

Corporate Social Responsibility (CSR) and the development of Scarce Skills in South Africa: Proposed Model for Government

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ABSTRACT

Within the business-society relationship, the concept of corporate social responsibility (CSR) is an approach that is initiated by companies to enable participation in environmental, social, and economic matters where they operate, and to build awareness in the community about the role the company plays in ensuring sustainability of the community and the company. In developing countries including South Africa, CSR is under-researched even though some countries have started to focus on the development of the CSR concept in areas of business ethics and development within the continent. In line with this trend, the main purpose of the study therefore was to explore the relationship between CSR and skills development in South Africa.

An exploratory design was used, which included quantitative and qualitative data collection methods. The corporate social responsibility activities of a selected number of private companies were explored to determine how CSR could be used to alleviate the scarcity of skills in South Africa within fields such as Engineering, Medicine, Information and Communication Technology (ICT), and Infrastructure Development. The analysis of the empirical data that were collected showed that CSR practices within the sample of South African companies give rise to skills development in that 25% to 38% of skills development indicators could be accounted for by CSR.

The study contributes to management practice by providing guidance to companies on how to develop and implement CSR strategy towards their employees. The study also empowers government officials and development institutions to respond strategically to opportunities presented by CSR in promoting skills development.

Among the policy proposals suggested for the South African government is the creation of a national council that can oversee the implementation of CSR to accommodate mandatory and voluntary approaches to CSR in the country.

Key terms

corporate social responsibility, education, government, partnerships, skills, training.

TABLE OF CONTENTS

ACKNOWLEDGEMENTS.....	I
ABSTRACT	II
 CHAPTER 1 INTRODUCTION AND RESEARCH METHODOLOGY	
1.1 Introduction	1
1.2 Context and background to the skills debate	5
1.3 Problem statement	8
1.4 Research objectives and questions.....	13
1.5 Central theoretical arguments.....	14
1.6 Research design.....	16
1.6.1 <i>Research methodology</i>.....	17
1.6.2 <i>Data collection</i>	18
1.6.2.1 Collection of qualitative data.....	18
1.6.2.2 Collection of quantitative data	20
1.6.2.2.1 <i>Development of the questionnaire</i>	20
1.6.2.2.2 <i>Piloting of the questionnaire</i>	21
1.6.2.2.3 <i>Survey sample</i>	21
1.6.3 <i>Data analysis</i>	21
1.6.3.1 Qualitative data analysis.....	21
1.6.3.2 Quantitative data analysis	22
1.6.3.2.1 <i>Descriptive statistics</i>	22

1.6.3.2.2	<i>Exploratory factor analysis</i>	22
1.6.3.2.3	<i>Communalities</i>	22
1.6.3.2.4	<i>Reliability analysis</i>	23
1.6.3.2.5	<i>Analysis of variance (ANOVA)</i>	23
1.6.3.2.6	<i>Correlation</i>	24
1.6.3.2.7	<i>Effect sizes</i>	24
1.6.4	<i>Validity and reliability of data</i>	24
1.7	Ethical considerations	25
1.8	Limitations	26
1.9	Contribution	26
1.10	Outline of the thesis	27
1.11	Summary	28

CHAPTER 2 CORPORATE SOCIAL RESPONSIBILITY (CSR): HISTORICAL DEVELOPMENT AND THEORETICAL CONCEPTUALISATION: A REVIEW OF THE LITERATURE

2.1	Introduction	29
2.2	Brief overview of the business-society relationship	29
2.2.1	<i>The notion of business</i>	30
2.2.2	<i>The notion of society</i>	31
2.3	The origin and development of CSR	32
2.3.1	<i>Occurrence of CSR before the 1950s</i>	33
2.3.2	<i>Occurrence of CSR from the 1950s onward</i>	35

2.3.2.1	The conceptual phases of CSR	35
2.4	The definitions and models of CSR	37
2.4.1	<i>Definitions of CSR</i>	38
2.4.2	<i>The CSR models</i>	39
2.4.2.1	The four-part definition of CSR by Carroll	40
2.4.2.2	The Wood CSP model	43
2.4.2.3	The complementary concepts of CSR	45
2.4.2.3.1	<i>Stakeholder management</i>	45
2.4.2.3.2	<i>Corporate sustainability</i>	46
2.4.2.3.3	<i>Corporate citizenship</i>	47
2.4.2.3.4	<i>Business ethics</i>	48
2.4.2.4	Concluding remarks on the CSP model	48
2.5	The theoretical underpinnings of CSR	50
2.5.1	<i>Theoretical positions on CSR</i>	50
2.5.1.1	The shareholder theory	51
2.5.1.1.1	<i>The agency argument</i>	51
2.5.1.1.2	<i>The free-market argument</i>	53
2.5.1.1.3	<i>The usurpation (tax) agency argument</i>	53
2.5.1.2	The stakeholder theory	54
2.5.1.3	The social contracts theory	58
2.5.2	<i>The CSR debates</i>	59

2.5.2.1	Why companies should not adopt CSR	59
2.5.2.2	Why companies should adopt CSR	60
2.5.2.3	The critical view to CSR	60
2.5.2.4	Concluding remarks on the CSR debates	61
2.6	CSR Issues.....	62
2.6.1	<i>Organisational (workplace) issues</i>	64
2.6.1.1	CSR and strategic planning.....	64
2.6.1.2	CSR and corporate governance	65
2.6.1.3	CSR and employee issues	66
2.6.1.4	CSR compliance and reporting.....	66
2.6.2	<i>Societal issues</i>	67
2.6.2.1	Philanthropy and CSR	68
2.6.2.2	Globalisation and CSR	69
2.6.2.3	Voluntary or mandatory approach to CSR.....	72
2.7	CSR actors	75
2.7.1	<i>IGOs and CSR.....</i>	76
2.7.2	<i>NGOs and CSR</i>	76
2.7.3	<i>MNCs and CSR</i>	77
2.7.4	<i>The role of government in the business-society relationship.....</i>	78
2.7.4.1	The notion of government.....	79
2.7.4.2	Government and CSR	81

2.8	Summary	83
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CHAPTER 3 CONCEPTUALISING SKILLS DEVELOPMENT

3.1	Introduction	85
3.2	The concept of work.....	86
3.2.1	<i>Definition of work</i>	87
3.2.1.1	Work as action or production.....	87
3.2.1.2	Work as value and economic activity.....	89
3.2.1.3	Work as status.....	89
3.2.2	<i>The brief history of work</i>	90
3.2.2.1	Work in ancient history and medieval periods	91
3.2.2.2	Work in modern and post-industrial period	93
3.2.3	<i>Theories on work</i>	97
3.3	The concept of skill	100
3.3.1	<i>Theoretical underpinnings of skill</i>	101
3.3.2	<i>Definition of skill</i>	102
3.3.3	<i>Traditions to the conceptualisation of skill</i>	104
3.3.4	<i>Typology of skill</i>	108
3.4	Education and training (ET) and the economy	109
3.4.1	<i>The concept of human capital</i>	110
3.4.1.1	Human capital formation.....	111

3.4.1.2	Human capital measurement.....	113
3.4.1.3	Skills demand and mismatch.....	114
3.5	Skills development in South Africa.....	117
3.5.1	<i>Role players within the education and training environment.....</i>	120
3.6	Skills development and CSR	122
3.7	Summary	123

Chapter 4 EMPIRICAL FINDINGS: DEMOGRAPHICS, CORPORATE SOCIAL RESPONSIBILITY, AND SKILLS DEVELOPMENT PRACTICES

4.1	Introduction	125
4.2	Demographic details of the sample	125
4.2.1	<i>Quantitative data sources.....</i>	125
4.2.1.1	Contacting sources for quantitative data	125
4.2.1.2	Characteristics of companies that responded to the survey	126
4.2.1.3	Demographic variables for respondents	127
4.2.2	<i>Qualitative data sources</i>	130
4.3	Empirical findings on CSR practices.....	132
4.3.1	<i>Frequencies for the CSR variable</i>	133
4.3.1.1	Frequencies for CSR drivers	133
4.3.1.2	Frequencies for CSR practice	134
4.3.1.3	Frequencies on CSR policy and compliance	136
4.3.2	<i>Factor analysis results for the CSR variable</i>	138

4.3.2.1	Extraction of factors from the CSR variable.....	138
4.3.2.2	Factor loadings from the CSR variable.....	143
4.3.2.2.1	<i>CSR Factor 1: CSR drivers</i>	<i>143</i>
4.3.2.2.2	<i>CSR Factor 2: CSR practice.....</i>	<i>143</i>
4.3.2.2.3	<i>CSR Factor 3: CSR scope.....</i>	<i>144</i>
4.3.2.2.4	<i>CSR Factor 4: Policy & compliance.....</i>	<i>144</i>
4.3.2.2.5	<i>CSR Factor 5: Environmental CSR</i>	<i>145</i>
4.3.2.3	Factor correlations of the CSR variable.....	145
4.3.3	<i>Reliability of the CSR variable.....</i>	146
4.3.4	<i>Descriptive statistics for factors of the CSR variable</i>	147
4.3.5	<i>Qualitative data regarding on CSR</i>	148
4.3.5.1	CSR Issues	148
4.3.5.1.1	<i>Definitions, meanings and terms</i>	<i>148</i>
4.3.5.1.2	<i>Focus areas for CSR.....</i>	<i>149</i>
4.3.5.2.	CSR drivers	149
4.3.5.3.	CSR processes	150
4.4	Empirical findings on the skills development variable	151
4.4.1	<i>Frequencies for the skills development variable.....</i>	151
4.4.1.1	Institutionalisation of skills development.....	151
4.4.1.2	Awareness about scarce skills	153
4.4.1.3	Human resource management (HRM) policies and scarce skills	154

4.4.1.4	Funding of skills development	155
4.4.1.5	Role-players in skills development	156
4.4.2	<i>Factor analysis for the skills development variable.....</i>	157
4.4.2.1	Extraction of factors from the skills development variable	158
4.4.2.2	Factor loadings for the skills development variable	165
4.4.2.2.1	<i>SD Factor 1: institutionalisation of skills development.....</i>	161
4.4.2.2.2	<i>SD Factor 2: SD conceptualisation.....</i>	161
4.4.2.2.3	<i>SD Factor 3: SD implementation.....</i>	162
4.4.2.2.4	<i>SD Factor 4: SD focus areas.....</i>	162
4.4.2.3	Factor correlations for the skills development variable	163
4.4.3	<i>Reliability of the skills development variable</i>	163
4.4.4	<i>Descriptive statistics for the skills development variable.....</i>	164
4.4.5	<i>Qualitative data in relation to skills development factors</i>	165
4.4.5.1	Institutional issues	165
4.4.5.1.1	<i>Effectiveness of institutions</i>	166
4.4.5.1.2	<i>Lack of effectiveness within institutions.....</i>	168
4.4.5.2	Hindrances to scarce skills development.....	169
4.4.5.3	Steps to curb the shortage of skills.....	171
4.5	Examining associations between demographic variables and CSR and SD	174
4.5.1	<i>The influence of gender on CSR and skills development (the t- test).....</i>	175

4.5.2	<i>The analysis of variance for the CSR and skills development (ANOVA Test).....</i>	176
4.5.3	<i>Spearman's rank ordered correlations of demographic variables with CSR and SD</i>	177
4.6	Correlation between the CSR and SD variables	179
4.6.1	<i>Correlation of factors for CSR and skills development</i>	186
4.6.1.1	CSR practice and skills development	180
4.6.1.2	CSR drivers and skills development.....	181
4.6.1.3	CSR scope and skills development	181
4.6.1.4	CSR policy and compliance and skills development.....	182
4.6.1.5	Environmental CSR and skills development.....	182
4.6.2	<i>Relationship between CSR and SD.....</i>	182
4.7	Summary	183

CHAPTER 5 CONCLUSION, RECOMMENDATIONS AND AREAS OF FUTURE RESEARCH

5.1	Introduction	184
5.2	Concluding points	184
5.2.1	<i>Relationship between CSR and skills development.....</i>	184
5.2.2	<i>Concluding points on the concept of CSR.....</i>	185
5.2.2.1	Conceptual logic of CSR	185
5.2.2.2	The multidisciplinary nature of CSR	185
5.2.2.3	The context factors of CSR	186

5.2.2.4	The definitions of CSR.....	187
5.2.3	<i>Concluding points on the concept of skills development</i>	187
5.2.3.1	Work in the new economy	187
5.2.3.2	The concept of skill.....	188
5.2.3.3	The skills development system in South Africa	189
5.3	Policy proposals for government	190
5.4	Areas of future research	196
5.5	Conclusion.....	197
	REFERENCES	198
	ANNEXURES:	
	LETTER OF CONSENT	
	QUESTIONNAIRES	267
	ACRONYMS.....	281

LIST OF TABLES

Table 1-1:	Stakeholders and their expectations	15
Table 2-1:	Comparison of Moir (2001), Dahlsrud (2008), and Rachman (2011),	40
Table 2-2:	The corporate social performance (CSP) model.....	42
Table 2-3:	Wood's Model of CSP	43
Table 2-4:	Some examples of workplace, marketplace, and societal CSR issues	63
Table 2-5:	Arguments for voluntary and mandatory CSR	74
Table 2-6:	The 10 Principles of UN Global Compact	75
Table 2-7:	Government roles in CSR	83
Table 4-1:	Breakdown of companies according to geographic area of operation.....	126
Table 4-2:	Details of company representation by sector.....	127
Table 4-3:	Demographic details of companies according to size	127
Table 4-4:	Demographic details of respondents for face-to-face interviews.....	131
Table 4-5:	Demographic details of respondents focus group sessions	132
Table 4-6:	Frequency table for CSR drivers	134
Table 4-7:	Frequency table for CSR practice	135
Table 4-8:	Frequency table for CSR policy and compliance	137
Table 4-9:	Suitability for factor analysis of the CSR variable	139
Table 4-10:	Pattern matrix for the CSR variable	141
Table 4-11:	Component correlation matrix for the CSR variable.....	145
Table 4-12:	Reliability tests for factors of the CSR variable.....	146
Table 4-13:	Descriptive statistics for the CSR factors.....	147

Table 4-14:	Frequency table for the institutionalisation of skills development.....	152
Table 4-15:	Frequency table on awareness about scarce skills.....	153
Table 4-16:	Frequency table on employee development for Skills.....	154
Table 4-17:	Frequency table on funding for skills development.....	156
Table 4-18:	Frequency table on role players for skills development	157
Table 4-19:	Suitability for factor analysis (SD variable)	158
Table 4-20:	Pattern matrix for the skills development variable	159
Table 4-21:	Component correlation matrix	163
Table 4-22:	Reliability tests for factors of the SD variable	164
Table 4-23:	Descriptive statistics for factors of the SD variable	164
Table 4-24:	Group T-test statistics for gender on CSR and SD Factors	176
Table 4-25:	ANOVA for CSR and SD factors	177
Table 4-26:	Spearman's rho correlations of demographic variables with CSR and SD..	178
Table 4-27:	Spearman's rho correlations between CSR and SD	180

LIST OF FIGURES

Figure 1-1:	Skill formation and the deployment of skilled labour	9
Figure 2-1:	Company stakeholders	33
Figure 2-2:	Evolution of CSR research since the 1950s	38
Figure 2-3:	The Pyramid of corporate social responsibility	41
Figure 2-4:	Stakeholder management	46
Figure 2-5:	A 50-year trajectory of corporate social responsibility.....	49
Figure 2-6:	The normative theories of business ethics	50
Figure 2-7:	Stakeholder typology of power, legitimacy and urgency attributes.....	55
Figure 2-8:	The two phases of globalisation	70
Figure 3-1:	The various contexts of work.....	90
Figure 3-2:	Dimensions of skill and resultant services	104
Figure 3-3:	Drivers of economic growth.....	112
Figure 4-1:	Gender distribution of respondents	128
Figure 4-2:	Age distribution of respondents.....	128
Figure 4-3:	Tenure of respondents.....	129
Figure 4-4:	Educational level of survey respondents	129
Figure 4-5:	Occupational levels of survey respondents	130
Figure 4-6:	Home language for survey respondents.....	130
Figure 4-7:	Factor analysis output: Scree Plot for CSR variable	140
Figure 4-8:	Factor analysis output: Scree Plot for SD variable	158

CHAPTER 1: INTRODUCTION AND RESEARCH METHODOLOGY

1.1 Introduction

The political dispensation and democratic non-sexist system of government introduced in South Africa in 1994 produced a dynamic relationship among companies, government, and society within the country's economy. Sanctions, disinvestment, racial and protectionist tendencies affected the economy that became outward-focused and globally integrated through economic forces of trade liberalisation and the participation in mechanisms that allow free trade zones such as the Southern African Development Community (SADC), South African Customs Union (SACU), World Trade Organisation (WTO) and the European Union (EU) (Nattrass, 1988:328; Taylor, 2007:184). The trade liberalisation process increased openness to trade and exposed some industries to global competition, for example, the textile, automotive, and manufacturing industries, at a time when the country was experiencing skills constraints in its labour market (Aron, Kahn & Kingdon, 2009:1; Nattrass & Seekings, 2010:online).

The Reconstruction and Development Programme (RDP) was the first plan produced by the post-apartheid government to transform the economy. The RDP emphasised that the government alone cannot pursue development and it made a call for all sectors of society to partner with government in pursuing the development agenda for South Africa (Carolus, 1994:2; African National Congress, 1994:online; McKinley, 2006:415; Bloch, 2007:107). In 1996, the Growth, Employment and Redistribution (GEAR) strategy also called for such partnerships and showed South Africa's commitment to open markets, privatisation, and the creation of a favourable climate for investors (United Nations Development Programme (UNDP), 2003:57-58). Before introducing the GEAR, the new government had passed the National Economic Development and Labour Council Act (35/1994) that brought together organised business, labour, and the government under the National Economic Development and Labour Council (NEDLAC) (Department of Labour, 2014:online). Other legislative instruments aimed at improving South Africa's transformation of the workplace and the economy accompanied the formation of NEDLAC include, among others: the Occupational Health and Safety Act (85/1994); the Basic Conditions of Employment Act (75/1997); the Labour Relations Act (66/1995); the Employment Equity Act (55/1998); the Skills Development Act (97/1998); the Skills

Development Amendment Act (37/2008); the Skills Development Levies Act (9/1999); the Preferential Procurement Policy Framework Act (5/2000); and the Broad-Based Black Economic Empowerment Act (BBBEE Act) (53/2003) (Ponte, Roberts & Van Sittert, 2007:941; Arya & Bassi, 2011:677).

In spite of these changes, the performance by the government and its economic and social partners in stimulating skills development for the economy in general, and scarce skills in particular, has been poor (McGrath, 2004:194; Kraak 2008:vi). Scarce skills are found in those occupations in which there is a scarcity of qualified and experienced people, because such skilled people are not available or because they do not meet employment criteria (Goga & Van der Westhuizen, 2012:13; Department of Higher Education and Training (DHET), 2014:9). The Department of Labour (DOL), the South African Qualifications Authority (SAQA), and the DHET identified that South Africa lacked the following: scientists and researchers, managers, professionals, technicians, and artisans (Kraak, 2008:22; DHET, 2013:57; DHET, 2014:29).

Various projects endeavoured to address the shortage of scarce skills in South Africa. For example, the Accelerated and Shared Growth Initiative for South Africa (ASGISA) was a programme aimed at reducing unemployment from 30% to 15% and poverty from one-third to one-sixth among the population by 2014 (DOL, 2008b:online). The Joint Initiative on Priority Skills Acquisition (JIPSA) was a multi-stakeholder working group aimed at fast-tracking the provision of priority skills to produce engineers and artisans and to minimise the prevalence of unemployed graduates with the help of private companies and state-owned enterprises (SOEs) (Connellan, 2008:online; The Presidency, 2008:3; Statistics South Africa, 2014b:online).

According to Bhorat (2008:193) projects such as JIPSA aimed at boosting skills development have not yielded positive results. Most learners who complete qualifications at Technical and Vocational Education and Training (TVET) colleges, universities and schools, cannot find employment in the labour market because their skills do not match employer needs or the learners do not perform at the expected level in the workplace. Moreover, according to Babarinde (2009:356), the lack of skills found among the overwhelming majority of the population, notably the workers and the poor, reinforces the current social inequalities in the country. Black, Jafta and Burger (2006:494) state that

the policy of affirmative action implemented since 1994 had no effect in bridging the gap between White and Black workers' earnings or wages in the workplace.

These inequities have resulted in skills constraints debates where, on the one side, labour unions call for the improvement of worker salaries and wages for those workers affected by apartheid policies while on the other side, employers demand higher productivity from these workers (This Is Gold, 2015:online). Wage strikes are rife in South Africa and, at times, even result in conflict and violence. For example, in August 2012, workers at a platinum mine in Marikana near Rustenburg demanded an across-the-board salary of R12 500 for all rock drillers. This demand led to a confrontation between workers and law enforcement authorities that resulted in the death of 34 miners at the hands of the South African Police Service (SAPS) (South African History Online, 2012:online; Tolsi, 2013:online).

The popular discourse within the labour relations environment is that the South African labour market is too inflexible, that is, there are short working hours, higher wages, and non-wage labour costs within wage structures of many economic sectors. These do not allow the private sector to create the required job opportunities, and thus curb unemployment (Barker, 1995:22-27). The unresolved unemployment crisis is exacerbated when political parties make promises to drive their election campaigns at local and national levels (Coetzer, 2013:online; Democratic Alliance, 2015:online). Based on the predictions of the World Bank, the unemployment crisis in South Africa could worsen due to a shift in South Africa's demographics during the next 15 years. This is because the economically active population is estimated to increase by around 280 000 people every year, which is a situation that implores the various role players to provide more job opportunities than would normally be expected (World Bank, 2015:online).

The constraints in the South African economy in the early 1990s just before the democratic dispensation persist 26 years later. Others have now worsened. Formal employment continued to decline in the last two decades and unemployment increased from 22% in 1994 to 25% in 2014 (UNDP, 2003:238; Statistics South Africa, 2014a:online). Furthermore, the country's wealth remains disproportionately distributed across the population with a Gini Coefficient hovering between 0.6 - 0.7 (KPMG, 2013:3). By 2012, extreme poverty remained high with around 35,9% of the population living below the poverty line (Central Intelligence Agency, 2015:online). Also, women continue to

suffer socio-economic marginalisation and exclusion, with female unemployment higher than that of males and with women over-represented in low-wage sectors (UNDP 2013:31; World Bank, 2014a:107; Statistics South Africa, 2014b:37).

According to the 2015 Labour Force Survey (Statistics South Africa, 2015:x), the problems are compounded by issues of race, where around 44% of Black African women were employed in low-skilled occupations compared with only 1% of White women and 3% of Indian/Asian women. Equally, around 57% of White women were employed in skilled occupations compared with around 17% of Black African women and around 19% of Coloured women (Statistics South Africa, 2015:viii).

In an effort to turn the situation around, the past four successive administrations have been consistent in the call for the private sector to collaborate with government on many service delivery issues such as housing, information technology, education, and health (The Presidency, 2014:11). Three key government policies emphasise the need for a partnership between government and the private sector to increase the productivity levels of workers. This is to be done by developing the supply and demand of critical and scarce skills to meet the economic development targets for the country (Lester, Nel & Binns, 2000:270; Department of Education, 2002:5; Public Service Commission, 2005:49; Malikane, 2007:73; Taylor, 2007:166; DHET, 2009:31; The Presidency, 2010:4; Arya & Bassi, 2011:676; National Planning Commission, 2012:19; Department of Trade and Industry, 2013: 59; DHET, 2015:5) through the key government policies, namely the National Development Plan (NDP), the Industrial Policy Action Plan (IPAP), and the Human Resource Development Strategy (HRDS). The call for a partnership is made at a time when individual nation states across the globe can no longer achieve national goals on their own (Galbraith, 2004:33; Wolf, 2007:online).

Nelson and Zadek (2000:7) argue that in Europe for example, there is a growing recognition that collaboration between government, the market (private sector), and civil society across the EU is the new way of solving national problems. According to Moon and Sochacki (1998:55), more than ever before, governments are incorporating non-governmental players in public policy matters. The governments rely on companies and civil society to implement public policy and take part in the eradication of social and environmental problems through partnerships (Murphy & Bendell, 2002:217; Lydenberg, 2005:21; Oruc & Sarikaya, 2010:83; Scherer, Palazzo & Matten, 2014:145).

Equally, for South Africa, an opportunity exists for the government to enlist the services of the private sector to address national problems such as the shortage of scarce skills within the economy. Addressing the shortage of scarce skills could raise the human development index for the country. In addition, the abundance of highly skilled individuals would benefit companies themselves. According to Fedderke (2002:282) and the Organisation for Economic Cooperation and Development (OECD) (2008a:55), South Africa offers the most effective way to create wealth, jobs and prosperity sustainably for all because its private sector has vibrant competitive markets populated by dynamic private companies that are the engine of innovation, investment and growth. Also, the South African government has expressed a developmental state agenda (Chang, 2010:88) that provides for state intervention in many areas of development including economic growth and human development.

According to Leftwich (1995:420) in a developmental state there is an alliance between the government, labour and industry, as well as an emphasis on technical education, and scepticism of neo-liberalism. Abedian (2005:7) states that since democracy, skills development within the workforce, dubbed the 'skills revolution', is seen as the key ingredient to achieving the developmental state in South Africa. This study therefore undertook the exploration of a partnership of key stakeholders such as government, the private sector, communities, and labour unions to find ways of speeding up the development of scarce skills for the South African economy.

The remainder of this chapter outlines the context and background to the skills debate and the proposed partnership framework. It discusses the problem statement, research objectives, and questions. It provides the study's central theoretical argument, the research methodology, ethical considerations, the limitations, and contribution to knowledge. It concludes with a summary after giving an outline of the thesis.

1.2 Context and background to the skills debate

According to Ashton and Green (1996:3) and Grugulis, Warhurst and Keep (2004:1), there is a constant argument that prosperity will follow when there are more and better skills within an economy. Therefore, the skills formation process of each country becomes the centre of focus as a means of bringing competitiveness to that nation. Ashton (2004:99) states that two forces caused the de-industrialisation of the developed

economies such as the United States of America (US) and the United Kingdom (UK). These were global integration and technological change when low skill labour-intensive jobs migrated to developing nations and induced the development of higher value-added knowledge-intensive jobs, the so called 'high skills economy', in the developed economies. According to Ashton and Green (1996:3), Streeck (1997:65), Brown (1999:234), and Green and Sakamoto (2001:64), the high skills economy demands the use of conceptual skills and the full range of the workforce to replace the Fordist, mass-based work organisation that uses the elite managerial caste for the economic production process. The quest for attaining a high skills economy is a goal of both industrialised and developing nations that multilateral institutions such as the World Bank and the International Labour Organisation (ILO) support.

In the case of South Africa, Ashton (2004:114) and Kraak (2004:219; 2008:iv) suggest that South Africa should subscribe to a hybrid and differentiated skills formation system by (i) developing a high-skills enclave, (ii) meeting the low to intermediate skills demands, and (iii) catering for the low-skills informal sector that could alleviate poverty and unemployment. Green (2013:27) adds that the skill formation process raises demands from the government, employers, workers, skill formation providers and the trade unions to plan and coordinate all efforts together. According to Green (2013:150-163) government provides mechanisms such as compulsory primary and secondary education for cultural and economic reasons, policy guidance to training providers, and skills training when the social benefits of training exceed private benefits. Government also provides information, subsidies, levies and regulatory institutions to manage credentials such as educational qualifications.

Depending on the type of economy pursued in a country be it the coordinated market economy (CME), liberal market economy (LME) or developmental economy (DE), government may deploy resources to sustain a certain equilibrium for the demand and supply of skills at an industry level. Thus, one could argue that as South Africa experiences a shortage of skills in the critical areas of its economy, the government should set up an environment that would allow a partnership among the economic actors involved in a skills development process. These actors are the private sector, the educational institutions, the trade unions, and civil society organisations that are involved in skills development.

Private sector companies are expected to focus on strategies for their business operations such as differentiation, diversification, and strategic management in order to maximise profit (Alchian & Demsetz, 1972:782; Jensen & Meckling, 1976:308; Henderson, 2001:22). However, recent developments in strategic thinking support the need to add activities that expand out from the company into society (Freeman & Reed, 1983:88; Jensen, 2002:235). These activities are known as *corporate social responsibility* (CSR) (Carroll 1979:497; Dahlsrud, 2008:1; Okoye, 2009:614), and are a business strategy deemed to make economic sense and could give companies a competitive edge (Prahalad & Hart, 1999:4; Prahalad & Hammond, 2002:48; Midttun, 2005:160). In addition, in CSR, companies would have an opportunity to contribute to sustainable development (Williams, 2014:5) and poverty reduction (Blowfield, 2004:61; Utting, 2005:386; Blowfield, 2012:416).

The World Business Council on Sustainable Development (WBCSD) defines CSR as a: “*continuing commitment by business to behave ethically and 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*” (Hopkins, 2007:24). According to Midttun (2005:160), and the CQ Researcher (2010:15), large companies are integrating CSR into their core business strategy, and CSR is credited for long-term business success and profitability (Waddock & Graves, 1997a:303, Margolis & Walsh, 2003:268; Orlitzky, Schmidt & Rynes, 2003:403; Gyves & O'Higgins, 2008:209). Crook (2005:8) and Fleming and Jones (2013:21) state that CSR has the ability to simultaneously enhance society, the environment and shareholder value. At government level, the World Bank has introduced international standards for governments to support CSR implementation, which, according to Fox, Ward and Howard (2002:3), include: mandating, facilitating, partnering, and endorsing CSR (Gond, Kang & Moon, 2011:647-648). CSR has increasingly been associated with new forms of both business involvement in new governance (Moon, 2002:385) and national competitiveness (Jenkins, 2005:525; Albareda, Ysa & Lozano, 2006:115; Van Tulder & Van der Zwart, 2006:792; Lee, 2008:54).

On the basis of the factors above, this study explored the ability and the role that CSR could play in pulling together key role players such as the government, the private sector,

non-governmental organisations, and organised labour to develop scarce skills in the South African economy.

1.3 Problem statement

The current skills shortage in the South African economy could be attributed to the distortions caused by exclusionary policies, international isolation, poor education afforded to the majority of the population, economic sanctions, and the economic rejection experienced under apartheid (Abedian, 2005:7; Daniels, 2007:1; Roux, 2008:165; Breier, 2009:1). Other factors, however, also play a major role in affecting the country's skills levels, namely, globalisation, structural changes in the economy, general under-investment in skills development, and emigration (Barker, 2003:48; Jitsing, 2007:29; Du Toit & Van Tonder, 2009:37).

According to McCord and Bhorat (2003:115), structural changes in the economy occur when the economy moves towards greater capital- and skills-intensity thus diminishing the demand for unskilled workers. In explaining the skills shortage and related phenomena such as skills loss, gaps, and under-utilisation the way of forming and deploying skills has to be closely examined. Green (2013:28) suggests that an interactive framework of markets is at play when skill shortages are explained. Figure 1.1 depicts the skill formation services and the deployment of skilled labour and highlights the processes involved when explaining skills shortages.

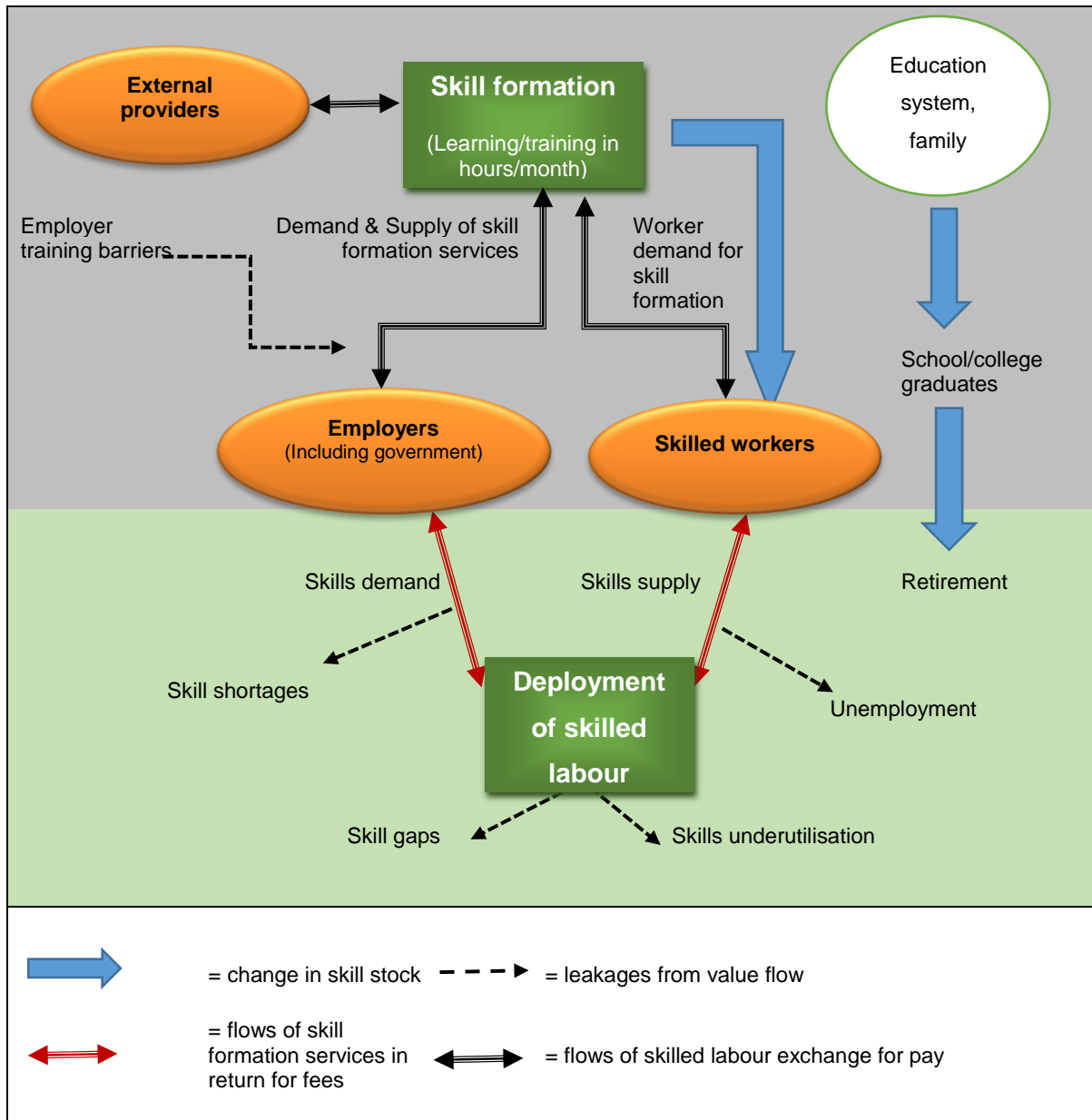


Figure 1-1 :Skill formation and the deployment of skilled labour

Source: Adapted from Green (2013:28)

As can be seen in Figure 1.1, skills shortages occur when the demand of skilled labour by the employers cannot be met due to the shortage of workers with the required skills. The fluctuations in the economic cycle can affect the skills shortage in the economy. According to the Centre for Development and Enterprise (Marock, 2007:19), the notion of skills shortages remains a problem in South Africa because skills are sometimes equated to mean vacancies or professions or qualifications (Ngcwangu & Balwanz, 2014:online). Such confusion, distorts the understanding of which skills could employers be looking for.

In spite of the considerable resources invested by the South African government in education where the budget is hovering around 20% of total government expenditure (Central Intelligence Agency, 2015:online), educational outcomes have been poor for Mathematics and other key learning areas that are necessary to provide the basics for scarce skills development. In addition, these outcomes continue to be plagued by racial inequalities in South Africa (Van der Berg, 2009:328). In 2005, around 250 000 individuals who had completed some form of tertiary education were unemployed. Africans made up approximately 51% of this number (Bhorat, 2008:193). By 2013, the number of individuals completing tertiary education was estimated to be around 600 000 (City Press, 2013:online). According to the Department of Labour (DOL, 2008a:46-48), in spite of the recently enacted legislation since the advent of democracy in the area of skills development by the new government, companies continue to experience poor productivity. Moreover, these companies are of the view that the changes brought about by the government in introducing Sector Education and Training Authorities (SETAs) are cumbersome and unworkable, and restrict the achievement of the skills development initiatives in the country (Goga & Van der Westhuizen, 2012:39; Department of Trade and Industry (DTI), 2013a:online).

As regards the prevailing education system, the lack of performance has been attributed to poor institutional arrangements and structures, procedures, processes, and the capacity for monitoring and evaluation (Department of Education, 2001:4; DHET, 2009:12). For example, the lack of coordination between the training providers, the SETAs, and the DHET results in delays in the training of set targets from the National Skills Development Strategy (NSDS) and the certification of learners, which eventually creates an institutional bottleneck in the training and accreditation of learners under learnerships on the National Qualifications Framework (NQF). The training against set targets of the NSDS and accreditation of the training courses involved are key steps in the provision of entry-level skills for the youth (Daniels, 2007:7). Another poor institutional arrangement occurs in the area of skills migration. Breier (2009:1) states that South Africa loses skills due to emigration because the South African qualifications are highly priced in the global arena when South Africa has no job opportunities for those individuals.

In terms of business involvement in socio-economic matters, corporate support for apartheid capitalism and the resultant exploitation of Black people, tainted the social role

of big business in South Africa during the apartheid era (Skinner & Mersham, 2008:240). According to Fig (2005:601-605), the country established the Truth and Reconciliation Commission (TRC) to advance the reconciliation process of political, economic, and cultural interests in South Africa (Liebenberg, 2000:online; United States Department of State, 2012:online). In spite of this, big business went unpunished at the TRC for the social and environmental damage caused during the pre-1994 era. Alpers (1995:8) also adds that, some companies supported apartheid by engaging in sanctions-busting activities that, in the main, were responsible for dysfunctional communities through the creation of structures such as single-sex hostels, the migrant labour system, especially among the mining companies, and racial discrimination in the workplace.

Skinner and Mersham (2008:240) state that prior to the democratic dispensation, big business argued that CSR was neither an admission of guilt for their share of the agony of the deprived, nor was it implying responsibility for the socio-economic welfare of the country. Big business therefore began to react more positively to the concept of 'investment' than it did to the concept of 'responsibility' that linked its companies to apartheid. As a result, the preferred notion of CSR in South Africa is Corporate Social Investment (CSI) that suggests a business-oriented outcome is preferred rather than doing something because it is ethical (Nzekwu, 2007:185; Skinner & Mersham, 2008:241). CSI activities have increasingly become a more focused version of the broader CSR, that is, by making the *ad hoc* philanthropic and voluntary activity gradually become a more professional, performance-driven pursuit, focused on achieving developmental impact that is concerned with sustainable development, governance and partnerships (Triandis, 2006:6). The focus on CSI is in spite of the fact that in Africa and other developing parts of the world, CSR is less formalised and presents itself as vexing dilemmas to companies. Companies have to decide whether to pursue job creation, adhere to higher labour standards, continue with strategic philanthropy or support political governance. Furthermore, within the developing world companies often find themselves engaged in providing social services that could be seen as government's responsibility, for example, investment in infrastructure, in schools, hospitals and in providing housing (Fox *et al.*, 2002:1; Visser, McIntosh & Middleton, 2006:19; Amao, 2008:89; Visser, 2008:online).

In developing countries, private sector participation in education and skills development improves effectiveness, equity, and redress (DOE, 2002:8; Tsukamoto, Twose, Levinger & Mulroy, 2003:5; Business-Community Partnership, 2006:31; Sankaran, 2009:4). These private sector efforts often deal with education systems that face challenges such as, among others, persistent brain drain among young people (Landau & Segatti, 2009:5), outdated curricula, textbooks and other instructional materials in short supply, student/teacher ratios that do not meet desired levels, low test scores and low student retention rates (Kramer & Kania, 2006:25; Trialogue, 2008:155). In South Africa, CSI is largely voluntary, though legislated through the Broad-Based Black Economic Empowerment Act (BBBEE Act) (53/2003) with its Codes of Good Practice, and the Preferential Procurement Policy Framework Act (5/2000) (Visser, 2005:31; Arya & Bassi, 2011:677). The government applies the Codes of Good Practice to private sector companies that seek to supply goods and services to organs of state, or to those seeking access to government grants, and licenses needed to comply with the targets outlined in industry-specific charters. These charters reverse *apartheid* era legacies caused by policies that restricted and suppressed wealth and skill endowments in Black communities, thereby structurally inhibiting their participation in the economy, curtailing property ownership rights of Black people, and undermining of self-employment and entrepreneurship (Butler, 2009:75).

According to the CSI Handbook (Trialogue, 2014:36), R8.2 billion was spent on corporate social investment causes during the 2013/14 financial year. Out of this amount, most money was spent on education (49%), followed by social and community development (16%), and health and HIV/AIDS (12%). The balance was spent on various programmes such as enterprise development, sports, and arts and culture (Trialogue, 2014:43). While these figures represent a substantial amount of resources available for CSI in South Africa, in practice the current investments made by companies to the social infrastructure of the country remain uncoordinated, tentative and largely philanthropic in nature and do not reach the wider public (Hanks, Hamann & Sayers, 2008:10). Furthermore, the government has half-heartedly 'encouraged' companies to be socially and environmentally responsible through the passing of legislation, such as, the National Water Act (36/1998), Mineral, and Petroleum Resources Development Act (28/2002), and the National Environmental Management Act (107/1998), as part of government regulation of the environment. According to Hönk, Kranz, Börzel and Héritier (2008:13),

this progressive set of legislative instruments is nevertheless ineffective due to the lack of capacity and skills to enforce them (Hinson & Ndhlovu, 2011:341).

South Africa remains one of the few countries on the continent and in the world that has introduced regulatory laws as well as self-regulatory mechanisms such as the King II and III Reports as well as the Codes of Good Practice/Charters aimed at advancing corporate accountability and ethical conduct across economic sectors (Hanks *et al.*, 2008:10). Other such mechanisms include the Mining and Finance Charters, regular reporting by listed companies in the form of a Johannesburg Securities (Stock) Exchange (JSE) Investment Index and a peer-review mechanism that is a mutually agreed instrument voluntarily acceded to by the member states of the African Union (AU) as an African self-monitoring mechanism (Woolman, 2008:36; Le Roux, 2013:online). Hinson and Ndhlovu (2011:340) assert that CSI can bring benefits to the participating companies by enhancing the companies' reputations, thus maintaining their credibility and legitimacy; contributing to corporate citizenship; and by empowering the community at large. In addition, companies could become involved in skills training and create a conducive atmosphere in which employees work, and thus contribute in a positive way to the government's social transformation agenda (Hamann, 2009:440).

To conclude, the South African government lacks policies to encourage the private sector to work effectively with other stakeholders in the development of scarce skills through their CSR programmes. The problem statement for the study was based on the national projects and strategies aimed at setting up mechanisms for developing skills in South Africa such as the RDP, JIPSA, ASGISA, and the HRDS to transform the economy that have not yielded results. Therefore, this study explored the role of CSR in pulling together various social and economic actors such as the private sector, government, organised labour, and civil society in developing scarce skills for the South African economy.

1.4 Research objectives and questions

From the problem statement, it is clear that the government, companies and communities, should work together to forge partnerships under the country's developmental state agenda to alleviate the skills shortages experienced by the economy (Leftwich, 1995:405; Chang, 2010:88).

The main objective of the study was to analyse the extent to which the CSR practices of a selected number of private companies develop the scarce skills required by the South African economy.

The secondary objectives of the study were to:

- analyse prevailing trends, theories and perspectives on CSR at national and international levels;
- analyse prevailing trends, theories and perspectives on skills development at national and international levels;
- explore the relationship between CSR and skills development; and
- analyse and use empirical data from key respondents to develop a set of policy proposals for the government to facilitate the development of scarce skills in South Africa through CSR.

Based on the research objectives, this study responded to the primary research question:

‘To what extent are the CSR efforts of a selected number of private companies developing the scarce skills that are needed by the South African economy?’

The secondary questions of the study were:

- What are the theoretical and conceptual foundations of CSR?
- What are the theoretical and conceptual foundations of skills development?
- Is there a relationship between CSR and skills development?
- What are the policy proposals for government to facilitate scarce skills development in South Africa through CSR?

1.5 Central theoretical argument

According to Freeman (1984:46), a company has multiple stakeholders namely, employees, the local community, suppliers, customers, and shareholders. Furthermore, Cannon (1994:45) states that stakeholders may have many expectations of their own and from the company (see Table 1.1).

Table 1.1: Examples of company stakeholders and their expectations

Stakeholder	Expectation	
	Primary	Secondary
Owners	Financial	Added value
Employees	Pay	Work satisfaction, training
Customers	Supply of goods and services	Quality
Creditors	Credit worthiness	Security
Suppliers	Payment	Long-term relationship
Community	Safety and security	Contribution to community
Government	Compliance	Improved competitiveness

Source: Adapted from Cannon (1994:45)

According to Ruf, Muralidhar, Brown, Janney and Paul (2001:143) and Cisernos (2008:38), a company should treat all its stakeholders fairly and by doing so, it can improve its performance in the marketplace and thereby secure the company's future (Goodpaster, 1991:54; Boatright, 1994:393; Phillips, Freeman & Wicks. 2003:479). For purposes of this study, the focus was on owners, employees and the government as stakeholders in a company. Employees are one of the most important stakeholders (Wheeler & Sillanpää, 1997:4) because they are key to the company's profitability and therefore to its future. In conjunction with other things, such as wages and organisational development, a company uses training and development to assist employees to progress more efficiently in their jobs and to increase their capabilities to advance their careers and employability (Middleton, Ziderman & Adams, 1993:72). As shown in Table 1.1 above, employees would expect satisfaction and training or skills development for both the benefit of the employer and themselves. Employers demand skills from the employees and at the same time provide opportunities for skill formation to the employees. The government for its part would be concerned with improved competitiveness for the country.

Companies acknowledge and accept that the shareholders are the most important stakeholders and that managers have fiduciary duties to the shareholders more than any other stakeholders do (Boatright, 1994: 393; Freeman, 1994:409; Donaldson & Preston,

1995:65; Marens & Wicks, 1999:273). While on one hand it may be true that managers are important stakeholders, this study advances the notion that, employees are also a key stakeholder in the affairs of any company. From the perspective of employees being an important stakeholder as well, imparting skills to employees ensures that a company continues to exist and employees continue to have their lives enriched. According to Berniak-Woźny (2010:281), the new thinking in economics known as the knowledge economy, is based on employees' intellectual potential and demands that employees are treated as a priority. As a result, investing in employee development, ensuring friendly relationships, teamwork, work-life balance, equal opportunities, and diversity become important in sustaining companies (Weinberger, 1998:76; Fenwick & Bierema, 2008:25). In South Africa, the issues of quality education and skills development at all levels have been a matter of serious concern not only to the public but also to the private sector (Macro-economic Research Group (MERG), 1993:155; King & Osei, 2008:online; Treat, 2014:174). As per the argument above, human resources development becomes critical to achieve the goals of development, increased productivity and the growth of companies.

Another central theoretical argument in this study is the notion of business ethics – which calls for broader social obligation and the moral duty of business towards society. According to Garriga and Melé (2004:60-62), business ethics emanates from a perspective that expresses the right thing to do or the necessity to achieve a good society. Principles such as human rights, social justice, and responsiveness to social ills, and the quest for business to become a good corporate citizen motivate businesses to engage in good business behaviour (Davis, 1975:21; Commission on Environment and Development (CED), 1987:online; United Nations Global Compact (UNGC), 2016:online). Chapter 2 elaborates upon the concepts of stakeholders and business ethics.

1.6 Research design

In order to explore and understand how CSR can contribute towards the development of scarce skills in the South African economy, an empirical investigation using a convenience sample to collect both qualitative and quantitative data was undertaken. According to Mouton (2001:56), a design for a research project normally focuses on the outcome of the project and directs the kind of evidence that is required to answer the research questions in full. Oppenheim (1992:8) states that a social research study involves a number of steps (or a master plan). The master plan may include: deciding the

research design and assessing its feasibility within limitations of time, cost and staffing; identifying which hypotheses will be investigated and operationalised into variables; designing and piloting instruments; deciding on samples, measurement scales and statistical analysis methods (Thomas, 2004:20; Zikmund, Babin, Carr & Griffin, 2013:64).

1.6.1 Research methodology

In terms of the kind of the master plan used in this study, the master plan type of this study used both qualitative and quantitative data collection methods. On the basis that the study aimed to discover the relationship between CSR and scarce skills development in a real-world setting, a qualitative approach was used. Blanche, Durrheim and Painter (2006:33) state that, when studying a phenomenon, which unfolds in a real-world situation, an inductive, qualitative approach is required. In this study, the phenomenon or conditions under which CSR relate to skills development were explored. According to Hamann and Acutt (2003:255) and Hamann (2006:175), the involvement of CSR in development is still unclear and not well established in the development agenda of countries of the African continent. Furthermore, according to Nzekwu (2007) and Babarinde (2009), the role played by CSR in education in South Africa is still in its infancy. The study therefore was concerned with a topic that is still emerging and needs 'data first rather than theory', hence the qualitative methods were necessary so that the data collected from respondents could be interpreted using a theoretical position found in literature (Glaser & Strauss, 2009:10; Easterby-Smith, Thorpe & Lowe, 2002:46-47; Silverman, 2005:378).

Over and above the literature review, the study utilised a survey/questionnaire to collect both qualitative and quantitative data. According to Neuman (2006:276), in a survey the researcher conceptualises and operationalises variables as questions and then organises data that are collected. Both qualitative and quantitative data collecting methods can be utilised in a survey. In addition, Coldwell and Herbst (2004:47) and Fink (2009:1), state that a survey is an information collection method used to describe, compare, or explain individual and societal knowledge, feelings, values, preferences, and behaviour. A survey is normally concerned with a relationship between two variables (Rohilla, 2012:140). According to Leedy and Ormrod (2010:187), a survey helps the researcher to learn about the larger population from a small sample. In this study, a sample consisting of companies and key respondents was used to explore how CSR can contribute to skills development.

The two variables for this study are CSR and skills development. It is also noted that this study was descriptive because according to Gliner, Morgan and Leech (2009:9) and Zikmund *et al.* (2013:58), descriptive research describes characteristics of objects, people, groups, organisations or environment in a structured and confirmatory manner.

1.6.2 Data collection

In this study, data were collected through focus groups discussions, face-to-face interviews and an e-mailed survey. An important note to make during data collection is the relative weight of sources of data as well as whether these are primary or secondary (Cooper & Schindler, 1998:256). Collection of primary data is done in the present, and by interacting with sources directly (Mouton, 2001:144). Secondary sources on the other hand, are sources such as reports, legislative texts, databases, and books. In this study, the respondents of the survey from private sector companies, government, development institutions, and other key informants were primary sources of data. Primary data were collected using both qualitative and quantitative methods and process as discussed in 1.6.2.1 below.

