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FIRST DRAFT

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THE CORPORATE SOCIAL RESPONSIBILITY
ASPECT OF
SUSTAINABILITY
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'The most powerful thing a corporation can do for any society, or any location in which it operates, is to help that location create a prosperous economy. If a region can create a prosperous economy, then it can improve the standard of living and quality of life of its citizens for the long term. Temporary relief, as worthy, noble, and necessary as it is, delivers a lower level of sustained benefits …
Corporate philanthropy … is essentially affirmative. It is about using corporate money and other resources to create social value.' [i]

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EXECUTIVE SUMMARY

The perceived purpose of business has been under intense public scrutiny for at least the past decade. Particularly since the global economic recession the role of business in society is constantly debated in business media and literature. The emerging consensus is that in healthy and prosperous societies there is a symbiotic relationship between corporation and community.

This paper focuses on the Social aspect of Sustainability and suggests that Corporate Social Investment (CSI) and associated activities including Employee Community Involvement (ECI) are key aspects of Sustainability. As such these should be planned in a manner that strengthens the competitive context in support of other Shared Value initiatives. The suggested paradigm presents a unique opportunity for business to move social issues from the periphery to the core of strategy, and in so doing to reconnect business success with social progress. This model has particular relevance in South Africa where prevailing levels of social and economic inequality present a threat to social stability and business growth.

Concepts and associated practice of CSI, (termed 'corporate philanthropy' in international business literature), are evolving. Currently these debates are couched within the much larger question of the role of business in society. The 'boundaries' between various aspects of corporate strategy are 'blurring' and the newest approaches are characterised by integration of business and social goals

In order to achieve the desired integration, company structures and systems should facilitate alignment of CSR; secondly all CSR initiatives, including CSI and employee involvement, should be planned to support 'shared value' or strategic key business objectives. Finally the outcomes should be managed, measured and reported alongside other items in the integrated report. If CSR is treated as an add-on rather than the essence of corporate culture then money is wasted and opportunities for symbiotic business and social advancement lost.

In order to ensure sustained resourcing and alignment with company values, corporate social responsibility also needs a sound moral foundation. King III roots the moral and ethical dimensions of good corporate governance in the African concept of '*Ubuntu*', which says that '*a person is a person through other people'*. King locates recommendations on collective responsibility within the Ubuntu framework, thus tying company success to societal wellbeing and mutual care.

In South Africa the need for strategic corporate social responsibility and investment is far more acute than in developed economies. In spite of one of the most progressive constitutions in the world, significant improvement on service and housing delivery, and relative survival through the global economic downturn, inequality in South Africa is greater than ever, characterised by an ever-widening gap between rich and poor. The 2011 National Development Report published by the National Planning Commission within the Presidency suggests two key objectives: '*Eliminating Poverty*' and '*Reducing Inequality'*. The Report states that '*collaboration between the public and private sectors'* is one of the key factors to enable success of the report's recommendations.

International studies show that some far-sighted company directors and executive leaders are taking a pivotal role in regard to corporate involvement on entrenched societal issues. These leaders are re-thinking the social aspects of their sustainability strategies and aligning these with core corporate strategies. They are doing this because they recognise the inter-relationship of business and society, and are taking proactive steps to involve stakeholders in building collective prosperity for company and community. This approach also builds social cohesion and ensures that public trust in business is restored.

1. INTRODUCTION AND CONTEXT

The focus of this paper is on specific aspects of Sustainability, Corporate Citizenship and Corporate Social Responsibility (CSR). [ii] The paper's emphasis is mainly on the corporate contributions to social development grouped under the rubric of Corporate Social Investment (CSI). The intention is to illustrate the ways in which strategic CSI, aligned with related aspects of CSR, can support the production of Shared Value for both business and society. [iii]

'Shared Value is not about personal values. Nor is it about 'sharing' the value already created by firms – a redistribution approach. Instead it is about ***expanding the total pool of economic and social value****.'* [iv]

Sustainability and Corporate Citizenship are now accepted aspects of good Governance. The conception of CSI advocated in this paper is taken from the 2011 Guidelines of the European Commission. These Guidelines explicitly include CSI and Employee Volunteering within the Sustainability agenda.[v] We suggest that CSI and associated activities including Employee Community Involvement (ECI), be planned in a manner that strengthens the competitive context in support of other Shared Value initiatives. This paradigm presents a unique opportunity for business to move social issues from the periphery to the core of strategy, and in so doing to reconnect business success with social progress. [vi] In order to achieve necessary levels of economic growth and societal equity in South Africa it is critical that all sectors recognise their interdependence and cooperate accordingly. Company directors and executive management have a strong leadership role to play in this regard.

