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Enhancing Business-Community Relations

Amalgamated Banks of South Africa Case Study



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Contents

1. Introduction.....	2
2. Company Profile	2
3. Employee Community Involvement Programmes – Give As You Earn.....	3
4. Others Forms of Employee Involvement	4
4.1. Casual Day.....	4
4.2. World Aids Day 2002.....	5
4.3. Involvement in Local Community Development Projects	5
5. Challenges and Opportunities	5

Associated Banks of South Africa: Employee Community Involvement Programmes

Research Project Background

This case study is one of ten that were chosen as part of the 'Enhancing Business-Community Relations' project in India implemented in collaboration with the African Institute of Corporate Citizenship (AICC). These cases document examples of engagement between businesses and communities and can be used as learning tools for the promotion of responsible business practice and sustainable development.

The Enhancing Business-Community Relations project is a joint international initiative between United Nations Volunteers (UNV) and the New Academy of Business. Implemented in seven developing countries, the purpose of the initiative was to collect and document information on business-community practices as perceived by all stakeholders, build partnerships with them and promote corporate social responsibility practices. It is also intended to enhance international understanding of business-community relations through information sharing and networking with other countries especially those participating in the project - Brazil, Ghana, India, Nigeria, Philippines, South Africa and Lebanon.

The findings and recommendations reflected in the case study are those of the author and do not necessarily reflect those of UNV, AICC or the New Academy of Business. It is important to note that these cases were written as examples of business-community initiatives. They do not constitute a comprehensive assessment of the company's social responsibility.

1. Introduction

Financial Services Provider, ABSA Group Limited, is the leading financial services brand and the best company to work for according to a survey by Deloitte and Touche Human Capital Corporation.² ABSA recognises and thanks its people and customers for this success. Although the role of employees in company performance is evident, very little is known about the role of employees in building the company brand and relations with the community.

In the past, the company's interaction with the community had been in the form of various social investments in the community projects and sports promotion through the Group Communication & Public Affairs Division. Recently, the company introduced an employee community involvement programme to create social awareness and encourage social responsibility amongst ABSA employees. The programme consists of national fundraising campaigns (World Aids Day and Casual Day), a 'give as you earn' programme and voluntary participation in community development projects. The case study explores the practice of giving as you earn and highlights the difficulties of initiating such a programme, what worked and why.

2. Company Profile

ABSA is one of South Africa's largest providers of financial services to the business market, serving an extensive customer base from the largest business groups to emerging business

enterprises. It is the controlling company of a major financial services group, providing the full range of retail and corporate banking, insurance, financial and property services through extensive local and international networks. ABSA employs 34 000 employees and operates over 600 outlets countrywide. ABSA has a well developed and integrated corporate social responsibility programme and a history of staff involvement in community upliftment programmes. The employees have always raised funds internally on their own initiative for various charities. This consists of World Aids Day fund raising initiatives through strategically placed money boxes to raise funds for children infected and affected by HIV/AIDS as well as the selling of stickers for Casual Day which contributes towards persons with physical disabilities. Through these two fund raising initiatives, the employees have raised approximately 5.7 million Rand.

The ABSA Foundation is the community development and social investment arm of the company. It operates as a Trust and is funded annually to an amount of 2% of the dividend declared. Since its inception in 1994, the Group contributed more than 79 million to more than 300 projects. The group realised R 1888 million in headline earnings in 2002 and a total of R35million was spent on corporate social investment. A further R 4million is allocated to the ABSA Foundation each year to fund its core operational activities. Their key focus areas are early childhood development, teacher training in maths, science & technology, support for community job creation programmes and HIV/AIDS. Overall, education accounted for 32% of the budget spent in 2001, 28% for job creation, 16% on health and 24% on contingency and other requests.

