

## Business Social Responsibility and the Development Process in Africa

### Enlarging the Stakeholders for Sustainable Development

Solomon Yirenkyi-Boateng

Linking the business sector with the sustained development of the various communities of Africa is one major challenge that dominates development debates in Africa. In the past, the argument was that businesses had nothing to do with social welfare and environmental programmes. Businesses were therefore assessed purely in terms of financial costs and benefits. Today, this philosophy has been rejected in favour of the theory of business social responsibility, which holds that the profit motive of businesses is compatible with social welfare and quality of life issues. This paper outlines the merits of this theory with particular reference to the ongoing efforts at sustainable development in Africa.

#### Introduction

The role of the formal business sector in the development of Africa is widely acknowledged. These businesses have been responsible for the large increase in the gross domestic product (GDP) of many nation states in Africa. They operate in various sectors of Africa's economy – mining, forestry, fishing, agriculture, manufacturing and the service sector. In 2010, the output of the business sector was estimated at about US\$750 billion, some 40 per cent of the GDP of Africa. The businesses range in size from small-scale ventures to big conglomerates with revenues of at least \$3 billion each. In 2008, there were twenty such big

businesses on the continent, operating side by side with the small businesses.<sup>1</sup>

Other dimensions of the inequalities that characterise the formal business sector of Africa relate to the dominant position of foreign ownership in the mining sector in particular; the concentration of the service businesses in the urban centres; the unequal access of the small formal businesses to finance capital, modern technology and information flow; and, above all, the limited positive impact of these businesses on the rural and informal sectors. These inequalities explain why issues of sustained and balanced development feature in business development planning on the continent.

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This paper draws attention to the problems of inequality through a discussion of the impact of urban-based formal businesses on rural and informal sector development processes in a South African city. One of the important challenges of modern business studies of Africa is identifying the stakeholders needed to link the business sector to the broader goal of sustainable development. The sustainable development theme is increasingly being used to measure progress in various human activities, and the business sector is no exception. This change in the analysis of human activities stems from an increasing awareness of their interdependent nature.<sup>2,3</sup>

Analysing businesses in the context of the sustainable development principle involves identifying certain key stakeholders who need to network to produce identified and desired outcomes. This issue used to constitute a source of ideological conflict between the business efficiency school on the one hand, and the business social responsibility school on the other.

The *business efficiency* school argues that the basis, in fact the *raison d'être* of business success lies in establishing effective relations between the business owners, their workers, service providers and customers for the purpose of making a profit.<sup>4</sup> This idea is popularly known as the model of extended reproduction or accumulation, in terms of which businesses expand by employing workers to create surplus value in order to create new capital which, in turn, is used to create further surplus value and further new capital, leading in the long run to a continuous increase in the overall volume of capital. This rather limited concept of business and its stakeholders has the major disadvantage of ignoring the wider social context in which businesses actually operate.

It is common knowledge that numerous companies have faced the wrath of their local communities due to concerns over non-consultation on important issues such as the discriminatory employment policies of the companies, the destruction of the natural resources of the local communities, the closure of certain local activities due to the operations of the companies, the environmental pollution of the local environments and, above all, from what the locals might see as certain negative socio-cultural impacts associated with the operations of the companies concerned. The major weakness of the business efficiency position is its separation of economic variables from political, environmental, cultural, technological, ethical and other wider regional issues.<sup>5,6</sup>

Today, the *business social responsibility* school argues for a careful balance in which businesses make their profits to ensure continuity and growth while at the same time engaging in inexpensive public programmes for the benefit of communities. Community education and other empowerment programmes, for example, can be provided on a modest scale without eating unduly into the budgets of companies.<sup>7</sup> This approach also sees businesses as integral parts of society in that they have to comply with government policies on employees' working conditions, the pricing of specific company products, environmental protection and directives on the development of certain specific community projects.<sup>8</sup> The business social responsibility model is therefore a multi-stakeholder and balanced scorecard approach. One advantage of this approach is its potential to relate businesses to local communities and the broader public for their mutual benefit.

