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Corporate Social Responsibility in Sub-Saharan Africa

Sustainable Development in its Embryonic Form

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Foreword

Sustainable action has nothing to do with being a particularly good person, but rather it is about not being an exceedingly foolish person, says Dr Frank Schätzing (a German author). Dr Schätzing has expressed brilliantly what sustainable actions require of us all.

We live in a time, where we cannot allow ourselves to make wrong decisions. Our generation has the power to significantly pull the strings which shapes and affects the lives of future generations. Every day, we are faced with a number of social and ecological problems which confront us and put in doubt the survival of every living object on planet earth. But one thing is clear: we need new innovative approaches and business models which refocus activities in the way things are done to secure the survival of this planet. Approaches which have the ingredients to repair our planet and save the ecological income are what one is advocating. Africa as a continent and international companies based there can no longer afford to continue to operate the ways of the past. This explains why Corporate Social Responsibility and Sustainable Development have to be fully embedded in corporate and individual operational practices.

Many terminologies and concepts have been coined and become part of everyday life since the emergence of CSR. For instance, we talk about Sustainable Entrepreneurship (SE), an idea which helps to provide solutions to many of the challenges facing the global economy. Sustainable Entrepreneurship has in fact brought about profitable growth and increased earnings in economies worldwide. With sustainable entrepreneurship embedded in core business practices, companies become empowered to be part of the solution rather than the problem.

Deeply integrated in the DNA of every enterprise, sustainability becomes a vehicle for growth, innovation and profit. A new understanding, which has been included in the debate about sustainability around the world, has been picked up by many of the 12 chapters of this book. To me personally, I believe this is a move in the right direction; this can only add more credibility to the fact that Africa is determined not to be left behind in the race for sustainability but to be an active part of the global crusade on being socially responsible. As a result of many of the CSR

activities explored in several chapters of the book, it has become clear that social responsibility is an issue that is not only important to developed industrialised countries around the world but equally important to emerging nations. All these social and environmental challenges we talk about affect all parts of the world in equal measures. We are all in it together; hence, we must collectively confront the problems from all corners of the world. Sustainable development requires us to do to more with less: this is not only a new lifestyle we all have to live with—it's a whole lifestyle revolution for all global citizens. It is a revolution that creates a new business model and the possibility to bring another perspective to effecting lasting solutions to solving our ecological challenges.

Sustainable entrepreneurship in its embryonic form might help to create new sustainable development worldwide, it might also create easy and cheap access to products and services, and it might equally revolutionise social and ecological behaviour around the world. Leading ideas were born from making more with less, which have changed the life and existence of millions around the world. I am convinced that we can all contribute to propagating sustainable entrepreneurship by supporting more than ever before the right kind of companies to be sustainable. We do have to support businesses that are sensitive and responsible in their environmental footprints and simultaneously respectful and appreciative of the worth of things endowed by nature to our planet.

Therefore, we have the opportunity to change the world by supporting socially responsible business and control and change our consumers' behaviour. Every single individual has the future in his or her hand; we have the ability to decide which businesses we like to support. We are the first generation that has access to a comprehensive knowledge through the World Wide Web (www) and to build its own solid opinion; thereby, we are the first generation that is able to provide and broaden this knowledge in every region of our planet.

Let's stop the waiting—Let's start to act! We carry the spirit that Gandhi brilliantly characterised when the great man said 'Be the change that you want to see in the world'.

Summer 2015   Christina Weidinger

Preface

Issues relating to Corporate Social Responsibility (CSR) and responsible behaviour have taken hold of every corner of our world including the continent of Africa. All those actions of irresponsibility—dumping and polluting, human rights abuses, bribery and corruption, reckless and irresponsible governance practices, wasteful use of resources, money laundering and terrorism and several others we are all too familiar with are what CSR discourages globally. We argue that for many reasons, no continent in our world either now or in the future needs to be more socially responsible than Africa. That is certainly the contention of the only African amongst these three editors. But things are far from being that way when one looks at those corporate activities stemming from what scholars have titled or abbreviated as ESG—Environment, Social, and Governance issues—in the continent. Corporate and individuals' attitudes towards sustainability in Africa still leave a lot to be desired, but things are changing rapidly for the better in this regard; chapters in this very first book on Corporate Social Responsibility in Africa will testify to that. At least this is the view echoed by the 12 chapters from three corners of the continent which took part in this African book.

Africa due to its position in the world's barometer of development still in many respects has a lot to address when compared with the other continents of the world. This in our view should actually be perceived by everyone in the continent as an advantage rather than a disadvantage. The opportunity to excel, to do things differently and perhaps to do them better is there to grab. After all, the continent will not be starting from scratch, not least as the chapters in this book indicate; many parts of Africa today have thriving economic, industrial and agricultural sectors. Moreover, businesses have opportunities to explore, adopt, adapt and innovate on what has gone within communities, regions and other nations.

Scholars from eleven African countries in these 12 chapters of the book have demonstrated clearly that corporate social responsibility is forming and going through its own different stages of metamorphosis in the continent. To go far south to a country like South Africa, one will discover that CSR has gone far beyond the *caterpillar* stage of development in the life of our imaginary *butterfly*.

Companies wanting to be listed on the Johannesburg Stock Exchange must comply with a CSR-based code of conduct. Moving further north of South Africa, the stages of development will be markedly different in these other countries, but still, things are changing for the better in all these countries with regard to corporate social responsibility. That can only be better for this generation and future generations of inhabitants of the continent.