1.6.2.1 Collection of qualitative data

For purposes of the collection of qualitative data, a purposive sampling was utilised where respondents were selected based on specific selection characteristics that satisfied the objectives of the study and the research questions. Respondents were targeted on the basis of convenience, for example, due to being executive managers responsible for CSR, being academics in skills development or being a dean of a faculty associated with scarce skills at a university (namely, ICT and Engineering), a government official responsible for skills development facilitation, and being a student pursuing a qualification in any of the fields where South Africa experiences scarce skills. According to Moore (2000:121), the approaches used to collect qualitative data are much less structured and formal than the techniques used for gathering quantitative data. A further point of note is that if the goal of the research is not to generalise to a population but to obtain insights into a phenomenon, individuals, or events, as is most often the case in interpretivist studies, then the qualitative researcher purposefully selects individuals, groups, and settings for this phase that increases understanding of phenomena (Onwuegbuzie & Leech, 2007:242).

The individuals selected for qualitative data collection for this study formed a representative group of role players since there were two ICT companies extracted from the list of companies affiliated in the National Business Initiative (NBI), the university experts, SETAs, donor agency official, provincial skills development facilitators, and unemployed graduates. These respondents were all involved in skills development and/or CSR.

The methods used to collect qualitative data were face-to-face interviews and focus group sessions. According to Hesse-Biber and Leavy (2006:125), in an interview there is more guidance to the conversation such that questions can be posed, while allowing respondents some latitude to discuss what is of interest or of importance to them. As regards focus groups, Zikmund *et al.* (2013:142) state that a focus group session is unstructured, free-flowing interview with a small group of around six to ten people led by a trained moderator who follows a flexible format encouraging dialogue among them (Neuman, 1997:309). According to Henning (2004:3), qualitative research gives the researcher the chance to understand and explain the phenomena investigated, with no predetermined boundaries (Struwig & Stead, 2001:13). This is pertinent to this study, because the researcher is concerned with exploring information that may resolve the challenges on the implementation of effective skills development programmes in South Africa.

According to Krefting (1991:215), four important elements need to be present in order to increase the trustworthiness of qualitative research:

- Truth – which refers to the confidence in the truth of the findings and the contexts in which the study was undertaken.
- Applicability, - which is the degree to which the findings can be applied to other contexts and settings or with other groups.
- Consistency - which relates to whether the findings would be consistent if the enquiry was replicated with the same subjects or in a similar context.
- Neutrality - which refers to the degree to which the findings represent the views of the informants and the conditions of the research and no other biases.

The elements stated above were upheld throughout the study and have been reported upon in Chapter 4.

1.6.2.2 Collection of quantitative data

In the case of quantitative data, a self-administered questionnaire was utilised to collect data. The process entailed the development and piloting of the questionnaire that was subsequently used as an e-mail survey for purposes of data collection.

1.6.2.2.1 Development of the questionnaire

Struwig and Stead (2001:521) propose that a questionnaire be based on a model or on information gleaned from a review of the literature. For this study, the self-administered questionnaire was formulated to address matters pertaining to CSR and skills development in South Africa after the researcher completed the literature review CSR and Skills development as presented in Chapters 2 and 3 respectively. The conducting of the literature review before formulating questions for the questionnaire was to ensure that the questions included were related to the concepts of both CSR and Skills development. The process of developing the questionnaire considered questionnaire construction, question framing, and the manner in which the questionnaire is to be administered. As is expected, the key aim for constructing a questionnaire is to increase the respondents' cooperation and to avoid ambiguity in the questions.

According to Peterson (2000:11), the quality of the information obtained from a questionnaire is directly proportional to the quality of the questionnaire, which in turn is directly proportional to the quality of the question construction process. These points were incorporated in the questionnaire utilised for this study (see Appendix A for the questionnaire) Two significant points considered during the construction of the questionnaire were:

- Language – this had to be simple, conversational, as specific as possible, avoiding loaded, leading, double-barrelled, and burdensome questions, without ambiguity and acronyms (Leedy & Ormrod, 2010:192; Zikmund *et al.*, 2013:341-46; DeVellis, 2011:12).
- The 'Don't Know' option – this was essential to improve the reliability of the questionnaire by catering for respondents who might have been genuinely unable to commit to a statement (Fowler, 2014:83; Vogt, Vogt, Gardner & Haeffele, 2014:29). The questionnaire used a five-point Likert Scale.

After constructing the questionnaire from the key themes emanating from the review of literature on CSR and skills development concepts, the questionnaire was piloted among key experts on CSR and skills development and one focus group of unemployed graduates.

1.6.2.2.2 Piloting of the questionnaire

The questionnaire was initially prepared and pre-tested using feedback from three CSR practitioners, twenty five unemployed graduates, nine public administration managers from all the provinces of South Africa. Based on the feedback from the pilot, amendments, which are discussed in more detail in Chapter 4, were made to the questionnaire.

1.6.2.2.3 Survey sample

In carrying out this study, it was important for the researcher to identify the unit of analysis. According to Zikmund *et al.* (2013:118), the unit of analysis indicates what or who should provide the data and at what level of aggregation. Thomas (2004:105), states that units of analysis could be individuals, organisations, geographical areas or objects. In the case of the survey, the unit of analysis was the various companies, represented by CSR practitioners or managers. In total 157 companies were targeted for the survey. The demographic profile of these companies is given in Chapter 4.

1.6.3 Data analysis

According to Dey (1993:28-29), there is a mutual dependence between quantitative and qualitative data because while quantitative data may deal with numbers and qualitative data with meanings, it may be useful at various levels of analysis to use both types of data in describing a phenomenon.

1.6.3.1 Qualitative data analysis

During all focus group discussions and face-to-face interviews, notes were written and the discussion was audio-recorded. The analysis entailed transcribing audio data into written text, and analysing the content of the qualitative data by means of conceptual (thematic) analysis. Thematic analysis involves analysing transcripts, identifying themes within those data and gathering examples of those themes from the text for purposes of making inferences and conclusions (Aberbach & Rockman, 2002:673; Palmquist. Busch,

De Maret, Flynn, Kellum, Meyers, Saunders & White, 2005:online; Burnard, Gill, Stewart, Treasure & Chadwick, 2008:429). Chapter 4 discusses the themes obtained from the analysis of the qualitative data.

1.6.3.2 Quantitative data analysis

Through the Statistics Consultation Service of North-West University, the SPSS (Statistical Package for the Social Sciences) was utilised to provide statistical analysis of the information on the questionnaires.

1.6.3.2.1 Descriptive statistics

Leedy and Ormrod (2010:260) state that descriptive statistics give information as to what the data looks like, that is, where the centre or the midpoint is, how broadly the data is spread, and how certain variables within the data correlate with one another. According to Bryman and Cramer (1994:82), and Saunders, Lewis and Thornhill (2000:351), and Blaikie (2003:68), the most commonly used statistics to describe variables of a sample are the median, mean, mode, and standard deviation (SD). Graphs and diagrams present information about the demographic characteristics of the sample in Chapter 4.

1.6.3.2.2 Exploratory factor analysis

In this study, two scales, were subjected to factor analysis, namely, CSR and Skills development. The principle axis factoring as factor extraction method with Oblimin Rotation was used. The rotated pattern matrix was explored for each section of the questionnaire to determine which items loaded highly on a factor, and these items were then used to label factors. In performing the factor analysis, the researcher considered and calculated the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and the Bartlett's Test of Sphericity indexes, whose results are presented in Chapter 4.

1.6.3.2.3 Communalities

Communality is the proportion of common variance within a variable (Field, 2009:637). A variable that has no specific variance (or random variance) would have a communality of 1; a variable that shares none of its variance with any other variable would have a communality of 0. Once factors have been extracted, the variance could be determined (Field, 2009:637). The closer the communalities are to 1, the better the factors are at

explaining the original data. The more factors retained, the greater the communalities shall be because less information is discarded. Therefore, the communalities are good indications of whether too few factors have been retained or not (Field, 2009:642). According to Hair, Tatham, Anderson and Black (1998), no statistical guidelines exist to indicate exactly what is 'large' or 'small'. Hair *et al.* (1998) suggest that at least 30% of the variance of each item should be accounted for, and that items with communalities of less than 0.30 should be considered as less suitable in accounting for variance.

1.6.3.2.4 Reliability analysis

According to Blaikie (2003:219) and Vogt *et al.* (2014:35), the question of when are the questions in your measuring scales measuring the same thing can be answered by determining the value of Cronbach's alpha coefficient. In instances when questions are completely unrelated, Cronbach's alpha measures zero (0) while a Cronbach's alpha of one (1) would indicate that the questions predict one another perfectly. The value for the Cronbach's alpha coefficient should preferably be above 0.6 (Acton, *et al.*, 2009:247; Pallant, 2010:192) while Blaikie (2003:221) and Yong and Pearce (2013:88) state that a value below 0.5 should be deemed unsatisfactory. According to Pallant (2010:193), the Cronbach's alpha is largely dependent on the number of statements in the factor - the larger the number of statements, the larger the possibility that the Cronbach's alpha will be higher. In this study, Cronbach's alpha coefficients were calculated for each factor to determine the internal consistency and reliability of factors.

1.6.3.2.5 Analysis of variance (ANOVA)

Another kind of analysis performed on quantitative data compares and tests the influence of variables or factors. According to Acton *et al.* (2009:183), the ANOVA shows the variability of scores between different groups. The *F*-statistic is calculated and the large *F* value indicates that there is more variability between the groups. What is more important is the significance of the *F*-statistic (Pallant, 2010:253). According to Saunders *et al.* (2000:357) and Blaikie (2003:182), the choice of the test statistics to be used in presenting relationships depends on the level of measurement and type of data being analysed. These could be between Chi-square, z-score, *t*-statistic or the *F*-statistic. For example, the categorical variable such as gender requires a *t*-statistic to be calculated. In

the current study, SPSS performed the analysis of variance (ANOVA) and the factor analysis.

1.6.3.2.6 Correlation

According to Gray, Williamson, Karp and Dalphin (2007:407), correlations are computations that measure the degree of association between two variables, producing a single number (a correlation coefficient) that summarises the relationship using exact scores instead of rough categories. A coefficient of 0.0 means that the independent variable's value does not help us to predict or explain anything about the dependent variable. At the other extreme, a coefficient of either +1.0 or -1.0 signifies a perfect correlation between the two variables. Both strength and direction are important in a correlation test.

1.6.3.2.7 Effect sizes

According to Ellis and Steyn (2003:1), the effect size is a measure of practical significance and is independent of sample size. The guideline for the effect sizes is such that the statistic d should be interpreted as follows: (a) small effect: $d=0.2$, (b) medium effect: $d=0.5$ and (c) large effect: $d=0.8$. Because a small non-random sample was used in this study, the p -values were not relevant and differences between means were examined for practical significance with effect sizes. Effect sizes for the correlations between the demographic variables and CSR and Skills development were measured and showed no significant relationship.

1.6.4 Validity and reliability of data

A mixed method approach was utilised to integrate the information obtained from the survey, interviews and focus groups to develop policy proposals for CSR to influence skills development. This approach was useful to ensure the validity and reliability of data. According to Struwig and Stead (2001:145), the mixed method approach refers to the utilisation of various methods such as interviews, observations and documents in ensuring reliability and validity of information. Jick (1979:602), Taylor (2000:168), Flick (2007:43), Burns and Burns (2008:82), and Creswell and Plano Clark (2011:5), state that there is merit in using both qualitative and quantitative methods in a study because the qualitative method may complement and inform the quantitative method. This was found

to be true in the current study because the themes on CSR and skills development, the factors extracted through factor analysis were the same as the themes which emanated from the qualitative data collected from face to face interviews and focus group sessions. For example, on one side, one of the factors extracted from the CSR variable was CSR: Institutionalisation, while on the other side most respondents identified that the success of implementing CSR was dependent of institutions such as schools, government, legislation, and frameworks such as the NQF.

1.7 Ethical considerations

The following ethical considerations were always kept in mind while conducting the research:

- Voluntary participation (no participant would be forced to take part in the research and participants would be free to withdraw from the research at any moment).
- No harm to participants (the researcher would ensure that no physical or psychological harm is done to the participants because of their participation in the study).
- Anonymity and confidentiality (all information gathered during the study would be handled confidentially).
- Not deceiving the subjects (participants were informed about the aim, the purpose and the procedures of the study and not deceived in any way).

Furthermore, according to Struwig and Stead (2001:66), a consent form should be used to adhere to the code of moral guidelines regarding the manner in which to conduct research and to maintain high ethical standards in research. In order to adhere to the ethical considerations for conducting research, the participants were asked to sign a consent form agreeing to voluntary participation in the study (see Appendix 2), following the researcher having disclosed his identity and having explained the nature of the research to the respondent. At no point were the participants forced to participate or asked to reveal information with which they were not comfortable. In addition, participants were informed that they would be free to withdraw from the research process at any time. The researcher treated all information supplied as confidential. The process on how the

respondents to both qualitative and quantitative data collection stages were approached is outlined in Chapter 4.

1.8 Limitations

Firstly, the findings of this study cannot be generalised to the entire corporate sector in South Africa. This is because companies that made up the sample were not randomly selected. Secondly, the responses given may be biased because most companies were already practicing CSR by virtue of being listed on the NBI list. Moreover, the model proposed for government to consider when promoting CSR is in the main obtained from the practice of private sector companies. Thirdly, during the focus group sessions, most participants did not have enough knowledge about CSR and scarce skills in South Africa. Another limitation during focus group sessions was the noise levels at certain venues that were used. Lastly, it emerged during the literature review of the study that the link between CSR and skills development is obscure. Most CSR research focuses on marketplace, and community or customer issues that deal with external stakeholders more than with internal stakeholders such as employees. Information regarding skills development, being largely an employee matter, was not abundant in the literature because it is usually expected that it is the task of employers to develop their employees for the benefit of their organisation and for profitability. Skills development also deals with the work environment unlike the schooling environment, which is the main responsibility of government. All these limitations mentioned above affected the quality of the responses.

1.9 Contribution

In Africa, CSR is mostly studied around ethical issues, which is in the moral dimension of the concept, whereas this study focused on human resources or employee issues at organisational and managerial levels because skills development is mainly initiated at an organisational level (though an aggregation can occur at a country level).

The three contributions of the study therefore are:

- The study will generate additional knowledge on the relationship between CSR and skills development by presenting a policy proposal on how CSR could be

involved in the production of scarce skills. In this way, the study will contribute to public sector management theory and practice.

- As most studies on CSR are conducted in developed countries and very few studies have been conducted in developing countries and the African continent, this study will contribute new knowledge as it was conducted in South Africa and thus present knowledge of CSR within the developing countries.
- The policy proposals on CSR will enhance knowledge and strategies that will be at the disposal of companies, civil society organisations, government officials, employees, and labour unions to plan and organise CSR initiatives in skills development and creation of pools of professionals in the scarce skills areas.

On a practical level, the study will contribute with the knowhow on the utilisation of CSR to solve national matters such as skills development.

1.10 Outline of the thesis

The remainder of the thesis comprises four chapters as follows:

Chapter 2: CSR: Historical development and theoretical conceptualisation - presents a review of the literature on corporate social responsibility, the historical development of CSR as a concept, and the practice and prevailing theories of CSR from the global, to continental, and national levels.

Chapter 3: Conceptualising skills development - presents the review of the literature pertaining to the nature of work, skills development and the South African labour market system.

Chapter 4: Empirical findings: demographics, corporate social responsibility and skills development practices – presents the empirical results of both qualitative and quantitative data gathered in the survey, focus groups and face-to-face interviews. This chapter also provides demographic details, frequency tables, descriptive statistics, factor analysis, and correlations for both the CSR and skills development variables.

Chapter 5: Conclusion, recommendations and areas of future research - analyses the empirical data and theory and draw links between them, and focuses on developing policy proposals for government to incorporate scarce skills development within the corporate

social responsibility framework in South Africa. The chapter also outlines areas for further study, and gives the overall conclusion of the study.

1.11 Summary

This chapter provided an introduction and the background to this study outlining the shortcomings, gaps and challenges in the provision of scarce skills in the South African economy. The roles of government and companies were outlined and the framework of CSR was advanced as a helpful organising framework to influence a working relationship between government, companies and other role players. The chapter provided details of the methodology utilised, namely quantitative and qualitative methods, as well as the ethical considerations taken into account. The next chapter presents an in-depth theoretical foundation of CSR as a concept.

CHAPTER 2: CORPORATE SOCIAL RESPONSIBILITY (CSR): HISTORICAL DEVELOPMENT AND THEORETICAL CONCEPTUALISATION

A REVIEW OF THE LITERATURE

2.1 Introduction

The concept of CSR is one that has evolved over time and it has been affected by cultural and contextual assumptions (Werther Jr & Chandler, 2006:10-18). Campbell (2007:946) states that the practice of CSR is mediated by several public and private institutional conditions such as, regulation, influence from non-governmental organisations (NGOs), and associative behaviour among companies themselves. This chapter reviews literature on what researchers, experts, theorists, and practitioners have written and argued about CSR. Leedy (1997:87) states that the purpose of a literature review is to look again at the literature compiled by others with the intention of contributing to new knowledge or to improve the existing knowledge. To this end, the chapter presents a brief overview of the business-society relationship relevant to this study, it shows the origins, history, and the evolution of CSR, it provides the definitions and models of CSR, and unpacks the theoretical underpinnings of CSR. Thereafter, the chapter discusses the literature related to CSR implementation as follows: CSR issues and those matters where CSR applies and CSR actors or institutions that are key in the implementation of CSR. Also, the chapter begins to answer the research question stated in Chapter 1, which is: 'what are the theoretical and conceptual foundations of CSR? The chapter also brings to the fore issues or elements of the CSR construct to be used in the empirical section of the study.

2.2 Brief overview of the business-society relationship

Buchholz and Rosenthal (1997:194) state that the relationship between business and society is analogous to the relationship between self and community that is inherently relational because no business can exist in isolation from society or from its environment. Furthermore, business is a social object in society, therefore no absolute lines can be drawn between business and society. According to Solomon (1993:149) the business-society relationship has been characterised by a phenomenon of atomic individualism, where it is claimed that the individual is a building block of a society. This philosophical approach emanates from the scientific revolution of modern societies and has been applied in the business-society relationship, where business and society are seen as two

separable, isolatable entities, with the company seen as an autonomous unit that must consider its social obligations to the society it impacts (Wicks, Gilbert & Freeman, 1994:479; Buchholz & Rosenthal, 2005:142). The notion of the terms 'business' and 'society' for the purposes of this study are defined below.

2.2.1 The notion of business

According to Galbraith (2007:3) business started in ancient times when cavemen existed, and as far back as 10 000 years ago in China, Mesopotamia, and Europe. Business was a system of trade among communities and individuals using natural resources such as stones, metals, fruits, grains, and spices, and was transformed from using currencies such as livestock, coins, gold standard, paper notes and eventually intangible money by religion, empires, inventions, science, wars, colonialism and governments. Over time, business changed to what today is known as modern commerce centred on a company (Kempner, Macmillan & Hawkins, 1974:22).

Two notions can be ascribed to the term 'business' as follows: According to Fryer (2015:4) the term business may be used to describe a particular field of human activity, while at the same time it may be used to describe a particular institution. 'Business', in this study, will refer to the human activity while 'company' will mean the institution. Carroll and Buchholtz (2008:5) state that a company is defined as the collection of private, commercially oriented (i.e. profit-oriented) organisations, ranging in size from one-person proprietorships to medium-sized companies of similar orientation, up to corporate giants. Velasquez (1988:18) in turn states that companies, which the law endows with special rights and powers, are designed to achieve two ends, namely, they produce goods and services that members of society want and need, and they distribute these goods and services to society. Garrett and Klonoski (1986:24) for their part, state that society expects these companies to produce and distribute useful goods and services at a reasonable cost.

Early companies were managed by their owners who were entrepreneurs that were very close to the products, employees and the community (Bavaria, 1986:ix). Later on, companies became public due to pieces of shares that were bought by passive shareholders who hired managers to manage the companies. According to Pass, Lowes,

Pendleton and Chadwick (1995:350), the managers were educated to handle the economic aspects of the company and almost no education to handle its social objectives.

The first company in existence can be traced back to the Dutch East and West India Companies that fulfilled the expectations of the British Empire within its colonies in Africa, the Caribbean and Brazil (Anderson, 2006:33; Banerjee, 2007:15; Galbraith, 2007:12). Companies started as big entities during the industrial revolution, and were created to build infrastructure such as rail and canals, to provide services such as telecommunication, and to undertake the mass production of goods and services (Parkinson, 2003:496; Lydenberg, 2005:11). Later on, the modern company was formed as a separate legal entity apart from its shareholders, able to enter into contracts with suppliers and customers or an association of persons into an autonomous legal unit with a distinct legal personality that enables it to own property and contract debts (Votaw, 1965:25; Galbraith, 1967:73; Caston, 1998:14; Micklewait & Wooldridge, 2003:2). The companies referred to in this study are profit-seeking institutions (Bavaria, 1986: x; Pass *et al.*, 1995:349; Carroll, 1996:5; Fryer, 2015:4) operating within South Africa or internationally (i.e. the multinational company).

2.2.2 The notion of society

According to Steiner and Steiner (1985:4), Carroll and Buchholtz (2008:6), and Watson (2012:6) the abstraction of society is made up of three interrelated parts, namely: ideas or beliefs that include attitudes and customs, institutions that are the formalised ways by which society tries to do something, such as business itself, political system, labour unions, as well as systems of government, language, legal, education, and religion; and material things such as stock resources, land, manufactured goods. Clarkson (1995:102) and Carroll (1996:6) state that companies manage relationships with stakeholder groups rather than with society as a whole and if this relationship is not clarified, then it becomes difficult to determine to whom the company should be responsible within society. Typical stakeholders for a company are depicted in Figure 2.1 that shows three kinds of stakeholders, namely those that are internal to the company, economic, and societal stakeholders (external to the company). The company is also impacted by the technological developments and the continuous process of globalisation.

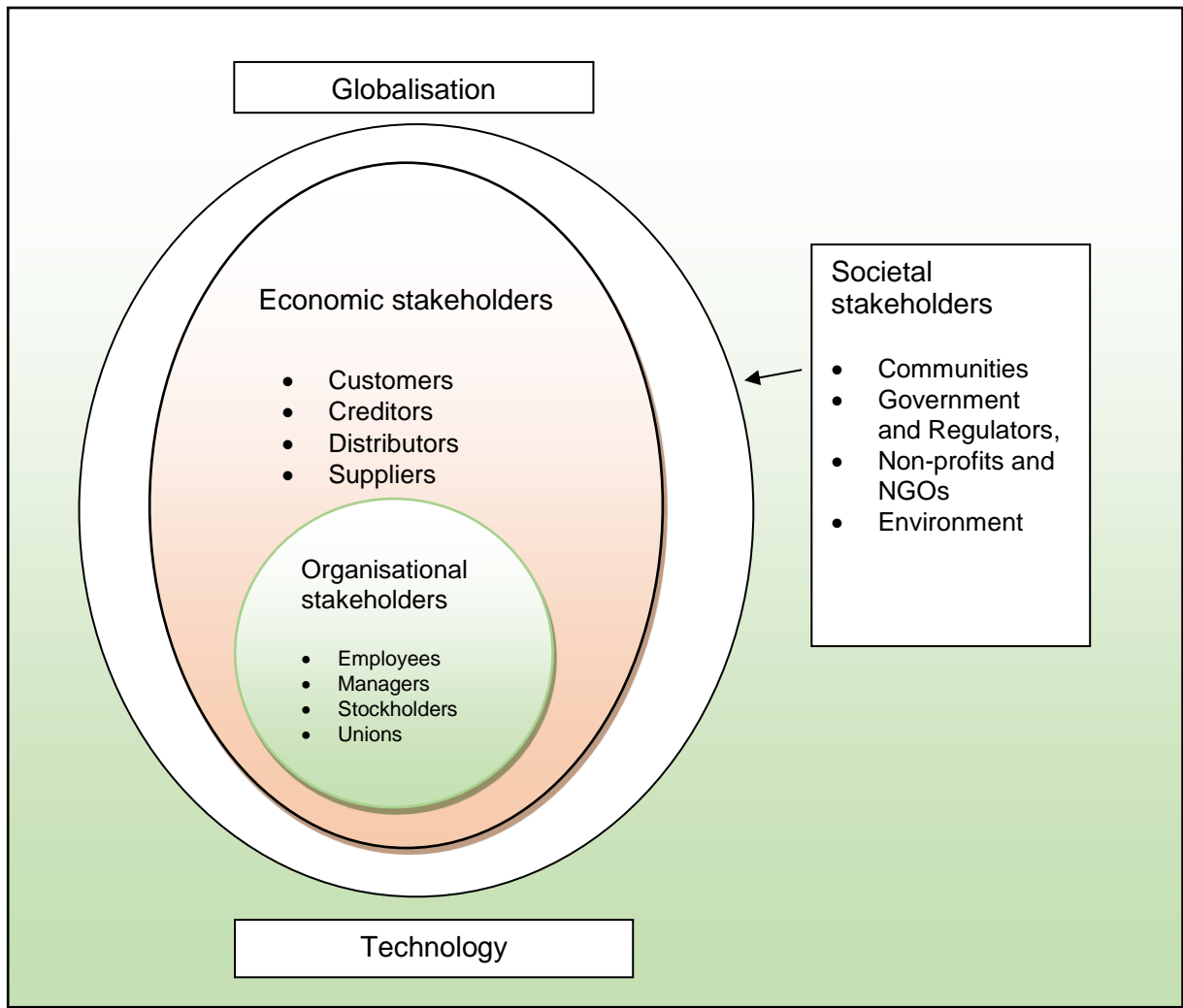


Figure 2-1: Company stakeholders

Source: Adapted from Werther Jr & Chandler (2006:4)

This study explores the role that CSR could play in the development of scarce skills and the role that could be played by the South African government. Therefore, on one hand the internal environment of the organisation shall be the focus because skills development involves employees, and on the other hand, the external environment shall be involved because the government affects an organisation from the outside.

2.3 The origin and development of CSR

The ideas of giving back to society, philanthropy, community service, the company executive as a public trustee, codes of conduct, and religious guidelines are practices that occurred in the United States of America (US) and Europe as early as the 20th

century (Jenkins, 2005:526; Lantos, 2001:596; Banerjee, 2007:5). CSR is practised across different continents, and its implementation unique due to cultural factors and the national business, legal, and government systems that play a role in defining the content and process of CSR in these regions (Chambers, Chapple, Moon & Sullivan; 2003:4; Chapple & Moon, 2005:416; Welford, 2005:33; Matten & Moon, 2008:405; Freeman, Harrison, Wicks, Parmar & De Colle, 2010:235; Wang, Tong, Takeuchi & George, 2016:458). Chapple and Moon (2005:432) argue that Western countries have greater capacity for CSR by virtue of their having developed very large companies, which are mostly associated with CSR and the propagation of CSR values, earlier than non-Western countries did. A systematic and rationalised account among scholars, practitioners and management research writers on CSR began only around the 1950s (Blowfield & Frynas, 2005:500; Frederick, 2006:6; Lee, 2008:53) when Howard Bowen's (1953) book appeared (Carroll, 1999:269; Dahlsrud, 2008:2; Okoye, 2009:614; Rahman, 2011:167).

CSR has gained prominence in recent years by enjoying media coverage, receiving academic focus, and having a plethora of policies at the company, national and international levels (McBarnet, 2007:14; Mühle, 2010:15; Fleming & Jones, 2013:1). Blowfield and Murray (2008:12) observe that during the 1950s, the focus of CSR changed from the 'individual' - as in, the role of business leaders and how they managed companies in relation to the concept of CSR as giving back to society - to the behaviour of companies in society, (Frederick, 2006:7; Carroll & Shabana, 2010:86). Whetten, Rands and Godfrey (2002:380) state that the early advocates of CSR, such as Davis (1967) and Votaw and Sethi (1969; 1973), advanced arguments that CSR activities would help to limit government regulation of companies, develop a socially and economically stronger society, improve company reputation, attract high quality employees, turn social problems into business opportunities, and ensure the moral obligation of companies to society.

2.3.1 Occurrence of CSR before 1950 (religious, political and social forces)

Theologians and religious thinkers had an influence on the conduct of businessmen who were expected to manage companies based on religious principles during the beginning of modern capitalism in the 18th century (Lantos, 2001:596; Jenkins, 2005:527; Scherer & Palazzo, 2011:899). Major forms of religion commented on business conduct: for example, the Roman Catholic Church had codes of practice relating to business such as

fair wages and fair prices for consumers (Johnson, 1957:70; Cannon, 1992:10; Chryssides & Kaler, 2001:53). In the present day, the Jewish tradition continues to emphasise business ethics that are informed by legalistic codes and an aspirational model that rest upon the idea of the duality of man, one who is simultaneously ordered to 'subdue the earth' and at the same time is endowed with responsibility to 'serve it and keep it' (Pava, 1998:66). Equally, according to Cone (2003:52), in the Muslim faith, the Quran expresses congruence between religion and the business enterprise and contains numerous references to economic practice including the right to private property as one of the principles on which the Islamic economic system is built.

Major economic and social events have also done their part to shape business conduct. Blowfield and Murray (2008:43) state that the industrial revolution, world wars, and globalisation played a major role in shaping the relationship between companies and society. During the industrial revolution (1760-1840), there was great concern for social responsibility by companies when pressure intensified for a more sympathetic response to the needs of those who did not prosper (Sawyer, 1979:6; Cannon, 1992:9). Also, the development of factories during the industrial revolution created poor urban living conditions among the population that became the responsibility of companies to alleviate (Mitchell, 1989:24; Cannon, 1992:10; Carroll, Lipartito, Post, Werhane & Goodpaster, 2012:126). In the US, the First World War (WWI) not only caused the spirit of sacrifice and service among companies and the American nation, but also imposed demands for organised welfare activities (Heald, 1957:379). Massive social assistance programmes that had developed during WWI remained on the agenda of large companies even after the war ended (McQuaid, 1977:online).

The business-society relationship was further influenced by the great depression that was caused by the crash of the stock exchange in the US in 1929, that according Blowfield and Murray (2008:47) could be blamed on corporate greed. The great depression gave rise to the idea that through passing anti-trust laws, government intervention could play a role in the stabilisation of the economy by curtailing the excessive power that companies were wielding (Luthans, Hodgetts & Thompson, 1990:50-51; Greer, 1993:107; Ritcher, 2001:18). Blowfield and Murray (2008:48) state that after the Second World War (WWII), there was a sense among European countries about gaining economic prosperity and

waging 'war' against poverty, unemployment and social injustice (Barnett, 1986:276-304; Cannon, 1992:24).

In the early 20th century, globalisation produced transnational business that saw large companies operating across continents whose anti-competitive behaviour was hard both to detect and to curtail (Stiglitz, 2006:200). Anti-social and anti-competitive behaviour drew attention to these large companies in order that they be kept in check by the government and by citizens using company charters (Richter, 2001:6; Rayman-Bacchus, 2004:23). According to McEwan (2001:3), the anti-trust movement against robber barons led to the development of CSR because the new industrial trusts and companies had become too powerful, they wasted resources, and were politically dangerous and irresponsible. Globalisation severely affects CSR even today. A detailed discussion of globalisation is given in section 2.6.2.

2.3.2 Occurrence of CSR from the 1950s onwards

The instances of CSR occurrence outlined thus far show that CSR has been practiced by companies long before its formal development. One way to understand the evolution of CSR is provided by Frederick (1988; 2006) in the form of four conceptual waves or phases in its development. Lee (2008:54) and Post (2015:139) state that in around the 1950s, CSR was conceptualised at a macro level with attention being paid to societal effects as opposed to how managers, companies, multilateral organisations, and non-governmental bodies institutionalise CSR (Banerjee, 2007:7). CSR's ethical orientation previously was explicitly normative, with visible implementation tools, whereas at the present time the focus is implicitly normative, with less visible implementation tools, and is performance-orientated (Garriga & Mele, 2004:60; Matten & Moon, 2008:409). The next section outlines the four CSR conceptual waves.

2.3.2.1. The conceptual phases for CSR: CSR1, CSR2, CSR3, and CSR4

The first conceptual wave is depicted as CSR1 or corporate social responsibility, and reflects the time when the focus of CSR was mainly on the social responsibilities of business people (Banerjee, 2007:20) while research continued to search for both the content and process for companies to realise social responsibilities (Lee, 2008:58). The second conceptual wave, CSR2 or corporate social responsiveness was characterised by a search for strategies that focus on the capacity of business to respond to societal

pressures. The question at that point was not whether companies should engage in social responsibilities, but how to do so (Ackerman & Bauer, 1976:13; Dillard & Murray, 2013:20).

CSR2 brought about a managerial approach to the business-society relationship. Researchers, managers and practitioners had to grapple with the question of how to operationalise CSR with sound measurement tools and methodological frameworks as well as responsive operational policies and procedures (Frederick, 2006:86). The tools developed for social response involved, among other things, social forecasting, social auditing, and the company's involvement in public policy matters. This included the integration of social factors into corporate strategic planning, eventually fending off, neutralising, or defeating social forces that would change companies in directions thought to be desirable by the broader society (Frederick, 1986:132). The third wave, CSR3 or corporate social rectitude, emerged from the techniques applied by companies to solve business-society issues in CSR2, and in so doing, introduced the normative aspects to these companies. Frederick, (1986:131) states that these techniques and approaches could not be value free. The fourth wave, CSR4, where the CSR acronym stands for Cosmos, Science and Religion, illustrates that the debate of the business-society relationship goes beyond mere advice across the social and political spheres and extends to the spheres of natural science and spirituality (Frederick, 1998:43; Kakabadse, Kakabadse & Rozuel, 2007:11). A summary of the four conceptual waves of CSR development and evolution is shown in Figure 2.2.

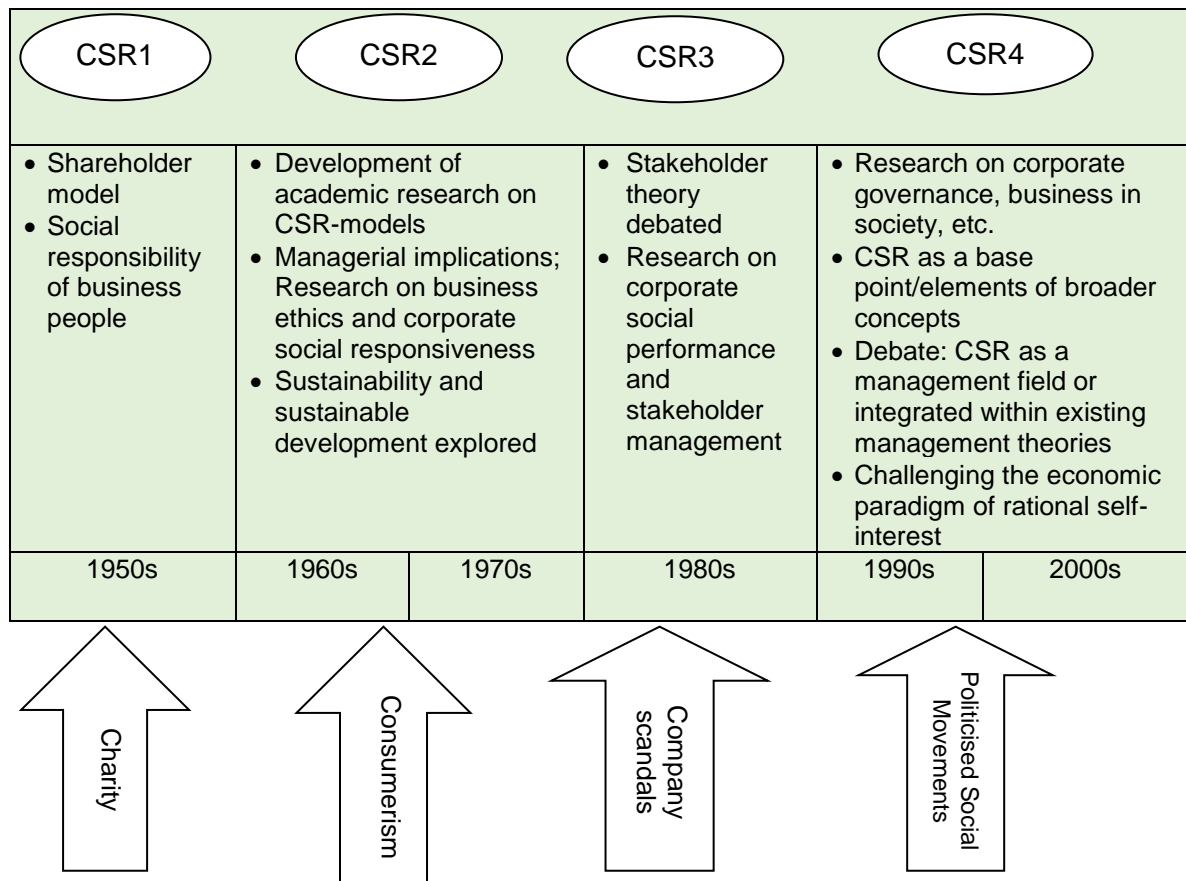


Figure 2.2: Evolution of CSR research since the 1950s

Source: Adapted from Kakabadse *et al.* (2007:12)

Figure 2.2 shows that across the four waves of CSR, shifts have occurred in a quest to find a common understanding of CSR, and how companies can implement it. The fact that CSR has developed beyond the company means that CSR could provide a mechanism that could drive the achievement of a national project such as skills development at country level.

2.4 The definitions and models of CSR

In spite of advances and developments around CSR, there is still no consensus or agreement on what its definition is (Van Marrewijk, 2003:98; Dahlsrud, 2008:1). According to Okoye (2009:619), the lack of an exact definition and consensus on the meaning of CSR can be ascribed to the fact that: (i) CSR is a contested concept, which by its very nature, is hard to define, and (ii) CSR is used to describe an increasingly wider range of company activity, attracting scholars who come from very different fields, e.g. business, economics, law, sociology, philosophy, and even theology whose aims and research

methods frequently contradict one another (Cramer, Jonker & Van der Heijden, 2004:215; Rahman, 2011:172; Brejning, 2012:30; Haynes, Murray & Dillard, 2013:7). Aguinas and Glavis (2012:933) attribute the use of different conceptual lenses and inappropriate levels of analysis, where most studies focus on institutional and organisational macro levels as opposed to the individual or micro level, to be the contributors to the definitional crisis of CSR.

2.4.1 Definitions of CSR

In the process of defining CSR, there is a bias towards context and practice. Kakabadse *et al.* (2007:13) identify categories of definitions from academia, the business community, civil society and governments. Those from academia tend to be theoretical, and pose perspectives of, among others, agency theory, legitimacy theory, stakeholder theory and corporate governance. Those from the business community tend to be managerial and more practical, while those from government focus on matters of sustainability. Carroll (1999:292) notes that in the course of its development, the field of CSR required models that would capture CSR's concerns, assist managers to implement CSR, and support researchers in theorising and further developing the concept.

Dahlsrud (2008:6) argues that CSR definitions are describing a phenomenon, but fail to present any guidance on how to manage the challenges within this phenomenon. Therefore, the challenge for companies is not so much to define CSR, as it is to understand how CSR is socially constructed in a specific context, but it is how to take this into account when business strategies are developed. Many scholars, among others, Van Marrewijk (2003:102), Dahlsrud (2008:5), and Rahman (2011:173), attempted to establish a universal definition, and core dimensions of CSR. Five overarching dimensions were found by Dahlsrud (2008:2) that are part of ten dimensions suggested by Rahman (2011:173) as well as those suggested in a methodological review study by Moir's (2001:17). Table 2.1 shows the comparison of CSR dimensions gleaned from the work of Dahlsrud (2008:5), Moir's (2001:17), and Rahman (2011:173).

Table 2-1: Comparison of Moir (2001:17), Dahlsrud (2008:5), and Rahman (2011:173)

Moir's (2001) Dimensions	Dahlsrud (2008) Dimensions	Rahman's (2011) Dimensions
• environment	• an environmental dimension	• protection of environment
• community	• a social dimension	• obligation to the society
• market place (customers, suppliers)	• an economic dimension	• economic development
• workplace (employees)	• a stakeholder dimension	• stakeholders involvement
	• a voluntariness dimension	• voluntariness
• human rights		• human rights
• ethics		• ethical business practice
		• law abiding
		• improving the quality of life
		• transparency & accountability

Source: Adapted from Moir's (2001:17), Dahlsrud (2008:5) and Rahman's (2011:173)

From Table 2.1 above, it is clear that the social, economic, environment, stakeholder, ethics, voluntariness, and community development form the core dimensions of CSR. For the purposes of this study that explores the extent to which CSR could be used to develop scarce skills required by the South African economy, with government playing a number of roles, CSR shall mean:

- all activities that are done by a private sector company beyond what is required by the law,
- on a voluntary basis, and
- directed at issues pertaining to societal (community), environmental and economic issues at the workplace such as, awarding of resources for employee development, namely bursaries, workplace-learning opportunities, mentoring, talent management, and job redesign for the empowerment of employees.

2.4.2 The CSR models

In the process of defining CSR, key models in the form of mental pictures describing the phenomenon came into being to guide research efforts and the implementation of CSR (Banerjee, 2007:20-22). De Bakker, Groenewegen and Den Hond (2005:284) state that

CSR models can be understood within the progressive view of CSR, having developed from conceptual vagueness, through clarification of central constructs and their relationships, to the testing of theory. Carroll (1979:500) proposed the first notable CSR definition of CSR which is discussed next.

2.4.2.1 The four-part definition of CSR by Carroll

Whetten *et al.* (2002:380) state that after the CSR critics had challenged the concept in the 1970s, more effort began to emerge to build a logically grounded and articulated stronger argument for CSR. The situation in the US was characterised by various events such as: the Organisation of Petroleum Exporting Countries (OPEC) oil shock in 1973 (Hodgetts, 1977:230) and the results of the 1971 World Commission for Economic Development (WCED) report that presented categories or dimensions on which companies were to focus (Carroll, 1999:275; WCED, 1971:15). Added to these was pressure from the Black, Youth, Women, Ecology, Anti-war, and Consumer movements on companies to examine their roles in society (Frederick, 2006:26-28). According to Sethi (1979:66), the landmark four-part CSR definition advanced by Carroll (1979) attempted to bridge the gap between the critics and the proponents of CSR by reconciling the economic and the social responsibility of companies (Carroll, 1979:500-501; Schwartz, 2011:92). In Figure 2.3, the proportions of each aspect of Carroll's four-part CSR definition are depicted hierarchically to emphasise the order of importance (Carroll, 1979:499).



Figure 2-3: The Pyramid of Corporate Social Responsibility

Source: Adapted from Carroll (1991:42)

In this CSR depiction, CSR is described as the economic, legal, ethical, and discretionary expectations that society will have of companies at a given time. The economic responsibility means that society expects companies to produce necessary goods and services efficiently and to sell those goods and services at a reasonable price. The legal responsibility in the definition relates to the expectation that companies will comply with laws set down by the government and society to govern competition in the market place, while ethical responsibilities entail expectations of society for the company to go beyond the law in meeting norms and expectations and in acting morally. The discretionary/philanthropic responsibilities in the definition refer to expectations that companies should be good citizens, that is, they should support programmes that uplift the community (Carroll, 1979:500; Carroll, 2000:38).

According to Schwartz and Carroll (2003:505) the Carroll's definition failed to provide a dynamic evolution among the economic, legal, ethical and philanthropic responsibilities because both in practice and in context, the discretionary responsibilities would be subsumed under the ethical responsibilities of the company. As a result, Buchholtz and Carroll (2008:46) regard the responsibilities expressed in the four-part definition of CSR as mere principles of companies towards society and do not help managers when

deciding how to meet the company's social and economic responsibility. The four-part definition of CSR provided a philosophical orientation without indicating how a company could respond and to which issues in society. According to Wartick and Cochran (1985:767) a model called the 'corporate social performance' (CSP) model (Carroll, 1979:503) consisting of three-dimensions as shown in Table 2.2 would improve Carroll's (1979) definition.

Table 2-2: The corporate social performance (CSP) model

<u>Principles</u>	<u>Processes</u>	<u>Policies</u>
Corporate Social Responsibility	Corporate Social Responsiveness	Social Issues Management
1. Economic	1. Reactive	1. issues identification
2. Legal	2. Defensive	2. Issues analysis
3. Ethical	3. Accommodative	3. Response development
4. Discretionary	4. Proactive	
<i>Directed at:</i>	<i>Directed at:</i>	<i>Directed at:</i>
1. the social contract of business	1. the capacity to respond to changing societal conditions	1. minimising "surprises"
2. business as a moral agent	2. managerial approaches to developing resources	2. determining effective corporate social policies
<i>Philosophical orientation</i>	<i>Institutional orientation</i>	<i>Organisational orientation</i>

Source: Adapted from Wartick and Cochran (1985:767) and Preston (1975:436)

The CSP model espoused by Wartick and Cochran (1985) (Table 2.2) regards the four-part definition of CSR to be the principles by which companies practice CSR and further identify the capacity of responding to the needs of society as part of processes that managers use around social issues in management. Unlike the four-part definition by Carroll (1979:500), the CSP model espoused by Wartick and Cochran (1985:767) consists of characteristics that, according to Jones (1983:559), are unifying or integrating the basic parameters of research (theory, methods, and values), and are predictive or having the explanatory capability.

2.4.2.2 The Wood CSP model

An advancement from the work of Wartick and Cochran (1985:767) is the Wood (1991:694) CSP model that defined CSR as, the company's configuration of principles of social responsibility, processes of social responsiveness, and policies, programmes, and observable outcomes as they relate to the company's social relationships (Wood, 1991:693) as shown in Table 2.3

Table 2-3: Wood's Model of CSP

PRINCIPLES OF SOCIAL RESPONSIBILITY	⇒	PROCESSES OF SOCIAL RESPONSIVENESS	⇒	OUTCOMES & IMPACTS OF PERFORMANCE
Legitimacy: Businesses that abuse the power society grants them will lose that power.		Environmental Scanning: Gather the information needed to understand and analyse the company's social, political, legal, and ethical environments.		Effects on people and organisations.
Public Responsibility: Businesses are responsible for outcomes related to their primary and secondary areas of involvement with society		Stakeholder Management: active and constructive engagement in relationships with stakeholders		Effects on the natural and physical environments
Managerial Discretion: Managers and other employees are moral actors and have a duty to exercise discretion toward socially responsible, ethical outcomes.		Issues/Public Affairs Management: A set of processes that allow a company to identify, analyse, and act on the social or political issues that may affect it significantly.		Effects on social systems and institutions

Source: Adapted from Moir (2001:21) and Wood (2010:54)

The key aspect of the Wood CSP model is the expression that CSR operates at different levels. The first is an institutional/societal level, whose fundamental principle is legitimacy; the second is the organisational level, where companies have the responsibility to mitigate harmful effects of the company activities in the immediate community. The third is the managerial level where managers act as moral actors. The essence of the Wood model is the notion that companies should put in place structures, policies, programmes and processes to ensure that managers can manage CSR at these three levels. Whetten *et al.* (2002:384) state that the Wood CSP model is deficient in two areas: firstly, it fails to specify relationships between key constructs adequately, and therefore is unable to allow

the development of testable hypotheses; secondly, fails to integrate normative perspectives into its descriptive focus, thus unwittingly reinforcing the notion that business and ethics are distinct and incompatible (Swanson, 1995:20). Nevertheless, the Wood CSP model is regarded as helpful in assessing stakeholder relations (Waddock & Graves, 1997b:21) and enhancing the business case rationales of engaging in CSR (Brammer, Jackson & Matten, 2012:4).

Waddock and Graves (1997a:20) add that the Wood model is fundamental to the proponents of CSR because it provides a basis for the measurement of some of the assertions made by researchers, for example whether CSR is profitable or not. As a result, a series of studies have been conducted to investigate the relationship between CSR and corporate financial performance (CFP) (Moskowitz, 1972:71; Margolis & Walsh, 2003:268). The results found in these studies were mixed, thus confirming that a positive, but not substantial, relationship exists between the two variables (CSR and CFP) and that ideological bias and limited methodological procedures exist in these investigations (Aupperle, Carroll & Hatfield, 1985:462; Ruf, Muralidhar, Brown, Janney & Paul, 2001:144; Orlitzky, Schmidt & Rynes, 2003:427; Fleming & Jones, 2013:20).

Besides the positive, or non-negative, results regarding the influence of CSR on the company's financial performance, other arguments on CSR are that it promotes the company's reputation or brand, attracts new staff, and improves employee relations. Also, it builds trust among its consumers, and promotes innovation within the company (Jones, 2009:336; Wood, 2010:75). For purposes of this study, the discussion of the empirical work on the relationship between CSR and the financial performance of the company is key because the company's propensity to invest in skills development activities would be dependent on the available profits.

From the success of the Wood CSP model, CSR has developed broad acceptance in the business community and is interpreted by most to include motivations, actions, and results). Schwartz and Carroll (2008:166-167) and Carroll (2015:91) outline other concepts such as business ethics (BE), stakeholder management (SM), corporate citizenship (CC), and sustainability (SUS) that have become popular alongside CSR because of the Wood CSP model (Crane, Matten & Spence, 2008:3; Dillard & Murray, 2013:11).

2.4.2.3 Complementary concepts of CSR

CSR consists of complementary concepts such as corporate sustainability, corporate citizenship, stakeholder theory, business ethics, philanthropy, corporate social accountability and social responsibility investing (Van Marrewijk, 2003:96; Blowfield & Murray, 2008:12; Lee, 2008:57; Aguinas & Glavis, 2012:952). These complimentary concepts provide a variety of theoretical perspectives for CSR research (Fifka, 2009:313; Kakabadse *et al.*, 2007:13) and are discussed in the sub-sections below.

2.4.2.3.1 Stakeholder management

Having been conceived in the 1960s by a group of researchers in Stanford, US (Stoney & Winstanley, 2001:604), popularised in the 1980s by Freeman (1984), and developed from being a management tool into a theory (Whetten *et al.*, 2002:384; Cooper, 2004:3), the stakeholder theory has contributed immensely to the development of CSR. Cragg, Schwartz and Carroll (2009:xxiii) state that the theory contributed to the evolution of CSR on two fronts: it provided a “theoretical framework for articulating the nature and scope of social responsibilities of companies”, and suggested those obligations were “ethical or moral”. Cooper (2004:3) asserts that the stakeholder theory identified ethics as an integral responsibility of management in all aspects and dimensions of company activity, rather than being considered an extra or a distinct component of management and management theory. One of the most notable uses of the stakeholder theory in relation to the traditional view of the company and CSR is that the theory succeeds in democratising the company and sensitises it to its external environments (Fleming & Jones, 2013:52). Kakabadse *et al.* (2007:36-37) state that the stakeholder theory assists the company in profiling its stakeholders in order of importance to its operations and objectives, and summarises the main elements and factors of influence in stakeholder theory (stakeholder management) as shown in Figure 2.4.