The rationale for a position paper on business contributions to social development is simple: given that South African corporates spent an estimated R6,2 billion in Corporate Social Investment (CSI) during the 2010/11 financial year,[vii] it is worth working to ensure that this substantial investment provides optimum benefit for both business and society. While CSI spend is easily quantified in Rand terms, its actual impact is largely unknown: in most cases neither the business value nor the social return on investment (SRI) is properly evaluated. We suggest therefore that the intersection between corporate performance and society needs re-conception.[viii] The most effective way to do this is to align all corporate social responsibility initiatives within core business strategy as illustrated below:

SOCIETY AND CORPORATE PERFORMANCE ALIGNED

There are a number of types of CSI, ranging from old-fashioned 'charity' through to venture philanthropy which funds social enterprise. This paper recommends a strategic approach to Corporate Social Investment. This is not 'charity'. Charitable donations are of course still needed, and many companies choose to set aside some proportion of profit for these – this proportion being determined in accordance with individual company preference. However our contention is that in emerging economies such as South Africa the larger proportion of corporate social spend should be **invested** in advancing the collective prosperity and wellbeing of society. Charity creates dependence and perpetuates power imbalances. Investment denotes cooperation towards a mutual objective. Investment carries with it the expectation of a **return** – in this case social and economic progress leading to increased social equity and development.

2. ALIGNING SOCIAL RESPONSIBILITY WITH CORPORATE STRATEGY

In some respects South Africa lags behind progressive corporate strategy as expressed and practiced by international experts. For example Michael Porter, renowned Harvard corporate strategy authority has in recent years stressed the importance of CSI or 'corporate philanthropy' as a potentially valuable aspect of business strategy:

'Today's companies ought to invest in corporate social responsibility as part of their business strategy to become more competitive. Corporate success depends on the local environment: an appropriate infrastructure, the right types and quality of education to future employees, co-operation with local suppliers, quality of institutions, local legislation, and so on. In this corporate competitive context, the company's social initiatives – or its philanthropy – can have great impact. Not only for the company but also for the local society'. [ix]

Porter recommends that companies '*integrate a social perspective'* into the core frameworks already used to understand competition and formulate business strategy. By this he means identification of the points of inter-dependence between the company and society, so that strategy is formulated in support of these. This approach moves beyond the previous 'business *do no harm'* model towards proactive demonstration of positive societal benefit. In other words CSR and associated CSI strategies should demonstrate convergence between economic and social goals.

The Monitor Institute has usefully tracked the evolution of 'corporate philanthropy', pointing out that currently these debates are couched within the much larger question of the role of business in society. The 'boundaries' between various aspects of corporate strategy are 'blurring' and the newest approaches are characterised by integration of business and social goals. [x] Porter and Kramer have recently taken their argument further: *'Corporate philanthropy and external funders, such as governments and foundations, can also bridge the shared value frontier. Corporate philanthropy can accelerate existing shared value initiatives … or incubate new projects in locations where companies do not have commercial operations.'* [xi] In this new report Kramer explains how shared value is being accelerated in the pharmaceutical industry as companies provide social investment to upgrade the capabilities of local health workers, increase demand for treatment, or even improve national health policies:

> *'Eli Lilly's NCD Partnership uses corporate-giving dollars to strengthen health systems in India, Brazil, South Africa, and Mexico. In two Indian cities, the company intends to increase the number of patients diagnosed with diabetes through mass media awareness campaigns and screening events. Nonprofit implementing partners will also train physicians, pharmacists, nurses, and community-based health care workers to improve diabetes care and treatment. Philanthropic investments that accelerate shared value integrate with other, more commercial, approaches and are intended to provide both societal and economic benefits. For Eli Lilly, the company has a strategic interest in growing its insulin business in a market that has one of the highest burdens of diabetes.'* [xii]