It is hoped that chapters in this very first book of its kind on CSR in Africa contribute to knowledge and add to the available literature in the field of CSR which scholars, practitioners, international organisations, NGOs and other stakeholders interested in finding out how CSR is forming in Africa will, in our view, find of value.

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Corporate Social Responsibility in Sub-Saharan Africa: Introduction—From Dependency to Socially Responsible African Development

The chapters in this edited collection highlight first and foremost how rapidly much of Sub-Saharan Africa is changing. Economies are being transformed with service sectors expanding, commercial activities diversifying, industrial bases growing through the initiative of small, medium and large organisations and innovators supported by widespread rollouts of higher education programmes. None of this will surprise anyone who has spent time in the main cities across East, Central, West and Southern Africa. In a number of respects, corporate social responsibility (CSR) has contributed to the positive developments across burgeoning industries such as the oil and gas sector, minerals, hospitality, telecommunications, agriculture and banking. And as Alam et al. (2010) suggest in areas with limited infrastructure and poor social welfare programmes, there can be 'a positive impact in developing countries, especially through corporate social responsibility (CSR) initiatives focusing on sustainable development'.

Nevertheless, although the potential for CSR in alleviating poverty and sustainable development (Idemudia, 2009) is increasingly acknowledged, Khan et al. (2010) argue the work remains partial and underdeveloped. Portrayals of the CSR activities have often led to the promulgation of negative stereotypes whereby marginalised communities are either positioned within a growth model of development as either victims or beneficiaries of development, what Banerjee (2002: 22) describes as 'passive recipients of the beneficiaries of development'. Ite's (2007) study of Shell's Community Assistance approach (1960–1997) is indicative of many when he argued that the company portrayed communities as helpless victims and contributed to a dependency culture. Nevertheless, although it is still possible to find examples of these misguided approaches, the contributions in this book highlight how progressive and wide ranging CSR approaches have become: an observation which also fits Shell's community work post-1998. Before outlining the progress that has been made, it is important to initially explore the contexts in which most recent forms of CSR have been introduced.

Notwithstanding the ethnic, religious and regionalised values and ethics which predate formal corporate approaches, the roots of contemporary CSR in Africa can

be traced to the onset of neo-liberalism and World Bank and IMF conditions in 1980s and 1990s. The removal of subsidies and import restrictions and introduction of widespread privatisation programmes, lower taxation and expansive international investment contributed to rampant underemployment and unemployment, rapidly diminished welfare provision, weak governance arrangements and badly undermined social support networks. Local and national governments were ill-placed to address the growing social, economic and political crises, and corporate social and international development programmes across Africa became positioned, often by default, to be the solutions. Moreover, the globalisation of markets and products has contributed to increasing power of trans-national corporations and declining state regulation. The broad and cross-cutting nature of these categories is indicative of the extensive and complex relationships that trans-national companies have with natural and social environments. For instance, globalisation of products, markets and underpinning processes alongside national neo-liberalism programmes has had a huge impact upon regulation and jurisdictions. Much of the CSR-related debate has concerned what happens in the void and in particular should businesses assume roles and responsibilities that were previously associated with governments. And the debate has been dominated by trans-national corporation (TNC) involvement.

Many of the more general concerns associated with CSR approaches apply to sub-Saharan settings. For instance, commitments are typically short term with selection criteria disproportionately influenced by high visibility impact rather than sustainability (Barkemeyer, 2007). This has contributed to public relations opportunities whereby corporate attempts to fight against HIV/AIDS, to protect against malaria, to provide learning centres and to dig wells are documented. Such activities are often laudable. However, they can also connect into a wider historical narrative that positions the West as saviours to African problems. By comparison, local corporate approaches and more intangible projects that seek to transform opportunities and strengthen local supply chains have received considerably less attention even though they are more integral to the longer term sustainability of the particular regions and communities.

In Africa CSR has largely been considered to be philanthropically focused, more associated with aid and charity than economic development. GIZ (2014) identified that large business CSR programmes in Cameroon, Ghana Mozambique, Nigeria, Senegal, Uganda and Zambia focus primarily on employee matters or philanthropic projects in health, education and poverty and sport (in Ghana), 'beyond compliance' and social emergency situations (Senegal). In part, this may be influenced by demand for greater CSR involvement against a backdrop of weak governments and governance. Where governance is limited, socio-legal frameworks are much less robust and CSR approaches become at least partly indicative of the social environments in which companies operate and how these interact with organisational ethos and corporate and managerial willingness to engage, learn and adapt. The global nature of many organisations further complicates organisational approaches as they look to assimilate international vicissitudes in forms of behaviour, law, financial contributions, ethics, human rights and expectations. For TNCs, the situation is

often compounded by limited knowledge of the regions in which they operate. Within these regions, as Visser (2006) points out, the most rapidly expanding economies are to be found where social and environmental crises are most acutely felt and where development has the most dramatic social and environmental impacts. These are also regions that TNCs know least about, certainly by comparison with their understanding of local markets and competitors (Roberts, 2006). As Lauwo and Otusanya (2014) have outlined, the broader sociopolitical, economic and historical structures and global processes which shape CSR approaches have tended to be neglected while the adaptation of universal targets such as the Millennium Development Goals is uncritically incorporated.