This paper argues that this multi-stakeholder concept of business social responsibility is of particular relevance for the development of Africa's informal and rural sectors because of their high levels of poverty. The rural population, for example, comprises about 50 per cent of Africa's population.<sup>9,10</sup>

The various informal sector and rural development programmes that have been launched by African governments since political independence have not succeeded in transforming the living conditions of the associated communities, where poverty is still a major constraint on the development efforts. Linking the formal business sector with the efforts of both the government and the civil society organisations to develop the African continent would constitute an important initiative. The paper argues that this could be achieved through the idea of business social responsibility.

The objective of this paper is to demonstrate the advantages of the business social responsibility model in linking the formal business sector to stimulate the development of the informal and rural sectors of Africa, an issue which has been discussed in numerous publications.<sup>11,12,13,14</sup> The rationale for a topic of this nature can be better appreciated through a historical study of how and why the concept of business social responsibility has evolved over the decades in the developed countries, to bring many stakeholders together to the advantage of both the business sector and the wider society.<sup>15,16</sup> One theme in this periodisation approach relates to the role which the various governments in the developed countries have played in relating stakeholders in the economic, political, environmental and social spheres. In

this context, the role of the developmental state becomes an important element in the social transformation process.<sup>17</sup>

One argument in this paper is, however, that there is no guarantee that the current positive developments in business-society linkages in the developed countries will necessarily be replicated in Africa, and it therefore recommends that more concerted efforts are needed to ensure that workers, consumers and the broader African communities obtain maximum satisfaction from the activities of the formal business sector.<sup>18,19</sup> The paper concludes on the note that the state needs to create the opportunities for stakeholders to interact effectively to spread the benefits associated with business activities.

### From the micro to the macro

The weaknesses of the business efficiency approach find expression in a number of publications such as those by positivist thinkers such as Anshen<sup>20</sup> who stated, for example, that 'the business of business is business', by which he meant that the goal behind the establishment of a business must be to enrich the shareholders. It is remarkable that Anshen did not even include the interests of customers in his conceptualisation of business stakeholders.

This undue focus on the selfish interests of business owners has been described as the first phase in the evolution of the business stakeholder idea in developed countries. It reflects the ideas of the eighteenth-century economist Adam Smith.<sup>21</sup> This period is described as the micro phase in the conceptualisation of business practices. The unit of analysis was the business shareholders and how they managed to compete for survival in the context of Social Darwinism. Among contemporary academics who still hold to this idea is the American economist Milton Friedman. Such authorities argue that businesses have specialised in addressing finance, marketing, operations management and related issues, and should therefore leave the non-business activities to other institutions.<sup>22</sup>

The fact that business owners cannot function without taking account of the welfare of their workers, service providers and customers is a major reason why the conceptualisation of the stakeholders expanded to include these three actors in the nineteenth-century European discourses on business analysis. The ideas of Adam Smith were criticised as society became more and more aware, in the latter part of the

nineteenth century, that business profits could only be sustained if the interests of the workers, service providers and customers were satisfied. This development could be taken to represent the second phase in the conceptualisation of business operations.<sup>23</sup> Around the beginning of the twentieth century this development was intensified, culminating in government regulations such as the Sherman Antitrust Act of the United States, which was enacted to make businesses consider the welfare of their workers.<sup>24</sup>

These two phases relate to the primary stakeholders, that is the business owners, workers, service providers and customers. They deal with issues about equal employment opportunities, product safety, worker safety and customer satisfaction. The remaining phases discussed below relate to secondary stakeholders, comprising public or special-interest groups that do not have a direct stake in a business but are nevertheless affected by its operations.

The literature indicates that the third phase resulted from public complaints over social problems and ethical issues such as the limited job opportunities created by the businesses and the lack of interest shown by the business owners in the needs of the local population, for example a need for social services. In responding to such problems, other stakeholders were brought into the decision-making processes of the businesses. These stakeholders include, amongst others, local community civic groups to press for the employment of local labour in the businesses and to request the businesses to engage in local welfare projects.<sup>25,26,27,28</sup>

