STAKEHOLDER ENGAGEMENT IN THE CREATION AND MAINTENANCE OF CORPORATE CITIZENSHIP

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ABSTRACT

Recently numerous references have been made to corporate social responsibility, corporate or brand citizenship, stakeholder engagement, partnerships, sustainable development and effective corporate governance. One of the fundamental issues in corporate citizenship is the ability of an organisation to cope with its various stakeholders and enter into partnerships with these stakeholders for improved business ventures. The question, however, remains how can organisations take a structured approach to engage and consult with stakeholders. Organisations need to know who their stakeholders are, and should be accountable to these stakeholders. Stakeholder accountability requires that organisations must ensure that governance systems foster an understanding of business relationships which will allow balanced business judgments to be made. Stakeholder "voices" need to be heard at the highest level of organisational governance. This article attempts to define and describe the concept of stakeholders, illustrates how partnerships can be built between stakeholders and organisations, and provides a South African perspective on public/private partnerships in a rapidly changing business landscape. It underpins the importance of creating business networks, but emphasises that maintenance of relationships with stakeholders are pivotal for organisations in becoming good corporate citizens.

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INTRODUCTION

Of late there are numerous references made to *corporate social responsibility, corporate* or *brand citizenship, stakeholder engagement, partnerships, sustainable development* and *effective corporate governance*. "Corporate citizenship" in particular, has been receiving a lot of professional and academic attention. A fundamental issue in corporate citizenship is the ability of an organisation to engage with its stakeholders and enter into partnerships with these stakeholders. Increasingly sustainability, development and good practice are orientated by an inclusive approach, a form of governance based on engagement with stakeholders (see Accountability 2003). In South Africa, "*the corporate social responsibility agenda sees the private sector, including large transnational companies, as potentially important rural and urban development agents, particularly in partnership with government, community groups and non-government organisations (NGOs). Large companies and business associations are arguing for corporate social responsibility on the basis of the so-called 'business case': a more responsible, strategic approach to environmental management, labour relations and community development should lead to better relationships and improved reputation, and hence greater profits*" (Hamann & Acutt 2003: 256).

CORPORATE CITIZENSHIP AND ACCOUNTABILITY

The social reports produced by the Danish pharmaceutical company Novo Nordisk clearly indicate the importance of stakeholder engagement: "*Stakeholders need to be taken into account in the governance structures of corporations and their interests need to be appropriately reflected. We believe in a broader stakeholder focus. We need to ask ourselves which stakeholders are not adequately consulted in our governance structures. New issues are being brought to our attention by stakeholders, and these issues should be incorporated in our learning processes. Therefore we will need to extend elements of governance to key areas of our activities that are not already covered or are not adequately covered*" (Novo Nordisk 1999).

The frequently-asked question, however, is how can organisations take a structured approach to the somewhat confusing practice of meeting and consulting with stakeholders? In response to this question, organisations in the United Kingdom argue that a growing number of organisations are beginning to use accountability standards and systems such as *social* and *ethical accounting*. These can help an organisation develop governance structures that are responsive to the concerns and values of all stakeholders - one way to position an organisation to face the rapidly changing challenges of today (see Accountability 2003). Stakeholder accountability requires that organisations need to ensure that governance systems foster an understanding of relationships which allow balanced judgements to be made. Stakeholder voices need to be heard at the highest levels of governance, only then can greater benefits flow to all stakeholders.

Organisations therefore need to develop and manage systems that facilitate:

- the identification of stakeholders with a legitimate interest in the organisation's activities
- stakeholder voices being invited and taken into account, at the right place and time within the organisation - without compromising the organisation's ability to make effective decisions
- the allocation of responsibility to manage relationships with different stakeholder groups
- a continuous cycle of quality control and improvement based on stakeholder engagement
- the building of trust between the organisation and its stakeholders, and
- the empowerment of stakeholders to engage effectively with the organisation (cf. Wheeler & Sillanpaa 2003).

In the draft document on the FTSE/JSE SRI Index (October 2002) the three principles common to a range of international and local statutes, charters, documents and undertakings in relation to corporate social responsibility have been identified and reported. An organisation's attitude towards the issues integral to these principles has a strong bearing on its approach to corporate social responsibility. These core principles are:

- environmental sustainability
- upholding and supporting universal human rights, and
- positive relationship with all stakeholders.