3. OUT OF THE BACKROOM AND INTO THE BOARD ROOM: MANAGEMENT STRUCTURES AND SYSTEMS TO FACILITE STRATEGIC ALIGNMENT

It is a complete misnomer to believe that the purpose of business is to serve shareholders or to be profitable. These are simply means to an end. Ultimately the purpose of business is to serve society through the provision of safe, high-quality products and services that enhance our well-being without eroding our ecological and community life-support systems.' [xiii]

It is an unfortunate fact that in too many South African companies 'corporate philanthropy' or CSI is still the ugly step-sister, relegated to a place far beyond the board room and the offices of executive leadership - except when brought in to report the marketing and PR–value of company social investments. Even when financially well resourced, these structures are usually alienated from business activities considered 'core'. Planning for CSI takes place as an after-thought, dictated by a pre-determined budget and surplus affordability, rather than as a mainstreamed aspect of corporate strategy. Inevitably this systemic isolation acts as a demotivating factor for people working in CSI, an unrecognised profession too often seen as a mere 'stepping stone' towards a place within the charmed circle of 'real business'. It is not insignificant that the majority of CSI managers are women. The 2011 edition of the CSI Handbook contains articles on 54 South African CSI departments. Of these 81% are managed by women. (The 2011 BWA Women in Leadership Census showed that across all business sectors women executive managers represent 21,6% of the total JSE-listed companies, and women CEO's exist in only 3% of the sample.)[xiv]

Given that substantial investment is made in CSI, where this activity is not both structurally and culturally integrated with core business there is a risk that this spend is either wasted or used in a manner which is not optimally effective. How then can this be changed? Firstly company structures and systems should facilitate integration of CSR; secondly all CSR initiatives, including CSI and employee involvement should be planned to support 'shared value' or strategic business objectives. Finally the outcomes should be managed, measured and reported alongside other items in the integrated report. This model is illustrated below:

MANAGEMENT STRUCTURES FOR SHARED VALUE

If CSR is treated as an add-on rather than the essence of corporate culture, then money is wasted and opportunities for symbiotic business and social advancement lost. Shared Value for Business and Society is built on stakeholder involvement, sound business principles, and a facilitative and enabling company culture.

Company leadership has a key role not only in bottom line success but also in visible championing of sustainability and social responsibility initiatives. For example the best companies are linking the volunteer work of their employees to over-arching developmental goals. Company leaders are visible participants in these efforts, which then characterise and inspire company culture. A number of companies now include social responsibility involvement as one of the items measured in annual performance reviews. At the same time investment in impact assessment is made with non-profit partners and other stakeholders including government. [xv]

4. THE MORAL AND ETHICAL DIMENSIONS OF SOCIETAL ALIGNMENT

The fight against the poverty crisis has also a distinct *moral* dimension. The Founding Provisions in the South African Constitution specify: '*Human dignity, the achievement of equality and the advancement of human rights and freedoms.'* [xvi]

