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Modern societies are faced with the problem of how to feed, house and ensure the well-being of their populations. They also confront the necessity of educating their work forces and dealing with those who are excluded from employment by reason of a shortage of opportunities, ill-health or old age. The responses to these requirements, however, display a considerable variety. In many of the countries of Western Europe, with Sweden at the forefront,[1] the primary responsibility for welfare is borne by the state. In Japan, by contrast, occupational benefits constitute the dominant form of welfare provision.[2] They figure prominently in the United States too,[3] and represent a mode of supplying social services that the government of Singapore is eager to encourage.[4] In Israel the trade union federation, the Histadrut, is centrally involved in the fields of medical care and pensions,[5] whilst the Catholic Church in the Republic of Ireland is active in the sphere of education.[6] In addition to the efforts of the public sector, of employers and of voluntary organisations, there is the private market, consisting in the buying and selling of goods and services either through insurance schemes or through direct payments by the consumer. Even Sweden, which has traditionally insisted on the exclusion of profit from welfare, has been affected by the contemporary shift in the direction of "privatisation,"[7] although in no way as severely as Britain[8] or as Chile, an extreme case.[9]

Numerous theories of social policy emphasise its role as a means of control.[10] For James O'Connor, "the welfare system ...is designed chiefly to keep social peace among unemployed workers."[11] As such, it is a component of those activities of the state under capitalism which are geared towards fulfilling its legitimation function. However, nearly every governmental practice, according to O'Connor, is simultaneously aimed at maintaining harmony as well as enhancing profitable capital accumulation. O'Connor, then, presents an account in which the performance of these tasks by the polity is stressed. With respect to South Africa, Alf Stadler has argued that the state in this context is an inadequate instrument of legitimation, because historically it has failed to make a plausible claim to serve the general interest.[12] This, he contends, is because it has rejected the option of incorporating Africans into central political institutions and into the welfarist arrangements characteristic of liberal democracies. Recent years, though, have witnessed a concerted attempt on the part of the authorities to address what several authors describe as a "crisis of legitimation" or of "hegemony",[13] which has been accompanied by a serious economic downturn.[14] The initial shape their co-ordinated efforts assumed was the Total Strategy,[15] which had, Mark Swilling declares,[16] four major concerns, namely urban Africans, industrial relations, the constitutional position of Coloureds and Indians, as well as the reorganisation of the security apparatuses. Deborah Posel[17] has drawn attention to the emergence since 1978 of the rudiments of a new language of technocratic rationality in terms of which the state seeks justification for its actions. This co-exists, as Stanley Greenberg, David Yudelman and Michael Mann observe,[18] with an embryonic "free market" ideology, which has been attended by such measures as the formal abolition of an official presence in the African labour market. The latest phase of reform has seen the establishment of Regional Services Councils, which are intended to redistribute resources from white to black municipalities.[19] What is missing from this picture, however, is the specific contribution of business to the legitimation of the social order that is expressed as "corporate social responsibility." This is an area in which little academic research has been conducted. Even Stadler, for whom the situation in South Africa differs from that in liberal capitalist societies where, he affirms, legitimation is the domain of the polity,[20] fails to consider the issue.

Corporate social responsibility has long been practised in the United States of America, where a massive literature on the subject has been generated. The group of New England businessmen known as the Boston Associates, who were the pioneers of modern industry in that country, displayed an active interest in the living conditions of their employees. They were influenced by the experience of Robert Owen, who demonstrated with his model mills in Lanarkshire in Scotland that good wages and a healthy environment benefited entrepreneur and labourer alike. Both a desire to avoid the squalor of European factory towns and a practical need to attract reliable workers informed the policies of the Boston Associates. Their endeavours to recruit the upstanding daughters of farming families included the provision of decent housing as well as the religious, social and intellectual resources suited to their backgrounds. During the 1820s and 1830s these Massachusetts textile settlements became showplaces of the new capitalist order.[21] The company town was a recurring feature of American industrialisation. Often located at a site remote from the centres of population, it was compelled to offer supplementary facilities and services in order to acquire a stable and contented labour force. Pullman, Illinois was widely hailed as the exemplary community of this type. Built in the 1880s, it represented an investment of $8 million by the Pullman Palace Car Company in such amenities as tenements, parks, playgrounds, an arcade, a theatre, a casino and a military band. The motives of the Pullman Company were not entirely benevolent. Outstanding among them was combatting trade unionism. It was somewhat ironic, then, that Pullman workers sparked off a strike in 1894 that was settled only after federal intervention was invoked by President Cleveland.[22]

In the early years of this century, two individuals epitomised the rather distinct paths corporate giving was to take in the United States.[23] For Andrew Carnegie, the sole purpose of being rich was to be a philanthropist. God, Carnegie asserted, wants us to do well so that we can do good. By contrast, Julius Rosenwald's credo was that one had to do good to do well. Rosenwald realised that the success of Sears Roebuck, a firm he had bought at near bankruptcy, was contingent upon the prosperity of its customer, the farmer, and this depended on the latter's skill, productivity and competence. The country farm agent and the 4-H Club were Sears Roebuck's advertising, public relations and above all market development, leading to its becoming within ten years of its purchase by Rosenwald the biggest of the world's great merchants. Whilst Carnegie thus viewed wealth as a source of charity, and spawned a foundation to dispense it,[24] Rosenwald regarded the social engagement of business as an investment yielding a profitable return. Following in Rosenwald's footsteps was James Couzens, co-founder of the Ford Motor Company, who introduced skills training into American industry. He also established the famous "five dollar a day" wage, as a cure for rates of absenteeism and turnover so high as to threaten Ford's competitive position in the market place.