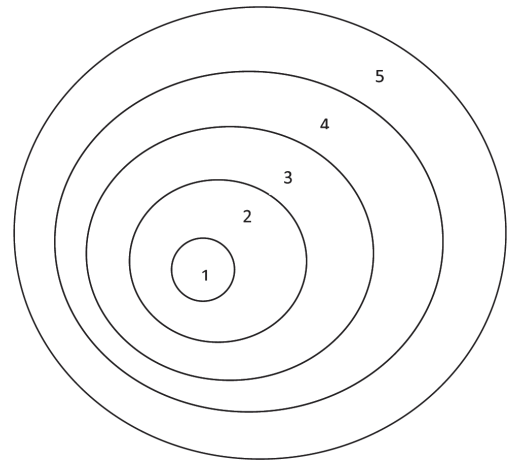
The fourth phase in business responsibilities relates to the public concerns which became dominant in the 1960s and 1970s over environmental pollution that was created by businesses. In response to such problems, businesses in the developed countries were called upon to devote part of their budgets and other resources to specifically finding practical solutions to environmental problems related to their activities. Thus, it has now become the norm to find environmental management specialists working with business owners to formulate business plans.<sup>29,30</sup> It needs to be noted that the above discussions are largely of local and national concern and are addressed largely through directives from local and national governments.

Finally, phase five relates to the activities that businesses have to undertake in today's era of globalisation, in which international organisations are also becoming more and more involved in regulating the activities of local

businesses.<sup>31,32</sup> The ten principles of the United Nations Global Compact, which are derived from human rights principles and environment issues, are now increasingly being applied in business performance measurements. The ten principles cover human rights at the workplace, labour conditions, the protection of the natural environment, and business ethics. This initiative seeks to encourage businesses worldwide to adopt sustainable and socially responsible policies and to report on their implementation to the local authorities.<sup>33</sup>

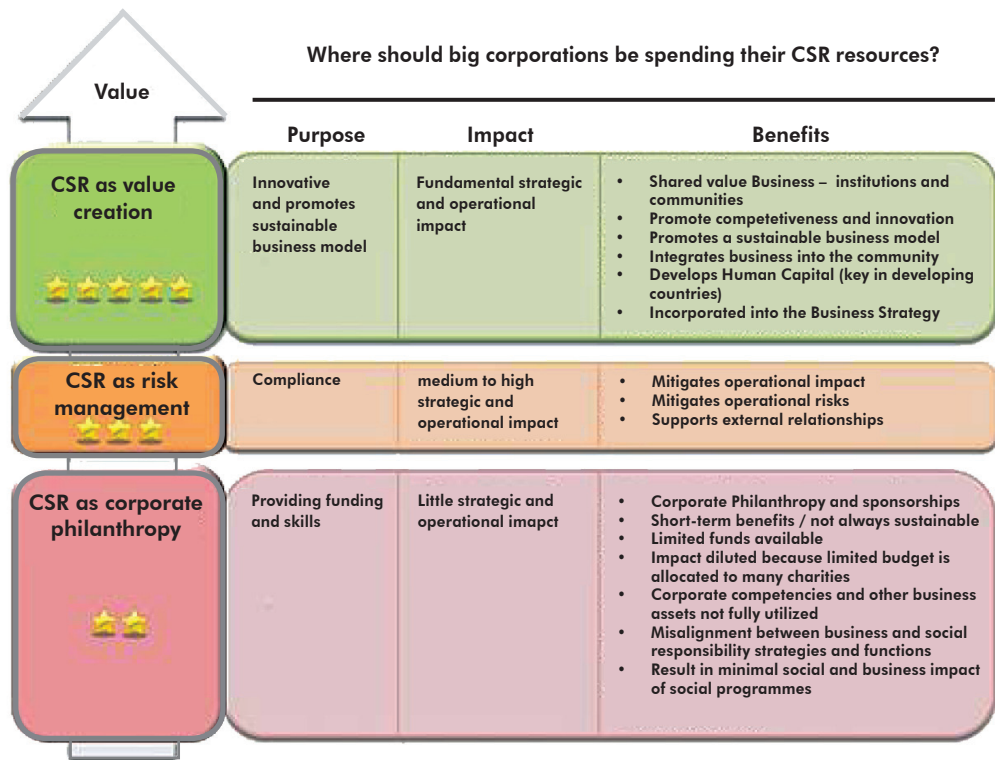
What emerges from the above discussions is that the transformation that has taken place in business stakeholder analysis are historical/evolutionary in the explanatory context which can be modelled in five phases as indicated in Figure 1.<sup>34,35</sup>

Figure 2 indicates how the five phases may be combined in terms of business profit motive, risk minimising and business philanthropy to sustain businesses.