3. Employee Community Involvement Programmes – Give As You Earn

ABSA's social mission is to grow partnerships by providing financial and other resources to disadvantaged communities to ensure their sustainable development. Its Corporate Social Investment (CSI) programme ranges from sponsorships to employee community involvement. Employee Community Involvement (ECI) is the term used to denote the variety of ways in which companies can enable and support their employees to play a part in their broader corporate social investment programme. The active involvement of ABSA staff in community projects forms an important part of Base's community development approach.

The ECI programme focuses on community volunteerism efforts of ABSA employees, in either raising funds or volunteering their time. The aim of the programme is to create social awareness and encourage social responsibility amongst the ABSA employees. The programme also contributes to ABSA's strategic business goals in terms of employee motivation and retention, building leadership skills and corporate reputation. Employees invest in positive change in the community under the company umbrella. The programme has four components: Casual Day, World Aids Day, Give As You Earn and involvement of employees in community projects. The practice of Give As You Earn is described in detail in the section below while other forms of employee involvement are briefly described in Section 4.

'**Give As You Earn**' is a practice whereby, with the employee's consent, a portion of the staff salary is deducted from the individual's monthly income to support a cause that staff and management have agreed to support. ABSA was the first company in South Africa to have a matched "Give as You Earn" programme for staff. The Charities Aid Foundation Southern Africa (CAFSA), an international non-profit organisation, introduced the concept to ABSA. They are ABSA's partner in this project and administer the distribution of the money to the beneficiaries. The practice enables ABSA employees to give directly from their gross salaries to a good cause in a safe and regular manner.

The programme started in November 2001 with the aim to encourage employees to get involved in community development. The programme was launched utilising the various internal

communication media such as the internal electronic memo- and bulletin board system, printed marketing material (brochures and posters), the staff newspaper for the ABSA Group (Abacus), internal television channel and communication champions with the aim of introducing the programme and motivating employees to participate.

The messages indicated various ways as to how employees could get involved in charities and development work. Employees can get involved by either (i) raising funds, (ii) providing equipment or other resources such as clothes, food, toys, and paints or by (iii) getting directly involved in the activity.

Give As You Earn is a very simple way and safe for employees to donate to the cause they support. It is easy for the company to set up and manage. The programme has three main components: Set-up, collection and distribution. Employees receive an electronic pledge form via the e-mail system, complete it and send it to the Payroll department. On receipt of the pledge form, the data is captured and the first salary deduction takes place on the 20th of the month. Contributions are paid over on a quarterly basis and feedback on how much was raised and how it was spent is published in the Abacus. The programme is completely voluntary and the amount pledged is their personal choice. All records of individual payments are completely confidential. The programme is open to All ABSA employees who are on the payroll.

The programme has been very successful although not every employee has signed up. As at 28 February 2003, 5 313 employees were contributing towards GAYE, which is 15.94% of the staff compliment at ABSA. During 2002/3 a total of R615,271.90 was raised from staff contributions and the company matched it by R500, 000.00. The funds were donated to the following s community based organisations and each received R 100,000.00.

- Community Aids Response (CARE) in Alexandra Gauteng
- Greater Nelspruit Rape Intervention Programme (GRIP) in Mpumalanga
- Life Line & Rape Crisis, Pietermaritzburg in KwaZulu Natal
- Thohoyandou Victim Empowerment Trust (TVET) in Limpopo Province
- Open Door in KwaZulu Natal
- AIDS Mission Outreach Trust: Lebone House in the Free State
- Sinothando Kids Haven in the Northern Cape

Funds have not yet been distributed in three provinces, Eastern Cape, Western Cape and North West. The process still has to be finalised, the beneficiary organisation has not yet been identified.

4. Others Forms of Employee Involvement

As mentioned above, ABSA employees' community involvement has four components. The other forms of volunteerism are described in the sections below.