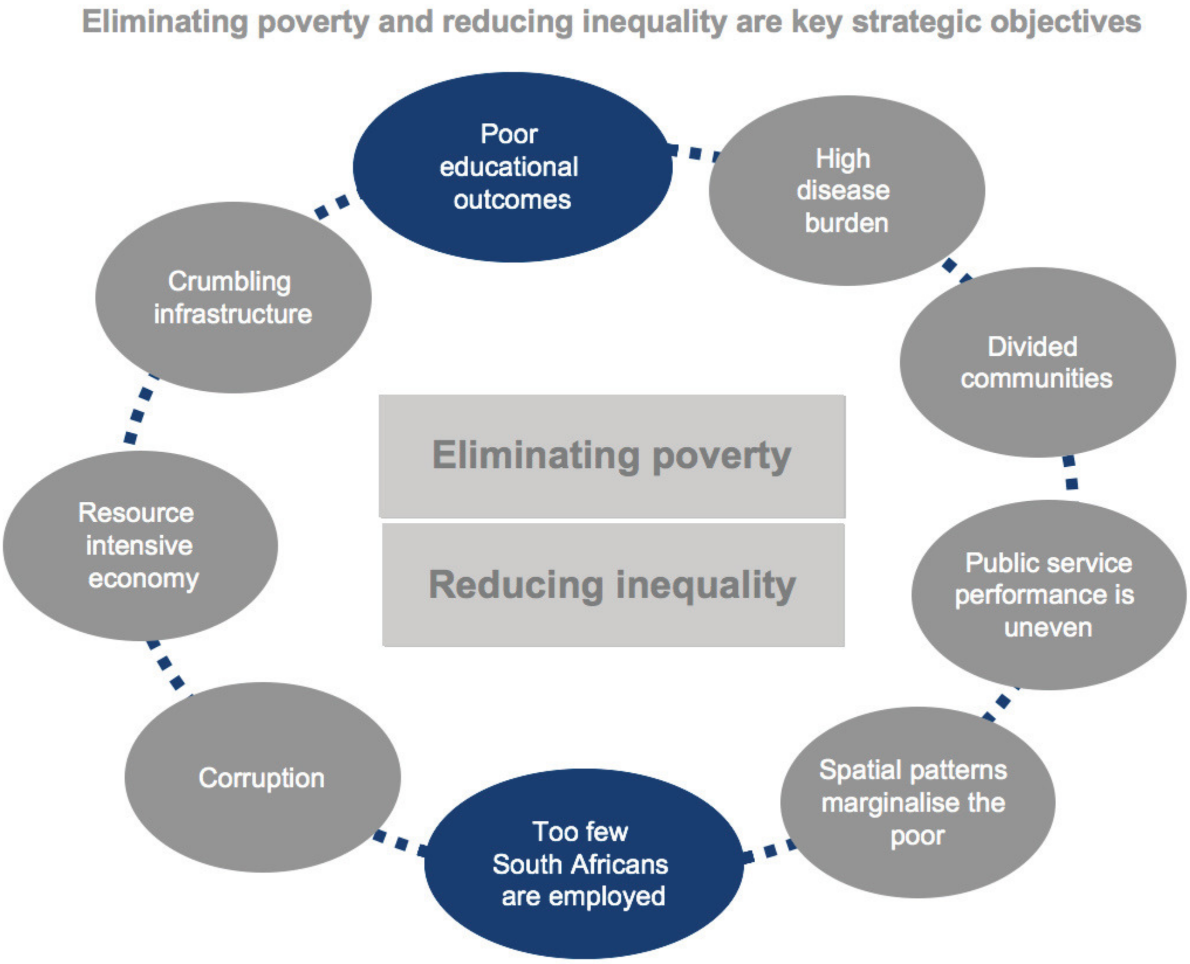
King III roots the moral and ethical dimensions of good corporate governance in the African concept of '*Ubuntu*', which says that '*a person is a person through other people'*. King locates recommendations on collective responsibility within the Ubuntu framework, thus tying company success to societal wellbeing and mutual care. King notes that ' … *leadership is characterised by the ethical values of responsibility, accountability, fairness and transparency, based on moral duties that find expression in the concept of Ubuntu. Responsible leaders direct company strategies and operations with a view to achieving sustainable economic, social and environmental performance.'* [xvii]

If corporate social responsibility has a sound moral foundation underpinning the suggested business alignment, the resulting programmes are likely to be sustained through economic downturns. It is therefore important that these activities are aligned with corporate values, leadership mindset, and company culture. [xviii]

5. RATIONALE FOR BUSINESS AND SOCIAL DEVELOPMENT ALIGNMENT IN SOUTH AFRICA

In South Africa the need for corporate social responsibility and investment is far more acute than in developed economies. Although the first non-racial elections in 1994 brought an end to legislated discrimination, there is still much to be done to achieve healthy levels of social equity. The 2011 National Development Report makes sobering reading. In spite of one of the most progressive constitutions in the world, significant improvement on service and housing delivery, and relative survival through the global economic downturn, inequality in South Africa is greater than ever, characterised by an ever-widening gap between rich and poor. [xix]