The Progressive era in American history saw big business under assault, and as criticism mounted, a diversity of reactions was forthcoming. The National Association of Manufacturers launched an aggressive counterattack, but in Chicago a group of business leaders involved themselves in programmes of civic improvement, beautification and cultural enrichment. At U.S. Steel a plan for employees' stock ownership was proposed in order to head off unionisation and to ensure a satisfied, efficient staff. Certain enterprises initiated welfare schemes for their personnel, often for similar reasons. As calls for governmental regulation of business grew more shrill, executives increasingly recognised the importance of courting popular favour. By 1917 many of the larger companies had public relations teams.[25] The drive to woo and win consumers intensified in the 1920s, and the efforts of firms to cultivate support were paralleled by the endeavours of trade associations. The notion of management as a "trusteeship" with an obligation to promote social well-being was vigorously espoused in some quarters.[26] It was, though, the encounter of business with organised charity in the 1920s that laid the foundations for institutionalised corporate giving. The result was the creation of the national Community Chest movement, and the process that was under way was boosted by the passage in 1935 of legislation allowing for donations by companies to be tax deductible up to 5% of annual pre-tax income.[27]

The period immediately after World War Two brought new claimants upon corporate time and treasure. The most effective were colleges and universities. The arts were another realm in which enterprises discovered an interest, as were religion and politics.[28] Social responsibility, however, came of age in the 1960s and 1970s, as firms experienced the challenge of the civil rights movement, the ghetto riots, consumer and environmental activists, militant stakeholders as well as of growing state encroachment on their autonomy. "As the 1970s began," Neil Jacoby observes, "it could be said that at no time in history had American business been subjected to a more widespread criticism."[29] It became clear, James Chrisman and Archie Carroll contend, that "business could not ignore social issues without sacrificing its legitimacy as an institution."[30] This awareness was translated into such initiatives as the Urban Coalition, the Bedford-Stuyvesant Restoration Corporation and Detroit Renaissance Incorporated, the objective of which was the revitalisation of the inner cities.[31] The National Alliance of Businessmen was formed to place residents of depressed localities in jobs,[32] whilst the Interracial Council for Business Opportunity and the Rochester Business Opportunities Corporation were founded to stimulate black entrepreneurship.[33]

The Civil Rights Act of 1964 outlawed discrimination in employment. To enforce its provisions, the Equal Employment Opportunity Commission was established. Under the 1972 Equal Employment Opportunity Act, employers are required to submit annual reports to the Commission on the occupational status of their employees, who are identified by minority-group membership and by sex. An individual may not be denied promotion based on seniority. In addition, companies dealing with the government are obliged to file Affirmative Action Plans. The intent is to ensure that the number of workers they hire or advance is proportionate to the minority population of the area in which they are situated. The federal authorities have also encouraged business to recruit amongst disadvantaged communities by sponsoring training programmes such as Job Opportunities in the Business Sector, with the participation of the National Alliance of Businessmen, the Job Corps, and various local manpower development efforts. Tax exemptions, moreover, are granted for portions of the wages paid by enterprises during the training of people classified as poor.[34]

The internal policies of a company vis-a-visits personnel can, of course, affect its financial performance, as can its external engagements. Preferential recruitment and the provision of training can have a positive impact upon motivation and productivity. Levi Strauss, for instance, pledged itself early on to hire at least 5% of its new workers from the hardcore unemployed. With special courses a retention rate equal to that of regular employees was achieved. Furthermore, it systematically upgraded minority-group members to supervisory and managerial positions. It has reaped the economic rewards of this strategy, which is complemented by the allocation of three per cent of its net after taxes to outside causes.[35]

The contemporary reformulation of the Rosenwald thesis is in terms of the idea of "enlightened self-interest," which stresses that social involvement and profit maximisation, contrary to the claims of Milton Friedman,[36] are quite compatible.[37] More and more American firms, according to Timothy Mescon and Donn Tilson,[38] are acting upon this insight, and professionalising their approach to corporate giving by setting goals as well as establishing special staffs to administer their contributions. Many executives, they argue, have realised that social responsibility should be integrated into the ordinary running of the enterprise instead of being practised on an ad hoc basis. A prominent development has been the centralisation of social and political functions in a single department of public affairs. This has the task of coordinating relations with the community as well as with the state and the media.[39] A number of companies have also published reports on their social interventions, even though, unlike the situation in France, this is not required by law.[40]

Mescon and Tilson point to a trend towards greater visibility on the part of businesses in their donations, as they seek good will and higher sales. As they profit, these authors declare, "they will ensure the survival of the private enterprise system. By improving the quality of life in the community, corporations will justify their existence ...and eventually earn the public mandate necessary for long-term success."[41] American enterprise, William Frederick remarks, "has learned during the 1960s and 1970s that social responsibility benefits business. It projects a good and caring image of an otherwise monolithic organisation. It dampens down the fires of social upheaval and revolution. It produces a more satisfied and perhaps a more politically stable environment in which to conduct business. It may offset further inroads into business decision-making by government or dissident social groups."[42] It should, then, be distinguished from charity, which is not for gain. What ought to be remembered, though, is that, of the total voluntary giving in the United States of $87,22 billion in 1986, $71,72 billion was by individuals. Foundations, of which 23 600 are active, dispensed $4,7 billion in grants, representing 7,2% of their combined assets of approximately $64,5 billion. This exceeded the 5% demanded by law. Corporations contributed $4,5 billion, or 5,2% of the overall amount. This was a decrease from 1,97% of pre-tax net income in 1985 to 1,91% in 1986, well below the 10% that is now tax deductible under Internal Revenue Service rules.[43]

