

Why CSI isn't where corporates should be skimping when it comes to budget cuts

When asked what the reality on the ground is for non-profit organisations (NPOs) after a year of Covid-19 and lockdowns of all levels, CSI group manager for Momentum Metropolitan Charlene Lackay summarised it in one exhausted exclamation: "Hectic!"



Charlene Lackay, CSI group manager for Momentum Metropolitan

Lackay manages relations and donations to eight youth employment partners and many more in the staff volunteers network across the country and says that if your NPO was not involved in healthcare to any degree, it was likely extremely difficult for you to stay afloat without some serious pivoting.

On the other hand, she says NPOs who have been able to invest in their own sustainability could weather the storm – though this is easier said than done, especially in this sector. “And those that have good governance, strong and transparent partner relations, and strong leadership, will weather it even better,” says Lackay.

Covid-19 impact on NPOs puts critical services at even bigger risk

In September 2020, social investment fund manager and advisor Tshikululu released the results of a survey that unpacked the impact of Covid-19 on NPOs in South Africa. It found that 66% of respondents had seen a decline in income, with 35% having had to either reduce working hours, temporarily lay off staff or cut salaries. Luckily, only a small number (10%) went into full staff retrenchments.

“If you think about the critical services NPOs deliver, and how big the NPO sector is, then losses in terms of jobs and services to the poor – and the knock-on effect of this on the broader economy is just scary. To put it in perspective, there are around 220,000 NPOs registered in South Africa,” says Lackay.



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Lackay believes this shift in the world's status quo emphasised the mighty need for corporates to play a larger role in the survival of NPOs.

“Corporates help the helpers,” says Lackay. “NPOs largely plug a gap in communities where government and even business with the best intentions cannot reach. While many work in survival mode, there are those whose objective is to unlock economic activity, using challenges and scarcity and turning that into opportunity in a very courageous way. This, in turn, helps grow the economy.”

Lackay says corporates need to recognise that most NPOs simply cannot survive without them. “The truth is, outside of corporate South Africa, non-profits experience little to no support and do not enjoy access to rescue plans in the current environment like other sectors do.”



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Feeding the cycle of economic growth

Lackay says corporates are duty-bound to advance the transformation agenda of the country. If economic recovery is now the focal point, then they should find a way to incorporate this into their CSI strategy.

Lackay says Momentum Metropolitan will now move even more to enable entrepreneurship for youth through programmes that help them transition from job seekers to job creators.

“For us, as a funder, we have to be really clear about where on the job creation spectrum we would like to contribute. We might not be accelerating black small business growth like our colleagues in empowerment financing, but we can grow the skills pipeline by empowering the individuals who will occupy those spaces by giving them access to opportunity through good education, skills development, and networking opportunities.”

Leaning into enabling entrepreneurship has become the buzzword for corporates and individuals responding to the impact of the pandemic. “It was clear very early on that young people would be very hard hit. There is a definite sense of urgency to address that. It's clear also from the increase of funding for employment creation to over R100m as heard in the Budget Speech. We have to move beyond just job placement.”

CSI for corporate sustainability

In a country stricken with inequality and record levels of unemployment, Lackay emphasises that CSI is not only about the immense importance of 'helping the helpers' in meeting the needs of the country and its society, but it is about stimulating specific areas of the economy for the sustainability of business and society.

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