of the data collection will be explained.

### 7.1 Research Approach

Initially, this research was developed in order to answer the main research question about motivations, opportunities, obstacles, and the success of CSR activities by Dutch private companies in South Africa. There were seven different sub-research questions formulated in order to achieve a well-considered research outcome. By answering the research questions, academic literature was used in order to determine the current state of the debate on CSR. Special attention was paid to motivations for CSR, opportunities and obstacles concerning CSR activities, and factors that influence the success or failure of CSR. Most of the academic literature is based on research of companies other than Dutch firms operating in South Africa because there is relatively limited literature available regarding CSR activities of Dutch private companies in South Africa. An overview of the collected secondary data is provided in Chapters 3, 4, and 5. Finally, literature was summarized in a conceptual model and hypotheses were formulated based on these theoretical insights (see Sections 6.1 and 6.3)

Because of the limited available academic literature about experiences of CSR activities of Dutch companies in South Africa, primary data gathering was needed in order to investigate the hypotheses. Two types of data collection were chosen: a survey and personal interviews. The main reason for using both a survey and interviews was to achieve more “completeness” to “understand unexpected results” and “to give explanation” of unexpected results and/or indicated relationships (Bryman, 2012; p. 633). Also, by using more than one research method a more complete answer to the research question could be achieved because gaps left by one method could be filled in by the other method. In addition, combining these two methods of data collection and their strengths and weaknesses will offset the weaknesses and take advantage of the strengths of both. In this research, achieving a quick overview of

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respondents and an indication of the relevance of the introduced themes were the main goals of the survey. However, this method of data gathering lacked further detail. Some of the research questions and hypotheses, for example determining if a CSR activity was a success or failure, asked for in-depth information. Therefore, personal interviews were introduced into this research. In addition, unexpected and/or feature results that followed from the survey and different indicated relationships could be explained through the use of personal interviews. Last, CSR is a sensitive subject for companies. Using different methods of data collection reduced the chance of socially desirable data. To be clear, all research questions will be answered based on secondary data (see Table 7.1).

*Table 7.1. Research questions and corresponding method of data collection*

No.	Research question	Secondary	Primary	
			Phase 1: Survey	Phase 2: Interview
1.	How can the business relationship between the Netherlands and South Africa be described through time?	X		
2.	Which companies are involved in the business relationship between the Netherlands and South Africa?		X	X
3.	What do current CSR activities of Dutch companies in South Africa imply and what motivates these companies to become involved or not involved in the activities?	X	X	X
4.	What are opportunities and/or obstacles for Dutch companies during their CSR practices in South Africa?	X	X	X
5.	To which degree is the South African code of conduct, called Broad Based Black Economic Empowerment, conducive for or damaging to the business environment in South Africa, according to Dutch companies?	X	X	X
6.	Can the current CSR activities of Dutch companies in South Africa be interpreted as successes or as failures and why?	X		X
7.	How can current CSR activities of Dutch companies in South Africa be improved in the future?			X

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It is important to note that the hypotheses that were developed based on the secondary data collection correspond with the research questions (see Table 7.2). As seen in the previous section, the collection of primary data occurred in two phases: the survey and personal interviews. The collected data is presented per phase of primary data collection. First, the method of survey is elaborated on followed by the method of interview.

*Table 7.2. Hypotheses and their corresponding research questions*

No.	Hypothesis	Corresponding research question(s)
1.	Dutch large private companies engage more often in CSR activities in South Africa than Dutch small private companies, and Dutch private companies that are active in Marine and Off-shore engage more often in CSR activities compared to companies that are active in other sectors.	2
2.	The motivation of Dutch private companies for engaging in CSR activities in South Africa is based on improving performances rather than company characteristics or pressure from governmental organizations, and this motivation varies by company size and sector.	3
3.	Dutch large private companies indicate relatively more opportunities than obstacles concerning their CSR activities in South Africa compared to Dutch small private companies.	2, 4
4.	The factors South African bureaucracy, corruption, Broad Based Black Economic Empowerment and skills of the South African workers are indicated as obstacles by Dutch private companies more than the remaining factors, and Broad Based Black Economic Empowerment is perceived as the largest obstacle indicated.	3, 4,5
5.	The more obstacles companies perceive, the less they will engage in CSR activities and/or the less their CSR activities can be described as successes.	4, 6
6.	Dutch companies that work closely together with the South African local community are more successful in their CSR activities compared to companies that do not work closely together with the South African local community.	6

### 7.1.1 The survey

In the first phase of primary data collection, a survey was conducted amongst the total research population. Because all respondents need to answer the same questions, a survey is an efficient way to gather information from a large number of people (Saunders et al., 2008). The reason for using a survey is that it makes it possible to obtain, in a relatively short period of time, additional information about the companies in the research population. The questions forced respondents to make a choice because there were no open questions included. By using just multiple choice questions, the survey did not take much time for respondents to complete. This made it more likely that the research population would collaborate. In this research, the survey functioned in several ways. First, it functioned as a way to create a general indication of how many Dutch private companies were engaged in CSR activities in South Africa. Second, the survey was used to gather opinions about themes related to CSR activities in South Africa. These themes are based on academic literature.

In order to strive for a high degree of participation of the research population, questionnaires were distributed at SANEC organized meetings. These events were as follows: “Roundtable Discussion at Leiden Municipality” on the 8<sup>th</sup> of May 2014 at Leiden, “South Africa Transport & Logistics Seminar” on the 12<sup>th</sup> of May at Rotterdam, and “SADC Ambassadors Business Luncheon” on the 20<sup>th</sup> of May at Wassenaar. Since these three events did not reach the whole research population, the survey was also distributed amongst Dutch private companies by email. This was accomplished by SANEC and covered by an introduction letter (see Appendix 9).

In addition to the research population, the contributing research population was included in this survey. Since the SANEC events only attracted Dutch parties, it was attempted to reach South African companies and organizations by email. Unfortunately, due to the weakness of SANEC staff in Johannesburg, the surveys never reached South African private companies and educational/governmental organizations. Later, the survey was distributed by SANEC staff in South Africa during their visit to private South African companies and organizations at a trade mission. In total, 8,3% of the research population and 7,7% of the contributing research population was reached with the survey (see Table 7.3).

*Table 7.3. Number of questionnaires returned by research population and contributing research population*

Location	Private companies	Other	Total
Dutch	14	6	20
South African	4	3	7
<b>Total</b>	18	9	27

### 7.1.2 Personal interviews

The second phase in primary data collection consisted of interviews. The goal of this phase in data gathering was to obtain greater detail about the findings in the survey and the remaining research questions (see Table 7.1). The reason for using an interview is that this is extremely useful in analysing personal experiences and obtaining detail about relevant findings. In addition, interviews result in valid and reliable data, which are of great importance in answering the research questions (Saunders et al., 2008).

There are different types of interviews to distinguish (Saunders et al., 2008). In this research, semi-structured interviews were used. This means that the interviews were based on a list of topics, resulting from the findings in the literature. Furthermore, the interviewer stayed flexible and there was enough flexibility to provide special attention to given answers. The interviews were continued until no more new relevant data and conceptual insights were generated. Also, an interview schedule was used (see Appendices 3 and 5), whereby each of the questions in the interview was supported by quantitative subparts which had to be completed by the respondent. The reason for using an interview schedule is that it is an effective way to gather clear data about a large set of questions, for example the obstacles and opportunities concerning the CSR activities. In addition, CSR is a sensitive and complex subject amongst private companies and with the use of the interview schedule, respondents were forced to make choices that resulted in plain data. Moreover, the use of the interview schedule resulted in coherence and consistency during and between the interviews. To be clear, the data that was gathered during the personal interviews was of both qualitative and quantitative natures.

Given the large number of Dutch private companies in the research population, a selection of companies and organizations was selected to interview. This means that only a part of the whole research population was surveyed, resulting in the chance of research bias. A random sample was chosen to make this selection out of the research population because



this method is the best way to ensure no bias in the results (Saunders et al., 2008). In addition, this method is much faster and more efficient in obtaining results rather than reaching the whole population. By the method of random sampling, a representative number of cases was randomly generated through unpredictable means and each of these cases had an equal chance of being selected from the research population. In cases of non-response, the procedure was repeated. The procedure of selecting cases by using this method continued until no new data amongst new respondents was collected.

The first random sample took place amongst the research population, Dutch private companies (see Table 7.5). The Dutch private companies are the core of this research and the research questions were developed in order to study their practices concerning CSR activities in South Africa. The respondents of the personal interviews in this cluster also included private companies that were not engaged in CSR activities. The reason for including these companies was to explore the motives of no engagement in CSR activities. Importantly, when the motivations against CSR activities are clear, policy makers will be able to anticipate this in order to make the engagement in CSR activities more attractive in the future. The used topic list and interview schedule can be found in Appendices 2 and 3.

The second random sample functioned as a way to select respondents in the contributing research population. To be clear, the contributing research population consists of South Africa private firms and Dutch and South African organizations (see Table 7.5). The interview schedule of the respondents in these sectors differed from the interview schedule of the private companies in order to obtain the exact knowledge that was needed from these parties (see Appendices 3 and 5). For each of the research questions, whereby primary data collection was needed (see Table 7.1), both clusters were used.

All respondents were emailed or phoned to make an appointment for the interview. The interviews took place at the office of the respondent or at the office of SANEC. The South African companies were approached via email. The interviews with the South African companies took place with the help of Skype, an online worldwide phone program. Before the start, permission for recording the interviews was asked of the respondents. All interviews took approximately one hour. In total, 6,5% of the research population and 5,3% of the contributing research population were reached with the personal interviews (see Table 7.4 and Appendix 6).

*Table 7.4. Number of personal interviews in research population and contributing research population*

Population	Private companies	Other	Total
Dutch	11	7	18
South African	2	N/A	2
Total	13	7	20

### 7.1.3 Representation and validity

As mentioned in Section 7.1, the use of various methods of data collection often leads to a greater validity of the research. Validity means that collected results are indeed the results that needed to be studied following the main research question (Saunders et al., 2008). To ensure that questions during the process of data gathering correspond with data that is needed in reaching a valid research outcome, the questions correspond with the research questions and related hypotheses. This will be shown in the operational phase of this research (see Section 7.3). Before going into detail about the two different types of validity, it is important to determine to which degree the research data is representative.

In total, 14,8% of the research population and 13% of the contributing research population was reached in this research. Appendix 6 provides an overview of these 47 respondents. These respondents included Dutch companies that were both small (44%) and large (56%) and who were together active in ten different sectors. The respondents in the contributing research population included different organizations active in different sectors in both the Netherlands and South Africa.

In addition to being representative, validity is an important aspect in conducting research. In general, there are two types of validity: internal research validity and external research validity (Saunders et al., 2008). In this research, the validity is relatively high due to the use of both primary qualitative and quantitative gathered data. On the other hand, the validity could be damaged because the private companies could be afraid of giving answers that would damage their companies' reputations. In short, it is important to note that participants could possibly give answers that result in socially desirable data.

External validity means that gathered results can be generalized (Saunders et al., 2008). The external validity in this research is limited because only members of the Southern African Netherlands Chamber of Commerce were included. This membership leads to the fact that the research outcome could only be generalized to companies that are members of a Chamber of Commerce in other regions or countries. However, this would be extremely

difficult because the South African specific socioeconomic characteristics, such as the perceived corruption and the concept of Broad Based Black Economic Empowerment, significantly affect this research. Due to this, the research outcome is mainly based on companies that are active in South Africa.

Finally, this research is replicable because a clear methodological reliability was used by including topic lists and an interview schedule. Moreover, the next section will focus on the hypotheses and different variables that were investigated in order to contribute to a greater reliability of this research.

## **7.2 Research population**

The research population consists of Dutch companies that both had a business relationship with South Africa and were members of the South African Netherlands Chamber of Commerce. More specifically, these Dutch companies are companies that were active in the sectors Agro and Agri Processing; Business Services and ICT; Chemicals and Metals; Engineering, Infrastructure, and Water; Food, Beverage, and Retail; Legal, Tax, and Finance; Machinery and Manufacturing; Medical and Pharmaceuticals; Marine and Off-shore; Marketing, Communication, and Design; Oil, Gas, and Energy; Tourism, Hospitality, and Sports; and Transport and Logistics. In total, the research population consists of 168 Dutch private companies that were active in South Africa and members of SANEC (see Table 7.5).

This research also uses a contributing research population in order to add an extra dimension. This extra dimension can be explained as follows: CSR is a sensitive subject amongst private companies. The term “sensitive” is used because engaging or not engaging in CSR activities can have consequences for companies regarding their reputations amongst customers. This could lead to the fact that companies give socially desirable answers. To ensure that a well-considered research outcome will be reached, a contributing research population was added. This contributing research population consists of South African private companies and Dutch and South African organizations that were active in the sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations. The South African parties also function as a way to evaluate CSR activities of Dutch companies in South Africa in order to reach an objective research outcome. In addition, by doing so, the perception of South Africans toward CSR becomes clear. Dutch and South African government services, foundations, and educational institutions are relevant since they deal daily with companies and, therefore, have interesting knowledge

about different companies and their experiences with CSR. In addition, CSR is a sensitive subject amongst private firms that are profit driven, and therefore, these non-profit organizations were added to the research population. This would make the research outcome more valid. Examples of these organizations are the CSR Academy, the South African Embassy, and the State Service for enterprising Dutch. In total, the contributing research population includes 168 South African companies and Dutch and South African organizations.

All of these companies and organizations are members of SANEC. An existing database was chosen because this provides a clear overview of companies and organizations that have a relationship with the Netherlands and South Africa. In total, there are 336 SANEC members within the research population and contributing research population together (see Table 7.5).

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Table 7.5. SANEC membership guide by sector and nationality<sup>2</sup>

Sector	Number of Dutch members	Number of South African members	Total
Agro & Agri Processing	<u>4</u>	2	6
Business Services & ICT	<u>34</u>	23	57
Chemicals & Metals	<u>3</u>	4	7
Engineering, Infrastructure & Water	<u>13</u>	6	19
Food, Beverage & Retail	<u>15</u>	10	25
Government & Public Services	2	9	11
Legal, Tax & Finance	<u>20</u>	11	31
Machinery & Manufacturing	<u>9</u>	5	14
Medical & Pharmaceuticals	7	3	10
Marine & Off-shore	<u>10</u>	5	15
Marketing, Communication & Design	<u>11</u>	5	16
Oil, Gas & Energy	<u>9</u>	2	11
Research, Education & Training	20	10	30
Social Development & Foundations	16	2	18
Tourism, Hospitality & Sports	<u>18</u>	18	36
Transport & Logistics	<u>15</u>	15	30
<b>Total</b>	206	130	336

Source: SANEC, 2014

<sup>2</sup> Underlined = research population (N=168), Not underlined = contributing research population (N=168)

### 7.3 Becoming operational

The aim and fundamental reasons for conducting this research was shown in the introduction. The research approach (see Section 7.2) has made clear that the core of this research consists of one main research question and seven sub-research questions. In order to investigate these research questions, six hypotheses were developed and function as a way to explain the gathered data. In order investigate these hypotheses, the hypotheses were translated into measurable subunits or variables. This section describes the definitions and proper indications of the variables.

**Hypothesis 1:** Dutch large private companies engage more often in CSR activities in South Africa than Dutch small private companies, and Dutch private companies that are active in Marine and Off-shore engage more often in CSR activities compared to companies that are active in other sectors.

- *Variable:* Large or small private companies
- *Indicator:* The size of the company is determined according to the guidelines of MKB Nederland (2014), which distinguishes between four different sizes (see Table 7.6.)
- *Values:* Small (0-50 employees and an annual turnover less than 10 million); Large (>50 employees and an annual turnover more than 10 million).

*Table 7.6. Size of companies by number of employees and annual turnover*

Size of the company	Number of employees	Annual turnover (€/saR)
<b>Micro</b>	0-10	≤ 2 million
<b>Small</b>	11-50	2 million > X ≤ 10 million
<b>Medium</b>	51-250	10 million > X ≤ 50 million
<b>Large</b>	>250	> 50 million

*MKB Nederland, 2014*

- *Variable:* Engagement
- *Indicator:* Question in the questionnaire in the population survey: “Is your company engaged in CSR activities?”
- *Values:* Yes, no, and maybe in the future. Dutch companies involved (yes) or not involved (no) in CSR activities in South Africa. Hereby, the value “no” also includes the respondents that indicated “maybe in the future”.
- *Variable:* CSR activities
- *Indicator:* To determine the CSR activities of Dutch companies in South Africa, a classification based on seven types of CSR activities was used (ISO, 2014). The types of CSR activities were measured according to the seven core subjects of social responsibility of the ISO 26000 guidelines (see Section 3.2). During a meeting with Guus Balkema and Ines Nijland from CSR Academy on the 22nd of April 2012, a questionnaire was conceived in order to measure the type of CSR activities according to these guidelines in a more specified way. This questionnaire was introduced in the interview schedule (see Appendix 3, question 7). The second way in which CSR activities were indicated was by asking the respondents to describe their CSR activities during the interviews. The CSR activities were classified based on the different levels of CSR ambition (see Section 5.4).
- *Values:* The seven different types of CSR activities following the ISO 26000 guidelines are organizational governance, consumer issues, human rights, labour practices, the environment, community involvement and development, and fair operating practices. These were evaluated on a scale from 1 to 5 (1 = not important; 5 = very important). The described CSR activities were classified by the level of CSR ambition, based on the academic literature (compliance-driven, profit-driven, caring, or holistic).

- *Variable:* Sector in which the company operates
- *Indicator:* The sector of the company is determined on the basis of the classification of the SANEC membership. Seventeen different sectors are indicated.
- *Values:* Agro and Agri Processing/Business Services and ICT/Chemicals and Metals/Engineering, Infrastructure, and Water/Food, Beverage, and Retail/Legal, Tax, and Finance/Machinery and Manufacturing/Medical and Pharmaceuticals/Marine and Off-shore/Marketing, Communication, and Design/Oil, Gas, and Energy/Tourism, Hospitality, and Sports/Transport and Logistics.

**Hypothesis 2:** The motivation of Dutch private companies for engaging in CSR activities in South Africa is based on improving performances rather than company characteristics or pressure from governmental organizations, and this motivation of companies varies by company size and sector.

- *Variable:* Motivations
  - *Indicator:* The motivations of companies to engage in CSR activities were based on the collection of secondary data. The respondents were asked to rank these three main motivations from 1 to 3, where a motivation of 1 was regarded as the most important.
  - *Values:* Improving performances, company characteristics, and pressure from governmental organizations.
- 
- *Variable:* Improving performances
  - *Indicator:* The motivations of companies to engage in CSR activities were based on the collection of secondary data. If respondents ranked improving performances as the main motivation behind their CSR activities, they were asked to rank the accompanying four sub-motivations.
  - *Values:* Achieving a competitive advantage compared to other companies, win-win situation for both the company and its stakeholder, achieving legitimacy and improving reputation, and reducing costs and risks.



- *Variable:* Company characteristics
- *Indicator:* The motivations of companies to engage in CSR activities were based on the collection of secondary data. If respondents ranked company characteristics as the main motivation behind their CSR activities, they were asked to rank the accompanying five sub-motivations.
- *Values:* Personal values of the manager/owner of the company; available time, money and knowledge; relationships with different stakeholders; the degree to which the company could respond to changing circumstances; and growth prospective of the company.
  
- *Variable:* Governmental pressure
- *Indicator:* The motivations of companies to engage in CSR activities were based on the collection of secondary data. If respondents ranked improving performances as the main motivation behind their CSR activities, they were asked to rank the accompanying three sub-motivations.
- *Values:* International, trade unions (EU), and national

**Hypothesis 3:** Dutch large private companies indicate relatively more opportunities than obstacles concerning their CSR activities in South Africa compared to Dutch small private companies.