Regarding the last principle on stakeholder relationships, it has been noted in the JSE's draft document (King Report 2: 2002) that an organisation is a key component of modern society, representing a more immediate presence to many citizens than the government or civil society. Organisations can no longer only superficially engage with their stakeholders, but are required to develop and maintain positive relationships with a far wider structure of stakeholders, including staff and the community in general. The key challenge however, is to achieve a balance between performance and compliance while taking account of stakeholder expectations.

De Villiers in *Business Day* (July 2002) argues that business organisations are a vital part of any community. It is further reported that business organisations stem from civic-minded individuals and rely on voluntary support in terms of time, money and members' creative efforts. The *Afrikaanse Handelsinstituut* (*AHI*'s) recent focus has been on a more inclusive approach, forging alliances with the *Black Business Council*, and *Business SA*. This strong move towards unity in diversity also suggests the vital role of partnership building to shape a better South Africa.

Mr Sydney Mufamadi, the then Minister of Provincial and Local Government (2002) argued that partnerships can help the delivery of services to the most needed. He stated that: "*We are convinced that public-private partnerships can unlock managerial and financial resources from the private sector. With appropriate policy and regulatory support, and technical and financial assistance provided through partnerships, the South African Government has demonstrated a very serious commitment to the development of these partnerships at all levels of government*" (Business Day June 2002).

Lamont and Mason (2002) however, reported at the World Summit for Sustainable Development (WSSD) that business had warned that the United Nations should not use partnerships between organisations, governments and civil society as an alternative to a political agreement. The United Nations' under-secretary-general, Nitim Desai, tried to address this fear at the WSSD by stating that partnerships are not a substitute for government action or responsibilities, and they are not a subterfuge for governments to avoid making the necessary commitments to move the sustainable development agenda forward.

STAKEHOLDER ENGAGEMENT AND DIALOGUE

A strategic element in stakeholder engagement is *dialogue*. Dialogue is the key transaction with stakeholders so that an organisation can enact to ensure it is socially responsible (see Black & Hartel 2003). They argue that the attributes of effective dialogue are respectful attitude, freedom of all parties to initiate and maintain communication, and agreement and satisfaction with the rules governing the dialogue. The above-mentioned authors are of the opinion that dialogue comprises more than involving stakeholders in terms of what Zadek (1999) believes, namely that dialogue defines the *terms of engagement*. In Black and Hartel's (2003) view dialogue requires a conscious and respectful effort to share the power of discourse. This could be considered the true basis for stakeholder involvement in terms of corporate social responsibility.

Communicating about an organisation's corporate social responsibility should be considered as strategic in nature (see Thatcher 2003/4). In Asia, corporate reputation is increasingly managed strategically at the highest corporate levels (see Lines 2004).

DESCRIBING STAKEHOLDERS AND STAKEHOLDER ENGAGEMENT

It is imperative to describe the scope of the stakeholder landscape in order to understand the partnership philosophy. Andriof and McIntosh (2001) refer to stakeholder partnership as collaboration between individuals and/or organisations from some combination of public, business and civil constituencies that engage in voluntary, mutually beneficial, innovative relationships to address common social aims through combining resources and competencies. Stakeholders can be categorised in the following three broad groupings:

- public bodies at the local, national or international level
- private sector entities, ranging from individual organisations, business associates to supply chains, and
- civil society, ranging from local community initiatives to trade unions, academic institutions and national and international NGOs.

Employees should be considered as important in the corporate citizen strategies of organisations. Some organisations involve their employees in their corporate social responsibility drives (see Employee Benefits 2004). In terms of intercontinental trade, importers or organisations outsourcing supply to other countries, should recognise the values of people of the countries of origin. Blowfield (2004) states that if suppliers of Asia who are dependant on producing for Western markets are to benefit from corporate social responsibility, there needs to be recognition of the values and priorities of communities and workers.

Stakeholders are no longer viewed as separate entities but become intimately connected to the organisation's ultimate survival (see Hill & Cassill 2004).

