

There's no cavalry coming - It's time for business to step up to make change happen

By [Ivan Swartz](#)

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There will be no sudden arrival of the cavalry to rescue us and that will affect the socio-economic change South Africa needs anytime soon. The only solution going forward is private-public co-operation and, as harsh as the statement might seem, it's necessary.



Ivan Swartz, CEO of Valcare.

Everyday, we read about some sort of shortcoming on the public sector's part while the indigent suffer, with the situation not getting any better. Government is battling spiraling national debt, poor service delivery, a corruption backlog, the harsh impact of the pandemic and growing civil unrest.

Functionally, it is incapacitated to help those most in need and to generate economic and social momentum that is needed to turn South Africa around.

Private-public co-operation could fast track social impact

As the challenges facing the public sector are so significant, South Africa finds itself in a peculiar predicament in which the onus to fast track social impact lies with private entities, and with ever-increasing urgency.

The desperation of the indigent at the most basic of levels, including food, clothing and shelter, has effectively thrown the gauntlet at the private sector - not least because many in this demographic are customers of some businesses. This is why the phrase “giving back” is often used.

The disconnect between the needy and private industries comes into play when big business treats corporate social investment (CSI) as a tick-box affair rather than a plausible opportunity to help millions of desperate South Africans break-out of the poverty cycle.

Although businesses create jobs and help stimulate the economy, there is now a social responsibility that is becoming increasingly necessary. It is also in the businesses’ own interest to ensure that their market, their stakeholders, staff and suppliers exist in a stable and thriving environment.

In essence, social activity is an investment which should ultimately result in a social and economic return. Until the private sector correctly grasps the concept of social impact investments, we won’t see significant positive change in our country.



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The social impact efforts should influence corporate governance and not vice versa. The essence of “ubuntu”, or humanity, is a social creed that the private sector has, to a large extent, left unminded in their Macbook records and Google documents, ironically even within the African context.

For example, companies in SA spent <https://trialogue.co.za/companies-in-sa-spent-r10-7-billion-on-corporate-social-investment-in-2020/> R10.7bn on corporate social investment in 2020]] but, as good as the effort is, it still doesn’t match the demand - even though it’s rather difficult to quantify the value of the social investments needed.

Considering that one of our main national hurdles is corruption - CSI funders, trusts, foundations and philanthropists are advised, and challenged, to follow tested criteria in ensuring that the funds made available by the business world are used to achieve maximum social impact, rather than randomly giving out money to charities.

The fact is: businesses will never invest in something with a low economic return and in the same way they shouldn’t invest in something with a low social return.

Implement social investment processes

Coincidentally, within the community of the Cape Winelands, an organisation exists to channel, manage and account for social investment funds in the area. The point is that social impact funds should always be accounted for and so the private sector should be comfortable to step up its social investments because there are qualified and viable partners to manage their funds appropriately.

For example, companies such as Valcare use a ten step social investment process to ensure that CSI and philanthropic funds achieve maximum social impact.

The processes ensure that funds are properly utilised to achieve maximum social impact, along with its non-profit member network, is given more potential to succeed by the transparency between all stakeholders. It starts with establishing partnerships with social investors, receiving funds, assessing projects, before it closes out with monitoring, evaluation and reporting processes.



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Individual attention also needs to be given to each project partner to ensure they are having the greatest impact in their area. This may be through capacity building and training, strategic planning and guidance, governance and compliance, systems and processes or just encouragement and support. Social investment has the highest return when partners are given every opportunity to succeed.

Considering issues such as time constraints, accruable costs and other factors, it's a difficult balancing act to ensure that funds are most effectively allocated. But social investment processes provide a template for fund managers and gives them leeway to accept the CSI challenge presented by the South African reality.

Hopefully, the private sector will start to understand that the true measure of success is more than just the bottom line. They should work towards leaving an admirable legacy, even if it's within the space they operate in as a start.

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