**Figure 1:** A five-phase model in the evolution of the business social responsibility idea;

Source: Author's compilation.<sup>36</sup>



**Figure 2:** The key elements of the Business Social Responsibility structure by Reed.<sup>37</sup>

A number of observations could be made about the five phases. In the first place, it could be noted that they largely represent public responses to problems created by business activities. Secondly, each phase represents an addition to the previous

condition, so that the current state represents the culmination of the various efforts at making the business sector increasingly society-friendly. Thirdly, one could consider the practical application of the model in development planning issues. This could be achieved by answering the comprehensive question: 'What types of stakeholder are needed in business activities for

businesses to be able to contribute to the broader imperative of sustainable *rural and informal sector* development in Africa?’

Figure 1 indicates that the answer lies in the idea of necessary or internal relations, whereby the stakeholders required emerge on the basis of the essential functions which they must perform to address specific problems and challenges in the broader society at particular conjunctures of problems. Thus, in Figure 1, the first level (level 1) is occupied by the business shareholders whose prime motive or challenge is profit maximisation. For sustained business growth to occur, the business owners will realise that level 2 has to emerge to take into account the interests and problems that emanate from the customers, workers and service providers. However, businesses operate in local government communities whose various interests, problems and complaints relate in turn to broader national concerns, thus the necessity for the emergence of levels 3 and 4 in the context of addressing local and national government regulations. Finally, national issues are intimately linked to international imperatives, which explains why level 5 has to be included in contemporary business stakeholder analysis. The five phases therefore need not be seen as mere historical accounts, but as important transformative events with practical normative problem-solving implications.

### **From a periodisation model to normative theory**

The above discussion provides important background information regarding how and why concepts of business stakeholders have been changing in nature to relate to changes in the environments in which they operate.<sup>38</sup> This understanding in turn provides vital information to the various governments of Africa as they continue to engage in discussions on strategies to promote business social responsibility (BSR) in the context of their broader development challenges. The periodisation model has demonstrated the merit of linking micro entities such as individual businesses to macro systems in order to address emerging development problems.<sup>39,40</sup>

For example, one might come across an apparently well maintained farm in an African country. Let us imagine that this farm belongs to a reputable multi-millionaire company and is situated near some rural community. Studying this farm from a business corporate

social responsibility perspective would require the researcher to look beyond the immediate impression of affluence on the farm by engaging the owner of the business on the conditions of employment of its workers and service providers, the prices and quality of products sold to its customers, the condition of the soil on the farm, the links between the final products from the farm and other businesses in the area, the skills transferred to the local people, the possible negative environmental problems associated with the way waste is disposed of by the company concerned, and finally, whether the farm is contributing to the development of any of the local rural communities through various forms of assistance such as making donations to the nearby schools.

The ideas expressed in Figure 1 and in the scenario above constitute themes in the writings of Beesley and Evans<sup>41</sup> and Guba-Khasnabis and Ostrom,<sup>42</sup> among others, who have argued that business activities must go beyond their relationships with the shareholders and customers to include issues such as environmentalism, consumerism, and the local community needs. It was from this idea of connectedness that Kayizi-Mugerwa,<sup>43</sup> Wixley and Everingham,<sup>44</sup> Reed,<sup>45</sup> Rockety,<sup>46</sup> and Gasper<sup>47</sup> have also argued that business ventures need to look beyond profit maximisation by including the needs of the wider public in pursuing their operations.

From the normative perspective, it is therefore clear that the business ventures of today need to exist as part of the wider society. Businesses need to establish various types of linkages with government and civil society organisations which, in the long run, constitute not only their market but also the means for obtaining other vital resources such as new ideas for decision making. Given this perspective, the next question is what lessons African governments can learn from the discussions above.

### **How African governments are relating to the business sector**

From a pragmatic perspective, it should be logical to see why African governments must encourage businesses to incorporate the principle of social responsibility in their strategic plans. It is most important that African governments play a critical role in regulating the activities of the business sector to include considerations of poverty and other social and environmental problems to achieve the sustained development of the

continent. Governments need to take a particular interest in monitoring the impact of the businesses in addressing the challenges of the informal and rural sectors, which represent relatively large sections of the African population.<sup>48,49</sup>

It is significant that of late a number of international organisations have been promoting the ideals of business social responsibility on the African continent. These include those based in the United Nations such as the United Nations Economic and Social Council (Ecosoc), those related to the African Union such as the New Partnership for Africa's Development (Nepad), and those from websites of private organisations such as the Corporate Citizenship Glossary website. The Global Compact initiative of the United Nations<sup>50</sup> indicates that there are currently over 6 000 companies and institutions that have joined national networks in more than a hundred countries worldwide. These networks share information on the challenges and prospects of business social responsibility practices.