Corporate social responsibility, it should be noted, eludes easy definition. It is often contrasted with the traditional view of business, which finds forceful expression in Milton Friedman's famous argument. "There is," for Friedman, "one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits ...Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible. This is a fundamentally subversive doctrine."[44] What Friedman, however, fails to perceive is that social engagement, far from necessarily entailing economic losses, may actually produce financial rewards. It is the notion of advantage to both companies and the community that the principle of "enlightened self-interest" conveys. A frequently cited position is that of A.A. Sommer, a former member of the Securities and Exchange Commission in the United States. Social responsibility, according to Sommer, means that a firm "voluntarily expends its resources to do something not required by law and without immediate economic benefits."[45] This conception, though, is a little too restrictive, because gains may be "immediate", on any recognised understanding of the term. Yet, the idea that such behaviour is uncoerced is useful, and this will be adopted in the discussion of enterprises in South Africa. So too will the social involvement of companies in this country be construed as an investment. It is hence designed to yield a return, which may be economic or of another kind. This is not to exclude philanthropy from the gamut of business activities. The Donald Gordon Foundation, for instance, which is funded personally by the Liberty Life chairman, lends much support to Jewish and other causes.[46] Charity is doubtless practised by numerous businessmen. It is not, however, the dominant mode of corporate giving, and will not be a matter for consideration here.

Social responsibility hence refers to those obligations of business that are voluntarily assumed, that, unlike philanthropy, are undertaken for advantage, and that extend beyond the duty to shareholders to employees and the wider community. It can therefore be directed at internal as well as external groups. In addition, it benefits its recipients in a way that advertising in, say, the media does not. The man proclaiming the virtues of a garlic polony, or the model gazing vacantly into the camera, offer, at best, information on a tasty means of acquiring halitosis or on the dress that can make any woman universally desirable. By contrast, social responsibility furnishes its targets with a more direct and tangible gain, be it houses or schooling or perquisites for staff. It might be contended that the sponsorship of, for example, a sports tournament profits the participants in a manner unlike the giant billboard from which a pretty person peers. This, however, is a pure marketing venture, and is defended solely on these grounds. Social involvement, though, whilst it may indeed have an immediate commercial spin-off, is not justified on this basis alone. Although it may, then, have a short-term effect, it tends to be seen in a long-range perspective.

With respect to the personnel of a firm, social responsibility would encompass those aspects of their welfare which the company is not compelled either by law or by force of custom to provide. Thus, whilst there are instances of enterprises in capitalist societies not paying their workers, as in the Nazi Reich,[47] this is ordinarily not the case. Wages per se are therefore not an element of social involvement, but the offering of high financial rewards might be. Trade unions may, of course, incorporate the well-being of their members into their collective bargaining with management, and one might still wish to include what results from the pressures they exert, even if unwillingly conceded, within the ambit of corporate social responsibility. When dealing with this subject, then, rough edges appear. This is evident in the administration of social engagement, where there is significant disagreement on what precisely this involves, and no uniformity of practice. A similar lack of consensus, even of clarity, characterises the writings on the issue. Although there is a dearth of scholarly analysis, the same cannot be said about normative prescriptions, journalistic and other accounts in popular fora, as well as articles and conference papers by people operating in the field.

Whilst the state in South Africa does directly contribute to the relief of social distress, this is viewed as a supplementary duty. The major onus lies with the individual himself, the family and the community.[48] The authorities are explicit about their limited, residual role. "The Government in the Republic of South Africa does not accept full responsibility for its citizens' welfare. Furthermore, not one of the principles of a welfare state is accepted or applied."[49] Successive Nationalist administrations, whilst active in such areas as education, housing and health, have been consistently and adamantly opposed to the elaboration of many of the social-democratic institutions of the Western European kind.[50] In so far as whites are concerned, apartheid has traditionally functioned as a surrogate for those sorts of arrangements by providing for what Lawrence Schlemmer calls their "popular material interests".[51] The rights of Africans, however, have been crucially affected, as Stadler argues,[52] by Stallardism and its Verwoerdian variant, which linked certain, but not all, claims to benefits to labour service. Thus, he maintains, the purpose behind the broadening of the scope of public medical interventions during the 1930s and 1940s was the supply of a healthy work force. The involvement of the polity, though, can be traced at least as far back as 1911. In terms of the Native Labour Regulation Act, compensation was to be given in the case of either the incapacitation or the death of a worker.[53] In 1913 came legislation to protect children. The Old Age Pensions Act of 1928 brought pensions for whites and coloureds, with these being granted to Indians as well as Africans in 1944.[54] In 1937 a Department of Social Welfare, with jurisdiction over the whole population, was formed, and the same year witnessed the first statutory attempt to introduce unemployment insurance. During the Second World War the establishment of a national contributory social security system was rejected by Parliament.[55] Yet, there were improvements for blacks in such fields as workmen's compensation, unemployment insurance, health and secondary education, although none of these resulted in the expenditure of large sums of money.[56]

The post-1948 period saw the extension of apartheid into the sphere of welfare, with the creation of separate state departments for different races. In 1966 private organisations were directed to deliver services on a segregated basis. Little opposition to this measure was offered, as they had come to be heavily dependent on the government for funding.[57] The voluntary sector, which comprises at present some 1 600 local organisations, is still reliant on subsidies, which in 1982-83 amounted to almost R82 million.[58] One of the consequences of the homelands policy was increasingly to impose from the 1960s onwards welfare functions on the Bantustans. Their outlay on these, with few of the resources available to metropolitan South Africa, represents a greater proportion of their much smaller budgets.[59] The 1983 constitution confirmed the principle of ethnicity by making welfare an "own affair" for whites, coloureds and Indians.