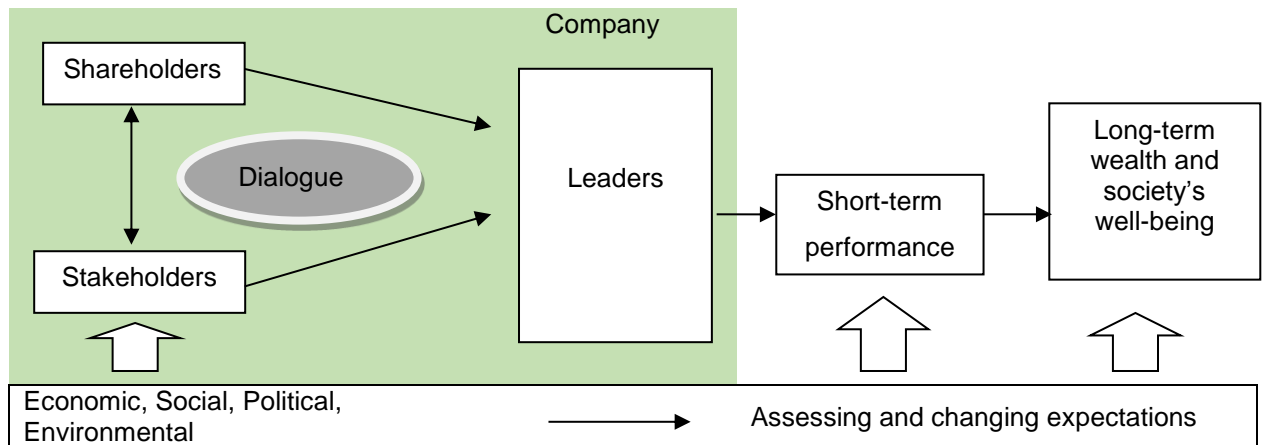


Figure 2-4: Stakeholder management

Source: Adapted from Kakabadse *et al.* (2007:37)

Figure 2.4 shows that over and above the fact that leaders and the management team interact with employees in a company, there is a dialogue among stakeholders and shareholders who are both external to the company. The dialogues aim to ensure short-term performance, long-term wealth, and society's well-being. The stakeholder theory is discussed fully in section 2.5.1.2 below.

2.4.2.3.2 Corporate sustainability (CS)

The World Commission on Environment and Development (WCED, 1987:online) - the so called Bruntland Report – was endorsed in 1992 at the Rio Earth Summit and the subsequent 2002 World Summit on Sustainable Development (WSSD) held in South Africa. Emanating from the WCED report, is that corporate sustainability or sustainable development means development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Rainey, 2006:1; Zadek, 2013:477). Corporate sustainability focuses simultaneously on three issues, namely environmental, social and economic issues (Jallow, 2008:32; McNall, Hershauer & Basile, 2011:xi) and can be regarded as one of the stages or the operationalisation of CSR (Crowther, 2008:28). Sustainability, as a concept, is framed by what is called a 'capital'. There are four capitals, namely: the ecological or biosphere capital which refers to land and all physical resources, human capital that emphasises the role of health, knowledge, skills, and motivation, social or organisational capital which reflects the importance of groups working together instead of being isolated as individuals; and lastly

manufactured capital that refers to tools, machinery, finance, buildings, technology, and infrastructure, which enhance productivity (Ekins, Hillman & Hutchison, 1992:48-49; Allen, 2011:161). The concept of corporate sustainability relates to this study because skills development leads to human capital. The development of scarce skills in South Africa is at the centre of the sustainability of companies because skills are a means to production in the same way as the biosphere, financial resources and social relations at the workplace. The study argues that scarce skills development for the economy will ensure the sustainability of most companies and industries in South Africa. The next concept related to CSR is corporate citizenship.

2.4.2.3.3 Corporate citizenship

Companies are at times regarded as 'citizens' within the community either at national or at global levels. According to Matten and Crane (2005:166) and Crane and Matten (2007:70) this situation gives a connotation that companies participate in a political process. As a result, the use of the term 'citizen' may create a controversy because citizenship implies membership in "a state and an identity akin to national identity" (Hsieh, 2014:290) and citizenship is a property of natural persons (Neron & Norman, 2008:1). The notion of companies having human attributes, according to Mujih (2012:54), emanates from company law where a company is regarded as a legal person able to perform most of the functions of a natural person including the human characteristic of having a conscience to act responsibly, being a citizen and even having a personality (Goddard, 1998:12; Cronjé & Van Wyk, 2013:196).

Regarding such matters as company scandals, lack of cooperation on matters of climate change, and shying away from tackling other sustainability issues, Zadek (2013:475) states that the corporate citizenship concept of CSR could help in turning around the situation and also guiding companies to use the power they possess for the betterment of society (Hertz, 2001:203). Waddock (2006:5) states that corporate citizenship involves more than meeting the discretionary, community involvement through philanthropy, and the fiduciary duties to shareholders, but it is to pay attention to fundamental responsibilities such as labour, human rights, environmental sustainability, and anticorruption measures that are mostly the responsibilities of government. Crane and Matten (2007:71) state that corporate citizenship helps companies to understand rights across cultures and environmental responsibilities under globalisation, while Logsdon

and Wood (2002:156) expand the concept of corporate citizenship into 'business citizenship', – where the unit of analysis is a company, thus facilitating participation at a global level (Zadek, 2001:13; McIntosh, Thomas, Leipziger & Coleman, 2003:15). The complementary concept of corporate citizenship was useful in this study as the aim was to develop a set of policy proposals for government to institutionalise CSR in South Africa towards the development of scarce skills. Corporate citizenship is related to this study because companies would implement skills development from a perspective that it would come as part of their corporate citizenship.

2.4.2.3.4 Business ethics (BE)

Another complimentary concept to CSR is business ethics. According to Cortez (2015:98), business ethics are considered applied ethics along with bioethics, journalism ethics, legal ethics, and others. Also, business ethics occur in both the secular and the religious spheres, where in the secular sphere concepts include utilitarianism, deontology (Kantian), virtue, care, and contractarianism, among others. In the religious sphere, scholars explore what the major religions of the world such as Hindu, Buddhist, Christian, Jewish, Arab, and Confucian approaches assert regarding the conduct of business (Fryer, 2015:6-7; Abend, 2016:44). BE as a concept helps to capture and embrace the activities of middle- and lower-level managers and employees who might not be as accurately accounted for in the CSR focus (Carroll, 2015:92). It is important to note that the modern form of a company consists of its owners that is shareholders/principals, as distinct from management, that is agents. Furthermore, a company is treated by law as an immortal fictitious 'person' who has the right to sue or be sued, own and sell property, and enter into contracts (Velasquez, 1988:19; De George, 1990:171; Crane & Matten, 2005:41). As one of the complementary concepts of CSR, BE is a unifying concept to tackle sustainability in the business community (Crane & Matten, 2005:436).

2.4.2.4 Concluding remarks on the CSP model

Carroll (2015:94) gives a summary of the development of CSR from the 1950s to date together with the complementary concepts briefly discussed in this subsection (see Figure 2.5).

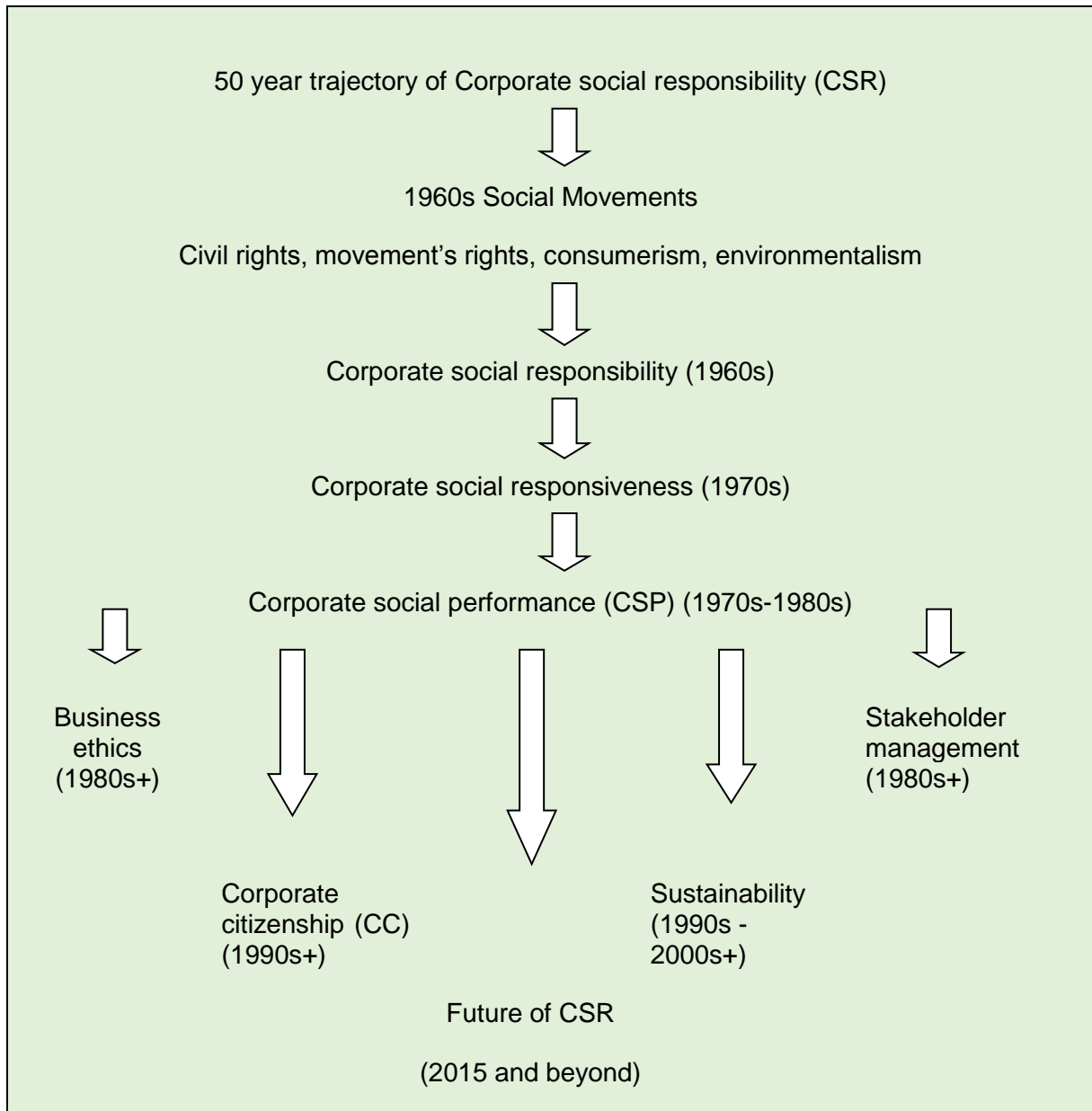


Figure 2.5: A 50 year trajectory of corporate social responsibility

Source: Adapted from Carroll (2015:91)

According to Cooper (2004:2), since the 1950s, the only attempt made in researching the business-society relationship was a search for a comprehensive tool through which academics, business managers and other stakeholders could understand the behaviour of companies in society. Gond and Crane (2010:677) comment that CSP has been a prominent concept in the management literature dealing with the social role and the impacts of companies, and has been promulgated as a unifying paradigm for the field. However, the concept of CSP still lacks strong theoretical foundations and empirical validity, suggesting that the paradigmatic status of CSP might be lost. Post (2015:148)

agrees with the assertion by Gond and Crane (2010:677), that there is still no generally accepted paradigm for CSP. He states that the balance between economic performance and social performance is constantly changing, requiring continuous adjustment because both the economic and social agenda change, and the social contract between business and society is a continuous work in progress. Matten, Crane, and Chapple (2003:111) remark that, in spite of the development of the CSP and the stakeholder management models, the ideological divide between business-oriented 'capitalist' thinkers and 'critical' 'liberal' or 'socialist' proponents of a stronger responsibility for the company in society has never really been transcended. The next section expands on the theoretical underpinnings of CSR to shed more light on the state of theoretical development of the concept.

2.5 The theoretical underpinnings of CSR

This section discusses the traditional and the modern views of a company and the theories and debates associated with these views.

2.5.1 Theoretical positions on CSR

In terms of theoretical approaches to CSR, Smith and Hasnas (1999:112) and Cooper (2004:13) identify three main theories employed in theorising CSR. These theories are derived from the business ethics field, and are known as the Normative Theories of Business Ethics (NTBEs), and they include the shareholder, stakeholder, and social contract theories (Hasnas, 1998:19) (see Figure 2.6).

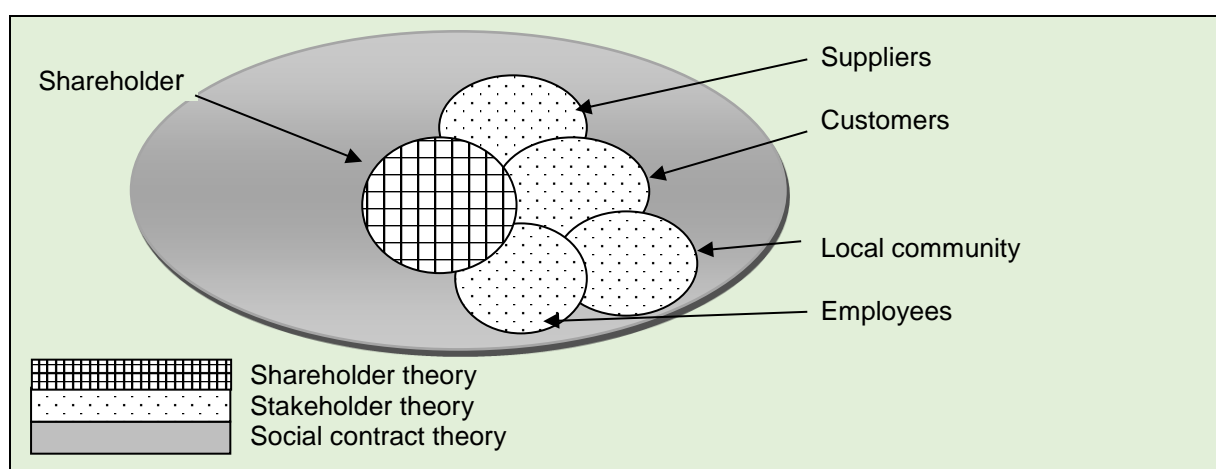


Figure 2.6: The normative theories of business ethics

Source: Adapted from Smith and Hasnas (1999:113)

The NTBEs focus exclusively upon the company relations and therefore define obligations that managers 'should' or 'ought to' fulfil. This section will summarise each theory, analyse its supporting rationale, and highlight the chief objections raised against each. The manner in which the theory supports the notion of CSR shall also be given.

2.5.1.1 The shareholder theory

According to Cooper (2004:14) and Fryer (2015:364), the shareholder theory proposes that the manager's prime responsibility in a company is towards the shareholders and that in all actions, shareholders should be considered first and foremost and their wealth maximised by the managers. Friedman (1962:133) advanced the most notable defence of the shareholder theory. In his words:

"there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud".

Friedman (1970:133) and Carson (1993:3) reflect on this in similar fashion by stating that:

"business executives are obligated to follow the wishes of shareholders (which will generally be to make as much money as possible) while obeying the laws and the 'ethical customs' of the society".

Emanating from Friedman's (1962; 1970) statements, Fryer (2015:366) identified three arguments around the shareholder theory, namely the agency, free-market, and the usurpation arguments, which are briefly discussed below.

2.5.1.1.1 The agency argument

Fryer (2015:364) and Werther Jr and Chandler (2006:125) state that because of the separation of ownership and control in a company, the principal-agent relationship arises within the company. Such a relationship is characterised by an inherent tension between company owners, that is, the principals who could be shareholders and board of directors, and managers that are, the agents who have been appointed by the principals to operate the business. Pratt and Zeckhauser (1991:3) assert that the challenge in a principal-agent relationship occurs whenever the principal cannot monitor the agent's action and

information. As a result, the problem of inducement and enforcement comes to the fore and creates the agency problem (Eisenhardt, 1989:58; Dees, 1992:28; Blair, 1998:195).

According to Hasnas (1999:21) and Mujih (2012:18) this relationship leads to the existence of a fiduciary relationship that implies managers cannot have an obligation to expend company resources in ways that have not been authorised by the shareholders regardless of any societal benefits that could be accrued by doing so (Clark, 1991:71). Friedman (1970:179) asserts that if managers were to use the shareholder's money in this way would amount to theft:

“this corporate executive would be spending someone else's money for a general social interest. Insofar as his actions in accord with his ‘social responsibility’ reduce returns to stockholders, he is spending their money. Insofar as his actions raise the price to customers, he is spending the customers' money. In so far as his actions lower the wages of some employees, he is spending their money”.

Nunan (1988:904) argues that given longstanding legal precedents, companies that engage in social action at the expense of profits are not violating any agreements with shareholders and therefore are not stealing from them or from the workers. Critics of the principal-agency theory contend that the idea of the company being managed for the interest of the shareholders is not entirely practical in real life because the theory assumes a one-to-one correspondence between the principal and an agent in its simplistic form (Crowther & Rayman-Bacchus, 2004:50). In real life this is not the case however because there could be numerous shareholders who are a mobile amorphous group of people, generally unknown to the managers.

Another claim from the shareholder theory is that because shareholders expect managers to oversee the shareholder's property, managers are ethically obliged to make money for the shareholders (Fryer, 2015:370). The thinking is that managers are restricted by the property rights held by the shareholders regarding the assets of the company, and managers are not permitted to violate those rights within the principal-agent relationship. The assertion by the shareholder theory that property rights are absolute, however, is challenged by Pejovich (1990:27) who asserts that the property rights are subordinated to human rights. Also, Honoré (1961:125) suggests that the rights are only restricted

where their use would be harmful to others. Therefore, the shareholder's claim of property rights is not valid.

2.5.1.1.2 The free-market argument

The free-market argument proposes that if managers consider social and environmental concerns instead of only engaging in activities that maximise profit, such action would interfere with the smooth operation of free markets (Fryer, 2015:370). In support of the free-market economy argument, Jensen (2002:239) states that:

“200 years’ worth of work in economics and finance indicate that social welfare is maximised when all companies in an economy maximise total company value”

The actual efficiency of markets in the real world has often been questioned and when this assumption is lowered, the conclusion that the whole of society will benefit does not necessarily follow (Buchanan, 1985:22; Carson 1993:15; Cooper, 2004:14). Therefore, the free-market argument of the shareholder theory is contrary to the notion of CSR.

2.5.1.1.3 The usurpation (tax) argument

The usurpation argument asserts that if managers devote company resources to social and environmental concerns they are levying tax on the company shareholders and are thus usurping a right that belongs to government alone (Fryer, 2015:374). The competence of business leaders, or indeed any other individual, to discern and directly promote the general good is challenged in this argument. Levitt (1958:44-47) supported the objection to business leaders using company resources for social purposes, stating that corporate responsibility for welfare threatens to reduce pluralism and creates a monolithic society in which unelected businessmen, having neither the right nor the competence to deal with societal matters, are faced with the task of tackling social problems. Brenkert (2001:171) states that when companies undertake public welfare on an ongoing basis, the welfare they give is then privatised and formalises the relationships between the companies that are powerful and the recipient of the welfare who is largely powerless, thus exposing the recipient to abuse of power. In this scenario, the equality between companies and individuals implied by democracy is jeopardised.

The usurpation argument is closely aligned with the objectives of this study. While skills development could be taken as a responsibility for companies, basic and secondary education that is an input to skills development is the responsibility of government. When companies become involved in supporting basic and secondary education initiatives objections such as the one raised by Brenkert (2001:171) may be valid. If CSR were to promote the development of scarce skills that would be beneficial to companies in the short run by having skilled employees and higher productivity, and government in the long run by having a high performing economy, both government and companies would benefit and no party would be in the position of being abused by the other. The study explored what companies could do over and above their basic obligations to ensure that skills are developed not only for their own benefit but also for the good of the economy and the country.

2.5.1.2 The stakeholder theory

According to Evan and Freeman (1993:254) and Freeman (2001:163) the basic argument that gives rise to the stakeholder theory is around the question of at whose benefit and expense should the company be managed? Blowfield and Murray (2008:161) state that the stakeholder theory is based on the pluralistic notion of responsibilities in a company that is based on the thinking that economic decisions have social consequences and that companies need to be seen as being integrated in the rest of society. Freeman (2001:162) contends that there have been legal and economic arguments which challenged the dominance of the shareholder theory and advanced the position of stakeholders such as employees, customers, suppliers and the community in a company. This was done through various mechanisms such as, the labour relations laws, product liability laws, and anti-pollution laws, Stakeholder theorists argue that the legal privileges the government provides to companies such as, limited liability and perpetual succession, introduce a public interest dimension to the operations of companies and their internal organisation (Parkinson, 2003:482). Hasnas (1998:26) states that the stakeholder theory holds that management's fundamental obligation is not to maximise the company's financial success, but to ensure its survival by balancing the conflicting claims of multiple stakeholders. As a result, the company ought to adopt a model of governance that is inclusive of all its stakeholders.

Ever since the notion of a stakeholder was advanced by Freeman (1984:46), work has been done to understand more about stakeholders. Wheeler and Sillanpää (1997:4) distinguish between primary and secondary stakeholders while Starik (1994:94), identify voluntary stakeholders to be those which bear some element of risk as a result of having invested some form of capital (human or financial, or something of value) in the company. When applying the stakeholder theory in practice one of the important questions is, who are the stakeholders in a company? Some authors assert that there are well-organised stakeholder representatives which may include consumers, individual shareholders, the environment and even the wider community and non-human species (Amaeshi *et al.*, 2013:17; Carroll, 1993:22; Clarkson, 1995:106; Haigh & Griffiths, 2009:347). In identifying a stakeholder, Mitchell *et al.* (1997:853) state that the power that individuals or groups may have as influence to the company, the urgency of their claims to the company and legitimacy in relation to the company are the common denominators of stakeholder attributes, which help companies to recognise those who are non-stakeholders (Mitchell *et al.*, 1997:869). Figure 2.7 depicts the stakeholder attributes as suggested by Mitchell *et al.* (1997:869).

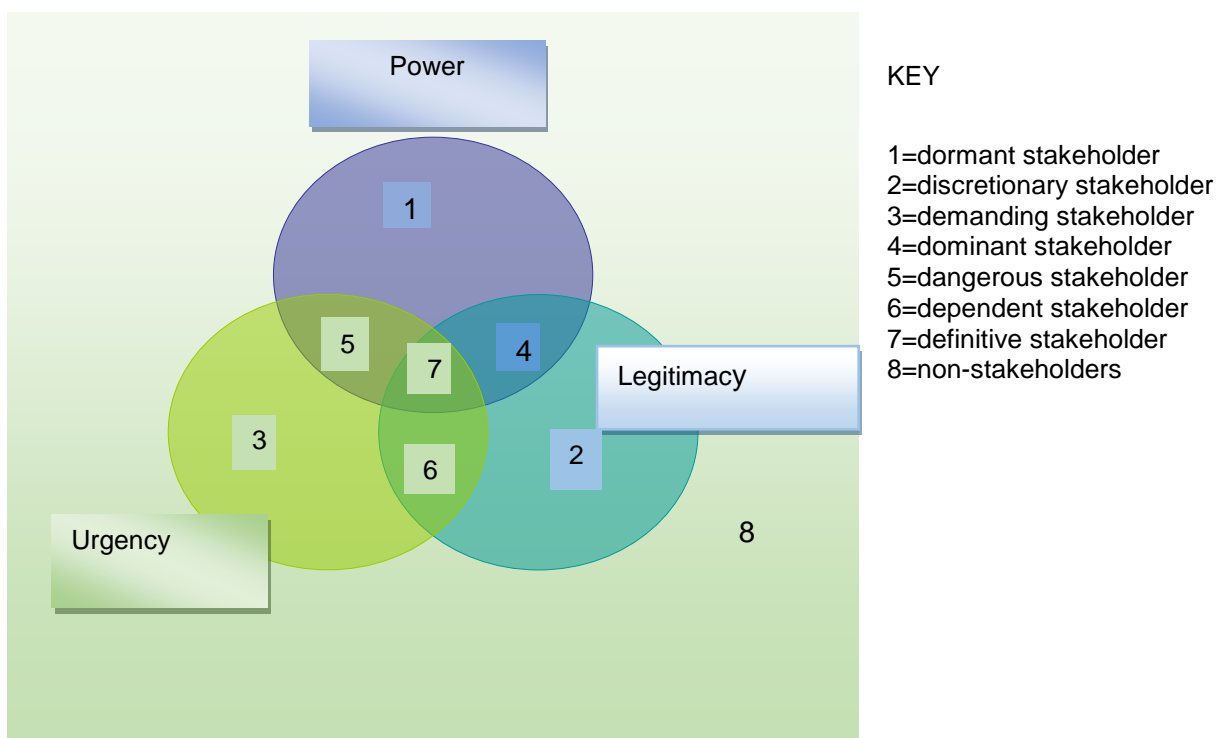


Figure 2-7: Stakeholder typology of power, legitimacy and urgency attributes

Source: Adopted from Mitchell *et al.* (1997:874)

Figure 2.7 shows various conditions from which each stakeholder could be engaged by a company. For example, the definitive stakeholders are those with power, legitimacy, and urgency, while non-stakeholders are those with none of the three attributes. Other important attributes of the stakeholder theory are advanced by Donaldson and Preston (1995:69-71) who state that the stakeholder theory has descriptive, instrumental and normative perspectives. This three-part taxonomy is useful in that it helps to focus and clarify stakeholder thinking. The descriptive perspective deals with how the company relates to its stakeholders while the instrumental perspective deals with what happens if the company relates to its stakeholders in certain ways and the normative perspective deals with how the company should relate to its stakeholders (Jones, Felps & Bigley, 2007:237).

According to Jones (1995:432), the instrumental perspective of the stakeholder theory focuses on the contracts or relationships between the company and its stakeholders. It suggests that behaviour based on ethical principles of trust, trustworthiness and cooperation rather than opportunism, will give the company a competitive advantage if operationalised. The normative perspective bases its approach on the view that stakeholders have legitimate interests in the company and that these interests are of intrinsic value that merit consideration for their own interest (Donaldson & Preston, 1995:67). The normative stakeholder theory is grounded on three arguments: stakeholder investment, respect for person, and reciprocity. The stakeholder-investment argument holds that all investors, not only shareholders, are entitled to have their interest considered by company decision makers. Equally, the respect-for persons argument is based on the thinking that companies have a duty to treat all people as ends in themselves and not as means to an end and that it is not only shareholders who matter. The reciprocity argument emphasises that as stakeholders and society give something to the company, they therefore expect reciprocity where the company gives back to them (Evan & Freeman, 1993:262; Fryer, 2015:389).

The normative aspects of the stakeholder theory are advanced when researchers and theorists of CSR state that stakeholders have multiple interests in a company such that they do not just expect to derive value but values (Sampford & Berry, 2004:115). The assertion of multiple 'values' stems from the argument by Sampford and Berry (2004:115) and Calkins and Wight (2008:222), that investors and managers have rich constellations

of values that should be taken into account. Donaldson and Preston (1995:88) conclude that the three approaches to the stakeholder theory, although different, are mutually supportive, and that the normative base serves as the critical underpinning for the theory in all its forms.

Criticisms of the stakeholder theory include doubts about whether the stakeholder theory in fact even satisfies all the requirements of being a theory to begin with and that there is too much ambiguity in the definition of the central terms to ever afford the status of a theory (Rowley,1997:890; Parmar, Freeman, Harrison, Wicks, Purnell & De Colle, 2010:406), instead, it should be regarded as a stakeholder 'research tradition' (Trevino & Weaver,1999:224). Argenti (1993:177) states that the stakeholder theory is politicised and deceptive, and causes companies to waste company resources even worse, it serves the private interests of managers and those who promote it, because it is logically impossible to maximise a corporate objective with more than one dimension at the same time (Jensen, 2000:38-46). An alternative is offered by Jensen (2002:45) in which the stakeholder theory could be used to guide managers and workers in measuring performance within a company by subscribing to the notion of 'enlightenment' in what he terms the Enlightened Stakeholder Theory. This means, that the objective function of the company is to maximize total long-term company market value. Jensen (2002:236) regards long-run maximisation as the criterion for making the requisite trade-offs among its stakeholders and that changes in total long-term market value of the company is the scorecard by which success is measured. Sternberg (1997:4) comments that company stakeholders now involve 'everyone', 'everything' and are 'everywhere' because even competitors, terrorist groups, vegetation, unborn generations and even nameless sea creatures are considered stakeholders because the criteria for identifying stakeholders have changed dramatically.

Parmar *et al.* (2010:412) assert that the stakeholder theory has become relevant because some of the aims of CSR deal with how the company broadens its obligations to its constituents and to the broader society. The practice of stakeholder theory in the field of CSR has been advanced throughout the world by multilateral organisations like the World Business Council on Sustainable Development (WBCSD), and the European Union (EU), and forms the basis for the manner in which many governments institute CSR in their countries (Broberg, 1996:622). Propelled by the needs from companies requiring a better

and shared understanding of what CSR means in practical terms and how to go about implementing CSR programmes, the WBCSD conducted a two-year research project involving a stakeholder dialogue with business and non-business people in Taiwan, Thailand, the Philippines, the United States, Ghana, Brazil and Argentina from 1998-2000. The organisation concluded that, in the main, a coherent CSR strategy, based on integrity, engagement in open dialogue and constructive partnerships with government at various levels, as well as inter-governmental organisations (IGOs), non-governmental organisations (NGOs) and other elements of civil society, would offer clear business benefits to companies and a positive contribution to the well-being of society (Holmes & Watts, 2000:online).

In this study, the stakeholder theory was relevant because the aim of the study was to explore how the government can mobilise stakeholders and institutions to collaborate in the development of scarce skills. While the identification of the stakeholders was difficult, recommendations have been made regarding proposals by which the government could mobilise the stakeholders to collaborate (see Chapter 5).

2.5.1.3 The social contract theory

The social contract theory, according to Smith and Hasnas (1999:116), asks what conditions would have to be met for the members of such a society to agree to allow companies to be formed. Ethical obligations towards the individual members of society are then derived from the terms of this agreement. According to Dunfee (1997:325), fundamentally there is a contractarian outlook and belief that a social contract exists between the company and society. This contract grants companies the right to be formed, to own and use land and natural resources, to operate, and to hire the members of society as employees. The argument is that with rights comes responsibilities (Etzion, 1993:9) and companies have in return for their rights the responsibility not only to remain within the bounds of the law, but also to solely pursue profits in ways that contribute to the welfare of society overall (Cannon, 1992:11; Brejning, 2012:34; Brejning, 2012:34; Hseih, 2016: 433).

An objection to the social contract theory is given by Kultgen (1986:31) who states that, an imaginary agreement is not an actual one and such agreements bind no one. Cooper (2004:12) in turn contends that both the shareholder theory and the stakeholder theory

are encompassed by the social contract theory (see Figure 2-6). The social contract theory provides an argument that companies operating in South Africa owe it to the community to ensure that skills for productivity are developed among the population as a means of giving back to society. In the case of skills development, the companies also benefit themselves and those in their industry. The theoretical positions given by the three NTBEs on the business-society relationship have stimulated debates on how CSR could be practiced and these are discussed below, along with justifications for CSR.

2.5.2 CSR debates

The debates on CSR can best be demarcated into three approaches:

- why companies should not adopt CSR;
- why companies should adopt CSR; and
- why role-players should be critical of CSR (the so-called critical perspective) (Broomhill, 2007:online; Brejning, 2012:30-31; Fleming & Jones, 2013:4).

2.5.2.1 Why companies should not adopt CSR

Researchers belonging to the school of thought opposing the adoption of CSR, subscribe to the notion that CSR is an unreasonable intrusion into, and a restriction on, the company's primary purpose of maximising profits (Levitt, 1958:44; Henderson, 2001:18; Broomhill, 2007:online; Blowfield & Murray, 2008:341). The three arguments discussed in Section 2.5.2.1 (i.e. agency, free-market and usurpation) form the basis of ideas in the 'opposing' school of thought (Butler, 2012:111). The reasoning is that even if doubt exists about the positive role of CSR in profit-making, it can be seen as an important insurance strategy to minimise risks from negative government intervention, adverse media coverage, and consumer or shareholder backlash to corporate behaviour (Caulkin, 2002:online).

CSR is taken as a business case that imbues the profit motive with morals (Vogel, 2005:27; Wilson, 2000:13). Proponents of the business case of CSR contend that the free market is virtuous and may inculcate values and dispositions that make better citizens and those around the business community (Maitland, 1997:28). Vogel (2005:163) remarks that where states have failed, private companies have stepped in to attempt to rectify the failures through voluntary programmes. The implementation of voluntary

standards has shown that companies can supply more virtue to the market and that there is no need for government regulation. The idea of enlightened self-interest (ESI) emanates from the thinking that a manager is responsible to the shareholders, but uses tactics of being responsive to the larger society (Drucker, 1984:59; Husted & Salazar, 2006:75). Lantos (2002:207) states that such behaviour, where social activities accomplish strategic company goals, constitutes 'strategic CSR'. CSR practices promoted in this school of thought encourage the adoption of a set of voluntary policies, codes or guidelines, initiated and driven by the company's CSR policies that claim that CSR is rational and profitable in the long run (Hess, Rogovsky & Dunfee, 2002:118).

2.5.2.2 Why companies should adopt CSR

According to Fleming and Jones (2013:4) CSR is embraced by its proponents for two reasons, i.e. normative and instrumental. The normative reasons derive from ethical principles based on religion and the philosophy of social norms and from arguments that it is morally important for companies to practice CSR. This approach is not necessarily based on the rational and strategic interests of the company and are instead from a standpoint that examines the political aspects and non-economic influences on managerial behaviour (Moir, 2001:17). The instrumental reasons for CSR practices stem from the belief that CSR would create economic value for the company in the long run, and that it is beneficial to involve all relevant role-players in the process of meeting the objectives of the company (Brejning, 2012:12; Donaldson & Preston, 1975:71). Furthermore, in the long-run CSR will benefit the company through enhanced reputation, employee loyalty, trust, and legitimacy within the community (Jones, 2009:340).

2.5.2.3 The critical view to CSR

The critical school of thought deviates from the other two schools of thought. It regards CSR as a whitewash - or a greenwash, in environmental terms, where companies through their public relations paint a positive image of reform and minimal adjustments to policy and practice while changing little in terms of actual company performance (Hamann, Khagram & Rohan, 2008:23). Also, large companies, especially multinationals or MNCs, are powerful and use CSR to defend their power without regard for ethical criteria (Husted & Allen, 2011:34). Lastly, companies should not just be expected to implement CSR on a voluntary or mandatory basis but should be held 'accountable' for their actions against

communities and the environment. Essentially, CSR is actually a step backwards, rather than a primary move forward to some future state of social justice according to Fleming & Jones (2013:7).

For Lund-Thomsen (2005:620), the notion of company accountability is associated with international NGO alliances and community-based organisations that demand stricter regulation of company behaviour by national governments and the enactment of an international company accountability convention to prevent company misconduct. A strong critic of CSR is the UK-based NGO, Christian Aid (Christian Aid, 2003:4). This organisation has declared that CSR is failing to deliver on its promises and that in many instances it has become a mere branch of public relations. As such, it is an inadequate response to the impact of MNCs in a globalised world, is used to block mandatory international regulation of company activities, leaves victims of company exploitation without adequate means of redress, and that companies can enter into or leave their CSR commitments at will (Blowfield, 2004:62; Broomhill, 2007:online).

The critical view of CSR claims that CSR is practised in organisations only when there is some calamity or significant event. A few examples are: the environmental crisis that is worsening (e.g. climate change); worker exploitation continuing due to the decline of global labour standards; the homogenation of culture where one indigenous language dies every 14 days; corporatisation of war; disintegrating polar ice caps; deforestation occurring around the world; or the predatory exploitation of the human genome for motives of profiteering (Banerjee, 2007:43; Bartley, 2007:301; Fleming & Jones, 2013:7).

2.5.2.4 Concluding remarks on the CSR debates

The concepts, theories and models of CSR outlined so far in an effort to give the background on why and how companies implement CSR, indicate that the reasons for CSR practice range from the internal environment to the local and even global. The prospects of CSR practice that stimulate the production of scarce skills for the economy can therefore occur. The literature review on CSR concepts, theories and models indicate that stakeholders in the form of employees, who are the beneficiaries of skills, become the focus of CSR only when the stakeholder theory is considered. Another key stakeholder highlighted in the literature review is the government, whose role could also be key in the implementation of CSR programmes. In terms of the objectives of the study

which included to explore the role CSR could play in pulling together various stakeholders to collaborate in the development of scarce skills for the economy, the possibility of CSR fulfilling that role has been highlighted by the shareholder, stakeholder, and social contract theories of business ethics.

The next section discusses the content of CSR issues at organisational, economic, and societal levels, how companies implement CSR as well as the issues that propel CSR from the internal and external parts of the company. The various issues are part of the CSR variable that was empirically tested in the study.

2.6 CSR issues

According to Pedersen and Neergard (2007:77), in the 1990s the content of CSR issues began being different to those faced by companies in the 1950s and 1960s for many reasons. Earlier on, issues had been predominantly social matters and gradually moved to include environmental matters; later on, issues such as child labour, climate change, fair trade, worker health and safety, and human rights became the focus areas of CSR. CSR issues that manifest in organisational, marketplace, and societal environments are shown with some examples in Table 2.4 below.

Table 2.4: Some examples of workplace, marketplace and societal CSR issues

Workplace (organisational) Issues	Marketplace (economic) Issues	Societal issues
<u>Legal issues</u> Compliance to labour law Minimum wage Maximum working hours Severance packages Human trafficking Forced labour Child labour	<u>Supply chain issues</u> Supplier policies Supplier/vendor Social fingerprint Supplier screening Supplier audit Corruption	<u>Livelihood issues</u> Poverty Unemployment Employability Entrepreneurship Philanthropy
<u>Fairness & Equality</u> Work ethics Fair and equal promotion for employment vacancies Youth-friendly workplace Gender equality at the workplace Diversity at the workplace Human rights	<u>Product responsibility issues</u> Waste management Product cycle stages Voluntary quality standards Transparency of product substance and/or possible health impacts	<u>Health & environment issues</u> Epidemics Fatality rates Desertification Pollution
<u>Health & security</u> Health insurance Occupational health Social security Pension payments	<u>Marketing & competition</u> Ethical marketing Ethical competition Transparency & reporting Monopoly Fair trading	<u>Conflict issues</u> War conflicts Political unrest Tribal conflicts & tribalism Political & government reform
<u>Long-term security</u> Training & development Career road map Research and development	<u>Customer/consumer relations</u> Brands Advertising Finance /loans	<u>Social justice & human dignity issues</u> Sexism/gender inequality Harassment Patriotism Human rights
<u>Governance</u> Shareholder activism Stakeholder relations Principal-agent conflict Compliance Auditing		<u>Infrastructural issues</u> Community Urban planning Traffic Commercial/Industrial areas

Sources: Adapted from CSR Watch (2015:online) and Werther Jr and Chandler (2006:88-89)

Pedersen and Neergaard (2007:82) briefly describe two critical points about the internal, economic and societal distinction of CSR issues. Firstly, the boundaries are not clear-cut, instead they are blurred – meaning that issues internal to the company might generate issues at economic or societal levels and vice versa. Secondly, there has been very little research aimed towards internal issues of CSR that involve internal processes and the relationship with stakeholders inside the company such as employees, managers and

others; instead much focus has been given to external issues that involve relationships with downstream and upstream business partners and company responses to societal needs.

2.6.1 Organisational (workplace) issues

At organisational level, the matter with CSR is how companies manage their interactions with the external environment (Werther Jr & Chandler, 2006:87). According to Whetten *et al.* (2002:383) notable research at organisational level includes work done by Ackerman (1973) who suggested a three-step process with which social issues could be managed by companies. These include: social obligations of the company recognised and policies developed, staff specialists hired, and substantial learning about the problem, resources allocated, and giving rewards (Post, 2015:139). The researcher isolated strategic planning, corporate governance, employee issues, as well as compliance and reporting as issues to be discussed among a number of CSR issues at organisational level in order to illuminate company activities and practices that could impact the development of scarce skills.

2.6.1.1 CSR and strategic planning

Den Hond, De Bakker, Neergaard and Gond (2007:205) state that while general global CSR discourse is homogenous in content, the operationalisation of CSR at company level is heterogeneous. A mediating role between the global level and the company level is played by CSR measurement at different levels of analysis. According to Lee (2008:54) and Albareda, Ysa and Lozano (2006:115) CSR implementation and development now include dedicated research divisions with the combined budget resources of government and companies to promote the concept of CSR. Werther Jr and Chandler (2006:45) contend that CSR ought to be incorporated into strategic planning for the company where CSR could be utilised to achieve organisational goals (Wood, 2007:113). In terms of this study, where the development of scarce skills is contemplated under the umbrella of CSR, it could be expected that deliberate CSR activities for scarce skills development would be seen in the strategic planning for a company where both managers and employees deal with skills development as a managerial process.

2.6.1.2 CSR and corporate governance

Corporate governance involves a set of relationships between the company's management, board, shareholders and other stakeholders (Dempsey, 2013:8; Solomon, 2013a:194). On a practical level, corporate governance refers to the control of companies and systems of accountability by those in control, which is, focusing on the role of the board of directors, meetings, shareholder rights, auditors and institutional investors but extending this to systems of self-regulation. Corporate governance practice is different across countries and is affected by the ownership structure, legal system, government policies, country culture and history (Dempsey, 2013:5; Solomon, 2013a:193). Hansmann and Kraakman (2001:454) argue that there is an ideological convergence of varying corporate governance models towards the shareholder model that remains dominant over all other models such as, manager, labour, state, and stakeholder-oriented models.

Branson (2001:335) claims that the advocates of corporate governance convergence selectively focus on the narrow in-bred scholarly work that covered the US, UK, Australia and Japan, but excluded billions of people in the developing economies of China, India, Russia, and Indonesia that have an endless variety of cultures, economic and legal systems, goals and aspirations. Reed (2002:228) states that developing countries favour the Anglo-American model of corporate governance because of strong historical ties to British company law and the economic influence of structural adjustment programmes by the International Monetary Fund (IMF), WTO, and the World Bank. In relation to this study, Reed's observation implies that, the Anglo-American system of governance may appear in South African companies since South Africa has a colonial history with Britain. It is important to note that South Africa has a well-developed set of institutions that exercise control over companies. These are: the Reserve Bank, the Registrar of Banks, the Financial Services Board, and the Registrar of Companies (Rossouw, Van der Watt & Malan, 2002:295). South Africa is singled out in the literature as having one of the most comprehensive and effective codes of corporate governance. This is due to the Code of Conduct for companies espoused by the King I, II, and III Reports and other transformative legislation in the economic, social and environmental spheres (Rossouw *et al.*, 2002:300; Institute of Directors, 2009:online; Solomon, 2013:245-248; Dempsey, 2013:5). Within the internal environment of the company, employee issues, which are discussed next, can also drive CSR.

2.6.1.3 CSR and employee issues

According to Fleming and Jones (2013:71) employees are one of the primary stakeholders in a company to whom CSR might be applicable in aligning apprehensive and conscientious workers to the work environment (Voegtlin & Greenwood, 2016:1). In companies where there are both skilled and creative-industry workers, various 'associatives' are now welcomed to the workplace unlike in the past. Life-style tendencies that encourage employees to be happy about themselves include: disclosing sexual orientation, consumer tastes, political sensibilities, and ethnicity and life-style (Fleming & Sturdy, 2009:570). Also, according to Costas and Fleming (2009:362), employees tend to use CSR to align their lives with company life in managing self-alienation and dealing with Generation Y demographics, - the generation of persons who were born between 1980 and the year 2000 with the experience of globalism and the internet (DeVaney, 2015:12). Brammer, Millington and Rayton (2007:1701) state that employees are happier to associate themselves with companies that practice CSR.

The trends and characteristics of the post-industrial employees are relevant to the objectives of this study because, in the main, skilled workers are knowledge workers. The workplace culture afforded to the knowledge worker may either enhance or hinder the atmosphere that is conducive to the development of scarce skills in a company. Moreover, Hockerts, Morsing, Eder-Hansen, Krull, Midttun, Halme, Sweet, Davidsson, Sigurjonsson and Nurmi (2008:65) state that CSR promotes innovation within a company. Internal motivations and issues for CSR in a company cannot be exhaustive. Strategic planning, employee issues, and corporate governance are important for this study because skills development is an input to employees' development, company innovation and competitiveness, and ultimately an input to the country's skills development system. The next section outlines a process of compliance and reporting that assist in bridging the gap between theory and practice of CSR in companies.

2.6.1.4 CSR compliance and reporting

Den Hond *et al.* (2007:216) state that social reporting systems bridge the gap between the general understanding of CSR and the particular context in which the company operates. According to Acquier and Aggeri (2007:149), CSR has been marked by various instruments in the area of compliance and reporting, namely, the quantification, the

proliferation of organisations dealing with CSR consulting, auditing, certification, and ratings, in the areas of standardisation and accuracy measurement. Reporting standards include the Global Reporting Initiative (GRI) (GRI, 2015: online) and the Institute of Social and Ethical AccountAbility (ISEA) that promote the idea of economic, environmental and social reporting becoming standard practice in the same way as financial reporting in companies (Holliday Jr., Schmidheiny & Watts, 2002:163; Mühle, 2010:44), the AA1000 standard, and the International Standards Organisation (ISO) 2600 standard (Acquier & Aggeri, 2007:164).

Other reporting initiatives include the corporate social auditing, accounting, and reporting (SAAR) that measure the company's social performance and communicates its performance to stakeholders, while taking into account feedback from stakeholders. According to Pedersen *et al.* (2013:357), CSR reporting is one area where government can have an impact in regulating CSR. In the South Africa, social and environmental reporting is promoted through the Johannesburg Stock Exchange requirements and the King I, II, and III reports. These South African reporting standards that are in line with the idea of the triple-bottom-line. The idea of the triple-bottom-line (3BL) argues that a company's ultimate success can and should be measured not only by the traditional financial bottom line, but also by its social or ethical and environmental performance (Jackson, Boswell & Davis, 2011:56; Norman & McDonald, 2004:243). In the South African context, it is therefore possible to regulate or monitor CSR practices using the 3BL.

2.6.2 Societal issues

Various CSR issues at a societal or community level are relevant to this study. According to Post (2015:139), research within the business-society relationship takes place by three types of researchers: institutional researchers, organisational researchers, and philosophical researchers. Institutional researchers study the business-society relationship from the society-end of the spectrum and focus on law or legal-political institutions, regulatory agencies, labour, and consumers. The focus is on understanding CSR as a mode of governance (Brammer, Jackson & Matten, 2012:3), a company as a political creation (Parkinson, 1993:22; Dean, 2001:309), focusing on regulatory issues such as globalisation, multilateral institutions, and governments (Reich, 1998:8; Scherer,

Palazzo & Matten, 2014:145), and using the institutional theory as a lens to understand CSR.

A critique of the research orientation of 'institutionals', is three-fold. Institutionals treat the company as a primary element and may exclude important institutions that lack a legal-political basis. In addition, it considers the company as a single monolithic body thereby ignoring its internal diversity. Also, it has no ability to detect unique innovations and responses on the part of individual social units (Post, 2015:140). According to Brammer *et al.* (2012:3) the debate at institutional level is whether CSR should be regulated or not.

On the basis that the study is to suggest policy proposals for the South African government, societal issues of CSR therefore become important. According to Visser (2006:23), philanthropy is one of popular manifestation of CSR in society in Africa. CSR in South Africa is largely practised in a manner where large amounts of money are spent on philanthropic activities, as indicated in Chapter 1. The next sub-section will briefly outline the background to philanthropy as a CSR implementing strategy

2.6.2.1 Philanthropy and CSR

According to Rangan, Chase and Karim (2015:41), philanthropy can be defined as practices that are not designed to produce profits or directly improve company performance. Examples include donations of money or equipment to civic organisations, engagement with community initiatives, and support for 'employee volunteering'. Cochran (2007:450) states that the concept of philanthropy underwent changes where philanthropy was transformed into strategic philanthropy (Porter & Kramer, 2002:28). Von Schnurbein, Seele and Lock (2016:281) state that there are diverging conceptualisations of corporate philanthropy due to different cultural contexts, and that the company usually engages in the three main areas of philanthropic actions, namely corporate giving, volunteering and sometimes an independent company foundation.

Hess *et al.* (2002:122) state that company philanthropy has evolved into a new phenomenon of corporate social involvement (CSI) identified by three broadly defined categories of drivers. The competitive advantage factor entails managers having to search for new, hard-to-imitate, less-tangible sources of competitive advantage because traditional sources of competitive advantage such as finance, technology and location are now easily available, and are no longer sources of competitive advantage. The sources

of competitive advantage are said to emanate from 'soft sources' achieved through the successful implementation of CSIs. The new moral marketplace factor in turn refers to the capacity to anticipate and adjust not only to competition and rapid technological transformation, but also to changes in the attitudes of consumers, employees, governments, investors, and other stakeholders. Lastly, comparative advantage factor entails the potential comparative advantage of the private companies over governments or non-profits in providing assistance or solving certain social problems - sometimes called co-regulation (Pedersen, Neergaard, Thusgaard, Pedersen & Gwozdz, 2013:358). Because philanthropy is CSR common practice in South Africa, the background outlined in this subsection was used in analysing the empirical data in this study.

CSR is heavily influenced at societal level by the phenomenon of globalisation not only at national or continental but also at the global level and is discussed next.

2.6.2.2 Globalisation and CSR

The phenomenon of globalisation has created one of the biggest CSR issues, as it has produced transnational business that has large companies operating across continents whose anti-competitive behaviour, according to Stiglitz (2006:200) is hard to both detect and curtail. According to Werther Jr and Chandler (2006:53), globalisation has been occurring in two phases as shown in Figure 2.8.