As far as the African governments are concerned, the existing literature indicates that they relate to the concept of business social responsibility differently. While there are cases of progress in terms of how some rural communities and informal activities are being transformed by the business sector, there is also much evidence to indicate that the majority of the businesses are not working in the context of the philosophy of business social responsibility. The term *ubuntu* is now being applied in discussions on socially responsible development. In simple terms, it is based on the idea of connectedness. Analysing the business social responsibility theme in the context of business-informal and rural sector relations within the African philosophy of *ubuntu* has the prospect of adding more value to our discussion, since this philosophy is based on the idea that societal progress needs to be rooted on the principles of cooperation, reciprocity and social justice.<sup>51,52</sup>

The Corporate Citizenship website<sup>53</sup> provides vital information on how some companies in Africa are advertising their compliance with the business social responsibility guidelines. The information on this website covers the various sectors. In the food and beverages sector, for example, companies like McDonald's and Heineken provide statistics illustrating the extent to which they have been assisting local communities by offering them jobs and building schools and clinics for them. The site also provides information on mining companies such as Randgold with regard to their

rural resettlement programmes in the Democratic Republic of Congo and other countries in Africa where communities have been resettled as a result of their operations. The information on Ghana covers, *inter alia*, the Anglo-Ashanti Goldfields. Here, the Ghana Chamber of Mines<sup>54</sup> says it recognises the importance of the impact of mining activities on the environment in which rural communities live '... and, in this regard, apart from the usual compensation paid directly to affected communities, the Chamber has a comprehensive policy on sustainable alternative livelihood projects which informs member companies in their decisions on business social responsibilities. We believe that CSR is not an option but a necessity that enables us to plough back some of our earnings to raise the quality of life of the displaced communities'.

In the same source,<sup>55</sup> we read that by 2006 Rio Tinto's mining management in Madagascar had resettled some 80 rural households into new homes from their original homes with a school and clinic. The website indicates further that numerous transport companies in various countries in Africa have introduced HIV programmes targeting long-distance truck drivers, who are highly vulnerable to sexually transmitted diseases. In addition to the above information, the manufacturing and forestry-based sectors, tourism companies and those in other services also provide information on the positive impact of their projects on local communities.

The above notwithstanding, there are other views from civil society and government organisations in various African countries which express concern about the limited positive impact which the businesses have on the life of the local communities. In South Africa, for example, the Open Society of South Africa, the King Report and the workers' unions like the Congress of South African Trade Unions (Cosatu) have their reservations about the impact of the activities of the businesses.<sup>56</sup> The major complaint has been the limited extent to which the local communities have been involved in the operation of businesses.

Organs of the African Union are also becoming more involved by calling on governments to provide effective leadership in regulating businesses. In this connection, it needs to be noted that the Nepad document<sup>57</sup> states as follows,

[T]he state must have a major role to play in promoting economic growth and development, and in implementing poverty reduction programmes. However, the reality is that many

governments lack the capacity to fulfil this role. As a consequence, many countries lack the necessary policy and regulatory frameworks for private sector-led growth.

This type of statement needs to create anxiety in the African public. The news headlines on the deteriorating relations between the oil companies and the rural communities of the Niger Delta region in Nigeria, on the problems with the timber companies which are depleting the tropical rain forests of vital species of trees, on the tourism businesses which are in conflict with local communities over land ownership, and on the fishing companies depleting the oceans, rivers and lakes of their fish stock, all call for up-to-date information on how African governments are regulating the activities of the businesses in the rural communities in Africa.<sup>58</sup>

How are the various African governments acting in this regard? What is the nature of the policies in place to regulate business activities? How are the businesses complying with the regulations? What benefits are accruing to the rural communities as a result of the policy interventions? Such questions imply that major responsibilities lie with the state in regulating the activities of businesses to make them socially responsible. Attention is now turned to how a South African municipal government is influencing the business sector in the city to make a difference to the conditions in the informal and rural sectors.

