

# Why purpose is so desperately needed in corporate SA

By [Wallis Watt](#)

5 Oct 2022

While SA business has been doing what it believes it can to avoid economic breaking point, it must be asked whether that is truly enough to set our beautiful country on a new trajectory. Should a collective corporate strategy be tethered to a massive transformative purpose? This would require an acknowledgment of a painful home truth: in South Africa, it's mostly profit before people.



Wallis Watt, chairperson, The Unlimited

Proof of this came to light relatively recently, bringing to the fore a ruthless trade-off in business as shown in one of the measurable realms of corporate purpose, corporate social investment (CSI). Findings published in the *Dialogue Business in Society Handbook* indicated that in 2021, for the first time, more than half (51%) of the research's participating companies reported a decrease in CSI expenditure. Only 36% of respondents reported increased CSI expenditure - significantly down from 62% in 2018 - suggesting an overall negative trend in CSI spending.

This local drop is in stark contrast to the US where the report notes "total community investments had unprecedented growth because of companies' efforts to alleviate the negative effects of the pandemic". The take-out being that if South Africa is to unlock growth in any shape or form, business should do better by dramatically shifting its priorities through its corporate purpose.



Ditching ESG doesn't make sense, especially in Africa

Bryan Turner 6 Sep 2022



## Purpose as a cause

The Dialogue research further found that in terms of overall expenditure, 54% of international companies spent less than 2% of their profit on social investment, 20% spent more than 2%, and the balance were unsure. It stated, "In line with this, more than half of South African companies surveyed (57%) spent less than 2% of their net profit after tax (NPAT) on social investment, while 12% spent more than 2% of NPAT."

It's clear that we stack up pretty poorly against international standards, and even more so given how radically far SA has fallen behind the socioeconomic curve. We must ask ourselves if these levels of social spend make even the smallest dent in addressing the dire inequalities in SA society?

In his book, *Exponential Organisations*, Salim Ismail shares that the fastest growing organisations and the ones making the most incredible breakthroughs in solving global problems, had one thing in common: a unifying purpose that everyone could get behind. According to the *State of Corporate Purpose 2022* report, more than ever there is a collective need for connection to something bigger than ourselves. It noted, "With more awareness of the impact that can come from a corporate culture that empowers social action, companies are wisely moving toward broader, more consistent support for

the causes that matter most to their employees, their customers and their communities.”



## The Unlimited Child aims to exponentially increase its ECD impact

3 Aug 2022



### Local dynamics and nuances

That said, the local context has different dynamics and nuances which require companies to move beyond compliance, to live a corporate purpose that renders a deeply social contribution to their people and the communities in which they operate. Words such as ‘upliftment’, ‘transformation’ and ‘sustainability’ and even ‘ESG’ have become the lexicon in business, but lip service alone has no place in true service to the communities without whom the operations of a company would not exist. Essentially, we need to bring our hearts to the table and think way beyond just making profits. Not only is that good for business, it also makes a massive difference in shifting our planet.

Voices within international markets also talk of how corporate purpose must align with individual purpose, but the South African context requires business to consider things differently. Consider that 42% of children live with their mother as their only parent and another 42% of economically active adults support both older and younger generations. For the first quarter of 2022, the unemployment rate was 63.9% for those aged 15-24 and 42.1% for those aged 25-34 years, while the current official national rate stands at 34.5%. As such, corporate purpose in the country is a social contract – a social and environmental license to operate – where paying corporate tax is simply not enough.

Therefore, for any business that operates in the South African market, it is now time to pay it forward. Consumers, whether living or working in an urban, peri-urban or rural community, no longer tolerate talk of ‘shared value’ and weak promises of community support. They deserve support from the companies who build their corporate value through operations in and around these communities – and corporate purpose is the crucial starting point for responsible business.

For many in both the academic and commercial world, corporate purpose is inaccurately attributed as being a soft behavioural element of corporate culture, but far from being fluffy, it is a societal imperative. When aligned to society’s needs and areas of growth, purpose at this macro level is the key to meaningful and positive business impact. Particularly as it rallies people behind a common goal, and this makes it a potential societal strength in the hands of business.



## Measuring the impact of impact investments and innovative finance

Next Generation 30 Sep 2022



### Business should do better

Purpose at an organisational level is a strong motivator. From work in early childhood development (ECD) to primary, secondary or tertiary education, to care for the elderly who have no family, environmental and animal welfare, or fulfilling nutritional and food security needs - if each business in a region took a tight focus on one community-aligned purpose, a significant wave of positive change would be ignited. It is in trying to solve too many challenges all at once and within one company that impact is diluted. But when done right, it is a change-maker.

When a business acts with a clear corporate purpose, people know what that company does, or does not, stand for. This creates an ethos that teams can subscribe to: a like-minded rallying call that keeps a company together and sustainable long into the future. At this stage in SA, it is plausible to put people before profit by mobilising shared purpose. It is *ubuntu* in its most powerful form. There is no time like the present for business to do better and actively get involved in uplifting our nation.

## ABOUT THE AUTHOR

Wallis Watt, chairperson, The Unlimited

For more, visit: <https://www.bizcommunity.com>