



Vodacom SA: Seeking a CSR-framed Response to COVID-19

On 5 March 2020, the first in-country South African tested positive for COVID-19.¹ Less than three weeks later, on 23 March, after schools and universities had already closed and a number of organisations had adopted a work-from-home policy, the country's president, Cyril Ramaphosa announced that the whole country would go into hard lockdown for 21 days from midnight on 26 March 2020. As these events unfolded, it became clear that reliable, affordable access to mobile telecommunications would be critical for the country's population in the months to come, as they had to work, study, and communicate from home. Taki Netshitenzhe, the external affairs director of mobile network operator, Vodacom South Africa, knew that this was an opportunity to demonstrate the company's commitment to corporate social responsibility (CSR). Vodacom's response had to benefit society without coming at a crippling cost to the company. How to achieve this was a key question that occupied her mind as these events unfolded.

Background on Vodacom

With a 44% share of the mobile telecommunications market, Vodacom was the largest mobile network operator (MNO) in South Africa. Its closest rival, MTN, had a 32% share.² Aside from South Africa, Vodacom had operating companies in Lesotho, Tanzania, the Democratic Republic of the Congo and Mozambique. It also owned a 35% stake in Safaricom, the largest MNO in Kenya. Vodacom started formal operations in July 1994 and 26 years later, by the financial year ending in March 2020, its group revenue amounted to R90 billion, of which services revenue amounted to R73 billion. Services revenue in its South African division amounted to R52 billion, of which prepaid services accounted for 45%.³

Having started out as a joint venture between the British-based MNO, Vodafone (35%), South Africa's state-owned, fixed-line network operator, Telkom (50%) and venture finance company, Venfin (15%), the company listed on the Johannesburg Stock Exchange (JSE) Ltd in May 2009. By that stage, Vodafone had become the majority shareholder, having purchased all of Venfin's shares and a further 15% from Telkom. The remaining Telkom shares were then demerged to new shareholders upon listing. By 2020, with a market capitalisation of R228.6 billion, Vodacom was the 11th largest company on the JSE by market capitalisation.⁴ Its South African network covered 99.9% of the country.⁵

CSR: A Broad Context

The company's commitment to CSR tracked a growing global acceptance of the view that organisations should act in a socially responsible way. This view reflected a dramatic change from those expressed in 1970, by economist and Nobel laureate, Milton Friedman, when he wrote: "... [B]usinessmen believe that they are defending free enterprise when they declaim that business is not concerned 'merely' with profit but also with promoting desirable 'social' ends; that business has a 'social conscience' and takes seriously its

This case was prepared by adjunct professor, Dr Bhekinkosi Moyo and research associate, Claire Beswick. It is intended for classroom use only. It is not intended to demonstrate effective or ineffective handling of a business situation.

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