### **How the developmental state needs to help: An example from South Africa**

The role of the state (local and national) in leading the process of linking the business sector to the wider African society currently occupies a centre stage in development discussions on the continent.<sup>59,60,61</sup> here is an increasing call on the state to widen the opportunities for other stakeholders to work with the business owners to promote the development process. This trend is based on the conviction that companies would, under normal conditions, not invest in social programmes.

South Africa has been in the forefront of African countries in which the state has been actively involved in influencing businesses to incorporate social and environmental issues in their operations. The Black Economic

Empowerment Act (BEE) 53 of 2003 is one instrument which has played a key role in making businesses address the plight of the poor in South Africa. The South African government's BEE scorecard demands of companies that they provide preferred access to jobs and equity stakes, manager positions and professional training to South Africans who were disadvantaged during the period of apartheid. The Employment Equity Act 55 of 1998 and the Skills Development Act 97 of 1998, as well as the Occupational Health and Safety Act 85 of 1993 and the Mine Health and Safety Act 29 of 1996, have all been introduced to improve the working conditions of workers. South African government acts on business practices which have served to improve the environmental conditions of the country include the Mineral and Petroleum Resources Development Act 28 of 2002, and the National Environmental Management Act 107 of 1998.<sup>62</sup>

Among non-government organisations which have been formed in South Africa in recent years to promote the idea of business social responsibility, mention could be made of the National Business Initiative (NBI), which is the successor organisation to the Urban Foundation, the African Institute of Corporate Citizenship (AICC), the Centre for Development and Enterprise (CDE), and Earthlife Africa. In 2003, it was estimated that businesses spent about R2,35 billion on social programmes such as health, education and training, water supply, improved conditions of work, and other activities in South Africa.<sup>63</sup>

Because of a lack of controls and insufficient public attention, there are often, however, significant gaps between the intended goals of the business social responsibility policies and the actual achievements. Attention is thus now turned to a study which the author recently undertook in the South African administrative capital, the City of Tshwane, to indicate the various ways in which socially responsible business practices are actually being implemented at the local level.<sup>64</sup>

The section of the paper is based on research findings from the City of Tshwane, the administrative capital of South Africa. The population of the city is currently estimated at about 2,5 million. Tshwane has a modern manufacturing sector which contributed about R10 billion to the gross geographic product of the city in 2010. The city also boasts the highest concentration of automotive manufacturers in South Africa, making about 47 per cent of all vehicles (assembled or manufactured) in Southern

Africa in 2010. In addition, there are thousands of modern formal sector-based tourism and commercial businesses activities in the city. Until 1994, however, development plans in the city were structured to benefit the minority white population, who operated largely in the formal-sector activities.<sup>65,66</sup>

Operating side by side with the dynamic formal sector of the city since 1994 have been the informal and rural sectors, where the poor, disadvantaged majority black population make their living. There was a glaring absence of plans geared towards the development of these two sectors during the period of apartheid.

In 2010, the author undertook a study in the City of Tshwane to obtain information on the extent to which the formal sector businesses were contributing to the development process through the philosophy of business social responsibility. This was part of a bigger research project on the development challenges in the city which was commissioned by the office of the mayor of the city.<sup>67,68</sup> The formal businesses in the city that were studied included the commercial banks, factories, the building and construction businesses, transport operators, supermarkets, hotels and restaurants.

The owners and managers of these businesses were asked, among other things, to provide information on the following: the extent to which their workers were involved with their top management

in strategic decision-making processes, the extent to which the businesses were providing training to their workers, the nature of the links between the businesses and the informal sector of the city, the nature of the links between the businesses and the poor rural suburbs to the north of the city, the levels of compliance by the businesses with the environmental laws of South Africa, and the amount of support given by the businesses in the city to addressing the education, health and other social problems in the surrounding rural communities.

One important observation was that since 1994, the business sector in the city has become aware of the BEE and related Business Social Responsibility guidelines. In spite of this, however, the findings indicated that less than 15 per cent of the businesses studied were involved in one way or another with the application of social responsibility principles in their operations. The reasons behind this situation were found to range from unwillingness on the part of the business owners to apply the guidelines to the inability of the municipal authorities to enforce compliance with the BEE and the other business social responsibility rules discussed above.

A number of recommendations were therefore made to the top management of the city. Table 1 indicates the major business social responsibility-inspired recommendations that have been made to the management of the City of Tshwane Metropolitan Municipality.