- *Variable:* Opportunities (factors that influence the involvement and/or successes of CSR activities)
- *Indicator:* The different types of possible opportunities were based on the theoretical findings in Chapter 4 and the South African specific characteristics in Section 6.2. These opportunities include relative organizational costs of CSR activities, sector in which the company is active, presence of Broad Based Black Economic Empowerment, scarcity of skills amongst the South African labour force, government bureaucracy in South Africa, type of CSR activity, the size of the company, available time for CSR activities, available money for CSR activities, available knowledge of CSR, perceived corruption in South Africa, relationship with the stakeholders of the company, personal values of the manager/owner of the company, relationship with intern colleagues/employees of the company, degree to which the company can respond to changing circumstances, public procurement process in South Africa,

relationship with customers of the company, current volatility in South Africa, the presence of an action plan, the help of intermediary organizations, receptiveness of receiving party, and cultural differences.

- *Values:* Yes or no for each of the possible opportunities.
  
- *Variable:* Obstacles (factors that influence the involvement and/or failures of CSR activities)
  
- *Indicator:* The different types of possible obstacles are based on the theoretical findings in Chapter 4 and the South African specific characteristics in Section 6.2. These obstacles include relative organizational costs of CSR activities, sector in which the company is active, presence of Broad Based Black Economic Empowerment, scarcity of skills amongst the South African labour force, government bureaucracy in South Africa, type of CSR activity, the size of the company, available time for CSR activities, available money for CSR activities, available knowledge of CSR, perceived corruption in South Africa, relationship with the stakeholders of the company, personal values of the manager/owner of the company, relationship with intern colleagues/employees of the company, degree to which the company can respond to changing circumstances, public procurement process in South Africa, relationship with customers of the company, current volatility in South Africa, the presence of an action plan, the help of intermediary organizations, receptiveness of receiving party, and cultural differences.
  
- *Values:* Yes or no for each of the possible obstacles.

**Hypothesis 4:** The factors South African bureaucracy, corruption, Broad Based Black Economic Empowerment and skills of the South African workers are indicated as obstacles by Dutch private companies more often than the remaining factors, and Broad Based Black Economic Empowerment is perceived as the largest obstacle indicated.

- *Variable:* Largest obstacle
  
- *Indicator:* Factor that is ranked as the largest obstacle because most respondents ranked this factor as an obstacle instead of an opportunity.
  
- *Value:* Yes, No

**Hypothesis 5:** The more obstacles companies perceive, the less they will engage in CSR activities and/or the less their CSR activities can be described as successes.

- *Variable:* Success
- *Indicator:* To determine the success of CSR activities of companies, both the social impact on the local community and the business benefits were measured (see Conceptual Model, Section 6.1). To describe the CSR activity as a success, there at least had to be a positive social impact on the local community.
- *Value:* Yes, No (= failure)
  
- *Variable:* Social impact on the local community
- *Indicator:* By investigating the social impact on the local community, Clark's (2004) definition of social impact was used (see Section 5.2). Hereby, a change to the social system of the local community, which would not have happened without the supporting company, had to be defined by the respondent in order to describe the CSR activity as having impact on the local community. To investigate this change, the respondents of the random sample were asked if they could describe their CSR activities and include the changes for the different stakeholders in this description. If the respondent was able to describe these changes, social impact in the local community was indicated.
- *Value:* Yes (Pre-phase, Compliance-driven, Profit-driven, Caring, Synergistic, Holistic), No
  
- *Variable:* Business benefits
- *Indicator:* The business benefits are based on the theoretical insights of Chapter 5 and they include an improved reputation, cost reduction, risk reduction, improved customer attraction/retention, an improved employee recruitment/motivation/retention, secured license to operate, an improved relationship with stakeholders, and an improved financial performance. Most importantly, Weber's (2008) model includes approximately all of the theoretical insights about financial drivers behind CSR activities for companies (see Section 3.3.1). Therefore, this model is considered to be a good method to determine the business benefits from CSR activities.
- *Value:* Yes (the companies deals with at least five of the eight benefits); no (the companies deals with less than three of the eight benefits)

**Hypothesis 6:** Dutch companies that work closely together with the South African local community are more successful in their CSR activities compared to companies that do not work closely together with the South African local community.

- *Variable:* Work closely together
- *Indicator:* During personal interviews, companies were asked if they gathered knowledge and information about the country, which sources they used, how much time companies invested in their CSR activities, and if and how often they had contact with locals.
- *Value:* Yes (if they used local sources and/or contacts), No (if they did not use local sources and/or contacts).
  
- *Variable:* More successful
- *Indicator:* Based on the secondary data collection, companies could be ranked according to their ambition level in CSR (Marrewijk & Werre, 2003). The higher the company was scaled based on these six ambition levels, the more successful its CSR activities were.
- *Value:* Pre-phase, compliance-driven, profit-driven, caring, synergistic, and holistic.

#### **7.4 Continuing the research**

As shown in this chapter, the research questions will be answered based on secondary data and primary data. Since the secondary data has already been presented in the Chapters 3, 4, and 5, the research will continue with presenting the primary collected data. The findings will be presented in the following chapters according to the used method of data collection: Chapter 8 will present the findings from the questionnaires, structured by the research questions. Afterward, Chapter 9 will present the findings from the interviews, structured by the different research questions.

## **8. Findings from the population survey: a general indication**

The previous chapter has shown that the total number of respondents in the survey equals 27 (see Section 7.1.1). These 27 respondents can be classified into four categories: Dutch private companies (14), South African private companies (4), Dutch organizations active in the sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations (6), and South African organizations active in the sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations (3). This chapter will present the findings based on these 27 respondents. Since the hypotheses in this research address the size and sector of companies, the data in this chapter will be presented according to these particulars.

### **8.1 Business relations and engagement in Corporate Social Responsible activities**

Exploring the nature of the economic relations with South Africa leads to the observation that the largest part (35,7%) of the 14 Dutch private companies in the survey maintained an economic relationship with South Africa that consisted of “trade only”. It is significant that all respondents who were asked their total investments as a percentage (five in total) answered “0-25 percent”. This suggests that South Africa is a relatively small business partner for Dutch private companies.

Based on the survey, the business relationship of Dutch private companies with South Africa can be described as diversified; the respondents in the survey population included six small-sized and eight large-sized Dutch private companies that were together active in seven different sectors (see Table 8.1). These 14 Dutch private companies in the population survey include 8% of the total Dutch private companies in the research population. Twelve of these Dutch private companies were engaged in CSR activities; three were not.

*Table 8.1. Total Dutch private companies in the survey by sector, size, and engagement in CSR<sup>3</sup>*

Sector	Small size	Large size	Total
Business Services & ICT	1	2	3
Chemicals & Metals	1	0	1
Engineering, Infrastructure, & Water	2	0	2
Food, Beverage, & Retail	1	0	1
Machinery & Manufacturing	1	1	2
Marine & Off-Shore	0	3	3
Transport & Logistics	0	2	2
<b>Total</b>	6	8	14

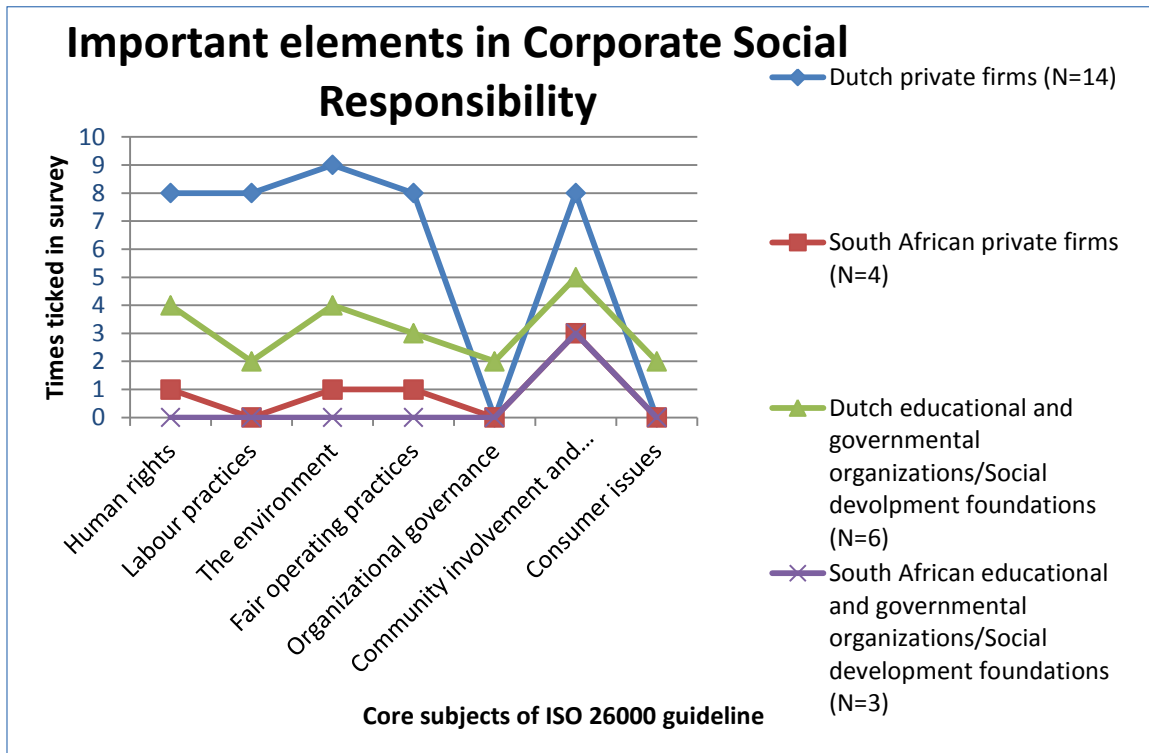
Regarding the size of the company, it appeared that all large companies were engaged in CSR activities in South Africa in contrast to 50% of the small companies. The lagging behind of small companies is significant, but the population survey included insufficient companies to indicate a relationship between the size of companies and the engagement in CSR activities. More attention was paid to small companies and their motivations for not engaging in CSR activities during the personal interviews. In contrast, there was no influence of the sector to distinguish since the engagement was too randomly distributed (see Table 8.1) because in certain sectors there were companies active who were both engaged and not engaged in CSR activities.

## 8.2 Meaning of Corporate Social Responsibility

Although literature argued that the meaning of CSR differs among different people, there is a certain pattern to distinguish amongst the respondents in the survey (see Figure 8.1). Most respondents in the survey associated CSR with community involvement and development and the environment. Moreover, human rights was also a relatively important element in the concept of Corporate Social Responsibility. It appeared that CSR was not associated with organizational governance and consumer issues by the survey respondents.

*Figure 8.1. Important elements in Corporate Social Responsibility by total respondents (N = 27)*

<sup>3</sup> Black = engaged; Red = not engaged



### 8.3 Drivers behind Corporate Social Responsible activities

Considering motivations of Dutch private companies engaging in CSR activities in South Africa, results show that strengthening legitimacy and reputation was by far the main driver for both small and large Dutch private companies to engage in CSR activities (see Table 8.2). Secondly, in a relatively smaller proportion, Dutch private companies also engaged in CSR activities in South Africa to fulfill the needs of stakeholders and to pursue their profit goals. There was no relationship to distinguish between sector and size of companies and their motivations because they were too randomly distributed (see Table 8.2). Almost all respondents in the contributing research population agreed that Dutch private firms would engage in CSR activities as a way to strengthen their legitimacy and reputation. However, most of these respondents for unknown reasons did not complete this question.

*Table 8.2. Motivation of Dutch private companies to engage in CSR activities<sup>4</sup>*

Sector	Small size	Large size
Business Services & ICT	N/A	1, 3
Business Services & ICT	N/A	1
Business Services & ICT	1, 2, 5	N/A
Engineering, Infrastructure, & Water	1	N/A
Engineering, Infrastructure, & Water	1, 4, 5	N/A
Machinery & Manufacturing	N/A	1, 5
Marine & Off-Shore	N/A	1
Marine & Off-Shore	N/A	1
Marine & Off-Shore	N/A	1, 2, 3, 5
Transport & Logistics	N/A	1, 5
Transport & Logistics	N/A	1

#### 8.4 Opportunities concerning Corporate Social Responsible activities in South Africa

Dutch private companies face different opportunities concerning their CSR activities in South Africa. Based on the population survey, the main opportunity of these activities is the needs of the South African entrepreneurs. This becomes clear since this factor represented 21,6% of all the indicated opportunities (see Table 8.3). The second highest ranked opportunity by Dutch private companies was the all-embracing nature of the concept of CSR. There was no difference between small and large companies and the number and type of opportunities they ranked. However, it must be admitted that there were relatively few small companies in the survey to generalize. There was also no difference between various sectors in which the companies were active (see Table 8.3).

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<sup>4</sup> 1 = Strengthening legitimacy and reputation; 2 = Improving competitive advantage; 3 = Governmental pressure; 4 = Reducing costs and risks; 5 = Fulfilling the needs of stakeholders and pursuing profit goals



Table 8.3. Factors classified as an opportunity by Dutch private companies who engaged in CSR activities in South Africa according to their size and sector<sup>5</sup>

Sector	Small size	Large size
Business Services & ICT	N/A	1, 2, 3, 5, 6, 9
Business Services & ICT	N/A	3, 4, 9
Business Services & ICT	4, 5, 6, 7, 8	N/A
Engineering, Infrastructure, & Water	N/A	N/A
Engineering, Infrastructure, & Water	5, 9	N/A
Machinery & Manufacturing	N/A	1, 5, 6, 9
Marine & Off-Shore	N/A	N/A
Marine & Off-Shore	N/A	1, 2, 3, 5, 6, 9
Marine & Off-Shore	N/A	4, 5, 9
Transport & Logistics	N/A	4, 5, 6, 9
Transport & Logistics	N/A	1

Organizations active in the sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations and South African private companies also ranked the needs of South African entrepreneurs and the all-embracing nature of the concept of CSR as the highest opportunities (see Appendix 7, Table 8.4).

Significantly, when examining South African private companies, it becomes clear that they ranked the concept of Broad Based Black Economic Empowerment as the largest opportunity (see Appendix 7, Table 8.5). This could possibly indicate a difference in the way Dutch private companies think about BBBEE and the way South African companies actually deal with BBBEE. Therefore, this phenomenon was taken into account in the interviews.

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<sup>5</sup> 1 = Size/sector of the company; 2 = Availability of resources; 3 = Internal support; 4 = Cultural differences; 5 = The needs of South African entrepreneurs; 6 = Skills of South African workers; 7 = BBBEE; 8 = South African government bureaucracy/corruption; 9 = All-embracing nature of CSR

### 8.5 Obstacles concerning Corporate Social Responsible activities in South Africa

Investigating the obstacles Dutch private companies face concerning their CSR activities in South Africa resulted in two findings. First, Dutch private companies mostly have trouble with the availability of resources (time, money, and knowledge). To illustrate, 48,9% of the Dutch private companies ranked this factor as an obstacle. Again, it appeared that there was no relationship between the size and sector of companies and the perceived obstacles since these obstacles were ranked too randomly (see Table 8.6).

*Table 8.6. Factors classified as obstacles by Dutch private companies who engaged in CSR activities in South Africa according to their size and sector<sup>6</sup>*

Sector	Small size	Large size
Business Services & ICT	N/A	4, 7, 8
Business Services & ICT	N/A	2
Business Services & ICT	2, 3, 9	N/A
Engineering, Infrastructure, & Water	N/A	N/A
Engineering, Infrastructure, & Water	2, 4, 6	N/A
Machinery & Manufacturing	N/A	1, 2, 3, 4, 6, 7, 8
Marine & Off-Shore	N/A	N/A
Marine & Off-Shore	N/A	8
Marine & Off-Shore	N/A	2, 7, 8
Transport & Logistics	N/A	2
Transport & Logistics	N/A	4

Dutch organizations in the sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations supported this finding, whereby the availability of resources was seen as the largest obstacle concerning CSR activities in South Africa (see Appendix 7, Table 8.4). This supports the outcome that the

<sup>6</sup> 1 = Size/sector of the company; 2 = Availability of resources; 3 = Internal support; 4 = Cultural differences; 5 = The needs of South African entrepreneurs; 6 = Skills of South African workers; 7 = BBEE; 8 = South African government bureaucracy/corruption; 9 = All-embracing nature of CSR

availability of resources is a true problem concerning CSR activities of Dutch private companies in South Africa.

The second largest obstacle for Dutch private companies (35,7%) was the South African government bureaucracy and corruption. Strikingly, South African private companies also ranked bureaucracy and corruption as the largest obstacle concerning their CSR activities in South Africa together with the skills of the South African workers (see Appendix 7, Table 8.5). Additionally, all South African organizations ranked the concept of BBBEE as an obstacle (see Appendix 7, Table 8.7). These findings suggest that the South African context is a challenging factor in the practice of CSR activities in the country itself. The interviews provide further detail about this finding.

## **8.6 Conclusion**

The data from the survey can be summarized into five main findings. First, all large companies were engaged in CSR activities in South Africa in contrast to 50% of the small companies; therefore, no influence of sector can be distinguished. Second, there was a certain pattern to distinguish concerning the meaning of CSR amongst all survey respondents because most of them associated CSR with community involvement and development, the environment, and human rights. Third, it appeared that Dutch private companies engaged in CSR activities in South Africa were driven by strengthening legitimacy and reputation. Fourth, the main opportunity of these activities for Dutch private companies was the needs of the South African entrepreneurs. Significantly, South African private companies ranked the concept of Broad Based Black Economic Empowerment as the largest opportunity. Fifth, Dutch private companies mostly had trouble with the availability of resources (time, money, and knowledge) and organizations in the sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations supported this finding. The second largest obstacle for Dutch private companies was the South African government bureaucracy and corruption. Strikingly, South African private companies also ranked bureaucracy and corruption as the largest obstacle concerning their CSR activities in South Africa, together with the skills of the South African workers. All South African organizations ranked the concept of Broad Based Black Economic Empowerment as an obstacle. This is striking because South African private companies ranked this concept largely as an opportunity. The personal interviews address this finding.

## 9. Findings from personal interviews: an in-depth analysis

The total number of respondents in the personal interviews equaled 20 (see Section 7.1.2). These 20 respondents can be classified into three categories: Dutch private companies (11), South African private companies (2), and Dutch organizations active in the sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations (7). This chapter will present the findings of the 20 personal interviews. It was chosen to present these findings based on the research questions in line with the previous chapter. By doing so, finding regarding these research questions and corresponding hypotheses can be easily discovered and differences and/or similarities between the findings of these two methods of data collection easily become clear. Moreover, by structuring these two chapters in the same way, more in-depth information regarding findings in the survey can also be effortlessly found.

### 9.1 Business relationships and engagement in Corporate Social Responsible activities

Based on the findings from the personal interviews, the business relationship between the Netherlands and South Africa can be described as diversified. In total, the interviews included 11 Dutch private companies that were together active in ten different sectors. These 11 companies represented 7% of the research population. Appendix 6 describes these respondents in greater detail. Eight of the 11 companies were engaged in CSR activities in contrast to three companies that were not (see Table 9.1).

The Dutch private companies that participated in the interviews had several motives for investing in South Africa. One of these reasons was based on the reversed seasons, which resulted in fresh products during the whole year (Trading Company Oskam). Also, the preference for South Africa was based on personal interest for Africa (Medidis) or the exchange of knowledge (STC Group). The available knowledge in South Africa was mentioned more than once as a huge opportunity of the country and Section 9.4 will address this finding. According to the South African Embassy, the advantages of doing business in South Africa are related to the available natural resources, the amount and price of the South African labour force, and the strategic location at sea.

Table 9.1. Total respondents in the subgroup “Dutch private companies” by sector, size, and engagement in CSR<sup>7</sup>

Sector	Small size	Large size	Total
Agro & Agri	N/A	1	1
Chemicals & Metals	N/A	1	1
Engineering, Infrastructure, & Water	1	1	2
Food, Beverage, & Retail	1	N/A	1
Machinery & Manufacturing	1	N/A	1
Marine & Off-Shore	N/A	1	1
Medical & Pharmaceuticals	1	N/A	1
Transport & Logistics	N/A	1	1
Tourism, Hospitality, & Sports	N/A	1	1
Legal, Tax, & Finance	N/A	1	1
<b>Total</b>	4	7	11

In total, all Dutch private large companies engaged in CSR activities in South Africa in contrast to a relatively small percentage (25%) of the small Dutch private companies (see Table 9.1). This phenomenon is supported by the theoretical framework of this research which shows that especially multinational companies engage in CSR (Section 3.3.1). Reasons for this difference in engagement between small and large Dutch private companies are various. One of the explanations is based on the large number of OESO and ISO guidelines, which seem to be complex for small companies:

“Overall, small companies work hard just to survive. Furthermore, employees of small companies are responsible for a whole range of different themes, and therefore, their knowledge of each of these themes is limited. Due to this limited knowledge, the guidelines regarding CSR are far too complex for small companies”

(State Service for enterprising Dutch).