4.1. Casual Day

Through the branch network, ABSA supports the National Council for Persons with Physical Disabilities (NCPDSDA) to raise money by way of the Casual Day campaign. By utilising the branch network, ABSA was able to raise R2.3 million, R900,000 (16%) more than what was raised in 2001, and 40% of the total funds raised by Casual Day. ABSA had participated in Casual Day for 5 years. The campaign is regarded as an effective means of raising funds and awareness for the physically disabled.

4.2. World Aids Day 2002

World Aids Day 2001 was done in collaboration with the Nelson Mandela Children's Fund. The objectives were two-fold, to communicate to publics that ABSA is serious about making a stand against HIV/AIDS, and secondly to fundraise money for the Nelson Mandela Children's Fund for Aids orphans. ABSA received recognition as a Lifetime Founder's Club Member of the Nelson Mandela Children's Fund. In 2002, ABSA, in partnership with a media partner (SABC) embarked on a campaign themed "We need change. Let's make a difference together", through collecting coins from the public in the ABSA branches.

The objectives of the campaign were:

- To raise funds for HIV/AIDS Care Givers and children affected and infected by HIV/AIDS.
- To profile ABSA as a progressive, approachable and caring organisation by publicly reinforcing the position of ABSA as the AIDS champion in the financial services sector
- To create an increased awareness of HIV/AIDS amongst staff and clients and to destigmatise people living with AIDS

As the official media sponsor, SABC TV and radio assisted in creating awareness. Apart from the TV and radio slots, the Caxton Group of Newspapers assisted in communicating the message to the communities. The campaign was furthermore planned around an extensive internal communication drive utilising all the possible communication tools.

4.3. Involvement in Local Community Development Projects

ABSA employees have a long tradition of involvement in community projects, however previously this happened in an uncoordinated manner, and therefore there is no data available on these projects.

5. Challenges and Opportunities

The Give As You Earn programme was launched in November 2001. Following the launch, 5000 employees (14.7 percent) signed up within the first month of the launch. However, the process slowed down thereafter. By the end of December 2002, only 16% of the employees had signed up. There were some difficulties with the choice of charities selected and this is believed to be the causal factor for the slow progress. From my own observation during the research it is apparent that there were also communication problems in addition to the limited choice. A prerequisite for implementing a successful employee involvement programme is that all employees, corporate executives and the board of directors should understand the strategy and the required actions to achieve the strategic objectives. Although employees were consulted, there are no indications that they understood fully the meaning and benefits of volunteering or that the company shared their vision of volunteering with them.

For example, when the programme was introduced, the management saw the initiative as a means of continuing on building staff loyalty and team building and communicated it that way. Part of the company's vision was also "to create social awareness and encourage social responsibility amongst ABSA employees". Specifically, the programme was introduced to raise funds for HIV/AIDS programmes involving the prevention of mother to child transmission and rape victims. However, this was not properly communicated to employees. Although employees were consulted, the decision to support HIV/AIDS was taken by the Foundation in line with the strategic thrust of the

company, to make a positive impact in addressing the AIDS crisis in the country. The employees were consulted to determine the specific projects within the HIV/AIDS and select the beneficiary organisations.

The choice of the charitable cause to support has also been a limiting factor to the programme success. Although HIV/AIDS is a charitable cause and a cause of concern for everyone in South Africa, not every employee is interested in supporting such a cause.

An internal survey conducted in January 2003 to determine the awareness levels around the programme, the reason behind contributing/not contributing and to establish if the employees would want to change any aspects of the programme indicate 69% of the employees are aware of the project and would like to continue with HIV/AIDS as a focus, but also focus on children, the elderly, and the disabled. The number of people who responded to the survey was less than the current programme subscription, 4818 employees responded.

There is a need to diversify the means of communication and to inquire more to determine what the staff would like to do exactly. Initially mass communication channels were used but did not bring in the needed support. The ABSA Foundation is exploring using the word of mouth ("face-to-face") using champions. ABSA has a dedicated communication champion in each branch and division.