**Table 1: Business Social Responsibility-based recommendations for the City of Tshwane**

Sector	Recommendation
The building industry	The small-scale metal works in the townships need to be assisted to sell their materials to the building companies in the formal sector of the city.
Traditional handicrafts and cultural tourism	The formal businesses need to help in training programmes to open up opportunities for the small-scale operators in the traditional handicrafts and cultural tourism sector, whose products are in high demand in the affluent sections of the city and also from foreign tourists.
SMME development	The big formal sector businesses need to help in SMME development in the city
Slums problems	The formal businesses need to make some contributions to the upgrading of the slums in the poor suburbs of the city.
Jobs	The formal businesses need to assist in providing numerous short-term and permanent jobs to residents of the poor suburbs of the city.
Motor industry sector	The automotive businesses in the city need to help in various ways to provide jobs and other forms of assistance to the residents of the poor black suburbs
Tourism development	The formal tourism sector needs to help in the growth of the informal small-scale tourism businesses in the city.
Commercial development	The ultra-modern shopping malls in the city need to assist in the upgrading of the informal commercial activities of the city
The restaurants	The restaurants in the affluent suburbs of the city need to be encouraged to purchase their fresh produce from informal farmers located in the largely rural poor suburbs in the northern sections of the city
The furniture businesses	The small-scale carpentry establishments in the poor suburbs should be enabled to provide input for the modern furniture businesses in the CBD of the city



Locations of businesses and residents	The municipality needs to formulate policies and plans to encourage whites and other races to begin to establish businesses and also stay in the black townships
Annual carnivals	The formal businesses need to help to organise annual carnivals to bring the races in the city together
The schools	The formal businesses in the city need to help with donations to the schools in the poor suburbs in the city and also assist in using the schools in the city as tools for interaction (e.g. school-to-school visits, debates, etc.)
Pollution	The municipality needs to implement anti- pollution regulations in the city to improve the quality of life of the residents

Source: City of Tshwane Metropolitan Municipality.<sup>69,70</sup>

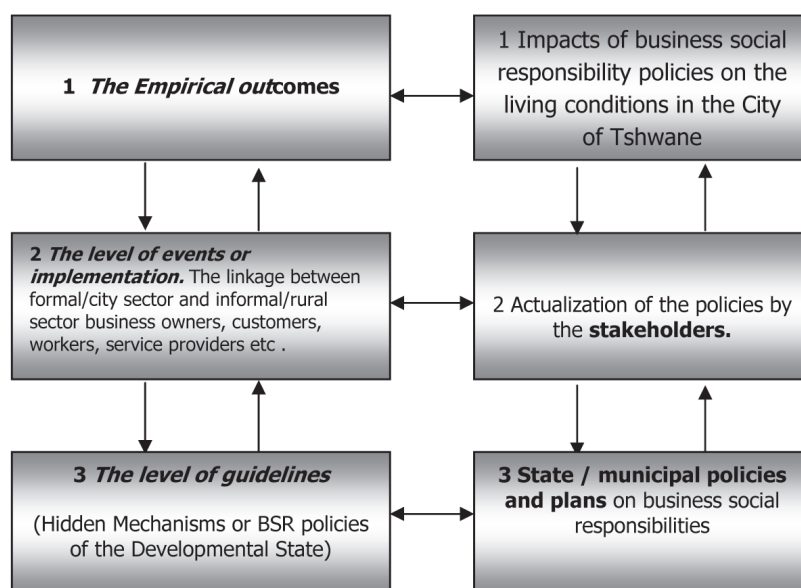
To enable the authorities to monitor progress in the application of the BSR guidelines, it was recommended that various templates be developed and made available to the businesses in the city to fill out on a quarterly basis and make available to inspectors. In addition, it was recommended that regular meetings between representatives of the formal and informal business sectors of the city, between the municipal officials and the surrounding rural communities, and between the civil society organisations in the city and the rural communities, would all be crucial in contributing to the sustained development of the city.