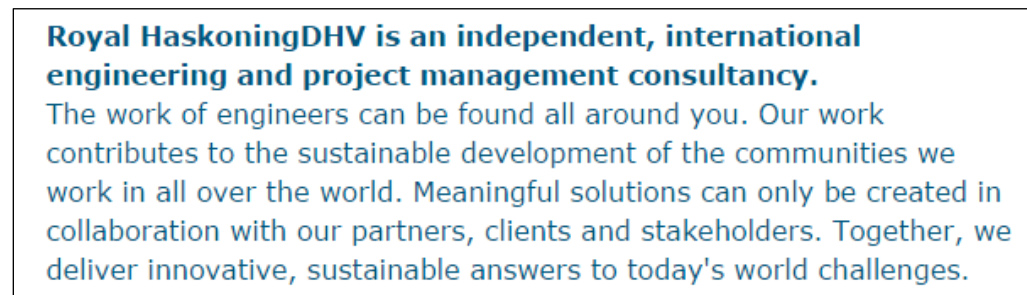
It appeared that large companies did not struggle with this large number of guidelines because “Large companies just buy their knowledge about CSR” (Wevers & Geerling) and “Large companies have a whole department with people who have knowledge about CSR” (Air France KLM). The difference between small and large companies can also be explained

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<sup>7</sup> Dark blue = engaged; Red = not engaged

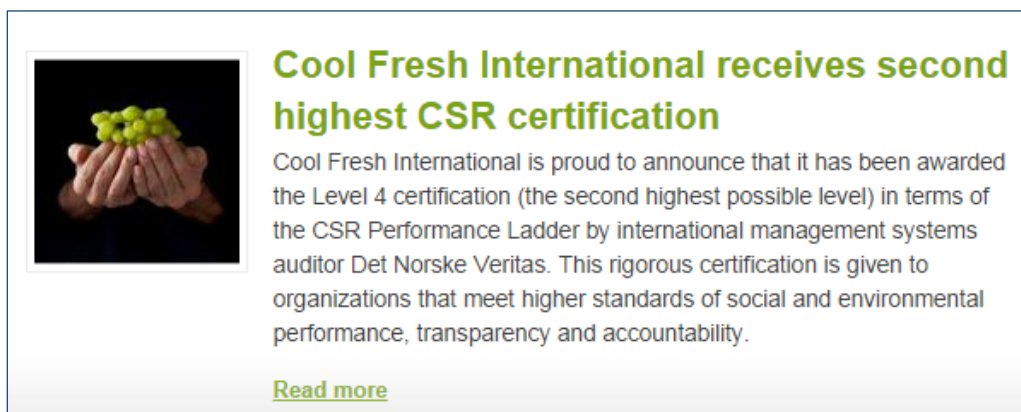
by the following: “I see it all the time. The Dutch small and medium companies position themselves down-to-earth with a good product. I think they are less sensitive for their reputation than large companies” (State Service for enterprising Dutch). This finding suggests that large companies, rather than small companies, care about their reputation, resulting in the fact that they engage more often in CSR activities than small companies. These findings are supported by academic literature (Jenkins, 2005). A little research on the front pages of the online websites of participating companies resulted in the following findings that support the statement that especially large companies are concerned with their reputations (see Figures 9.1 and 9.2)

*Figure 9.1. Reputation of Royal HaskoningDHV concerning Corporate Social Responsible behaviour*



*Source: Royal HaskoningDHV, 2014*

*Figure 9.2. Reputation of Cool Fresh International concerning Corporate Social Responsible behaviour*



*Source: Cool Fresh International, 2014*

Moreover, in addition to the size of companies, attention is paid to the influence of sector on the engagement in CSR activities:

“Of course, a consequence of being a large and prominent company is that you get approached for projects many times. Also, in my opinion, large companies have large responsibilities. The larger you are, the more responsibilities you should take. We are a large airline company, and therefore, we think we should take a pioneer role in Corporate Social Responsible behaviour. We are also in the position to mean something, especially with regards to the environment”(Air France KLM).

Air France KLM went on to say “It helps that we are active in a sector whereby there is a lot of attention for CSR. This forces us to deal with CSR in an active way”.



In these Air France KLM quotes, in addition to the role of size, the role of the sector at engagement in CSR was emphasized because companies in the transport and logistics sector pollute the environment, resulting in larger responsibilities to the environment. This statement was supported by respondents that were active in the sectors Government and Public Services and Research, Education, and Training (State Service for enterprising Dutch, Wevers & Geerling). To illustrate, Guus Balkema of the CSR Academy argued “I think there are a couple of sectors that are pioneers because these sectors come into a lift by regulations or social issues. To illustrate, the sectors of energy and food are ahead” (CSR Academy). Section 9.4 will address the role of size and sector and the engagement in CSR activities.

Governmental parties noticed this lagging behind of small companies and tried to fill this gap by making “trade-perspective” more appealing for these companies, for example by organizing extra workshops. Also, on a national level, these parties searched for ways in which they could organize more collaboration between the national government, intermediary organizations, and private companies. A new development is that the government is accentuating the role of NGOs in making the trade-perspective more appealing as these organizations have relevant experiences with country specific context (State of Service for enterprising Dutch). In addition to governmental parties, the struggle of the small companies with CSR was mentioned in the Business and Services sector. One of those companies was currently designing a mobile phone App in which OESO and ISO guidelines were presented

in a time saving and clear way. This would increase the likelihood of the engagement in CSR activities for small companies.

## 9.2 Meaning of Corporate Social Responsibility

Most of the Dutch private companies associated CSR with organizational governance (see Table 9.2). Other important elements in the concept of CSR, according to these companies, are fair operating practices and labour practices. Significantly, overall large companies rated the different elements in CSR relatively higher than small companies. This can be explained by the fact that one of the small companies that was not engaged in CSR activities rated all the elements with the lowest possible score. An additional difference between the large and small companies was that large companies rated fair operating practices highest while small companies rated labour practices highest.

*Table 9.2. Ranking important elements in the concept of CSR of Dutch private companies<sup>8</sup>*

CSR theme	Small companies (N = 4)	Large companies (N = 7)	Average (N = 11)
<b>Human rights</b>	3	4	3,5
<b>Fair operating practices</b>	3,3	4,5	3,9
<b>Consumer issues</b>	3,3	3,5	3,4
<b>Labour practices</b>	3,8	4,3	4
<b>Organizational governance</b>	5	4,3	4,7
<b>The environment</b>	2,8	4,2	3,5
<b>Community involvement and Development</b>	3,0	3,8	3,4
<b>Total</b>	3,4	4,1	3,8

It appeared that Dutch respondents that were active in the sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations also rated organizational governance as the most important theme in the concept of CSR (see Appendix 8, Table 9.3), together with community involvement and development.

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<sup>8</sup> 1 = Not important; 5 = Very important



Strikingly, Dutch private companies did not value community involvement and development much. Since only one South African private company answered this question, the South African companies were removed from the account.

Dutch private companies were also asked to give examples of their CSR activities in South Africa. This resulted in a wide range of activities, including the development of society by a wide-arranged football project (Cool Fresh International), sending out doctors and supporting different projects (Air France KLM), organizing fair trade accommodations and roundtrips (TUI the Netherlands), and establishing a new company and training local people (Reinbouw) (see also Section 9.6). The activities of the South African companies included the donation of four mobile health clinics (Heineken Sedibeng Brewery) and the selection of sustainable projects (KO&A).

### 9.3 Drivers behind Corporate Social Responsible activities

The personal interview data indicates improving performance as the main driver behind CSR activities of Dutch private companies. However, the difference between improving performances and company characteristics is marginal (see Table 9.4).

*Table 9.4. Motivation of Dutch private companies to engage in CSR activities <sup>9</sup>*

Sector	Small size	Large size
Agro & Agri	N/A	3
Chemicals & Metals	N/A	1
Engineering, Infrastructure, & Water	1	3
Food, Beverage, & Retail	1	N/A
Machinery & Manufacturing	1	N/A
Marine & Off-Shore	N/A	3
Medical & Pharmaceuticals	3	N/A
Transport & Logistics	N/A	1
Tourism, Hospitality, & Sports	N/A	1
Legal, Tax, & Finance	N/A	3

<sup>9</sup> 1 = improving performances; 2 = pressure from institutional organizations; 3 = company characteristics

Furthermore, this data indicates that small companies especially engaged (or would engage) as a way to improve their performances. A role of the sector in which companies were active cannot be determined because, in the sector Engineering, Infrastructure, and Water, companies were both driven by improved performances and firm characteristics. Significantly, it appeared that the pressure from institutional organizations did not affect the decision as to whether a company engaged in CSR activities. The same finding applies regarding the motivations of South African private companies. Obviously, the Dutch respondents that were active in the sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations were convinced that Dutch private companies engaged in CSR activities only as a device to improve their performances (see Appendix 8, Table 9.5).

Clearly, there was a difference between what Dutch private companies themselves indicated as the main driver behind CSR and what related parties thought. There could be two explanations for this finding. On the one hand, it can be suggested that the companies did not give honest answers, which damages the validity of this research. On the other hand, it may be possible that an incorrect image exists of the Dutch private companies and their CSR activities within the sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations. If so, policy makers should change their policy regarding Dutch private companies and CSR activities in order to make it more appropriate.

However, analysing the main drivers of private Dutch companies concerning their CSR activities results in an interesting finding. It seems that the factor improving performances was mainly related to achieving a win-win situation for both the company and its stakeholders and achieving a competitive advantage (see Appendix 8, Table 9.6). On the other hand, the driver company characteristics seem closely related to the growth prospective of the company (see Appendix 8, Table 9.7). These three sub-motivations were strongly connected since they all had an economic dimension. This suggests there is an extremely thin line between companies that engage in CSR activities based on improving performances and companies that engage in CSR activities based on firm characteristics. The qualitative parts of the interview support the thin line between the two drivers improving performance and company characteristics since most companies could not choose between the two. To illustrate, one respondent emphasized the duty to the social environment” but, in the end, chose improving performances as the most important driver of CSR activities (Air France

KLM). This finding is supported by the findings amongst the contribution research population that argued that Dutch private companies engaged in CSR activities as a way to improve their performances.

*Table 9.6. Sub-motivations of improving performances as the most important driver behind CSR activities of Dutch private companies<sup>10</sup>*

Sector	Small size	Large size
<b>Chemicals &amp; Metals</b>	N/A	2
<b>Engineering, Infrastructure, &amp; Water</b>	1	N/A
<b>Food, Beverage, &amp; Retail</b>	4	N/A
<b>Machinery &amp; Manufacturing</b>	1	N/A
<b>Transport &amp; Logistics</b>	N/A	2
<b>Tourism, Hospitality, &amp; Sports</b>	N/A	2

*Table 9.7. Sub-motivations of company characteristics as the most important driver behind CSR activities of Dutch private companies<sup>11</sup>*

Sector	Small size	Large size
<b>Agro &amp; Agri</b>	N/A	2
<b>Engineering, Infrastructure, &amp; Water</b>	N/A	5
<b>Marine &amp; Off-Shore</b>	N/A	4
<b>Medical &amp; Pharmaceuticals</b>	5	N/A
<b>Legal, Tax, &amp; Finance</b>	N/A	1

In addition to drivers of CSR activities that are based on theoretical findings, new drivers were added during the personal interviews. Examples are “CSR as a result of the diminishing relations in the society as a whole” (Pwc) and “CSR as hype” (Trading Company Oskam). With regard to the last added driver, counterarguments were also mentioned during

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<sup>10</sup> 1 = Achieving a competitive advantage compared to other companies; 2 = Win-win situations for both the company and its stakeholder(s); 3 = Achieving legitimacy and improving reputation; 4 = Reducing costs and risks

<sup>11</sup> 1 = Personal values of the manager/owner of the company; 2 = Available time, money, and knowledge; 3 = Relationship with stakeholders; 4 = Degree to which the company can respond to changing circumstances; 5 = Growth perspective of the company

the interviews suggesting that CSR is an important theme in business for a long time already (Wevers & Geerling, Royal HaskoningDHV, Health Promoters). What should be noticed is that relatively many respondents agreed that the young generation especially is making itself strong for CSR (Health Promoters, Air France KLM, TSM Business School, Wevers & Geerling, Trading Company Oskam, and CSR Academy).

In addition to motivations for engagement, disadvantages of engagement in CSR

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“A lot of companies and people look at companies as they are natural living beings. This also becomes clear from laws. Laws considering public limited liable companies strongly correlate with laws built for human beings. One has to become aware of the fact that companies are not human beings. The larger the company, the less it can be compared to a human being. To illustrate, a single persons knows what is correct and what is wrong. One doesn't steal, for example. When you own a company by yourself, you won't incorporate wrong things as well. However, when a company becomes larger, this feeling of responsibility becomes smaller. Banking systems in the USA for example, have sold mortgages of which they know now one ever good pay these mortgages back. Society has to become aware of the fact that large companies are dangerous as they are getting larger and more anonymous. Another example, when you call 'PTT Post', no one is responsible. Therefore, in my opinion it is extremely dangerous that we are heading to a position in which we dedicate all types of social behaviour and ethical norms and values to companies”.

(Caotech)

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becomes clear from the following statement of Caotech above. The norms and values of the owner of this company result in the fact that this company does not engage in CSR activities. In contrast, respondents that were engaged in CSR activities were extremely compliant when discussing CSR experiences. These respondents were able to discuss social experiences with the local community in South Africa and knew exactly how and what the CSR activities of the

activities were also obtained. The small companies that did not engaged in CSR based their reasoning on several aspects. One respondent argued that in the sector of food, beverage, and retail mainly concerns “continuity” of the presence of products with a good quality and a good price (Trading Company Oskam). Significantly, again the influence of the sector appeared. The respondent continued with “At the moment everyone is engaged in CSR, so it isn't a way to achieve a comparative advantage” (Trading Company Oskam). The essential role of the manager/owner of companies in this decision

company included. Furthermore, these respondents actively tried to involve other companies in CSR activities in South Africa: “When doing business in another country, it should be without a single doubt that you do something for the local community”, “When you help somebody else, somebody else will help you”, and even “In Europe, we should not strive to an economic growth percentage of 6 or 7%, but instead, we should strive to an economic growth by the way we treat each other and our living environment” (STC Group).

It becomes clear that norms and values of the owners of companies have a significant impact on the way the company deals with responsibilities towards the social community. Another motive for not engaging in CSR activities in South Africa is based on the socioeconomic characteristics of the country, like the organizational culture:

“If I want to do business in South Africa, I have to travel between the Netherlands and South Africa all the time. It has to deal with the quality of people. Probably there are good people, but you have to control them all the time” (Medidis).

The following two sections will address these socioeconomic characteristics of South Africa. During the next part of the interviews, several factors from academic literature concerning CSR activities were introduced to respondents. The respondents were asked whether they ranked the factors as opportunities concerning their CSR activities, as obstacles concerning their CSR activities, or neither. The following two sections will present the findings of the ranked opportunities and obstacles concerning CSR activities in South Africa. Since the Broad Based Black Economic Empowerment is a unique subject which comes with doing business only in South Africa, this subject will be discussed in more detail. Based on the hypotheses in this research, findings regarding the perceived obstacles and opportunities of Dutch private companies will be presented based on size.

#### 9.4 Opportunities concerning Corporate Social Responsible activities in South Africa

Overall, Dutch private companies related their CSR activities in South Africa to opportunities rather than obstacles (see Table 9.8)

*Table 9.8. Total number of ranked opportunities and obstacles by Dutch private companies in the personal interviews*

Type of respondent	Size of the company	Total ranked opportunities (%)	Total ranked obstacles (%)	Total number ranked (units)
Dutch private companies	Small (N = 4)	51,7	48,3	60
	Large (N = 7)	70,6	29,4	102

Of these indicated opportunities, the sector in which their company was active is indicated as the largest opportunity, followed by the relationship with customers of the company by Dutch private companies (see Appendix 8, Table 9.9). Section 9.1 emphasized the role of the sector in the engagement in CSR activities by Dutch companies. Noticeably, the sector in which companies were active was indicated as the largest opportunity by Dutch private companies. These two findings imply a relationship between the sector in which companies were active and their engagement in CSR activities, in contrast with the findings from the quantitative data. In addition, the State Service for Enterprising Dutch argued that “CSR is stronger presented in sectors that are related to society, for example the clothing industry”. However, other respondents argued that CSR should not be related to sectors because all companies should take responsibility for themselves (Air France KLM, STC Group, PWC).

In addition to the sector, the conceptual model of this research also addressed the size of companies. The size of companies was not evaluated as an opportunity, although large companies had more financial leeway, experiences, and possibilities. Again, all companies, no matter their size, should take responsibility for themselves. A core statement from one of the respondents that worked over five years in the field of labour practices was “What I’ve seen is that it is not about the size of companies, but about the perception of the manager/owner of the company” (Wevers and Geerling). This supports the important role of the owner/manager as a driving factor behind CSR engagement (see also Section 9.3).

Significantly, small companies in particular ranked the scarcity of skills amongst the South African labour force as the highest opportunity. However, 75% of these small companies did not engage in CSR activities, and it is assumed that these firms did not have experience with these skills amongst the South African labour force. Therefore, it is assumed that this finding is not grounded.

Analysing the indicated opportunities of CSR activities in South Africa of Dutch private companies in more detail results in another main finding. To explain, especially large companies linked their CSR activities in South Africa to opportunities (70,6%) rather than obstacles (29,4%) (see Table 9.8), and small companies ranked opportunities and obstacles almost equally. This finding, whereby small companies ranked a relatively large number of obstacles could be linked to the lagging behind of engagement in CSR by small companies (see Section 9.3). Remarkably, this also suggests that there was a relationship between the engagement in CSR activities and the perceived number of obstacles concerning CSR activities by Dutch small private companies. The next section will address this relationship.

Overall, CSR practices in South Africa seem to be more related to opportunities than to obstacles by all respondents in the personal interviews (see Appendix 8, Table 9.9 and 9.10). Factors that were seen as relatively large opportunities by all respondents in the personal interviews are the relationship with customers of the company (8,4%), the relationship with the stakeholders of the company (7,8%), and the sector in which the company was active and intermediary organizations (7,3%) (see Appendix 8, Table 9.9). The two largest opportunities of Corporate Social Responsible activities that were indicated by all respondents both dealt with the advantages of companies themselves. One of the companies explained thus:

“People and companies become inspired by success stories, and they want to collaborate with companies that are successful and I don’t talk about financial aspects. What we have seen is that because of our passion about Corporate Social Responsibility, our stakeholders get a passion for CSR too. To illustrate, the Rabobank thinks I am fantastic and what we do with our company too! We always have true human stories, the laughing children with stars in their eyes, that type of stories” (Cool Fresh International).

By doing so, Cool Fresh International received a good reputation amongst its stakeholders and also attracting new stakeholders became easier. To a certain degree, this would lead to business benefits. Section 9.6 will address these business benefits.

Moreover, intermediary organizations are seen as relatively large opportunities concerning CSR activities of Dutch companies in South Africa (see Appendix 8, Table 9.9) as a way to support and inform these companies about CSR chances and possibilities. Also, these organizations can affect the sharing of knowledge and connection of companies to each other. Related to this, but less important, is an action plan that was indicated as an attachment that makes sense concerning the practice of CSR activities because “If you don’t, you end up somewhere else” (Cool Fresh International). In general, having a CSR plan is just as important as other subjects in a business plan in order to evaluate the developments (Wevers & Geerling, Reinbouw, Tui the Netherlands, Air Franc KLM), although CSR should be a “mindset” that is integrated throughout the whole company (TSM Business School, the State Service for Enterprising Dutch).