Various international studies have shown that inequality is dangerous and costly, not only for those at the bottom of the social ladder, but also for the society as a whole. Researchers examining developed societies find that more equal societies out-perform more unequal ones on all measures including business success, well-being, life expectancy, educational outcomes, levels of trust and personal security. [xx] The frequent and increasingly violent community protests that have become a regular occurrence in South Africa are only the most obvious manifestation of rising inequality. Xenophobic attacks are another inevitable manifestation of the struggle for diminishing resources in desperately impoverished communities. The National Development Report summarises South Africa's key challenges as below:



xxi

It is now obvious that government alone will not achieve the necessary social change: indeed the National Development Report lists '*collaboration between the public and private sectors'* as one of the key factors to enable success of the report's recommendations. This collaboration already takes place through many public-private development partnerships. In the area of CSR, alignment with both business strategy and national development priorities will ensure more effective outcomes, and thus increased value, for both corporations and society. The 2011 edition of The CSI Handbook reports that 57% of the R6,2 billion CSI expenditure in the 2010/11 financial year was channelled through implementing non-profit organisations (NPOs). Schools, universities, health facilities and other government-related institutions received the remainder.

Achieving the goals of the National Development Plan will require full participation and cooperation between the three sectors: government, business and non-profit. To repeat: our contention is not that CSI is the only element within corporate social responsibility. Neither can CSI funding and associated corporate investments, including Enterprise Development, cure all the ills of society. However corporate South Africa already provides a large proportion of the funding that supports the non-profit sector – which plays a vital developmental role in South Africa. This sector has traditionally worked to provide relief from the detrimental effects of poverty, unemployment, marginalisation and the myriad associated socio-economic ills afflicting society. In a country still confronted with massive backlogs and limited institutional capacity, it behoves business and government to build development partnerships with civil society in the interests of economic progress and social stability. In the words of FirstRand CEO Dr Sizwe Nxasana: ' *… the partnership approach, whereby companies approach corporate social investment in a far more consultative manner, means greater involvement on the company's part and usually results in more sustainable solutions …*' [xxii]

South Africa is unique in that corporate social responsibility and investment are legislated requirements for companies, on a gradated scale according to size and turnover. [xxiii] Under the Broad-Based Black Economic Empowerment (B-BBEE) Codes of the Department of Trade and Industry (DTI), companies are required to invest one percent (1%) of their net profit after tax (NPAT) into the Socio-Economic Development (SED) component of B-BBEE. SED covers corporate contributions to initiatives that facilitate sustainable access to the economy for black people. These may be both financial and (quantifiable) non-financial contributions such as in-kind gifts and professional skill-sharing. In addition to B-BBEE requirements companies are enjoined to meet the social development precepts set out within Industry Sector Charters.

The other aspect of B-BBEE of relevance for this paper is Enterprise Development, which covers investment by established business in development of small black-owned business. While the intentions of B-BBEE are laudable, the execution is not yet shifting the patterns of inequality as planned: As noted recently by prominent businesswoman and social activist Mamphela Ramphele:

> *'Unfortunately, many companies have taken a compliance approach to Corporate Social Investment (CSI) and Enterprise Development. There are too few sustainable programmes on the ground to show for nearly R20bn annual allocation to these two requirements of the license to operate by our business sector. Imagine how well we could be doing if each industry were to pool their resources and reduce their in-house overheads and invest long- term in development programmes that can have sustainable outcomes. We could be enhancing the pipeline of successful entrepreneurs, artisans, professionals, dynamic schools and attractive sports and recreation facilities in ever growing revitalised human settlement.'* [xxiv]

South Africa's policy commitments to poverty alleviation, social equity and development will not be realised without full participation and resourcing of implementing agencies of civil society. Business has a critical role in this regard.

6. IN CONCLUSION

Internationally there are far-sighted company directors and executive leadership who are taking a pivotal role in regard to corporate involvement on entrenched societal issues. These leaders are re-thinking the social aspects of their sustainability strategies and aligning these with core corporate strategies. They are investing in research and development projects to find solutions to social justice issues such as illiteracy, or access to water for poor and marginalised communities. They are initiating cross-sectoral partnerships to facilitate use of company products and expertise to complement and strengthen the work of the non-profit and government sectors.