Despite these misgivings in some ways, CSR helps to shift TNCs away from being rooted in neo-liberal discourse. However, they have to move beyond the assumed view that communities are static and fixed entities which is coupled with a disproportionate influence in power relations. As Utting and Marques (2009) explain, the assumption of functions previously associated with the state means that TNCs have an overt presence as political actors and as such become legitimate targets of contestation. This is the 'politics of corporate accountability' and can be connected to Friedman's (1970) argument that CSR is 'undemocratic' with unqualified managers making decisions which lack legitimacy in the 'public interest'. Hence, it is more productive and sustainable to incorporate the different strands of responsibility within a consistent framework rather than destroy indigenous forms through the imposition of corporate principles and activities. And as a number of contributors to this book have pointed out, local engagement with communities and the incorporation of their ideas and practices will strengthen support for, and durability of, the initiative. Instead, the starting point of shallow knowledge allied to organisational concentration upon directly controllable outcomes means that the extended consequences of TNCs' activities can be unnoticeable, detached from their cause/s and even discarded. The reality should be, as Amaeshi et al. (2006) explain, that the CSR discourse is shaped by ethnicity, language, religion and extended kinship beyond immediate family. The latter influences the boundaries of individual responsibility which translate into business and can result in business leaders seeking to incorporate communities whom she or he may feel responsible for. Elemelu, a Nigerian economist and banker, has recently coined the idea of *Africapitalism* which expects private sector organisations operating in the continent to commit themselves to the economic transformation of the continent. The idea appears to be taken seriously, argue Amaeshi and Idemudia (2015) who noted that Elemelu has presented what it involves to the UN General Assembly. This is an example a CSR vehicle for development.

The following chapters tackle these issues across the sub-Saharan region exploring the historical evolution of CSR practices through to modern-day practices or particular projects across a range of companies and stakeholders. Fundamental socially responsible issues are explored surrounding community development, environment, equality, justice, participation, health and welfare as the authors outline reasons behind successful developments following both indigenous and TNC CSR-related interventions. Crucially, difficulties and barriers are also raised.

By encapsulating developments and difficulties, the chapters collectively provide important lessons that will better inform our levels of understanding for future progress.

Commencing with Malawi, Mzembe, Meaton and Downs explore what is arguably one of the most challenging contexts in which CSR is applied. Conversely, these authors note that Malawi is also one of the most potentially rewarding nation states in terms of CSR programmes executed by corporate entities. Mzembe et al. explain how CSR themes and priorities are indicative of major issues facing Malawian society. Nevertheless, despite progress and heightened commitment, a number of constraints remain surrounding impacts of CSR agendas which also continue to be overly dominated by TNCs, in part due to the relative lack of national government engagement. In neighbouring Mozambique, Kaufmann and Simons-Kaufmann document the rise in CSR projects and activities and a shift towards greater legislative requirements. And although there are concerns surrounding governance, weak enforcement and dominance by TNCs and large organisations, CSR is becoming a more widely applied and useful concept in the development of the country.

South Africa, the previously undisputed dominant African economic power, a title which Nigerians can now legitimately challenge, is, as Mueller-Hirth outlines, investing heavily in CSR-related programmes. In part, the expenditure can be connected to both long-standing corporate involvement in community development through colonialism and apartheid allied with a more recent, state politically enabling role which has become interwoven with legislative requirements and charters. Noyoo incorporates a number of the post-apartheid issues within his comparative analysis between South Africa and Zambia. Important differences in their effectiveness are highlighted alongside some commonalities for improvements.

Northwards across Eastern Africa, Cheruiyot and Tarus report on progress in East Africa's largest economy in Kenya. They outline the considerable potential within the Kenyan economy, cross-sectoral corporate commitments which resonate with indigenous and religious concepts and considerable areas requiring more socially responsible involvement. Although progress is being made in some industries, numerous challenges and barriers exist, not least the magnitude of some of the social issues that need to be addressed. In Tanzania, Fulgence draws upon cross-sectional literature when examining how CSR programmes are being developed across the public and private sectors. Like other contributors, Fulgence identifies a significant growth in CSR-related activities, which are often occurring despite barriers which hinder promotion and development. Similarly, Katamba and Nkiko contextualise developments in Uganda within which CSR initiatives have been promoted. A range of stakeholders have been instrumental in shaping the CSR directions and will continue to play a prominent role if substantial barriers are to be overcome.

The section on Western Africa commences with two particular case studies, starting with Maconachie's account of his fieldwork in the diamond extractive industry in Sierra Leone. By focusing upon the diversity of youth responses to the

expansion of the extractives industry, important lessons are drawn for CSR and community development initiatives. In the following chapter, Mbonda applies the Cameroon Society of Palm (SOCAPALM) as an example of influences upon CSR activities in Cameroon. Particular attention is placed upon the importance of civil society in the demands for ethical and environmental considerations, most notably when state control is either weak or repressive. Further west in Ghana two chapters provide analysis of CSR activities. Amponsah-Tawiah, Dartey-Baah and Dan Ofori review the main industrial, commercial and service sectors and identify some of the major projects. Differences are identified between the sectors. However, there are some common failings, including overemphasis on marketing activities and weak levels of clarity and strategic direction. Kofi Amoako applies stakeholder theory to the CSR activities of multinational companies operating in different sectors. In so doing, he outlines benefits to both communities and companies. The Western African section concludes with Nwagbara taking forward stakeholder engagement in Nigeria. Applying Peaceful Stakeholder Engagement Strategy (PSES), he argues that enhanced corporate/community engagement can help overcome triggers causing frustration-aggression. As such PSES can help inform socially responsible strategies to consolidate peace within the post-conflict Niger Delta.