Presently, the ongoing communication is in the form of regular articles in the internal newsletter on the program's progress and a barometer indicating the total funds donated is run in every issue. These figures include statistics on which divisions and regions are giving and how much. The company envisage addressing this in the new business plan for 2002/2003. The plan advocates a proper communication plan, which outlines and shares the company's long term vision and strategy with the staff. A new internal communication campaign will roll out from May 2003.

Overall, the challenges for ABSA's Give as you Earn programme is to mobilise more employees and make meaningful contribution to the society and the company. The lessons learnt from the first year of implementation highlight the necessity for employee's involvement from the onset. Employees should be given a platform to participate in the selection, planning, implementation and monitoring of the projects they support. The surveys conducted in March 2003 clearly indicate that the slow growth in employee uptake is caused by the limitations upon which organisations could receive support (HIV/AIDS related in this case). It is assumed that the majority of the respondent was among the participating employees.

Another lesson learnt is the necessity for a proper planning before implementing such a programme. When ABSA launched the programme, they had not identified recipient organisations and how the funds were going to be distributed. It was decided that the most appropriate organisations would be selected after detailed research had been done. To their surprise, it was difficult to find HIV/AIDS National NGO's working in the sectors of Mother to Child Transmission Programme and rape survivors who could distribute the funds raised by staff. The distribution of funds is still pending in three provinces.

In conclusion, the programme can be improved and more resources raised from the employees. However, it would need first to address the above-mentioned concerns. The management is aware of this and plans to commission research with the employees to determine their preferences and how best they can improve the programme. In the meantime, and in accordance with the business plan for 2003/2004, the ABSA Foundation intends to overhaul its communication plan to ensure that every employee has the basic understanding of volunteerism and how their actions can support the community. The ABSA Foundation has been exploring the issue of incentives and reward systems and how it would implement it. Research was commissioned by the ABSA Foundation to

determine the views of employees with regard to ABSA providing financial matching of employee contributions to Non-Profit Organisations.

The majority of the staff were supportive of the concept and welcomed the contribution through the matching process. The ABSA Foundation made available an amount of R500, 000 to match individual and team efforts in community work.³ However, this offered a limited choice again. There is a need to explore other options of employee remuneration in line with best practices such as paid-time off, rewards for best volunteers, etc.

The critical factor for the success of the employee involvement programme will depend on how the programme will relate to the company's social investment programmes and overall strategy. The programme is already integrated into the company's broader social responsibility vision but still has to be integrated into Group core business strategy and functions. Although the Give As You Earn programme deals with HIV/AIDS, which is one of the areas where the company social responsibility focuses, it is handled and reported separately. These are regarded as employees' initiative and are not featured yet in the company's annual reports.⁴ Give As You Earn is relatively new and could not be included in the reports scanned but other forms of volunteerism such as the Casual Day event were running for the fifth consecutive year and yet they were neither mentioned in the Company Annual Report or Corporate Social Investment Report 2000/2001. The programme is also not linked to any other company function such as human resources development.⁵ The company reckons the programme contributes towards employees skills development but the process is not yet linked to the company overall training plan or performance appraisal. All these, together with changes in national and international CSR agenda will define the future of the programme.

References

- ABSA Group Communication and Public Affairs: Corporate Social Investment, Employee Involvement Business Plan 2002/2003.
ABSA Group Annual Report 2001/2002.
ABSA Social Investment Report 2001/2002.

Endnotes

- ¹ The views expressed in this case study are those of the author and do not necessarily reflect those of the New Academy of Business, UNV or AICC.
² Markinor – Sunday Times Top Brand Survey, 2002.
³ ABSA CSI introduced the Matching Fund in December 2002.
⁴ The Corporate Social Investment Report for 2002/2003 was not available at the time of publication.
⁵ The information contained in the case study was collected between June 2001 and December 2002. As such, it does not reflect changes in process and strategies that took place after.