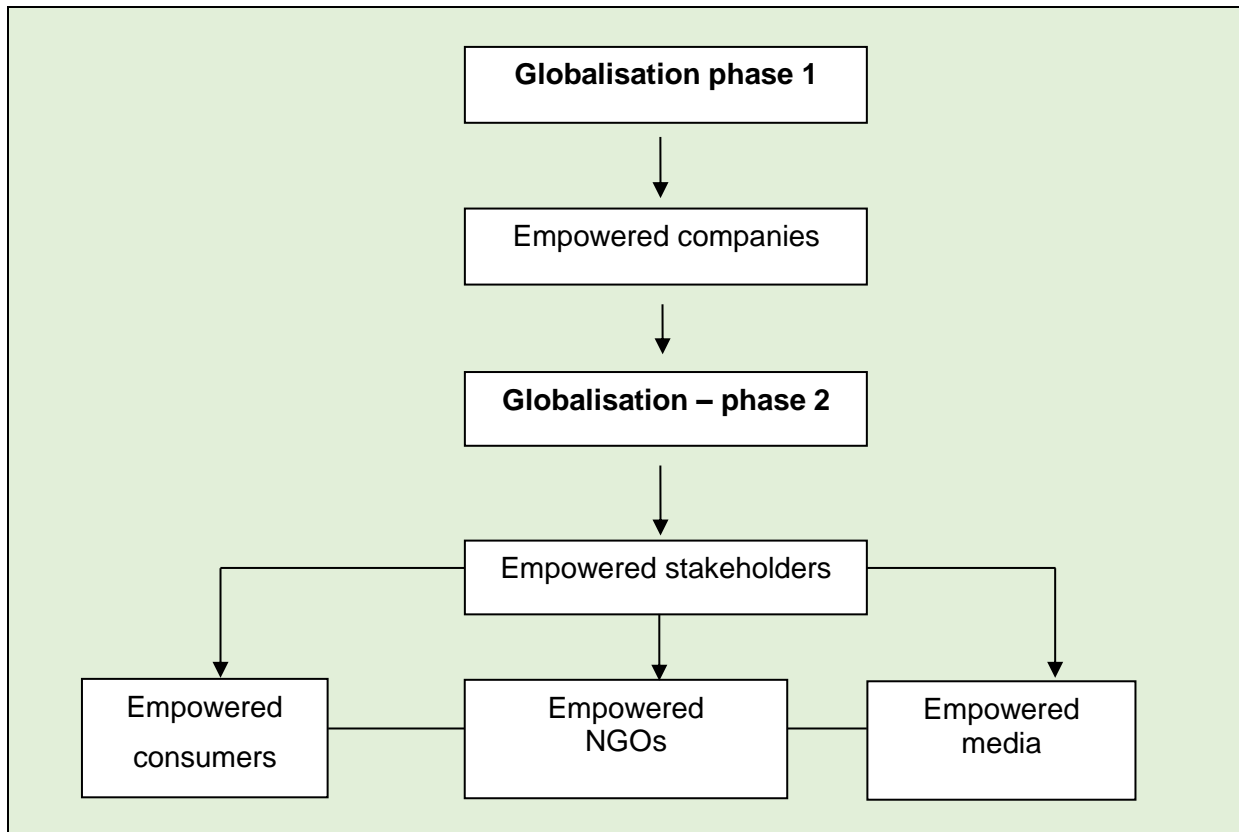


Figure 2-8: The two phases of globalisation

Source: Adapted from Werther Jr and Chandler (2006:53)

The first phase of globalisation resulted in companies having more economic power than many countries do (Nader, Green & Seligman, 1997:22). In 1974, the 100 largest companies held one-half of the assets of the other 1.8 million companies that was the same percentage of industrial assets that the top 200 companies held 20 years previously. Of the Fortune Magazine's top 1000 companies, the largest 10 companies had 16% of the workforce, with 20% of the profits and 23% of the assets. One company, Exxon had greater sales in 1974 than each of the gross national products (GNPs) of Austria, Denmark, and South Africa (Nader *et al.*, 1997:23).

According to Macleod and Lewis (2004:77), some multinational companies influence the policies of governments worldwide, order the agenda of the WTO, influence the destinies of individual economies in the developing world, have a crucial impact on the eco-system, set wage-levels, and can cause the world to bend to their demands. Anderson (2006:27-28) also states that the MNCs' enormous power may be used to influence and direct public policy matters within countries that pose problems to the constitutional law of these

countries when the MNCs amass quasi-government or state power and are accountable to no one (Crowther & Rayman-Bacchus, 2004a:14). Mühle (2010:42) goes on to comment that the MNCs' record of accomplishment outside their home countries shows increasing complicity. It is claimed, for example, that a US MNC was involved in an attempt to overthrow a legitimate government in Chile (Ritcher, 2001:9). Also, the Royal Dutch-Shell in Nigeria acted as a surrogate state by building infrastructure in the form of hospitals, roads, and schools (Anderson, 2006:33), and allegedly supported thugs who tortured and killed activists opposing the company's environmental abuse (Fleming & Jones, 2013:xiii).

At present, the gap between people in rich and poor countries is accelerating because of, among other things, trading blocs such as the North (Asia-Pacific, Europe, and Americas) against the South economic zones (Held & McGrew, 2000:2; Holmes & Grieco, 1999:online; United Nations Development Programme, 1999:11; Ruggie, 2002:30). In the case of South Africa, the economic power of MNCs could bode well if the government could direct some of the economic resources found in the MNCs. Indeed, one of the motivators for this research study emanated from the observations made by the researcher that education and skills development could benefit from social investments made by MNCs in South Africa.

According to Werther Jr and Chandler (2006:55), the second phase of globalisation has introduced communications technology that empowered many stakeholders and shifted the balance of power in the flow of information to the global networks of NGOs and other groups to transcend national boundaries. Bartley (2007:298) adds that NGOs have improved standard-setting and regulation of CSR in the past decades where coalitions of non-state actors codify, monitor, and in some cases certify companies' compliance with various standards of accountability. Examples are found in labour, environmental, and human rights and accountability. NGO involvement in CSR resulted in the creation of three notable organisations which are, Amnesty International, the World Wildlife Fund (WWF) both in 1961, and Greenpeace in 1971 (Mühle, 2010:42). Undoubtedly, globalisation has generated a number of alternative trends in relation to social and environmental issues (Neergaard & Pedersen, 2003:45). As a result, different countries choose different mixes of regulation and self-regulation methods of CSR. In relation to this study, the phenomenon of globalisation presents opportunities for the existence of

institutions such as the MNC-designed codes of conduct, the Global Reporting Initiative, and mechanisms for CSR auditing, which affect the practice of CSR.

2.6.2.3 Voluntary or mandatory approach to CSR

Within the business-society relationship, companies are affected by the work of necessary role players such as government, courts, NGOs and others in one way or another. According to Wotruba (1997:41), regulation, whether self-determined or by a government agency - comes from the supply and demand theory. The demand by an interest group, such as the public, to correct an economic or marketplace inequity is met with a supply of remedial regulation by authorities, for example government acting on behalf of the interest group. Such regulation, according to Stigler (1971:3) and Posner (1974:335), emanates from the theory of economic regulation, whose central task is to explain who will receive the benefits or burdens of regulation, what form regulation will take, and the effects of regulation upon the allocation of resources. Mullerat (2010:370) states that when regulation is applied to CSR, the situation becomes complicated because on the one hand, CSR from a neoliberal point of view is taken as naturally voluntary and as a virtue that cannot be created and then forced by means of regulation as it would need to be enforceable and enforced. On the other hand, there is a view that questions whether voluntary CSR programmes and activities by companies are sufficient to ensure that the benefits of CSR are achieved and whether government regulation of company behaviour is necessary (Broomhill, 2007:online).

Voluntary CSR takes place through self-regulation (Maitland, 1985:132). This is different to regulation discussed above and is an umbrella term for a variety of factors. In its broadest sense, self-regulation involves planning and policymaking regarding issues and activities not covered by public regulation (Pedersen & Andersen, 2006:228). According to Hemphill (1992:915), conceptually, self-regulation exists when a company or the business community establishes its own standards of behaviour. Key characteristics are that the development of self-regulation is voluntary and that it covers behaviour that is discretionary. Porter and Van der Linde (1995:124) and Neergaard and Pedersen (2003:44) assert that companies, regulators, and society may see some advantages in the self-regulation of CSR for three reasons. Firstly, companies see advantage in self-regulation as it prevents them from public regulation and outside pressure from various stakeholders. Secondly, regulatory authorities see advantage in self-regulation because

it reduces the need to implement unpopular and costly command and control policies. Lastly, society sees advantage of self-regulation through CSR because it results in social and environmental standards that exceed the requirements of government and regulation.

According to Graham and Woods (2006:869), self-regulation is promoted by using codes of conduct issued by individual companies or industry associations, some involving other groups of stakeholders, thus committing participants to minimum standards of environmental and social conduct. Pedersen and Andersen (2006:229) in turn state that codes of conduct consist of a set of written principles, guidelines or standards, while Roberts (2003:163) and Jenkins (2005:527) remark that the codes of conduct often go well beyond the boundaries of the individual company and include social and environmental requirements for suppliers. Pedersen and Andersen (2006:229) comment that it is difficult to enforce codes of conduct in global supply chains, due to geographic separation, economical, legal, cultural, and political factors. Also, the introduction of codes of conduct in global supply chains actually raises a series of agency problems that might result in non-compliance that could have severe consequences for the initiator of the codes due to consumer sanctions, negative press, capital loss, government interventions, damaged brand and others. A brief comparison between the voluntary and mandatory views on CSR is given in Table 2.5.

Table 2.5: Arguments for voluntary and mandatory CSR

Voluntary	Mandatory
<ul style="list-style-type: none"> • Mandatory approach may harm the social efforts companies make on a voluntary basis. 	<ul style="list-style-type: none"> • History demonstrates that great social problems (e.g. slavery, bribery, environmental destruction) have not been resolved by voluntary mechanisms.
<ul style="list-style-type: none"> • Market pressures for proactive demonstrable CSR benchmarks are increasing and are more effective than formal regulation. 	<ul style="list-style-type: none"> • CSR requires regulation to ensure observance of human rights and environmental standards.
<ul style="list-style-type: none"> • The imposition of prescriptive legislation would lead to a lowest common denominator which equals minimum standards. 	<ul style="list-style-type: none"> • Most voluntary codes of conduct lack independent monitoring and verification systems and enforcement mechanisms.
<ul style="list-style-type: none"> • Regulation would encourage compliance rather than embed true commitment to CSR. 	<ul style="list-style-type: none"> • Absence of minimum legal requirements allows companies to act differently.
<ul style="list-style-type: none"> • Regulation would curtail the ability of companies to be innovative. 	<ul style="list-style-type: none"> • Voluntary CSR allows companies to propose ineffective market-based solutions to social and environmental crises.
<ul style="list-style-type: none"> • It is not feasible to develop a one-size for all framework to CSR. 	<ul style="list-style-type: none"> • The problem with self-regulation is that it is based on perfect markets that most of the time are not perfect.
<ul style="list-style-type: none"> • Voluntary CSR could be an opportunity to re-channel corporate power it wields in the global economy. 	

Source: Adapted from Mullerat (2010:371-373) and Neergaard and Pedersen (2006:48)

González and Martinez (2004:275) raise two questions regarding voluntary versus mandatory CSR, that is:

- Should CSR be approached only on a voluntary basis or should it be complemented with a compulsory regulatory framework?
- What type of government intervention is more effective in fostering CSR among companies?

Hertz (2004:202) argues that governments need both approaches and stronger company law to improve civil and market regulation of companies. In this study, the debate on whether or not CSR should be regulated has informed the proposals for government which are discussed at length in Chapter 5. The model for government in utilising CSR in skills development is based on whether it takes a stance of regulating or allowing

voluntary actions to a certain extent. The next section expands on the issue of institutions driving the practice and implementation of CSR.

2.7 CSR actors

Jenkins (2005:525) points out that CSR has evolved to become an international concern that is not only significant to society, governments and companies but also to intergovernmental organisations (IGOs) such as the UN, World Bank, OECD and International Labour Organisation (ILO) (Lee, 2008:54; Albareda *et al.*, 2006:115). A case in point is the UN Global Compact having introduced ten principles, which are used in both developed and developing countries as a foundation for applying CSR in companies and governments as shown in Table 2.6.

Table 2-6: The 10 Principles of UN Global Compact

FOCUS AREA	PRINCIPLE STATEMENT
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights. Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Source: Adapted the UN Global Compact.

Companies around the world align their strategies and operations with these ten universal principles to take action in support of broader UN goals such as the Sustainable Development Goals (SDGs) (Sachs, 2015:53).

2.7.1 IGOs and CSR

IGOs such as the World Bank and IMF exercise authority over national governments in that they may impose economic development policies that espouse trade liberalisation and conditions under which government can receive foreign direct investment (FDI) (Bhagwati, 2004:224; Fratianni, Savona & Kirton, 2007:14; Weiss & Thakur, 2010:30; Molle, 2014:14). Other notable IGOs that influence CSR include those established under the UN, OECD, European Union (EU), ILO, and the Group of Eight (G-8). These IGOs, according to Mullerat (2010:403), pursue various diversified goals such as developing guidelines, codes of conduct, and certification systems. They also monitor and report in areas such as human rights, social responsible investing, and environmental matters. IGOs have been increasingly influencing CSR by diffusing, enabling it across nation-states, and providing a framework for implementation at local and international levels. Globalisation has made CSR a global process instead of being a process only at national level (Mühle, 2010:41). The codes of conduct and global policies are relevant to this study because they form part of voluntary approach to CSR which may either form part of the policy proposals or not.

2.7.2 NGOs and CSR

According to Utting (2005:376) civil society engagement with CSR issues has expanded considerably since the 1980s, with numerous NGOs and NGO networks as well as consumer groups and trade unions mobilising around various issues. For example, child labour, human rights, sweatshops, fair trade, the rights of indigenous peoples, toxic chemicals, oil pollution, tropical deforestation, and other forms of environmental degradation. The term NGO is used as an encompassing concept for a variety of organisations that Michael (2003:115) and Harrison (2010:8) refer to as the 'third sector'. These organisations consist of NGOs and civil society organisations (CSOs) which can either be for-profit or non-profit. In spite of their status, these organisations seek to influence policymaking (Michael, 2003:119).

While NGOs can be traced back to the 19th century with the Anti-Slavery Committee established in 1839, followed by the Red Cross in 1864, there has been an increase in NGOs because of globalisation (Bunn, 2004:1265). At the turn of the century, there were over 30 000 organisations in this sector operating under the anti-globalisation umbrella

and covering a variety of issues, while at the same time positioning themselves as supporters, rejectionists, reformists, or alternatives towards globalisation (Hertz, 2004:203).

Utting (2005:376) identifies categories such as, watchdog activism, consumer activism and the fair trade movement, shareholder activism, and ethical investment as matters under which civil society is mobilised on CSR issues. According to Bunn (2004:1272), NGOs assist in promoting CSR policies and implementing a variety of social objectives such as poverty relief, human rights, and company accountability regarding their economic impact. For this study, NGOs form part of the stakeholders in the same way as unions and government.

2.7.3 MNCs and CSR

The effect of MNCs in the global economy is intense in both the developed and the developing countries (Zadek, 2001:4). As a result, MNCs feel increasingly pressured to formulate positions on how they can respond to political and economic issues in countries where they operate (Bendell, 2005:362; Broomhill, 2007:online). With the advent of less effective government, liberalisation of markets and higher levels of international trade and investment, the power and influence of MNCs in the global economy has increased (Gore, 2000:789; Hertz, 2001:195; Naím, 2002:online; Stiglitz, 2002:25). This increase of power and influence is because of the minimal role played by the government in development (Williamson, 2003:12; Clift, 2003:9) and the introduction of neo-liberal policies in developing countries in the 1980s (Bakan, 2004:46; Blowfield, 2005:516).

Wettstein (2005:110) highlights that while MNCs might be more powerful than some nation states, and are therefore shaping decisions and co-operation on CSR, governments have at their disposal tools such as nationalisation, price control, special taxes that they may use to control the economic situation on these companies (Tullberg, 2004:331). Within developing countries, MNCs bring foreign direct investment as one of the tools to drive CSR (OECD, 2008a:48), whose benefit, according to Moore (2003: 155), results in reduced regulation of company activity, lower tax rates, and greater freedom to move in and around the country. Benefits of FDI to a country include:

- entrepreneurship, technology transfer, managerial skills and marketing know-how - some of which are required for higher productivity and accelerated economic growth in developing countries (Galán & González-Benito, 2001:271);
- the creation of employment opportunities and higher income (Petkoski & Twose, 2003:45);
- provision of sources of capital and host government's tax revenues that can be channelled towards government funded infrastructure projects, social programmes, education, and healthcare. According to Oxfam (2002:175), FDI has been the main source of financial transfers from rich countries to poor countries; and
- revenue generated by MNCs increases GDP that in turn enables the host country to access loans and attract additional FDI (Chowdhury & Mavrotas, 2006:9; Hansen & Rand, 2006:25).

While there are benefits for FDI, there is a view that FDI is not always favourable for host countries because MNCs, in many countries, inflict the deterioration of labour standards on employees, environmental conditions (especially in the agro and extractive industries) and perpetuate extreme poverty and inequality within the population (Tavis, 1982:436; Oxfam 2002:176; Ite, 2004:9; Utting, 2005:377). In relation to this study, FDI could be attracted to South Africa if there could be an increase in the number of skilled individuals because that could be an incentive for MNCs to move their operations to the country and by so doing attract more FDI. Besides the actors discussed in this section, business coalitions and faith-based organisations also promote CSR in one way or another. The most notable stakeholder in CSR implementation is the government. The next section discusses the role of government in a business-society relationship and in CSR.

2.7.4 The role of government in the business-society relationship

Blowfield and Murray (2008:20) state that the relationship between business and society is primarily concerned with how to regulate and motivate companies to contribute more to the public good. This relationship is heavily influenced by the government, whose introduction creates an interactive system among these three actors that is government, private companies and workers, in the economy (Steiner & Steiner, 1985:128; Frederick, Davis, & Post, 1988:140; Baron, 2003:2; Lawrence & Weber, 2008:163; Buchholtz & Carroll, 2012:415). Preston and Post (2013:8) state that pluralistic and highly organised

societies have their main activities conducted by, and through, relatively large organisations, that is companies, governmental bodies and agencies, personal interest groups and others as part of the larger society. South Africa is one such highly organised society due to its having three functional spheres of government at local, provincial and national and regular elections.

According to Hessen (1979:1327) and Blair (1995:208), historically, government regulated companies by using a charter under the concession theory and conferred special privileges for which in return, the company was expected to display a sense of social responsibility, that is, to place public service ahead of private profit. Perrow (2002:41) and Banerjee (2008:54) state that when the limited liability was introduced, the 'official' requirement for corporates to serve the public interest, except in the economic sense, was lost. The next sub-section presents the notion of government, in the way it is defined in South Africa.

2.7.4.1 The notion of government

Steiner and Steiner (1985:4) state that government is the structure and process through which public policies, programmes and rules are authoritatively made for society. Raadschelders (2003:48) defines government as both politics and administration. Luthans *et al.* (1990:152) depict government as consisting of three branches: the legislature, the judiciary, and the executive. The definition of government given by Steiner and Steiner (1985:4) is based on the US system. In South Africa, government has three spheres, namely, the national, the provincial and the local spheres, that are collectively referred to as the public sector. The State in turn refers to three arms consisting of the legislature, the judiciary, and the executive. The public sector also includes the state-owned enterprises (SOEs) (YesMedia, 2015:215). One notable characteristic of government is that it is funded directly from tax revenue and is accountable to a parliament, provincial legislatures or to local councils (Harrison, 2010:8).

Boyce and Ville (2002:314) identify three chief roles played by the government in the business environment to be:

- a facilitator – performing key roles in the economic development and stabilisation of the economy; acting as an information conduit; and increasing the operational efficiency within the economy.

- an arbitrator – ensuring competition by performing regulatory function across industries setting up company laws and enforcing property rights, prosecuting where there is a need using departments.
- a participant – while predominately government provides services such as health, education, and defence, there are instances where it could be a buyer and seller of goods and services, for example in infrastructure development such as rail, roads, and telecommunications. Also, government could use state-owned-enterprises (SOEs) and agencies to deliver such services. In such situations, the government provides employment, deals with customers, creditors, and public policy.

In the main, the role of government is to consider the will of the people and translate this will into laws that shape the role of business and society. Luthans *et al.* (1990:181), Smith and Ingram (2002:567) and Raadschelders (2003:196) note that those groups with resources, organisation and a good power-base tend to have a larger voice in influencing policies, goals and government action. The importance of the government in the business-society relationship has been made critical by the fact that assets and power have shifted from governments to the private sector - a shift that has created huge expectations of benefits accruing to society (Tsoutsoura, 2004:5; Lydenberg, 2005:9). This power needs to be utilised for noble actions such as technology transfer to developing countries, advancement of human development, provision of employment, and the promotion of good governance (Kinley & Joseph, 2002:7; Roth & Kostova, 2003:890; Gordon, 2003:online; Hoekman, Maskus & Saggi, 2004:online).

The expectation of utilising economic power in developing countries emanates from the fact that, since around the 1930s, arguments have been made that the economic power held by companies induces an unwritten obligation for companies to act in a socially responsible manner to create the common good within society (Davis, 1973:314; Dean, 2001:302; Parkinson, 2003:484). Under globalisation, Ruggie (2002:27) states that there are less hierarchical networks where government and non-governmental role-players get involved in dealing with the company-society relationships. The UN Global Compact has brought about a unique institutional environment to deal with issues of CSR. The role of government has been crucial in CSR since in this study the role that the government could play in promoting CSR in the development of scarce skills in South Africa was investigated.

2.7.4.2 Government and CSR

The role of government in the economy has changed a number of times since WWII. It has gone from being a dominant agent of economic development to periods where it is 'rolled back' in favour of market-driven or private sector-driven development models influenced by policies resulting out of a politics-administration dichotomy and globalisation (Basu, 1994:37). The WWII period produced the traditional command-and-control, legalistic and maintenance system of government consisting of tension between the private and the public sectors, where government would have the monopoly of power derived from the democratic will of the population and each sector would avoid intrusion by the other (Salomon, 2002:14; Basu, 1994:51).

According to Hansmann and Kraakman (2001:447), the once-popular State-oriented model, has recently lost most of its attraction due to a move away from state socialism as a popular intellectual and political model. Examples of this are the era of former US President Ronald Reagan, the rise of Thatcherism in England, and Mitterrand's abandonment of State ownership in France. Also, the end of the Cold War accompanied by the collapse of communism around the world; the poor performance of the Japanese corporate sector after 1989 and the more recent collapse of other Asian economies that were organised on State corporatist lines are some of the examples where government would play a role in the economy. The 1998 Asian contagion, the 2008 Great Recession and the ever-increasing instances of corporate misbehaviour all support the return of strict State regulation of companies (Amaeshi, Nnodim & Osuji, 2013:1).

Recently, the popular approach to public administration across the world has been the new public management (NPM). According to this approach, private sector techniques in the provision of services to citizens are seen as a solution; managerial autonomy is advocated; and hierarchical organisation design abandoned. Also, process-oriented administration is favoured at the expense of the traditional output-oriented administration privatisation is encouraged and NGOs become involved in delivering certain public services such as health and education (Osborne & Gaebler, 1993:44; Basu, 1994:47).

According to Moon (2002:390), the NPM has taken centre-stage and has two common recurring characteristics:

1. It builds on the participation with private and societal actors in policy formulation and in execution. These actors become involved with government in a horizontal, collaborative network that is said to evade lengthy and cumbersome processes of legislative decision-making, is democratic, more participatory, and more flexible than the traditional ways of government (Basu, 1994:47);
2. Although this new mode of governance is based on public actors, command-and-control regulatory policies or legislation are not relied upon, or only marginally so. Rather, the dominant mechanisms are diffusion and learning, negotiation, persuasion, benchmarking, repetition, time management, and voluntarism, using non-binding targets and soft-law (Salamon, 2002:8; Kooiman, 1993:2).

The public administration approach by the government in South Africa is very critical to CSR. According to Reich (1998:14), a government may promote the use of tax incentives or subsidies that would require specific actions from companies or use market-driven regulations which all could be influenced by the manner in which companies practice CSR (Moon, 2004:17). Therefore, government will always have an impact to CSR. This study was looking at how the public policy could be used to influence the practice of CSR.

La Porta, Lopez-De-Silanes and Shleifer (2008:237) state that the role of government in CSR becomes complicated because the conception of CSR is a voluntary company effort and therefore the policy context of government could go against this conception. Early debates on CSR espoused by Friedman (1962) and Levitt (1958) put the role of government being to impose taxes, determine expenditures, mediate disputes, and interpret the law (Levitt, 1958:54; Brenkert, 2001:169). The government assigns and protects entitlements, deal with externalities created by business using its coercive powers and limited checks and balances when private costs diverge from social cost (Baron, 2003:664).

Fox *et al.* (2002:4) identify four key roles of government in CSR, namely mandating, facilitating, partnering and endorsing, as shown in Table 2.7.

Table 2.7: Government roles in CSR

Role	Possible Actions		
Mandating	Command-and- control legislation	Regulators and inspectorates	Legal and fiscal penalties and rewards
Facilitating	Enabling legislation	Creating incentives	Capacity building
	Funding support	Raising awareness	Stimulating the markets
Partnering	Combining resources	Stakeholder engagements	Dialogue
Endorsing	Political support		Publicity and Praise

Source: Adapted from Fox *et al.* (2002:4)

The public policy environment and rationales for CSR in South Africa are driven by the challenges of socioeconomic integration to address the apartheid legacy, social conflict, reintegration into the global economy, and gaps in government capacity (Alperson, 1995:24). CSR actions by the government have entailed:

- mandating CSR using the Broad-Based Black Economic Empowerment (BBBEE) Act (53/2003) and other CSR-related laws such as the Employment Equity Act (55/1998);
- partnering with CSI and issue-specific partnerships such as the NBI;
- using soft law by encouraging the setting of standards at the sectoral level where private sector bodies and government develop Codes of Conduct for practice; and
- incentivising public procurement (Fox *et al.*, 2002:10; Ponte, Roberts & van Sittert, 2007:933).

The above-stated roles of government formed the basis of proposals for the government to use in promoting the development of scarce skills through CSR.

2.8 Summary

This chapter presented an overview of the business-society relationship by defining both the business and society notions, and outlining the environment in which a company found itself. The historical development, definitions, models, and theories of CSR were discussed. The chapter also discussed the complementary concepts to CSR, namely, corporate citizenship, corporate sustainability, business ethics, and stakeholder engagement or stakeholder management.

Three schools of thought on CSR, namely, the liberal, conservative, and critical/radical were discussed to illustrate how they shape the practice of CSR. The literature also revealed that CSR could manifest at the organisational, marketplace/economic, and societal levels. Issues together with actors or institutions that promote and drive CSR at the organisational, industry, country, and global levels were discussed. The government was discussed with a special emphasis because the main objective of the study was to propose a set of proposals for government that will assist in fostering a collaboration among all actors to develop the scarce skills required by the South African economy.

The next chapter explores the concept of skills development.

CHAPTER 3: CONCEPTUALISING SKILLS DEVELOPMENT

3.1 Introduction

The global challenges such as the economic recession of 2008, persisting climate change, income inequality, population migration, and international disaster relief actions require new models of cooperation among nations at the organisational, institutional, and personal levels (Post, 2015:147). Other challenges include the fact that the security of permanent employment has been lost and many employed people are part-time, temporary or contract employees (Pollert, 1998:286). Among governments, full employment is no longer the goal of economic policy (Ainley, 1993:2), instead, governments from both the industrialised and the developing economies, have assigned economic importance to education and training policies (Bloom, 2006:31; Hanushek & Woessmann, 2008:607; Green, 2013:4). According to Grugulis, Warhurst and Keep (2004:1), education and training are no longer exclusively for elite upper class professionals and privileged craft workers instead, education of the masses is encouraged to benefit both employers and employees as a lever to boost individual employability, company productivity, and competitiveness at national and even regional levels.

These developments challenge governments, companies, and other role players such as IGOs and NGOs on how to conceptualise skills and how all role players at individual, company, national, and global levels of the economy deal with skills (Bryson, 2010:1; Grugulis *et al.*, 2004:1). Green (2013:iii) states that raising the skills of employees is a win-win situation between employees and employers where employees gain from higher wages and all-round job quality and employers from a rise in productivity that is large enough to improve their profit (Littler, 1982:3; Burawoy, 1979:25). Also, the supply of skilled employees helps local industries to compete globally because skill (human capital) is less mobile than finance, technologies, materials and equipment.

The review of the literature on CSR demonstrated that CSR has become a global norm in which multilateral institutions, governments, and business associations take an interest (Mühle, 2010:41). CSR issues at organisational level include employee training and development, employability, career management, innovation, and labour relations (Werther Jr & Chandler, 2006:88-89).

This study explored the manner in which CSR could be utilised to mobilise all stakeholders to collaborate in skills development for the South African economy, in particular in the development of scarce skills. As part of exploring a relationship between CSR and skills development, the literature on the skills development concept shall be reviewed in this chapter. The conceptualisation of skills development in this study begins with the review of the concept of 'work', how it is defined in relation to labour, its history, and the theories involved in viewing work. This is followed by an exploration of the concept of 'skill' and then by a presentation of the literature review on the skills development system and the human capital theory. The South Africa's skills development system is also discussed, as is the relationship between skills development and CSR. The chapter concludes with a summary.

3.2 The concept of work

The ability to plan, organise, and collectively engage in work sets human beings apart from other species and has been part of human life and daily existence since the beginning of time (Rifkin, 1995:3; Sahlins, 2004:11; Sweet & Meiksins, 2008:1). The meaning of work is taken for granted to be universal while in fact work varies in time and space among different cultures and epochs (Applebaum, 1992:ix; Ehmer, 2001a:16569; Spittler, 2001:16565; Zimmermann, 2001:16561). According to Grint (2005:7), it is difficult objectively to define work because the world of work and the sphere of non-work and leisure are not always the opposite of each other or clearly delineated. For example, whilst one may regard playing sport as leisure, another person could regard it as an occupation (Donkin, 2010:xv). Vallas (2012:4), states that in the greater bulk of human history, at times, work has been defined in the form of household work, child labour, forced labour, slavery, serfdom, and other forms of servitude. Theriault (1995:16) offers a definition of work as being physical activity, and if work involves little or no physical activity, such activity may not be regarded as work. For example, doing research, writing a book, and giving advice to a friend since these activities do not involve the physical movement of objects. These activities express intellectual or mental effort as opposed to manual labour that is considered to be 'work'.

An activity performed in exchange for a wage or a salary in the labour market is a recent construct (Brief & Nord, 1990:2). Such a construct has been shaped by cultural, political, and even military power to be where it is today (Vallas, 2012:4). Stasz (2001:385) remarks

that the world of work is undergoing rapid changes due to social progress, and more so, the advent of globalisation, increased mobility, and migration. Based on the many varying perspectives on work, Grint (2005:11) concludes that there is no permanent or objective thing called work, instead there are aspects of social activities which are construed as work depending on the understandings of those involved in the activity (Granter, 2009:11).

3.2.1 Definition of work

According to Méda (1996:634-5) and Zimmermann (2001:16561), the concept of work has at least three different but complementary meanings in contemporary societies. Work is regarded as: action or work as a factor of production, value or a means to increase wealth, and as a mechanism for the emancipation of the individual to be integrated into society, and status and a mechanism for the distribution of income and security that has led to equating work with paid labour.

3.2.1.1 Work as action or production

Ehmer (2001a:16570-16571) states that when work is viewed as action, work appears as an active human intervention on nature for the purpose of assuring the ongoing existence of the human species. Ehmer also states that according to Karl Marx (1818-1883), human progress and the periodisation of history could be measured by looking at tools that were used by man during each epoch. Childe (1965:3) adds that Marx asserted that it was not the articles made, but how they were made and by what instruments that enables people to distinguish different economic epochs. From the point of view that work is action, tools are considered as a basis upon which humans would dominate nature. Volti (2008:2) states that throughout human evolution, tool use, manual dexterity, and brain development interacted in a mutually reinforcing manner (Bernal, 1969:65).

According to Ehmer (2001:16571), work as action has affected the characterisation of man as a tool-maker in the past three industrial revolutions in the forces of production. These are: the invention of agriculture and animal husbandry where tools were operated manually, the industrial revolution where the tools employed were no longer operated manually but through machines using artificial energy, and the introduction of micro-electronics and the computer in the production process, where the man-machine dialogue has intensified (Cascio, 2014:308).

In the words of Arendt (1958:85), man is a homo faber, that is man-the-maker or man-the-creator, and 'work' can be contrasted with the concept of 'labour'. The two concepts differ on the basis of, labour being a bodily activity designed to ensure survival in which the results are consumed almost immediately as opposed to work being the activity undertaken with our hands which gives objectivity to the world. According to Granter (2009:10), Arendt (1958) argues that the synonymous usage of the terms work and 'labour' masked a crucial distinction because while labour produces objects needed for the maintenance of life and consumed immediately, work produces artefacts of much greater duration that serve social and cultural fabric of the human world and affect the inner and intangible parts of human life, for example, literature, cathedrals, art, books, schools. In similar vein, Harding (2013:35-36) states that to labour is to

“do the physical and mental tasks required of us by those by whom one is employed and because of which one’s time is so taken up that there is neither opportunity to nor resources for work(ing) on the self? To labour is therefore to be a life but not a human life”,

whereas to work is to be able to

“constitute identity or selfhood as part of the processes involved in our jobs. To labour is to occupy the subject position of a faceless zombie-machine; to work is to have a face and thus to have recognition of one’s self as human. To labour is therefore to do; to work is to become. To labour is to be not recognised, to have recognition withheld”

Harding (2013:36) presupposes instances where the 'self' is recognised, for example, in the case of professionals, managers, and academics, the work is done by the person. From the perspective of defining work as action over nature, the product produced and the manner and the tools used to produce the product are thus important for this study because the categories of scarce skills include engineering and artisans and therefore it is important to know the history of these trades and professions. The perspective in which work is understood to be involvement in economic activity is presented.

3.2.1.2 Work as value and economic activity

Edwards and Wajcman (2005:5) and Sallaz (2013:3) state that without work and production, consumption is impossible. The ability of companies to produce and distribute goods and services, and thus compete in the global capitalist market, depends on the existing patterns of work within the companies and society (Brown & Lauder, 1992:2). According to Gorz (1982:1), the concept of work came into being at the same time as the emergence of capitalists, that is, all those who manage, represent and serve capital and its requirements, and proletarians - the workers who due to their position in the production process are dominated and exploited. Gorz defines work as an activity carried out for someone else; in return for a wage; according to forms and time schedules laid down by the person paying the wage; and for a purpose not chosen by the worker (Godelier & Ignatieff, 1980:166).

According to Goodwin (1998:xxx), work can be viewed from various perspectives. These are that of (i) the worker - where workers tend to focus mainly on the wages they receive from work in order to embark on consumption, (ii) the stockholders, owners, and managers - who focus on profits which accrue due to productivity, and (iii) the whole of society – which focuses on matters such as education, development of human capital, how income between capital and labour is shared, how productivity benefits the consumer under company behaviour, as well as how acceptable the productivity affords to society e.g. a question to ponder is can society regard illicit work as productive work? (Sallaz, 2013:14).

3.2.1.3 Work as status

While at the present time there is an understanding that work is primarily located in paid employment, Joyce (1987:1) and Connolly (2014:61) point out that work should not be looked at in the realms of economics and production only. It should be seen as a cultural activity or a social construct with greater collaboration, less fragmentation, and more human involvement within the labour process – through the phenomenon of the division of labour (Sayer & Walker (1992:1). According to Reich (1998:xxiii) one's occupation has always been used to establish a place for that person in society and implying a set of values and ideals possessed by that individual. Work as an occupation, reflects what Rothman (1998:7) refers to as a configuration of social and technical activities directed

towards the creation of goods or the provision of services (Barley & Kunda, 2001:82). On the other hand Abbott (1989:282) states that work when referred to as the 'job', has come to signify an ongoing stream of technical and social activities attached to a role in a division of labour that is held for an indefinite period of time with clear beginnings, but no foreseeable end (Rothman, 1998:7).

The Human Development Report (UNDP, 2015:31) summarises the concept of work as shown in Figure 3.1

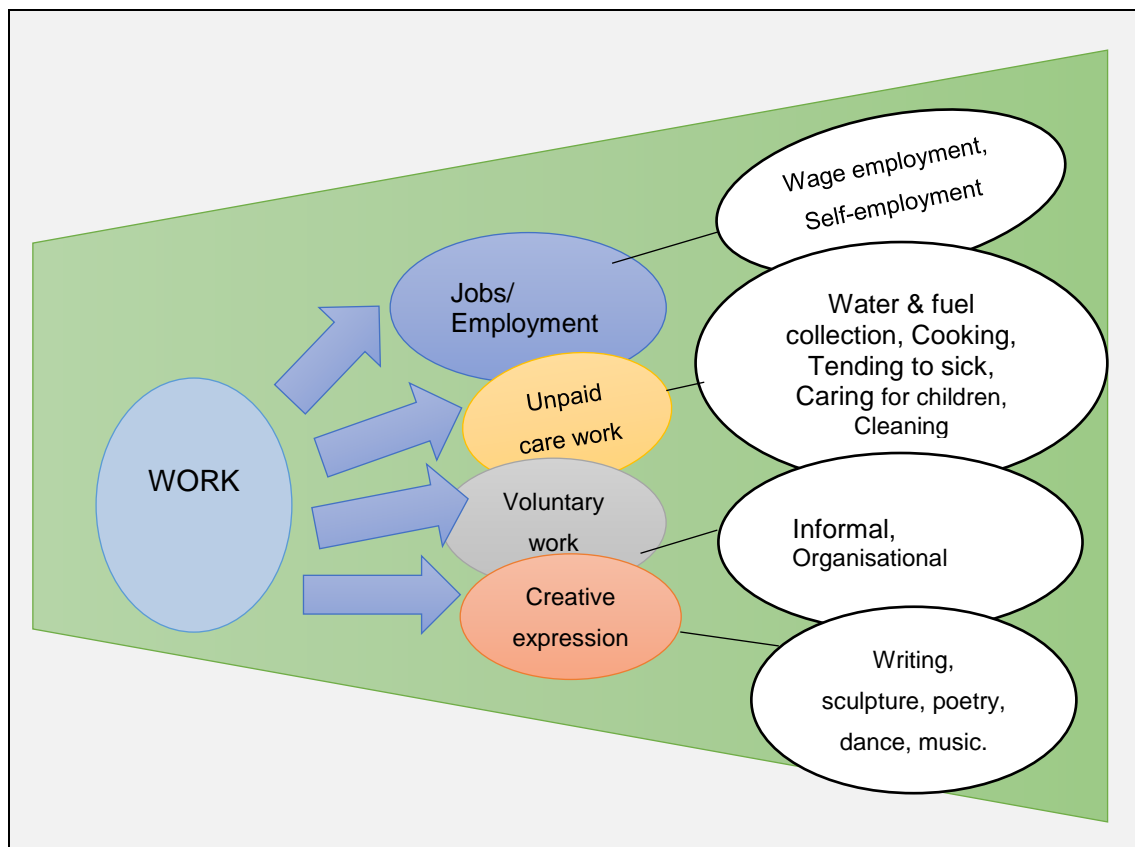


Figure 3-1: The various contexts of work

Source: Adapted from the Human Development Report (UNDP, 2015:31)

This study concerns itself with the view of work related to jobs/employment and noting the other forms of work in the discussion of paid work. A brief history on the conceptualisation of work is given in the next subsection.

3.2.2 A brief history of work

The historical account of work can be traced by using the ancient (300 BC-700 AD), medieval (800 AD-17 00 AD) and the modern and post-industrial (200 years ago) epochs

- all of which had a particular concept of 'work' (Applebaum, 1992:vii; & Van den Hoven, 1996:1).

3.2.2.1 Work in ancient and medieval periods

According to Ehmer (2001a:16570), Howard (1995:3), Jemielniak (2012:11) and Tilgher (1931:3), ancient Greeks, Romans and Hebrews viewed work negatively to mean a curse that had to be avoided at all cost thus slaves were used to do the work. Ancient philosophers such as Plato, Socrates, Locke, Kant and Aristotle, proclaimed that the desirable actions for man, were: to engage in art, philosophy, and politics (Applebaum, 1992:49; Sayers, 2005:607). To work for another man's profit was a foreign concept among the ancient societies (Clair, McConnell, Bell, Hackbarth & Mathes, 2008:18). As Anthony (1977:15) and Sweet and Meiksins (2008:7) remark, an ambivalent view of work existed at this time because, while the elites of classical antiquity looked at work and particularly manual work with disdain and did not assign any moral value to it, the religions of the Christians, for example, viewed work as a sacred activity with a purifying effect and as a way to gain salvation.

Ehmer (2001a:16570) and Theriault (1995:15) state that in the Old Testament, the Judeo-Christian tradition expresses work as a notion where God himself appears as a worker, and man is meant to care for God's creation in the Garden of Eden to dress and keep it (The Holy Bible, Genesis 2:15). However, Ehmer (2001a:16570) raises an ambivalent note towards work as seen from Christianity, where after the fall of man from grace, work became a form of punishment (Hulin, 2014:22). Plato and Aristotle set forth positions on the way that work should be arranged in society (Clair *et al.*, 2008:33). For example, slavery was normal practice, class constituted a criterion for job placement, the role of women should be different from that of men, and communal sharing was better than ownership of property. Furthermore, these philosophers held a view that some men should guide society while all others should follow their lead, and that division of labour was an efficient means of production (Clair *et al.*, 2008:35).

As for work in medieval times, the activities involving work were governed by the cyclical rhythms of nature: the passing of the seasons, and alterations of day and night, and the necessities of living for example, the need for food (Thompson 1967:96; Smith, 2009:41). There was an inter-generational inheritance of skills and culture by imitation or ascription

in gender-based craftwork such as farming, midwifery, pottery, basket weaving and embroidery (Ainley, 1993:15). Four social groups, namely, peasants, merchants, artisans, and wage labourers, dominated the discourse on work, both as objects and as subjects during the medieval period (Volti, 2008:10).

According to Le Goff (1980:54), trades found their place in society at this time but religion and societal taboos placed condemnation on some of the trades such as those associated with bleeding (butchers, surgeons), impurity/unclean (dyers, cooks, laundrymen) and money making or greed (merchants, usurers) (Hibbert, 1953:15; Kemp, 1993:12-14). Other trades that were condemned where professions were workers did not produce their own goods and those were thus seen as inferior, while prostitution was seen as sinful and as a commercial trade not aimed at helping a neighbour or done for a common good (Le Goff, 1980:61).

In the case of artisans, the division of labour and occupational structures, which existed at this time, necessitated the existence of guilds in classical India, ancient Rome, Japan, and Colonial America (Ehmer, 2001b:818). The purpose of these guilds was to regulate production and labour markets, provide transferable skills through apprenticeship and thus contribute to technological invention, and engage in religious, cultural, and social activities (Epstein, 1998:687). In the main, during the medieval period, work was defined outside the labour market and intertwined with subsistence where members of society could make their livelihoods out of the labour process, for example, through the system of feudalism, monasticism, and mercantilism (Gordon *et al.*, 1982:13; Morrison, 1995:10; Clair *et al.*, 2008:19-20).

According to Arendt (1958:4) and Kemp (1993:10) continuous re-evaluation and increasing appreciation of work in subsequent ages, paved the way for a 'labouring society' in advanced industrial societies. Max Weber (1864-1920)'s Protestant Ethic promoted the capitalist spirit and resulted in the modern positive picture of work and its full integration into the capitalist system. The spirit became evident among the nations who were at the forefront of the industrial revolution such as England, France, Germany, and the US (Furnham, 1990:15; Hamilton, 2000:151; Weber, 1930:1c; Whimster, 2007:3). Weber's work around the Protestant Ethic entailed the integration of interest-driven behaviour with social behaviour in the sense of declaring that human beings were propelled into action by two types of interests: material interests referring to economic

needs and ideal interests referring to status, nationalism, ethnic honour, desire for salvation, better position in the next life (Donkin, 2010:56) and Swedberg, 1998:4). The church for its part still takes a stand on the issue of work nowadays as seen in the words of John Paul II (*Laborem Exercens*, 1981:online). He expressed the conviction on behalf of the Catholic Church that “work is a basic dimension of humans on Earth” and that workers should be the subject, not the object, of the work process in an era when technology and capitalism cause fewer jobs, objectification, and the proletarianisation of workers.

While most contemporary researchers portray business in Africa as a recent phenomenon, such analysis is inaccurate because trade existed even during the pre-industrial era in Africa due to colonialism. Also, from the 7th century through to the 16th century, trans-Saharan trade occurred and involved both indigenous African cultures and those from outside the continent (Taylor, 2012:22). Religion in its various forms, in particular the Islam faith, served as a legal system for regulating and facilitating this trans-Saharan trade as well as trade along the Nile River (Austen, 2010:12). In the case of South Africa, Lester, Nel and Binns (2000:45) state that the pre-industrial period was characterised by the existence of the San and the Khoisan hunter-gatherers, pastoralists and farmers, and by the arrival of the Portuguese in the east coast and first the Dutch settlers, through the Dutch East India Company and later the British Settlers (Marks & Atmore, 1980:4).

The historical account on how work was viewed in both ancient and medieval periods is significant to this study because the trade occupations of the ancient and medieval periods are found in the scarce skills list of South Africa. An appreciation of how such trade occupations were shaped in ancient societies may give insight on how they can be developed in South Africa’s economy.

3.2.2.2 Work in the modern and post-industrial period

According to Gordon, Edwards and Reich (1982:2-3), the concept of work evolved in three overlapping stages in the past 200 years. The stages are: ‘proletarianisation’ (1820 to 1890), which was a stage involving more people moving from agriculture into wage labour in large enterprises (Ackerman, 1998:2; Kemp, 1993:10; More, 2000:3); ‘homogenisation’ (1870 to WWII), where employers eliminated the power of skilled craft workers and

introduced process technologies and innovations. During this period workers needed to respond to precision, rapidity, and regularity of machines according to clock. According to Samuel (1977:49) there was a phenomenon of 'de-skilling' and elimination of ancient trades at this time. During the period between 1920 to 1980, Ackerman (1998:4) states that 'segmentation' occurred, where work experienced the rise of unionism and the adoption of enlightened industrial management, followed by the decline in industrial employment, an increase in the segmentation of the labour market and the involvement of women and children in waged work. Applebaum (1992:x) identifies a quaternary period that refers to leisure activities and voluntary work associated with future society in the 21st and 22nd centuries (Jones, 1982:2; Rifkin, 1995:5).

The 'post-industrial' era was a term coined by Bell (1956, 1976) from an observation that the US economy was experiencing a phenomenon in which the manufacturing-centred economy was being replaced by an economy directed towards the provision of services soon after WWII (Granter, 2009:96; Sweet & Meiksins, 2008:24). This era introduced an economy which, according to Jones (1982:4-5) was based, among other things, on the following:

- growth in the power of multinational companies (MNCs), the media, electoral process decreasing in significance and power moving away from elected governments towards interest groups which were dominating particular sectors of society, such as public servants and technocrats; and
- instant world-wide communication, miniaturisation due to micro-electronics causing exponential growth in output thus reducing labour time that resulted in too much leisure to an extent that a 3-day week for workers was predicted (Lynes, 1958: 346), having higher participation of women in insecure work, the gradual disappearance of organised labour, low-paid work channelled to less-developed countries, and having educational qualifications becoming control devices for entry into secure and satisfying employment (Ajit, Nomaan & Christoph, 2008:online; Fröbel, *et al.*, 1980: 291; Sweet & Meiksins, 2008:24).

Another key feature of the post-industrial era is the shift from the mass production paradigm or so-called Fordism to craft production. Under Fordism, work depended on Taylorist tendencies of scientific management, removal of discretion from the shop floor, rigid job definitions, repetitive tasks, creation of legions of deskilled jobs, the decline in

the worker's ability to control conditions and rewards of work, and utilising single-purpose tools and equipment to churn out large quantities of the same product (Ehrenreich, 2001:201; Gramsci, 1971:281; Pietrykowski, 1999:180; Ritzer, 2013:1; Sabel & Zeitlin, 1985:133; Samuel, 1977:8). Piore and Sabel (1984:19) remark that under craft production, work is performed in small companies in industrial districts wherein skilled workers utilise general-purpose tools to produce speciality goods. Instead of one company dominating the industry, a network of companies located within a region dominate while embracing high-trust, and work processes that promise to set workers free from the disciplining structures of the past (Vallas, 2012:63). The flexible specialisation demands that workers should be highly educated and multitalented, require creativity and decision making on the job, and require managers to empower low-level workers to contribute to the production process through self-managing teams (Hakanson, 2005:434; Hirst & Zeitlin, 1991:3).

Curry (1993:103) and Pollert (1988a:42) state that the changing work patterns in the post-industrial economy involve a variety of changes: Devaluing and obliterating jobs and reducing or eliminating welfare cover (Beck, 2000:21; Crouch, 1999:38). Also, internal labour markets disappearing, and the traditional work ethic being declared irrelevant (Grimshaw, Ward, Rubery & Benyon, 2001:25; Reisman, 1958:364). At present, a fourth industrial revolution has taken place. According to Ahmed (2016:online) and Davis (2016:online), the fourth industrial revolution is based on artificial intelligence (IA) and robots that are believed will spur economic growth and create new wealth, and are machines that 'think' like humans and would have the capacity to solve significant problems ranging from curing cancer to reversing climate change. As a result, millions of human workers would need to be retrained, as robots would make human workers' jobs increasingly redundant.

Peet (1991:138) states that, modern industrial development on the African continent occurred in two phases. The first one was the end of slavery that was promoted on religious and moral terms, and the opening of free trade as well as the political portioning of the continent through colonialism. Even after colonialism, neo-colonialism benefited Europe through direct forms of ownership of production resources or setting basic conditions for production in former colonies, whose economic development policies would be framed by the colonial masters (Peet, 1991:145).

Various examples have been cited by Amin (1973:10) and Peet (1991:140) as follows: West African peasant production, where crops such as groundnuts, palm oil and cocoa grown in the colonies, and in the Ivory Coast and Ghana, and cotton and rubber in Senegal would be exported to Europe through dictated prices by monopolistic companies set by the colonial powers themselves. The Concessionary System of the Congo Basin involved the awarding of land concessions by the Belgium colonial government to European companies that exploited the territory and made people work under harsh labour conditions – even sometimes killing them - in pursuit of extracting maximum prized commodities. Lastly, the European settler areas, plantation and mining companies – where European settler farmers were granted land in East Africa and in Southern Africa that became somewhat of a curse for African labourers as this was accompanied by extremely low-wages and, at times, forced labour for those working on farms and in mines and food levies on villagers (Zezeza, 1993:156; Taylor, 2012:26).