Hence, the chapters in this collection seek to illuminate the positive contributions that CSR-related initiatives and programmes are having in sub-Saharan Africa through candid, balanced analysis. In so doing, the chapters individually and collectively outline progressive developments while not shying away from continuing difficulties over levels of inequality, patronage, corruption, conflict, living standards, mortality and morbidity rates. The difficulties provide considerable challenges in the regions in which CSR programmes are being implemented. However, as the contributions in this collection indicate CSR can be a very useful framework through which partners can work with stakeholders to bring about sustainable change.

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Acknowledgments

Contents

Part III   Western Africa

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Sustainable Entrepreneurship (2014), Springer, together with C. Weidinger and F. Fischler
Social Innovation (2013), Springer, together with T. Osburg
Corporate Social Responsibility (2012), Springer, together with A. Schneider

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Part I
Southern Africa

Chapter 1
Corporate Social Responsibility in Malawi: Antecedents, Issues, Practices and Future Directions

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Abstract Corporate Social Responsibility (CSR) in Malawi is becoming a significant issue not only because of the complexity of the social, economic and political environment in which companies operate, but also because of the social and environmental impacts which business operations have on the wider Malawian society. In this chapter, it is shown that the CSR agenda currently pursued by companies in Malawi takes both the normative and instrumental forms, and is largely shaped by the political and socio-economical factors at national and global levels. The chapter is structured as follows: the first section addresses the historical development of CSR and perceptions various actors hold about the forms of responsibilities companies can assume in Malawi; a discussion of the various antecedents of CSR in Malawi. This is followed by an intermediate section which provides CSR themes and priority issues. The final two sections explore the different approaches companies pursue in the implementation of CSR agendas—but also examine the perceived barriers to CSR in Malawi. The chapter concludes by mapping out the future prospects of CSR in Malawi.

1.1 Introduction

Corporate social responsibility (CSR) in Malawi is a contested concept, and tends to be defined and interpreted differently according to the context, values of the organisations and one's personal perspectives with the notion of CSR [Deutsche Gesellschaft fur Technische Zusammenarbeit (GTZ), 2009; Mzembe & Downs,

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2014; Mzembe, Lindgreen, Maon, & Vanhamme, 2015]. As such, the term CSR is often used interchangeably with corporate social investment, sustainability, corporate accountability, corporate citizenship, and recently with inclusive business. However, despite these different viewpoints and perspectives (Dahlsrud, 2008), CSR in Malawi is commonly defined as: actions that companies undertake to address their social and environmental impacts within their society in the course of conducting their business activities (Bakuwa & Sankhulani, 2012; Kambalame & De Cleene, 2006; Lipunga, 2014; Mzembe, 2012). In recent years, CSR has become a popular phenomenon in Malawi as evidenced by increasing scholarly interest and its coverage in the Malawian media.[1] The nature of the CSR agenda pursued in Malawi has to a large extent been determined by Malawi's unique history, culture, and economic and political factors (Bakuwa & Sankhulani, 2012; Lindgreen, Swaen, & Campbell, 2010; Mzembe et al., 2015; Mzembe & Meaton, 2014; Royal Norwegian Embassy, 2011).

The chapter comprises the following sections. First, the chapter looks at the historical development of CSR in Malawi. The next section examines the antecedents of CSR in Malawi, followed by a review of the critical thematic issues in CSR. The final two sections explore the different approaches companies pursue in the implementation of CSR agendas—but also examine the perceived barriers to CSR in Malawi. The chapter concludes by mapping out the future prospects of CSR in Malawi.

1.2 Historical Development of Corporate Social Responsibility in Malawi

The emergence of CSR in Malawi dates back to the early 1980s. Although foreign companies have operated in Malawi prior to independence, their aim at the time was profit maximization rather than actual involvement in the social and political development of the country. In recognition of the role of all companies (foreign and indigenous) in socio-economic development, the post independence era witnessed the development of economic development policies which put the large national conglomerates and state owned companies at the centre stage of economic development (Van Donge, 2002). The new World Order in the early 1980s reaffirmed the government's position on the role of all these companies, highlighting their role in not only spurring economic development, but also in actively contributing to social well-being (Record, 2007).

Corporate philanthropy is considered as the early manifestation of CSR principally undertaken in response to the prevalent social issues and challenges (Kambalame & De Cleene, 2006). Religion, Christianity in particular, and the

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[1] The Nation online of 29th November 2014 (http://mwnation.com/malawi-mining-laws-toothless-social-responsibility/); 28th July 2014 (http://mwnation.com/legislate-csr-extractives/).

Malawian cultural values were and remain the major influences on the popularity of corporate philanthropy (Mulwafu, 2004). Indeed, the concept of sharing part of one's wealth for the benefit of the wider society, especially to the poor, is central to the Christian faith—a faith that is practised widely in Malawi (Mzembe & Meaton, 2014). An early and significant development in corporate philanthropy emerged in early 1982 when the first President of Malawi, Dr Kamuzu Banda established the Press Trust, a charitable trust which owns the largest conglomerate in Malawi, Press Corporation Limited.[2] The objective of the trust has remained to make a contribution towards the development and betterment of Malawi.

Considering that Press Corporation Limited owns a vast empire of companies which operate in key sectors of the Malawi economy (Agar & Kaferapanjira, 2006), Press Trust—the first of its kind—was and still remains the only conduit for delivering large scale philanthropic projects. For example, Press Corporation Limited provides relief items in times of national disasters such as famines, earthquakes and flooding and donates cash and medical supplies. It also implements various infrastructural projects, and provides scholarships to secondary and tertiary education students from poor backgrounds.