If the interventions of the state, then, in the area of welfare have been rather narrow in their scope, so too, historically, have been those of business. For South Africa has travelled the labour-repressive route with regard to the African working class.[60] Not that there has never been any straying from this path. Eddie Webster refers[61] to an incident that occurred in 1918, when Sol Plaatje approached De Beers, asking them to donate a disused tram shed to the African population of Kimberley as a meeting and recreation hall. Against the backdrop of unrest on the Rand, such a gift was a valuable opportunity to demonstrate the generosity of a major employer of Africans. A carefully orchestrated public celebration of the magnanimity of the company would, furthermore, nip in the bud any socialist appeals to the black workers of the town. Efforts to win support for the firm in the local community, and amongst employees, as Webster notes, are as old as capitalism. During the 1890s, Belinda Bozzoli has shown,[62] the liberal managerialism espoused by ideologists of mining capital aimed to encourage skilled white labour to remain on a single mine, and develop ties which would reduce its bargaining power as well as the costs of high turnover. Housing was the means whereby this was to be achieved. At Kimberley the policy of accommodating personnel in a suburban estate, Kenilworth, had been an endeavour to foster their loyalty. This was mooted as a possible option for the Rand, for it could ensure stability, co-operation and even lower wages. It could, moreover, be supplemented by other mechanisms, such as medical and insurance funds. Schools, hospitals and a village for married men were also suggested, and were considered to have the potential of cheapening labour by offering permanency. Housing schemes were implemented on many mines during the 1900s, in order to decrease the means of subsistence of white workers, and cultivate respectability.[63]

In its designs for Africans, however, mining capital was considerably more modest. Proposals for settling workers and catering for their families were advanced, but came to little.[64] More ambitious was the ideology of liberalism, which rose to prominence between the world wars. It was associated, according to Bozzoli,[65] with the rising national bourgeoisie, and it included appeals for an improvement of the conditions of the working class, so as to prevent it from confronting capital. There was also a call for a type of conciliation with blacks. Yet, the strategy that was conceived was in no way to lead to a united proletariat. Labourers who were first and foremost separated and cheap were to be controlled through the creation of a small incorporationist outlet for a tiny minority. To the extent that this occurred, she contends, it was through such bodies as the universities, the Institute of Race Relations, the Joint Councils of Europeans and Natives, and certain black trade unions, not the central state. The market, though, became the key issue around which the interests of national capital could be realised. Whites, because their power was greater than that of Africans, confronted employers with the fait accompli of higher wages. They were hence the most obvious target for the consumerist initiative launched by commerce and industry. Their progressive embourgeoisement was reinforced by the promotion by business of the suburban nuclear family. Exporting had to wait until mass production lowered the costs of South African goods, whilst black consumption could not be increased without damaging profitability. The expansion of the market, then, did not extend to Africans in a manner that might have issued in something other than a labour-repressive outcome. Nor did liberalism entrench itself within the apparatuses of government, although it was by no means absent.[66] It was thus relegated, Bozzoli declares, to a secondary place in the social order.

The same liberals, Bozzoli affirms,[67] who were concerned to ameliorate the plight of black workers were the chief advocates in the 1940s of personnel managerial solutions to the problem of the growing strength of the African proletariat. These were seen as capable of projecting a favourable image of capitalism as well as of assisting in the improvement of productivity and the maintenance of harmony within the production process. For some, they were also a means of preventing trade unionism. On the whole, though, industry was in favour of the statutory recognition of African trade unions.[68] The advent of the Nationalist government in 1948, however, dashed any hopes of these measures being adopted. By 1952, according to David Lewis,[69] industry had modified its position on the question of recognition. Employers, moreover, resented the imposition by Hendrik Verwoerd of a levy to finance housing for urban Africans.[70] Apart from this, S.S. Lemmer notes,[71] the role of the private sector in the provision of housing and associated social facilities was largely confined, until the 1970s, to the subsidisation by the mines of their white employees, their acceptance of a responsibility to accommodate African migrants, and the construction of various recreational complexes. Some other businesses, such as the parastatal corporations Iscor and Sasol, catered for certain of the welfare needs of their white staff.

In the early 1970s the great boom of the previous decade finally ran out of steam. Representatives of industry, Matthew Chaskalson observes,[72] diagnosed the root of the downturn as economic apartheid. White population growth had proved unable to meet the demand for skilled and semi-skilled manpower that the investment of the 1960s had generated. Already in 1968 leading Afrikaner businessmen such as Albert Wessels of Toyota and Dr.P.E. Rousseau of Sasol were publicly calling for more technical training for blacks.[73] During 1971, according to Jonathan Hyslop,[74] big business and its allies moved to a more activist stance, as the lack of black employees with suitable education became increasingly apparent. At the same time, liberal agitation had popularised the question of schooling. Capital and its supporters in the United Party and the English press argued that the economy would be unable to expand further without the better utilisation of African labour.[75] Training was identified as the panacea for the problem of low productivity and even of a narrow market.[76]

Business began to contribute substantially to educational causes.[77] Polaroid supplied money to ASSECA, a black education group. Reckitt and Coleman pledged to invest R100 000 in bursaries and extra-curricular activities at schools. Anglo American gave R160 000 to the Johannesburg City Council for a junior secondary school in Soweto, whilst Barlow Rand established the C.S. Barlow Foundation, with a first project of spending R700 000 on a trade school in Lebowa. Such donations were possible because they were made to the City Council or to individuals, thus circumventing the prohibition imposed by the Department of Bantu Education on gifts to schools. The Star launched its TEACH fund, combining altruism with "the enlightened self-interest of employers whose firms [would] gain immensely in efficiency if their African staff [were] trained to be literate and responsible." After Len Miller, chairman of the OK Bazaars, provided R1 500 for a classroom in January 1972 and urged his colleagues to do likewise, there was a rapid increase in the level of support for this initiative.