According to Cannon (1992) the interdependence between society and business cannot be understated. Wegerle (1991) further adds that it is in many ways like a tapestry made up of many interwoven strands, all of which combine to form an integrated whole. It will therefore be foolish to try and separate business from society and national politics in general. What is of critical importance however is a culture of mutual understanding between all stakeholders. This requires unpacking the nature of the relationships as well as the value and interdependence between them. Genuine interaction between business and communities and a willingness to uplift them is therefore critical.

From a public relations perspective Newson et al. (1992) state that businesses have ethical responsibilities to nine different publics (stakekolders), namely clients, news media, government agencies, educational institutions, trade unions, stockholders and analysts, competitors, community and public relations practitioners. Awareness of this responsibility will urge businesses to adapt their corporate policies. Furthermore Wegerle (1991) suggests that community development forums consisting of all the key socio-political and economic role players is a step in effectively managing the relationship and interface between stakeholders.

Jones (2000) argues that certain conditions are necessary for corporate social investment to manifest itself in stakeholder management. He reports that the practice of stakeholder management depends ultimately on decision makers' processing values consistent with social responsibility and acting upon them. These people must operate in organisational environments in which stakeholder management is perceived as an institutionally legitimate process of resource allocation.

Jones (2000) further proposes the following various institutional levels relevant to the concept of practice of corporate social responsibility: socio-cultural, national, industry, firm and intra-firm and lastly, individual. These levels are far more interrelated than equivalent in their impact on stakeholder management. They rather provide the underlying conditions for the practice of stakeholder management.

According to Bernam et al. (1999) there is conceptual agreement that managers should proactively address stakeholder interests, yet little has been done to identify which stakeholder interests should be attended to and what managers should do to address them. Bernam et al. (1999) further report on two most commonly held views on the efficacy of stakeholder management practices. In the first model *strategic stakeholder management*, the nature and extent of managerial concern for a stakeholder group is viewed as determined solely by the perceived ability of such concern to improve financial performance. In the second model, *intrinsic stakeholder commitment*, organisations are viewed as having a moral commitment in treating stakeholders in a positive way, and this commitment is, in turn, seen as shaping their strategy and impacting their financial performance.

Berman et al. (1999) have a different opinion on the stakeholder levels of areas that need in-depth consideration. They focus on five stakeholder areas namely employees, the natural environment, workplace diversity, customers and issues of product safety, and community relations. They further emphasise the importance of corporate survival that depends in part on there being some fit between the values of the organisation and its managers, the expectations of stakeholders in the organisation and the societal issues that will determine the ability of the organisation to sell its products. Whether such changes are socially desirable or morally praiseworthy is an important question, but it is yet a further question that an analysis of enterprise strategy does not address. They conclude by reporting that stakeholder management is part of an organisation's strategy, but it in no way drives the strategy.

Mitchell et al. (1997) report that stakeholders become salient to managers to the extent that those managers perceive stakeholders as possessing three attributes, namely *power*, *legitimacy* and *urgency*. Harrison and Freeman (1999) report that the three attributes do indeed significantly increase stakeholder salience. Taking this into consideration, they further argue that managers find it difficult to successfully balance the competing demands of stakeholders especially when viewed from a profit-making angle. In a study by these authors in 1999 on economic versus social performance, they argue that dividing the world up into economic and social sections, ultimately is quite arbitrary. The rationale for this was to find a way to integrate economic and the social issues. More research is required to find ways of measuring stakeholder effects.

According to a study undertaken by Lines (2004), Asian executives are more concerned with core stakeholders such as customers and shareholders and bottom-line performance and corporate governance than with the "softer issues" of reputation management, such as community relations and internal communication. Corporate social responsibility and the broader range of stakeholders beyond customers and shareholders do not feature strongly in the corporate reputation agenda.

Identifying, knowing and understanding one's stakeholders, the specific interfaces between them and optimising these relationships through sound management principles, having an open policy of disclosure and offering a "process solution", whereby a "road map" could be presented to direct both business and stakeholders, would result in managing effective stakeholder engagement.

BUILDING PARTNERSHIPS

Businesses, communities and individuals are learning to live with the realities of the "new economy", characterised by economic globalisation, technological transformation, demographic change and political transition (see Zadek 2001).