'Why are CEOs doing this? Study after study has shown that companies face increasingly intense scrutiny about their impact on society from stakeholders around the globe. The recent financial crisis has damaged trust in business and increased regulatory concerns. Younger generations in particular are asking tougher questions about a company's relationship to the community and its effects on the world. This sentiment is so widespread that not only are activists, consumers and other groups outside the business demanding change, but so are the company's own employees.' [xxv]

This approach also helps to build social cohesion and ensure that public trust in business is restored.

7. DEFINITIONAL FOUNDATIONS

There is a plethora of literature on Sustainability and associated strategic management issues. The recommendations in this paper are based within the following widely-respected concepts:

The Third King Report on Corporate Governance (King III) on Sustainability
King III underlines the importance of Sustainability:

Sustainability is the primary moral and economic imperative of the 21st century, and it is one of the most important sources of both opportunities and risks for businesses. Nature, society, and business are interconnected in complex ways that need to be understood by decision makers. Most importantly, current, incremental changes towards sustainability are not sufficient – we need a fundamental shift in the way companies and directors act and organise themselves. [xxvi]

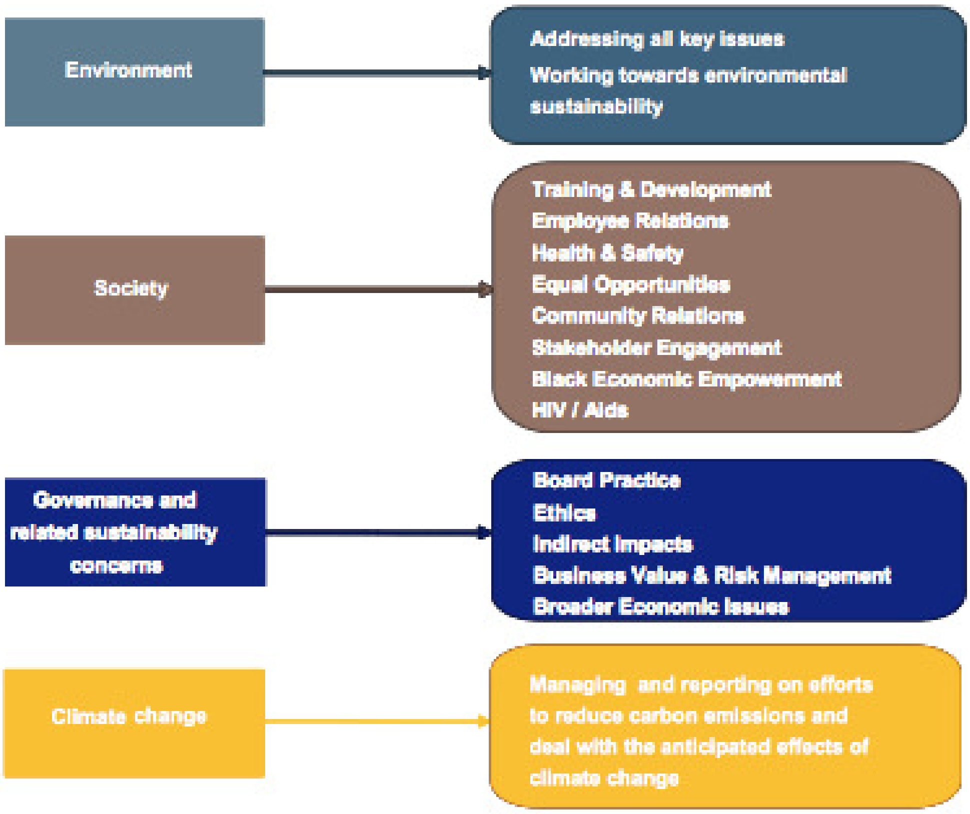
The Third King Report on Corporate Governance (King III) on Sustainability Integration
King III stresses the importance of integrating economic, social and environmental issues with business strategy:

'Corporate citizenship and sustainability require business decision makers to adopt a holistic approach to economic, social, and environmental issues in their core business strategy. Increasingly, companies view corporate social and environmental responsibility, corporate social investment and other social initiatives as central to doing business. Companies no longer treat these initiatives as merely ad hoc or nice-to-have, but as a structural part of their business strategy that, in turn, supports business growth. Only such a holistic approach will allow for effective management of business opportunities and risks associated with corporate citizenship.' [xxvii]

The Global Reporting Initiative (GRI) on Sustainability Reporting (G3 Guidelines)
A sustainability report is an organisational report that gives information about economic, environmental, social and governance performance.