Around the beginning of 1972, Hyslop contends,[78] a change occurred in government policy on black education, when it was accepted that expenditure on schooling would no longer be linked to African taxation, but would be financed from state consolidated revenue funds. This was part of a renewed attempt to accommodate the requirements of capital for skilled and permanent African labour. Major strides towards providing facilities for African workers were also taken. By 1974 the authorities were involved in a scheme to establish 16 training centres in the larger urban areas, half of them to be run by themselves and the others by industry. In addition, favourable consideration was being given to the construction of trade schools in urban localities. The Income Tax Act of 1962 was amended to permit employers to recover 82 cents of each rand spent on training programmes approved by the Department of Bantu Education.[79] As the administration abandoned its previous hostility to private-sector interventions, TEACH was publicly praised by several officials.[80]

These shifts precipitated an energetic participation by business in educational projects.[81] More importantly, though, they struck a blow at the commitment of the Nationalists to grand apartheid. For if African workers were to be equipped for skilled employment in "white" South Africa, their claim to permanence there would be more difficult to resist. This was acknowledged by elements within the state.[82] It seems difficult, then, to escape the conclusion that the economic growth of the 1960s made possible at least some of the transformations that occurred in the following decade. In the meantime, the sports boycott and the disinvestment movement were gathering momentum overseas. Internally, the government was being exposed to criticism from unexpected quarters, such as the Nederduitse Gereformeerde Kerk, the Institute of Administrators of Non-European Affairs, and the Afrikaans press. In this context, reformist currents began to surface within the National Party. Theo Gerdener, while Minister of the Interior, warned that long-term peace would be impossible unless the authorities closed the wage gap. Piet Koornhof established a verligte base within the Department of Bantu Affairs, which was consolidated by Punt Janson, his successor.[83] The pressure for change, moreover, emanating from liberal capitalists intensified. During the course of 1972 and 1973 their appeals, in addition to training, centred on the abolition of petty apartheid, the encouragement of black entrepreneurs, and the promotion of African home ownership. Such pleas were endorsed by the United Party.[84] Afrikaner business joined the chorus as well. Sanlam announced the elimination of all discrimination within its ranks. The president of the Afrikaanse Handelsinstituut called for a more enlightened labour policy, whilst the Afrikaner Sakekamer was told to accept the permanency of urban Africans and to improve conditions in the townships as well as in the factories.[85]

The Durban strikes of 1973 gave added impetus to these moves. The pro-government media criticised African wage levels, whilst Prime Minister John Vorster urged employers to see their workers "as human beings with souls." Furthermore, in a celebrated address to the Motor Industries Federation, Vorster appeared to sanction African job advancement. The state also amended the 1953 Settlement of Disputes Act to allow Africans a limited right to strike, and to "improve communication" between them and management.[86] In 1975 30-year leaseholds for urban blacks were reintroduced, and there was a turnabout in official policy towards Affrican entrepreneurs.[87] In the constitutional sphere too, important changes were proposed in the mid-1970s, and the origins of the present tricameral dispensation can be traced to this period.[88] The industrial unrest heightened business anxiety about the inadequacy of the educational system. Spokesmen for commerce and manufacturing, according to Hyslop,[89] presented the lack of educational opportunity as a grievance which had contributed to the strike wave and possibly to political discontent. They contended that changes in this regard would quiet the situation. There was, in addition, the by now familiar concern with technical and clerical training. Consolidated Gold Fields donated R186 000 to TEACH for junior secondary schools to be sited next to industrial training centres, so that pupils could be taken there for technical courses. The Johannesburg Chamber of Commerce discussed a plan to establish a commercial college in Soweto.[90]

It was the Soweto uprising of 1976 that galvanised the business community into further activity. The Transvaal Chamber of Industries was quick to respond. In July it sent the Prime Minister a memorandum, advocating, inter alia, improved amenities, an urgent review of discriminatory laws, the streamlining of influx control, the payment of attention to the issue of vertical occupational mobility for Africans, free and compulsory education, the elimination of the housing backlog, the recognition of a category of Africans as permanently urbanised, and the elevation of townships to full municipal status.[91] The motives informing these demands were clearly set forth. "The thought most basic to our submission is the need to ensure a stable, contented urbanised black community in our metropolitan urban areas ... The emergence of a `middle class' with Western-type material needs and ambitions has already occurred in these areas. The mature, family-oriented urban black already places the stability of his household uppermost and is more interested in his pay packet than in politics. Our prime point of departure should be that this `middle class' is not weakened by frustration and indignity. Only by having this most responsible section of the urban black on our side can the whites in South Africa be assured of containing on a long term basis the irresponsible economic and political ambitions of those blacks who are influenced against their own real interests from within and without our borders."[92]