The widening gap between those who are beneficiaries of change, and those who are excluded from its benefits, poses a fundamental threat to the project of economic and political modernisation that countries at all levels of development are pursuing (refer to Andriof & McIntosch 2001). These authors argue that bridging the gap has become a central goal for policy makers, whether in government or in business, trade unions or in the community. The fundamental principle underlying this challenge is in building significant partnerships between these stakeholders. Andriof and McIntosh (2001) also refer to the *new social partnerships* that involve institutions from different sectors of the community that come together in addressing common purposes that involve the realisation of both social and commercial ends. An example is: IBM outsources its catering because it does not see this as core business of a competency that it has or wishes to develop.

The "Partnership Alchemy Study" (see Zadek & Nelson 2000), identified a number of dynamic pathways as determinants of successful partnership building:

- acknowledge drivers and triggers that brought the partners together
- mutual agreement on common purpose and agenda
- mutual agreement on the scope and complexity of levels of actions
- identifying a leader/leadership role to act as mediator or facilitator
- understanding resources, skills and capacities that are needed to meet the partnership objectives
- appropriate organisational and legal structures to meet common objectives
- transparency, representation and accountability
- communication strategies that facilitate clarity
- methodologies for measurement and evaluation of partnership outcomes, and
- flexibility to adapt the purpose of the partnership.

It is also becoming clear that most businesses attempt to integrate the partnership philosophy with their business strategy, thereby building social and environmental elements into their own balanced scorecards.

Zadek and Nelson (2000) presented the four "P's" of partnership building. These four characteristics are the defining elements of partnership and may be called the four P's of partnership building. Table 1 depicts the steps of partnership building.

Table 1: The four P's of stakeholder partnership building

Step	Purpose	Pact	Power relations	Process of development
1.	Acquire knowledge	Dialogue	Cyclic reputation interdependence	Incremental adaptation
2.	Co-financing of social investment	Joint venture	Balanced commitment interdependence	Stepwise strategising
3.	Combining of competence	Joint venture	Balanced competence interdependence	Life-cycle learning
4.	Improvement of communication	Alliance	Regulated knowledge integration	Spiralling trust building

(Source: Nelson and Zadek 2000: 237)

Principles of partnership building

The International Finance Corporation (IFC) (2000) presented a guide on community development for organisations. In this report *three key principles* for good partnership are suggested:

1. Clearly define partnership objectives from the outset and ensure that potential conflicts are addressed and shared interests are identified.
2. Maintain flexibility by facing disagreements and modifying partnerships without jeopardising the collaboration.
3. Ensure strong support within the participating organisations. This needs to be done at both management/strategic and implementation/operational levels.

As part of the partnership-building strategy, the IFC (2000) offered some suggestions on how organisations can collaborate with government, to ensure that organisation programmes are complementary to ongoing official development strategies. These are:

- facilitating the implementation of existing government projects or programmes
- sharing resources or skills with government
- maintaining regular communication with local and national government concerning development effects
- including government representatives in the decision-making bodies or processes of a community development programme
- facilitating between different government departments and levels of government, and

- engaging in a broader policy dialogue on local and regional development objectives.

However, according to the IFC (2000) in most cases the intent from both private sector and government might be favourable to form partnerships. Sometimes governments might lack credibility or may even pose a threat to the success of an organisation. The private sector therefore should in principle be fully aware of the potential risks, for example:

1. inefficient and non-transparent governments often do not spend the taxes and other resources generated by a project in a manner that would promote sustainable development
2. by not contributing resources, governments can saddle organisations with the entire burden of providing goods and services for a project, and
3. governments could undermine, block or simply siphon resources from corporate projects and effects.

Considering the above, it becomes clear that public consultation programmes that maintain strong, direct communication links between an organisation and its stakeholders are crucial. Delineating roles and responsibilities is also a key driver for successful partnerships. The IFC (2000) identified three common themes for establishing successful partnerships:

1. *Credibility* - organisations should work with institutions that are perceived as credible, accountable and transparent.
2. *Commitment* - organisations must work to create internal commitment and should ensure that there is also commitment on the part of the partner institution.
3. *Flexibility* - different interests, orientations and objectives should be accommodated in the partnership.