#### **9.4.1 Broad Based Black Economic Empowerment: an opportunity?**

When examining the research population in further detail, Dutch private companies have ranked BBBEE both as an opportunity (50%) and an obstacle (50%). This could partly be explained by the following statement of the South African Embassy that argued that companies on the forefront fear the concept of Broad Based Black Economic Empowerment:

“Companies who want to do business with South Africa think “Oh my god, I have to sell my company to a black men”. But that isn’t the way BBBEE works. There are clear guidelines, a handbook, a code of conduct that explain the percentage of cooperation of black or colored people, females, and disable. Speak to the companies that are active in South Africa, it is not a problem at all. Companies come to the Embassy and think, “Oh my god”, but that isn’t the case. There are clear regulations about the integration of black people, female, and disable. However, the unfamiliarity is dangerous” (South African Embassy).

Although all companies in the personal interviews were already doing business in South Africa, some of the respondents did not know exactly how their companies managed the concept of BBBEE. Respondents of large companies particularly did not know because these companies often had their own local establishment in South Africa who managed this code of conduct. This could partly explain the fact that BBBEE was interpreted as relatively large obstacle. In the following section, opponents of the concept of Broad Based Black Economic Empowerment will be addressed (see Section 9.5.1).



In general, the concept of Broad Based Black Economic Empowerment was ranked as an opportunity (60%) rather than an obstacle (40%) by all respondents in the personal interviews (see Appendix 8, Tables 9.9 and 9.10). This was supported by South African private companies in the survey that ranked BBBEE as the highest opportunity of all perceived opportunities. Proponents of BBBEE argued that “South Africa is a forerunner in the international business field since companies are forced to justify their activities and be transparent” (Royal HaskoningDHV). In addition, Heineken Sedibeng Brewery argued that BBBEE was an opportunity for CSR in South Africa, and it would even be an opportunity for other developing countries, depending on the majority in the population. In addition, the company also indicated the benefits for companies: “It is also a case of legitimacy. If companies incorporate BBBEE, it has positive results for reputation and legitimacy” (Heineken Sedibeng Brewery). In addition, Dutch private companies themselves relied on the advantages of Broad Based Black Economic Empowerment that are related to legitimacy:

“For us, it is beneficial to incorporate BBBEE because we are partly depending on public financing and the government in South Africa is becoming more and more of black nature. We are having almost the highest BBBEE rating. Why not the highest? Capetown is still relatively white and the construction industry is of white origin so not all supplies are of black nature yet. As a consequence, no construction company has reached the highest rating of BBBEE, and we are rated at the second highest rating of BBBEE. That is just a big benefit” (Reinbouw).

Moreover, two companies indicated the duty to local society when doing business in another country because companies become part of the society (Air France KLM, Reinbouw) and one must conform to norms and values of this society (Trade Company Oskam). In addition, “Approximately 90% of the South African trade is still owned by white people, so there is still much work to do” (STC Group).

Finally, most of the respondents argued that BBBEE was a part of doing business in South Africa and companies who wanted to do business, therefore, should adopt these norms and values and the related code of conduct (Air France KLM, Oskam Trade Company, Royal HaskoningDHV, Reinbouw). In addition, “It could also widen your own view and increase the chance at successful business” (Oskam Trade Company).

### 9.5 Obstacles concerning Corporate Social Responsible activities in South Africa

Dutch private companies indicated the available knowledge regarding CSR, the South African bureaucracy, and cultural differences as the largest obstacles concerning their CSR activities in South Africa. The fact that knowledge of CSR was perceived as a main obstacle can be supported by the fact that respondents in the sector Research, Training, and Education argued that, in most cases, companies incorporated CSR activities without their knowledge. To illustrate, “paying your workers on time avoiding child labour is also Corporate Social Responsibility (Interliaise, Wevers & Geerling, and CSR Academy). Strikingly, two of these three obstacles were related to the socioeconomic circumstances of South Africa. This supports the need for a more South-centered agenda of CSR, and therefore, it is of main importance to pay attention to these perceived obstacles.

In contrast with ranked opportunities, there are no outstanding differences between small and large companies and/or private companies and Dutch respondents that were active in the sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations. To explain, the findings of the contributing research population support the indication of available knowledge and the South African bureaucracy as the main obstacles. However, instead of the cultural differences, the skills of the South African labour force are perceived as the third largest obstacle by these respondents. Strikingly, this obstacle also concerns the socioeconomic characteristics of South Africa. Supporting this finding, also the perceived corruption was ranked as a relatively large obstacle regarding CSR activities in South Africa.

The troubles with South African socioeconomic characteristics also became clear during qualitative parts of the interview. Examples of these troubles were the “slowness”, the “inefficiency”, and the “redundancy” of the South African political system. Hereby, small companies especially mentioned obstacles related to the South African political system, for example the high degree of bureaucracy (TO&A, Reinbouw): “Decisions are split up in hundred different approvals before they will be convinced. Each of these approvals has to be signed by at least three persons in order to prevent corruption” (Reinbouw). In addition, perceived corruption was mentioned several times during the personal interviews. One of the small companies that was not engaged in CSR activities in South Africa argued, “Look at Zuma, there is no larger hustler” (Medidis). This demonstrates that the socioeconomic circumstances of South Africa can also be interpreted as an obstacle concerning the engagement of Dutch private small companies.

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In the *Guardian* on the 29<sup>th</sup> of November, one of the news articles' headlines read "Jacob Zuma accused corruption 'on grand scale' in South Africa". This article charged the South African president with spending millions of rand of taxpayers' money on a swimming pool and other facilities at his private home (Smith, 2013).



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Strikingly, findings from the personal interviews prove that most large companies did not deal with corruption since they were too large and maintained their own rules (Vopak, Royal HaskoningDHV, Air France KLM, TUI the Netherlands). To illustrate, "As company, you always experience some corruption, but the fact that we are a large and nominated company results in the fact that we are always close to political discussions, and therefore, we stay far from corruption" (Air France KLM).

To continue, cultural differences were also perceived as an obstacle in the practice of CSR activities in South Africa. Obviously, companies that had a relationship with South Africa since the entrepreneurs lived there argued that it was extremely important to pay attention to the cultural differences of South Africa (Cool Fresh International, Wevers & Geerling) when doing business with South African companies. To illustrate, it is important to conform to South African business culture, including first having dinner and afterward discussing business. In addition, these respondents also argued that it was important not to act like the "Dutch know everything better". Strikingly, some companies emphasized the cultural differences as "challenges" instead of obstacles (Reinbouw, STC Group). These two companies will be discussed in further detail in section 9.6.

As a result of the struggles with the South African socioeconomic characteristics, most companies wanted to be located in South Africa in order to monitor their CSR activities. Cool Fresh International argued this:

“The compliance of your policy is difficult as you have to visit a company to see how it treats its employees. There you enter a “grey area” as people will show you things they want you to see. One of the greatest challenges is the fact that the country is extremely corrupt, which means that if you want you work with a certain type of group, they want you to pay for it. But a company management will not pay for things he wants to happen. So that’s the challenge, which one do you choose. How pure is your conviction of what you want to do with CSR”.

Companies dealt with the tendency to actually “be” at the location in several ways. Large companies, in general, had their own establishments in South Africa (Air France KLM, Vopak, Heineken, STC Group, Shell, and Royal HaskoningDHV). The only small company that was engaged in CSR activities in South Africa started a subsidiary company together with a local construction company. Once a month, the Dutch owners visited the company in South Africa to discuss developments and improvements of the projects. Furthermore, by organizing exchanges to the Netherlands, South African workers learned how Dutch building companies worked in order to improve their skills and capacities (see also Section 9.6). Unfortunately, most small-sized companies seem not to be in the position to visit South Africa regularly.

In addition to the troubles with the South African socioeconomic characteristics, findings of the personal interviews indicated there was a possible relationship between the number of ranked obstacles by companies and the engagement in CSR activities. To illustrate, two of the three small companies that did not engage in CSR activities ranked a relatively higher number of obstacles than the small company that actually engaged in CSR activities (see Table 9.11). In addition, compared to large companies, the specific companies that did not engage in CSR activities ranked a relatively higher number of obstacles (see Appendix 8, Table 9.10). This supports the suspicion that there is an actual relationship between the number of perceived obstacles by companies and their engagement in CSR activities.

*Table 9.11. Number of obstacles and engagement in CSR activities of small Dutch private companies*

Company	Engaged in CSR activities	Not engaged in CSR activities
1	0	11
2	0	4
3	4	0
4	0	10

Finally, theoretical literature indicated the importance of the perception of the receiving country towards CSR. Noticeably, some of the Dutch companies argued that Corporate Social Responsibility in South Africa was only in its early stages (Cool Fresh International, Reinbouw). This finding is supported by some of the respondents that were active in the sectors Research, Education, and Training and Social Development and Foundations, including Savusa and Wevers and Geerling. To illustrate, “One should say, based on the large number of sun hours and wind, there are numerous examples of CSR initiatives and possibilities in South Africa. Apparently this isn’t an important subject on the South African society” (Wevers and Geerling).

In general, the receptiveness of the South Africans was perceived as an opportunity by all respondents in the personal interviews. However, the respondent that grew up in South Africa mentioned the generalizing of South Africans:

“Implementing CSR policies starts with the economic survive of local farmers. They have to fight for every single cent in order to continue their business. Secondly, they still deal with the Apartheidspolitiek. [...] My dearest friends from South Africa, who are all smart independent entrepreneurs, always tell me I won’t succeed because South Africans won’t learn; they are lazy and won’t work”. (Cool Fresh International)

This supports the differences in dealing with South African socioeconomic characteristics. Related to this, the next section will provide detail about the South African code of conduct (BBBEE).

### **9.5.1 Broad Based Black Economic Empowerment: an obstacle?**

As BBBEE is a unique code of conduct, it receives special attention in this research. In contrast with the previous section, this section addresses the opponents of this concept. As previously presented, half of the Dutch private companies in the personal interviews indicated Broad Based Black Economic Empowerment in South Africa was an obstacle concerning their CSR activities, and also concerning their regular business practices. These Dutch private companies based their arguments on various grounds.

First, “It is created in order to equally divide welfare but poor people don’t receive their part. I wonder how many people profit from BBBEE. It also leads to corruption or job hoppers” (PWC). Job hoppers indicate black people who have education and, therefore, easily obtain many jobs because companies need these people in order to meet their ratio regarding BBBEE.

Second, the concept of Broad Based Black Economic Empowerment is based on a motive of enrichment for the South Africans themselves. Cool Fresh International negatively experienced this: “We were pure, we wanted to improve the situation. But she wanted to improve only herself. That is the biggest dilemma that comes with BBBEE. In my opinion, BBBEE is absolutely an obstacle”.

Third, regarding the future of South Africa, STC Group emphasized that South Africa should be very careful with BBBEE:

“At the moment, 90% of the trade is still owned by white people. This means that the concept hasn't reached its goals yet. However, at some point in time, BBBEE can become a large obstacle resulting in the fact that it becomes unbearable. At that point, it becomes impossible for companies to behave according to these guidelines, and they will leave the country. At this point, BBBEE would damage the country”.

Noticeably, STC Group only emphasized that care should be taken with this concept. It did not have problems with implementing or administering this concept.

Fourthly, TUI the Netherlands wondered if the best people would be placed in the best positions since there is only a limited number of qualified black people.

Also respondents in the contributing research population had their reservations about this code of conduct. Critical respondents wondered if "enforcement" was the right way to achieve the underlying goal (State Service for enterprising Dutch, TSM Business School). To illustrate, "Establishing in South Africa means that one should directly conform to the valid rules. However, giving the companies a couple of years to conform to the BBBEE requirements would make the concept more successful" (TSM Business School).

Furthermore, an additional and relatively large problem of BBBEE is that most companies did not know what exact requirements regarding BBBEE included before they started business in South Africa. As a result, many companies chose not to do business with South Africa (South African Embassy). This is a major problem, especially since BBBEE in general is evaluated as an opportunity rather than an obstacle in this research (see Appendix 8, Tables 9.9 and 9.10). Relying on this phenomenon, it is of main importance to present clear and factual information about BBBEE for all companies that want to do business with South Africa (see also Section 9.7).

### 9.6 Evaluating the Corporate Social Responsible activities: Success or failure?

This final section presents the findings of whether the CSR activities of Dutch private companies can be described as successes or as failures, based on the theoretical framework created after analysing academic literature (see Section 6.1). Since only eight of the 11 Dutch private companies engaged in CSR activities (see Table 9.1), this section is mainly based on eight respondents. As in the other sections, data of South African private companies and Dutch respondents in the sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations were added as the control group.

First, findings concerning the time period that companies were engaged in CSR activities and the number of invested resources were analysed. Results showed a variety of findings whereby some companies argued that the number of financial resources that went to CSR was less than 1% of the total budget (Air France KLM, Tui the Netherlands), while others spent 10% of their budgets on CSR (Reinbouw). Moreover, some companies included CSR as part of their business plans since their founding, while other companies recently started implementing a CSR strategy (see Appendix 8, Table 9.12). In order to differentiate between these two ways of organizing CSR, respondents in the sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations argued that CSR should be a mindset throughout the whole company from the moment of its founding to make it successful (State Service for enterprising Dutch, TSM Business School, Wevers & Geerling). The State Service for Enterprising Dutch argued this:

“There are companies that take CSR in their mission, as part of their company and then CSR becomes a mindset. When CSR has become a mindset, other choices will be made, with attention for Corporate Social Responsibility. In contrast, when a company sees CSR as a commitment besides their core business, it becomes a bother”.

Furthermore, there was a difference in the way CSR was organized in companies. To illustrate, most large companies had a CSR team under the leadership of a CSR manager (TUI the Netherlands, Air France KLM, Cool Fresh International, Pwc), while other companies did not have a management team available for CSR (STC Group, Vopak, Reinbouw).

According to the theoretical findings (see Section 5.5), the success of CSR activities of Dutch private companies was partly determined by contact with the local community. Based on this requirement, the CSR activities of two companies failed because there was no or limited contact with the local community (Vopak, Pwc). In contrast, other companies scored relatively highly on this point since they visited the local company regularly (Cool Fresh

International, STC Group). According to them, "When you don't, you better stop your CSR activities" (STC Group). Also, results show that South African companies indicated the importance of local contact: "Having a local establishment is of great importance. I also had contact with other companies that tried to build something in South Africa. They all ended in the conclusion that presence in South Africa is necessary" (KO&A).

Third, academic literature shows that it is important that companies are aware of the historical and institutional dynamics of the local community. Also, this factor is regarded as critical for the success of CSR activities. Findings suggest that all respondents had knowledge of the subjects BBEE and the political system, based on discussed opportunities and obstacles within the personal interviews (see also Sections 9.4.1 and 9.5.1). According to above elements, including the time period that firms were engaged, the degree of contact with the local community, and the awareness of institutional dynamics of the local community, the activities of six Dutch private companies could possibly be described as successes.

A fourth finding concerning success and failure of CSR policies contains the social impact on the local community. The impact of the CSR activities on the local community is essential since companies that could not demonstrate their impact were evaluated as failures, based on the theoretical findings (see Section 6.1). Since the remaining six companies could present their impact on the local community, in theory, they could all be evaluated as successful. This impact varied from the financial support of an orphan home resulting in a higher standard and/or more room for children to large scale activities, such as organizing projects for the whole community or supporting primary schools (see also Appendix 8, Table 9.12).

However, based on the different levels in CSR (Marrewijk & Mere, 2003, p. 36) there are differences to distinguish in the level of success of these six companies (see Appendix 8, Table 9.12). Page 99 shows from the left to the right, the most successful companies from three to one. Based on the model of Marrewijk and Mere, Reinbouw is ranked as being most successful based on four reasons. First, Reinbouw argued that CSR is implemented throughout their whole management and they consult CSR in every decision, for example in their buying policy whereby BBEE certified companies receive priority. Second, their contact with the local South African community was relatively high since they visited South Africa every month for a week and even brought South African workers to the Netherlands in order to train them. Logically, the impact of their CSR related activities on the social community could be described as extremely high. Third, since it established a new company



together with a South African partner in order to build safe and child friendly houses for the poorest people of the South African community, the whole business activity could be described as a CSR activity. Furthermore, Reinbouw's CSR activity could also be described as a form of innovation since it started a new company together with a South African company based on CSR principles. The State Service for enterprising Dutch and the CSR Academy also mentioned the importance of relating CSR to innovation in order to make it more successful in the future.

Supporting the conceptual model and the hypotheses, it is also interesting to investigate the relationship between the number of indicated opportunities/obstacles and the successes or failures of CSR activities of Dutch companies. This shows that companies that were ranked in a higher level of CSR rated more opportunities (see Appendix 8, Table 9.14). However, there was no similar movement regarding the number of rated obstacles since the differences between the companies were too small. Furthermore, there was also no relationship to distinguish between the size of companies and their successes since there were too many small companies engaged in CSR activities in South Africa. Concerning the sector in which companies were active, also no relationship could be distinguished since the number of respondents was too few.

In addition to the effect on the local community, there was also an effect on the companies themselves. In general, all Dutch private companies that were engaged in CSR activities profited from these business benefits (see Appendix 8, Table 9.13). Significantly, some business benefits were ranked relatively more than others, especially the improved relationship with customers and shareholders of companies. This supports the findings from Section 9.4, which have proven that both of these benefits were also rated as the highest opportunities concerning the CSR activities of Dutch companies in South Africa. In addition, other business benefits dealt with employee motivations, "If people see we are good for the outside world and our employees, people would be glad to work for us" (STC Group), employee diversity (PWC), and an improved reputation and leverage from the South African politics. Noticeably, six respondents expected improved financial performances because of the engagement in CSR activities, but indicated there was no way to prove it.

“At the moment, we came in South Africa, all pilot fish were white. A pilot fish is the person who navigates the ship into the harbor. It was an enormous fight to turn this old English way of only selecting white persons but we found a way to train and develop black persons who just graduated high school. Now there are better pilot fish than there were before in the old system. Because of the success, we bought a trainings institute to train South African people. From here, we also adopted several high schools. We selected them by visiting several schools and carefully paying attention to questions like ‘are there good people at this school’ and ‘are there people that make themselves strong for teaching’. By doing so, we found a school with an enormous passion and tendency to educate and help children. What we do is involving and supporting these children. We give them textbooks, computers, a school uniform, and a hot dish. Yearly, we visit the school a couple of times in order to talk to the management of the school. We want to know what they did, what they are going to do, and whether they need some extra support. Also, we organize activities for teachers to keep their knowledge up-to-date. In addition, we also organize fun activities to bring the children and teachers to sea, for example”.

(STC Group)

“Since 1996, I’ve been 112 times in South Africa. In 2004, I visited the countryside and returned to the Netherlands with the idea that if we really wanted to do something structural, we should enforce the South African people to call attention to their own challenges, especially on social economical level. This is important because poverty often results in bad activities. There are a lot of poor South African people that love football but don’t know what to do with it. Together with the KNVB, the South African minister of sport, and South African regional football clubs we organized a project. This project aimed to learn football skills to South African people in disadvantaged neighborhoods and themes like equality between men and women, hygiene, drugs, and alcohol were included in a playful way. Also, we train coaches that help children in tough situations to make the right choices. The main goal is to keep the children away from criminality, drugs, and alcohol and get them educated. At a certain moment, even schools, churches, NGOs, and local football clubs started to join us. At the moment, we have trained almost 800 coaches and over 240 villages have received this program”.

(Cool Fresh International)

“I came in contact with a young South African entrepreneur that I visited in 2008. It was good boy, but South Africans in general don’t know how to organize. His car was at the same time his office, for example. To continue, we invited him at our construction company in the Netherlands to work together for three weeks. We found out we really appreciated this boy and its effort and we decided to support him in building houses for the lowest income category in South Africa. Also, the sadness and necessity of the situation we have seen has gone into our heart. Together we established a new South African construction company called EXAR in which the South African boy is owner for 30%. Our added value is in terms of organization, sustainability, and network connections, and he is aware of the needs and South African way of working. In addition, in our construction drawings we take social aspects into account by including streetlamps and playgrounds. Every month we visited the company for a week, and we also take South African workers to the Netherlands to train and develop them. We also support a local orphan home by offering them free workers”.