"The outbreak of rioting in 1976," according to Harry Oppenheimer, former chairman of Anglo American, "was generally and correctly seen as marking a turning point in South African history. It was widely recognised that individual South Africans had to do something practical about the situation ... This feeling was particularly strongly felt in the business world."[93] Collectively, big capital reacted by launching the Urban Foundation in December 1976. Anton Rupert of the Rembrandt Group, who was to become deputy chairman of the Urban Foundation, described the organisation as "a catalyst [for] the transformation of South Africa's urban black communities into stable, essentially middle-class societies subscribing to the values of a free enterprise society and having a vested interest in their own survival."[94] The events of 1976, Oppenheimer noted, "were based in the bitter resentment of all blacks of everything that is commonly expressed by the phrase `the policy of apartheid'."[95] Yet, as Jan Steyn, executive director of the Urban Foundation, later put it, "As things stand, free enterprise is seen and accepted as part of `The System'. This system is unequivocally rejected for its perceived support of oppression and apartheid."[96] There seems little doubt that, in the view of business, the disturbances that began in Soweto, thereafter spreading to other black townships, posed a grave challenge to the capitalist order. At the same time, the state was experiencing the threat of domestic conflict as well as of the decolonisation of Mozambique and Angola, in the context of a faltering economy.[97]

The various pressures for reform issued in an initiative that assumed a coherent form under the premiership of P.W. Botha. A central dimension of this Total Strategy[98] was the attempt to generate elements within black society with a stake in capitalism, who would, it was thought, function as a factor of political stability. As Botha declared, "We hope to create a middle class among the nations of South Africa. Because, if a man has possessions and is able to build his family life around these possessions, then one has already laid the foundation for resisting Communism. If anyone has something to protect, to keep as his own, then he fights Communism more readily."[99] The 1970s, as Posel remarks, exposed the mounting limitations of the near-total reliance by the authorities on repression as a means of control over the black population.[100] The quest for legitimacy undertaken by the government has received much scholarly attention.[101] The academic literature, however, has tended to neglect the efforts made by business to sell capitalism to a sceptical African populace. In the media too, numerous commentators have focused upon the public, high-profile stance of capital, or its private exchanges with state officials, in such a way as to suggest that these are the sum total of its political interventions. Hence, in a 1988 article, Steven Friedman discusses the decline of "the pressures which pushed parts of [business] into a reformist frenzy a couple of years ago,"[102] whilst Christo Nel refers to the "resurgence of managerial conservatism"[103] and the "mood of passivity"[104] within the ranks of capital. Duncan Innes is also cited as predicting in 1987 "fewer demands from businessmen for reform."[105] Whilst this is true at one level, what is not considered is that aspect of corporate behaviour that is manifested as social responsibility. It is only on an illegitimately narrow understanding of politics that this conduct can be disregarded. Furthermore, far from diminishing in force during the second half of the 1980s, it has in fact intensified. In this respect, therefore, business is not merely active, but increasingly so. It has embarked on an independent course of seeking to convince Africans of the value of private enterprise by extending its advantages to them. In this manner it has endeavoured to distance itself from apartheid, which has operated to exclude many of them from these benefits. Thus the Association of Chambers of Commerce of South Africa (ASSOCOM) commented in the wake of the outbreak of violence in Soweto, "If the free enterprise system is to be accepted by the less privileged population groups in the country it must be seen by them to be meeting their legitimate grievances."[106]

As in the American case, the assumption of social responsibility by South African business reveals a mix of motivations. Foremost among these is a political concern, namely the desire to preserve capitalism and combat socialism. In the words of Harold Groom, former president of ASSOCOM, and corporate relations manager at the Old Mutual, "There is no doubt that the free enterprise system is at risk in South Africa. ... For its survival as the alternative to socialism, the free enterprise system ... must deliberately become more acutely socially responsive and pro-active, by creating opportunities for entry into the system. Thus, corporate social responsibility in this sense, must be accepted as an obligation by every business not only for its own survival but for that of the country as an economic, social and political entity capable of meeting the aspirations of present and future generations."[107] As Pat O'Malley of Mobil observes, "We know from the history of post-independent Africa that the free enterprise system, where it was established, was pretty quickly changed to one of African socialism. In this country, because the blacks cannot see what the free enterprise system has to offer them there is every danger that they are going to replace it with something they perceive to be better. I believe that social corporate responsibility is the reality of demonstrating and bringing out changes, so that black people can see we have something to offer them."[108] Frans Cronje of Nedbank puts it more baldly, "It's the defence of capitalism. Corporations have realised they can't just sit back and make profits."[109]

Increasingly, however, many businessmen have recognised that there is no contradiction between social involvement and profits, at least in the longer term. A South African version of the Rosenwald position is given forceful expression by Anton Roodt, a general manager of Federale Volksbeleggings. "I would argue with others in favour of an attitude of 'enlightened self-interest' as the most viable business strategy towards social responsibility. This means that business perceives appropriate social responsibility action to be an integral part of, and not in any way separate from its primary function of profitably producing and distributing goods or services."[110] For Tony Bloom, the then chairman of the Premier Group, the "policy of active involvement in community affairs is clearly in the long-term interests of the Group and its shareholders, and we hope that the Group will earn the image of a generous and participative member of the communities in which it operates. Our involvement arises not only because it is in the interests of the Group, but also because it is right - there can be no profits for business in a disintegrating community, a community characterised by civil unrest, unemployment and crime."[111] Political and economic objectives are indissolubly interlinked. For the search for a stable capitalism, unthreatened by "civil unrest", is simultaneously the creation of an environment in which enterprises can continue to exist and be profitable. Social engagement, then, is good business sense, in that it strives to secure a future for private enterprise.