Finally, maintaining partnerships can be difficult, but the rewards in terms of combined resources and talents, improved community development programmes and enhanced sustainability can be immense.

Transitions in stakeholder engagement

According to Mitchell (1998), there are *ten building blocks* or transitions when engaging with stakeholders. Table 2 shows the shift towards issues such as verification, benchmarking (and the "benchmarkability" of reported data) and corporate governance.

Table 2: Engaging stakeholders - 10 Transitions

	Established focus	Emerging focus
1.	One way passive communication	Multy-way, active dialogue
2.	Verification as option	Verification as standard
3.	Single company progress reporting	"Benchmarkability"
4.	Management systems	Life-cycles, business design strategy
5.	Inputs and outputs	Impacts and outcomes
6.	Ad hoc operating standards	Global operating standards
7.	Public relations	Corporate governance
8.	Voluntary reporting	Mandatory reporting
9.	Company determines reporting boundaries	Boundaries set through stakeholders dialogue
10.	Invironmental performance	"Triple bottom line", economic, environmental and social performance

(Source: Mithell 1998)

"Transition" 9 suggests that organisations seeking to build up social capital, including stakeholder trust, will need to involve stakeholders in setting the boundaries of life-cycle assessment and environmental reporting processes alike. Only if stakeholders are turned, in effect, into a new category of customers and consulted right down the line will they believe that the organisation itself is trustworthy. This challenge becomes even more urgent now that the sustainability agenda is formally opening up to embrace not only environmental and economic dimensions, but also the social and ethical dimensions.

Business people - who are increasingly alert to some of the major market opportunities that the sustainability transition will open up - must increasingly recognise that the challenge now is to help to deliver economic prosperity, environmental quality and social equity simultaneously (see Mitchell 1998).

The stakeholder landscape is changing rapidly. Empowering the key stakeholders in any business environment through communication and participation becomes imperative. This suggests openness, transparency and dialogue that are key drivers for building trust and integrity. Both these values are increasingly becoming the focus points of being good corporate citizens thus fuelling what is commonly viewed as the "intangible" value of organisations in the twenty-first century.

Another way to look at the transition of stakeholder engagement is the arguments of Black and Hartel (2003). They view stakeholder engagement as having two components. The first is *stakeholder identity*, according to which the organisation considers the extent to which the organisation sees its long-term interests linked to those of its stakeholders. The second is *stakeholder management*, which includes bringing stakeholder interests to bear on operational decision-making and the communication of socially responsible behaviour.

Sachs and Ruhl (2004) believe that an organisation's learning processes should integrate stakeholder management into their business models. Ahmed (2004) promulgates a view of quality that explicitly incorporates virtue as part of the quality paradigm. Ethics and organisational morality should be incorporated in quality management and this should lead to the next stage in the evolution of quality theory. Better practice of social responsibility will take place through a higher platform of quality which is termed "quality consciousness".

Critical factors for stakeholder integrity

Collaborations involving business, civil society and government are burgeoning in number and scale.

Waddell (2002) alludes to the systemic integration of three sectors and specifically the unique contribution of each, epitomising the interdependency between these sectors:

1. the *government*: provider of the political system
2. the *business sector*: provider of the economic system, and
3. the *civil society sector*: provider of the social system.

All of the above three sectors operate within the natural environment that acts as the *hosting* system which can only survive if there is cohesion between these three systems. *Systemic cohesion* is seen as a critical determinant of stakeholder integration. McPhail and Daly (1998) developed critical success factors to ensure integration of the social and environmental aspects of private sector development. These factors have been derived from discussions with and questionnaire responses from multinational corporations and larger local enterprises, consultants to private enterprises and NGOs. The following are some examples of such factors:

Government sector factors

- inclusion of requirements for public involvement in planning and development projects within the legal framework
- clear definition of institutional responsibilities for social provisions and environmental management, and the development of adequate capacity, and
- development of a legal basis for directing a proportion of local development initiatives and encouraging private sector investment in the community.