It was impressed upon the municipal authorities that the above initiatives have the potential to reduce the existing inequalities in the living conditions between the urban/formal and the informal/rural sectors. Briefly sketched, the recommendations were based on a dual structure of a business social responsibility model consisting of a domain of stakeholders occupying the events or implementation level on the one hand, and a

domain of the institutions of the developmental state occupying the guideline-forming or policy-forming level. The recommendations were thus grounded on the idea that the state matters in the formulating, implementing and monitoring of business social responsibility programmes. It is common knowledge that businesses see no obligation on their part to address what they tend to consider as 'non-business' issues. It was impressed upon the municipal authorities that through education, incentives and other forms of support the state can indeed constantly impress upon the business and other stakeholders that the factors which they often conceive of as separate from themselves could, in fact, constitute the very key elements needed to produce the ideals of long-term sustainable development.

Figure 3 provides an outline of the model which underpinned the recommendations on the BSR research project in the City of Tshwane Metropolitan Municipality.

**Figure 3:** The three levels indicating the role of the City of Tshwane municipal officials in the implementation of local business social responsibility policies and plans by Yirenkyi-Boateng.<sup>71</sup>



It needs to be noted that this example from the City of Tshwane is very much rooted in the six key principles of the Reconstruction and Development Programme of South Africa.<sup>72</sup> The principles relate to the achievement of integrated development through peace and security, nation building, democratisation, sectoral linkages, human resource development and regional balance.<sup>73</sup>

This model on the role and impact of the state in the transformation of the economy of the City of Tshwane also features in a number of international publications. In the various documents, one observes that the state officials have been called upon on numerous occasions to provide the overarching direction for the attainment of the ideals enshrined in the business social responsibility initiative. To be able to play this role, the Ecosoc and Economic Community of Africa document<sup>74</sup> states that 'the state must have the legitimacy required to mobilise all stakeholders around a nationally owned development framework, goals and targets and the necessary capacity to monitor and evaluate the effectiveness of its plans in order to bring about the necessary structural transformation'.

This statement, to a large extent, summarises one of the big challenges facing the governments of Africa in their efforts to accelerate the development of the continent. If the state officials in the various African countries are looking for development planning models that could help in the implementation of business social responsibility programmes, then this paper indicates that *development through the multi-stakeholder participation approach* offers an important pointer.

## Conclusion

This paper has discussed the challenge of linking the business sector to the long-term sustained development of Africa. From the cases mentioned, it is clear that the business-society linkage challenge continues to present a focus area for discussions by African politicians, academics and investors. This challenge constitutes a key element of the dualistic structure of South Africa's development. The formal business sector of the City of Tshwane has received government support in various forms. The rural and informal sectors of the city have also received support in various forms. The theory of business social responsibility is a tool that has the potential to link the urban, formal and relatively affluent sector and the rural, informal and relatively poor sector to promote the sustainable development of the city.

The business social responsibility approach makes it clear that it is possible to assess and transform businesses in terms of the goals of: profit maximisation for continued investments through increased output and income generation; community development; environmental protection; and international best practices. This multi-stakeholder approach in the analysis of development challenges needs to take deep root in Africa. Public administrators have to use this approach, among others, to produce new policies and plans to enrich our existing understanding and knowledge of the relations between the business sector and the sustained development of Africa.

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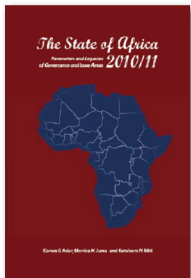
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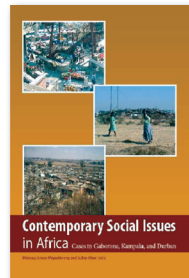


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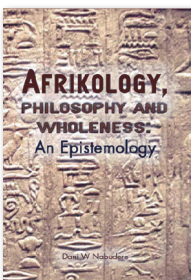
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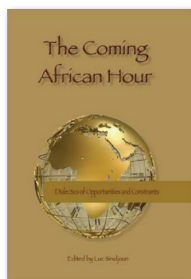
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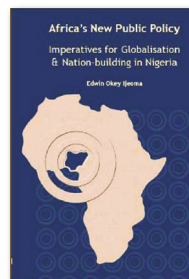
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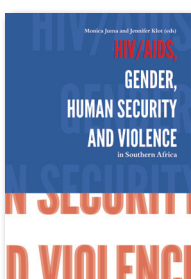
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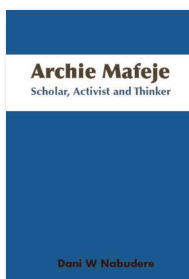
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