For companies and organisations, sustainability – the capacity to endure, or be maintained – is based on performance in these four key areas. [xxviii]

Johannesburg Stock Exchange (JSE) Socially Responsible Index (SRI)
This pioneering initiative of the JSE measures the social responsibility performance of companies against the following Criteria:



King III recommends using the Global Reporting Initiative's (GRI) G3 Guidelines and the JSE Socially Responsible Investment (SRI) Index criteria as a framework to achieve transparent disclosure of sustainability issues as envisaged by King III.

The 'Five Capitals' Model on building Social Capital
The Five Capitals Model demonstrates that in addition to financial capital there are four others to be considered when a sustainable development approach to business strategy is adopted. These are human, social, natural/environmental, manufactured and economic capital. The definition of the Model's 'Social Capital' conception has relevance to the strategy suggested in this paper:

Social capital is any value added to the activities and economic outputs of an organisation by human relationships, partnerships and co-operation. For example networks, communication channels, families, communities, businesses, trade unions, schools and voluntary organisations as well as social norms, values and trust.

Why is it important to an organisation?
Organisations rely on social relationships and interactions to achieve their objectives:

***Internally**: social capital takes the form of shared values, trust, communications and shared cultural norms which enable people to work cohesively and so enable the organisation to operate effectively.*

***Externally**: Social structures help create a climate of consent, or a licence to operate, in which trade and the wider functions of society are possible. Organisations also rely on wider socio/political structures to create a stable society in which to operate: e.g. Government and public services, effective legal systems, trade unions and other organisations.* [xxix]

Journal of Corporate Citizenship on Corporate Citizenship, CSR and Aligning with core Business Strategy

Corporate citizenship really means developing mutually beneficial, interactive and trusting relationships between the company and its many stakeholders—employees, customers, communities, suppliers, governments, investors and even nongovernmental organisations (NGOs) and activists through the implementation of the company's strategies and operating practices.

In this sense, being a good corporate citizen means treating all of a company's stakeholders (and the natural environment) with dignity and respect, being aware of the company's impacts on stakeholders and working collaboratively with them when appropriate to achieve mutually desired results.

*Assessment of corporate citizenship is based on the perceived level of **corporate responsibility** a company exhibits, which inherently involves accountability to relevant stakeholders for one's actions, which stakeholders see in a company's actions, impacts and practices.* [xxx]

Corporate Social Responsibility - The European Commission

Corporate Social Responsibility (CSR) is a key element of Sustainability. For the purposes of this paper we use the latest definition of the European Commission:

Corporate Social Responsibility (CSR) is *'the responsibility of enterprises for their impacts on society'.*

The Commission elaborates:

According to these principles and guidelines, CSR at least covers human rights, labour and employment practices (such as training, diversity, gender equality and employee health and well-being), environmental issues (such as biodiversity, climate change, resource efficiency, life-cycle assessment and pollution prevention), and combating bribery and corruption.

The Commission further explains:
'Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- *maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large, and*
- *identifying, preventing and mitigating their possible adverse impacts.*

***Community involvement and development**, the integration of disabled persons, and consumer interests, including privacy, are also part of the CSR agenda. The promotion of social and environmental responsibility through the supply-chain, and the disclosure of non-financial information are recognised as important cross-cutting issues …The Commission has adopted a communication on EU policies and volunteering **in which it acknowledges employee volunteering as an expression of CSR**.' (emphasis added)* [xxxi]

Business and Society Review on Corporate Philanthropy: *To Do Well by Doing Good*
There are at least as many definitions of corporate philanthropy as there are of corporate responsibility.