In the case of the South African landscape, Kemp (1993:177) states that the industrialisation in South Africa was stimulated by the discoveries of diamonds in Kimberley and gold in Johannesburg during the middle of the 20th century. The gold and diamond mines required heavy machinery, rail infrastructure to the coastal ports, and masses of, in the main, cheap African labour not only from South Africa but from across the entire Southern African region. This development occurred against the backdrop of Dutch and British colonial rule that was characterised by the importation of slaves from the East, and later the indentured Indian labourers who were brought to what was then called Natal to work on farms (Newton-King, 1980:171). Government intervention was focused more on promoting White supremacy than empowering Blacks through various mechanisms. The Natives Land Act of 1913 that restricted Blacks to labour-tenancy instead of ownership of land, and the Native Labour Regulations Act of 1911 that made it a criminal offence for an African to break a labour contract. Lastly, the Mines and Works Act of 1911 that barred Africans from obtaining competency certificates for skilled work in the mines (Lewis, Jr, 1990:10).

Kemp (1993:182) states that during the early industrialisation of South Africa, waged labour promoted White workers while tariff protection advanced White industries. Another characteristic of the industrialisation of South Africa's economy, was the direct intervention of the state in setting up parastatals. The Industrial Development Corporation

(IDC) was set up for funding of industrial projects and the South African Coal, Oil and Gas Corporation (SASOL) for oil refining. Also, the Electricity Supply Commission (ESKOM) for electricity generation, and the Iron and Steel Industrial Corporation (ISCOR) were set up for steel production to support mines. In this study, the role played by parastatals in developing scarce skills has been included because the definition of the public sector includes all state-owned enterprises (Department of Public Enterprises, 2016:online).

The historical account of work from the ancient epoch to the post-industrial period is valuable to this study because such account illustrates how some occupations have been viewed by society. It is important, for example, to understand the taboos associated with various professions because those taboos may eventually affect the number of learners pursuing qualifications in some occupations.

3.2.3 Theories on work

The research on the history and meaning of work given by Ehmer (2001a:16569) and Ehmer (2014:102) has two shortcomings. Firstly, research on the history and the meaning of work is based upon the reflections and views of the elites and it disregards the daily experiences of workers who are the subjects of work. Secondly, that research remains Eurocentric while representations of work and history are found in ancient China, Africa, and other parts of the world (Godelier & Ignatieff, 1980:170). Okhuysen, Lepak, Ashcraft, Labianca, Smith and Steensma (2013:6-9) identify four main obstacles in the process of studying and researching the concept of work and the fact that these obstacles are caused by the use of different disciplinary lenses, such as the anthropological, sociological, and psychological, to conduct research at macro- meso- , or micro-levels. These obstacles arise for various reasons: Firstly, the domain of work is vast and complex, in that it refers to a range of activities and meanings to itself, such as emotional work, contingent work, knowledge work, institutional work, or dirty work. Work excludes phenomena that are classified as 'not work' that include leisure activity, volunteering, unpaid work and homemaking, raising family, friendships as complementary or opposite to work (Hulin, 2014:16). Secondly, work is the content, that is, what people do in organisations but also the context – where the workplace acts as a critical social and psychological location to negotiate personal preferences, roles, and conflicts as well as construction and development of identity. Individuals live, act, enact agendas, goals and

missions; derive a source of autonomy self-worth and esteem, and income and security within the context of work (Hulin, 2002:4; Weiss, 2014:43-44).

Thirdly, work is dynamic because both work and the workplace are ever changing, constantly reorganised, reformed, and reconstituted such that the people doing the work, the arrangements around the work, the technology used in the performance of the work, and even the purpose of the work may change (Howard, 1995:23). Lastly, work can be experienced in different ways. While the different epistemological perspectives are dominated by the positivist approach, for example, Taylorism (Sweet & Meiksins, 2008:9; Thompson, 1989:73), interpretive and critical questions are emerging regarding how social, cultural, and political relations converge to organise the meaning and practice of work.

In theorising the concept of work, sociologists Emile Durkheim, Karl Marx, and Max Weber contributed on the understanding of work within society (Grint, 2005:85; Morrison, 1995:2; Sweet & Meiksins, 2008:12). According to Arendt (1958:88), Marx advanced the concept of work by using the notion of labour to the public realm. He asserted that labour could be organised and even divided within the labour process and that the labour power, which is embodied in people, was the worker's capacity to do work, measured in units of time that could be "improved or expanded by any skills, education, or other attributes that make it more productive" (Edwards, 1979:17).

In Marx's view, within the labour process two classes originated from capitalism (Hilton, 1952:32), namely, the landless wage earners who were the disenfranchised working class or the proletariat, and entrepreneurs, who were the affluent owner class or the bourgeoisie and owned capital (Marx, 2009:404). This was in contrast to the characteristics of the medieval organisation of industry and agriculture where the producer would own his or her own means of production (Jemielniak, 2012:13; Sweet & Meiksins, 2008:12). Marx also viewed work as an action by which human beings define themselves through their labouring activity because through labour humans exert control over nature, produce material necessities such as food, shelter, and clothing. Also, labour is part of self-definition and confirmation of being which links human beings into existence (Morrison, 1995:92; Thompson, 1989:39). Therefore, when the fundamental connection between human beings and the self-defining aspect of their labouring activity breaks, alienation occurs (Avineri, 1968:162-167; Sayers, 2005:609).

According to Bottomore and Rubel (1964:169) and Erikson (1990:21), alienation occurs when work is external to the worker, not voluntary but imposed, not for the satisfaction of a need, but only as a means for satisfying other needs. The conception of the separation of thought and execution in work brought about the concept of 'de-skilling' within the labour process discourse (Braverman, 1974:315). For Littler (1982:22), the concept of de-skilling has four dimensions, namely: the process whereby the shop-floor worker loses the right to design and plan work (the divorce of planning from work), the fragmentation of work into meaningless segments, the redistribution of tasks among unskilled and semi-skilled labour associated with labour cheapening, and the transformation of work organisation from craft system to modern, Taylorised forms of labour control (Elger, 1982:41; Wood, 1982:13).

Besides advancing the Protestant ethic, the introduction of an ideal bureaucratic form of organising work remains one of Weber's most significant contributions to the theories of work. According to Clair *et al.* (2008:128), Weber outlined six basic criteria that characterised modern bureaucracy to include: rules, hierarchy, separation of public and private resources and issues, separation of jobs according to specialisation, unbiased selection and promotion of workers, and the practice of writing descriptions and rules concerning job duties (Volti, 2008:81-84). Form (1980:141) and Rueschemeyer (1994:60) state that in the case of Durkheim, the research focus was on the labour process theory. Durkheim proposed that the division of labour, as the separation and specialisation of work among people, was caused by population growth, decline in segmented structures in society, and increasing intensity of interaction, and that the division of labour is a necessary condition to the development of societies and civilisation (Burawoy, 1979:5; Clair *et al.*, 2008:116; Gorski, 2005:288; Merton, 1940:561). The contributions to the knowledge of the concept of work and working as given by Marx, Weber and Durkheim paved a way for its understanding and meaning in the modern era and even today.

Okhuysen *et al.* (2013:10) state that future theorising about work should attempt to incorporate a broad understanding of how workplace practices and procedures are organised. These practices could include, how people are hired, compensated, and motivated; how their job tasks, job security, interactions, and training get organised both at the institutional level (which would change industrial relations and employment relationships) and at the micro level (which relates to workplace control, resistance, and

cooperation). Nowadays human resource management (HRM) focuses on work and workers within a political-economic-social context (Howard, 1995:6). The field of job design examines how alternative ways of setting up the workplace impact productivity, morale, and teamwork, while recruitment, selection, and training are also fundamentally based on a set notion of what work is (Volti, 2008:177). The key task for individuals is to identify the appropriate kind of knowledge, skills, and abilities that would be best for a particular unit of work. Strategic HRM seeks to understand how the management of work and workers may contribute to the competitiveness of organisations (Okhuysen *et al.*, 2013:11). This kind of strategic HRM occurs at the time when outsourcing, off shoring, and reliance on consultants and contingent workers within organisations pose a challenge to the world of work because information technologies and workforce talents around the globe, disrupt the conventional notion of employment (Schmidt & Cohen, 2013:255; Van der Spiegel, 1995:97). From a legal point of view, organisations struggle to ensure they comply with employment laws for workers who are short-timers, as well as for workers who work for many organisations simultaneously (Okhuysen *et al.*, 2013:12). Within the employment relationships in the current economy, the skills required by organisations from employees are key to productivity.

For purposes of this study, it is important to locate the developments within HRM because CSR in the development of scarce skills should be an attempt to curb the negative effects of contract and unsecured employment by ensuring that workers are not alienated from work or suffer adversely from these developments. The next subsection discusses the concept of skill to locate it within the labour market system of the new economy.

3.3 The concept of skill

In the previous section, the historical development of the concept of work was traced back from the pre-industrial era to the current global economy in terms of how technology, institutions, political and economic developments have impacted on workers and on the manner in which work is performed. According to Green (2013:1), the connections between skills, work, and human needs have been framing lives of workers since the beginning of time. At the centre of the concept of work is the concept of 'skill'. The question could therefore be how the two concepts relate to each other. According to Darrah (1994:64), skill is used to describe the characteristics of jobs which are task demands and role requirements as well as the qualities (abilities, talents, and capacities)

of the people who perform these jobs. Regardless of whether the skill is either an individual possession or a job demand, Spenner (1990:400) states that the skill discourse needs to include social evaluation of skill – meaning that the definition should include what shall be rewarded, the historical rootedness, and the supply and demand, and governance structures that rule transactions involving skills.

When it comes to other aspects of skills, such as their development, Elphick-Moore (2012:online) states that skills development can be defined as what a company does to improve productivity in the workplace and competitiveness, the quality of life of the workers, and their prospects of work and mobility. Skills development is preceded by basic education that in under normal circumstances must be provided for by government. Quintini (2016:online) states that while skills policies have tended to focus disproportionately on the supply side, i.e. the acquisition and adaptation of skills in recent years, there has been an increasing awareness that the demand-side issues are important in developing skills. Demand side issues look at how employers use skills in the workplace. The meaning of this situation is that supply-side interventions will not achieve the desired effects of raising productivity and economic growth unless they are accompanied by the demand-side interventions.

3.3.1 Theoretical underpinnings of skill

In theorising the word 'skill', Penn (1983:22) asserts that post-industrialism and Marxism have been two competing grand theoretical approaches which dominated the debates around skill since WWII. Post-industrialism that is usually attractive to economists paints a picture of an increasing demand and provision for skilled workers in advanced industrial societies - the so-called skilling thesis. Under post-industrialism, knowledge is viewed as a basic economic resource and as a means of production in the same way as natural resources and labour (Drucker, 1993:7; Mayer & Solga, 2008:6). The phenomenon of post-industrialism is accompanied by, among other things, the growth of knowledge-producing institutions, an educated workforce, technological sophistication, a change from goods to services, and an increased role of women in the economy. Also, meritocracy dominates. Meritocracy implies rewarding education and skill, elimination of class and strata upon which major conflicts may occur to be along functional (scientific, technological, administrative, and cultural) and institutional (business, government, research, social welfare, and military) sites. At the same time, knowledge-consuming

industries such as electronics and computers are increasing (Schement & Curtis, 1998:136; Penn, 1983:25; Waters, 1998:172).

The Marxist approach to the notion of 'skill' asserts that under capitalism, for entrepreneurs to make a profit, they are forced through the mechanisms of competition and the expansion of capital to rely increasingly on 'dead labour' – which is labour embodied in the machines that workers neither own nor control (Ainley, 1993:18; Littler, 1982:12; Penn, 1983:29). This mechanisation and routinisation of work causes de-skilling that results in reducing workers to 'mindless robots' and to proletarianisation of the workforce thus producing a small class of capitalists but an ever increasing class of non-skilled masses.

This situation results in widespread unemployment and a 'reserve army of labour' that leads to wages remaining at subsistence levels and worker alienation (Attewell, 1990:441; Avineri, 1968:107-123). The de-skilling thesis is challenged by Gallie (1991:349) who concluded that there was no pervasive tendency to deskilling either throughout the occupational structure or in particular occupational classes. He found however that the experience of de-skilling was very rare and that this was true for all occupational classes. Though challenged by Penn and Scattergood (1985:623), these two approaches to changes in the labour process have given rise to two main traditions to the definition of skill that are discussed below.

3.3.2 Definition of skill

According to Attewell (1990:423), Bolton (2004:21), Bryson (2010:1), and Green (2013:10), different meanings can be ascribed to skill. It has synonyms such as, 'ability', 'competence', 'aptitude', 'talent', and is at times used to label personal characteristics, attitudes, character traits, and predispositions (Grugulis *et al.*, 2004:6). The concept of skill also consists of ambiguities around its conceptualisation. Examples include the mental or physical dualism, where skill is equated to the mental dimension at the expense of the physical dimension due to a mere social preference of regarding the manipulation of symbols as a more respectable activity than the manipulation of objects (Attewell, 1990:423; Ainley, 1993:8). Also, skill can invoke the meaning of 'expertise', 'mastery', 'excellence' - thus indicating an increasing dimension in skill, including skilful

management that deals with uncertainty and risks in organisations (Attewell, 1990:438; Ainley, 1993:9).

Green (2013:10) asserts that economics, psychology, and sociology have contributed in various ways to the development and conceptualisation of skill. The inter-disciplinary contributions to the concept of skill include a number of professions which among others include (i) political scientists - who do not define skill as such but focus on skill production regimes or training institutions (Mayer & Solga, 2008:6), (ii) economists - who define and view skill as a measurable attribute of a person or a job or task (Grugulis *et al.*, 2004:5) as well as (iii) sociologists - who recognise skill as a sociocultural construct of inquiry in interactive systems or social settings that are larger than the behaviour and cognitive processes of a single person, and (iv) psychologists – who regard skill as a competence to perceive stimuli, acquire, store, retrieve and apply knowledge (Stasz, 2001:387-389).

Green (2013:10) in turn identifies a multi-disciplinary concept of skill where skill is perceived to be: *productive*, where skill is used at work to produce value, *expandable*, where skills are enhanced by training and development, and lastly *social*, where skills are socially determined. The approach presented by Green is in accord with the conceptualisation given by Grugulis *et al.* (2004:26) and Littler (1982:8-9) who put forward three dimensions of skill. These are: tasks as work routine and job knowledge, control over process or product, and a social status determined based on customs and tradition that regulate entry into the profession (Beechey, 1982:54). According to Grugulis *et al.* (2004:26) and Littler (1982:8), skill can be expressed using two dimensions of task range and discretionary content that give rise to the labels or typologies such as skilled versus unskilled workers and specialised versus specialist workers (see Figure 3.2).

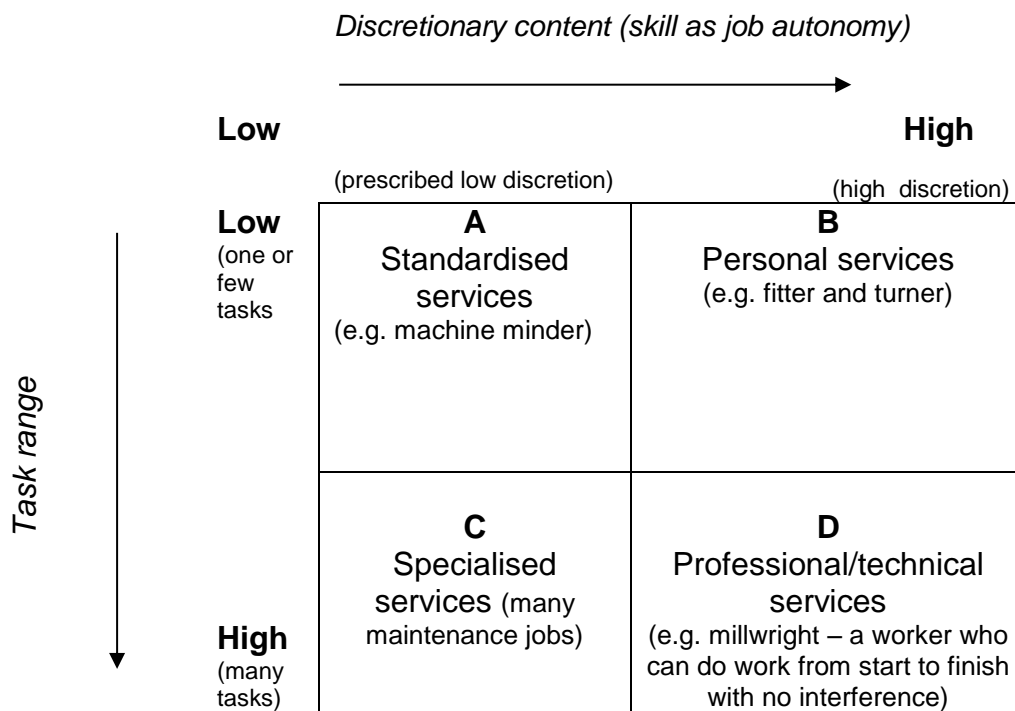


Figure 3-2: Dimensions of skill and resultant services

Source: Littler (1982:8) and Grugulis *et al.* (2004:26)

The concept of skill is not only important in the world of work. The notion of skill surfaces even in other aspects of everyday life such as sport, arts, and education. The most common definition of skill is the one in which it is assumed to be possessed by the individual or found in a job in the sense that it is socially constructed (Attewell, 1990:422; Ainley, 1993:25; Grugulis, 2007:16). While this study focuses on the role of skills in the economic system, it is acknowledged that skills also affect the social and political systems because skilled individuals promote social cohesion and emancipation within the population (Green 2013:4).

3.3.3 Traditions to the conceptualisation of skill

There are two main traditions of define skill, which are the objective and the subjective traditions. The objective (positivist) tradition encompasses approaches of neoclassical economists and psychologists who regard skill and measure it as an acquired ability, property or capital resource possessed by individuals to such an extent that it is owned by the individual and is measured by using behavioural and quantitative approaches. The

subjective (sociological) view regards skill as tacit, gendered, remaining unacknowledged and indeterminate, and developed as part of culture shared by those individuals through job or life experiences (Spenner, 1983:827; Sturdy, Knight & Wilmott, 1992:3; Ainley, 1993:5; Stasz, 2001:388; Bolton, 2004:21; Green, 2013:12).

Within the positivist tradition, skill is understood to be an attribute that is amenable to quantitative measurement methods and conforming to rigorous norms of reliability, generalisability, and validity (Attewell, 1990:423; Berryman, 1993:346). In instances where skill is taken as an attribute of an individual, it is measured by using indicators of formal schooling, for example, test scores, course taking, number of years in school, and qualifications as proxies for deciding recruitment and wages (Kohn & Schooler, 1983:321; Attewell, 1990:426). Skills are incorporated into the concept of human capital (Grugulis *et al.*, 2004:5) and sometimes expressed using proxies such as qualifications and other expressions. The proxies however are not skills themselves, instead they are certified knowledge, know-how or dexterity. The proxies are nevertheless important because they make skills easy to measure even though these proxies give only the loosest indication of which skills are actually used in the workplace (Grugulis, 2007:15).

According to Attewell (1990:424), the positivist tradition is fraught with measurement dilemmas of skill because skills are naturally diverse and qualitatively different. When it is operationalised to conform to validity and reliability standards, such a process renders a skill to be simplistic with narrow measures that fail to present it as found in the natural world. Alternatively, if a wide range of varied skills is brought under a uniform operationalisation measure, the process then becomes too abstract, resulting in a problem because high-level abstractions do not easily meet validity and reliability demands. In spite of these challenges, the positivist tradition of conceptualising skill remains dominant in the debate of how skills are defined, measured and increased. Furthermore, skill continues to inform political action around the concept of work (Bolton, 2004:21). The positivist tradition exhibits an attractive consistency and simplicity that can easily be applied in the labour markets (Green, 2013:12).

In instances where skill is regarded as the requirement for the job in terms of task, design, forms of control and employment relationship, skill is then defined by hierarchical task analysis of operations, which are envisaged in that job (Ainley, 1993:10). The skill definition is given by a panel of experts prior to an analysis of specific jobs. Occupational

titles are then used as bundles or sets of skills that are intended to be performed by the individual occupying the job (Attewell, 1990:423; Darrah, 1994:64). Having begun in the US in the 1950s as the Dictionary of Occupational Titles (DOT), aggregate data are used to infer skills levels under this technique. The system was then improved in the US to become known as the O*NET (Occupational Information Network) before being adopted in other countries in Europe such as Sweden and by the European Commission to support the EURES Job Mobility Portal and the DISCO (Dictionary of Skills and Competencies) (Markowitsch & Plaimauer, 2009:817).

The sociological tradition in turn views skill as 'socially determined' in that it is defined out of political struggles or negotiations between economic actors, for example, employers and employees as well as men and women, collectively or because of unilateral choices by employers to maximise control over production (Steinberg, 1990:451; Grugulis *et al.*, 2004:5). According to Coleman (1988:7), the distortion of a rich tradition of defining skill was caused by the Industrial Revolution that demanded an absolute distinction between work and art, taken in its original usage to mean skill, and the exercise of skill. This development gave rise to the creation of the term 'artisan' and artist that aimed to distinguish skilled manual work from intellectual, imaginative or creative art (Coleman, 1988:7), and the term artist that referred to a very special category of cultural workers who produce rare and marginal commodity such as music or a poem.

As a result, the human skills of intuition, creativity, repository of intimate knowledge, and understanding of natural materials were taken as important and not context-bound in facing uncertainties in performance (Polanyi, 1962:601; Rogoff, 1984:4; Perkins & Salomon, 1989:22). These ways of defining skills have been discarded in favour of the approach of defining skill on the basis of the narrow, science-based, mechanistic culture (Coleman, 1988:4). In illustrating the kinds of knowledge involved in a skill, Collins (2010:1) distinguishes between explicit and tacit knowledge. There are three known forms of tacit knowledge, namely, relational tacit knowledge that are things we could describe in principle if someone put effort into describing them; somatic tacit knowledge that refer to the things our bodies could do but we cannot describe how, for example, e.g. riding a bicycle or swimming; and collective tacit knowledge that is the property of society, such as rules for language.

Collins (2010:83) contends that all three kinds of tacit knowledge go on to intermix during human behaviour. Tacit knowledge drives language, science, education, management, sport, art, and actions such as riding a bicycle, as well as the human relationship with machines (Polanyi, 1958:346). This kind of knowledge is difficult to disseminate, codify and therefore to imitate (Collins, 2010:141). The question could therefore be, how do workers and employers benefit because such skills are the property of an individual and are not easily transferable? According to Sturdy *et al.* (1992:4), socially constructed skills expose the limits of direct management control and highlight the irremediable dependence of capital upon labour. Green (2013:12) states that within the sociological tradition of skill, the assumptions that working people are islands of preferences and aspirations are negated.

One notable struggle within the theory of the social construction of skill has been gender discrimination in the workplace. The idea of a gendered organisation, according to Acker (1990:146), Cockburn (1983:6) and Hartmann (1979:2), includes the taken-for-granted processes of job organisation, division of labour, hiring, and wage setting, images of workers and managers, and interactions in the workplace that are shaped by a logic whose implicit suggestion is that the worker is a man. Within this logic, jobs that are predominantly held by women are perceived to be 'low skilled' thus - erroneously - justifying a perception of their work being of lower value and therefore commanding lower pay than the work performed by men (Phillips & Taylor, 1980:79; Steinberg, 1990:452; Green, 2013:14). This exercise of social power eventually leads to a gap between 'perceived' and 'real' skill within jobs.

Whilst gender matters feature in the social construction theory of skill, scholars have also claimed that theory cannot posit a universal female or male person because there are no underlying pure and universal gender processes that are not affected by race, class, and specific historical and geographic locations (Acker, 2011:68). Therefore, intersectionality, which is the interweaving of race/ethnicity, gender, and class matters exist in various forms within society and organisations was introduced. Furthermore, according to Wajcman (1991:29) male power is also embodied in the design of technology in that, while concerns about the effect of technology on the labour process had been a subject of focus, the same technology made by men to take advantage of their physical and technical competence is being used to discriminate against women at the workplace.

It is however important to note that with the emergence of the information society and the proliferation of the information and communication technology, this situation can be reversed because most fields in the new economy such as biotechnology and computer programming do not submit to male power dominance (Schement & Curtis, 1998:136). In spite of there being two traditions regarding how skills are viewed, for purposes of this study, skill is defined as an attribute of an individual that is measured by using indicators of formal schooling and qualifications as determining factors for deciding recruitment and wages and incorporated into the concept of human capital.

3.3.4 Typology of skill

Various typologies are used to distinguish domains of skill. According to Green (2013:22) and Stasz (2001:386), one common typology includes cognitive, interactive, and physical skills. The types of skills grouped under the cognitive domain include areas requiring thinking activities such as reading, writing, problem solving, numeracy, information technology, learning new skills, and so on. Within the interactive set, skill includes all forms of communication with co-workers, management and customers, suppliers, as well as skills required for emotional and aesthetic labour. Lastly, the physical set includes strength and dexterity (Warhurst & Nickson, 2007:103).

Another typology of expressing skill is that of hard or technical skills versus soft skills. According to Grugulis (2007:72), soft skills are difficult to identify objectively but are more readily observed through stereotypes than hard skills. While soft skills are essential to employers, in a new economy environment, where consultation and participation are advocated, they are also important for managers and for the workforce as a whole (Autor *et al.*, 2003:1279). There is no consensus as to what soft skills are, however, Connell (1998:70), states that the list of what soft skills could entail is almost endless and includes labels such as: generic, under-the-surface skills or people skills, interpersonal skills, the ability to be flexible, problem-solve and work co-operatively in a team, competencies, transferable skills, virtues and social skills. On the other hand, the typology of hard skills may be used to develop rules and regulations by craft or professional unions to define expertise for inclusion or exclusion.

Also, classifying skills under each typology may differ from one case to another. Green (2013:23) points out that in some typologies there are policy-related matters that must be

considered when classifying skills, because the classification could articulate a message of who pays for the skill or who benefits. For example, company-specific skills are non-transferrable while occupation-specific skills are transferable and thus the latter benefits the worker and the former the employer. So, any system of classification of skills will have an aim of communicating a certain meaning. Still, other typologies bring to the fore the 'complexity' of the skill. For example 'basic skills' versus 'talent' as well as 'routine' versus 'non-routine'. Within the education and training policy environment, a typology of 'core' skills would refer to a dominant education and training system that focuses to a vision of a low-skill economy versus that of a high-skill economy when planning for the vocational education and training (VET) policy (Payne, 2000:353) is designed.

The dominant tradition of defining skills in the developed and developing economies today is the economic view of skill. While that is the case, workers, unions and employers may have a bigger say in terms of how skills are executed in the workplace and therefore how they are defined and put into use, and how they are recognised by the employer. As this study also focused on skills that are needed to drive the economy, a discussion regarding the institutions and processes that are involved in skills formation and how such institutions and processes work in South Africa is deemed useful.

3.4 Education and training (ET) and the economy

The purpose of education in society is succinctly described by Doyle and Levine (1986:17) who explain that education has three purposes, namely, human capital formation, education for citizenship, and equal opportunity. Education and the economy are intertwined because the state of the economy influences the volume of resources made available for education. Similarly, the content of education has an effect on future economic performance by providing the skills required by the economy (Worsick, 1985:1). There is a general assumption among many countries that the provision of both education and training would lead to improved economic performance (Ashton & Green, 1996:12). As a result, national governments have increasingly harnessed the link between education and work by aligning institutions, educational systems and the labour market with one another.

At the same time, the interplay between education systems and their generation of positive economic outcomes and returns have been contested (Heckman, 1993:online;

Levin & Kelly, 1994:97). The question that is frequently asked is how the link between education and economic performance comes about. Belfield (2000:1) explains that education is a process of learning new skills, of finding out new information or understanding various phenomena and that it is linked to the labour market by the concept of human capital because education serves to enhance human capital (Belfield, 2000:17). This study focused mainly on the role played by CSR in the development of scarce skills; which in essence entails human capital formation that is part of a broader concept of human resource development (HRD) under which skills development and learning take place (Sleezer, Conti & Nolan, 2004:23).

3.4.1 The concept of human capital

Human capital is defined as the “value of a person’s stream of current and future prospective earnings discounted to the present” Green (2013:11) or as the “skills, experience, knowledge, and health” (Schultz, 1961:9) or as the “currency people bring to invest in their jobs” (Garavan *et al.*, 2001:48). According to Becker (1962:9; Davenport, 1999:19), human capital is portable, that is, it is carried from one job to another and one employer to another and translates to productivity in the workplace (Spenner, 1983:827).

Three kinds of human capital can be found in literature. These are: generic (general) human capital, task-specific human capital (Gibbons & Waldman, 2004:203; Hatch & Dyer, 2004:1173), and company-specific human capital (Hashimoto, 1981:475). General human capital is defined by generic knowledge and skills, not specific to a task or a company, usually accumulated through working experience and education. In contrast, task-specific human capital is mostly built up by vocational training and working experience. Company-specific human capital for its part is mostly accumulated through a body of knowledge specific to a company (Stasz, 2001:386).

The idea of human capital was introduced by Schultz (1961) who argued that labourers were becoming more educated and, thus, more valuable. Schultz further claimed that human skills and knowledge are a ‘form of capital’ that is, human capital with “the productive capacity of human beings vastly larger than all other forms of wealth taken together” (Schultz, 1961:2). The Organisation for Economic Cooperation and Development (OECD, 1998:9) defines human capital as the knowledge, skills, competences and other attributes embodied in individuals that are relevant to economic

work. Critics of human capital, however, claim that it debases human dignity by likening people to packages of knowledge and skills, while its proponents claim that human capital indicates how important people are within the knowledge and competence-based economy (OECD, 1998:12).

A notable point regarding human capital ownership and control is raised by Davenport (1999:7) in the sense that workers, not organisations, own human capital. As a result, workers decide when, how and where they will use their human capital and therefore the power in the labour market has tilted from employers to employees, the latter usually referred to as 'knowledge workers'. Another criticism levelled against human capital is the fact that it cannot stop the persistence of gender and ethnic inequalities in the world of work (US Glass Ceiling Commission, 1995:online).

3.4.1.1 Human capital formation

Green (2013:82) describes human capital formation to be the responsibility of different role players that include government, employers, and employees. According to Becker (1975:15), there is a distinction between specific and general on-the-job training, as well as between informal training and formal training as well as no consensus whether training should be subsidised by the employer for which a worker may pay for by accepting lower wages during such training (Stevens, 1994:556). This kind of training, in most cases, is not subsidised by the taxpayer instead, it is paid for by the company (Wolf, 2002:135). The investment in human capital was illuminated by Mincer (1958,1974) who emphasised the importance of training both in school and on-the-job for purposes of earning an income. Mincer (1974:7) posited that each individual's period of schooling or job training postpones the time for earnings by the individual and reduces the span of his or her working life.

Knowledge, skills, competences and other attributes combine in different ways through organised learning in the form of education and training (Lucas, 1988:3; Sleezer *et al.*, 2004:20) to constitute an intangible asset with the capacity to enhance productivity, innovation, and employability (Psacharopoulos, 1995:4; Psacharopoulos & Patrinos, 2004:112). These skills may be augmented, modified in use, extended and developed or become ossified, or they might decline and become redundant (Ainley, 1993:13). As a result, employers, employees, and even nation states pay more attention to

replenishment, development and preserving of skills possessed by individuals through the globally accepted concept of life-long learning (Ashton & Green, 1996:14; Gould & Ruffin, 1995:443; ILO, 2011:4; Todaro, 1994:681). The relationship between skills, the labour market, and economic growth is depicted by Chryssolouris *et al.* (2013:19) as follows:

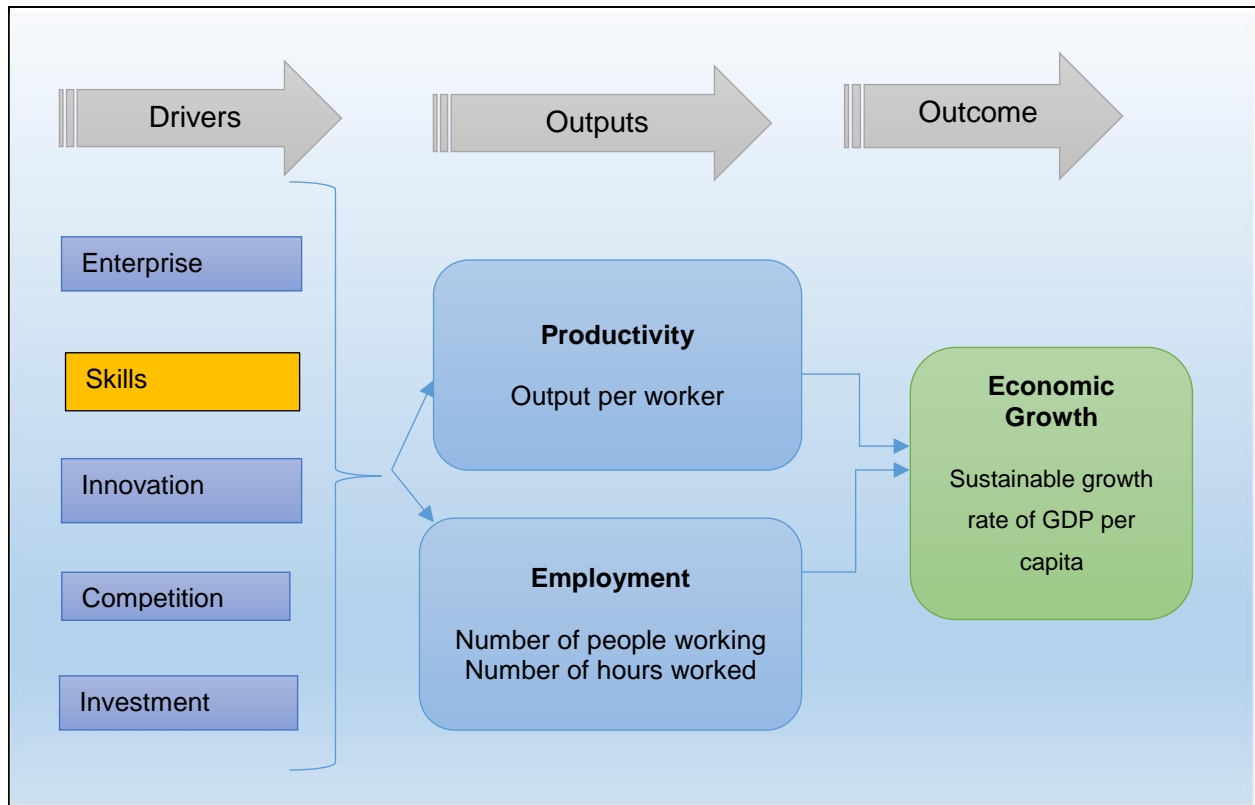


Figure 3-3: Drivers of economic growth

Source: Chryssolouris *et al.* (2013:19).

At the company level, instead of taking employee training as a liability cost, the procurement of human capital is seen as an integral part for maintaining competitive advantage and this is visible through a rise in the development of corporate universities (Levinson, 2002:378). According to Levinson and Sadovnik (2002:5), the World Bank and the OECD maintain that educational spending can enhance equity and skills to improve the Gross Domestic Product (GDP). Tomlinson (2013:103) notes that one of the conceptual terrains between education and work is the contrasting perspective of education as an economic and social good on the one hand, and education as a site for conflict and inequality on the other. While the aim of education is to facilitate the individual's achievement of economic potential in order to meet work technical demands

and social mobility, at times education becomes a vehicle for the perpetuation of social class divisions and inequity. This would be the case if it did not raise the hope that the talents of the whole population could be put to social and economic use (Brown *et al.*, 1997:12; White, 1997:81).

According to Gramsci (1971:26), education is demarcated between vocational and classical education. Vocational schools are meant to provide education for instrumental reasons and industrialisation, while classical schools provide education for the dominant classes of society and intellectuals. This process gives rise to education that serves society based on class distinction found in society. For example, according to Avis (2007:3), during industrialisation the talents of the whole population were not necessarily promoted because, in Britain for example, educational routes were limited and people were channelled to low-skill and low-wage work instead of having opportunities that would nurture future human talent (Finegold & Soskice, 1988:21; Tomlinson, 2013:104).

The World Bank (2012:online) has recently advanced a policy that places emphasis on skills for economic growth. The policy promotes on-the-job learning with the aim of acquiring skills that are essential for the companies to perform better in the market. In line with these policies, private contractors and business entrepreneurs become involved in the education system. The education system promotes the practice of managerialism, reinforces accountability, involves a number of officials performing inspection, testing and setting of targets; and precludes debates about the purposes of education beyond preparation for the economy (Ashton & Green, 1996:11; Tomlinson, 2013:106).

The main objective of this study is in line with this neoliberal approach because the involvement of the private sector in a public policy matter, namely, the development of scarce skills for the economy is being explored within the framework of CSR.

3.4.1.2 Human capital measurement

According to Boeri and Van Ours (2013:211), firstly, formal education is organised differently from one country to the other, and secondly, even company training differs across companies. The differences in teaching curricula, quality, and funding of education render equivalence and certification of education outcomes difficult. Therefore, the use of schooling years as a proxy to skill becomes inadequate (Brockmann *et al.* 2008:547). Multilateral institutions such as the IMF, World Bank, WTO, OECD, and UNESCO have

attempted to standardise measurement and statistics across countries through the institutionalisation of surveys such as the Programme for International Student Assessment (PISA), the International Adult Literacy Survey (IALS), Adult Literacy and Life Skills Survey (ALLS), the International Standard Classification of Education (ISCED), and TIMS (Trends in International Mathematics and Science Study). Nevertheless, as pointed out by Lauder *et al.* (2006:40), peculiarities will always occur due to the context factors such as politics, economics, and culture permeating education and training (Attewell, 1990:426; Stasz, 2001:396). In the benchmarking of skills development efforts of the South African education system, the TIMS standards have been utilised in this study.

Green (2013:41) notes that years of schooling still dominate as a proxy for skill in general education, while vocational education certificates and qualifications are used in occupation-specific settings. Performance in the Science, Technology, Engineering and Mathematics (STEM) subjects is a major focus for employers and government, because these subjects form the basis of pursuing training in key occupations of the new economy and industry (Gordon, 2013:5).

3.4.1.3 Skills demand and mismatch

In the labour markets, which can be perfect or imperfect, skills demand and mismatch takes place. According to Boeri and Van Ours (2013:214), in a perfect labour market, employers are informed about the productivity of each worker and wages can freely adjust to reflect these differences in productivity. In an imperfect labour market, on the other hand, there are informational asymmetries where the education does not affect the productivity, and the cost for training and the wages are not directly proportional to the ability of the worker (Becker, 1962:9; Boeri & Van Ours, 2013:210). According to Tomlinson (2001:4), governments that adopt human capital theory encourage individual citizens to invest in themselves in a lifelong process of learning and re-skilling in order to get or retain any kind of job. A theoretical basis for the supply and demand of skills in the labour markets is the basis of the human capital theory espoused by Becker (1964) where employers will pay for training that is company-specific because they cannot appropriate costs from general training. In reality, this theory is challenged as argued by Acemoglu and Pischke (1999:539) that distortions may happen on the wage structure where 'technologically' general skills are turned into *de facto* 'specific' skills.

The imperfections of labour markets may lead to a number of skill mismatches (Green, 2013:53). The mismatches include skills under-utilisation, which is very subjective to measure and can only be estimated using perceptions of the jobholder; over-education and/or under-education that is also difficult to detect, learning barriers, and shortages in the supply of a skill that is reflected in recruitment difficulties, and skill gaps, where performance cannot be considered to reflect full competence.

For Green and Ashton (1992:288), skills shortage or scarcity of skills is deemed to exist when there are not enough available people with the skills needed to do the jobs required by the economy. This phenomenon occurs either by having recruitment difficulties in the external labour market or by a 'skills gap' in the internal labour market when existing staff do not have the skills they need to do their jobs effectively. Gordon (2013:32) states that the phenomenon of jobs and skills mismatch, where demand for talent and the supply of workers with the desired skills do not match, is a global occurrence that will persist in the coming decades because of advanced technology, changing demographics such as when baby boomers retire, as well as education (World Economic Forum, 2011:online). The issue at stake is that even if jobs are available, the individuals are found not to have the right skills required by employers. As a result, one is compelled to ask a question such as: "Which are the skills required by employers nowadays?"

According to Grugulis (2007:72), what employers look for when recruiting and when considering promotions are the qualities such as communication and customer handling – to which Whitston (1998:307-308) adds learning to learn, numeracy and information technology. While these skills are taken as essential and as key by the employers, Whitston states that they are the most hard to measure and to transfer. According to Payne (1999:14) the emphasis on the technical know-how, manual dexterity and spatial awareness of the skilled craft worker has given way to generic, transferable, soft skills, personal attributes, competencies and individual qualities. To some employers and governments, Cappelli (1995:112) states that it is not even clear to policy makers whether there is a skills gap or an attitude gap because most new workers who come out of the schooling system do not match workplace requirements.

The World Bank (2003:21-22) identifies three major competences for operating successfully in the knowledge economy. These are the following:

- acting autonomously, by building and exercising a sense of self, making choices and acting in the context of a larger picture, being oriented toward the future, being aware of the environment, understanding how one fits in, exercising one's rights and responsibilities, determining and executing a life plan, and planning and carrying out personal projects.
- using tools interactively, by using tools as instruments for an active dialogue, being aware of and responding to the potential of new tools, and being able to use language, text, symbols, information and knowledge, and technology interactively to accomplish goals.
- functioning in socially heterogeneous groups, by being able to interact effectively with other people, including those from different backgrounds, recognising the social embeddedness of individuals, creating social capital, and being able to relate well to others, cooperate, and manage and resolve conflict. This trend in the way of learning has implications for both employers and employees.

For the purposes of this study, the opportunities that employers avail to learners will need to meet some of these requirements in order for scarce skills for the economy to be developed. Also, the profiles of the scarce skills qualifications need to be mirrored against these traits to ascertain if there could be possibilities of developing them.

One of the areas that complicates 'skill' is the notion of emotional or aesthetic labour. According to Cremin (2003:109), a modern corporation demands a personality with characteristics such as self-confidence, good communication skills, and proactivity. It also demands that one's identity be turned into a commodity that would have an exchange value that thereby takes away one's privacy. While physical activity or labour-time is accorded a wage, the extraction of personality does not directly command a value; while particular jobs, especially service jobs, are contingent on personality. The higher the contingency the greater the exchange-value as a part of the overall labour commodity. Consequently, the characteristics of an individual's personality may be well defined, but not necessarily recognised in the labour process.

Generally, each economy would have a set of scarce jobs or careers based on the needs of the economy. With the advent of globalisation and the new economy, most developing economies have a dualistic economic structure that combines a small formal segment with a large non-formal segment as a result of which the employment issue manifests

itself in high incidence of underemployment hidden in self-employment and casual wage employment outside the formal segment. On the other side of the issue is that advanced industrial countries have low-demand for low-skilled workers and a high demand of high-skilled workers (ILO, 2008:online). To counter labour market fluctuations, the ILO, UN, European Commission, and the UK have promoted the concept of employability which is defined as the development of skills and adaptable workforces in which all those capable of work are encouraged to develop the skills, knowledge, technology and adaptability to enable them to enter and remain in employment throughout their working lives (Clarke, 2008:258; McQuaid & Lindsay, 2005:199).

3.5 Skills development in South Africa

While being the most industrialised and diversified economy on the African continent, the South African economy is trapped under the low-skills equilibrium (Kraak, 2004:47; Kraak & Von Holdt, 1990). The OECD (2013:online) reported on the status of education in South Africa as a critical problem where returns on a school certificate, both in terms of finding a job and the earnings premium when employed, are mediocre, while the shortage of skilled workers is reflected in a high premium for university graduates. The OEDC report further states that, in schools, shortages of learning materials, teachers, support staff and well-trained principals across most of the school system are among the causes of poor educational outcomes. The report emphasises that if South Africa is to achieve full employment, the quality of basic and vocational education has to be improved.

This study was concerned with the role that CSR can play in the development of scarce skills for the South African economy. National consensus on which skills are scarce in South Africa was reached after broad consultations in 2005, when the National Skills Authority (NSA) defined the scarce and critical skills as

“the inability to find suitably qualified and experienced people to fill occupational vacancies either at an absolute level of scarcity (no suitable people available) or at a relative level of scarcity (no suitable equity candidates available” and critical skills “the inability of people to perform to the level of occupational competence required due to gaps in their skills profiles” (NSA, 2007:online).

The notion of ‘equity’ in this instance refers to the designated groups of the South African population, in accordance with the Employment Equity Act (55/1998) that include Blacks,

people with disability, and women.

Since 2014, the Department of Higher Education and Training (DHET) has produced a list of one hundred occupations in which scarce skills are located that is reviewed biannually (DHET, 2014:9). The skills 'scarcity list' produced by the DHET receives criticism on the basis that the process followed to compile it is faulty and misleading, because its source of data is selective and at times based on wrong assumptions (Ngcwangu & Balwanz, 2014:online). In simple terms, the criticism to the skills list is that when defining skills the list assumes that skills are only found in formal qualifications and that skills only fluctuate according to supply and demand. Employers and individuals have to use this list to plan for career development and management of human resources. It is therefore important that a credible system of determining scarce skills in South Africa be developed.

For purpose of this study, it would be necessary to analyse the historical progression of South Africa's human resource development landscape. Such analysis would highlight specific areas of human capital development as well as the processes which key institutions use in human capital development. South Africa has been implementing a number of economic reform programmes since 1994 that include, among others, the Reconstruction and Development Programme (RDP), Growth, Employment and Redistribution (GEAR) and the Accelerated and Shared Growth Initiative for South Africa (ASGISA, 2008:online). Other reform programmes include, the Joint Initiative on Priority Skills Acquisition (JIPSA), Industrial Policy Action Plan (IPAP) and the National Development Plan (NDP) (Department of Trade and Industry, 2013:59). These were all put in place in an effort to stimulate economic growth. One common feature in these reform programmes is an assertion that economic growth in South Africa is hindered by the lack of skills among its labour force (Motlanthe, 2012:online; Ngcwangu, 2014:249; Squire, 2011:online). Even the 2014 IPAP highlights the lack of skills as one of the constraints on the economy, stating that

"slow progress has been registered with respect to addressing the difficult problem of the skills deficit and mismatch in the economy, particularly for new growth sectors where the shortage becomes critical" (Department of Trade and Industry, 2013:19).

The NDP on the other hand, states that South Africa shall focus on strengthening the functioning of the labour market and improve skills acquisition, match job seekers and job openings and provide an expanded skills base through better education and vocational training (National Planning Commission, 2011:23). South Africa has a high unemployment rate estimated to be in the region of 25.5%. Also, most of the school-leaving population do not find work in the labour market each year.

Real GDP growth declined from the post-financial crisis peak of 3.6% in 2011 to just 1.9% in 2013, then to 1.3% year-on-year in the first half of 2014 and contracted to -1.2% in the first quarter but increased to 3.3 percent in June of 2016 (World Bank, 2014:10; Trading Economics, 2016:online). It is therefore clear that the formal economy and the private sector in particular will be under severe strain to create employment opportunities out of economic growth in the near future. The reality in most African countries, according to McGrath (2004:194), is that future employment will occur in smaller and less formal enterprises in the informal economy where entrepreneurship skills will be much needed.

In South Africa, even if people obtain employment there is always an outcry that learners coming out of school or university lack the skills to perform in the work environment. According to Stasz (1995:7), such an outcry is one-sided because the emphasis on blaming the problem on individuals who lack skills or institutions that fail to adequately train them does not recognise the shortcomings in company behaviour that affect skill utilisation and performance. This includes poor management, fear of empowering workers, pursuit of low-wage options, or the depression of wages or benefits. This therefore, leads to a need for training of employees by employers in the workplace in order to improve the productivity of workers and contribute to economic growth (World Bank, 2003:4).

A suggested institutional framework needed to move a country out of a low-skill equilibrium is to have effective corporatist institutions and strong employer organisations capable of overcoming the market-failure problems that can convince companies to invest in transferable skills (Green, 2013:81). According to Finegold (1999:61) the OECD (1998:54) and the World Bank (2003:4), governments should focus on greatly increasing the participation in full-time further and higher education as a first step toward making the shift toward a higher-skill economy.

3.5.1 Role-players within the education and training environment

At cross-national level, a number of organisations, such as the World Bank, WTO, ILO, UNESCO, IMF, and the European Commission, have taken interest in education and training. This is because skill development is of key importance in stimulating innovation, enterprise development, economic diversification and competitiveness that countries need in order to accelerate the creation of more jobs in the context of globalisation (ILO, 2008:online). The ILO thus advises governments to synchronise national skills development policies with policies on technology, trade and the environment as skills development can provide conditions in which the education and training for youth, women, the disabled and other disadvantaged sections of society takes place.

Governments are automatically heavily involved in the role of education by providing, funding and regulation roles (Belfield, 2000:163). The intervention by government in education and training is mainly based on efficiency and is done for purposes of equity. Issues of access by vulnerable groups and infrastructure provision are some of the reasons for government to be involved in education and training. The regulation function includes institutional and quality assurance functions.

In the case of South Africa, the role of government in the skills development context has been greatly affected by the legacies of apartheid in the same way as the economy. Kraak and Von Holdt (1990:17) state that prior to the new political dispensation, the government relinquished the responsibility of training in major industrial sectors and entrusted this to the employers through the formation of Industry Training Boards (ITBs). The governments of the past had already distorted South Africa's labour market by using a set of policies and institutions that created imperfections through protecting the incomes of White workers and using discriminatory policies to depress the wages paid to unskilled, African workers (Nattrass, 1981:31). Even the training and skilling of workers was done on racial lines where Whites received more training than Africans did. For example, out of the 10 527 artisan apprentices present in 1980, 8568 (81%) were White, 1406 (13%) Coloured, 471 (5%) Indian, and 82 (0.8%) African (Kraak & Von Holdt, 1990:17; Mukora, 2009:234).

Other discriminatory initiatives included the amendment to the 1911 Mines and Works Act which ensured no Black person to be legally allowed to occupy skilled jobs on the mine, and the Pact government, which was a coalition between the Labour Party and the Nationalist Party, that came to power in 1924 and instructed all government departments to replace 'uncivilised' (Black) with 'civilised' (White) labour (Department of Labour, 2008:42). Lastly, the racially based education system known as Bantu Education that was introduced around the 1950s and although it ended in 1994, it also inflicted harm to the skills development pipeline for the country (Bhorat, 2008:192; Van der Berg, 2009:327).

In terms of progress to date, while battling to articulate a coherent policy on skills development, the new government has organised key stakeholders towards the signing of a Skills Accord in line with the New Growth Path (NGP) under the Industrial Policy Action Plan (IPAP) (Department of Economic Development (DED), 2011:3). Accord 1 of the NGP focuses on skills development. This Accord aims to organise the skills development landscape by aligning training to the growth path, improve performance of institutions, harnessing funding, and even setting numerical targets to ensure that five million new jobs are created within the economy by 2020 (DED, 2011:4).