Business sector factors

- adoption of a policy on addressing social concerns and developing in-house capacity
- identification of stakeholders and acknowledging the legitimacy of their perspectives

- identification of social risks and opportunities
- delineation of responsibilities for social provisions
- development of mechanisms for long-term representation of key stakeholders and conflict resolution, and
- evaluation of the effectiveness of social investment.

Civil society /NGO factors

- willingness to work as partners in sustainable development in collaboration with the private sector and government
- recognition of the legitimate role of governments to make strategic development decisions, providing that citizens are adequately involved in decision making
- development of accountability structures to local communities, and
- reconciliation of the campaigning/advocacy role in the development of long-term solutions.

A key conclusion in analysing the above factors is the cross-sectors' recognition of strengths, weaknesses and values each of these sectors contribute towards a significant partnership creation. Again the interdependency between the sectors becomes the driving force of partnership integration.

Internalising partnerships

As previously reported, most South African organisations' corporate social responsibility initiatives are still undertaken by their Corporate Social Investment (CSI) departments, usually forming part of corporate communication and public affairs departments or units.

In a resource guide for organisations on community development (see IFC 2002), some suggestions are made on ensuring community participation in social development initiatives. These methods or suggestions could easily also be viewed as ways in which organisations can internalise partnership building and the strategic importance thereof into the core values of the organisation. Some suggestions are:

- include participation in the mission statement of CSI initiatives and reinforce a participatory approach
- set up advisory bodies for specific projects - including beneficiaries, staff and other stakeholders, for example local governments
- create a formal channel to address complaints, criticisms, recommendations or constructive advice

- create a staff component that values participation - including this as key performance areas in job descriptions, and reward or provide incentives for performance in this regard, and
- build participation into partnership efforts - encourage community groups or corporate leaders to initiate contacts with NGOs, governments and other stakeholders.

It is generally accepted that through the partnership-building process, the probability of sustaining community development and other CSI initiatives might be far greater. Sustainable development still remains the key imperative in any CSI initiative. The IFC (2000) also suggests *three key drivers* of building sustainability into projects hence internalising this into core business strategies:

1. build and support community organisations (NGOs) by ensuring capacity building and skills transfer to empower communities in taking the project over
2. require community or government co-financing and thereby diversifying the financing sources for projects. This ensures building a broad base of people who are interested in maintaining a project, and
3. form partnerships with other organisations specifically to utilise different skills bases and technical resources in order to maximise impact.

From the above it becomes clear that the sustainability of social development projects is the key. Multi-level resource allocation therefore will remain an important prerequisite for success. The business sector with its broad base of resources and skills can be regarded as the ideal vehicle for partnership building to address the challenge of social development. It should, however, be internalised into the core strategic focus and drivers of an organisation by translating corporate consciousness into everyday roles and responsibilities.

Create awareness for stakeholder management

Establishing stakeholder partnerships requires skill and dedication. The diverse backgrounds of stakeholders normally complicate the matter further. In the case of South Africa, it seems that the government paradoxically did not forge partnerships, but rather created a system of exclusivity. Forming partnerships between historically "separated" stakeholders is a sensitive and emotionally loaded activity that in some cases requires a pragmatic rather than an unstructured approach.

Colman (2004) emphasises the need to involve stakeholders more actively with an organisation's progress (in terms of corporate social responsibility). Stakeholder communication is the key. It is critical to involve stakeholders at every stage of the reporting process to create a sense of openness and also to understand what information really matters for stakeholders.

In conclusion, this section dealt specifically with the fundamental process of building partnerships and stakeholder relationships. A key imperative emanating from the above is the importance of openness, dialogue and inclusivity. Stakeholders need to understand, appreciate and respect one another's "worlds". Therefore, it is important for stakeholder to allow others into their "worlds" and shape the nature and importance of partnerships through a better understanding of one another and communication plays a vital role. Partnerships do not result from financial contributions only. Cross-utilisation of skills, knowledge and infrastructure and the ability to influence strategic direction are becoming the drivers of partnership and form a fundamental basis of corporate citizenship.