(Reinbouw)

### 9.7 Future acknowledgements of CSR in South Africa

At this phase in the research, motivations, opportunities/obstacles, and the successes/failures of CSR activities by Dutch private firms will be analysed. Luckily, all Dutch companies that were engaged in CSR activities in South Africa will continue their activities in the future. This section addresses the future of Corporate Social Responsibility by giving future acknowledgements based on findings of this research. It is important to mention that most respondents agreed that CSR was not “hype” (see Section 9.3 ) and that it will become more important in the future. To illustrate, “I think that in general, not only for us but for all companies, CSR is becoming increasingly important. The subject receives more and more attention, and it is suspected that companies take an active roll” (Air France KLM).

At the beginning of this research, it was explained that the research goal was to achieve an increased number of companies that engage in CSR activities in general and in South Africa specifically. To achieve this, respondents were asked how they thought this increase could be reached. This resulted in different outcomes, including “awareness of the concept of BBBEE is highly important” (South African Embassy), “creating an advance guard of companies will result in a succession of the remaining companies” (Wevers & Geerling), and “when you prove that CSR has a positive effect on the business management of companies, more companies will engage” (Savusa).

Second, some of the findings in this research could be transferred into different practical outcomes. To illustrate, BBBEE in general was seen as an opportunity rather than an obstacle by respondents in this research. Additionally, respondents also argued that unfamiliarity often leads to distraction even ending in a decision not to do business in South Africa. In addition, this research has proved that the available knowledge about CSR is a relatively high obstacle. In addition, Wevers and Geerling mentioned the importance of an advance guard of companies that will result in a succession of the remaining companies. Finally, intermediary organizations were ranked as a relatively high opportunity. Linking these three findings together suggests that intermediary organizations could affect the CSR engagement of firms by organizing sessions to share knowledge and best practices. In order to contribute to the engagement and success of CSR activities of Dutch companies in South Africa, a CSR Knowledge Tour Event was organized as a result of this research (see Appendix 11).

Furthermore, another finding in the interviews was that small companies lacked in their engagement in CSR activities. This often was due to the lack of available knowledge, time, and money but also due to socioeconomic characteristics of South Africa. This resulted

in companies wanting to be present at the location to ensure that operations were functioning as planned. Also, the State of Service emphasized the importance of working together with local NGOs because they have local knowledge. Linking these findings together, a solution could be that (small) companies work together in their CSR activities, leading to the entrepreneurs themselves not having to travel to South Africa each time. To do this, during this research, a Social Investment Fund was raised (see Appendix 12). With this Social Investment Fund, companies worked together in supporting training institutes. There was a small board of people, including local NGOs, who visited the projects in order to ensure the projects were going well. Companies profited from this initiative since they could choose their educated black, disabled, or female workers from this institute in order to adhere to the Broad Based Black Economic Empowerment regulations.

## **9.8 Conclusion**

The findings from the personal interviews can be summarized into eight main findings. First, all large Dutch private companies engaged in CSR activities as opposed to 25% of the small companies. In addition to the relationship between the size of companies and engagement in CSR activities, some respondents emphasized the role of the sector in which the companies were active.

Second, most of the Dutch private companies associated CSR with organizational governance. Other important elements in the concept of CSR, according to these companies, are fair operating practices and labour practices. It appeared that respondents in the contributing research population also rated organizational governance as the most important theme in the concept of CSR, but they also awarded value to community involvement and development.

The findings of the personal interviews indicated improving performance as the main driver behind CSR activities of Dutch private companies. However, the difference between improving performances and company characteristics was marginal since these main drivers were mainly associated with achieving a win-win situation for both the company and its stakeholders, achieving a competitive advantage, and the growth prospective of the company. Respondents in the contributing research population agreed that companies engaged in CSR activities in order to improve their performances. Related to the drivers behind CSR, some respondents argued that CSR was “hype” or a result of the diminishing relationships in the society as a whole. Also, 30 respondents agreed that especially the young generation made

themselves strong for CSR. Companies that did not engage in CSR activities based their reasoning on different aspects, including that CSR “is not a way to achieve a comparative advantage” (Oskam Trade Company), and the thought that “companies are no human beings, and therefore, they should not act like they are” (Caotech).

Fourth, the main opportunity of CSR activities that was ranked by Dutch private companies is the sector in which that they were active, followed by the relationship with customers and the relationship with shareholders of their company. Significantly, small Dutch companies ranked the scarcity of skills amongst the South Africa labour force as the highest opportunity. Respondents in the contributing research population added intermediary organization to the top of the main opportunities.

In contrast, Dutch private companies indicated the available knowledge regarding CSR, the South African bureaucracy, and cultural differences as the largest obstacles concerning their CSR activities in South Africa. Overall, South African socioeconomic characteristics were ranked as the highest obstacles by all respondents. Noticeably, small companies especially dealt with corruption and bureaucracy because large companies often were too extensive and, as a result, maintained their own rules. Moreover, findings of the personal interviews indicated there was a possible relationship between the number of ranked obstacles by companies and the engagement in CSR activities. To illustrate, two of the three small companies that did not engage in CSR activities ranked a relatively higher number of obstacles than the small company that actually engaged in CSR activities. In addition, only large companies linked their CSR activities in South Africa to opportunities (70,6%) rather than obstacles (29,4%). This finding could possibly indicate a relationship between the number of ranked obstacles and opportunities and the engagement in CSR activities by Dutch private companies. What becomes clear, in general, is that Corporate Social Responsibility in South Africa is still in its initial phase and not much attention is paid to this important subject.

Sixth, concerning the opportunities and obstacles, special attention was paid to the concept of Broad Based Black Economic Empowerment. Dutch private companies ranked BBBEE both as an opportunity (50%) and an obstacle (50%). However, it should be mentioned that some of these respondents did not know in detail how their companies managed BBBEE. In general, the concept of Broad Based Black Economic Empowerment was ranked as an opportunity (60%) rather than an obstacle (40%) by all respondents in the personal interviews. Proponents, in general, argued that adapting local norms and values was part of the business plan when doing business in South Africa, and this country specific code

of conduct is a forerunner in the international business field. Also, they implied they improved their reputations and legitimacy by adopting BBBEE. Opponents of this code of conduct wondered how many impoverished people profited from BBBEE. In addition, they were afraid it led to more corruption and job hoppers. Others wondered if BBBEE would damage the country in the future if it was maintained too long or if the best people would be placed in the best positions.

Seventh, based on the theoretical framework, six out of eight Dutch private companies were evaluated as successful regarding the practice of their CSR activities. These six companies were ranked according to the model of ambition levels in CSR. Significantly, the only small company amongst the respondents was evaluated as most successful. Noticeably, companies that were ranked in a higher level of CSR rated more opportunities concerning their CSR activities. However, there was no relationship indicated concerning the perceived obstacles since the differences between companies were too small.

Finally, besides the effect on the local community, the effect on companies themselves was also addressed. In general, all Dutch private companies that were engaged in CSR activities profited from these business benefits. Significantly, some business benefits were ranked relatively more than others, especially the improved relationship with customers and shareholders of companies. Luckily, all Dutch companies that were engaged in CSR activities in South Africa will continue their activities in the future. The findings from this chapter have resulted in several future acknowledgements.

## 10. Connecting theoretical suspicions to the research outcome

In this chapter, the hypotheses which were created based on the theoretical findings will be investigated based on the data of this research. Since the purpose of the survey was mainly to gather information on the respondents, the findings of the interviews stand as final in this research.

**Hypothesis 1:** Dutch large private companies engage more often in CSR activities in South Africa than Dutch small private companies and Dutch private companies that are active in Marine and Off-shore engage more often in CSR activities compared to companies that are active in other sectors.

The findings of both the surveys and the interviews indeed suggest there is a relationship between size of companies and their engagement in CSR. In the survey, 100% of the large-sized companies engaged in CSR in contrast to only 50% of the small-sized companies. In the interviews, 100% of the large-sized companies engaged in CSR in contrast to only 25% of the small-sized companies. However, both the surveys and the interviews proved that companies that were active in Marine and Off-shore did not engage more often in CSR activities than companies that were active in other sectors.

**Hypothesis 2:** The motivation of Dutch private companies for engaging in CSR activities in South Africa is based on improving performances rather than company characteristics or pressure from governmental organizations, and this motivation varies by company size and sector.

Based on the survey, Dutch private companies engaged in CSR activities, especially as a way to improve their legitimacy and reputations; all the companies agreed on this. During the interviews, several different possible motivations were added. Initially, it seemed that both improving performance and firm characteristics received the most votes. However, analysing these drivers in more detail resulted in the fact that achieving a win-win situation for both the company and its stakeholders, achieving a competitive advantage, and growth prospective of the company were the three main sub-drivers behind the engagement in CSR activities by Dutch private firms. Since these three sub-motivations have an economic character, which supports the findings of the survey, improving performances appears to be the main driver for Dutch private firms to engage in CSR activities. There is no role for institutional organizations, neither for the size nor sector of the firm. In addition, the respondents in the

sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations agreed that Dutch private companies would engage in CSR activities based on improving performances.

**Hypothesis 3:** Dutch large private companies indicate relatively more opportunities than obstacles concerning their CSR activities in South Africa compared to Dutch small private companies.

Both the survey and interview supported this hypothesis. In the survey, large companies in total ranked 62,8% opportunities, while the small companies only ranked 53,8% opportunities of the total number of opportunities and obstacle ranked. In the personal interviews, these numbers were 70,8% opportunities for the large-sized companies and 29,4% opportunities for the small-sized companies. Therefore, this hypothesis can be accepted.

**Hypothesis 4:** The factors South African bureaucracy, corruption, Broad Based Black Economic Empowerment and skills of the South African workers are indicated as obstacles by Dutch private companies more often than the remaining factors, and Broad Based Black Economic Empowerment is perceived as the largest obstacle indicated.

Respondents of both the surveys and interviews ranked the available amount of resources (time, money, knowledge) and available amount of knowledge regarding CSR, respectively, as the highest obstacles regarding CSR activities in South Africa. However, the second highest obstacles indeed corresponded with the South African socioeconomic characteristics. In the interviews, the scarcity of skills amongst the South African labour force, the government bureaucracy, and the cultural differences were ranked as the second highest obstacles, followed by perceived corruption. In the interviews, the second highest ranked obstacles included the South African government bureaucracy and perceived corruption. Significantly, in general, the concept of BBBEE was evaluated as an opportunity rather than an obstacle by all respondents. Therefore, this hypothesis can be rejected.

**Hypothesis 5:** The more obstacles companies perceive, the less they will engage in CSR activities and/or the less their CSR activities can be described as successes.

The interview data indicates that there could be a relationship between the number of obstacles ranked by a firm and its engagement in CSR activities since two of the three Dutch small-sized companies that were not engaged in CSR activities ranked a relatively high



number of obstacles compared to the large-sized companies. There was no such relationship to distinguish between the number of ranked obstacle and the level of success of a company. Conversely, companies that ranked a relatively high number of opportunities were rated in a relatively high level of CSR.

**Hypothesis 6:** Dutch companies that work closely together with the South African local community are more successful in their CSR activities compared to companies that do not work closely together with the South African local community.

The interview findings support the statement that contact with the local South African community is important in succeeding in the CSR activity. This is supported by the fact that the two firms that were rated as most successful both maintained an extremely strong relationship with the South African community. Therefore, this hypothesis can be accepted.

## 11. Conclusion, acknowledgements, and research reflection

This final chapter will bring the main findings of this research together in a conclusion and corresponding acknowledgement. Furthermore, the limits of this research will be discussed.

### 11.1 Conclusion: towards a more South-centered CSR agenda

This research focused on Corporate Social Responsible activities of Dutch companies in South Africa. The main reasons for starting this research were to contribute to the needs of a more South-centered CSR agenda and to contribute to the success of CSR activities of Dutch companies in South Africa. To be clear, the following definition of CSR was maintained in this research: “Corporate Social Responsibility is the continuing commitment by business to behave ethically and to contribute to economic development, while improving the quality of life of the workforce and their families as well as of the local community and society at large” (Holme & Watts, 1999, p.8). The accompanying main research question was as follows:

**What motivates Dutch companies that are active in South Africa to engage in Corporate Social Responsible (CSR) activities, which opportunities and obstacles are perceived concerning these Corporate Social Responsible activities, and could these Corporate Social Responsible activities be described as successes or failures and why?**

Seven sub-research questions were created in order to answer this research question. Regarding the first two sub-research questions, the business relationship between the Netherlands and South Africa can be described as relatively important based on the fact that the Netherlands is the third largest European importer from and exporter to South Africa. In addition, South Africa is one of the 45 most important trade partners of the Netherlands. The current trade relationship is a result of a range of historical incidents starting with the Dutch settlement in South Africa in 1652. Furthermore, the trade balance between the Netherlands and South Africa has proved to be positive and has been increasing since 2009. In addition, currently the trade relationship can be described as diverse based on the fact that the total number of Dutch companies in this research included eight small and 15 large Dutch companies that together were active in 11 different sectors.

Of these 23 companies, 19 were engaged in CSR activities. Supported by the academic literature (Beaumann et al., 2013; Jenkins, 2005; Sherer, 2013; Udayasankar, 2008), this research has shown a relationship between the size of companies and their engagement in CSR activities because all large Dutch private companies were engaged in CSR activities compared to a relatively small percentage of small Dutch private companies.

The third sub-research question investigated the type of CSR activities that companies preferred and the motivation behind these activities. Findings regarding the type of CSR activities support the statement in academic literature that suggests that CSR means different things to different people (Fairbrass, 2011; Mullerat, 2013) because there are differences between the findings of the survey and the personal interviews and within the different groups of respondents.

Analysing motivations of Dutch companies that were engaged in CSR activities in South Africa resulted in the observation that these motivations were primarily based on economic reasons, related to the improvements of the performance of companies. This finding emphasizes the importance of business benefits as a consequence of the engagement in CSR activities, and therefore, attention was paid to the received business benefits of companies that were engaged in CSR activities. However, findings of the personal interviews also indicated that the norms and values of the managers/owners of companies was an important factor in the decision to engage or not engage in CSR activities. Significantly, some respondents argued that the engagement in CSR activities by private companies was a result of diminishing relations in the society as a whole and that especially the young generation emphasized the importance of CSR behaviour.

The fourth sub-research question analysed opportunities and obstacles concerning CSR activities of Dutch companies in South Africa. Because South Africa maintains a unique code of conduct, this Broad Based Black Economic Empowerment was addressed in the fifth research question. Both the surveys and the personal interviews presented a different main opportunity. Because the personal interviews are crucial, the sector that companies were active in is the main opportunity of CSR activities in South Africa, according to Dutch private companies. It is striking that the sector that companies were active in was ranked as the highest opportunity, according to Dutch private companies. The importance of the sector was also implied in the qualitative parts of the personal interviews concerning the engagement of Dutch private companies in CSR activities, but it did not seem to affect the quantitative parts of the personal interviews. More respondents should be included to further analyse the

relationship between the sector that companies were active in and the engagement in CSR activities. In addition, findings of the personal interviews imply that the relationship with customers and shareholders of companies is a relatively large opportunity of CSR activities as well, according to all respondents in the personal interviews. Relating these findings to the main motivation of CSR activities by Dutch companies, especially those opportunities that are related to improving performances, should be used in motivating companies to engage in CSR activities in the future. Furthermore, there is also attention for the needs and scarcity of the South African labour force. This supports the receptiveness of the South Africans towards the CSR activities of Dutch companies.

Moreover, according to all respondents, the largest obstacle that Dutch private companies perceived concerning their CSR activities was the availability of resources, especially the availability of knowledge concerning CSR. Furthermore, factors that dealt with the socioeconomic characteristics of South Africa were a relatively large obstacle as well, which supports the academic literature. This finding supports the need for a more South-centered CSR agenda. In addition, qualitative parts of the interview indicated that especially small companies have troubles in managing these characteristics since most large companies maintain their own rules. What also became clear during the personal interviews was that, in general, CSR in South Africa is still in its initial stages. Consequently, there are numerous opportunities for Dutch companies to responsibly contribute to the development of the country. However, it is also important that South Africans themselves become aware of the urgency to incorporate socially responsible behaviour. Therefore, Dutch companies should not only incorporate CSR activities in South Africa, but they should also make their South African trade partner aware of the need of this type of business.

Significantly, based on both the findings of the surveys and the interviews, there is a relationship between the size of companies and the number of opportunities and obstacles these companies ranked. To illustrate, Dutch private large companies ranked relatively more opportunities compared to Dutch private small companies and small companies ranked relatively more obstacles. This fact, whereby small companies ranked a relatively large number of obstacles, could be linked to the lagging behind of the engagement in CSR by small companies.

During this research, special attention was paid to the concept of Broad Based Black Economic Empowerment. The fact that South Africa maintains this concept is unique because most developing countries use a universal code of practice. Academic literature presented

that, as a consequence of these universal codes of conduct, too little attention is paid to differences between developed and developing countries, and therefore, universal CSR programs created in developed countries do not contribute to the evolvement of communities in developing countries. In general, Broad Based Black Economic Empowerment was ranked as an opportunity rather than an obstacle by all respondents in this research. Analysing the Dutch private companies in particular, these companies perceived BBBEE both as an opportunity and an obstacle. Noteworthy, respondents of most large companies did not know exactly how their company managed BBBEE because it was often a case of the local establishment.

Proponents argued that South Africa, with its unique code of conduct, is a forerunner in the international business field and that companies that want to do business in South Africa should conform to this code of conduct. In addition, they also emphasized the benefits of an improved reputation and legitimacy. In contrast, proponents wondered if the black, disabled, and female South African workers truly benefited from BBBEE. In addition, they argued that BBBEE contributes to perceived corruption. Regarding this statement, the socioeconomic characteristics of South Africa negatively influence the effect of BBBEE. Furthermore, these opponents wondered if enforcement was the right way to achieve the goal and if the best workers would be settled in the best places. They also warned that BBBEE should not be maintained too long in the future because, otherwise, the country would damage itself since companies would leave. An additional problem with BBBEE is that most companies did not know exactly what requirements regarding BBBEE included before they actually did business in South Africa. Regarding this finding, many companies did not want to do business in South Africa. This is a major problem, especially since BBBEE, in general, was evaluated as an opportunity rather than an obstacle in this research. BBBEE was also evaluated as an opportunity for the South African community because South African private companies ranked the concept of Broad Based Black Economic Empowerment as the largest opportunity. Based on these findings, it is of main importance to present clear and factual information about BBBEE.

The fifth sub-research question addressed the success or failure of CSR activities of Dutch companies in South Africa. In doing so, a new method of determining the success of these activities was created. This method was largely based on the social impact of CSR activities on the local community. Not much attention has yet been paid to measuring the social impact of these CSR activities (Maas & Boons, 2010). Based on this newly created

method, the CSR activities of six of the eight Dutch private firms were evaluated as successes. Noticeably, based on the finding of the personal interviews, the one small Dutch private company that was engaged in CSR activities in South Africa was evaluated as most successful. Reasons for this success include that this firm maintained an extremely strong physical relationship with the local South African society. The findings of the interview support the statement that contact with the local South African community is important in succeeding in the CSR activity because two of the firms that were rated as most successful maintained an extremely strong relationship with the South African community. In addition to the contact with the local community, the most successful company had implemented CSR throughout the whole company; the impact of their CSR related activities on the social community was extremely high and of main importance. This company established a new company together with a South African partner. Based on this last finding, the CSR activity of this company can be described as innovative. Dutch respondents that were active in the sectors Government and Public Services; Research, Education, and Training; and Social Development and Foundations also mentioned the importance of relating CSR to innovation in order to make it more successful in the future.

In conclusion, all the research questions were answered, which means that the main question of this research was answered as well. Moreover, the main reasons for starting this research were to contribute to the needs of a more South-centered CSR agenda and to contribute to the success of CSR activities of Dutch companies in South Africa in the future. The next section will address these research goals so these goals can be achieved.