Under the watchful eye of the Department of Higher Education and Training (DHET), the White Paper for Post-School Education and Training has been developed and was approved by Cabinet in 2013 whereby the country would drive the production of artisans with a set target of 40 000 artisans per year for the next few years (DHET, 2014). Artisans are skilled workers who use tools and machinery in a particular craft called a trade (Smith, 2004:59). Their learning pathway is called an apprenticeship that combines both on- and off-the-job learning methods. Employers play a role by signing contracts with the learner. At the end, learners write a trade test and if they pass, they become qualified artisans (Breier, 2009:219).

This initiative of targeting the production of artisans is one of a number of such initiatives espoused by the NDP and the National Skills Development Strategy (NSDS III) on which the HRD 2014 – 2018 National Integrated Human Resource Development Plan is based (HRDC, 2014). The HRD plan meets the skills needs of the labour market, and enables entrepreneurship through five programmes, namely, Foundational Learning, Vocational and Continuing Education and Training, Higher Education and Training (The Presidency, 2014:9).

The context within the skills development landscape in South Africa sketched in this section shows that a concerted effort is required to set up implementation and monitoring mechanisms to the existing plans as a matter of urgency if the skills revolution needed for the country is to be realised. These plans include the HRDS, IPAP and the NDP by government, private sector, organised labour, and other role players in the skills development and education fields. This study is attempting to contribute to such a project by exploring how CSR could be used to bring collaboration of all relevant stakeholders in developing the scarce skills needed in the economy.

3.6 Skills development and CSR

According to Woodall and Douglas (2000:116), training and development is regarded as an intrinsically good activity with an ethically positive orientation unlike other human resource management practices such as recruitment and selection, performance and reward management, and assessment that attract a lot of ethical scrutiny. While this could be true in general, the situation might differ at organisational level. Training and development can attract some ethical scrutiny where it is taken as instrumentalist in that the trained workforce is utilised to achieve company economic goals as factors of production together with land, machinery, and financial capital. Training and development attracts scrutiny where the individual needs are ignored (Bowie & Werhane, 2005:41).

Also, according to Swanson and Holton III (2001:204), at organisational level, training and development takes place under the umbrella of human resource development (HRD), which is a concept that is oriented to multiple stakeholders beyond shareholders and include communities and societies (Kaufman & Guerra, 2002:109). Due to this, Short *et al.* (2003:239) suggest HRD professionals should be able to educate the organisation on the meaning and essence of social responsibility and its relationship to corporate performance, while demonstrating effective strategies for addressing multiple needs and negotiating various stakeholder interests. According to Harrison (1997:xiv), HRD takes into account the learning needs not only of those employed by the organisation in an employer-employee relationship but even those of external stakeholders (people and institutions) in a quest to build long-term growth for the organisation. The nature of HRD being inclusive of many stakeholders therefore relates to CSR since stakeholder engagement and dialogue is one of the tenets of CSR as highlighted in the literature review in chapter 2.

Among what could be found to connect CSR with HRD and skills development, are concepts such as job design, job rotation, flexibility and employee discretion as implemented by company policies and training and development opportunities (Tziner *et al.*, 2011:67). CSR also enhances a positive image of the company in the eyes of the employee, promote employee commitment to the organisation or affiliation (Wilcox 2006:184; Fenwick & Bierema, 2008:25; Inyang *et al.*, 2011:118). Maksiemainen and Saariluoma (2010:112) state that other areas where CSR relate with HRD and skills development are the creation of employability among workers, giving flexibility of workers to production and ensuring that there is a value-driven approach to managing employees' commitment and motivation.

3.7 Summary

The analysis of the literature revealed that work is the main characteristic that separates humans from other species and that the spheres of work and non-work are often blurred. Emotional work was shown to be gaining in importance (Hochschild, 1983:137) while work continues to be influenced by technology and continues to influence the human system by causing stress (Cascio & Montealegre, 2016:349). The review of literature also revealed that, historically, the church played a significant role in advancing the concept of work at the time when the capitalistic system was propelled by the work ethic and, capitalism caused the alienation of workers, the creation of class around work, and the division of labour in society.

Nowadays work is predominantly executed in the realm of paid work where sociologists study how inequality is created at work, how good jobs have been eroded by the diminishing living wage, diminished pensions, social plans and social security, and how wage patterns are affected by class, gender, race, ethnicity and citizenship/migration and other demographics (Okhuysen *et al.*, 2013:12). Governments and other institutions regulating work are confronted by unemployment and imperfect labour markets, while strategic human resource management is a field of practice by which organisations manage the productivity of employees for companies in order to achieve competitiveness.

The literature review presented the sociological and the economic perspectives on conceptualising skill, while the observation made from policies promoted by the ILO, the World Bank, the IMF, and the WTO, showed that the neoliberal inclination towards work

and skill development is dominant. The current rate of technological change has raised the skill requirements of most jobs and has placed a premium on flexibility, while most workers require supplementary skills to remain competitive in their current jobs. As a result, both flexibility and employability were taken as central tenets of pursuing the development of scarce skills and were thus included in the instrument for the empirical data collection for the study.

Human capital theory was discussed based on analysing the functioning of the labour markets, and human capital provided the mechanism of quantifying personal knowledge into qualifications and occupations as proxies of skill. The definition of scarce skills was given on the backdrop of human capital formation. Lastly, the education and training system of South Africa was discussed to highlight challenges. The next chapter presents the results of the empirical part of this study where the concepts of CSR and skills development were explored using both quantitative and qualitative methods of data collection.

CHAPTER 4: EMPIRICAL FINDINGS: DEMOGRAPHICS, CORPORATE SOCIAL RESPONSIBILITY, AND SKILLS DEVELOPMENT PRACTICES

4.1 Introduction

In Chapters 2 and 3 of this thesis, the background to the concepts of corporate social responsibility (CSR) and skills development (SD) was outlined. The two concepts were positioned within the contexts of the developing world as well as in South Africa. Chapter 4 is aligned with the research objective that sought to establish the relationship between CSR and skills development among a selected number of companies across a number of sectors of the South African economy. The chapter presents empirical results obtained from the sample of companies, and the key experts who were interviewed. The results from the quantitative data and findings from qualitative data will be presented in an integrated manner based on the themes for CSR and SD presented in the preceding chapters, and will include the demographics of the sample, descriptive statistics, narratives from the interviews and the focus groups, factor analyses, as well as correlations of both the CSR and SD variables. The chapter will conclude with a summary.

4.2 Demographic details of the sample

The sample described in Chapter 1 consisted of both quantitative and qualitative data sources.

4.2.1 Quantitative data sources

In obtaining quantitative data for this study, a survey was conducted among participants identified in each of the companies in the sample.

4.2.1.1 Contacting sources for quantitative data

One hundred and fifty seven (157) companies were asked to complete the survey questionnaire which was sent electronically. These companies were purposefully selected from numerous sectors using the list of the National Business Initiative, and Eighty four (84) companies completed the questionnaire, which represents a 53% return rate. Nineteen (19) companies declined to participate in the study, some gave reasons and others did not. A sample of reasons given by the former is shown in Box 4.1.

Box 4.1: Reasons cited for non-participation in the survey

- Respondent feeling that he or she was not the suitable person within the organisation to participate in the survey.
- Respondents feeling that the information required by the researcher cannot be disclosed.
- Cases where permission was not given to the individual approached to complete the survey.
- Respondents citing the lack of time due to work pressures – indicating that tens of such requests were submitted in a single month.

From twenty (20) companies, there was no suitable respondent to complete the questionnaire, while in thirty four (34) companies a respondent promised to complete the questionnaire but did not do so. The survey data collection was undertaken between 15 July and 27 October 2015.

4.2.1.2 Characteristics of companies that responded to the survey

Three specific characteristics about the companies are: the geographic area of operation, nature of the industry, and the size of the company (expressed as the number of permanent employees). In the case of the geographic area of operation variable, the companies were fairly equally distributed as can be seen in Table 4.1.

Table 4.1: Breakdown of companies according to geographic area of operation

Variable	Level of the variable	N	%
Area of operation	RSA (only) (domestic)	29	34,5
	RSA and other countries in Africa (continental)	29	34,5
	RSA, other African countries, and other continents (multinational)	26	31,0

The geographic area of operation variable is important for this study because, according to Chambers *et al.* (2003:1) and Matten and Moon (2008:404), CSR practice can be influenced by a country's local business culture and other environmental contexts, while the national business culture of the country of origin dominates in shaping the company's

social behaviour in other countries. Table 4.2 shows the industry where the respondents came from.

Table 4.2: Details of company representation by sector

Variable	Level of the variable	N	%
Industry	Banking and Finance	14	16,7
	Mining	13	15,5
	Consulting	2	2,4
	Construction and Engineering	10	11,9
	Agriculture and Environmental Management	5	6,0
	Parastatals and Government	5	6,0
	ICT and other Technologies	7	8,3
	Petrochemicals and Automotive	6	7,1
	Healthcare	5	6,0
	Education and Training	3	3,6
	Wholesale and Retail	8	9,5
	Gaming and Hospitality	2	2,4
	Professional Services	4	4,8

For the company size variable, the number of permanent employees was used and the results are shown in Table 4.3.

Table 4.3: Demographic details of companies according to size

Variable	Level of the variable	N	%
Size	1-50	15	18,1
	51-1000	19	22,9
	1001-5000	24	28,9
	above 5000	25	30,1

4.2.1.3 Demographic variables for respondents

Within the companies that were surveyed, the questionnaire was completed by a person who would respond on behalf of the company. The demographics which include gender, age, tenure, educational qualifications, and position held in the company for the respondents are shown in the diagrams below.

Figure 4.1 shows the gender distribution of the respondents.

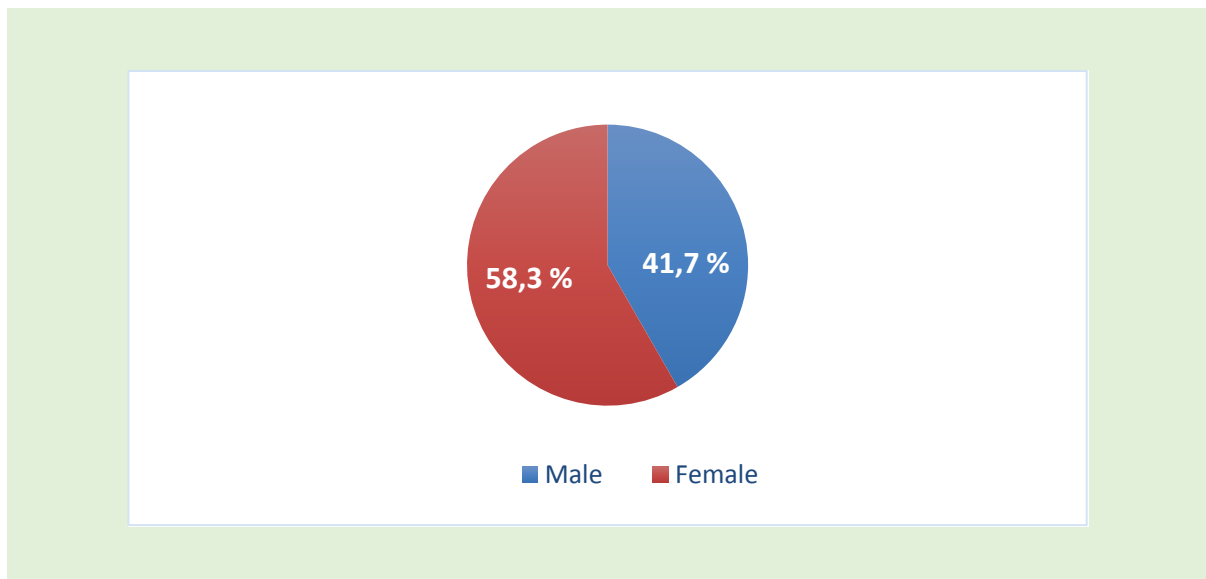


Figure 4.1: Gender distribution of respondents

Figure 4.2 depicts the age distribution of the respondents.

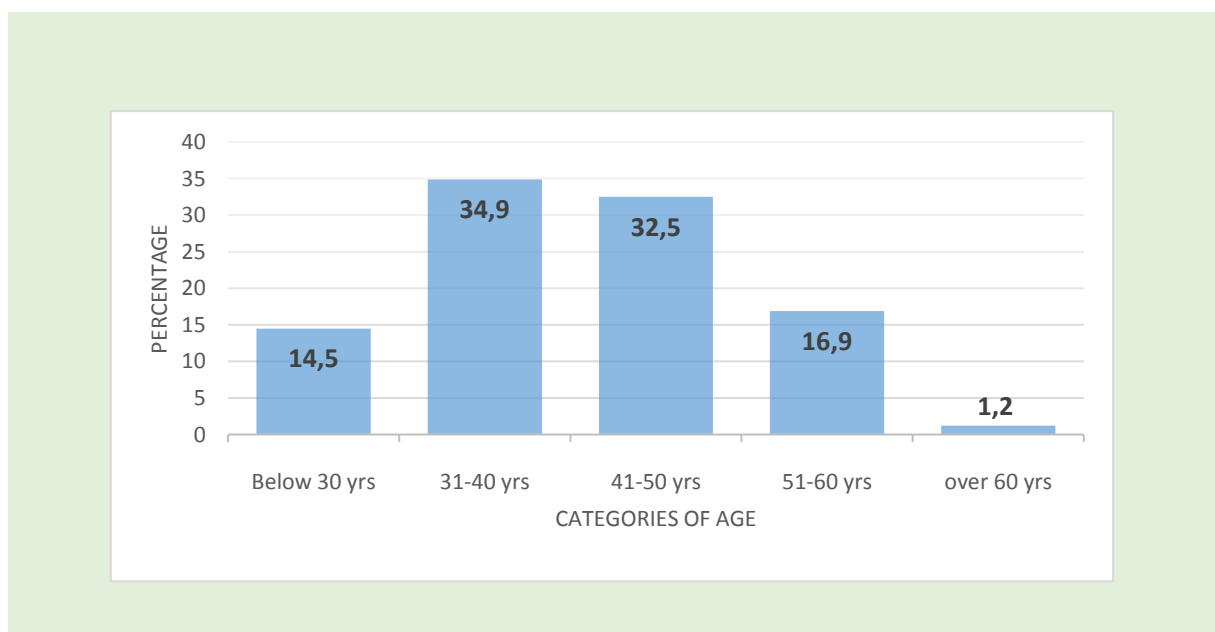


Figure 4.2: Age distribution of respondents

As regards the length of service or tenure in the company, respondents formed the majority (88.1%) within the category of between 1-10 years, while a minority (11.9%) had been with the company for 11 – 20 years.

Figure 4.3 below shows the tenure of the respondents.

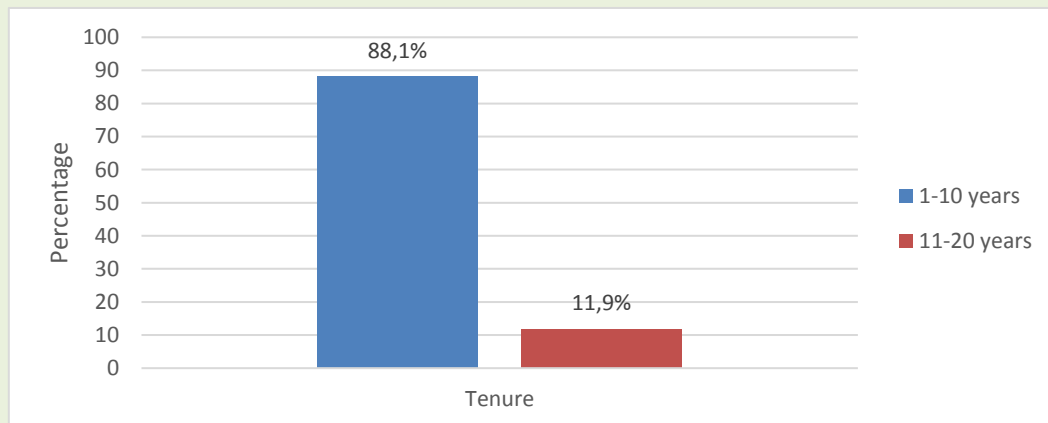


Figure 4.3: Tenure of respondents

Figure 4.4 shows the education levels of the respondents.

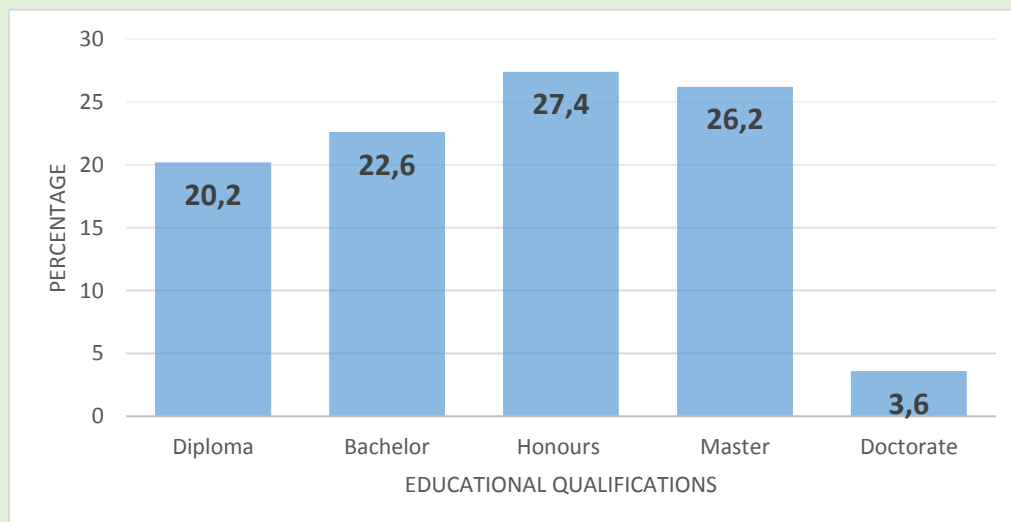


Figure 4.4: Educational level of survey respondents

Figure 4.5 presents the distribution of the respondent's occupational levels.

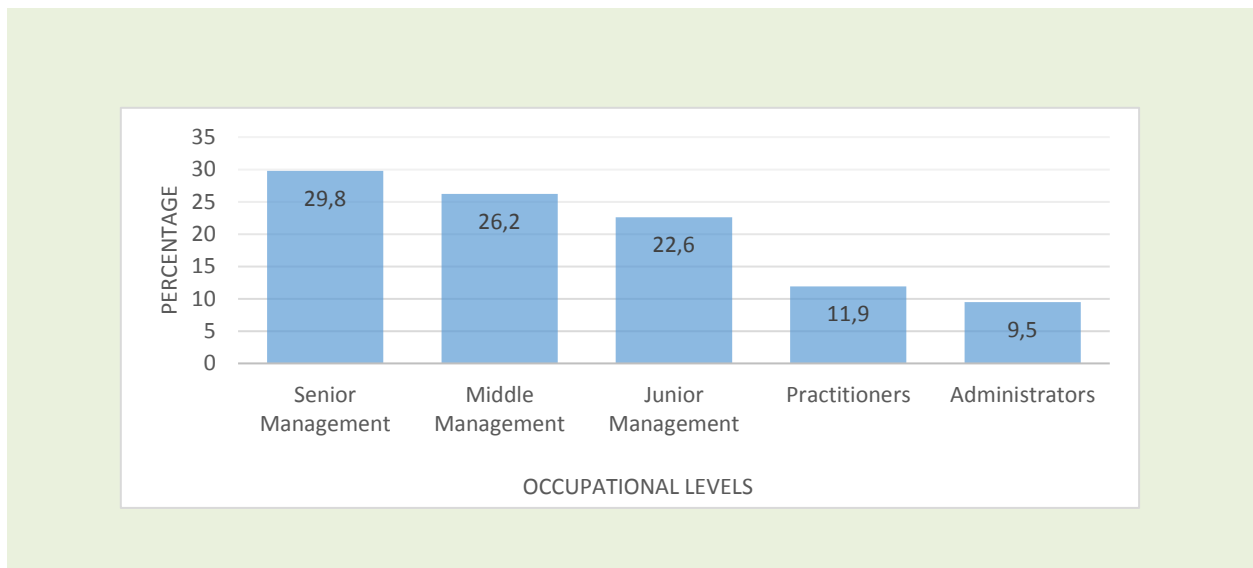


Figure 4.5: Occupational levels of survey respondents

The overwhelming majority (96.4%) of the respondents came from South Africa while 1.2% came from the rest of Africa and 2.4% from other continents. The respective home languages are shown in Figure 4.6.

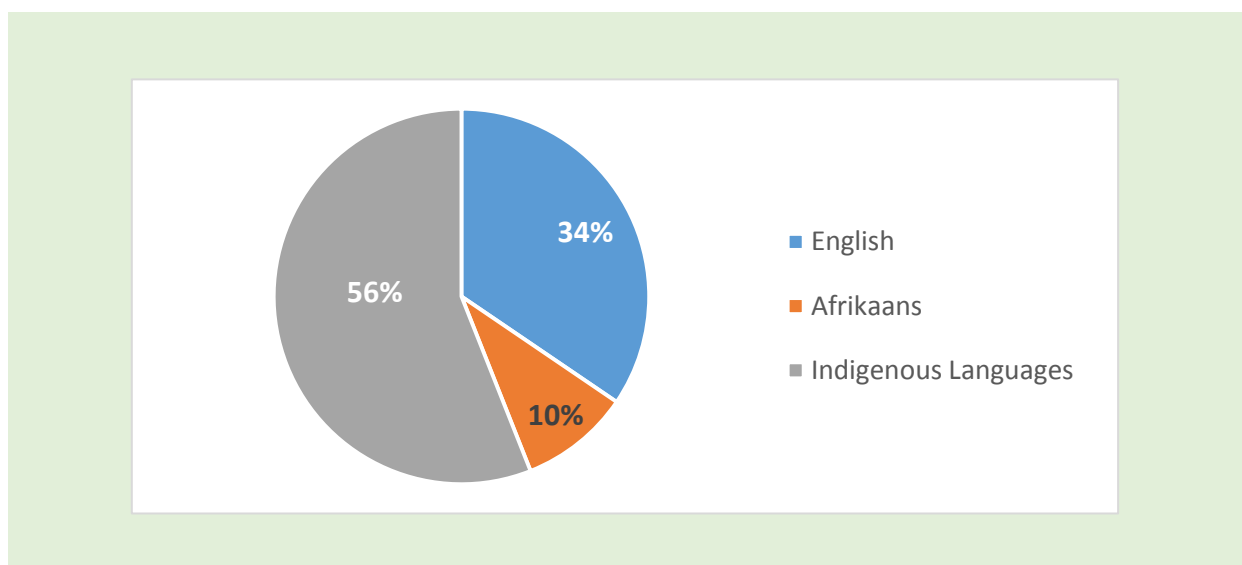


Figure 4.6: Home language for survey respondents

4.2.2 Qualitative data sources

Face-to-face interviews were conducted with key experts that were targeted through convenience sampling, based on their positions and roles they played in their organisations and the information they could provide in relation to the skills development

pipeline and the labour market in South Africa. Some of the key individuals and institutions that were identified could not be reached either because they did not respond, or because they had no time for the interview. An email was sent to each respondent requesting a confidential interview. It explained how the organisation was selected for participation, as well as the aims and objectives of the research. Upon consent to participate, the generic questionnaire was then tailor-made by the researcher to suit the respondent's place of work. For example, questions posed to the organised labour respondent were not exactly the same as those posed to the Executive Dean in the Faculty of Engineering and ICT at a university even though the themes were kept the same (see Appendix 2 for a sample questionnaire and the informed consent form/interview protocol). An average face-to-face interview lasted between 45 minutes to one hour. Table 4.4 below shows the demographic details of the interviewees.

Table 4.4: Demographic details of respondents for face-to-face interviews

	NAME OF ORGANISATION	RACE & GENDER
	CORPORATE	
1	MTN Foundation	African Female
2	Vodacom Foundation	African Male
	GOVERNMENT	
3	Tshwane Economic Development Agency (TEDA)	African Male
4	Department of Trade and Industry	African Male
5	Department of Public Service and Administration	African Male
	DONOR ORGANISATION	
6	The GIZ (German International Cooperation)	White Male
	ACADEMIC INSTITUTION	
7	University of Witwatersrand	White Male
8	Tshwane University of Technology	African Male
	ORGANISED LABOUR	
9	The Federation of Unions of South Africa (FEDUSA)	Coloured Male
	SECTOR EDUCATION	
10	Fibre Processing and Manufacturing SETA (FP&M)	African Female
11	Manufacturing and Engineering SETA (MERSETA)	White Female
	PROFESSIONAL BODY	
12	South African Institute of Chartered Accountants (SAICA)	White Female
	REGULATORY BODY	
13	Human Resource Development Council (SA)	African Female

Over and above face-to-face interviews, three different focus group sessions were held with 46 individuals comprising n=6 (13%) being skills development facilitators from the national and provincial spheres of government, namely Gauteng, Northern Cape, North

West, Eastern Cape, n=23 (50%) being unemployed graduates, and n=17 (37%) being third-year university students pursuing a degree or diploma qualification in Engineering and ICT. Table 4.5 shows the demographic details for the focus group participants.

Table 4.5: Demographic details of respondents for focus group sessions

Focus Group	Number of Participants	Gender Balance	Age Group	Educational Level
Skills Development and Planning Managers	6	50% Female 50% Male	40% between 51-60 60% between 41-50	17% Doctorate 83% Masters
Unemployed Graduates	23	52% Female 48% Male	19 between 21-30 4 between 31-40	35% Bachelor 65% Diploma
University Students	17	35% Female 65% Male	100% Below 30	76% Diploma 24% Matric

The focus group of skills development facilitators included officials who plan, implement, and evaluate skills development across the public sector. These officials manage national and provincial skills development strategies in line with national and provincial economic growth plans. They also facilitate public-private sector partnerships on skills development. Another group consisted of unemployed graduates. These individuals are graduates with various qualifications undergoing internship in government. The individuals are not employed formally or permanently. The third focus group consisted of university students in their final year of study who were undergoing experiential learning at various private sector companies. Some have benefited from bursaries or corporate funding while others have not.

4.3 Empirical findings on CSR practices

As stated in Chapter 2, CSR has grown to permeate a number of aspects of life. These include issues such as promotion of the diverse workforce, ethical policies in supply chains, fairness to suppliers and customers, responsible marketing with regards to children, as well as issues of consumer behaviour and climate change, impacting on society and the natural environment (Blowfield & Frynas, 2005:503; McBarnet, 2007:10). Researchers have put forward many definitions, theoretical and conceptual models, as well as frameworks to describe the concept of CSR. Some frameworks conceptualised CSR not only at the organisational level, but most notably, also at the individual, national and international levels (Aguilera *et al.*, 2007:837; Wood, 1991a).

In this study, a scale that contained the following three dimensions measured CSR as follows:

- CSR Drivers or key motivating ideals to which the company subscribes in practicing CSR, for example for profit, for normative or altruistic reasons.
- CSR Practice where the community, environment, workplace, and marketplace matters are probed.
- CSR Policy and compliance, involving the ways, means and methods used to deliver CSR, stakeholders, or codes of conduct.

4.3.1 Frequencies for the CSR variable

A simple way of understanding responses and data from respondents is to use frequency tables (Saunders *et al.*, 2000:351; Blaikie, 2003:68). Such an exercise allows the researcher to report on the sample data and on any notable trends in relation to the items found in the measurement instrument.

4.3.1.1 Frequencies for CSR drivers

The results in Table 4.6 below show that the respondents' perceptions were divided equally, about whether their companies performed CSR to gain visibility in the market or not. There was a similar response regarding the perception of CSR being performed either to improve financial performance or not. A portion of 32% of the respondents agreed while 36% disagreed.

Table: 4.6: Frequency table for CSR drivers

Question Number	Question Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	N
		1	2	3	4	5	
CSR1	Agenda is to give something back to society.	25	34	3	13	9	84
CSR2	Agenda is to gain visibility in the market.	7	30	5	27	15	84
CSR3	Agenda is to improve its financial performance.	7	27	6	32	12	84
CSR4	Company is concerned with being a good corporate citizen	54	27	2	1	0	84
CSR5	CSR is part of <i>Ubuntu</i> (humanism)	49	32	3	0	0	84
CSR8	CSR should be undertaken even if it is unprofitable because it is ethically correct.	35	37	6	6	0	84
	Indicates cases where the response was from more than 50 % ($n \geq 42$) respondents.						
	Indicates cases where more than 50% ($n = 42$) agreed and strongly agreed to the statement.						
	Indicates cases where more than 50% ($n = 42$) disagreed and strongly disagreed to the statement						

A total of 96% of respondents reacted positively regarding the agenda of CSR being to give back to society, to be a good corporate citizen and to implementing CSR for ethical reasons. Similarly, 96% of the respondents agreed with the statement that CSR is part of Ubuntu (humanism).

4.3.1.2 Frequencies for CSR practice

In terms of CSR practices observed by the companies when implementing CSR, the survey focused on the workplace, marketplace, environment, and community matters. The workplace issues were of special interest to the researcher as the main objective of the study was to look at the relationship between CSR and skills development, which is primarily a workplace matter. It is clear from Table 4.7 that the companies in the study pay more attention to workplace CSR issues, namely, items CSR 12, CSR 13, CSR 15, CSR 18 and CSR 19 as reflected in Table 4.7.

Table: 4.7: Frequency table for CSR practice

	Question Number	Question Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	N
			1	2	3	4	5	
Workplace matters	CSR12	Company has procedures to stop any form of discrimination in the workplace.	45	28	5	4	0	84
	CSR13	Company promotes diversity in the workforce.	45	32	5	2	0	84
	CSR15	Whistle blowing policy is in place for employees.	47	27	8	2	0	84
	CSR18	Company supports employees' activities in the community.	32	45	5	2	0	84
	CSR19	Company complies with health and safety regulations in the workplace.	57	27	0	0	0	84
Marketplace matters	CSR20	Company has a procedure in place to respond to every customer complain.	46	33	3	2	0	84
	CSR21	Company provides full and accurate information about our products and services.	46	35	3	0	0	84
	CSR22	Company ensure that suppliers are always paid on time.	38	37	6	3	0	84
	CSR25	Company considers potential environmental impacts when developing new products and services.	45	35	4	0	0	84
	CSR29	Company purchases its goods and services from the cheapest suppliers irrespective of their CSR performance.	5	12	18	38	11	84
Environmental matters	CSR26	Company has a functioning waste management and pollution prevention programme in place.	33	35	9	5	2	84
	CSR31	Company does not have a waste recycling programme.	4	10	7	35	28	84
Community matters	CSR16	Company buys products produced from the local community.	22	41	14	6	1	84
	CSR23	Negative impact of our operations on the community is monitored.	40	34	8	2	0	84

Table: 4.7: Frequency table for CSR practice

	Question Number	Question Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	N
			1	2	3	4	5	
	CSR24	Company provides financial and material support to local community	49	34	1	0	0	84
	CSR27	Company improves social infrastructure and living conditions in communities.	33	38	9	3	1	84
	CSR28	Company contributes to the development of sustainable livelihoods in our communities.	33	35	12	4	0	84
	Indicates cases where the response was from more than 50 % ($n \geq 42$) respondents.							
	Indicates cases where more than 50% ($n = 42$) agreed and strongly agreed to the statement.							
	Indicates cases where more than 50% ($n = 42$) disagreed and strongly disagreed to the statement							

In terms of marketplace CSR practice, it is clear that most companies were aware of the potential environmental impact of their products and services because the majority agreed that the company acts responsibly in this area. As for the question in statement CSR29: *'Company purchases its goods and services from the cheapest suppliers irrespective of their CSR performance'*, 58% of respondents indicated that they do consider the suppliers' CSR performance. In the case of environmental matters, it is notable that responses to the question in statement CSR 31: *'Company does not have a waste recycling programme'*, 75% of the companies reported positively on the existence of waste management and environmental responsibility. The last set of questions on the frequencies around CSR practice focused on the interaction between the company and the community. The question asked in statement CSR16: *'Company buys products from the local community'*, had a high number of undecided respondents when compared with other statements. The likelihood is that the question was framed improperly such that respondents may have not understood what was being asked.

4.3.1.3. Frequencies on CSR policy and compliance

CSR processes refer to the means and methods used to deliver CSR and include monitoring, evaluation and reporting of CSR practices. The implementation mechanisms

on how partnerships, codes of conduct and key stakeholders become involved in CSR were the primary issues probed by the questions discussed in Table 4.8.

Table: 4.8: Frequency table for CSR policy and compliance

Question Number	Question Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	N
		1	2	3	4	5	
CSR6	Company pays attention to the triple bottom line.	42	28	12	1	1	84
CSR7	Company concerned with both the internal and the external environments.	48	34	2	0	0	84
CSR9	Company has a 'licence to operate' in its community.	34	34	13	3	0	84
CSR10	Company addresses the priorities of the Millennium Development Goals (MDGs).	25	40	16	2	1	84
CSR11	Company has a clear CSR policy.	40	35	6	3	0	84
CSR14	Company is fully compliant with the BBBEE Act.	45	31	2	6	0	84
CSR17	Company adheres to the King III Report on corporate governance.	42	35	5	2	0	84
CSR30	Our CSR policy is based on the policies of international organisations such as the GRI, WBCSD, ILO and UN.	18	32	25	8	1	84
CSR32	We have concrete measurable targets to judge our CSR practice.	22	39	16	6	1	84
CSR33	We have an established method for monitoring CSR performance.	21	42	12	9	0	84
CSR34	We have an established method for providing feedback to our stakeholders.	28	41	12	3	0	84
CSR35	We rarely ask our stakeholders what they want and need.	5	9	9	43	18	84
CSR36	We have standard procedures that we follow to determine the needs of our stakeholders.	25	39	15	5	0	84
	Indicates cases where more than 50% ($n = 42$) disagreed and strongly disagreed to the statement.						
	Indicates cases where the response was from more than 50 % ($n \geq 42$) respondents.						
	Indicates cases where more than 50% ($n = 42$) agreed and strongly agreed to the statement.						
	Indicates cases where the number of undecided respondents is from 25% and more ($n \geq 25$)						

In terms of stakeholder involvement, the responses to the questions about having an established method of providing feedback, asking stakeholders what their needs are, and following standard procedures to determine such needs show that stakeholder involvement was high when it comes to CSR implementation in the surveyed companies. The same was true regarding stakeholder involvement in CSR practices.

With regards to the codes of conduct and international instruments for implementing CSR, a comparatively large number of respondents (30%) were undecided instead of the average of less than 15% in the other questions. This could have been an indication of lack of knowledge about international instruments involved in promoting CSR especially as the literature review revealed that South Africa is one of the countries in the continent where CSR has been promoted using United Nations codes of conduct. Over two-thirds (77%) of the respondents responded positively to the question on whether their companies attend to the Millennium (now Sustainable) Development Goals through CSR. It is notable that 92% of the respondents indicated knowledge of a clear CSR policy, as well as adherence to the King III Report. In order to analyse the findings beyond mere frequency, an exploratory factor analysis of the CSR variable was done and the results are discussed below.

4.3.2 Factor analysis results for the CSR variable

A basic assumption of factor analysis is that within a collection of observed variables, there exists a set of underlying factors, smaller in number than the observed variables that can explain the interrelationships among those variables (Kim & Mueller, 1978:9). Pett *et al.* (2003:3) add that factor analysis can be used to assess construct validity of an established instrument when administered to a specific population. Nunnally and Bernstein (1994:449) remark that once the internal structure of a construct has been established, factor analysis may also be used to identify external variables such as gender and social status position that would relate to the various dimensions of the construct of interest.

4.3.2.1 Extraction of factors from the CSR Variable

According to Acton, Miller, Maltby and Fullerton (2009:246) the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy index indicates how effectively the variables can be grouped into a smaller number of underlying factors. KMO ranges between zero (0)

and one (1), where 1 indicates better prospects to extract factors from the scale. KMO values smaller than 0.5 are deemed inadmissible, while values between 0.5 and 0.7 mediocre; between 0.7 and 0.8 good; and between 0.8 and 0.9 very favourable for factor analysis to be considered (Blaikie, 2003:221; Pallant, 2010:85).

Together with the KMO, another important detail in determining factors is the Bartlett's Test for Sphericity, indicated by the value of p , where $p = 0.000$ or very small, indicates a good condition for the extraction of factors. The Bartlett's Test of Sphericity determines whether there is sufficient intercorrelations between statements or items. The smaller the intercorrelations, the better the prospects for a good factor analysis. Therefore, the Bartlett's Test of Sphericity should be significant, where (the value of 'Sig.' should be less than 0.05 and is usually shown by a " p -value" representing the probability that random chance could explain the result. According to Acton *et al.* (2009:126), the various cut-off conventions for p -values can be expressed as shown in Box 4.2. The smaller the size of significance, the less likely it is that the error has been made and therefore more likely that the assumption made is true.

Box 4.2: Cut-off conventions for statistical significance

$p < 0.05$ means less than a 5 in 100 (1 in 20) chance of an error.

$p < 0.01$ means less than a 1 in 100 chance that an error has been made.

$p < 0.001$ means less than a 1 in 1000 chance of an error.

Based on the background information given above, the suitability for factor analysis was computed focusing on the CSR variable (Section B of the questionnaire, items 1-35) and the results are shown in Table 4.9 below.

Table 4.9: Suitability for factor analysis for the CSR variable

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,711
Bartlett's Test of Sphericity	Approx. Chi-Square	1799,992
	df	630
	Sig.	,000

As the KMO value of 0.711 is above the required threshold, and the value of the Bartlett's Test for Sphericity is $p = 0.000$, the combination indicates that conditions are favourable

to proceed with factor analysis of the CSR variable (Blaikie, 2003:221; Acton *et al.*, 2009:247; Pallant, 2010:183; Yong & Pearce, 2013:88). To obtain the factors, data were subjected to factor analysis using the Principal Component Analysis and Oblimin with Kaiser Normalisation extraction and rotation methods, respectively. Using an Eigen value cut-off of 1.0, ten factors were found that had an accumulative variance of 71.6% for the CSR variable. The next step was to confirm the factors using a Scree Plot diagram (see Figure 4.7 below). When a Scree Plot is used to confirm the number of factors, a point where the graph straightens is located. Factors are retained only when they appear before the arm of the graph as it flattens.

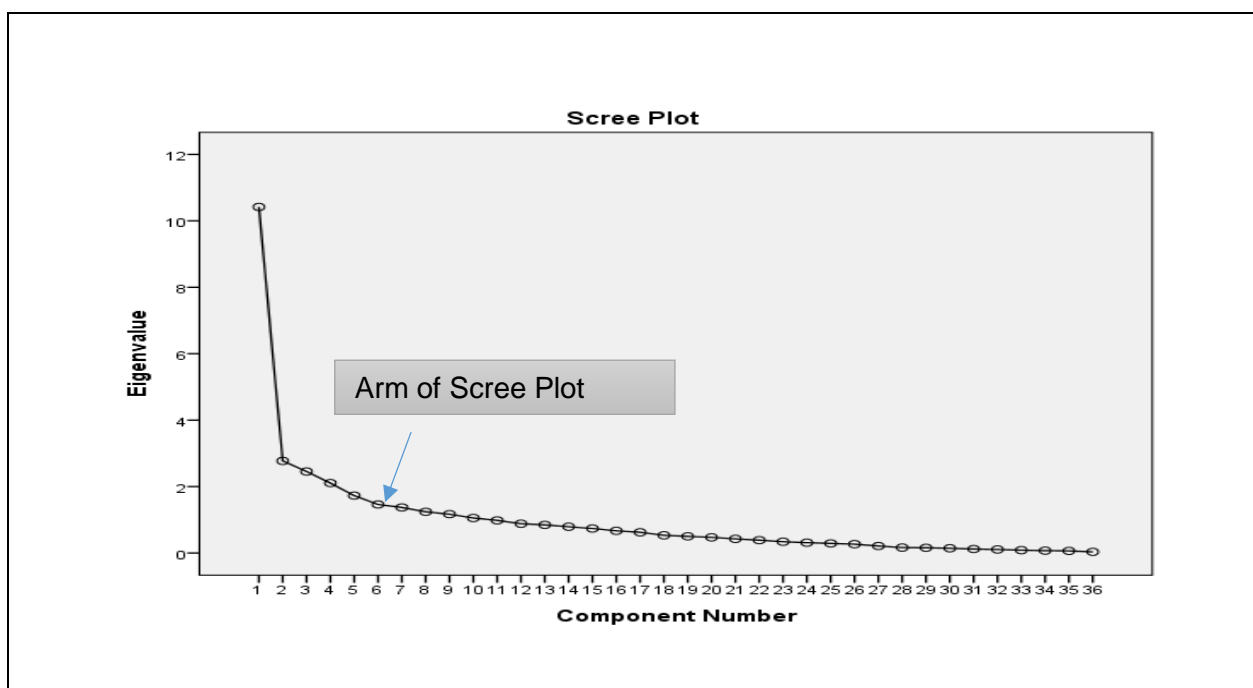


Figure 4.7: Factor analysis output: Scree Plot for CSR variable

Based on the Scree Plot confirmation process, five factors with an accumulative variance of 54.1% were retained as shown in the pattern matrix in, Table 4.10 overleaf. The labelling of the factors was based on the theme depicted by the majority of the statements of the items found in each factor. The following statements, focused on how the company treated its employees: *Promotion of diversity in the workforce; Support employees' activities in the community; Compliance with health and safety regulations in the workplace; Procedures to stop any form of discrimination in the workplace.*

Statements focusing on CSR practice in communities were: *contribution to sustainable livelihoods in our communities; provision of financial and material support to local*

community; and improving social infrastructure and living conditions in our communities. The statements focusing on CSR practice in the market place were as follows: *ensuring that suppliers are always paid on time*; and *Procedures in place to respond to every customer complain*. Lastly, the following statements dealt with CSR practice in the product markets: *consider environmental impacts of new products and services*; *provide full and accurate information about our products and services*; *negative impact of our operations on the community is monitored*.

The factor labels of the CSR variable then became: CSR Practice, CSR Drivers, CSR Scope, CSR Policy and compliance and Environmental CSR as shown in Table 4.10 in the Pattern matrix.

Table 4.10: Pattern matrix for the CSR variable

Question Number	Question Statement	CSR Practice	CSR Drivers	CSR Scope	CSR Policy and Compliance	Environmental CSR	Communalities
CSR13	Promotion of diversity in the workforce.	,764					,656
CSR19	Compliance with health and safety regulations in the workplace.	,720					,573
CSR12	Procedures to stop any form of discrimination in the workplace.	,677					,682
CSR28	Contribution to sustainable livelihoods in our communities.	,605					,495
CSR24	Provision of financial and material support to local community	,572					,512
CSR27	Improves social infrastructure and living conditions in our communities.	,564					,506
CSR22	Ensuring that suppliers are always paid on time.	,556					,395
CSR25	Consider environmental impacts of new products and services.	,552				,305	,646
CSR21	Provide full and accurate information about our products and services.	,521		,396			,634
CSR23	Negative impact of our operations on the community is monitored.	,474				,304	,561
CSR20	Procedures in place to respond to every customer complain.	,452				,348	,639

Table 4.10: Pattern matrix for the CSR variable

CSR18	Support employees' activities in the community.	,440			,370	,300	,524
CSR2	Agenda is to gain visibility in the market.		,782				,731
CSR3	Agenda is to improve its financial performance.		,744				,664
CSR1	Agenda is to give something back to society.		,684				,483
CSR35	We rarely ask our stakeholders what they want and need.		,516	,281			,403
CSR7	Concern with both the internal and the external environments.			,790			,705
CSR4	Concern with being a good corporate citizen			,611			,562
CSR17	Adhere to the King III Report on corporate governance.			,561		,432	,561
CSR6	Pay attention to the triple bottom line			,558			,446
CSR5	CSR is part of <i>Ubuntu</i> (humanism)			,541			,336
CSR9	Company has a 'license to operate' in its community			,519			,470
CSR10	Attends to Millennium Development Goals (MDGs).	,283		,474			,407
CSR16	Buying products from the local community.			,436			,278
CSR29	Purchases goods and services from the cheapest suppliers irrespective of their CSR performance.		,283	,334			,261
CSR33	Established method for monitoring CSR performance.				,929		,837
CSR32	Concrete measurable targets to judge our CSR practice.				,778		,662
CSR34	Established method for providing feedback to our stakeholders.				,703		,737
CSR36	Standard procedures followed to determine the needs of stakeholders.				,651		,459
CSR11	Company has a clear CSR policy.				,629		,631
CSR15	Whistle blowing policy is in place for employees	,310			,583		,565
CSR30	CSR policy is based on the policies of international organisations such as GRI, WBCSD, ILO and UN				,425		,407
CSR14	Fully compliant with the BBBEE Act				,423	,348	,342

Table 4.10: Pattern matrix for the CSR variable

CSR8	CSR should be undertaken even if it is unprofitable because it is ethically correct.			,370	,371		,292
CSR31	Company does not have a waste recycling programme.					,744	,682
CSR26	Company has a functioning waste management and pollution prevention programme in place.					,744	,736
Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization. a. Rotation converged in 22 iterations.							

4.3.2.2 Factor loadings from the CSR variable

The loadings for each of the factors of the CSR variable identified in the pattern matrix is discussed next.

4.3.2.2.1 CSR Factor 1: CSR Drivers

Four statements loaded highly on the CSR Drivers factor where three statements focused on the agenda of the company's CSR. Among the four items, namely, CSR 3: *agenda is to gain visibility in the market*; CSR 2: *agenda is to improve its financial performance*; CSR 1: *agenda is to give something back to society*; and CSR 35: *we rarely ask our stakeholders what they want and need*, item CSR 35 loaded lower than the rest. Theoretically, the statement is compatible with the other items of the CSR Drivers factor and that indicates the company's motive to implement CSR. The omission of item CSR 35 would not affect the reliability of the factor, as a result the item was discarded.

4.3.2.2.2 CSR Factor 2: CSR Practice

As indicated previously, the items that loaded on Factor 2 deal with how the companies practice CSR, hence the researcher labelled this factor as CSR Practice. Twelve items loaded on this factor. Item CSR 25: *company considers environmental impacts of new products and services* loaded on two factors, namely Factor 2 with a factor loading of 0,552, and 0,305 on Factor 5. This item was loaded on Factor 2 because the loading on Factor 5 caused Factor 5 to lose reliability although theoretically it could fit with Factor 5. Items CSR 18, CSR 20 and CSR 23 loaded on Factor 2 as well as Factor 5 but with lower

scores on Factor 5 than on Factor 1. As a result, their loadings were retained on Factor 2 based on the higher loading values and the meaning of the statements. Theoretically, the item statements for CSR 18, CSR 20 and CSR 23 fit well with Factor 2: CSR Practice because the statements deal with how companies go about implementing CSR programmes that in essence is the practice of CSR. Item CSR25: *company considers environmental impacts of new products and services*: was retained on a higher loading of 0.522 on Factor 2 instead of leaving it on Factor 5: Environmental CSR because it deals with environmental matters. Lastly, item CSR 23: *provide full and accurate information about our products and services*, loaded with a lower score on the CSR Scope factor, as it was felt this factor was more suitable.

4.3.2.2.3 CSR Factor 3: CSR scope

Nine items loaded on this factor. The one with the lowest loading value of 0.334 item is CSR 29: *purchases goods and services from the cheapest suppliers irrespective of their CSR performance* was discarded. This item also loaded with a low value of 0.287 on Factor 2 which was below the required threshold. The remaining eight items had the highest loading value of 0,970 with the lowest being 0,436. However, item CSR 17: *adheres to the King III Report on corporate governance* loaded on both Factor 3: CSR Scope and Factor 5: Environmental CSR. The item was retained on Factor 3: CSR Scope as it did not fit well within the other factors in terms of meaning. Item CSR 10: *attends to sustainable development goals (SDGs)* loaded on Factor 2 as well but with a value of 0.287 which was less than the absolute value of 0.3. The item was thus retained on Factor 3.

4.3.2.2.4 CSR Factor 4: CSR Policy and Compliance

Nine items loaded on this factor. Item CSR 8: *CSR should be undertaken even if it is unprofitable because it is ethically correct* had the lowest loading value of 0.371 and was therefore discarded. This item also loaded on Factor 3 with a value of 0,370 that is above the required threshold but because the meaning did not fit with either factor, it was discarded from the variable. The remaining eight items had the highest loading value of 0,929 with the lowest being 0,423. However, item CSR 14: *fully compliant with the BBBEE Act* loaded on both Factor 4: CSR Policy and Compliance and Factor 5: Environmental CSR. This item was retained on Factor 4: CSR Policy and Compliance because it did not

fit well with the other factor. Item CSR 15: *whistle blowing policy is in place for employees* loaded on Factor 1 and on Factor 4. This item was then retained on Factor 4: CSR Policy and Compliance because this factor contained statements related to policy issues.

4.3.2.2.5 CSR Factor 5: Environmental CSR

Only two items loaded on this factor, with similar loading values of 0.744. After reversing the statement to read: '*company has a waste recycling programme*', the statement was in line with the other item, CSR 25: *company has a functioning waste management and pollution prevention programme in place*. Both items contained high communalities of 0,682 for the CSR 31 and 0,736 for the CSR 25 item. According to Pallant (2010:198) communalities give information about how much of the variance in each item is explained and that low values below 0, 3 could indicate that the item did not fit well with the other items in the factor. In the case of the two items in the study, the values showed a favourable fit.

4.3.2.3 Factor correlations for the CSR variable

In order to determine the strength of the relationship among the five factors identified for the CSR variable, a component correlation matrix was created. According to Pallant (2010:197) an absolute value of a correlation that is lower than $r = 0.3$ shows a weak correlation between two factors. Table 4.11 shows a component correlation matrix for the CSR variable

Table 4.11: Component correlation matrix for the CSR variable

	CSR Practice	CSR Drivers	CSR Scope	CSR Policy & Compliance	Environmental CSR
CSR Practice	1,000				
CSR Drivers	,045	1,000			
CSR Scope	,309	,011	1,000		
CSR Policy & Compliance	,320	,064	,268	1,000	
Environmental CSR	,069	,026	,174	,024	1,000
Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization.					

As shown in Table 4.11 above, the Scope of CSR factor correlated positively with CSR Practice at $r = 0.309$, while the CSR Policy and Compliance factor also positively

correlated with CSR Practice at $r = 0.320$. The correlation means that as the scope of CSR increases, the practice of CSR increases. This correlation can be expected because when more CSR programmes are implemented by a company, the systems of implementing other CSR programmes can be improved and hence CSR practice would be improved as well. The correlations between the other two variables are very low at $r = 0.045$ and 0.069 . These correlations can be interpreted to indicate that there is an association between these factor variables and that when the scope is widened and policies are both observed and complied with, CSR Practice is increased. Alternatively, CSR practice ensures or leads to increased compliance to policy.