The development of the charitable culture through Press Trust by Dr. Kamuzu Banda is a reflection, to a certain degree, of his personal experience, having studied, worked and lived for many years in the United States of America and United Kingdom; the countries in which corporate philanthropy is undertaken on a relatively large scale. In addition, his religious belief as a church elder of the Church of Scotland may have played a vital role in influencing Dr. Banda to form the Press Trust as a vehicle for sharing with the poor the wealth from his conglomerate.

Alongside philanthropic donations by the Press Trust, Press Corporation Limited and its subsidiaries, many other companies have also stepped up their corporate philanthropy efforts to pragmatically exploit the notion as they build their own brand reputation (GTZ, 2009). These efforts are often focused on highly visible social causes such as sport sponsorships, provision of educational scholarships and donations of medicines and equipment to hospitals (Government of Malawi, 2012). Such efforts are intended to generate a positive image among the most important stakeholders such as consumers and the government.

Corporate philanthropy remained the dominant form of CSR up until the new millennium when a new wave of sustainability driven CSR policies and practices became popular among export oriented companies and those companies that had greater exposure to international debates about CSR. Thus, such policies and practices arose in response to external factors such as international market demands and the influence of international organisations and initiatives (Kambalame & De Cleene, 2006; Mzembe et al., 2015). The change in focus suggests that corporate philanthropy was no longer regarded as a sufficient response to the changing expectations of the global society, including the Malawian society about the role

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[2] Press Corporation Limited, has major shareholdings in over 12 major companies that operate in various sectors of the Malawian economy.

of business in Malawi (Royal Norwegian Embassy, 2011; Lindgreen et al., 2010; Mzembe & Downs, 2014). These external pressures meant that companies based in Malawi were not only faced with internally relevant issues, but also those taking centre stage in the global arena. For instance, a number of foreign and national companies are addressing core sustainability issues such as corruption and bribery, environmental degradation, child labour, HIV/AIDS in the workplace and employment related issues, and are actively implementing inclusive business programmes (GTZ, 2009).

Furthermore, many companies in Malawi, in particular subsidiaries of multinational companies, are now increasingly becoming aware that they can create business value by developing innovative products and services that are closely aligned with societal expectations and social goals; the sort of strategy previously thought to be associated with risks (Kambalame & De Cleene, 2006). Thus, more companies are increasingly working with the poor as consumers, producers, employees and small scale entrepreneurs. For example, some companies are innovating by marketing their products and services in smaller units which are affordable to low income consumers. Airtel and Telecom Networks Malawi (TNM), are good examples that demonstrate the benefits of social innovations. These companies—apart from franchising the mobile phone credit service to local entrepreneurs across the country—are reaching out to consumers with low purchasing power by marketing their mobile phone credits in smaller and affordable units. This innovation has helped the low income consumers access other essential services necessary for the transformation of their lives, but has also created business opportunities for local entrepreneurs serving these low income consumers. For these companies, such a business model has helped to increase sales and expand their market shares.

The advent of sustainability driven CSR has accorded these companies an opportunity to wean their host communities off a strong sense of dependency on financial and non-financial company donations. It has also enabled companies increasingly concerned about sustaining corporate donations in the face of the unstable national and global economic climate. This new sustainability driven CSR agenda allows firms to better avoid and mitigate risks such as corruption and fraud, loss of human capital to HIV/AIDS, litigation and stakeholder activism (GTZ, 2009; Royal Norwegian Embassy, 2011; Mzembe et al., 2015). Anecdotal evidence suggests that by adopting the sustainability model of CSR, some companies are able to develop innovative products and services which can directly benefit the poor through creation of jobs and wealth and increased access to lucrative markets (Fairttrade International, 2013; Illovo, 2014).

1.3   Antecedents of CSR

Several factors shape the CSR agenda in Malawi. These factors include: the role of government, the influence of civil society organisations, the influence of international public institutions, the role of industry and professional organisations, export market demands, parent company influence and community expectations.

1.3.1   The Role of the Malawi Government

The Government of Malawi shapes the CSR agenda through regulations and specific policies related to CSR issues. With respect to the regulatory regimes, there are three pieces of legislation which shape corporate practices. These include: social development, economic governance and environmental governance related laws. The social governance laws include mostly the labour specific laws such as: the Employment Act (2000), the Labour Relations Act (1996) and the Occupational Health, Welfare and Safety Act (1997). Fundamentally, these laws are largely based on the International Labour Organisation's core conventions which the Government of Malawi ratified. The Companies Act (1984) and the Corrupt Practices Act (1995) represent the two major economic regulations which shape corporate ethical practices. Compliance with the guidelines of these legislations by companies operating in Malawi is imperative as these laws are the bases on which business licences to operate in Malawi were granted, and non-compliance with any of these could lead to government applying sanctions to the offending companies. Finally, the significant regulations within the environmental governance laws include the overarching Environmental Management Act (1996), Atomic Energy Act (2011) and the Mines and Minerals Act (1981).

The development of these laws can be considered as core towards the institutionalisation of CSR in Malawi. However, enforcement of compliance with such regulations still remains a challenge for the Government of Malawi (Mhango, 2005; Mzembe & Meaton, 2014). Part of the challenge is that the government lacks physical, human and financial resources to effectively undertake its regulatory oversight (Mhango, 2005; Mchiela, Interview, Personal Communication, February, 3rd, 2010; Mwasikakata, Interview, Personal Communication, February, 3rd, 2010; Mwanyongo, Interview, Personal Communication, February, 4th, 2010). It is certain that, in a regulatory environment characterised by serious institutional weaknesses, the extent to which companies comply with the minimum legal requirements has usually been at the discretion of the managers, and in response to pressure from other stakeholders such as western buyers, NGOs and other international bodies.