## **11.2 Acknowledgements**

In creating future advice, the main findings of this research are linked together, resulting in four main acknowledgements:

1. The main motivation of Dutch companies to engage in CSR activities was based on improving performances. Also, there was a relationship indicated between the number of opportunities that companies ranked and their engagement in CSR because large companies that were engaged in CSR activities ranked relatively more opportunities compared to the small companies that were not engaged in CSR activities. In addition, factors that were ranked as the largest opportunity included the relationship with both customers and shareholders of companies. Linking these findings together, the opportunities of CSR, including an improved relationship with customers and

- shareholders of companies, should be promoted in order to attract more Dutch companies in the engagement of CSR activities in South Africa because most companies engaged to improve performances.
2. The largest obstacle for Dutch companies, in general, is the lack of knowledge of CSR. In addition, there was a lack of knowledge about BBBEE amongst companies. Furthermore, intermediary organizations were ranked as a relatively large opportunity. In combining these findings, intermediary organizations should actively manage the problems in the lack of available knowledge about CSR and BBBEE by organizing more sessions that boost the exchange of knowledge.
  3. The second largest obstacle that was ranked by Dutch companies largely deals with South African socioeconomic characteristics. Regarding this obstacle, the importance of localization in South Africa was indicated. In addition, this research has proved that small Dutch companies lag behind regarding engagement in CSR activities. Interestingly, the one small firm that was engaged in CSR activities in this research was evaluated as being the most successful. Also, for being successful, it is extremely important to have contact with locals on a regular basis. Linking these findings together, for being successful, it is important to be in South Africa, partly due to the troubles with the socioeconomic characteristics. Also, small companies stayed behind in CSR engagement and especially these companies that did not have enough resources to physically be located in South Africa. To manage this, intermediary organizations should support collaboration on this field by linking companies to each other and to NGOs in the form of a Social Investment Fund. In doing so, it will become easier for small companies to engage in CSR activities in South Africa. In addition, companies profit from this initiative since they could choose their educated black, disabled, or female workers from this institute in order to adhere to the Broad Based Black Economic Empowerment regulations.
  4. In addition to these three acknowledgments that were created in order to attract more Dutch private companies and to make the CSR activities of Dutch companies in South Africa more successful, Broad Based Black Economic Empowerment should also be acknowledged. In theory, this unique code of conduct is a perfect solution to the problem that universal codes of conduct created in developed countries do not contribute to the evolvement of local communities. In practice, BBBEE was perceived as an opportunity rather than an obstacle by all respondents in this research.

Based on this phenomenon, more developing countries should adopt a country specific code of conduct in order address their norms and values. In addition, this existing code of conduct makes it easier for foreign companies to contribute to local development instead of harming the local society. However, when creating a country specific code of conduct, it is extremely important to distribute clear information about the included regulations. If not, this code of conduct will only lead to disadvantages for the developing country. It should be noted that the socioeconomic characteristics of the country contribute to the impact and outcome of the unique code of conduct and that the South African socioeconomic characteristics negatively influence the impact of this code of conduct.

### 11.3 Research reflection

- This research used an existing database with Dutch and South African companies and organizations. Due to this, and the relatively small number of respondents, findings cannot be generalized.
- CSR activities include both donors and recipients. The donors were analysed in detail, but the recipients were not due to the small number of South African respondents. Furthermore, additional research should investigate the impact of BBBEE in terms of analysing consequences for black, disabled, and female South African workers.
- The findings in this research are snapshots, and speaking to the wrong person, for example, can result in an inaccurate image of the company.
- CSR is a sensitive subject amongst companies. This became clear in approaching companies to participate in the research. Many approached respondents refused the request, and in my opinion, only the companies who knew beforehand that they could tell something relevant agreed to participate in this research. This results in a relatively high percentage of companies that incorporated CSR, resulting in a distorted research outcome.



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## Appendix 1 - Survey

### Company Information

<b>1. The name of the firm I work for is:</b>			
<b>2. The firm I work for is a</b>			
<input type="radio"/> Dutch firm		<input type="radio"/> South African firm	
<b>3. The firm I work for includes</b>			
<input type="radio"/> 0-10 employees	<input type="radio"/> 11-50 employees	<input type="radio"/> 51-250 employees	<input type="radio"/> >250 employees
<b>4. The annual turnover of the firm I work for includes approximately (€)</b>			
<input type="radio"/> ≤2 million	<input type="radio"/> >2 million ≤10 million	<input type="radio"/> > 10 million ≤50 million	<input type="radio"/> >50 million
<b>5. A) The nature of the economic relation with South Africa is</b>			
<input type="radio"/> Trade only		<input type="radio"/> Joint Venture – trade oriented	
<input type="radio"/> Consulting		<input type="radio"/> Joint Venture – production oriented	
<input type="radio"/> Operate own subsidiary <b>(continue to 5B)</b>		<b>(continue to 5B)</b>	
<b>B) The total investments in South Africa of total foreign investments (%) include</b>			
<input type="radio"/> 0-25%	<input type="radio"/> 26-50%	<input type="radio"/> 51-75%	<input type="radio"/> 76-100%

### Corporate Social Responsibility

<b>6. In my opinion, CSR mostly has do deal with:</b>		
<input type="radio"/> Human rights	<input type="radio"/> Labour practices	<input type="radio"/> The environment
<input type="radio"/> Fair operating practices	<input type="radio"/> Organizational governance	<input type="radio"/> Community involvement and development
<input type="radio"/> Consumer issues		
<b>7. The firm I work for has incorporated CSR activities</b>		
<input type="radio"/> Yes <i>(go further to question 8)</i>	<input type="radio"/> No <i>(Go further to question 10)</i>	<input type="radio"/> Maybe in the future <i>(Go further to question 8)</i>
<b>8. The main reason of incorporating CSR activities of the firm I work for is</b>		
<input type="radio"/> Strengthening legitimacy and reputation	<input type="radio"/> Improving my competitive advantage	<input type="radio"/> Governmental pressure
<input type="radio"/> Reducing costs and risks	<input type="radio"/> Fulfilling the needs of stakeholders and pursuing my profit goals	<input type="radio"/> Others, namely..... ..... .....

9. A) Obstacles and opportunities during CSR activities			
Below several factors are presented as possible obstacles and/or opportunities during Corporate Social Responsible activities. Check of the factors which are relevant for the firm you work.			
	Obstacle	Opportunity	None of both
<b>Size/sector of the firm</b>			
<b>Availability of resources</b> (time, money, knowledge)			
<b>Internal support</b> (management/colleges)			
<b>Cultural differences</b> (norms & values/language)			
<b>The needs of South African entrepreneurs</b>			
<b>Skills of South African workers</b>			
<b>The concept of Broad Based Black Economic Empowerment (BBBEE)</b>			
<b>South African government bureaucracy/corruption</b>			
<b>All-embracing nature of the concept of CSR</b>			

**B) Others, namely:**

1. ....
2. ....
3. ....

10. The firm I work for doesn't engage in CSR activities due to the following reason(s):			
<input type="checkbox"/> Size/sector of my firm	<input type="checkbox"/> Availability of resources (time, money, knowledge)	<input type="checkbox"/> Support from inside the firm (management /colleges)	<input type="checkbox"/> Cultural differences (norms & values, language)
<input type="checkbox"/> Demand from the South African entrepreneurs	<input type="checkbox"/> Skills of South African workers	<input type="checkbox"/> The concept of BBBEE	<input type="checkbox"/> Others, namely.... ..... .....

**SANEC**

11. Do you like to get informed about CSR by the SANEC CSR help desk?	
<input type="checkbox"/> Yes, because..... ..... .....	<input type="checkbox"/> No, because..... ..... .....

## Appendix 2 - Topic list private firms

### Analyzing CSR activities of Dutch firms in South Africa

*Topic list for: Dutch members of SANEC which are active in the following sectors: 'Agro & Agri Processing', 'Business Services & ICT', 'Chemicals & Metals', 'Engineering, Infrastructure & Water', 'Food, Beverage & Retail', 'Legal, Tax & Finance', 'Machinery & Manufacturing', 'Medial & Pharmaceuticals', 'Marine & Off-shore', 'Marketing, Communication & Design', 'Oil, Gas & Energy', 'Tourism, Hospitality & Sports', 'Transport & Logistics'.*

#### 1. Business relation between the Netherlands and South Africa

- What is the main reason for your firm to trade/invest in South Africa?
- How does your firms' business relation with South Africa look like?
- Did your firm gather knowledge and information about the country?
- What kind of information or knowledge did your firm gather?
- Which source did your firm use? (South African or other)

#### 2. CSR activities

- Since when has your firm engaged in CSR? (Annex 1)
- How is CSR build within your organization? (one person's responsibility, a department's responsibility, percentage of expenditures of total expenditures?)
- How much resources does your firms invests yearly, average? (Annex)
- Which CSR activities has your firm undertaken in South Africa? (Annex)
- What are the main goals of the CSR activities of your firm?

#### 3. Drivers behind CSR

- What is the main driver behind CSR activities of your firm and why? (Annex)

#### 4. Opportunities and obstacles

- In which degree could the following factors be interpreted as opportunities during the CSR activities in South Africa of your firm and why? (Attachment: 0 = No opportunity at all, 5=Very big opportunity)
- In which degree could the following factors be interpreted as obstacles during the CSR activities of your firm and why? (Attachment: 0 = No obstacle at all, 5=Very big obstacle)

#### 5. Success or failure (Attachment)

- What is the impact of your CSR activities on the local community of South Africa? (Annex)
- What are the firm benefits of CSR activities for your firm?

**6. CSR in the future**

- What is the future prospects of CSR in South Africa within your firm? (deepening or broadening)
- How should your firm be motivated to broaden or deepen the CSR activities in South Africa in the future?
- What has to change within your firms' CSR activities to achieve a bigger social impact on the local community of South Africa?

**7. Types of CSR activities**

- What are important factors within the concept of CSR? (Annex)

### Appendix 3 - Attachment topic list private firms

#### Analyzing CSR activities of Dutch firms in South Africa

Attachment topic list for: Dutch members of SANEC which are active in the following sectors: 'Agro & Agri Processing', 'Business Services & ICT', 'Chemicals & Metals', 'Engineering, Infrastructure & Water', 'Food, Beverage & Retail', 'Legal, Tax & Finance', 'Machinery & Manufacturing', 'Medial & Pharmaceuticals', 'Marine & Off-shore', 'Marketing, Communication & Design', 'Oil, Gas & Energy', 'Tourism, Hospitality & Sports', 'Transport & Logistics'.

Name of the firm:
Name of the respondent:
Function:

#### Question 2: CSR activities

INPUT	
Since which year has your firm engaged in CSR?	Year:
How much time does your firm invest yearly, average?	
How much financial resources does your firm invests yearly, average? (% of its budget)	

ACTIVITIES	
Name and number the CSR activit(y)ies of your firm	<ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> <li>4.</li> </ol>

Name of the firm:

Name of the respondent:

Function:

**Question 3: What is the main driver behind the CSR activities of your firm?**

<b>Drivers</b>	<b>Rank (1 is most important)</b>
Driven by improving performances	
Driven by pressure of institutional organizations	
Driven by firm specific characteristics	

If improving performances at 1:

<b>Factors</b>	<b>Rank (1 is most important)</b>
Achieving a competitive advantage compared to other firms	
Win-win situations for both the firm and its stakeholder(s)	
Achieving legitimacy and improving reputation	
Reducing costs and risks	

If driven by institutional organization at 1:

<b>Level</b>	<b>Rank (1 is most important)</b>
International	
Trade Unions (EU)	
National	

If firm specific characteristics at 1:

<b>Characteristics</b>	<b>Rank (1 is most important)</b>
Personal values of the manager/owner of my firm	
Available time, money and knowledge	
Relation with different stakeholders	
Degree in which the firm can respond to changing circumstances	
Growth prospective of the firm	



Name of the firm:
Name of the respondent:
Function:

**Question 4a: In which degree could the following factors be interpreted as opportunities during your firms' CSR activities in South Africa?**

**(0 = No opportunity at all, 1= small opportunity, 5=Very big opportunity)**

<b>Opportunities</b>	<b>Value</b>
Relative organizational costs of CSR activities	
Sector in which my firm is active	
Presence of Broad Based Black Economic Empowerment	
Scarcity of skills amongst the South African labor force	
Government bureaucracy in South Africa	
Type of CSR activity	
The size of my firm	
Available time for CSR activities	
Available money for CSR activities	
Available knowledge of CSR	
Perceived corruption in South Africa	
Relation with the stakeholders of my firm	
Personal values of the manager/owner of my firm	
Relation with intern colleges/employees of my firm	
Degree in which my firm can respond to changing circumstances	
Public procurement process in South Africa	
Relation with customers of my firm	
Current volatility in South Africa	
The presence of an action plan	
The help of intermediary organizations	
Receptiveness of receiving party	
Cultural differences	

Other, namely:

Name of the firm:
Name of the respondent:
Function:

**Question 4b: In which degree could the following factors be interpreted as obstacles during your firms' CSR activities in South Africa?**

**(0 = No obstacle at all, 1 = small obstacle, 5=Very big obstacle)**

<b>Obstacle</b>	<b>Value</b>
Relative organizational costs of CSR activities	
Sector in which my firm is active	
Presence of Broad Based Black Economic Empowerment	
Scarcity of skills amongst the South African labor force	
Government bureaucracy in South Africa	
Type of CSR activity	
The size of my firm	
Available time for CSR activities	
Available money for CSR activities	
Available knowledge of CSR	
Perceived corruption in South Africa	
Relation with the stakeholders of my firm	
Personal values of the manager/owner of my firm	
Relation with intern colleges/employees of my firm	
Degree in which my firm can respond to changing circumstances	
Public procurement process in South Africa	
Relation with customers of my firm	
Current volatility in South Africa	
The presence of an action plan	
The help of intermediary organizations	
Receptiveness of receiving party	
Cultural differences	

Other, namely:

ANALYZING CSR ACTIVITIES OF DUTCH COMPANIES IN SOUTH AFRICA

Name of the firm:
Name of the respondent:
Function:

**Question 5a. Impact on local community:**

<b>OUTPUT</b>	
<b>Which and how many stakeholders, within the South African local community, did the firm reach and how would the firm describe the change?</b>	Stakeholder:  Change:
	Stakeholder:  Change:
	Stakeholder:  Change:
	Stakeholder:  Change:
<b>What is the duration of the social impact?</b>	
<b>Does the achieved social impact diminish in the course of time?</b>	

ANALYZING CSR ACTIVITIES OF DUTCH COMPANIES IN SOUTH AFRICA

Name of the firm:

Name of the respondent:

Function:

**Question 5b. Firm benefit:**

Does your firm benefit from its CSR activities?

<b>Type of benefit</b>	<b>Yes</b>	<b>No</b>
Improved reputation		
Cost reduction		
Risk reduction		
Improved customer attraction, retention		
Improved employee recruitment, motivation, retention		
Secured license to operate		
Improved relation with stakeholders		
Improved financial performance		

Name of the firm:

Name of the respondent:

Function:

**Question 7 : What are important factor within the concept of CSR?**

**Inschatting  
relevantie (1 tot 5, 1  
is niet relevant)**

<b>1</b>	<b>Behoorlijk bestuur / ethiek (relevantie aangeven tussen 1 en 5)</b>	
<b>2</b>	<b>Mensenrechten (relevantie aangeven tussen 1 en 5)</b>	
	Denk aan:	
<b>a</b>	Gepaste zorgvuldigheid (Due diligence)	
<b>b</b>	Risicosituaties voor schending mensenrechten	
<b>c</b>	Vermijden van medeplichtigheid	
<b>d</b>	Oplossen van geschillen	
<b>e</b>	Discriminatie en kwetsbare groepen	
<b>f</b>	Burgerrechten en politieke rechten	
<b>g</b>	Economische, sociale en culturele rechten	
<b>h</b>	Fundamentele principes en rechten op het werk (discriminatie, diversiteit)	
<b>3</b>	<b>Arbeidsomstandigheden (relevantie aangeven tussen 1 en 5)</b>	
	Denk aan:	
<b>a</b>	Werkgelegenheid en arbeidsverhoudingen	
<b>b</b>	Arbeidsomstandigheden en sociale zekerheid	
<b>c</b>	Sociale dialoog	
<b>d</b>	Gezondheid en veiligheid op het werk	
<b>e</b>	Menselijke/persoonlijke ontwikkeling en opleiding op het werk	
<b>4</b>	<b>Milieu (relevantie aangeven tussen 1 en 5)</b>	
	Denk aan:	
<b>a</b>	Voorkomen van vervuiling	
<b>b</b>	Duurzaam gebruik van hulpbronnen (afval, materiaalgebruik, energie, water, C-2-C)	
<b>c</b>	Beperking van en aanpassing aan klimaatverandering (CO2)	
<b>d</b>	Bescherming van het milieu en herstel van natuurlijke habitats (biodiversiteit)	

ANALYZING CSR ACTIVITIES OF DUTCH COMPANIES IN SOUTH AFRICA

<b>5</b>	<b>Eerlijk zaken doen (relevantie aangeven tussen 1 en 5)</b>	
	Denk aan:	
<b>a</b>	Anti-corruptie	
<b>b</b>	Verantwoorde politieke betrokkenheid	
<b>c</b>	Eerlijke concurrentie (incl. klokkenluidersregeling)	
<b>d</b>	Bevorderen van MVO binnen de invloedssfeer	
<b>e</b>	Respect voor eigendomsrechten	

<b>6</b>	<b>Consumentenbelangen (relevantie aangeven tussen 1 en 5)</b>	
	Denk aan:	
<b>a</b>	Eerlijke marketing, feitelijke en ongekleurde informatie en eerlijke contracten	
<b>b</b>	Beschermen van de gezondheid en veiligheid van consumenten	
<b>c</b>	Duurzame consumptie	
<b>d</b>	Klantenservice, -ondersteuning en oplossen van klachten en disputen	
<b>e</b>	Bescherming van consumenteninformatie en privacy	
<b>f</b>	Toegang tot essentiële diensten (basisvoorwaarden voor een menswaardig bestaan)	
<b>g</b>	Voorlichten en bewustmaken	

<b>7</b>	<b>Maatschappelijke betrokkenheid en ontwikkeling (relevantie aangeven tussen 1 en 5)</b>	
	Denk aan:	
<b>a</b>	Maatschappelijke betrokkenheid	
<b>b</b>	Onderwijs en cultuur	
<b>c</b>	Creëren van werkgelegenheid en vaardighedenontwikkeling	
<b>d</b>	Ontwikkelen van en toegang tot technologie	
<b>e</b>	Welvaart- en inkomenscreatie	
<b>f</b>	Gezondheid	
<b>g</b>	Maatschappelijke investeringen	

(Source: ISO 26000, 2014)

## **Appendix 4 - Topic list Governmental and educational organizations/NGO's**

### **Analyzing CSR activities of Dutch firms in South Africa**

*Topic list for: Dutch members of SANEC which are active in the following sectors: 'Government & Public Services' and 'Research, Education & Training'.*

#### **1. Relation between the Netherlands and South Africa**

- What is the relation of your organization with South Africa?
- Did your organization gather knowledge and information about South Africa?
- What kind of information or knowledge did your organization gather?
- Which source did your organization use? (South African or other)

#### **2. CSR within the organization**

- How is CSR implemented within your organization? (one person's responsibility, a department's responsibility, percentage of expenditures of total expenditures?)

#### **3. Drivers behind CSR (Annex)**

- What do you think is the main driver behind CSR activities of firms?
- Does your organization tries to influence the decision of firms to engage in CSR and how does this come into practice?

#### **4. Opportunities and obstacles (Annex)**

- In which degree could the following factors be interpreted as opportunities during the CSR activities of firms in South Africa and why? (Attachment: 0 = No opportunity at all, 5=Very big opportunity)
- In which degree could the following factors be interpreted as obstacles during the CSR activities of firms in South Africa and why? (Attachment: 0 = No obstacle at all, 5=Very big obstacle)

#### **5. Success or failure (Annex)**

- Which of the following two benefits of CSR activities in South Africa, *social impact at the local community* or *business benefits*, are the most important for firms? (Annex)
- Please rank the following three statements (Annex)

#### **6. CSR in the future**

- What are the future prospects of CSR within private firms? (more or less firms)
- Should governmental and educational organizations like yours change their policy regarding CSR?
- How should firms be motivated to engage in CSR activities?

- How should firms increase their degree of success of CSR activities?