4.3.3 Reliability of the CSR variable

After the analysis of the Pattern matrix in Table 4.10 above, and excluding the statements that were not compatible in specific factors, the reliability of the scale on each factor was computed. According to Blaikie (2003:219) and Vogt *et al.* (2014:35), the question of when are the questions in your measuring scales measuring the same thing can be answered by determining the value of Cronbach's Alpha coefficient. In instances when questions are completely unrelated, Cronbach's Alpha measures zero (0), while a Cronbach's Alpha of one (1) would indicate that the questions predict one another perfectly. Against this background, Table 4.12 provides the reliability results for the measuring instrument of the CSR variable used in this study.

Table 4.12: Reliability tests for factors of the CSR variable

FACTOR NAME	CSR Practice	CSR Drivers	CSR Scope	CSR Policy & Compliance	Environmental CSR
Cronbach's Alpha	0,86	0,77	0,78	0,86	0,74

The Cronbach's Alpha coefficients for the five factors derived from the corporate social responsibility (CSR) variable were all greater than 0.600 thus indicating that the measuring instrument was highly reliable.

4.3.4 Descriptive statistics for factors of the CSR variable

This section focuses on the use of statistics to illustrate the central tendency and dispersion of the CSR variable factors. Table 4.13 depicts the key statistics of the central tendency and dispersion of the four factors of the CSR variable.

Table 4.13: Descriptive statistics for the CSR factors

FACTOR NAME	N	Minimum	Maximum	Mean	Std. Deviation
CSR Practice	84	1,00	3,08	1,60	0,47
CSR Drivers	84	1,00	5,00	2,90	1,08
CSR Scope	84	1,00	3,13	1,69	0,47
CSR Policy & Compliance	84	1,00	3,50	1,91	0,61
Environmental CSR	84	1,00	5,00	1,02	0,95

The mean value for the CSR drivers factor was close to 3 (i.e. 'Undecided') with a value of 2.90 and a Standard Deviation of 1.08. Theoretically, the situation could mean that respondents were undecided or were split in agreeing and disagreeing with the three items probing the CSR drivers in South Africa. The CSR scope and CSR policy and compliance factors also displayed factor means below 2,0 of 1.69 and 1.91, and the Standard Deviations of 0.47 and 0.61, respectively. This indicates that the respondents reacted in the affirmative to the statements expressing the scope of CSR at local, national and global levels. The affirmative response to the CSR policy and compliance statements shows that the companies observed legislation, codes of conduct, policy, as well as corporate governance mechanisms that promote CSR.

In the case of the Environmental CSR factor, Table 4.13 above depicts a low mean score of 1,02 and a Standard Deviation of 0.95. The mean value indicates that respondents tended to agree with the statements of the factor. Therefore, the results indicate that respondents were portraying a positive scenario concerning Environmental CSR practice in their organisations. Based on frequencies, factor analyses and descriptive statistics given above, four of the five factors for the CSR variable are below the mean value of 2.0. Only the CSR: Drivers factor is above 2.0 at 2.9. These results could be interpreted to indicate that from the quantitative data, the selected companies in the sample were in the affirmative to the statements found in the four factors of the CSR variable.

4.3.5 Qualitative data regarding CSR

In the main, most respondents who came from the private sector participated in the study where they completed the electronic survey. In addition to the survey, face-to-face interviews were conducted in two major ICT companies with the executives who oversee CSR projects and budgets. The interviews revolved around the issue of how they understood the concept of CSR and how it could be better implemented by the private sector in South Africa. Also, in line with the themes used to construct the CSR part of the questionnaire (i.e. Section B), the open-ended interview questions covered the issues, drivers and processes with which those companies implemented CSR.

4.3.5.1 CSR issues

The qualitative responses on CSR issues were summarised from the data collection instrument and are presented in the next section.

4.3.5.1.1 Definitions, meanings and terms

Participants defined CSR in various ways. All those interviewed used CSR and Corporate Social Investment (CSI) synonymously. When asked to explain the difference, one participant (Participant A) commented that CSR meant or stood for the 'ethos' of the company while CSI was the actual 'delivery' of CSR. Another participant (Participant B) expanded to emphasise what CSR was not and mentioned that:

“corporate social responsibility is NOT about painting a school. It is all about SUSTAINABLE initiatives, which will add value over a period of time. It has nothing to do with making those who give feel good but everything to do about building a better nation for all” (Personal Interview with participant B, October, 2015).

The last part of the participant's quotation is indeed meaningful. If companies realise that CSR is not a 'tick box approach', but that their CSR impact must be spread to every community, some headway in terms of sustainability can be made. Other synonyms of CSR cited by the participants included corporate governance, the triple bottom line (TBL), and corporate citizenship. When asked if all CSR projects implemented by the company were the same from one geographic area to the other, the two respondents mentioned

that their companies used one strategic management office for CSR implementation and that this office was located in South Africa.

On the definition of CSR, Participant A stated that,

“CSR is the same as BEE – those who can afford do it for their own benefit. It cannot be done by all companies – only MNCs do it. Also it is not for small business”;

while Participant B stated that:

“CSR involves assisting government as well as making a contribution to social development, whereby companies participate in social development in their business operations and interactions with the community and their customers”.

From these diverse responses, it is clear that CSR means different things to different participants.

4.3.5.1.2 Focus areas for CSR

Besides attempting to define CSR and CSI, participants differentiated key focus areas for CSR that included education, health, and safety. Both participants A and B mentioned that their companies were focusing on community and environmental issues, that is community development projects and supporting the government to promote the green economy and promote ICT in townships and rural areas.

4.3.5.2 CSR Drivers

In terms of what drives companies to practice CSR, both participants A and B felt that their companies found it morally binding to be involved in community development projects because the country experienced massive poverty. When the researcher probed whether they regarded CSR or CSI participation as part of *Ubuntu* (humanism), both participants agreed. The two participants however indicated that the brand, image, and profile of a company could be improved by CSR.

4.3.5.3 CSR processes

The two participants, indicated that their companies were premising CSR on strategic business matters. CSR was done while *“promoting the knowledge of their products in the community and on the other hand alleviating education problems”* (Personal Interview, October, 2015). Participant A remarked that the CSR budget was based on a pre-determined expenditure where 70% of the budget would be spent on what management would have decided, 20% on what non-governmental organisations and their implementing agents were proposing to be a priority, and the remaining 10% on projects suggested by the community. The areas decided by management normally relate to issues of national interest, for example to curb gender-based violence in society. In the main, the projects decided by management included philanthropic projects, poverty alleviation, business enterprise development. In terms of implementation of CSR projects, the responses from both participants revealed that they were using Public Private Partnerships (PPPs) which involved, for example, universities and the Department of Basic Education (DBE). In the case of the partnership with the DBE, the projects involved empowering teachers to learn how to integrate information and communication technology (ICT) within the learning environment as well as within communities.

In response to a question on how communities could contribute to the protection of the ICT infrastructure investments the companies avail to schools, Participant A remarked that

“communities need to partner with government at local level to ensure that their needs do reach the private sector, and business associations seemed to have failed in harnessing private sector investments properly (e.g. the National Business Initiative)”.

The problems encountered in these projects were corruption, vandalism and communities not protecting company investments in the townships.

Concerning the involvement of the non-governmental organisations, community based organisations, and civil society in CSR matters, participant A stated that,

“civil society is also still fragmented – there is a need for them to come together to contribute in non-monetary terms”, and that “CSR requires social capital and the kind of culture, which is about nation building”.

In summary, the qualitative data obtained from the participants showed that the participants lacked knowledge about the definition of CSR as was found in the literature review. Both participants would use synonyms of CSR in one conversation. The CSR processes mentioned by the respondents were also in line with the literature review on CSR.

4.4 Empirical findings on the skills development variable

From the literature review conducted in Chapter 3, there were five key themes that emerged and used to construct the survey questions. The themes were presented in the form of broad questions, namely: how skills development was being institutionalised, what is the awareness about scarce skills, what efforts do companies make for employee development, who were the role players in skills development, and lastly how did the respondents feel about the funding of skills development processes?

In line with this study's objective, namely, 'to explore the relationship between CSR and skills development', this section presents the findings obtained from the analysis of empirical quantitative and qualitative data in relation to the skills development variable. Frequency tables are used to report broad trends observed from the data; this is followed by factor analysis, descriptive statistics, and factor correlation using an applicable matrix.

4.4.1 Frequencies for the skills development variable

This section discusses the frequency tables for the skills development variable.

4.4.1.1 Institutionalisation of skills development

A number of statements on the questionnaire were created to probe the institutionalisation of skills development within the surveyed companies. Institutionalisation of skills development would entail policies, procedures and initiatives embedded in the company culture that promote skills development. This would be augmented by projects that ensured the skills development of both internal and external stakeholders, such as employees, the community, respectively. The questionnaire also contained an item to ascertain if the respondents viewed skills development to be a sustainability issue or not.

Table 4.14: Frequency table for the institutionalisation of skills development

Question Number	Question Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	N
SD 1	Employee development done as part of CSR.	5	25	5	24	25	84
SD 2	The principle of lifelong learning as the aim of the HR department.	1	4	11	35	33	84
SD 3	Employability of the employees' part of organisational policies.	1	8	10	38	27	84
SD 9	Multiskilling can be the answer to skills shortages.	2	10	18	34	20	84
SD 10	Company invests in developing skills related to their business operations.	0	2	2	40	40	84
SD 11	Company invests in developing skills useful in other companies as well.	1	7	8	37	31	84
SD 12	Company has targeted to support the Science, Technology and Mathematics (STEM) in schools.	2	14	14	21	33	84
SD 16	Company promotes job rotation among different units.	1	6	14	41	22	84
SD 17	Company encourages staff to study of their own accord and to use working time.	0	2	5	35	42	84
SD 18	Our company funds staff who pursue qualifications at all levels.	0	2	5	45	32	84
SD 28	Private sector initiatives are part of compliance with the law and not done voluntarily for the sustainability of the company.	0	4	12	35	33	84
	Indicates cases where more than 50% ($n = 40$) disagreed and strongly disagreed to the statement						
	Indicates cases where the response was from more than 50 % ($n \geq 42$) respondents						
	Indicates cases where more than 50% ($n = 40$) agreed and strongly agreed to the statement						

The findings showed that most companies involved in the study do not institutionalise skills development practices. For example, regarding question SD 10: *our company invests in developing skills related to their business operations*, almost all respondents (95%) disagreed with the statement. A similar response was found with regard to questions about whether or not life-long learning, creation of employability among workers, and multiskilling were part of the development practices in the organisation.

Regarding the utilisation of working time to develop skills, 50% of respondents, strongly disagreed with the statement. This indicates that most companies have not institutionalised skills development through company policies and practices. It is also clear from the responses that the surveyed companies are not keen to provide funding to staff who pursue qualifications while employed; this was borne out by the fact that 54% of the sample disagreed with the statement.

4.4.1.2 Awareness about scarce skills

The questions posed to respondents under this theme aimed to ascertain what awareness the companies had regarding skills that were scarce.

Table 4.15: Frequency table on awareness about scarce skills

Question Number	Question Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	N
SD 5	The process of identifying scarce skills is clear.	1	4	9	42	28	84
SD 6	Process of identifying scarce skills is part of our long-term planning.	0	5	8	36	35	84
SD 7	I am fully aware of which skills are scarce in the economy.	0	2	8	44	30	84
SD 8	The scarce skills identified are the ones that hinder economic growth.	2	4	11	42	25	84
SD 9	Multiskilling can be the answer to skills shortages.	2	10	18	34	20	84
SD 13	Our company gives preference in supporting Black employees and Women students within the STEM subjects.	1	14	16	31	22	84
SD 20	Supports schools because poor education hinders the development of scarce skills.	0	2	3	33	46	84
SD 21	Supports universities because poor outcomes at universities hinder the development of scarce skills.	0	0	3	35	46	84
SD 22	Scans the labour market to detect scarce skills within the industry.	0	3	6	37	38	84
	Indicates cases where more than 50% ($n = 40$) disagreed and strongly disagreed to the statement.						
	Indicates cases where the response was from more than 50 % ($n \geq 42$) respondents.						
	Indicates cases where more than 50% ($n = 40$) agreed and strongly agreed to the statement.						

Based on the responses given to the clarity of the process of identifying skills, the knowledge of the scarcity of skills and the hindrance to growth, (SD 5, SD 7, & SD 8 in Table 4.15), it is clear that most respondents were not familiar with what the scarce skills are or how they could be identified. A total of 83% of respondents disagreed that the process of identifying scarce skills was clear in their organisations, 85%, disagreed that identifying scarce skills was part of their organisation's long-term planning and 89% of respondents indicating that they were not fully aware of which skills are scarce in the economy. A total of 55% of the respondents indicated that their companies do not support schools and universities in terms of offering monetary and material resources, and only 3% of the respondents indicated that their companies scan the labour market to detect scarce skills within their industry.

4.4.1.3 Human resource management (HRM) policies and scarce skills

Under this theme, company policies and practices towards stakeholders were probed to ascertain whether skills development was promoted. Table 4.16 depicts the results.

Table 4-16: Frequency table on employee development

Question Number	Question Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	N
SD 29	HRM supports/promotes the development of scarce skills	11	38	18	12	5	84
SD 35	Apprenticeships are the suitable system to develop scarce skills	18	43	9	9	5	84
SD 13	Our company gives preference in supporting Black and Women students within the STEM subjects	1	14	16	31	22	84
SD 14	Provide work practice opportunities for experiential training.	0	6	2	31	45	84
SD 15	Our company has the organisational responsibility to identify scarce skills	0	2	8	27	47	84
SD 19	Our company prioritises the employment of unemployed graduates	0	0	0	27	57	84
	Indicates cases where more than 50% ($n = 42$) disagreed and strongly disagreed to the statement.						
	Indicates cases where the response was from more than 50 % ($n \geq 42$) respondents.						
	Indicates cases where more than 50% ($n = 42$) agreed and strongly agreed to the statement.						

The results show that the HRM systems of most companies were supportive of the development of scarce skills. The results also indicate that apprenticeships were deemed the appropriate system to develop scarce skills. The claim by many companies that their HRM policies promote the development of scarce skills (see frequency of responses to question SD 29: *HRM supports/promotes the development of scarce skills* in Table 4.16) was contradicted by the responses received from the same individuals concerning the statement SD15: *our company has the organisational responsibility to identify scarce skills*. An overwhelming number (88%) of respondents disagreed with the statement in SD15. All the respondents (100%) felt that their companies was doing enough to offer jobs to unemployed graduates and provide opportunities for experiential learning to external candidates.

4.4.1.4 Funding of skills development

The results showed that 75% of respondents felt that the private sector should be responsible for skills development funding and 61% regarded skills development as a profit-sacrificing activity. Only 11% respondents thought that the government should be the one providing funding for skills development. On the funding of skills development interventions, 82% of the respondents felt that SETAs are the suitable institutions to fund scarce skills and 75% felt the mechanism should be the NSFAS.

Table 4.17: Frequency table on funding for skills development

Question Number	Question Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	N
SD 4	Company regards skills development as a profit-sacrificing activity.	22	29	7	15	11	84
SD 30	Cost for developing scarce skills should be borne by government	1	8	25	32	18	84
SD 31	Cost for developing scarce skills should be borne by the private sector	28	35	7	10	4	84
SD 34	The SETAs are the suitable institutions to fund scarce skills	0	3	12	41	28	84
SD 32	Cost for developing scarce skills should be borne by the workers or learners themselves	1	6	16	39	22	84
SD 33	NSFAS is a suitable funding mechanism to develop scarce skills in South Africa	0	9	12	42	21	84

	Indicates cases where more than 50% ($n=42$) disagreed and strongly disagreed
	Indicates cases where the response was from more than 50 % ($n\geq 42$) respondents.
	Indicates cases where more than 50% ($n=42$) agreed and strongly agreed to the statement.

4.4.1.5 Role-players in skills development

Within the skills development system, some of the role players include government, private sector and the non-governmental organisations. It can be seen from Table 4.18 below that 81% of respondents disagreed with the statement SD26: *there is a symbiotic (working) relationship between government and private corporations in skills development in South Africa.*

Table 4.18: Frequency table on role players for skills development

Question Number	Question Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	N
SD 23	Government doing less in its role in the production of scarce skills.	0	2	8	34	40	84
SD 24	Private sector doing less in the production of scarce skills.	0	0	1	34	49	84
SD 25	Government should encourage self-regulating mechanisms.	0	0	4	35	45	84
SD 26	There is a symbiotic (working) relationship between government and private corporations in skills development in South Africa.	2	5	9	35	33	84
SD 27	Third sector plays an adequate role in the production of scarce skills.	1	3	9	38	33	84

	Indicates cases where more than 50% ($n = 42$) disagreed and strongly disagreed to the statement.
	Indicates cases where the response was from more than 50 % ($n \geq 42$) respondents.
	Indicates cases where more than 50% ($n = 42$) agreed and strongly agreed to the statement.

The results shown in Table 4.18 indicate that respondents felt that the key role players such as the government with 89% of the respondents, the private sector with 99% of the respondents, and the Third sector or civil society having 85% of the respondents, feeling that they do not do enough in the production of scarce skills in South Africa. Most respondent (81%) felt that there was no symbiotic or working relationship between government and private corporations in skills development in South Africa.

4.4.2 Factor analysis for the skills development variable

In a similar way as the CSR scale was analysed in Section 4.3.2, the suitability of the skills development scale was tested for exploratory factor analysis. The results are shown in Table 4.19 below, which depicts the KMO and the Bartlett's Test of Sphericity test results for skills development.

Table 4.19: Suitability for factor analysis for the SD variable

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,700
Bartlett's Test of Sphericity	Approx. Chi-Square	1451,986
	df	595
	Sig.	,000

The KMO values of 0.700 is above the required threshold value of 0.6 and the value of the Bartlett's Test for Sphericity is $p = 0.000$. This combination indicates that there are favourable conditions to proceed with factor analysis of the SD variable (Blaikie, 2003:221; Pallant, 2010:183).

4.4.2.1. Extraction of factors from the skills development variable

Upon subjecting data to the factor analysis process, ten factors were found when using the Eigen value cut-off point of 1.0. The accumulative variance of the factors was 69.6 %. When confirmation of these factors was done using a Scree Plot (see Figure 4.8), only four factors with an accumulative variance of 45.4% were retained as shown in Table 4.20.

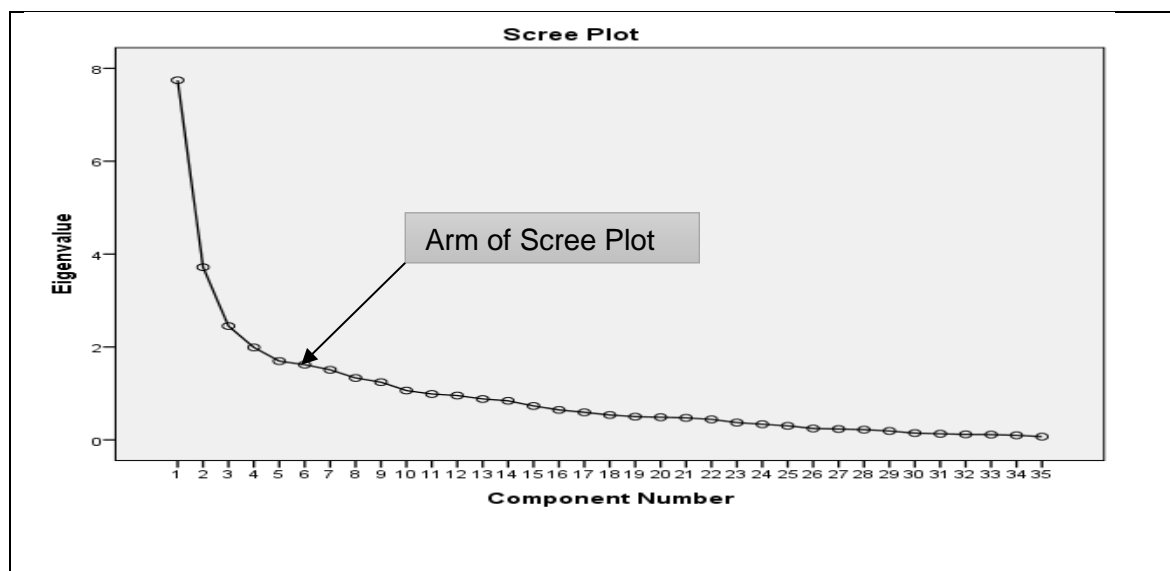


Figure 4.8: Factor analysis output: Scree Plot for SD variable

The four factors extracted from the skills development variable were named as follows: Skills Development (SD) Institutionalisation for Factor 1, Skills Development (SD)

Conceptualisation for Factor 2, Skills Development Implementation for Factor 3 and Skills Development (SD) Focus Areas for Factor 4.

Table 4.20: Pattern matrix for the skills development variable

Question number	Question Statement	SD Institutionalisation	SD Conceptualisation	SD Implementation	SD Focus Areas	Communalities
SD 6	Process of identifying scarce skills part of our long-term planning.	,876				0,825
SD 21	Supports universities because poor outcomes at universities hinder the development of scarce skills.	,819				0,561
SD 2	The principle of lifelong learning as the aim of the HR department	,789				0,648
SD 3	Employability of the employees part of organisational policies.	,722				0,541
SD 5	The process of identifying scarce skills is clear.	,706		,269		0,656
SD 29	HRM support/promote the development of scarce skills	,632	,357			0,618
SD 18	Our company funds staff who pursue qualifications at all levels.	,612				0,517
SD 10	Invests in developing skills related to their business operations.	,591			,274	0,409
SD 14	Provides work practice opportunities for experiential training	,579				0,384
SD 11	Invests in developing skills useful in other companies as well	,536				0,204
SD 22	Scans the labour market to detect scarce skills within the industry.	,511	,226			0,438
SD 15	Has the organisational responsibility to identify scarce skills.	,508	,399	,231		0,683
SD 16	Company promotes job rotation among different units.	,464	,348	,243		0,619
SD 17	Encourages staff to study of their own accord and use working time.	,402	,224	,221	,301	0,646
SD 1	Employee development done as part of CSR	,365			,222	0,279
SD 7	I am fully aware of which skills are scarce in the economy.	,247				0,194
SD 28	Private sector initiatives are part of compliance with the law and are not voluntarily done for the sustainability of the company		,795			0,644
SD 34	The SETAs are the suitable institutions to fund scarce skills.		,742			0,705
SD 33	National Student Financial Aid Scheme (NSFAS) is a suitable funding		,725			0,593

Table 4.20: Pattern matrix for the skills development variable

Question number	Question Statement	SD Institutionalisation	SD Conceptualisation	SD Implementation	SD Focus Areas	Communalities
	mechanism to develop scarce skills in South Africa.					
SD 4	Company regards skills development as a profit-sacrificing activity		,581			0,485
SD 24	Private sector doing less in the production of scarce skills		,528			0,417
SD 26	There is a symbiotic (working) relationship between government and private corporations in skills development in South Africa	,277	,464			0,572
SD 9	Multiskilling can be the answer to skills shortages		,284	,279		0,336
SD 31	Cost for developing scarce skills should be borne by the private sector	-,215		,685		0,549
SD 30	Cost for developing scarce skills should be borne by government			,602	,359	0,497
SD 23	Government doing less in its role in the production of scarce skills			,493		0,336
SD 25	Government should encourage self-regulating mechanisms	,300		,474		0,406
SD 32	Cost for developing scarce skills should be borne by the workers or learners themselves.		,392	,468		0,435
SD 35	Apprenticeships are the suitable system to develop scarce skills		,323	,410	,319	0,403
SD 27	Third sector plays an adequate role in the production of scarce skills	,374		,377		0,383
SD 8	The scarce skills identified are the ones that hinder economic growth	,258		,263		0,211
SD 12	Company has targeted to support the Science, Technology and Mathematics (STEM) in schools				,839	0,727
SD 13	Our company gives preference in supporting Black employees and Women students within the STEM				,685	0,579
SD 19	Our company prioritises the employment of unemployed graduates				,662	0,480
SD 20	Supports schools because poor education hinder the development of scarce skills			,226	,607	0,525
Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization.						
a. Rotation converged in 13 iterations.						

4.4.2.2. Factor loadings for the skills development variable

The loadings for each of the factors of the SD variable identified in the pattern matrix are discussed next.

4.4.2.2.1 SD Factor 1: SD Institutionalisation

Eleven items loaded on Factor 1 with the highest score at 0,876 and the lowest at 0,247. The item with the lowest loading score of 0,247, namely, SD7: *I am fully aware of which skills are scarce in the economy* also showed a lower loading value for communalities at 0,194. Because the loading value was below the cut-off point of greater than the absolute value of 0,3 (Pallant, 2010:198), this item was excluded on Factor 1. From the remaining items, the item with the lowest loading value of 0,365 was SD 1: *employee development done as part of CSR*. Item SD 17: *our company encourages staff to study on their own accord and use working time*, loaded on all four factors with the highest loading value of 0,402 on Factor 1 and a communalities value of 0,646. The item loading was retained with Factor 1.

The items SD 15: *our company has the organisational responsibility to identify scarce skills* and SD 16: *our company promotes job rotation among different units*, loaded on both Factor 2 and Factor 3 with lower values than their loading on Factor 1. As a result, both items were retained on Factor 1. The item SD 29: *our HRM policies support/promote the development of scarce skills* also loaded on Factor 2 with a value of 0,357. Because policies and procedures are part of institutionalising an action rather than conceptualising an action, it was felt that this item should be retained on Factor 1. As for items SD 5: *the process of identifying scarce skills is clear*, SD 10: *our company invests in developing skills related to their business operations* and SD 22: *our company scans the labour market to detect scarce skills within the industry* are items that loaded on the other factors with values lower than 0,300. These items were retained on Factor 1.

4.4.2.2.2 SD Factor 2: SD conceptualisation

Seven items loaded on Factor 2 with the highest score of 0,795 and the lowest of 0,284. The item with the lowest loading score of 0,284, SD 9: *multiskilling can be the answer to skills shortages* also showed a lower loading value of 0,279 on Factor 3: SD Implementation. As the loading value was below the cut-off point of greater than the

absolute value of 0,300 (Pallant, 2010:198), this item was discarded on Factor 2. From the remaining items of this factor, the item SD 26: *there is a symbiotic (working) relationship between government and private corporations in skills development in South Africa* loaded on Factor 1: SD Institutionalisation with a lower value of 0,277. As a result, this item was retained with Factor 2, on which its loading value was 0,464.

4.4.2.2.3 SD Factor 3: SD Implementation

Eight items loaded on Factor 3 with the highest score of 0,685 and the lowest of 0,263. The item SD 8: *the scarce skills identified are the ones which hinder economic growth*, with the lowest loading score of 0,263 also showed a lower loading value of 0,258 on Factor 1 and communalities value of 0,211. As a result, the item was excluded on Factor 3 when calculating reliability. Only one item of the remaining seven did not load on another factor, namely, SD 23: *government is doing less in its role in the production of scarce skills*. The other items were retained on Factor 3 because the values with which they loaded on the other factors were lower than those they displayed when loading on Factor 3.

4.4.2.2.4 SD Factor 4: SD Focus Areas

Four items loaded on Factor 4 with the highest absolute value score of 0,839 and the lowest of 0,607. The items also showed good communalities between 0,727 and 0,480. The items that loaded on this factor were theoretically relevant as identified focus areas for skills development because they included SD 12: *our company has targeted to support the Science, Technology and Mathematics (STEM) in schools*, SD 13: *our company gives preference in supporting Black employees and Women students within the STEM subjects*, SD19: *our company prioritises the employment of unemployed graduates* and SD 20: *our company supports schools because poor education hinder the development of scarce skills* with loading values where the lowest was 0.607 and the highest 0.837.

4.4.2.3 Factor correlations for the skills development variable

In order to determine the strength of the relationship among the four factors identified for the SD variable, a component correlation matrix was created. According to Pallant (2010:197), an absolute value of a correlation that is lower than $r = 0.3$ shows a weak correlation between two factors. This means that most items did not fit well with others in the factor extracted from the scale. Their strength of correlation for the SD variable was investigated using the component correlation matrix, and the results are shown in Table 4.21.

Table 4.21: Component correlation matrix

Component	1	2	3	4
	SD Institutionalisation	SD Conceptualisation	SD Implementation	SD Focus Areas
SD Institutionalisation	1,000			
SD Conceptualisation	,105	1,000		
SD Implementation	,097	,095	1,000	
SD Focus Areas	,281	,043	,034	1,000
Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization.				

Table 4.21 shows that the strength of correlation among the factors is weak. A better correlation of $r = 0,281$ exists between the SD Institutionalisation and the SD Focus Areas factors. This association could be interpreted to mean that where institutions of skills development exist, the focus areas for skills development may be better demarcated. The next section discusses the internal consistency of the SD variable.

4.4.3 Reliability of the skills development variable

Against the background given in Section 4.3.4, reliability for the SD variable was tested, and the results are depicted in Table 4.22.

Table 4.22: Reliability tests for factors of the SD variable

FACTOR NAME	SD Institutionalisation	SD Conceptualisation	SD Implementation	SD Focus Areas
Cronbach's Alpha	0,89	0,75	0,67	0,75

The Cronbach's Alpha coefficients for the factors derived from the SD variable were all greater than 0.60 thus indicating that the measuring instrument was highly reliable, though the reliability of the SD Implementation factor was the lowest. The pattern matrix in Table 4.20 confirms the lack of reliability for this factor because many of its items were loading on the other factors as well.

4.4.4 Descriptive statistics for the skills development variable

This section focuses on the use of statistics to illustrate the central tendency and dispersion of the skills development variable factors. Instead of dealing with each item of the 35 items on the scale, only four factors (excluding those statements discarded during factor analysis) were considered as elements of the SD scale. Table 4.23 depicts the key statistics by which the central tendency and dispersion of the four factors of the SD variable.

Table 4.23: Descriptive statistics for factors of the SD Variable

	N	Minimum	Maximum	Mean	Std. Deviation
SD Institutionalisation	84	1,00	3,75	2,06	0,58
SD Conceptualisation	84	1,00	4,83	2,77	0,82
SD Implementation	84	1,00	3,89	2,45	0,55
SD Focus Area	84	1,00	4,50	2,16	0,81

The mean values of the four factors range between 2.0 and 3.0 as shown in Table 4.23. From a base of a five-point scale, this shows that the responses were positive or in agreement towards the concepts carried by the factors. For example, regarding SD Institutionalisation, the low value of the mean of 2,06 would mean that the respondents felt that there was an institutionalisation of skills development within the companies. Similarly, based on 2,16 value of the mean it could be argued that the respondents felt the statements contained in the items correctly depicted the skills development focus

areas deemed as necessary by the respondents. The SD conceptualisation factor has the highest mean of 2.77 with a Standard Deviation of 0.82. This demonstrates that respondents were almost undecided or neutral on whether the statements promoted the conceptualisation of skills development in the company.

The next section presents qualitative data collected in relation to the SD variable.

4.4.5 Qualitative data in relation to skills development factors

In addition to quantitative data, qualitative data were collected from a number of key role players. This section will present the qualitative data obtained from the respondents in face-to-face interviews and focus group sessions. The qualitative questions in Section D of the questionnaire mainly covered institutional, implementation and focus area issues of skills development.

4.4.5.1 Institutional issues

While quantitatively, the SD institutionalisation factor mean was low at 2,06 (see Table 4.23). This means that the respondents felt there was an institutionalisation of skills development within the companies, the qualitative responses provided by the interviewees and participants during the focus groups confirmed the quantitative findings. In addition, more issues were highlighted that need to be addressed in institutionalising skills development in organisations. Respondents were asked the question: *Do you think the institutions (Laws like BEE Act, Skills Development Act, Employment Equity Act, Sector Education and Training Authorities, and Tax Incentives) set by government are effective in developing scarce skills within the labour market? Yes/No. Explain briefly.* Among the eighty four (84) companies that participated, 64,3 % felt that the institutions, laws and policies prevailing in South Africa were effective to develop scarce skills within the labour market. The remaining 35,7% felt the institutions, laws and policies were not effective.

For those respondents who answered Yes or in the affirmative to the question, some were sceptical while others were optimistic and provided reasons for their scepticism or optimism, respectively, in spite of answering positively to the question. For example, one respondent stated that:

“these are a start and help to stimulate action. However, they are seen as politically driven processes rather than an economic and social imperative. More of these institutions are hamstrung by administrative and audit bureaucracy”.

Another respondent commented that:

“these policies/acts are clear and relevant and focussed - it is the capacity to monitor by government that makes them fail and as well as the reluctance by industry to comply that undermine impact”.

One respondent was very positive about these institutions and commented that:

“taking the South African context into consideration, with high levels of unemployment and poverty, it goes without saying that skills development should be at the core of economic development initiatives, particularly those that seek to bring about sustainable development. The various legislative acts that have been put in place by the SA [South African] Government have been very effective in mobilising sectors of the economy particularly the private sector, in prioritising Public Private Partnerships to address the skills shortage in South Africa”

and that

“these platforms compel companies to rethink HR policies thus enabling them to identify skills shortages within the organisation as well as providing the opportunity for much needed learnerships within the community”.

4.4.5.1.1 Effectiveness of institutions

The institutions, laws and policies existing in South Africa were credited by the respondents as follows:

- **Guiding company behaviour:** 45% respondents viewed the institutions positively as mechanisms that guide company behaviour in investing in skills development. One respondent stated that:

“I believe that while some of the laws and policies can be seen as punitive, it is necessary to ensure that everyone contributes to skills development, capacity building and skills transfer”.

37 % of the respondent's views called for government regulation. For example, one respondent commented that through the government mechanisms,

“private and government sector are compelled to comply on legal matters. Self-regulation has not yielded useful results”.

Respondents commented further that in the case of the mining sector, Social and Labour Plans (SLPs) provide a mechanism for skills development.

- **Enabling budgets for skills development:** 17% of the respondents viewed the institutions as opportunities for funding the skills development initiatives. The comment from one respondent was:

“we are forced to spend on training irrespective of profits of a company”, and another respondent stated that *“they [the laws] are formal institutions with budgets”.*

- **Providing opportunities for disadvantaged groups:** 3% respondents commented on issues of redress. One respondent made a telling remark that the institutions, *“provide guidance; provide benchmark; provide opportunities for Blacks to catch up”.*

While the latter part of the above statement could be regarded as controversial because it is unclear what is meant by “Blacks to catch up” other responses were clear and positive regarding institutions that

“prioritises the development of Black skills in the country which is key to economic growth”.

The researcher interpreted the words ‘Black skills’ as being skills developed among Black employees. The skills development landscape of South Africa has been affected by racial inequalities in the provision of opportunities for developing skills among the Black majority of the population. This statement ‘Blacks to catch up’ was in essence supporting the idea of Black Economic Empowerment, which is one of the legislative requirements used to redress the imbalances of the past.

4.4.5.1.2 Lack of effectiveness within institutions

For the respondents who answered 'No' to the question, *"Do you think the institutions (Laws like BEE Act, Skills Development Act, Employment Equity Act, Sector Education and Training Authorities, and Tax Incentives) set by government are effective in developing scarce skills within the labour market? Yes/No. Explain briefly"*. Their responses were mainly around the following issues:

- **Lack of effective process of identifying scarce skills:** 40% of the respondents commented that the process of identifying scarce skills was not effective. For example, among the 40%, two respondents commented that the institutions were not effective,

"because they are focusing more on the scarcity of the skills that need by that time and paralyse others if there are more student, e.g. few years ago South Africa had more teachers and more colleges and our government decided to close other colleges. Now there is a shortage of teachers in our country, therefore the tutors in our country are immigrants".

Another respondent commented that,

"They are not effective because no one identifies the skills shortage, but we always generalise that there is skills shortage".

- **Institutions only focusing on compliance:** 35% of the respondents commented that the institutions were only focusing on compliance. In the words of one respondent, *"the processes are often too complex and inflexible and are concerned with paper compliance rather than real progress"*.
- **Lack of monitoring and evaluation:** 42% of the respondents commented that the institutions were not effective because there was no monitoring and evaluation of skills development. For example, one respondent made the comment that, *"They [laws] are not effectively implemented and monitored - so I would say NO"*.

while another respondent stated that,

"The intention and objectives of these institutions and polices was good however, implementation seem to be a challenge. Government should audit the impact of tax incentive".

The qualitative views on institutions illuminated that well-established skills development institutions exist, but their effectiveness has not been felt so far. The next question which probed qualitative data from respondents was on the process of implementation of skills development. The question is: *“In your view, what is/are the major stumbling blocks in the scarce skills development process?”*

4.4.5.2 Hindrances to scarce skills development

Respondents were expected to answer this question using knowledge of the implementation of skills development practices in their organisations. From the responses given, the researcher found that the following issues were regarded as hindrances to the process of developing scarce skills for the South African economy:

- **The basic education system (Schooling):** Regarding the basic education system, 37% of the respondents felt there was a disintegrating infrastructure, lack of qualified teachers, ineffective career guidance, and no private sector or industry involvement. The issues of poor quality educational performance in general at both primary and secondary schooling where schools fail to “...develop critical problem-solving and innovation skills” are some of the comments that were made. Furthermore, the 37% respondents felt that the system does not perform well in subject areas such as Mathematics, Science and Technology, that are required for learners to study in the disciplines with scarce skills, and there is a lack of technical secondary schools that build the pipeline for future skills.
- **Lack of partnership among Government, Organised Labour and Business:** 37% of the respondents attributed the lack of scarce skills development to the lack of alignment, constructive dialogue, and cooperation among government, labour and the private sectors. One respondent felt that the lack of partnership was accompanied by: *“poor coordination across economic sectors and efficient management of resources such as funds located within Sector Education and Training Authorities, the National Youth Development Agency, Government, and the NFSAS”*.
- **Workplace Issues:** This is where three major issues were highlighted as hindrance to skills development. The first was a lack of alignment between the workplace and learning institutions, where 64% respondents observed that there is no alignment between tertiary institutions and the workplace in terms of what should be learnt. In

summary, the respondents claimed that tertiary institutions were not offering relevant courses and these institutions keep on producing graduates who are unemployable. One respondent commented that:

“a huge problem in SA is the skills mismatch. People are training in areas that have no absorption rate”.

The second hindrance, which was cited by 34% of the respondents, was that practices to transferring skills from one employee to another such as job rotation and job redesign were missing in companies whereas job rotation and job redesign is key to ensure that skills are transferred from one employee to another. Among the 34% of the respondents, four stated that job rotation and job redesign practices were only on paper and were not actively carried out in most cases. An observation was also made by the four respondents that human resource policies did not give high priority to job rotation and job redesign, as these were not included in performance scorecards and were not carefully monitored.

It was felt in addition, by 30% of the respondents, that there were fewer career paths, and structured mentoring programmes, fewer willing and committed mentors to transfer skills, and fewer incentives for workers or learners to develop scarce skills. One respondent remarked that at times funding agreements for training had no clear deliverables and they were hamstrung by labour and union agendas.

The third issue identified as a hindrance related to matters of youth development. 45% of the respondents remarked that, in both the private sector and the public sector there were no opportunities for students who had just completed their higher education to gain experience in the workplace and to utilise the critical thinking learnt in the higher education institutions.

Lack of data, information and communication for workforce planning: 45% of the respondents attributed the problem of developing scarce skills to the lack of information as one respondent stated that *“proper workforce planning where there is reviewing and understanding of baselines to determine future skills requirements and therefore close the gaps”.*

During the face to face interviews four participants from the two universities and the two SETAs felt that the current data collection processes such as the workplace skills

plans (WSPs) and annual training reports (ATRs) were not scientific in approach. The same argument was advanced by all the six participants who took part in the focus group session.

- **Personal reasons:** One respondent felt that the lack of scarce skills development was a personal matter due to a mind-set, where *“people are scared to take initiatives to utilise skills obtained at university to start their own businesses”*. The respondent went on further to state that *“another form of hindrance is poverty, where people cannot afford to educate themselves or to equip themselves with relevant skills”*.

The next question which probed qualitative data from respondents was on what could be done to curb the shortage of scarce skills in South Africa. The question was: *What steps can you propose to be taken in curbing the shortage of scarce skills in the South African economy?* The responses received as answers to this question are outlined below.

4.4.5.3 Steps to curb the shortage of skills

The following themes emerged from the respondents' responses:

- **Aligning education and training curriculum to the demands of the workplace**
A total of 52% of the respondents commented on this theme. From their responses, the steps that were suggested included the alignment of the school curriculum to workplace requirements, allowing vigorous training of workers in the workplace, and allowing more experiential learning and apprenticeship opportunities. The suggestion made also included that there should be a shift of focus from university qualifications to the acquisition of knowledge and competence for the workplace, and a move towards retaining, incentivising, and leveraging experienced and educated individuals and those retiring to mentor, coach, and guide the next generation.
- **Analysing training needs for employees from designated groups**
A total of 17% of the respondents alluded to the need for the country to plan and identify the places where scarce skills were going to be sourced. One respondent commented that in order to curb the shortage of scarce skills, the

“Labour department should perform proper audits and speak to the individuals labelled to benefit the company in terms of BBBEE and ascertain what frustrations they are experiencing”.

Another respondent made a call to the government to re-open nursing colleges which are attached to public hospitals and teacher training colleges as a way of curbing skills shortages within the professions.

On the basis of the comment made by the former respondent that the Department of Labour should perform proper audits on BEE designated groups, the researcher also came across a similar comment during the face to face interviews with the human resource development expert, the researcher from a SETA, and the focus group session of the skills development facilitators. The comment from the experts was that individual employees need to be consulted so that they could give their 'voice' to the way they prefer to be trained and developed at the workplace. Such a process may not necessarily be undertaken by the Department of Labour, instead, employers could facilitate the development of scarce skills as a means of improving employee productivity. This could be achieved by allowing employees to set the agenda for their training and thus improve the linkage of curriculum (what is being learnt) and workplace demands.

- **Fostering partnerships among Government, Private Sector, Labour and other role players**

One notable trend among the responses to the expectation of a partnership among key role players was that government should lead the partnership formed to curb the escalation of scarce skills. It was felt by 35% of the respondents that government should:

- Produce a clear implementation plan with targets, resources and performance and reporting indicators for each partner, and
- work closely with the private sector to ensure that there is absorption of the people trained in such initiatives.

One respondent suggested that the development of scarce skills could include the utilisation of ICT resources currently available such as free Wi-Fi in the City of Tshwane or Pretoria as the platform to upskill the general public and workers. Other partners could focus on their company's strengths, for example, companies such as Pearsons and Juta could contribute in this partnership by developing materials to facilitate the provision of content for communities.

- **Transformation of the labour market**

In aggregating the comments provided by all respondents, the researcher concluded that respondents called for the transformation of the labour market in South Africa through:

- understanding of real needs of society for all stakeholders to assist in developing appropriate curricula for the different educational bands, that is basic, technical and vocational, and tertiary, as well as ensuring that skills developed among employees are portable;
- creating a pipeline of skills development all the way from school to employment;.
- keeping abreast of technological developments, by mapping the skills required based on these developments; and by conducting regular audits in each province to determine what skills are needed, and to train people to fill those skills gaps in order to coordinate efforts between training institutions and industry;
- communicating a clear process of reporting by companies, with quotas, based on a skills database that is effectively tracked and monitored;
- creating an environment which entices those citizens with scarce skills who have left the country to return; and
- improving coordination, research-based policy formulation, institutional capacity building, effective monitoring and evaluation, and linking scarce skills development with industrial policy and strategies.

- **Streamlining the funding for skills development**

In the case of funding, 64% of the respondents suggested that it would be effective to use the Sector Education and Training Authority (SETA) funds to underwrite tertiary level education in the subjects related to the SETA's sector. For example, the funds for the Engineering SETA could be used to fund engineering studies. Also, having more bursaries available to poor but capable students would assist. Furthermore, it was suggested that companies should look into subsidising employees who are paying for their own studies related to scarce skills.

- **Transformation of the basic education system**

As was the case regarding the challenges with the basic education system, 81% of the respondents identified the transformation of the basic education system to prepare learners for training and the world of work as the key cornerstone for curbing the shortage of scarce skills in the South African economy. The manner in which this transformation could be accomplished included suggested actions such as:

- Making education an essential service, where educators may not strike.
- Creating greater educational flexibility by having more institutions offering basic and further education courses, as well as more effective employment models for learners completing these courses.
- Teaching skills from junior levels of schooling like in other countries where learners begin technical skills and entrepreneurship for employment in secondary school;
- Improving the teaching of Mathematics and Science at primary school level.
- Training and remunerating Mathematics, Science and Technology teachers suitably in order to retain them.
- Including Early Childhood Development (ECD) in the education pipeline because it is assumed that when the basic skills of numeracy, literacy and problem-solving are taught at an early stage, results at secondary school for these subjects improve.

The quantitative data collected on the SD variable showed that respondents were in agreement with the statements that expressed skills development institutionalisation, conceptualisation, and implementation. Also, the frequency tables showed that respondents were not convinced that their companies institutionalised, conceptualised, implemented, or chose appropriate focus areas for skills development. From the qualitative data reported in this section, respondents felt that institutions for implementing skills development were effective in spite of the lack of monitoring and evaluation.

4.5 Examining associations between demographic variables and CSR and SD

This section presents the results obtained from the associations that might exist between the independent demographic variables and the CSR and skills development dependent variables. According to Blaikie (2003:177), when analysing relationships between two variables statistically, inferential procedures or 'tests for significance' are required. The

test for significance informs whether the relationship in the sample could exist in the population from which the sample was drawn. Also, Saunders *et al.* (2000:357) state that the test for significance refers to the likelihood of a result or a relationship occurring by chance. The statistical significance is usually shown by a '*p*-value' representing the probability that random chance could explain the result. Lastly, according to Acton *et al.* (2009:126), the various cut-off conventions for *p*-values are where the smaller the size of significance, the less likely it is that an error has been made, and therefore it is more likely that the assumption made is true (see Box 4.2).

Box 4.3: Cut-off conventions for statistical significance

$p < 0.05$ means less than a 5 in 100 chance of an error.

$p < 0.01$ means less than a 1 in 100 chance that an error has been made.

$p < 0.001$ means less than a 1 in 1000 chance of an error.

Source: Adapted from Acton *et al.* (2009:126)

According to Blaikie (2003:182), the process of using test statistics to present relationships involves identifying the appropriate test statistic according to the level of measurement and to the type of analysis. The choice could be between Chi-square, *z*-score, *t*-statistic or the *F*-statistic (Saunders *et al.*, 2000:357). Ellis and Steyn (2003) suggest the use of effect sizes for the difference between means to show practical significance for non-random samples where the number of respondents is not large enough. The guideline for the effect sizes is such that the statistic *d* should be interpreted as follows: (a) small effect: $d=0.2$, (b) medium effect: $d=0.5$ and (c) large effect: $d=0.8$.

4.5.1 The influence of gender on CSR and skills development (the *t*-test)

In this study, the first relationship tested was whether the independent variable, gender, had any influence on CSR and skills development as dependent variables. A *t*-test was performed with reference to gender because gender has only two categorical levels. The *t*-test results with equal variances assumed is depicted in Table 4.24.

Table 4.24: Group T-test statistics for gender on CSR and SD factors

		N	Mean	Std. Deviation	Effect size (d)
CSR Practice	Male	35	1,57	,46	0,11
	Female	49	1,62	,48	
CSR Drivers	Male	35	2,99	,73	0,18
	Female	49	3,18	1,03	
CSR Scope	Male	35	1,86	,44	0,28
	Female	49	1,73	,44	
CSR Policy & Compliance	Male	35	1,95	,51	0,15
	Female	49	1,86	,62	
Environmental CSR	Male	35	1,99	,90	0,06
	Female	49	2,04	,99	
SD Institutionalisation	Male	35	2,13	,63	0,18
	Female	49	2,02	,54	
SD Conceptualisation	Male	35	2,84	,81	0,14
	Female	49	2,72	,84	
SD Implementation	Male	35	2,43	,49	0,06
	Female	49	2,47	,59	
SD Focus Area	Male	35	2,12	,74	0,08
	Female	49	2,19	,86	

small effect: $d=0.2$, (b) medium effect: $d=0.5$ and (c) large effect: $d=0.8$.

Based on the d -values that are far lower than the cut-off value of $d=0.20$ shown in Table 4.24, in spite of the $d=0,28$ for the CSR Scope factor, it can be concluded statistically that gender did not yield a statistically significant influence on either the CSR Factors or the SD Factor.

4.5.2 The analysis of variance for CSR and skills development (ANOVA Test)

According to Acton *et al.* (2009:183), the analysis of variance (ANOVA) shows the variability of scores between different groups. The F -statistic is calculated, and the large F value indicates that there is more variability between the groups. What is more important, according to Pallant (2010:253), is the significance of the F -statistic. As shown in Table 4.25 overleaf, the ANOVA results for the CSR and SD variables are not statistically significant - indicating that the means of the factors in each variable did not differ much from one another.

Table 4.25: ANOVA for CSR and SD factors

		Sum of Squares	df	Mean Square	F	Sig.
CSR Practice	Between Groups	,110	2	,055	,242	,785
	Within Groups	18,320	81	,226		
	Total	18,429	83			
CSR Drivers	Between Groups	1,117	2	,558	,654	,523
	Within Groups	69,159	81	,854		
	Total	70,276	83			
CSR Scope	Between Groups	,596	2	,298	1,508	,228
	Within Groups	15,995	81	,197		
	Total	16,590	83			
CSR Policy & Compliance	Between Groups	,326	2	,163	,483	,619
	Within Groups	27,333	81	,337		
	Total	27,659	83			
Environmental CSR	Between Groups	1,114	2	,557	,613	,544
	Within Groups	73,609	81	,909		
	Total	74,723	83			
SD Institutionalisation	Between Groups	3,491	2	1,746	5,770	,005
	Within Groups	24,508	81	,303		
	Total	28,000	83			
SD Conceptualisation	Between Groups	2,939	2	1,469	2,230	,114
	Within Groups	53,382	81	,659		
	Total	56,321	83			
SD Implementation	Between Groups	1,986	2	,993	3,497	,035
	Within Groups	23,001	81	,284		
	Total	24,987	83			
SD Focus Area	Between Groups	,955	2	,477	,723	,488
	Within Groups	53,482	81	,660		
	Total	54,437	83			

4.5.3 Spearman's Rank Ordered correlations of demographic variables with CSR and SD

The Spearman's rho correlation between the demographic variables (size, age, qualifications, and tenure), and CSR and skills development are shown in Table 4.26.