This does not, though, necessarily translate into the use of social responsibility as a marketing device for short-term commercial gain. In a number of instances, as, for example, with Pick 'n Pay, it certainly does operate in this fashion. Even here, however, other factors are at play, as its chairman, Raymond Ackerman, acknowledges. "Social responsibility is really enlightened self-interest; it's not just do-gooding. It's part of building a framework for one's business in society, giving as well as taking, and looking to the future."[112] Hence, whilst social engagement may enhance the image of a firm in the eyes of the customer, and thereby sell more products, many companies in fact adopt a low-profile approach to the matter. Details of expenditure are often publicly unavailable, and high-visibility advertising of involvement is usually avoided. Such caution may be to prevent potential objections by shareholders. This was identified as a reason for circumspection by several of the corporate officials active in the administration of social responsibility who were interviewed for this study. There may also be a degree of embarrassment amongst some executives at the modesty of their outlays as compared with various other enterprises. More important, perhaps, is the desire for credibility and the attempt to establish bona fides amongst the groups at whom business giving is directed. As Groom of the Old Mutual remarks, "Naturally [people] resent being seen as beneficiaries of projects that are largely there for public relations purposes. We are conscious that we are dealing with projects that are designed to aid blacks, and so mustn't overdo the publicity angle."[113] A lack of discretion could thus increase the possibility of rejection. There is, of course, another factor prompting much corporate social activity. As shortages in such areas as skills and housing have appeared, businessmen have become concerned about the ability of the state to provide the social and economic infrastructure they require. They have accordingly expanded their interventions in these spheres.

The subject of corporate social responsibility received its first serious public mention in South Africa in 1972, when it formed the topic of the inaugural address of Meyer Feldberg as professor of business administration at the University of Cape Town. He called upon South African executives to follow the example of their American counterparts, warning that "responsibilities must ultimately be shouldered if the South African businessman is to endure and serve all society."[114] In 1977 John Simpson followed suit by stating that business schools should offer leadership in social responsibility by clarifying the issue, including it in their curricula, and researching corporate practice. An outcome of this was the establishment at the University of Cape Town of the only chair at a South African business school in applied social ethics.[115] Social involvement became more widespread after the Soweto uprising in 1976 and the formation of the Urban Foundation, as capital responded to a perceived challenge to its legitimacy. Just as American businessmen learnt in the 1960s race riots that they could not take social stability for granted, so something similar occurred here following the Soweto unrest. In addition, the larger South African corporations, by virtue of their size and market power, could begin, without much competitive disadvantage, to devote some of their resources to tackling the problems that had emerged as distinct constraints on their further growth.[116]

During the 1970s, moreover, increasingly strident demands for foreign firms to disinvest from South Africa were heard from anti-apartheid movements and Black Africa. A number of these enterprises sought to defend themselves by launching programmes to enable them to claim they were a force for good in the African community. [117] In March 1977 the Reverend Leon Sullivan, after working closely for three months with a group of 12 American companies operating in South Africa, promulgated the code of conduct known as the Sullivan Principles.[118] Those American concerns that were signatories to the code committed themselves to non-segregation in facilities; equal and fair employment practices; equal pay for equal work; training and developing black staff; augmenting the number of blacks in managerial and supervisory positions; and improving the quality of life of employees outside the work environment in such areas as housing, transport, education, health and recreation amenities.[119] Sullivan insisted on regular reporting by signatories, firstly for review by their outside auditors, and then for evaluation. This was conducted by the Arthur D. Little Company, an independent management consultancy headquartered in the United States, to which they were required each year to submit a questionnaire. Their compliance with the Principles was assessed, and their performance rated.[120] A code of conduct was also adopted by the European Economic Community. This theoretically applies to all companies from the member states with interests in South Africa. Only the British government, however, makes any effort at all to track implementation. Its published report, though, on the activities of British enterprises is so brief and vague as to be almost meaningless. Yet, one feature of this monitoring process is that individual corporate reports are open to public scrutiny in London and at British diplomatic missions in South Africa.[121] These initiatives obviously had an effect upon the social engagement of American and European subsidiaries. Furthermore, they prompted the Urban Foundation and the South African Consultative Committee on Labour Affairs (Saccola), in which 10 employer bodies participate, to formulate broad guidelines, without an enforcement mechanism, for South African businesses.[122]

In a 1979 study based upon the responses to questionnaires of executives in 123 listed companies, C.F. Wagenaar detected "a growing social awareness among South African business leaders."[123] Business, he noted, was becoming increasingly involved in the problems of the country, with managers being exposed to greater demands in this regard. Janis Galombik, in a 1980 report,[124] examined the social commitment of 66 South African firms and of 48 foreign-controlled enterprises operating in South Africa. The latter, she discovered, had a more positive attitude towards social responsibility, with their policies less dependent upon profits and the personal attitudes of chief executives. They were more strongly influenced by shareholder pressures and by codes of conduct. However, the behaviour of the large South African companies surveyed, that is those with annual pre-tax profits of R20 million upwards, was more in line with that of the foreign subsidiaries. They considered the projection of a favourable corporate image to be an important determinant of the extent of community engagement. They placed less emphasis, though, than did medium-sized South African businesses, with profits of between R5 million and R20 million, on the direct benefits which could accrue from such activity. According to Galombik, the political ramifications of social responsibility were an extremely important concern, for companies believed it "had a role to play in preserving a market oriented, free-enterprise system in South Africa."[125]