The other avenue by which the Government of Malawi influences the CSR agenda is through state policy and strategies (Government of Malawi, n.d.; Mzembe and Meaton, 2014). The most influential policy blueprint has been the Malawi Growth and Development Strategy (MGDS I&II)—a strategic framework which

mirrors the United Nations MDGs. The strategy highlights an increased role for businesses in the socio-economic development agenda of Malawi even in social issues previously considered as the government's 'territory'. In response to this strategy, companies in Malawi are increasingly aligning their CSR agenda with the major thematic issues covered in the MGDS (I&II).

Although CSR is becoming a growing concern in Malawi, there is no single government department or quasi-government organisation which is specifically responsible for coordinating the institutionalisation of CSR. Perhaps, a lack of resources to recruit competent personnel to undertake awareness and capacity building could be a major obstacle in establishing a stand-alone department that should specifically deal with CSR issues.

1.3.2 Role of Civil Society Organisations

The civil society in Malawi has recently shown interest in CSR related issues in response to large scale mining operations and the growing challenges of HIV/AIDS and corruption. Primarily, these CSOs have championed the environmental and social rights of the mining communities, but also ensured that there should be transparency and accountability in the process of mineral revenue generation and management.

In their quest to achieve these aims, the CSOs have adopted a wide range of approaches. These approaches have included engagement in dialogue with companies and to a limited degree, the building of cross-sector partnerships. In the event that these approaches fail to achieve their desired outcomes, CSOs, through formation of formidable coalitions within Malawi and abroad, have used market based campaigns[3] and protests to put pressure on the targeted companies in order to address their concerns (Mzembe, 2014).

Trade unions represent another major group of CSOs which have the potential to significantly influence labour and employment practices of companies in Malawi. However, their effectiveness in defending and promoting the basic work-related rights of employees has been a major concern. Anecdotal evidence suggests that trade unions, like many CSOs in Malawi, continue to face considerable institutional weaknesses.[4] First, trade union leaders are often accused by their constituents as self-serving by conniving with employers and government to exploit the unions' wider membership (De Haan, Koen, & Mthembu, 2003). Second, the majority of trade unions in Malawi are inadequately resourced, and are largely dependent on donor funding to execute their activities. Finally, the individual entities of the trade

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[3] This campaign involved Friends of Earth (Australia)—a partner of Citizens Justice Network buying shares in Paladin to influence their decisions regarding operations in Malawi.

[4] Interviews with: Mr Mkwezalamba, Former Secretary General of the Malawi Congress of Trade Unions; Mr Tilley, Managing Director, Eastern Produce Malawi; Mr Mwasikakata, Deputy Commissioner, Ministry of Labour and Manpower Development; Interviews with some union members from the agricultural and transport sectors and the civil service.

union movement do not adequately coordinate with each other, and they compete over membership; an issue which has created a sense of animosity between different unions.

1.3.3   Role of Industry and Professional Organisations

Industry and professional bodies have been a significant force in shaping business leaders' thoughts and commitment towards CSR. Through their members, these organisations exert peer pressure and sanctions on non-compliant members. Examples of the industry organisations which are credited with the institutionalisation of the wider CSR agenda in their member organisations include: the Tea Association of Malawi Limited (TAML), the Bankers Association of Malawi and the Malawi Chambers of Commerce and Industry (MCCI). These organisations set and enforce compliance with the minimum CSR standards and guidelines by all their member companies, but also provide spaces for members to network and share best practice (Mzembe, 2012).

Professional organisations such as the Society of Accountants in Malawi (SOCAM) and the Institute of Directors (IoD) (Malawi Chapter), have taken a leading role in driving the CSR agenda of the companies where their members work. Their influence on their members is manifested in the development of ethical codes of professional conduct to which their members have to comply, raising awareness in CSR related matters and providing training opportunities.

SOCAM and the Institute of Directors (Malawi Chapter) have promoted CSR and the corporate governance agendas through the development of a Malawi version of the King's Code of Corporate Governance, Malawi Code II, which was launched in June, 2010 (Dunga, Interview, Personal Communication, February, 9th 2010; Institute of Directors Malawi, 2010). The Malawi Code II places an obligation on firms to consider and demonstrate their commitment towards ethical business practices (Kamtimaleka, Interview, Personal Communication, February, 9th, 2010[5]; Institute of Directors Malawi, 2010:6); although it remains unknown as to whether its voluntary nature will prove to be effective in further changing the behaviour of the majority of its members.

1.3.4   Role of International Organisations

Global institutions and bilateral donor agencies such as the World Bank, UNDP, ILO and the United Kingdom, the Commonwealth, German and Norwegian Governments are progressively making a noticeable impact on the adoption of the CSR

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[5] An interview with Mr Anthony Kamtimaleka, Technical Staff/Malawi Code II Coordinator at IoD Secretariat, Blantyre, Malawi in February 2010.

agenda in Malawi. Not only do these organisations provide technical and financial support to the private sector, they also encourage the Government of Malawi to ratify and embrace the CSR related conventions, standards and codes formulated by international organisations. Among the many international organisations, the United Nations and its specialised agencies play a leading role in the promotion of CSR related initiatives. In particular, it is widely accepted in Malawi that the launch of the inclusive business programme and the Global Compact in 2005 by the United Nations fundamentally transformed the nature of the CSR agenda in Malawi—from corporate philanthropy to a sustainability driven or inclusive CSR agenda (Kambalame & De Cleene, 2006; Mzembe, 2012). The Sustainable Agri-Business Initiative (SABI)—a cross-sector partnership initiative—is a typical example of the United Nations' role in maximising the business contribution to sustainability (Kambalame & De Cleene, 2006).