The common denominator of these many definitions, however, is as follows:

- *Donation of resources to support organized efforts intended for defined beneficial social purposes. A differentiation can be made between philanthropy and charity, defining charity as unconditional short-term relief (e.g., for tsunami victims), while philanthropy attempts to investigate and address the underlying causes to make a tangible positive change in the social conditions that cause the problem.*
- *The resources donated can be money, goods, time, training, and use of facilities or services usually over an extended period of time and with regard to a defined objective.*

A commitment to corporate philanthropy is ideally a conscious choice of top management, based upon an informed decision founded on a sound analysis of alternative causes, objectives, time frames, and resource commitments. [xxxii]

Harvard Business Review on Strategic Philanthropy (CSI)

In this important HBR article Craig Smith introduced the term 'Strategic Philanthropy' to specifically describe integration of philanthropy into corporate business strategy:
'… a new paradigm providing social benefit while also increasing long-term profits … giving strategies that lead to a competitive edge: increasing name recognition among consumers, fostering partnership between business units, and improving employee morale and loyalty.' [xxxiii]

Michael Porter and Mark Kramer on Shared Value

Companies must take the lead in bringing business and society back together. The recognition is there among sophisticated business and thought leaders, and promising elements of a new model are emerging. Yet we still lack an overall framework for guiding these efforts, and most companies remain stuck in a "social responsibility" mind-set in which societal issues are at the periphery, not the core.

The solution lies in the principle of shared value: Businesses must reconnect company success with social progress. Shared value is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success. It is not on the margin of what companies do but at the center. We believe that it can give rise to the next major transformation of business thinking.

…our recognition of the transformative power of shared value is still in its genesis. Realizing it will require leaders and managers to develop new skills and knowledge -- such as a far deeper appreciation of societal needs, a greater understanding of the true bases of company productivity, and the ability to collaborate across profit/nonprofit boundaries. And government must learn how to regulate in ways that enable shared value rather than work against it.

Capitalism is an unparalleled vehicle for meeting human needs, improving efficiency, creating jobs, and building wealth. But a narrow conception of capitalism has prevented business from harnessing its full potential to meet society's broader challenges. The opportunities have been there all along but have been overlooked. Businesses acting as businesses, not as charitable donors, are the most powerful force for addressing the pressing issues we face. The moment for a new conception of capitalism is now; society's needs are large and growing, while customers, employees, and a new generation of young people are asking business to step up.

The purpose of the corporation must be redefined as creating shared value, not just profit per se. This will drive the next wave of innovation and productivity growth in the global economy. It will also reshape capitalism and its relationship to society. Perhaps most important of all, learning how to create shared value is our best chance to legitimize business again. [xxxiv]

CAF Southern Africa on Employee Community Involvement (ECI)

Employee Community Involvement (ECI) refers to employer-supported voluntary community action by employees for charitable or developmental purposes. ECI includes payroll giving, ad hoc monetary and in-kind donations, fund-raisers and special-purpose campaigns, and volunteering. All of these are pro-actively encouraged by employers, and supported in various ways, ranging from financial investment in company policies, management and infrastructure, to financial matching of employee contributions. Ultimate success of ECI programmes depends on active and visible involvement by company leadership. [xxxv]

The Five Capitals Model on Building Human Capital

The Five Capitals Model has direct reference to company-supported employee involvement as an aspect of CSR/CSI and building social value:

Why it is important to organisations

Organisations depend on individuals to function – they need a healthy, motivated and skilled workforce, for instance. Intellectual capital and knowledge management is increasingly recognised as a key intangible creator of wealth. Damaging human capital by abuse of human or labour rights or compromising health and safety has direct, as well as reputational costs.

Ways that an organisation can enhance its human capital

- Give employees (and where possible other stakeholders) access to training, development and life long learning and capture and sharing knowledge.
- Respect human rights throughout its operations and geographical regions.
- Understand and respect human values and their different cultural contexts.
- Ensure adequate health and safety arrangements, incorporating physical and mental wellbeing
- Use health promotion and education to support a high standard of health.
- Provide a reasonable living wage and fair remuneration for employees and business partners.
- Create opportunities for varied and satisfying work.
- Allow for and enhance recreation time and **support individuals' active involvement in society.** (emphasis added) [xxxvi]

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