Galombik's findings also revealed that administrative practices with respect to donations, grants and gifts in kind were underdeveloped, with most allocations being made on an ad hoc basis. The largest percentage of funds went to tertiary education. Firms were hence taking advantage of the tax concessions allowed on such contributions. Any donations by a company to a university, technikon or similar institution, as well as to an "education fund", are, by South African law, deductible from its taxable income, up to a maximum of 5%. In order to qualify for an exemption, it must be shown that the expenditures were incurred in the production of revenue and wholly for the purposes of trade. Philanthropy is hereby discouraged, whilst institutions such as the Urban Foundation, schools and welfare organisations are put at a disadvantage in attracting corporate support. In the United States, by contrast, no constraints of this sort are imposed on the kind of cause an enterprise can finance.[126] In 1977 Jan Steyn made representation to the Minister of Finance to permit donors to the Urban Foundation to claim such contributions as a tax deduction. The request was denied on the grounds that a precedent would otherwise be set and other bodies would apply for the same concession. The result would be a substantial decrease in fiscal revenue, which the state would find unacceptable.[127] Where the authorities have been more generous, however, is with regard to training. In terms of the Income Tax Act of 1982, businesses which had their schemes approved by the Department of Manpower could have 92% of their costs borne by the government through tax rebates.[128]

Corporate social responsibility in South Africa really became a growth industry in the 1980s. Whilst Jules Urdang observed in his 1983 study that contributions by South African firms represented about 0,5% of pre-tax profits, which was less than was the case in 1980, and was lower than the level of giving of companies in the United States,[129] in overall terms expenditure has increased dramatically during the course of the decade. This has occurred whilst South Africa has experienced the most serious economic recession since the 1930s.[130] Craig Charney estimated that the leading enterprises in the country probably put upwards of R100 million into social action in 1982.[131] In 1985 the journal Management stated that businesses planned to donate nearly R200 million that year to an ever widening array of projects.[132] A recent survey[133] concluded that about R500 million was spent in 1987 on external social responsibility, excluding the approximately R100 million that went into sport sponsorships. Of this, some 60% was channelled into education, 16% into social welfare and health services, 9% into housing, 4% into art and culture, 3% into environmental causes, and the remaining 8% into other areas. Given that between 65-70% of the total social responsibility budget, on average, is earmarked for internal allocation to employees, the aggregate amounts concerned are indeed substantial.

Yet, as Christopher Orpen discovered in a 1987 study,[134] the attitudes of South African managers to community involvement are less favourable than their American counterparts. Nonetheless, social engagement is here to stay, certainly with respect to the large companies. This seems to be confirmed by Mahommed Jangda, who performed a content analysis of various chairman's statements published between 1971 and 1986. He concluded that over this period there had emerged a heightened sensitivity to the outside environment.[135] Already in 1983 Cronje of Nedbank remarked, "Twenty or 30 years ago, boards of directors never discussed these things. Now, what's being done to solve social problems is an item at almost every meeting."[136] Or as Peter Searle of Volkswagen of South Africa put it a few years later, "The question for South African business is no longer whether it should be spending money on its social and community responsibility - the question is rather how much?"[137] Several factors contributed to this burgeoning of social responsibility in the 1980s, both as a corporate activity and as a conference theme. The escalation during 1984 and 1985 of what Bloom described as "civil unrest" was one element, whilst mounting disinvestment pressure on foreign subsidiaries, compelling a number of them to justify their continued presence in South Africa through greater social commitment, was another. Project Free Enterprise, undertaken by the School of Business Leadership at the University of South Africa, was also of importance. First reporting in 1984, it found that black workers displayed "a high level of resistance towards business and the free market which [were] perceived as being exploitative by nature."[138] Mike Rosholt, chairman of Barlow Rand, registered the alarm with which this report was greeted by employers. Project Free Enterprise, he declared, "indicates that the majority of blacks in South Africa have not yet fully accepted the capitalist or free market system and that they associate it with discrimination. This is a very serious situation which places a great responsibility on all business leaders who believe in the system to ensure that its pursuit is carried out in such a manner that it will attract and not alienate all population groups in the country. It is important that blacks, as the majority group, should be given the opportunity fully to understand and to participate in the benefits of the free enterprise system because if they do not, their bias will undoubtedly be towards the socialistic systems which have failed so many African countries. Inadequate education is the greatest single bar to the ability of blacks to participate meaningfully in the system and the national economy."[139]

Education has continued to receive the lion's share of corporate giving throughout the 1980s. The support offered by capital to this and other activities constitutes an attempt to deracialise opportunities and rewards so as, it is hoped, to separate business from apartheid in the minds of the majority. Linda Chisholm[140] has argued that the initiatives by employers in the provision of training have not simply been designed to meet their economic need for technically skilled manpower. The intent, she contends, has been as much to wed workers more firmly to capitalist values in an effort to win the allegiance of Africans. In 1983, according to Urdang, companies ploughed about half the social rand into education, with health and welfare accounting for some 40% of expenditure.[141] By 1987 the outlays on education had risen to approximately 60% of the total.

Urdang also maintained that South African enterprises, on the whole, had not developed consistent, fixed criteria for evaluating requests for funds, with historical patterns of donating being the most important determinant of the annual contributions budget.[142] From interviews conducted with officials from a number of the biggest corporations during December 1987 and January 1988, it appears that the years subsequent to 1983 have seen a growing professionalisation of administrative practices. Whilst tradition still weighs rather heavily in the choice of causes to fund, many of the firms have sought to render their operations less ad hoc. Policies have been devised and formal procedures established, with formulae and set standards for distributing resources. The degree of specialisation of function, however, does not seem to have reached the level attained in the United States. People frequently combine social responsibility tasks with other duties, whilst the departments charged with community involvement tend to be concerned as well with personnel matters or public relations.

NOTE: This paper is, of course, incomplete. It is part of a chapter of an M.A. thesis on the politics of white business in contemporary South Africa. What will follow will be a discussion of the external and internal social responsibility of some 20 of the largest companies in South Africa. This will draw upon interview material and other sources. Thereafter, the collective efforts of big capital, in the form of the Urban Foundation and the Small Business Development Corporation, will be examined. Responses to social responsibility from various quarters will also be considered.

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