Table 4.26: Spearman's rho correlations of demographic variables with CSR and SD

		CSR Practice	CSR Driver	CSR Scope	CSR Policy & Compliance	Environmental CSR	SD Institutionalisation	SD Conceptualisation	SD Implementation	SD Focus Area
Size (Number of permanent employees)	Correlation Coefficient	,010	,021	,153	,154	-.327*	,107	,240*	,276*	,151
	Sig. (2-tailed)	,928	,853	,168	,163	,003	,335	,029	,012	,174
	N	83	83	83	83	83	83	83	83	83
Age of the respondent	Correlation Coefficient	,087	,071	,014	,029	,047	,067	,031	,021	,107
	Sig. (2-tailed)	,433	,523	,903	,798	,676	,549	,779	,853	,336
	N	83	83	83	83	83	83	83	83	83
Highest academic qualification	Correlation Coefficient	,137	,003	,191	,043	,034	,191	,078	,079	,101
	Sig. (2-tailed)	,215	,982	,081	,700	,756	,081	,481	,478	,359
	N	84	84	84	84	84	84	84	84	84
Years in current position:	Correlation Coefficient	,000	,006	,163	,001	,013	,119	,021	,040	,012
	Sig. (2-tailed)	,996	,957	,138	,990	,906	,283	,848	,720	,914
	N	84	84	84	84	84	84	84	84	84
*Correlation is significant at the 0.05 level (2-tailed).										
** Correlation is significant at the 0.01 level (2-tailed).										

The correlation between the size of the organisation (i.e. number of permanent employees) and the Environmental CSR factor was $r = -.327$; $p=0.003$. This result suggests that the bigger the organisation, the less it practiced environmental CSR. This finding is contrary to normal expectation where large organisations are the ones with resources to implement CSR projects. The correlation between the size of the organisation and the SD Implementation was $r=0,276$; $p=0,012$ while its correlation with the SD Conceptualisation was $r =0,240$; $p= 0,029$. Even though the strength of the two correlations was low, the results support the notion that large organisations conceptualise and implement CSR better than small organisations.

4.6 Correlation between the CSR and SD variables

Regarding the two main variables for the study, namely CSR and skills development, one of the research questions was: *Is there a relationship between CSR and skills development?* This question would be answered using quantitative data by finding out how much of the variance in skills development can be explained by CSR? In this section, an answer to this question shall be presented using correlations that are based on the analyses outlined in Sections 4.3, 4.4 and 4.5.

According to Gray *et al.* (2007:407) correlations are computations that measure the degree of association between two variables, producing a single number known as a correlation coefficient that summarises the relationship using exact scores instead of rough categories. A coefficient of 0.0 means that the independent variable's value does not help us to predict or explain anything about the dependent variable. At the other extreme, a coefficient of either +1.0 or -1.0 signifies a perfect correlation between the two variables. Both strength and direction are important in a correlation test. According to Pallant (2010:134), a correlation strength is small when the correlation coefficient ranges between 0,10 to 0,29, medium between 0,30 to 0,49, and between 0,50 to 1,0. Also, the direction of the association is determined from the sign on the coefficient, meaning that there could be either a positive or a negative correlation.

4.6.1 Correlation of factors for CSR and skills development

Taking into consideration the small sample size (N=84), the Spearman's rho Correlation (r_s) was computed to present the correlations between CSR and skills development variables. The results are shown in Table 4.27.

Table 4.27: Spearman's rho correlations between CSR and SD

		SD Institutionalisation	SD Conceptualisation	SD Implementation	SD Focus Area
CSR Practice	Correlation Coefficient	.616**	-,022	,185	.374**
	Sig. (2-tailed)	,000	,840	,092	,000
	N	84	84	84	84
CSR Drivers	Correlation Coefficient	,160	.556**	,206	-,046
	Sig. (2-tailed)	,145	,000	,061	,677
	N	84	84	84	84
CSR Scope	Correlation Coefficient	.496**	,006	,163	.289**
	Sig. (2-tailed)	,000	,954	,138	,008
	N	84	84	84	84
CSR Policy & Compliance	Correlation Coefficient	.498**	,177	,109	.458**
	Sig. (2-tailed)	,000	,107	,322	,000
	N	84	84	84	84
Environmental CSR	Correlation Coefficient	-,165	,129	-,031	,013
	Sig. (2-tailed)	,134	,241	,780	,910
	N	84	84	84	84
		Medium Correlation coefficients $0,5 > r_s \geq 0,1$			
		Strong Correlation coefficients $r_s \geq 0,5$			
		** Correlation is significant at the 0.01 level (2-tailed).			
		*Correlation is significant at the 0.05 level (2-tailed).			

4.6.1.1 CSR practice and skills development

The Spearman's rho revealed a statistically significant relationship between the two variables, CSR Practice and the SD Institutionalisation on the 1% level of significance. It is noted that the association between CSR Practice and SD Institutionalisation factors is strong because the Spearman's rho coefficient is $r_s = 0.62$, $p < .001$. This implies that with an increase in corporate social responsibility practice there is an increase in the institutionalisation and focus areas of skills development.

According to Pallant (2010:135) in order to determine the change on the dependent variable that could be attributed to the independent variable, the percentage of the square of the coefficient must be calculated. In this study, squaring the correlation coefficients indicated that 38,4% of the variance of SD Institutionalisation was explained by CSR Practice. This also had a positive medium association with SD Focus Areas because the Spearman's rho coefficient was ($r_s = 0.38, p < .001$). Squaring the correlation coefficients indicated that 14,4% of the variance of SD Focus Areas was explained by CSR Practice.

4.6.1.2 CSR Drivers and skills development

Using a similar approach as above, the results in Table 4.27 show that the Spearman's rho revealed a statistically significant relationship between the two independent variables, CSR Drivers and the SD Conceptualisation on the 1% level of significance. It is noted that the association between CSR Drivers and SD Conceptualisation is strong because the Spearman's rho coefficient is ($r_s = 0.57, p < .001$). This indicates that corporate social responsibility drivers are associated with the conceptualisation of skills development. Squaring the correlation coefficients indicated that 32,5% of the variance of SD Conceptualisation was explained by CSR Drivers.

4.6.1.3 CSR scope and skills development

The Spearman's rho revealed a statistically significant relationship between the two variable CSR Scope and the SD Institutionalisation on the 1% level of significance (see Table 4.27). It is noted that the association between CSR Scope and SD Institutionalisation is strong because the Spearman's rho coefficient is ($r_s = 0.50, p < .001$). This suggests that corporate social responsibility drivers are associated with the conceptualisation of skills development. Squaring the correlation coefficients showed that 25,0% of the variance of Institutionalisation of skills development was explained by CSR Scope. The CSR Scope factor also had a positive medium association with SD Focus Areas because the Spearman's rho coefficient was ($r_s = 0.29, p = .008$). Squaring the correlation coefficients indicated that 8,4% of the variance of SD Focus Areas was explained by CSR Scope.

4.6.1.4 CSR Policy and Compliance and skills development

The CSR Policy and Compliance factor was positively correlated to the SD Institutionalisation and SD Focus Areas factors by a strong correlation coefficient $r_s=0.5$ on the 1% level of significance for both factors as shown in Table 4.27. As the Spearman's rho coefficient is ($r_s = 0.50$, $p < .001$), the implication is that CSR policies and compliance are associated with the conceptualisation and focus areas of skills development. Squaring the correlation coefficients indicated that 25,0% of the variance of each factor were explained by CSR Policies and Compliance.

4.6.1.5 Environmental CSR and skills development

The Spearman's rho in Table 4.27 revealed that there was no statistically significant relationship between the independent variable Environmental CSR Practice and the dependent skills development variable. It was noted that there was a weak association between Environmental CSR and all skills development factors because the Spearman's rho coefficient were very low ($r_s = -0.165$; $0,129$; $-0,31$; and $0,13$ with very large p values where the lowest was $0,134$).

4.6.2 Relationship between CSR and SD

In summary, the results among four of the five factors of CSR were consistent. Moreover, the percentage of variance explained by each variable was consistent, ranging from 25,0% to 38,4% with p -values significant at 1%, except for the Environmental CSR factor. Thus, the overall findings revealed a consistent relationship between CSR and skills development. The research question, namely: *how much of the variance in skills development can be explained by CSR?* has been answered in that between 25% to 38,4 % of skills development in the companies that were surveyed can be accounted for by, or can be associated with, CSR. It should also be emphasised that this does not mean CSR *causes* skills development, instead this means that skills development is associated with CSR activities.

4.7 Summary

This chapter presented empirical results from quantitative data and findings from qualitative data on both CSR and skills development. Demographic details of the survey respondents and those of the participants who participated in face to face interviews and focus groups were presented in tabular form and diagrams to describe the research sample. The data collection instrument, which consisted of two subscales, namely, CSR and skills development, was highly reliable. The quantitative results were presented using frequency tables, factor analysis, and descriptive statistics inclusive of the mean, minimum and maximum values, and correlation matrices. Qualitative findings were analysed thematically and presented in the narrative style. Statistical significant correlations were found among the five factors extracted from the CSR variable with four factors extracted from the SD variable. Finally, it was concluded that between 25,0% to 38,4 % of skills development in the companies that were surveyed can be accounted for by CSR.

The next chapter presents the conclusions and recommendations against each research question and highlights the areas of future research.

CHAPTER 5: CONCLUSION, RECOMMENDATIONS AND AREAS OF FUTURE RESEARCH

5.1 Introduction

This chapter presents conclusions and recommendations for the study. In the main it answers to the research question: What are the policy proposals for government to facilitate scarce skills development in South Africa through CSR? The chapter starts with a summary of the findings, presents the recommendations which form a set of proposals for the government to facilitate scarce skills development in South Africa through CSR, highlights areas of further research, and presents the overall conclusion for the study.

5.2 Concluding points

In the literature review of the theoretical and conceptual foundations of CSR and skills development, the empirical results obtained from the survey, and findings obtained from interviews and focus groups, there are five main points of conclusion on which to base the recommendations for the study and are presented below.

5.2.1 Relationship between CSR and skills development

One of the issues that were explored in the empirical section of this study was how some company characteristics could influence CSR or skills development. These are the size of the company, the industry where the company operates, geographic area of operation, and demographic factors impinging on the individual respondents. For both variables (CSR and skills development) there was no statistical significance between all demographic variables and CSR or with skills development except for the size of the company. The statistical significance between the size of the company and CSR performance indicates that large companies tend to implement CSR more than small companies. This finding is in line with literature because CSR tends to be poorly implemented in small businesses (Graafland *et al.*, 2003:45; Orlitzky, 2001:167). Also, from the CSR models presented in Chapter 2, the models depict CSR's occurrence at individual, organisational and societal levels (Wood, 1991; Werther Jr & Chandler, 2006). The same can be said regarding skills development, because according to Rao (1996:27),

skills development as part of human resource development occurs at individual, organisational and societal levels as well.

The empirical data collected and analysed in this study shows that CSR practices within the selected sample of South African companies give rise to skills development. The results showed that an improvement of skills development can be accounted for by CSR. Therefore the question: *how much of the variance in skills development can be explained by corporate social responsibility?* was answered in the affirmative. This conclusion is very important for the study because companies will be encouraged to implement more CSR programmes when they know that such programmes contribute to skills development.

5.2.2. Concluding points on the concept of CSR

5.2.2.1 Conceptual logic of CSR

The notable conclusion point for purposes of this study was that, CSR covers issues that seem to be the responsibility of government and does not promote the clear separation of the public and private sector roles. Instead, CSR provides an opportunity for the public sector to tap into the resources and economies of scale prevalent in the private sector. Having discovered in the review of literature on skills development that successful skills development systems require quality basic education and employer-supported workplace skills learning and development opportunities, a conclusion is made that the CSR logic is suitable to provide an environment in which scarce skills could be developed in South Africa. The logic that CSR practice goes beyond the minimum required obligations implies that companies practicing CSR would help immediate communities in many ways such as hiring of local people to maximise job creation and to reduce unemployment (Bondy, 2008:6). CSR also creates more opportunities for knowledge transfer to the community and helps to attract and retain talent (Frynas, 2005:582; Vogel, 2005:75).

5.2.2.2 The multidisciplinary nature of CSR

The study also concluded that the multidisciplinary nature of CSR which includes the social, environmental, economic and ethical issues presented together under the triple bottom line philosophy as opposed to the single bottom line philosophy was useful for the study. Having CSR influenced from a range of disciplines and academic focus angles

such as business ethics, economics, development, psychology, sociology, and religion thus requires competencies from a range of individuals working together creates effective CSR engagement. In terms of research, the CSR concept gets attention from a broad range of disciplines. In practice within companies, the multidisciplinary nature of CSR increases communication among separate departments and cross-functional teams to improve its implementation. Due to its multidisciplinary nature, CSR affords groups and individuals traditionally not having a voice on the operational practices of companies and gives internal and external stakeholders the opportunity to have more effect on the actions of a company. The increased access of stakeholders to company processes and decision-making causes a paradigm shift within companies in terms of what issues are deemed important and how they go about their daily operational plans.

5.2.2.3 The context factors of CSR

Another issue for CSR was the context factor. The study noted that CSR has become a global norm (Scherer & Palazzo, 2008:413), which means that it is propelled world-wide by globalisation and institutionalised into many levels of an economy- from the company, to national, and even globally with accepted methods and players in its practices of conceptualisation, research, reporting and auditing (Doh & Guay, 2006:48; Ethical Corporation, 2016:online; Idowu, 2015:18). Along the continuum on which CSR can be regarded as explicit on one side and implicit on the other side (Matten & Moon, 2008:404; Soh, Kim & Whang, 2014:99), the literature review revealed that CSR in South Africa occurs within a well-developed network of national public sector organisations, company associations, civil society organisations and academic institutions that engage in its practice (Zimmer & Reith, 2007:74).

The study also found that CSR in developing countries is largely directed towards development issues (Kolk & Van Tulder, 2010:120), as a result, the role of the government and the community becomes key so that they do not hinder the practice of CSR, but instead enhance and support its practice. Also, in most developing countries, communities struggle to highlight their priorities due to either lack of knowledge and the bargaining power in deciding their priorities, as well as the ability to plan and participate in projects connecting CSR and sustainable development (Blowfield, 2005:515). Instead, governments and communities in developing countries tend to focus on immediate short-term benefits that are unlikely to contribute to long-term sustainable development

(Idemudia, 2008:97). The weak regulatory capacity by government and lack of bargaining power and knowledge or ability to set own agenda for sustainable development by the community, stimulates the debate of whether CSR should be voluntary or mandatory in especially in developing countries.

5.2.2.4 The definition of CSR

The last point of conclusion on CSR conceptualisation was that the most quoted four-part definition of CSR that is, the Carroll definition, has in order of importance the economic, legal, ethical and philanthropic responsibilities that are found not to hold in developing countries due to the existence of high levels of poverty within the communities. Instead, philanthropic cases are prioritised in order of importance above ethical issues (Visser, 2006:3; Hinson & Ndhlovu, 2011:333). At present, CSR in South Africa is fragmented, largely philanthropic and not coordinated to support the developmental agenda of the country. Resources from philanthropic donations made by companies are not prioritised together with the government. For example, while many companies fund tertiary education through awarding bursaries on an individual to company basis, the government provides funding to students coming from poor families in the form of low interest loans through the National Student Financial Aid Scheme (NSFAS) (The National Treasury, 2015:online).

5.2.3. Concluding points on the concept of skills development

The three broad areas covered by the literature review form the basis of the following recommendations, namely, how the notion of work has changed in the new economy, how the notion of skill could be conceptualised, and how the skills development system could be arranged within the context of South Africa.

5.2.3.1 Work in the new economy

According to the literature, the nature of work has changed from the late 20th century industrial period, where economic wealth was generated by exploiting natural resources to producing commodities through mass production called Fordism. It then changed to a 21st century knowledge economy forcing workplaces to adopt different ways of operating, including changing the roles of workers, owners, and managers (Castells, 2001:3; Piore & Sabel, 1984; Sweet & Meiksins, 2008:24). Workers no longer develop a career in one

organisation, instead, they pursue a number of careers during their working life. Furthermore, there is no longer a form of secured employment thus exposing workers to uncertainty and the need to be skilled in a number of areas.

Under the new economy, workplace learning becomes a tool through which companies gain competitive advantage through recruitment and retention of workers, development of innovative practices, and the production of new knowledge. As a result, learning is at the heart of productive activity (Zuboff, 1988:396). Rose (2016:98) states that the world of work has created major implications for learning because career and technical education (CTE) has to consider new developments to counter the fact that work is becoming computerised, more enhanced by technology, and increasingly shedding out most white collar and professional jobs into component parts or digitised. Due to this transition, work needs to relate to flexible, demand-oriented employment and training methods.

In the knowledge economy there is a need for the creation of ideas, new market demands, and niche markets where personalising existing products, services, attitudes and values matter as much as knowledge and technical skill. When it comes to workplace learning specifically, the learning environment becomes the one where learning is a process embedded in production and organisational structures, and participation in communities of practice and situated learning (Vaughan, 2008:online; Wenger, 1998:181). Communities of practice require organisations and managers in particular to understand and support this form of learning both financially and materially. Life-long learning thus becomes a necessity among workers. In terms of the link between CSR and skills development, the skills developed under the CSR framework would not just be helpful to employers alone. This is due to the fact that, under CSR employees and other stakeholders such as unions and civil society organisations participate in setting the agenda for employee development. Therefore, the CSR logic would provide a post-Fordist training design which is more suitable to the demands of flexibility in the new economy.

5.2.3.2 The concept of skill

The literature review highlighted the positivist and the sociological approach to the definition of skill together with their merits and shortcomings. The merit in the positivist

tradition is that it underpins the user-friendly and popular human capital theory that accounts for how human resources are viewed in the capitalist system today. The sociological approach emphasises the context in which the skills are developed and used and thus gives rise to the categorisation of skill and creation of dichotomies such as reference to 'unskilled' versus 'skilled' individuals and the divide between 'academic' and 'manual' skills. The typology of skills indicated that there are soft or generic and hard or technical skills, and that most employers nowadays find school leavers lacking in the soft or generic skills. Another typology of having entry, intermediate (technicians and artisans) and high skills (engineers) levels, was advanced by Kraak (2004:47-49) to highlight that South Africa lacked skills at intermediate and high skills levels and asserted that in the short to medium term, South Africa could alleviate unemployment by focusing on producing intermediate level skills in the areas of scarce skills, e.g. artisans, technicians, and service workers. McGrath (2004:194) remarked that South Africa was better positioned to pursue a high-skills equilibrium where focus and emphasis are put on developing high levels skills for the economy.

According to Vaughan (2008:13) a persistent divide still exists between academic knowledge and work that is aligned with theoretical, abstract, discipline-based knowledge and thinking on the one hand, and vocational or technical knowledge and work that is aligned with practical, experiential, and observable phenomena on the other. In South Africa, attempts to bridge this divide were made by establishing the Human Resource Development Council's Integrated Implementation Plan that outlines collaborating institutions to produce set quotas on artisans and related workers, professionals, and academics (DHET, 2014:4). Other institutions that set out to produce intermediate skills and workplace related qualifications are the SETAs as their performance was always below what was expected of them all along since their formation in 2001. In this study, one research expert on skills development and a researcher from one of the SETAs within the sector that experiences scarce skills, who were both interviewed, highlighted the fact that the current method of determining scarce skills was flawed, ineffective and based on quantitative measures. This was also the case with planning for subsequent training.

5.2.3.3 The skills development system in South Africa

According to the literature, at the national and global levels, unemployment, the labour market, and the role of intergovernmental organisations such as the ILO, the UNDP,

OECD, and the World Bank dominate the discussion on skills development because human development is the cornerstone of economic development (OECD, 2000:8). The problems encountered by past projects that were set up to develop scarce skills in South Africa are well documented in government reports such as the JIPSA and ASGISA and have resulted in the formation of new organisations by the government (e.g. the HRDC), the enactment of laws such as the National Qualifications Framework Act (67/2008) and the adoption of new policies, namely, the National Development Plan (NDP), the New Growth Path (NGP), and the Industrial Action Policy Plan (IPAP). In spite of having institutions that should produce the required skills in the economy, the shortage of skills in key sectors persists.

Based on the conclusions outlined above, the following recommendations are made.

5.3 Policy proposals for government

The following eight recommendations or policy proposals are made for government on the basis of the findings and results obtained in the study.

Recommendation 1: adoption of both mandatory and voluntary approaches to CSR

South Africa would benefit when both voluntary and mandatory approaches to CSR are maintained. The various departments within the South African government, namely, the Departments of Labour, Trade and Industry, and National Treasury should neither make CSR mandatory beyond what the country has at present nor relax the current methods and tools used to implement CSR such as the acts of parliament, codes of good practice and tax incentives and preferential procurement in government goods and services.

The recommendation is based on the fact that the focus of CSR is moving away from being used as a business tool for marketing and risk management but expanded to include the sustainable development issues in developing countries (Fox *et al.*, 2002:12; OECD, 2000:8). A heavy-handed approach to private companies by government may cause the sustainable development efforts benefiting the South African government to diminish when companies are coerced to implement CSR. According to Luo (2004:431) the relationship between the private sector (MNCs) and host-governments has improved from being adversarial to being simultaneously both cooperative and competitive. Therefore, governments in developing nations have an opportunity to engage the private

sector to a partnership in their developmental agendas. Also, the fact that South Africa, and other developing countries lack empirical research in the area of CSR is a sign that the know-how within government to regulate and enforce CSR may be lacking.

If CSR were to be enforced by law in South Africa in a manner such as the one adopted by India where companies are obligated to contribute 2% of their earnings to CSR (Japhet, 2015:online), the decision would require the setting up and enforcing the laws and regulations on CSR by the government. This would stretch the scarce resources of government and put more pressure on its already weak institutions to regulate CSR (Hönk *et al.*, 2008:23). If CSR were to be compulsory, then skills development (which companies are not compelled to do), would not be advanced any better than it is currently because training and development at the workplace is largely voluntary, and left to the dictates of the private companies and the employees themselves.

On the mandatory side, the South African Companies Act (61/1973) does not oblige companies to engage in CSR projects, but the BBBEE Act (53/2003) requires companies to develop Codes of Good Practice, the Preferential Procurement Policy Framework Act (PPPFA) (5/2000), and the Employment Equity Act (5/1998) to adhere to these laws. On the voluntary side, South Africa consists of a set of the King I, II and III reports that are globally recognised and widely acknowledged by companies and the Johannesburg Stock Exchange to encourage companies to acknowledge all stakeholders in the business environment and to adopt a triple bottom line approach to corporate governance focusing on social, environmental and economic concerns. The recommendation is that the implementation of the current voluntary and mandatory measures must be strengthened.

Recommendation 2: creation of a CSR Council at NEDLAC

It is recommended that instead of making CSR mandatory, the South African government ought to provide increased support to the private sector regarding the application of the current provisions for implementing CSR, for example, the BBBEE Act and its Industry Codes of Good Conduct. Support and coordination could be facilitated by establishing a Council that is not accountable to government but to the NEDLAC. One of its objectives should be to direct CSR resources to programmes that relate to 'development', such as skills development, innovation promotion, and entrepreneurship in the country. The

Council should promote development-oriented research to assist stakeholders of NEDLAC to understand CSR and produce the country's plan of action that would prioritise issues to be addressed by CSR. For example, the Council could investigate how companies set up plans that assist workers when they are retrenched to gain alternative employment because in spite of the Social and Labour Plans found in many sectors, employees get retrenched and struggle to find other avenues of continuing to be economically active.

The proposed NEDLAC CSR Council would include government, civil society, business and academia at country level. The Council would be responsible for creating a vision and strategy for CSR; deal with the implementation of tax incentives to companies for sharing the public service burden; strengthen the implementation of the already-legislated instruments for socially responsible procurement and personnel recruitment practices in the form of the BBBEE, PPPFA, and the Employment Equity Act. Furthermore, the committee would be responsible for working closely with global NGOs and IGOs to promote CSR, and with the Chapter 9 Institutions in South Africa, for example, the Human Rights Commission and the Public Protector as reflected in the Constitution of the Republic of South Africa to refer cases of non-compliance. On the voluntary side, the Council should facilitate CSR and partner with other stakeholders to share resources by, for example, encouraging universities and business schools to include more CSR modules in business education and management studies and by developing CSR awards across sectors to reward progressive company behaviour. These awards could form part of the National Orders conferred by the State President to deserving 'corporate citizens' every year.

Recommendation 3: retain highly-skilled individuals through legislative amendments

Because employee mobility is high within the globe, South Africa can either lose scarce skills or attract them from other parts of the globe by creating a favourable environment in which skilled individuals can settle. The Department of Home Affairs needs to work with the DOL to develop a coherent set of laws that support and address skills shortages in the labour market through work permits and other immigration instruments.

Recommendation 4: promote learning and development in the workplace to incubate high-level skills

In order to meet the skills demands of the new economy, learning in the workplace should be immensely improved by having employers turning the workplace into active learning sites, creating and supporting Communities of Practice – which are structures that provide innovation, new ideas, and communication in the workplace (Wenger, 1998:182). Human resource management policies would need to be harmonised so that internships can be better managed, and jobs redesigned to allow rotation and learning, on-the-job-training, and innovation by, for example, incubation of ideas to improve productivity. The labour unions should assist in promoting the concept of life-long learning among workers and support workers with deliberate interventions such as worker education, which forms part of the five pillars of South Africa's Human Resource Development Integrated Implementation Plan (DHET, 2014:4). The DOL should ensure that employers invest in workers and assist them in developing more skills in order to be 'employable' in other alternative careers as a way of avoiding retrenchments and improving Social and Labour Plans.

It is recommended that the national sphere of government, through the Department of Public Service and Administration (DPSA) and the Department of Cooperative Government and Traditional Affairs (COGTA), should improve their determinations for internship and graduate recruitment schemes. This should entail an increased stipend, focused mentorship programmes, and increasing the duration of the internship period from 12 months to 24 months in order to gain the necessary experience required by employers (Interview with respondents from the DTI and DPSA, October 2015). The government departments should be allowed to hire more interns who may not be eventually employed by government to gain experience in departments such as Public Works, Water and Sanitation, and State Owned Enterprises (SOEs) such as Telkom, Eskom, Petro SA - which are the SOEs associated with scarce skills. The improved determinations should also be implemented at local government through municipalities and other relevant organisations where scarce skills are required.

Recommendation 5: create public-private-partnerships (PPPs) for skills development and reform the TVET system

The government should mobilise the private sector to partner with it and other social partners to plan how the scarce skills crisis could be alleviated. An example of what government and the private sector could achieve when they cooperate is exemplified by the Adopt-A-TVET College campaign spearheaded by the Deputy Minister for Higher Education that pairs each of the 52 TVET colleges with private sector companies to train the youth in artisan and related professions. More such partnerships could be developed while existing ones could be continued and strengthened. The key strategy should be to improve the pathways between school, work, and further training. This study recommends a TVET system where schools teach both academic and vocational subjects from Grade 8 up to Grade 12 rather than focusing first on academic subjects and then only if a learner does not succeed, he or she can learn vocational subjects. The system of separating academic and vocational subjects has a negative effect on the motivation of the learner because the move to vocational subjects after not succeeding with academic subjects, is perceived to be an indication that the learner is a failure. With the proposed TVET system, labour market fluctuations could be avoided thus resulting in the government and employers being better placed to finance vocational training.

Recommendation 6: research and design a new system to determine and define scarce skills in the national scarce skills list

The research process in determining scarce skills among SETAs should include the qualitative methods of collecting scarce skills data in the workplace. Such a process should include the input from workers that are directly involved with the practice of those skills and not only managers and supervisors. The Recognition of Prior Learning (RPL) across all SETAs should be implemented as a matter of urgency to enable employees to port-and-transfer their skills and qualifications from one employer to another – particularly if they are retrenched. The key informant on human resource development (HRD) indicated that the current dominant methodology used in the process of identification of scarce skills is mainly quantitative and that this could be improved by also introducing a qualitative approach that will involve workers in the process of determining scarce skills.

Recommendation 7: developing an effective monitoring and impact assessment system for skills development

South Africa needs a new approach to the monitoring and evaluation of the national skills development system. The approach to the planning, monitoring and evaluation of future multi-stakeholder projects in South Africa must be coherent and integrated. The causal connections between the programme's activities, the intermediate outcomes and its ultimate goals should be explicitly shown. By doing so, it could be useful in guiding all role players in developing a common understanding of their roles. Most participants who were interviewed, identified perceived causal routes that exist from early childhood development phase up to workplace training. For example, the key informants who were company executives indicated that employers expect new entrants whether from school or universities to be ready for the world of work.

Recommendation 8: harmonising the source of funding for scarce skills

The three national departments, namely the DOL, DHET, and the National Treasury need to harmonise the current sources of skills development funding to ensure that the money is spent in a sustainable manner. It would be advisable to locate the National Skills Fund (NSF) from the DHET to the National Treasury because even donor funding from other countries are managed on behalf of government through the National Treasury (The National Treasury, 2015:online). Currently, the NSF is administered under the Minister of Higher Education and Training with large sums of money being spent on bursaries at tertiary institutions and the revamping of the Technical Vocational Education and Training (TVET) colleges across the country, while much more is needed on the ground (National Skills Fund, 2015:78). This shows that funds are disproportionate to the needs in South Africa.

Another point to consider regards the philanthropic resources utilised in the supply and demand of scarce skills within the skills development system. Because training and skilling of individuals who may end up without jobs will be a waste of human and financial resources, the issue of employment and job creation must also receive special attention by the government and the private sector.

Recommendation 9: creating awareness of skills development opportunities to the public

The DHET should strengthen the functioning of SETAs, sectoral agencies, and universities to plan and make their curricula relevant, guide learners to careers, and anticipate the fluctuations of the labour market better by adopting both quantitative and qualitative approaches to identify and define scarce skills. The Organising Framework for Occupation (OFO) needs buy-in from unions and employers. The DOL and DHET should collaborate with other government entities at national sphere, for example, the Government Communication and Information System (GCIS) could disseminate career guidance information and trends of the labour market so as to reach the unemployed graduates, their parents, and communities. This campaign of ensuring that information about careers reach many citizens should also be done in collaboration with the municipalities at local government level and one-stop shop centres countrywide.

5.4 Areas for future research

Out of many areas on which CSR and skills development could be researched, the role of CSR in economic and human development and sustainability would be valuable to South Africa since this country is currently undergoing social and economic transformation. The literature review on CSR revealed that most research has been done in the developed economies of the US and UK. In order to understand how CSR could promote development, it would therefore require that its manifestation is understood within the African and the South African contexts. So, empirical studies on how for example, the construct of Ubuntu (humanism) in South Africa affect executives to implement CSR or CSI in their companies could be an area of research focus. There is also a need to investigate the effect of contextual factors of developing countries to the Anglo-American system of corporate governance and how it affects CSR in these countries.

Employees are one important stakeholder of any organisation, but research into the impact of CSR in their attitudes and behaviour at the workplace is scarce. On this basis, it would be important for researchers to investigate the employee-centred perspective on CSR.

5.5 Conclusion

This study is one of the few studies to use both qualitative and quantitative methods to investigate CSR on organisational matters. The main objective of the study was to explore what role CSR could play in pulling together various social and economic actors such as the private sector, government, organised labour, and civil society in developing scarce skills for the South African economy. Ultimately, the central task of this study was to describe a theoretical model of an ideal partnership using CSR among economic actors in the South African economy and from this to develop a conceptual toolkit to examine any success when using CSR. The conceptual toolkit is found in the recommendation proposed for government to endorse or facilitate CSR. The study also highlighted that for purposes of human development and the creation of human capability, skills development is necessary to empower individuals to develop holistically with CSR as a concept that harnesses this ability. With calls to partnerships occupying centre stage between government and the private sector since the beginning of the democratic dispensation, the results of this study will contribute on the evolution of a 'partnership approach' to the delivery of scarce skills. The findings of this study have shown that CSR is a useful framework to achieve the endorsing and facilitation role of the various role players in a national project such as skills development.

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ANNEXURES: QUESTIONNAIRE



Survey on Corporate Social Responsibility (CSR) and the Development of Scarce Skills in South Africa: The Proposed Model for Government

We would like to take the opportunity to thank you for agreeing to participate in the above-mentioned survey. Participation is voluntary. If you wish not to continue with this survey process, you are free to discontinue without giving any reason. You will not be penalised. .

For your information:

Participating in this research project will not harm you in any way.

- All records and notes of participation will be kept strictly confidential. Only the researcher will have access to this information.
- The results from this study will in the form of a research report and academic/professional journal papers.

RESEARCH CONSENT

Your signature below will indicate that you understand and agree to the terms and conditions as stated above.

Thank you in advance for your kind assistance in this matter.

SJ Manana

.....

Participant Signature

.....

Date

PART 1: INTRODUCTION

1. Purpose

The purpose of this survey is to explore the extent to which CSR efforts of private corporations develop the scarce skills that are needed by the South African economy.

2. Definition of Key Terms

Corporate Social Responsibility is defined as the –

“...continuing commitment by business to behave ethically and 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” (Hopkins, 2007:24).

Scarce skills- refer to those occupations in which there are a scarcity of qualified and experienced people, currently or anticipated in the future, either (a) because such skilled people are not available or (b) they are available but do not meet employment criteria (Department of Higher Education, 2014). Currently, the South African economy experiences shortages in **ten clusters** of occupations, viz., Manufacturing Managers, Industrial and production engineers, Environmental engineers, Telecommunications engineers, Nursing professionals, Vocational Education teachers, Software developers, Physical and Engineering Science Technicians, Plastic Products machine operators, and Earthmoving and related plant operators.

Private sector- refers to all multinational corporations, national privately owned corporations and those traded on the Stock or Securities Exchange as stipulated in the Companies Act 71 of 2008.

3. Process

- For any questions and comments, feel free to contact my promoter, Prof J.F. Cronjé at freek.cronje@nwu.ac.za or Tel: (018) 299 1753.
- Kindly return all filled questionnaires to the researcher by hand or scanned email to sipho.manana@thensg.gov.za

Thank you in advance

Mr Sipho J Manana

SECTION A: PROFILE OF RESPONDENT

1. Name of Organisation:

2. Industry:

3. Areas of Operation:

<input type="checkbox"/>	RSA (only)
<input type="checkbox"/>	RSA and Other countries in Africa
<input type="checkbox"/>	RSA, Other countries in Africa, and other Continents
<input type="checkbox"/>	Other (specify)

4. Size (Number of permanent employees):

<input type="checkbox"/>	0-50
<input type="checkbox"/>	51-1000
<input type="checkbox"/>	1001 – 5000
<input type="checkbox"/>	Above 5000

5. Position of the respondent:

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6. Age of the respondent

Below 30	<input type="checkbox"/>	Between 31-40	<input type="checkbox"/>	Between 41-50	<input type="checkbox"/>	Between 51-60	<input type="checkbox"/>	Above 60	<input type="checkbox"/>
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7. Gender of the respondent:

Male	<input type="checkbox"/>	Female	<input type="checkbox"/>
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8. Highest academic qualification:

Diploma	<input type="checkbox"/>	Bachelor degree	<input type="checkbox"/>	Honours degree	<input type="checkbox"/>	Master degree	<input type="checkbox"/>	Doctoral	<input type="checkbox"/>
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9. Years in current position:

10. Occupational Status:

11. Nationality:.....

12. Language:.....

SECTION B: CORPORATE SOCIAL RESPONSIBILITY (CSR) PROCESSES AND PRACTICES

INSTRUCTION: Unless stated otherwise, rate each of the following statements by making a cross (X) in the appropriate block using the response categories shown below:

1 = Strongly Agree 2 = Agree 3 = Undecided 4 = Disagree 5= Strongly disagree

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1. The main agenda of my company's CSR initiative is to give something back to society.	1	2	3	4	5
2. The main agenda of my company's CSR initiative is to gain visibility in the market.	1	2	3	4	5
3. The main agenda of my company's CSR initiative is to improve its financial performance.	1	2	3	4	5
4. Our company is concerned with being a good corporate citizen	1	2	3	4	5
5. CSR is part of <i>Ubuntu</i> (humanism)	1	2	3	4	5
6. Our company pays attention to the triple bottom line	1	2	3	4	5
7. Our company is concerned with both the internal and the external environments of the corporation.	1	2	3	4	5
8. CSR activities should be undertaken even if it is unprofitable because it is ethically correct.	1	2	3	4	5
9. Our company has a "license to operate" in its community	1	2	3	4	5
10. Our company addresses the priorities of the Millennium Development Goals (MDGs).	1	2	3	4	5
11. Our company has a clear corporate social responsibility (CSR) policy.	1	2	3	4	5
12. Our company follows strict procedures to stop any form of discrimination in the workplace.	1	2	3	4	5
13. Our company promotes diversity in the workforce.	1	2	3	4	5
14. Our company is fully compliant with the Broad Based Black Economic Empowerment (BBBEE) Act	1	2	3	4	5

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
15. A whistle blowing policy is in place for employees to report any misconduct at work	1	2	3	4	5
16. We buy our products from the local community.	1	2	3	4	5
17. Our company adheres to the King III Report on corporate governance.	1	2	3	4	5
18. Our company supports employees' activities in the community.	1	2	3	4	5
19. Our company complies with health and safety regulations in the workplace.	1	2	3	4	5
20. Our company has a procedure in place to respond to every customer complain.	1	2	3	4	5
21. Our company provides full and accurate information about our products and services to all our customers.	1	2	3	4	5
22. We ensure that suppliers are always paid on time.	1	2	3	4	5
23. The potential negative impact of our operations on the community are monitored.	1	2	3	4	5
24. Our company provides financial support and material to local community activities and projects (e.g. charitable donations, sponsorship).	1	2	3	4	5
25. Our company considers potential environmental impacts when developing new products and services.	1	2	3	4	5
26. We have a functioning waste management and pollution prevention programme in place.	1	2	3	4	5
27. We improve social infrastructure and living conditions in our communities.	1	2	3	4	5
28. Our company contributes to the development of sustainable livelihoods in our communities.	1	2	3	4	5
29. Our company purchases its goods and services from the cheapest suppliers irrespective of their CSR performance.	1	2	3	4	5
30. Our CSR policy is based on the policies of international organisations such as GRI, WBCSD, ILO and UN	1	2	3	4	5
31. Our company does not have a waste recycling programme.	1	2	3	4	5

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
32. We have concrete measurable targets to judge our CSR practice.	1	2	3	4	5
33. We have an established method for monitoring CSR performance.	1	2	3	4	5
34. We have an established method for providing feedback to our stakeholders.	1	2	3	4	5
35. We rarely ask our stakeholders what they want and need.	1	2	3	4	5
36. We have standard procedures that we follow to determine the needs of our stakeholders.	1	2	3	4	5

SECTION C: SKILLS DEVELOPMENT PROCESSES AND PRACTICES

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
37. Employee development in my company is done as part of corporate social responsibility.	1	2	3	4	5
38. The principle of life-long learning has been accepted as one of the aims of the human resource department	1	2	3	4	5
39. The process of ensuring employability of the employees (even when they leave our company) forms part of my company's organisational policies.	1	2	3	4	5
40. Our company regards skills development as a profit-sacrificing activity.	1	2	3	4	5
41. The process of identifying scarce skills that are relevant to our company is clear.	1	2	3	4	5
42. The process of identifying scarce skills relevant to our company forms part of our long-term planning.	1	2	3	4	5
43. I am aware of which skills are scarce in the economy.	1	2	3	4	5
44. The scarce skills identified are the ones which hinder economic growth.	1	2	3	4	5

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
45. Multiskilling can be the answer to skills shortages.	1	2	3	4	5
46. Our company invests in developing skills that are related to their business operations.	1	2	3	4	5
47. Our company invests in developing skills that can be useful in other companies as well.	1	2	3	4	5
48. Our company has targeted to support the Science, Technology and Mathematics (STEM) teaching of subjects in schools.	1	2	3	4	5
49. Our company gives preference in supporting Blacks and Women students within the STEM subjects.	1	2	3	4	5
50. Our company provide work practice opportunities to students looking for experiential training.	1	2	3	4	5
51. Our company has a policy which guides the hiring of interns every year.	1	2	3	4	5
52. Our company promotes job rotation among different units.	1	2	3	4	5
53. Our company encourages staff to study on their own accord and use working time for this.	1	2	3	4	5
54. Our company fund staff who pursue qualifications at all levels.	1	2	3	4	5
55. Our company prioritises the employment of unemployed graduates.	1	2	3	4	5
56. Our company supports local schools because poor outcomes of primary and secondary education hinder the development of scarce skills.	1	2	3	4	5
57. Our company supports local universities because poor outcomes at universities hinder the development of scarce skills.	1	2	3	4	5
58. Our company has the organisational responsibility to identify scarce skills among their staff.	1	2	3	4	5
59. Our company scans the labour market to detect scarce skills within the industry.	1	2	3	4	5
60. Government is currently doing less than expected in fulfilling its role and responsibilities with regard to the	1	2	3	4	5

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
production of scarce skills for the economy.					
61. The private sector is currently doing less than expected in fulfilling its expected roles and responsibilities with regard to the production of scarce skills for the economy.	1	2	3	4	5
62. Government should encourage self-regulating mechanisms (e.g. Codes of Conduct, Sector Charters, and Standards, the BBEEE Score Cards.	1	2	3	4	5
63. There is a symbiotic (working) relationship between government and private corporations in skills development in South Africa.	1	2	3	4	5
64. The third sector stakeholders (i.e. NGOs, CSOs and IGO ¹ s) are currently playing an adequate and important role in the production of scarce skills in South Africa.	1	2	3	4	5
65. Most initiatives implemented by the private sector aimed at producing scarce skills are part of compliance with the law and not undertaken voluntarily with a conviction that they are necessary for the sustainability of the company.	1	2	3	4	5
66. The human resource management systems (human resource planning, career management, promotion and rewarding schemes etc.) within our company support/promote the development of scarce skills in the country.	1	2	3	4	5
67. The cost for developing scarce skills should be borne by government.	1	2	3	4	5
68. The cost for developing scarce skills should be borne by the private sector.	1	2	3	4	5
69. The cost for developing scarce skills should be borne by the workers or learners themselves.	1	2	3	4	5

¹ NGO= Nongovernmental organisations, CSO=Community based organisations, IGOs=Intergovernmental organisations.

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
70. The National Student Financial Aid Scheme (NSFAS) is a suitable funding mechanism to develop scarce skills in South Africa.	1	2	3	4	5
71. The SETAs are the suitable institutions to fund scarce skills.	1	2	3	4	5
72. Apprenticeships are the suitable system to develop scarce skills.	1	2	3	4	5

SECTION D: OPEN –ENDED QUESTIONS

1. Do you think the institutions (Laws like BEE Act, Skills Development Act, Employment Equity Act, Sector Education and Training Authorities, and Tax Incentives) set by government are effective in developing scarce skills within the labour market? Explain briefly.

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2. In your view, what is/are the major stumbling blocks in the scarce skills development process?

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3. What steps can you propose to be taken in curbing the shortage of scarce skills in the South African economy?

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4. On a scale of 1 to 5 (where **1** = No Involvement, 2 = some involvement, 3 = limited involvement and **4** = High Involvement), among the following institutions (role players) which one should take the lead in the setting of the **curriculum** for developing scarce skills in South Africa?

Stakeholder	Rating(1-5)
Universities	
Technical and Vocational Education and Training (TVET) Colleges	
Schools (Primary and secondary)	
Students currently pursuing qualifications in these fields	
Employees in these occupations	
Employers (workplace)	
Labour Unions	
Professional bodies in scarce skills occupations	
The relevant government department associated with the scarce skill/occupations	
Community and Civil Society	
NGOs	
State Owned Enterprises (SOEs)	
Special Programmes (e.g. Extended Public Works Programme)	
Other (specify)	

INTERVIEW OF KEY RESPONDENTS

A selected number of key respondents will be interviewed on a face-to-face, focusing on the drivers, opportunities and challenges of CSR and the development of scarce skills in South Africa, and specifically, the nature and expectations of government role and the interaction of CSR and skills development policy. The questions are open-ended and include general lines of inquiry that will be followed-up by specific questions tailored to the respective groups.

(a) Interview Protocol

Research Topic: Corporate Social Responsibility (CSR) and the development of Scarce Skills in South Africa: The Model for Government

Major themes for interview

- Background of key respondents

(Demographic information, employment status, name of organisation, position and title of respondent, place of interview and time),

- CSR knowledge
- Skills development as part of CSR
- Knowledge & identification of scarce skills
- Adequacy of public policy to skills development
- Effectiveness of current skills development system
- Funding for scarce skills development

Documents to be obtained from respondent (could include company profiles and CSR related projects):

(b) Introductory Protocol

1. Greet the respondent.
2. Mention my name and the university where I am studying.
3. Thank the respondent for agreeing to share his/her experience in this study. Mention that selection was based on the role him/her and his/her organisation will provide useful information for the project.
4. In order to facilitate note-taking, ask permission to audio tape the conversations. Information recorded will only be available to persons working on this study and contents will be kept strictly confidential. The tape will be destroyed after transcription and text will be treated with anonymity.

5. Allow the respondent to sign the consent form to indicate agreement to the interview. Read contents of the consent form.
6. Indicate that the interview is planned to last for one hour and it may be necessary to speed up some of the activities when time is running out. This could include interrupting him/her at some points.

Thank him/her for cooperation.

Begin the interview:

Question 1: What is your understanding of CSR? What are some CSR projects which your company is currently involved with? [Is any of the current CSR programmes focusing on employee development or talent management?]

Question 2: Do you know of any types of scarce skills prevalent in your company at the moment? What do you think are the reasons for these skills to be scarce? Now at the industry level, which other skills additional to those in your company are scarce?

Question 3: What do you think should be the role of -

- (a) parents and the individual
- (b) school
- (c) Department of Labour
- (d) employers
- (e) labour unions
- (f) civil society (churches, community organisations, NGOs, etc) in the production of scarce skills for the economy.

Question 4: In your view, what is/are the major stumbling blocks in the scarce skills development process? What steps can you propose to be taken in curbing the shortage of scarce skills in the South African economy?

Question 5: Has your organisation identified skills that will be needed for its future operations?
If Yes, then are some of these skills part of scarce skills at the moment?
If Yes, then how does your organisation plan to get such skills?

Question 6: Do you think that the process of identifying scarce skills is effective? How can it be improved?

Question 7: What do you think are the reasons for unemployed graduates? How can they be avoided?

(c) Conclusion Protocol

1. Thank the respondent.
2. Switch off the tape recording.
3. Assure him/her about the confidentiality of the information collected.
4. Commit to share the results of the study with him/her and his/her organisation.

ACRONYMS

ASGISA	Accelerated and Shared Growth Initiative for South Africa
ANOVA	Analysis of Variance
ATR	Annual Training Report
BOP	Bottom of the Economic Pyramid
BBBEE	Broad-Based Black Economic Empowerment
BE	Business Ethics
CED	Centre for Enterprise Development
CSO	Civil Society Organisations
COSATU	Congress of South African Trade Unions
COGTA	Cooperative Government and Traditional Affairs
CME	Coordinated Market Economy
CC	Corporate Citizenship
CSI	Corporate Social Investment
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
DBE	Department of Basic Education
DED	Department of Economic Development
DHET	Department of Higher Education and Training
DOL	Department of Labour
DSD	Department of Social Development

DE	Developmental Economy
EAUM	European Assets Under Management
ECD	Early Childhood Development
ET	Education and Training
ESI	Enlightened Self-interest
EU	European Union
FDI	Foreign Direct Investment
FEDUSA	Federation of Unions of South Africa
GCIS	Government Communication Information Systems
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i>
GRI	Global Reporting Initiative
GNP	Gross national product
GEAR	Growth, Employment, and Redistribution
HRD	Human Resource Development
HRDS	Human Resource Development Strategy
HRM	Human Resource Management
HSRC	Human Science Research Council
IPAP	Industrial Policy Action Plan
ICT	Information and Communication Technology
ISEA	Institute of Social and Ethical AccountAbility
IJM	Integrative Justice Model

IGOs	Intergovernmental Organisations
ILO	International Labour Organisation
IMF	International Monetary Fund
ISO	International Standards Organisation
JSE	Johannesburg Securities (Stock) Exchange
JIPSA	Joint Initiative on Priority Skills Acquisition
KMO	Kaiser-Meyer-Olkin
LME	Liberal Market Economy
MERG	Macroeconomic Research Group
MNC	Multinational Company
NBI	National Business Initiative
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NQF	National Qualifications Framework
NSA	National Skills Authority
NSDS	National Skills Development Strategy
NSFAS	National Student Financial Aid Scheme
NYDA	National Youth Development Agency
NGP	New Growth Path
NTBE	Normative Theory of Business Ethics
NWU	North-West University

OECD	Organisation for Economic Cooperation and Development
PPP	Public Private Partnership
RDP	Reconstruction and Development Programme
RSA	Republic of South Africa
STEM	Science, Technology, and Mathematics
SETA	Sector Education and Training Authority
SAAR	Social Auditing, Accounting, and Reporting
SRI	Socially Responsible Investment
SAICA	South Africa Institute of Chartered Accountants
SACU	South African Customs Union
SAPS	South African Police Service
SAQA	South African Qualifications Authority
SADC	Southern African Development Community
SPSS	Statistical Package for the Social Sciences
SM	Stakeholder Management
SD	Standard Deviation
SOE	State-owned Enterprise
SUS	Sustainability
SDG	Sustainable Development Goal
TVET	Technical and Vocational Education and Training
TBL	Triple Bottom-line

TRC	Truth and Reconciliation Commission
UK	United Kingdom
UNDP	United Nations Development Programme
UNGC	United Nations Global Compact
USA	United States of America
VET	Vocational Education and Training
WSP	Workplace Skills Plans
WBCSD	World Business Council on Sustainable Development
WCED	World Commission on Environment and Development
WTO	World Trade Organisation
WWF	World Wildlife Fund



EDITING OF RESEARCH REPORTS & PROPOSALS, JOURNAL ARTICLES, MASTER'S DISSERTATIONS & DOCTORAL THESES IN PSYCHOLOGY & SOCIAL WORK*

Work undertaken by Psychology Master's graduate (Cum Laude). Academic editing experience: Since 1997. Extensive writing/research/editing portfolio since 1982.

This is to certify that I have done advanced editing for Mr Sipho J. Manana's PhD thesis entitled, "Corporate Social Responsibility and the development of scarce skills in South Africa: A proposed model for government."

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Saturday 19 November 2016

* Other disciplines also accepted.



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10 April 2017

Re: Thesis, Mr S Manana, student number: 22504672

We hereby confirm that the Statistical Consultation Services of the North-West University analysed the data involved in the study of the above-mentioned student and assisted with the interpretation of the results. However, any opinion, findings or recommendations contained in this document are those of the author, and the Statistical Consultation Services of the NWU (Potchefstroom Campus) do not accept responsibility for the statistical correctness of the data reported.

Kind regards

A handwritten signature in black ink, appearing to read 'SM Ellis'.

Prof SM Ellis (Pr. Sci. Nat)
Statistical Consultation Services