Equally important is the role played by the United Kingdom based Common-wealth Business Council which spearheaded the establishment of the Business Action Against Corruption (BAAC) in 2006. BAAC is a multi-stakeholder coalition that works towards fighting corruption and fraudulent practices in Malawi. Some of the coalition's activities include: creating awareness about anti-corruption issues; providing training to its members; disseminating best practice and developing a code of conduct for its member organisations.

1.3.5 Export Market Demands

In recent years, there has been an increasing integration of the Malawian economy into the global economy evidenced by high inflows of foreign investment and expanding export volumes. The vast majority of the export—oriented companies operate in the global agricultural value chains as suppliers of commodities such as tea, coffee, groundnuts and sugar. These companies are therefore expected to comply with a raft of mandatory international codes and standards developed by retailers and their representative standards organisations based in the developed countries. Many of these codes are developed in response to the ever-changing concerns of consumers and other powerful stakeholders about the social and environmental conditions in which the commodities they purchase are produced. Western based retailers consider the development of the codes as the tools that can signal to their stakeholders their commitment to the notion of being socially responsible business entities.

Integration of social and environmental issues into the production and outsourcing processes is central to the requirements of the codes and standards that Malawian companies are required to comply with (Mzembe et al., 2015). Their mandatory nature means that such instruments have fundamentally become an integral part of their relationship with these retailers. Compliance is usually mon-itored by periodic audit and certification exercises carried out by third party auditing organisations. However, the major issue of concern to the participating

Malawian companies has been the costs of compliance with the codes as these suppliers tend to experience multiple audits from different standards and certification organisations (Tilley, Interview, Personal Communication, February, 11th, 2010). Despite the good intentions underlying the development of these codes, the heavy cost burden associated with their compliance tends to favour large producers, and serves as a barrier for the small companies to exporting to western markets.

1.3.6   Parent Company Influences

The majority of companies leading the CSR agenda in Malawi are part-owned or subsidiaries of multinational companies with headquarters in the developed countries where ethical and legal standards are extremely high. In theory, subsidiaries of these companies are expected to operate within the requirements of the stringent ethical standards expected of their parent companies in their countries of origin (Yang & Rivers, 2009). Although these subsidiaries implement CSR practices to align with their parent companies' CSR agendas, in practice, the nature of the CSR practices they pursue tend to include additional initiatives that reflect the expectations of the Malawian society (GTZ, 2009; Mzembe et al., 2015).

Eastern Produce (Malawi) Limited, a subsidiary of the United Kingdom based Camellia International Group plc, epitomises a subsidiary that is given autonomy by its parent company to construct its CSR agenda not only in line with the local practices, but also in correspondence with the CSR agenda of its parent company. The quest of subsidiaries to both align with their parent CSR preferences and reflect the host country's expectations represents a mechanism by which such companies can achieve internal and external legitimacy[6] (Yang & Rivers, 2009).

The influence of parent company on the subsidiaries in Malawi is not limited to the subsidiaries of the developed countries' multinational companies. Evidence suggests that Press Corporation Limited, a national conglomerate, is a typical example of a Malawian parent company that tends to have a strong bearing on the CSR direction its subsidiary companies take. It is hardly surprising that the majority of companies which are taking a leading role in the institutionalisation of the CSR agenda are the subsidiaries of Press Corporation Limited. Moreover, the CSR agendas implemented by these subsidiaries tend to mirror the CSR agenda of Press Corporation Limited. For the subsidiaries of a Malawian parent companies, implementing a CSR agenda that aligns with the agendas of their parent companies reflects their quest to achieve 'internal legitimacy' since their continued existence

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[6] For Yang and Rivers (2009), on one hand, a subsidiary company is considered to have achieved internal legitimacy when it strongly aligns its policies and strategies with those of its parent company. On the other hand, a subsidiary company achieves external legitimacy when it implements its CSR policy, strategies and actions that responds to the expectations of its host society.

depends on their ability to obtain resources from their parent companies (Yang & Rivers, 2009). Unlike the subsidiaries of the foreign based companies, attaining external legitimacy for subsidiaries of Malawi companies may be not be regarded as a critical consideration for their CSR agenda since a significant proportion of their CSR actions may already be undertaken as a direct response to the expectations of their own society (Mzembe & Meaton, 2014; Visser, 2008).

1.3.7 Community Expectations

Visser (2008) states that weaknesses in societal governance in many developing countries compel citizens to regard private businesses as alternative providers of basic social rights. Consistent with Visser (2008), evidence suggests that because of the persistent lack of resources, the Government of Malawi is failing to provide its citizenry with basic social services such as schools, health services and the much-needed infrastructure (Mzembe & Meaton, 2014). The failure of the Government of Malawi to address these challenges, coupled with Malawi's religious and cultural traditions of charitable giving means that Malawians in general have high expectations of business' role in societal governance (Mzembe et al., 2015). Malawians expect companies to respond to their needs through their corporate philanthropy (Mzembe & Meaton, 2014). Thus, it is unsurprising that corporate philanthropy tends to feature prominently on the CSR profile of many companies operating in Malawi, and is considered a normative activity for companies to engage in. Furthermore, companies often consider implementation of CSR initiatives that meet community expectations as a way of achieving social legitimacy within their host communities (Mzembe, 2014).