### **7. Types of CSR activities**

- What are important factors within the concept of CSR? (Annex)



## Appendix 5 - Attachment topic list Governmental and educational organizations/NGO's

### Analyzing CSR activities of Dutch firms in South Africa

Attachment topic list for: Dutch members of SANEC which are active in the following sectors: 'Government & Public Services' and 'Research, Education & Training'.

Name of the organization:
Name of the respondent:
Function:

#### Question3: What do you think is the main driver behind CSR activities of firms?

Drivers	Rank (1 is most important)
Driven by improving performances	
Driven by pressure of institutional organizations	
Driven by firm specific characteristics	

If improving performances at 1:

Factors	Rank (1 is most important)
Achieving a competitive advantage compared to other firms	
Win-win situations for both the firm and its stakeholder(s)	
Achieving legitimacy and improving reputation	
Reducing costs and risks	

If driven by institutional organizations at 1:

Level	Rank (1 is most important)
International	
Trade Unions (EU)	
National	

If firm specific characteristics at 1:

Characteristics	Rank (1 is most important)
Personal values of the manager/owner of my firm	
Available time, money and knowledge	
Relation with different stakeholders	
Degree in which the firm can respond to changing circumstances	
Growth prospective of the firm	

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Name of the organization:

Name of the respondent:

Function:

**Question 4a: In which degree could the following factors be interpreted as opportunities during the CSR activities of firms in South Africa?**

**(0 = No opportunity at all, 1= small opportunity, 5=Very big opportunity)**

<b>Opportunity</b>	<b>Value</b>
Relative organizational costs of CSR activities	
Sector in which my firm is active	
Presence of Broad Based Black Economic Empowerment	
Scarcity of skills amongst the South African labor force	
Government bureaucracy in South Africa	
Type of CSR activity	
The size of my firm	
Available time for CSR activities	
Available money for CSR activities	
Available knowledge of CSR	
Perceived corruption in South Africa	
Relation with the stakeholders of my firm	
Personal values of the manager/owner of my firm	
Relation with intern colleges/employees of my firm	
Degree in which my firm can respond to changing circumstances	
Public procurement process in South Africa	
Relation with customers of my firm	
Current volatility in South Africa	
The presence of an action plan	
The help of intermediary organizations	
Receptiveness of receiving party	
Cultural differences	

Other, namely:

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Name of the organization:

Name of the respondent:

Function:

**Question 4b: In which degree could the following factors be interpreted as obstacles during the CSR activities of firms in South Africa?**

**(0 = No obstacles at all, 1 = small obstacle, 5=Very big obstacles)**

<b>Obstacle</b>	<b>Value</b>
Relative organizational costs of CSR activities	
Sector in which my firm is active	
Presence of Broad Based Black Economic Empowerment	
Scarcity of skills amongst the South African labor force	
Government bureaucracy in South Africa	
Type of CSR activity	
The size of my firm	
Available time for CSR activities	
Available money for CSR activities	
Available knowledge of CSR	
Perceived corruption in South Africa	
Relation with the stakeholders of my firm	
Personal values of the manager/owner of my firm	
Relation with intern colleges/employees of my firm	
Degree in which my firm can respond to changing circumstances	
Public procurement process in South Africa	
Relation with customers of my firm	
Current volatility in South Africa	
The presence of an action plan	
The help of intermediary organizations	
Receptiveness of receiving party	
Cultural differences	

Other, namely:

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Name of the organization:

Name of the respondent:

Function:

**Question 5. Please rank the following statements:**

**5a). The CSR activities of Dutch firms lead to an improvement of the social standards of the local, South African community**  
*(Please circle your rate: 1 = disagree, 10 = agree)*

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

**5b). The CSR activities of Dutch firms lead to main business benefits for the Dutch firms themselves** *(Please circle your rate: 1 = disagree, 10 = agree)*

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

**5c). The CSR activities of Dutch firms lead to main business benefits for the South African firms** *(Please circle your rate: 1 = disagree, 10 = agree)*

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

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Name of the organization:

Name of the respondent:

Function:

**Question 7: What are important factors within the concept of CSR? (Only vet printed rows)**

**Inschatting  
relevantie (1 tot 5, 1  
is niet relevant)**

<b>1</b>	<b>Behoorlijk bestuur / ethiek (relevantie aangeven tussen 1 en 5)</b>	
<b>2</b>	<b>Mensenrechten (relevantie aangeven tussen 1 en 5)</b>	
	<b>Issues (relevantie aangeven tussen 0 en 10):</b>	
<b>a</b>	Gepaste zorgvuldigheid (Due diligence)	
<b>b</b>	Risicosituaties voor schending mensenrechten (zie voetnoot voor uitleg risicosituaties)	
<b>c</b>	Vermijden van medeplichtigheid	
<b>d</b>	Oplossen van geschillen	
<b>e</b>	Discriminatie en kwetsbare groepen	
<b>f</b>	Burgerrechten en politieke rechten	
<b>g</b>	Economische, sociale en culturele rechten	
<b>h</b>	Fundamentele principes en rechten op het werk (discriminatie, diversiteit)	

<b>3</b>	<b>Arbidsomstandigheden (relevantie aangeven tussen 1 en 5)</b>	
	<b>Issues (relevantie aangeven tussen 0 en 10):</b>	
<b>a</b>	Werkgelegenheid en arbeidsverhoudingen	
<b>b</b>	Arbidsomstandigheden en sociale zekerheid	
<b>c</b>	Sociale dialoog	
<b>d</b>	Gezondheid en veiligheid op het werk	
<b>e</b>	Menselijke/persoonlijke ontwikkeling en opleiding op het werk	

<b>4</b>	<b>Milieu (relevantie aangeven tussen 1 en 5)</b>	
	<b>Issues (relevantie aangeven tussen 0 en 10):</b>	
<b>a</b>	Voorkomen van vervuiling	
<b>b</b>	Duurzaam gebruik van hulpbronnen (afval, materiaalgebruik, energie, water, C-2-C)	
<b>c</b>	Beperking van en aanpassing aan klimaatverandering (CO2)	
<b>d</b>	Bescherming van het milieu en herstel van natuurlijke habitats (biodiversiteit)	

<b>5</b>	<b>Eerlijk zaken doen (relevantie aangeven tussen 1 en 5)</b>	
	<b>Issues (relevantie aangeven tussen 0 en 10):</b>	
<b>a</b>	Anti-corruptie	
<b>b</b>	Verantwoorde politieke betrokkenheid	

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<b>c</b>	Eerlijke concurrentie (incl. klokkenluidersregeling)	
<b>d</b>	Bevorderen van MVO binnen de invloedssfeer	
<b>e</b>	Respect voor eigendomsrechten	

<b>6</b>	<b>Consumentenbelangen (relevantie aangeven tussen 1 en 5)</b>	
	<b>Issues (relevantie aangeven tussen 0 en 10):</b>	
<b>a</b>	Eerlijke marketing, feitelijke en ongekleurde informatie en eerlijke contracten	
<b>b</b>	Beschermen van de gezondheid en veiligheid van consumenten	
<b>c</b>	Duurzame consumptie	
<b>d</b>	Klantenservice, -ondersteuning en oplossen van klachten en disputen	
<b>e</b>	Bescherming van consumenteninformatie en privacy	
<b>f</b>	Toegang tot essentiële diensten (basisvoorwaarden voor een menswaardig bestaan)	
<b>g</b>	Voorlichten en bewustmaken	

<b>7</b>	<b>Maatschappelijke betrokkenheid en ontwikkeling (relevantie aangeven tussen 1 en 5)</b>	
	<b>Issues (relevantie aangeven tussen 0 en 10):</b>	
<b>a</b>	Maatschappelijke betrokkenheid	
<b>b</b>	Onderwijs en cultuur	
<b>c</b>	Creëren van werkgelegenheid en vaardighedenontwikkeling	
<b>d</b>	Ontwikkelen van en toegang tot technologie	
<b>e</b>	Welvaart- en inkomenscreatie	
<b>f</b>	Gezondheid	
<b>g</b>	Maatschappelijke investeringen	

(Source: ISO 26000, 2014)

## Appendix 6 – Description respondents

### Respondents in survey

Table 6.1. Description Dutch private companies that participated in the survey

Number	Name of the company	Size	Sector
1.	APII	Large	Business Services & ICT
2.	Applikon Biotechnology B.V.	Large	Machinery & Manufacturing
3.	Atradius Dutch State Business NL	Large	Business Services & ICT
4.	Bosqalis/Smit	Large	Marine & Off-Shore
5.	Caotech B.V.	Small	Machinery & Manufacturing
6.	Trading company Oskam	Small	Food, Beverage & Retail
7.	Heigo	Small	Engineering, Infrastructure & Water
8.	Henos Solar	Small	Engineering, Infrastructure & Water
9.	IHC Merwede	Large	Marine & Off-Shore
10.	International Solutions B.V.	Small	Chemicals & Metals
11.	Kuehne Nagel	Large	Transport & Logistics
12.	KWA	Small	Business Services & ICT
13.	Port of Amsterdam	Large	Transport & Logistics
14.	Van Oord	Large	Marine & Off-Shore

## ANALYZING CSR ACTIVITIES OF DUTCH COMPANIES IN SOUTH AFRICA

*Table 6.2. Description South African companies and Dutch and South African organizations that participated in the survey*

<b>Number</b>	<b>Name of company/organization</b>	<b>Dutch/South African</b>	<b>Size</b>	<b>Sector</b>
1.	Avalon Foundation	Dutch	Small	Social Development & Foundations
2.	Close the Gap	Dutch	Small	Social Development & Foundations
3.	Durban University & Technology	South African	Large	Research, Education & Training
4.	Wevers & Geering	Dutch	Small	Business & Consultancy
5.	Eye for Others	Dutch/South African	Small	Social Development & Foundations
6.	Heineken Sedibeng Brewery	South African	Large	Food, Beverage & Retail
7.	Maritime Business Homputon College	South African	Small	Research, Education & Training
8.	Netherlands Aerospace Group	Dutch	Small	Research, Education & Training
9.	North-West University	South African	Large	Research, Education & Training
10.	Orange Babies	Dutch	Small	Social Development & Foundations
11.	Sasol	South African	Large	Oil, gas & energy
12.	Thekwini Toyota	South African	Large	Machinery & Manufacturing
13.	Ultimate growers	South African	Small	Agro & Agri



## **Respondents in personal interviews**

### Interview 1 – South Africa - VU University Amsterdam - Strategic Alliances (Savusa)

The first interview, with Collette Gerards, took place on the 3th of June 2014 in Amsterdam. Collete Gerards works for Savusa, which is an cooperation program of VU University Amsterdam. This program is created in order to contribute to the academic climate in both South Africa and the Netherland by supporting the transfer of knowledge between these countries. Savusa is a Dutch small organization that is active in the sector ‘Research, Education & Training’.

### Interview 2 – South African Embassy

The second interview, with Herman van der Kroef, took place on the 4th of June 2014 at the South African Embassy the Hague. The South African Embassy deals on daily base with Dutch companies that want to be active in South Africa. In addition, because of the large amount of contact with South Africa, the Embassy is familiar with the culture/norms and values of this country. Due to this, Herman Kroef knows a lot about do’s and don’ts concerning CSR activities in South Africa. The South African Embassy is a South African organization that is active in the sector ‘Government & Public Services’.

### Interview 3 – Cool Fresh International

For the first time, the third interview included a Dutch private company called Cool Fresh International. During this interview there was spoken with Nic Jooste. The interview took place on the 16th of June 2014 in Ridderkerk. Noticeable is the fact that Nic Jooste is a white South African, raised in South Africa and living in the Netherlands. Cool Fresh International is a large company that is active in the sector ‘Agro & Agri’. The company is located in 10 different countries worldwide, including South Africa.

### Interview 4 – TSM Business School

The fourth interview, with Marcel Engelbertink, took place on the 16th of June 2014 in Deventer. TSM Business School in an organization that is active in ‘Research, Education & Training’. TSM Business School describes itself as a school for development of a new generation leaders that contribute to a sustainable development of our society.

### Interview 5 – Trading Company Oskam

In the fifth interview, for the second time an entrepreneur was interviewed. This interview, with Kees Oskam, took place on the 19th of June 2014 in Vleuten. Trading Company Oskam is a small company that is active in 'Food, Beverage & Retail'.

#### Interview 6 - Medidis

The sixth interview, with Rudmer Bosma, took place on the 20th of June 2014 in Lelystad. Medidis is a small company that produces, delivers and is a service provider of medical gasses and equipment. This company describes itself as the key axis between care insures, consumers and professional health facilities. This small private company is active in the sector 'Pharmaceuticals & Medicals'.

#### Interview 7 – Health Promoters

The seventh interview included an interview with a much-discussed man called Harold Robles. This American entrepreneur is famous for his international work as a humanitarian. In addition, he is also known for his work as a devotee of Nobel Peace Prize Laureate Dr. Albert Schweitzer. At the moment, Harold Robles is leading the non-profit organization Health Promoters, an organization that provides information and training in health and hygiene in South Africa. Health Promoters is a small organization that is active in the sector 'Social Development & Foundation'. The interview took place on the 27th of June 2014 in the Hague.

#### Interview 8 – STC Group

The eighth interview, with Albert Bos took place on the 1th of July 2014 in Rotterdam. Albert Bos is director of STC Group, a company that consist of both a public and private part. STC Group is a large company that is active in the 'Marine & Off-Shore' because its main focus is shipping. Besides South Africa, the company is located in several countries worldwide.

#### Interview 9 – State Service for enterprising Dutch

The ninth interview, with Corina Kerkmans, took place on the 2th of July 2014 in the Hague. Corina Kerkmans is working for the State Service for enterprising Dutch, a large organization in the sector 'Government & Public Services'. The State Service for enterprising Dutch supports Dutch entrepreneurs in finding the right business partners and information concerning regulations in order to support a sustainable way of doing business.

#### Interview 10 – Air France KLM

On the 4<sup>th</sup> of July 2014, the tenth interview took place. This interview with Marco Redeker took place at the head office of Air France KLM in Amstelveen. Air France KLM is a large company, active in the sector 'Transport & Logistics' and offers flights with destinations all over the world. KLM is the core of the KLM Group, which includes also KLM Cityhopper, transavia.com and Martinair and employees over 32.000 people. Since 2004, KLM is part of the Air France KLM Group.

#### Interview 11 – Royal HaskoningDHV

The eleventh interview, with Marjolein Demmers, took place on the 7<sup>th</sup> of July 2014 via Skype. Royal HaskoningDHV is an international, independent engineering and project management consultancy that aims to contribute to the sustainable development of communities all over the world. This large company is headed in Amersfoort but has offices in seven different countries, including South Africa. This large Dutch company is active in the sector 'Engineering, Infrastructure & Water'.

#### Interview 12 – Vopak

The next interview took place on the 10<sup>th</sup> of July in Rotterdam. This interview, with Willem van der Zon, was the twelfth out of twenty interviews. Vopak is a large Dutch private company that is active in the 'Chemicals & Metals' sector. Noticeable is that Vopak is the world's largest independent service provider in container storage.

#### Interview 13 – CSR Academy

The thirteenth interview, with Guus Balkema, took place on the 10<sup>th</sup> of July in Rotterdam. The CSR Academy is a network in which CSR knowledge is shared and advice concerning Corporate Social Responsible behavior is given. This small Dutch organization is active in the sector 'Research, Education and Organization'.

Interview 14 – Caotech

In this fourteenth interview, there was spoken with a Dutch entrepreneur again. The interview with Jan Hammink took place on the 11<sup>th</sup> of July in Wormerveer. Caotech is a small Dutch company that is active in the sector ‘Machinery and Manufacturing’ that exports its machinery to several countries worldwide.

Interview 15 – KO&A

The fifteenth interview, with Ton Kolijn, took place on the 15<sup>th</sup> of July via Skype. Ton Kolijn is a Dutch man that emigrated to South Africa recently. In South Africa, he established his South African one-man business ‘KO&A’. KO&A offers Dutch private companies that want to settle in South Africa advice and support on subject like application licenses and site survey.

Interview 16 – Wevers & Geerling

The sixteenth interview, with Anneke Wevers, took place on the 16<sup>th</sup> of July in the Hague. Wevers & Geerling is a small Dutch organization that is active in ‘Research, Education & Training’. The organization supports both companies that want to be active in Africa and companies that want to develop themselves in a sustainable way.

Interview 17 – Reinbouw

The seventeenth interview, with Peter Reinders, took place at the 21<sup>th</sup> of July in Dieren. Reinbouw is a small construction company active in the Netherlands. From 2010 onwards, Reinbouw is also active in the South African building sector by means of a subsidiary company called EXAR Development and Construction. Both Reinbouw and EXAR are small companies in the sector ‘Engineering, Infrastructure & Water’.

Interview 18 – Heineken Sedibeng Brewery

The eighteenth interview included a skype call with Cebile Xulu, a South Africa lady. The interview took place at the 22<sup>th</sup> of July 2014. Heineken Sedibeng Brewery is a South African subsidiary company. Additional, the company is a large company that is active in the sector ‘Food, Beverage & Retail’.

Interview 19 – TUI the Netherlands

On the 25<sup>th</sup> of July, the nineteenth interview with Elise Allart took place at the head office of TUI the Netherlands in Rijswijk. TUI the Netherlands is market leader in the Dutch travel branch and part of TUI Travel PLC. With over 2500 employees, TUI the Netherlands can be described as a large Dutch private company. The company is active in ‘Tourism, Hospitality & Sports’.

Interview 20 - Price Waterhouse Coopers

The final and 20<sup>th</sup> interview, with Albert Elsinga, took place at the 9<sup>th</sup> of September in Rotterdam. Price Waterhouse Coopers is a large Dutch company headed in Rotterdam and specialized in accountancy and financial-, and strategic company advice. Price Waterhouse Coopers is active in ‘Legal, Tax & Finance’. Originally, this personal interview was scheduled with the CSR manager of PWC. Unfortunately, this interview was cancelled due to personal circumstances of the former respondent.