SOUTH AFRICAN PERSPECTIVES ON PUBLIC/ PRIVATE PARTNERSHIPS

Hamann and Acutt (2003) argue that NGOs and civil society groups should counter the accommodation and legitimisation attempts by business, by means of ensuring that corporate social responsibility go beyond glossy organisational reports and the pure "cosmetics" of public relations. The emphasis should be on social and environmental performance measurement.

NGOs and civil society groups should also seize the initiative – the corporate social responsibility agenda is being increasingly driven by business, resulting in the concepts of corporate social responsibility and sustainable development being linked to business interests like decreased regulation.

NGOs and civil society groups will have to assess the bigger picture - organisations will get great public relations value from "best practice" examples (see Hamann & Acutt 2003). The *World Summit on Sustainable Development* (WSSD) was a prominent showcase opportunity. Civil society and the government will need to place these cases into the broader framework of how industry is contributing to, or detracting from, sustainable development. It also includes appraisal of how South African organisations are doing in other parts of Africa as reviewed by Kapelus (cited in Hamann & Acutt 2003).

There is increasing evidence to suggest that partnerships between business, the government and civil society can benefit the interests of all parties (see Hamann & Acutt 2003). In this respect the government took the initiative through the national *Department of Social Development* (DSD) by organising a business summit on public/private partnership in October 2002. In a document developed by Mthindso (2002) on the summit, he identifies the following objectives:

- to develop a common and shared vision of partnerships concerning social development with the business sector
- to identify projects that could be jointly supported to enhance their social and economic sustainability, while aligning efforts, resources and expertise to ensure delivery in strategic areas

- to enhance cooperative governance
- to create institutionalised relations on monitoring and evaluation, as well as other mechanisms for community development with the business sector, and
- to provide guidelines to business on CSI with the aim of sustainable development and focused objectives.

According to the CSI Handbook (2001) the Southern African organisations that are ranked high in terms of their involvement with national government projects include: Eskom, Gold Fields, Metropolitan, PPC, Spoornet, Sanlam and Woolworths.

Considering international trends, it becomes clear that an increasing awareness exists of the critical influence of public policy on private sector and vice versa. This supports the movement towards creating significant partnerships whereby consideration could be proactively given to any policy issue even prior to formal procedures. Morash and Lynch (2002) remarked that in an environment of deregulation and increasingly competitive global markets, public policy should be linked to private sector resources, capabilities, measurement and performance. They further reported that public policy output and outcomes are crucial resources and inputs for private sector capabilities, global organisation strategies, and ultimately performance. Similarly a resource-based demand or marketing focus would require tailoring and linking this public sector intermediate output to private sector and stakeholder demand requirements, preferably evolving towards a collaborative relationship or partnership. It is also the view of these authors that government policies in general, but particularly on issues like HIV/AIDS, have an impact on various levels of the South African social landscape, namely on institutions, public interest groups, civil society as well as on individuals - and subsequently requires intensive partnerships. A need exists for organisations to develop a strategy focussing on the impact of HIV/Aids on their organisations (*Finance Week* 2003).

Corporate social responsibility is also perceived to be instrumental in the fight against poverty and unemployment in South Africa. According to the Minister of Public Works during 2003, Ms Stella Sicgau, there is a "dire" need to develop a measurement "toolkit" looking at the funding terrain and the impact corporate social responsibility makes in the fight against poverty. A need exists to "cement" the partnership between the government and the corporate world in the fight for better living conditions for South Africans.

Morash and Lynch (2002) commented that as the business "actors" and public policy "actors" dynamically interact, the relationship may be elevated gradually for mutual benefit and competitive advantage. Global strategies rest on the interplay of the competitive advantages of organisations and the comparative advantage of countries. This interplay must be collaborative and mutually reinforcing to achieve synergistic rather than conflicting outcomes.

IN CONCLUSION

Hamann and Acutt (2003) suggest that government should take a more active role in shaping the corporate responsibility agenda by ensuring that partnerships and voluntary initiatives are relevant and complementary to regulatory objectives. Furthermore, they advocate a strategic approach to partnership (in South Africa). This implies both a strategy of incentives and regulations. A strategic approach of "critical cooperation" (civil society's *bargaining position*, government's *supervisory role* and business' *supportive function*), would go beyond arguments based on rights or power, and towards the joint identification of solutions on mutual benefits.

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