

How the private sector can help resolve SA's societal challenges - report

PwC South Africa has released a new report that explores how private companies can help resolve societal challenges in South Africa. The report, [*Rebuilding social cohesion is an essential contributor to economic development in South Africa*](#), suggests incorporating environmental, social, and governance (ESG) factors into their corporate strategy.



Source: www.pexels.com

South Africa has made tremendous strides as a nation over the past three decades, however, numerous challenges still need to be addressed. The civil unrest in KwaZulu-Natal and parts of Gauteng during July 2021 occurred within a context of multiple socioeconomic challenges facing the country, and concerns remain that many of the driving forces behind the 2021 unrest — including unemployment, poverty and inequality — have not improved.

The growing gap between the 'haves' and the 'have-nots' is a key driver for the decline in social cohesion across many societies and economies. Our latest report looks at the evidence showing that social cohesion in South Africa has deteriorated in recent years within this socioeconomic context.

Social cohesion is defined in the local context as comprising:

- Inclusion in economic and social life;
- Acceptance and belonging in society;
- Social relationships and trust;
- Participation in political life; and
- Trust in the legitimacy of institutions.

Says Christie Viljoen, PwC South Africa senior economist: "The risk faced by South Africa at present is that the breakdown in social cohesion experienced in recent years continues on a negative trend over the short- to medium-term. For private companies, this increases operational and security risk for business activities.

"Our survey data shows that local business leaders are very concerned about the impact of social inequality on their businesses. At the same time, the public sector is overwhelmed, and stretched in every direction to cope with these and other challenges."

Message of hope

The report also aims to deliver a message of hope. South African companies can continue to make an even more meaningful and sustainable impact on their communities by adopting the right strategy for their business and stakeholders. The private sector will need to play an increasingly important role in helping the state address socioeconomic challenges — specifically at the community level.

However, financing socioeconomic development interventions in the same manner as we have in the past will not achieve this. Making budget allocations for corporate social investment (CSI) is insufficient to make a societal impact. Private sector organisations can only have a meaningful impact on social cohesion by deliberately taking a purpose-driven approach to their general business operations with a focus on the five pillars of social cohesion.



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Sindy Peters 3 Nov 2022



Purpose a commercial imperative

Says Lullu Krugel, PwC Africa ESG leader: "Modern societal expectations are that companies should be purpose-led organisations, committed to contributing towards important ESG goals through their influence in society."

"Purpose defines how an organisation can contribute to society, and there is growing acceptance that purpose is a commercial imperative amid evidence of a strong link between purpose-driven companies and strong financial performance. Only purpose-driven organisations can earn the trust of communities and employees, reduce social risk, and rebuild social cohesion."

According to PwC, addressing the breakdown in social cohesion at a community level can best be achieved by implementing a comprehensive ESG approach that is embedded within an organisation's core business strategy. More than ticking boxes, ESG is about making a difference by creating sustained outcomes that drive value and fuel growth while strengthening South Africa's environment, societies and governance structures.

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