## Appendix 7 - Tables chapter 8

Table 8.4. Factors that are classified as opportunities and obstacles by Dutch educational and governmental organizations concerning CSR activities in South Africa in the survey, by size and sector of the organization<sup>12</sup>

Sector	Size	Obstacles	Opportunities
<b>Social Development &amp; Foundations</b>	Small	2,3,6,7,8	5,9
<b>Research, Education &amp; Training</b>	Small	2	3,4,9
<b>Social Development &amp; Foundations</b>	Small	2,4,5,6,9	2,3,4,5,6,9
<b>Social Development &amp; Foundations</b>	Small	N/A	N/A
<b>Social Development &amp; Foundations</b>	Small	N/A	N/A
<b>Research, Education &amp; Training</b>	Small	1,2,3,4,5,6,7,8,9	1,2,3,4,5,6,7,8,9

Table 8.5. Factors that are classified as opportunities and obstacles by South African companies concerning their CSR activities in South Africa in the survey, by size and sector of the company<sup>13</sup>

Sector	Size	Opportunities	Obstacles
<b>Food, Beverage &amp; Retail</b>	Large	1,2,3,5,6,7,8,9	N/A
<b>Oil, Gas &amp; Energy</b>	Large	2, 3, 4, 7,9	6
<b>Machinery &amp; Manufacturing</b>	Large	1,2,7	5,6,8
<b>Agro&amp;Agri process</b>	Small	5,6,7,9	2,8

<sup>12</sup> 1=Size/sector of the company, 2=Availability of resources, 3=Internal support, 4=Cultural differences, 5=The needs of South African entrepreneurs, 6=Skills of South African workers, 7=BBBEE, 8= South African government bureaucracy/corruption, 9=All-embracing nature of CSR

<sup>13</sup> 1=Size/sector of the company, 2=Availability of resources, 3=Internal support, 4=Cultural differences, 5=The needs of South African entrepreneurs, 6=Skills of South African workers, 7=BBBEE, 8= South African government bureaucracy/corruption, 9=All-embracing nature of CSR

## ANALYZING CSR ACTIVITIES OF DUTCH COMPANIES IN SOUTH AFRICA

*Table 8.7. Factors that are classified as opportunities and obstacles by South African educational and governmental organizations during their CSR activities in South Africa in the survey, by size and sector of the organization<sup>14</sup>*

Sector	Size	Obstacles	Opportunities
<b>Research, Education &amp; Training</b>	Large	2,3,6,7,8	1,5,9
<b>Research, Education &amp; Training</b>	Large	2,7,	1,3,5,6
<b>Research, Education &amp; Training</b>	Small	2,7,8	3,5,6,9

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<sup>14</sup> 1=-Size/sector of the company, 2=Availability of resources, 3=Internal support, 4=Cultural differences, 5=The needs of South African entrepreneurs, 6=Skills of South African workers, 7=BBBEE, 8= South African government bureaucracy/corruption, 9=All-embracing nature of CSR

## Appendix 8 – Tables chapter 9

Table 9.3. Ranking important factors in the concept of CSR in personal interviews by Dutch respondents of the contributing research population<sup>15</sup>

CSR theme	Average rate
Human rights	4,1
Fair operating practices	4,4
Consumer Issues	3,9
Labor Practices	4,6
Organizational Governance	4,7
The Environment	4,3
Community Involvement and Development	4,7
Total	4,4

Table 9.5. Motivation of Dutch private companies to engage in CSR activities in personal interviews by contributing research population<sup>16</sup>

Sector	Driver
Government & Public Services	1
Government & Public Services	1
Research, Education & Training	2
Research, Education & Training	1
Research, Education & Training	1
Research, Education & Training	1
Social Development & Foundations	3

<sup>15</sup> 1 = Not important, 5 = Very important

<sup>16</sup> 1=Improving performances, 2=Pressure from institutional organizations 3=Company characteristics



ANALYZING CSR ACTIVITIES OF DUTCH COMPANIES IN SOUTH AFRICA

Table 9.8. Total amount ranked opportunities and obstacles in personal interviews by contributing research population

Type of respondent	Size of the company	Total ranked opportunities (%)	Total ranked obstacles (%)	Total amount ranked (units)
<b>Dutch respondents who are in the sectors 'Government &amp; Public Services', 'Research, Education &amp; Training' and 'Social Development &amp; Foundations' (N=7)</b>		63,9	36,1	119
<b>South African private companies</b>	Small size (N=1)	41,7	58,3	12
	Large size (N=1)	70	30	10

ANALYZING CSR ACTIVITIES OF DUTCH COMPANIES IN SOUTH AFRICA

Table 9.9. Opportunities concerning CSR activities in South Africa by all respondents in personal interviews

OPPORTUNITY	Rel costs	sector	BBBEE	SA skills	Bureaucr	Type CSR	Size	Time	Money	Knowledge	Corruption	Stakehold	PV owner	Colleges	Ch Circum	Customer	Current	Acion plan	Intermedia	Receptiv	Cult dif	Total
<b>Large firms</b>																						
CFI			1					1					1	1	1	1		1	1	1	1	10
Royal Haskoning			1	1	1				1	1	1		1		1		1				1	10
KLM			1	1	1			1		1			1	1	1		1			1		9
Vopak			1	1	1		1	1				1	1	1	1		1					11
STC Group	1	1	1	1					1	1	1		1	1	1		1		1	1	1	14
Tui Nederland			1	1				1					1	1	1		1		1	1	1	7
PWC	1	1		1				1	1	1	1			1	1				1	1	1	11
<b>Total</b>	<b>2</b>	<b>7</b>	<b>3</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>1</b>	<b>6</b>	<b>0</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>72</b>
<b>Small firms</b>																						
Medidis												1							1			2
Caotech			1		1	1							1	1		1						6
Reinbouw			1	1	1			1	1	1		1		1			1		1	1	1	13
Oskam			1	1			1				1	1					1	1	1	1	1	10
<b>Total</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>31</b>
<b>Remaining sectors</b>																						
CSR Academy				1			1	1				1	1			1		1	1			8
SA Ambassade	1	1	1	1	1	1	1	1	1	1	1	1		1	1	1	1	1	1	1	1	19
RVO												1	1	1	1	1	1	1	1	1	1	7
Wevers			1					1				1	1	1		1	1	1	1			8
TSM	1	1						1	1	1	1	1	1	1	1	1	1	1	1	1	1	11
SAVUSA			1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15
Health Promoters			1					1	1	1	1	1	1	1	1	1	1	1	1	1	1	8
<b>Total</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>7</b>	<b>6</b>	<b>5</b>	<b>2</b>	<b>7</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>76</b>
<b>SA firms</b>																						
Heineken				1		1			1	1	1			1							1	7
KOA			1									1	1			1						5
<b>Total</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>12</b>
<b>Total</b>	<b>4</b>	<b>14</b>	<b>9</b>	<b>8</b>	<b>4</b>	<b>5</b>	<b>11</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>3</b>	<b>15</b>	<b>14</b>	<b>12</b>	<b>4</b>	<b>16</b>	<b>2</b>	<b>11</b>	<b>14</b>	<b>10</b>	<b>8</b>	<b>191</b>

Table 9.10. Obstacles concerning CSR activities in South Africa by all respondents in personal interviews

OBSTACLE	Rel costs	sector	BBBEE	SA skills	Bureaucr	Type CSR	Size	Time	Money	Knowledge	Corruption	Stakehold	PV owner	Colleges	Ch Circum	Customer	Current	Acion plan	Intermedia	Receptiv	Cult dif	Total	
<b>Large firms</b>																							
CFI	1	1	1	1	1				1	1	1								1		1	10	
Royal Haskoning	1											1					1					3	
KLM									1	1	1				1						1	5	
Vopak										1												1	
STC Group						1						1										3	
Tui Nederland			1	1																		3	
Pwc			1	1	1							1		1								5	
<b>Total</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>4</b>	
<b>Small firms</b>																							
Medidis			1	1	1				1	1	1	1		1							1	1	11
Caotech			1					1			1	1										4	
Reinbouw					1			1									1				1	1	4
Oskam					1	1		1	1	1	1					1	1		1	1	1	10	
<b>Total</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>29</b>
<b>Remaining sectors</b>																							
CSR academy								1	1	1	1											4	
Ambassade										1	1	1					1					3	
RVO	1	1							1	1	1		1									7	
Wevers	1		1			1		1			1										1	7	
TSM			1	1																		2	
SAVUSA	1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	17	
Health Promoters				1							1											1	3
<b>Total</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>3</b>	
<b>SA firms</b>																							
Heineken			1		1			1														3	
KOA				1	1			1	1	1	1	1										7	
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	
<b>Total</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>9</b>	<b>9</b>	<b>2</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>13</b>	<b>8</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>9</b>	<b>112</b>	

ANALYZING CSR ACTIVITIES OF DUTCH COMPANIES IN SOUTH AFRICA

Table 9.12. Companies that engage in CSR activities in personal interviews, by name, size, sector, time period, motivation and critical factors for success (N=8)

Level of CSR	Name of the firm	Size of the firm	Sector of the firm	Engaged in CSR since	Motivation for CSR	Contact with locals	Type of CSR activity in South Africa	Social impact on local community
<b>Pre-CSR</b>								
<b>Compliance-driven</b>	Vopak	Large	Chemicals & Metals	2009	Improving performances	No	Financial support of orphan home	More budget for the orphan home
	PWC	Large	Legal, Tax & Finance	1995	Firm characteristics	No	-	-
<b>Profit-driven</b>	Air France KLM	Large	Transport & Logistics	Its founding	Improving performances	No	Reducing footprint, running projects and supporting UNICEF	Diminished child mortality, improved access to health, improved access to water
<b>Taking care</b>	Royal Haskoning	Large	Engineering, Infrastructure & Water	Its founding	Firm characteristics	No	Educating children + CSR implemented through whole firm	Higher education level and improved access to a job
<b>Synergistic</b>	Tui Nederland	Large	Tourism, Sports & Hospitality	1989	Improving performances	Sometimes	Organizing fair trade roundtrip without harm for animals + Striving for CSR accommodations	Better living condition for animals + job opportunities for locals
	Cool Fresh International	Large	Agro & Agri	2001	Firm characteristics	Presented in South Africa 8 times a year	Organizing community projects together with KNVB and governance ministries + Maintaining anti-corruption, governance, environment and human rights policy for farmers	Recreation of children and educating teachers + upgrading working conditions for farmers

ANALYZING CSR ACTIVITIES OF DUTCH COMPANIES IN SOUTH AFRICA

	STC Group	Large	Marine & Off-Shore	1995	Firm characteristics	Presented in South Africa 3,4 times a year + skype sessions every week	Educate South African children + training workers +	Possibility for South African people to get educated and to have a job in prospect
<b>Holistic</b>	Reinbouw	Small	Engineering, Infrastructure & Water	Its founding	Improving performances	Once a month, one week presented in South Africa	Establishment of a new firm with a South African partner + building houses for the poorest and introducing safety and child-friendly aspects + exchange of workers + support of an orphan home	Learning about how to manage a firm + improving social living standards for the poorest on large scale + more budget for the orphan home

ANALYZING CSR ACTIVITIES OF DUTCH COMPANIES IN SOUTH AFRICA

Table 9.13. Business benefits of CSR activities by Dutch private companies that are engaged in CSR activities, in personal interviews (N=8<sup>17</sup>)

	Improved reputation	Cost reduction	Risk reduction	Improved customer attraction ...	Improved employee recruitment...	Secured license to operate	Improved relation with stakeholders	Improved financial performance	Total
Air France	1	0	0	1	1	0	1	0	4
KLM									
CFI	1	1	1	1	1	1	1	1	8
PWC	1	1	0	1	1	0	0	0	4
Reinbouw	1	0	0	1	1	1	1	0	5
Royal Haskoning DHV	1	0	0	0	1	0	1	0	3
STC	1	0	0	1	1	1	1	1	6
TUI the Netherlands	1	1	1	1	1	1	1	1	8
Vopak	1	0	1	1	1	1	1	0	6
<b>Total</b>	<b>8</b>	<b>3</b>	<b>3</b>	<b>7</b>	<b>8</b>	<b>5</b>	<b>7</b>	<b>3</b>	<b>44</b>

<sup>17</sup> 0= No business benefit, 1= Business benefit

ANALYZING CSR ACTIVITIES OF DUTCH COMPANIES IN SOUTH AFRICA

Table 9.14. Amount of indicated opportunities and obstacles in personal interviews, by Dutch private companies in that are engaged in CSR activities by level of CSR

Level of CSR	Name of the company	Amount of ranked opportunities	Amount of ranked obstacles
<b>Pre-CSR</b>	N/A	N/A	N/A
<b>Compliance driven</b>	Vopak	11	1
	PWC	11	5
<b>Profit-driven</b>	Air France KLM	9	5
<b>Taking care</b>	Royal HaskoningDHV	10	3
<b>Synergistic</b>	TUI the Netherlands	7	5
	Cool Fresh International	10	10
	STC Group	14	3
<b>Holistic</b>	Reinbouw	13	4

## **Appendix 9 - Introduction letter online survey**

Dear sir/madam,

Corporate Social Responsibility (CSR) is a core subject in international business. Meeting this needs, SANEC is analyzing CSR practices of private firms active in South Africa in order to contribute to the success of these CSR practices for both private firms and for the local community. The gathered insights will lead to more impact and effectiveness of CSR practices in the future, as the results will be spread amongst the SANEC network.

Your opinion is of great value. Participation to the research will only take 5 till 10 minutes.

[Please fill in the survey](#)

Thank you in advance.

Best regards,

Violet Nijboer

Stagier at SANEC

Master student Economic Geography at Utrecht University

## Appendix 10 - Nodes in Nvivo

CSR within firm	0	0
amount of projects	1	1
certificering	2	2
'MVO prestatieladder'	1	1
Examples of CSR activities	7	14
Time-limit CSR projects	4	4
Money-budget	5	6
Organisation	5	14
CSR is interweaved	3	5
Time-budget	7	8
CSR in the future	6	6
Advice	8	15
Committee	2	3
Doing business in South Africa	0	0
Motivations	4	5
Personal experiences	2	2
Sustainability in South Africa	5	10
Drivers behind CSR	0	0
Age of entrepreneur	5	6
CSR as replacement of diminishing links in society	1	1
Duty to the South African society	2	2
Financial	12	13
Loop	1	1
Firm characteristics	6	8
Getting aware of yourself	1	1
Institutional	4	4
Level of education	2	2
Motivations against CSR	2	10
MVO hype	4	9
Effect CSR	0	0
Firm itself	6	8
Image	1	1
Leverage from South African politics	1	1
Relation with stakeholders	1	2
Local Community	9	22
Loop	1	2
Importance of contact with locals in South Africa	4	4
Importance of a local settlement	1	1
Transparency	4	6



## ANALYZING CSR ACTIVITIES OF DUTCH COMPANIES IN SOUTH AFRICA

<input checked="" type="radio"/> Obstacles CSR	0	0
<input checked="" type="radio"/> Action plan	1	1
<input checked="" type="radio"/> Available knowledge	5	5
<input checked="" type="radio"/> Available money	5	6
<input checked="" type="radio"/> Available time	3	5
<input checked="" type="radio"/> BBBEE	11	13
<input checked="" type="radio"/> Bureaucracy	5	5
<input checked="" type="radio"/> Cultural differences	7	15
<input checked="" type="radio"/> Dealing with money	1	2
<input checked="" type="radio"/> Current volatility	0	0
<input checked="" type="radio"/> Degree in which the firm can respond to changing circumstance	2	2
<input checked="" type="radio"/> Intermediary organizations	2	2
<input checked="" type="radio"/> Intern relation with colleges	3	3
<input checked="" type="radio"/> Perceived corruption	7	11
<input checked="" type="radio"/> Personal value of the owner or manager	3	5
<input checked="" type="radio"/> Public procurement	0	0
<input checked="" type="radio"/> Receptiveness	1	1
<input checked="" type="radio"/> Relation with customers	2	2
<input checked="" type="radio"/> Relation with the stakeholders	2	2
<input checked="" type="radio"/> Relative organizational costs	2	2
<input checked="" type="radio"/> Scarcity of skills amongst the SA labor force	3	3
<input checked="" type="radio"/> Sector	5	5
<input checked="" type="radio"/> Size of the firm	6	7
<input checked="" type="radio"/> Type of CSR	2	2
<input checked="" type="radio"/> Opportunities CSR	0	0
<input checked="" type="radio"/> Action plan	9	9
<input checked="" type="radio"/> Objectives	1	1
<input checked="" type="radio"/> Available knowledge	4	4
<input checked="" type="radio"/> Available money	7	8
<input checked="" type="radio"/> Available time	7	8
<input checked="" type="radio"/> BBBEE	9	14
<input checked="" type="radio"/> Bureaucracy	2	2
<input checked="" type="radio"/> Cultural differences	5	6
<input checked="" type="radio"/> Current volatility	1	1
<input checked="" type="radio"/> Degree in which the firm can respond to changing circumstance	1	1
<input checked="" type="radio"/> Intermediary organizations	10	10
<input checked="" type="radio"/> Intern relation with colleges	9	10
<input checked="" type="radio"/> Perceived corruption	3	3
<input checked="" type="radio"/> Personal value of the owner or manager	10	10
<input checked="" type="radio"/> Public procurement	0	0
<input checked="" type="radio"/> Receptiveness	7	7
<input checked="" type="radio"/> Relation with customers	6	6
<input checked="" type="radio"/> Relation with the stakeholders	9	10
<input checked="" type="radio"/> Relative organizational costs	4	5
<input checked="" type="radio"/> Scarcity of skills amongst the SA labor force	7	9
<input checked="" type="radio"/> Sector	10	13
<input checked="" type="radio"/> Size of the firm	12	16
<input checked="" type="radio"/> Type of CSR	4	4

## Appendix 11 - CSR Knowledge Tour Event



### Corporate Social Responsibility in Southern Africa & 3rd Members in Business Cocktail

Type: **Seminar**

Date: **27-11-2014**

Location: **International Innovation Company / the Netherlands**

#### **Dear SANEC & TCCIA Associates,**

SANEC presents the 2nd Knowledge Tour 2014. This tour on Corporate Social Responsibility (CSR), takes place at the headoffice of Vacuvin in Delfgauw.

#### **Corporate Social Responsibility**

Would you like to know how effective CSR initiatives can lead to business profits? Come to our event at the International Innovation Company in Delfgauw.

#### **The SANEC Knowledge Tour**

- Our host Bernd Schneider, who is also the inventor of the Vacuum Wine Saver and known of 'Het beste idee van Nederland', will introduce you to the special workplace of the International Innovation Company.
- Prof. Dr Steef Peters, specialized in CSR activities will discuss how CSR brings major changes.
- International Guidelines will host a game show on OECD Guidelines (Organisation for Economic Co-operation and Development).
- Best Practice presentation of companies experienced in CSR activities, BBBEE and working with locals in South Africa.
- Launch SANEC Social Investment Support DESK. Bringing NGO's and Companies together.

The CSR-event will be the perfect opportunity for Decision Makers to gain insights and know-how.

#### **3rd Members in Business Cocktail**

The SANEC Knowledge Tour is followed by our 3rd Members in Business Cocktail. A great opportunity to network, meet new members and expand your business contacts.

#### **Programme**

- 14H00-14H15 Registration and Coffee
- 14H15-14H20 Opening CEO Bernd Schneider
- 14H20-14H40 Tour International Innovation Company
- 14H40-15H00 Presentation Prof. Dr. Steef Peters
- 15H00-15H20 OECD Guidelines Game Show by International Guidelines
- 15H20-16H00 Best Practices
- 16H00-16H30 Launch SANEC Social Investment Desk

#### **Venue**

Groothandelsweg 1, 2645 EH Delfgauw

**Registration** (before 24 November 2014) Please contact [SANEC Junior Marketing Manager](#) Phone: + 31 70 347 07 81

#### **Fee**

Knowledge Tour 2014 & Members in Business Cocktail SANEC Members: Free Non-Members: €125,-

## Appendix 12 - Social Investment Fund



### **SANEC Social Investment Fund**

**Goal:** The SANEC Social Investment Fund is a fund which supports social projects in Southern Africa. The fund creates its budget amongst the SANEC members who would like to contribute to the South African community and who at the same time have a socio-economic interest in the target region.

**Who?** The board of the SANEC Social Investment Fund exists out of 1 or 2 SANEC employees and 2 or 3 SANEC members. These SANEC members will be part of this board for a maximal amount of two years. These SANEC members circulate in such a way that always one of the 'old' members is staying in the board. This will contribute to the continuity of the fund. New board members could be introduced, based on applying. The total amount of board members will include approximately five people. The function of the board is to evaluate all the possible social projects which will be forwarded by SANEC members, including private firms and (local) NGO's. The board of the SANEC Social Investment Fund will decide which projects will have the most desirable effects. These projects will receive financial support for at least 1 year. Afterwards, new projects will be given a chance. The board members will meet at least two times a year in order to evaluate the progress of the fund and the supported projects.

**Advantage:** The advantage of this fund is that companies themselves will not lose time and effort in searching for suitable CSR opportunities. It is of high importance that the board will be considered an authority. Furthermore, SANEC has a broad network in which private companies and NGO's could interact with each other very easily. As a consequence, financial flows could emerge immediately.

**Disadvantage:** The disadvantage of this fund is the fact that there is already a broad supply of social projects which could possibly results in the fact that private companies will not immediately realize the advantage of the potentials of the SANEC Social Investment Fund.

**Important:** To manage this disadvantage, it is of importance to add a socio-economic dimension to the fund. By doing so, companies would see that contributing to the SANEC Social Investment Fund will result in business benefits for themselves as well. For example: supporting a local trainings institute will result in better educated South African workers. Afterwards, these educated and trained South African workers could be employed by the Dutch companies themselves, so they won't have to search for (black) employees in line with Broad Based Black Economic Empowerment policies. In addition, also of high importance is that the stakeholders who funded the social projects will be informed about the progress. This will be done for example by creating an online website including photos and best practices of

the effect of the social projects. Also, the projects should be visited consequently by local NGO's, by the private firms and/or by the SANEC employees. By doing this, the members of the fund will get confidence in the fact that their money is invested well.

**Future:** In the future, the SANEC Social Investment Fund could be extended via sector. In this model, there will be a board member per sector and projects/trainings could be chosen based on the demand in the sector.



[www.sanec.org](http://www.sanec.org)

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