

Pandemic and civil unrest have accelerated shift towards more responsible business

By [Cathy Duff](#), issued by [Trialogue](#)

14 Sep 2021

The challenges we faced in 2020, when the pandemic first reached our shores, seemed to threaten the very fabric of our society. But it is fair to say that 2020 appears to have been a mere dress rehearsal for 2021, with its waves of pandemic lockdowns, accelerating Covid-19 infections, and the political chaos, violence and looting in KwaZulu-Natal and Gauteng in early July. These events have only intensified the hunger and poverty that have been a feature of our society for far too long.



Cathy Duff, Trialogue director

Many companies were hard hit by the recent destruction in two of our provinces and did their utmost to protect staff and jobs, both during and after the events. Massmart, which had 41 of its stores looted and four of its sites burnt, indicated that jobs would remain secure and sent food trucks to KZN to alleviate food insecurity. Shoprite has asked customers to donate to its Act for Change Fund to assist communities affected by the unrest.

The recent actions of many companies bring to mind the results of Edelman Trust Barometer research – namely, that most people now trust businesses more than any other institution, including government, non-profits and the media. Companies have shown active corporate citizenship by standing side by side with communities, despite the losses they have incurred. By doing so, they have demonstrated an understanding of their role in society, particularly as many business leaders strongly experienced in the past year – often for the first time in this generation – how interdependent business and society truly are.

In a world riven by unsustainable inequality, companies are being called to reassess their purpose and work towards new ways of doing business. With society increasingly looking to business to fulfil the roles traditionally assigned to government and civil society – and with 95% of South Africans expecting company CEOs to publicly speak out on societal challenges – business leaders need to act decisively, incorporating environmental, social and governance (ESG) considerations into every aspect of business. Trialogue uses the term “integrated thinking” to express what it means to do just this.

Trialogue, in collaboration with Chief Executives for Corporate Purpose in New York and its Global Exchange country partners, released the inaugural Global Impact at Scale report in 18 countries around the world in January this year. The findings show that there are increasing resources going to environmental and social initiatives, there is increasing ESG reporting, and a high 70% of companies are linking performance and remuneration to ESG issues. There are a number of factors driving this momentum towards more integrated thinking.

These include investor pressure (there are currently 1,834 signatories to the UN-supported Principles for Responsible Investment, including 44 South African asset owners and managers); consumer and employee pressure (as many as 90% of Generation Z “zoomers” believe companies must act to help social and environmental issues); and local and global regulation (the G7 has called for Task Force on Climate-related Financial Disclosures reporting recommendations to be mandated, and in South Africa, Treasury’s Draft National Green Finance Taxonomy was recently released for stakeholder input).

The King Codes of Governance have long encouraged integrated thinking and reporting, and the Companies Act of 2008 stipulates that large companies should have a “social and ethics committee”, a requirement that elevates social issues to board level and to some extent legislates corporate responsibility. Minister of Trade, Industry and Competition Ebrahim

Patel recently announced proposed amendments to South Africa's Companies Act aimed at tackling "the gross injustice of executive pay", which will require disclosure of the wage gap between a company's highest and lowest earners.

These are just a few examples of the rapid, sweeping changes that will fundamentally transform the business landscape. Businesses adopting an integrated thinking framework are better placed to navigate the many societal shifts that are unfolding, with companies that manage their ESG issues increasingly outperforming companies that do not. However, with some notable exceptions, corporate leadership in South Africa has been slow to embed integrated thinking within corporate strategy.

How, then, can companies begin the shift? For a start, they should embrace their expanded mandate and speak out as leaders on sustainability and social issues. They should consider how to involve and engage their stakeholders more, even in the governance and ownership of the organisation. CSI practitioners should align their CSI to the business and their programming to global goals like the SDGs, while development practitioners should apply gender and environmental lenses to the development work they do.

Employers should consider offering psychosocial support within their organisations as well as across their development programming. And everyone should advocate for racial and gender equity and equality of pay in the workplace, decent wage gaps, better ESG action and information disclosure, ESG skills at board level, and for organisations to adopt just transition strategies for the net-zero world.

Above all, companies should embrace collective action, since none of the huge, intractable social and environmental issues can be solved by a single organisation.

ABOUT THE AUTHOR

Cathy Duff is a director at Trialogue. She delivered an address on responsible business trends at the Trialogue Business in Society Conference 2021. For more information about the Trialogue Business in Society Conference, visit [<https://trialogue.co.za/businessinsocietyconference/>].

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