

Business has a duty to respond as the crisis stretches resources to breaking point

By Amelia Jones

There's been a lot said and written about how the economic decline is impacting on the poorest of the poor, but much of it only considers how people already on the breadline are affected and not the likelihood that there will be far more of them.

Conventional wisdom is that because there's less money in the economy and fewer jobs it's the most vulnerable people that will suffer most. They will, but not necessarily because they have less or no money.

The harsh reality is that all too often these are people who don't tighten their belts because they are already uncomfortably taut. To survive they often depend on begging, scavenging for food or something to sell, and welfare handouts.

An economy in recession won't change this much. Well-meaning, but misguided people will still hand over loose change at traffic lights and there'll still be scrap, cardboard, paper and other items to recycle. The problem is that the recession will mean there'll be more people desperately trying to scrape an existence and the social development safety net will be stretched beyond breaking point.

The irony is that social development is much like a redundancy policy. In the good times you keep up the premiums, but when times get tough you're forced to cut back and stop paying - at exactly the time you're most likely to need the cover.

That's what's happening now. Many of the organisations which provide food, shelter, clothing and care for people who have nowhere else to turn now have to contend with dwindling donations, just when demand for their services is increasing.

It's a desperately serious situation. Last year we saw an explosion of xenophobic violence around the country as desperate competition for scarce resources boiled over. We simply can't allow a repetition of this.

The Community Chest has already stepped in to bail out at least one beneficiary which has been doing exceptional and essential work for the last 20 years. It wasn't bad management, poor financial control or over-aggressive expansion that prompted the crisis, just one major funder that cut its social investment budget.

We expect to have to provide more such emergency funding this year.

In the current economic situation the support our beneficiaries is crucial. We cannot reduce our funding because we must ensure that organisations which provide vital services continue to function.

This is why, despite the contracting economy and a decline in donations, the Community Chest has increased by nearly 5 percent the financial support it will provide for social services in the Western Cape in 2009/10. We have budgeted to pay over R18 million in grants.

This money will provide vital operating funding for organisations caring for children, families, the elderly, physically and mentally challenged and people living with HIV/Aids as well as providing rehabilitation and delivering community development projects. Without it many of them, constrained by dwindling financial support, could face closure or be forced to scale back operations.

Fortunately, careful planning and prudent investment has enabled us to provide this support. But we must also be responsible. We have no idea how long the downturn will last and are exceptionally aware that donations will decline and we may not be able to rely on our normal fundraising events and Give-As-You-Earn to contribute as much as they have in the past.

It's why we're so dependent on our investments and the continued support of big business.

Fortunately some captains of industry have realised social responsibility isn't just responding in a crisis - although this too is important. To their credit there are large companies that have known for some time that just ticking the black economic empowerment box isn't going to be enough to secure the future for their businesses. They are all too aware that the chasm between rich and poor means we're sitting on a powder keg and that this doesn't make good business sense.

They know that black economic empowerment isn't sufficiently addressing the massive inequalities and that the people who queued up to vote 15 years ago aren't yet experiencing the benefits they thought freedom would bring.

The so-called freedom generation are even more impatient. They have access to modern mass media, where success is equated with material possessions. They're demanding their share - NOW.

This is the tinderbox that exploded last May and, although temporarily under control, it's smouldering, not snuffed.

Post-election expectations won't help.

In the businesses that realise this, the head of corporate social investment usually sits on the manco - at least. They are the companies where corporate social investment is no longer the preserve of the marketing manager's secretary; where it's being driven by the CEO.

We need more of them, urgently.

It's why when businesses are looking to cut budgets, I appeal to them not to think short-term and slash social spending. Rather focus on making it more efficient.

Of course there are also other ways that business can contribute. In-kind donations are always welcome. Depending on the need at the time, these are either distributed directly to beneficiaries or stored so we are quickly able to respond to sudden needs, particularly after emergencies such as fires or floods.

They can also lend expertise. The Community Chest has a proud tradition of volunteerism, with many of our events and programmes such as Carnival, the Twilight Team Run and soup kitchens being run almost exclusively by volunteers. Between events we also have plenty of need for accountants, HR practitioners, marketers, lawyers and others whose expertise is invaluable to us and our beneficiaries.

Just over 80 years ago business played a significant role in founding the Community Chest to invest in social welfare organisations to counter the worst effects of the Great Depression. As the events of the last few weeks have shown, the need today is immense and the role of business will again be crucial.

- Jones is the chief executive of the Community Chest

Published on the web by Cape Times on July 8, 2009.

© Cape Times 2009. All rights reserved.