1.4 CSR Themes and Priority Issues

The nature and form of social responsibilities which firms can assume in Malawi transcend the three dimensional categorisation of economic, environmental and social responsibilities. In recent studies that draw insights from previous CSR models (Carroll, 1991; Visser, 2008), it was revealed that management and stakeholders consider companies' social responsibilities to be economic, legal, ethical and philanthropic; although such an understanding does not translate into practice in some instances (Mzembe et al., 2015; Mzembe & Downs, 2014). Seen in this light, it is important to note that when it comes to prioritisation, regardless of a company's country of origin, economic responsibilities were highly regarded, followed by philanthropic responsibilities, with legal and ethical responsibilities occupying the third and four levels respectively (Mzembe & Downs, 2014).

Such a prioritisation reflects the expectations of Malawians with respect to the role of business in society largely arising from the need to plug the gaps in societal governance (Katamba et al., 2012; Visser, 2008). It is interesting to note that the

perceptions of some western based multinational companies' subsidiaries operating in Malawi matched the expectations of the Malawian society about the different weightings attached to the four levels of social responsibility. For example, whereas the majority of subsidiaries of companies based in liberal western countries may be unwilling to engage in philanthropic and development oriented economic responsibilities, the western based subsidiaries have been receptive to the expectations of the Malawian society that private companies should equally participate in the provision of basic social rights and contribute to the local and national economic development. This can be attributed to the parent company's CSR policies which in the majority of cases dictated that subsidiaries based in foreign countries should develop CSR agendas that resonate well with host countries' expectations (Mzembe et al., 2015).

1.4.1 Poverty

Malawi is considered one of the poorest countries in the world, although it is endowed with abundant natural resources. According to the World Bank (n.d.) ,[7] over 50.7 % of the population lived below the national poverty line of less than $1 per day in 2010. It should be no surprise that Malawi's current position in the UNDP Human Development Index (HDI) is 174th out of 187 countries on the 2014 UN HDI with a HDI of 0.414 (UNDP, 2014).

In 2000, Malawi, alongside 188 other countries, recognised the United Nations' Millennium Development Goals (MDGs) which were created to renew global interest in the fight against worsening poverty. In relation to CSR, the MDG number eight calls for cross-sector partnerships as vital mechanisms for the private sector involvement in the eradication of poverty. However, there have been mixed reactions to the rate of progress towards the MDGs.

While the Government of Malawi is optimistic about achieving the MDGs, a recent review by the Commonwealth Foundation (2013)[8] suggests that the first goal of halving the number of people living below the poverty line of one dollar a day by the end of 2015 is likely to be missed given the internal and external shocks such as high inflation and decline in exports the Malawian economy has been subjected to.

Furthermore, the much-touted cross-sector partnerships (MDG 8) as vehicles for poverty reduction in Malawi are yet to be institutionalised to a greater degree because of the entrenched mistrust between the public and private sectors (Agar & Kaferapanjira, 2006; Chingaipe & Leftwich, 2007; Kambalame & De Cleene, 2006). Hence, it is common in Malawi for businesses to implement poverty reduction and community development programmes within their host communities

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[7] The current estimate of poverty level.

[8] http://www.commonwealthfoundation.com/sites/cwf/files/downloads/MDG%20Reports%20Malawi_FINAL_1.pdf

without adequate consultations with the relevant government departments and NGOs. Central to such a state of affair is the lack of expertise within the private sector in private-public partnership, and the sector's belief in short-termism when undertaking development activities which are often used as a brand management tool. Evidence so far suggests that such programmes have failed dismally in terms of responding to the needs and priorities of the recipient communities (Mzembe, 2014).

1.4.2 HIV/AIDS

HIV/AIDS, with a prevalence of 10.3 %,[9] poses a serious challenge to the businesses and government in Malawi. Evidence suggests that HIV/AIDS continues to rob Malawi of workers in their productive years (Kumwenda, 2006; UNAIDS, 2014). For many businesses, the impact of HIV/AIDS has resulted in the increased spending on health care for sick employees, increased absenteeism and reduced worker productivity, high labour turnover as a result of sickness and deaths and increased costs associated with the replacement of employees (Bakuwa & Sankhulani, 2012; Bollinger, Stover, & Palamuleni, 2000; Kumwenda, 2006). For the Government of Malawi, the high incidence of HIV/AIDS and the need to care for the sick continues to put a significant strain on its limited resources. It is clear that a loss of a significant proportion of the productive population through sickness and deaths has adversely affected the already narrow tax base (Bollinger et al., 2000). The problem of HIV/AIDS in Malawi is exacerbated by the worsening poverty. In the absence of the government's intervention and other external support, many of the sufferers are much more likely to die as a result of a lack of access to good quality drugs and a nutritional regime that could prolong their lives.

In recognition of the impact of HIV/AIDS on Malawian society and the bottom line of Malawian businesses, the private sector alongside the Government of Malawi developed a number of initiatives to address HIV/AIDS issues in the workplace (Bakuwa & Sankhulani, 2012; Kambalame & De Cleene, 2006; World Economic Forum, 2008). In collaboration with the private sector and the stakeholders such as the UNAIDS, the government developed a National Workplace Policy on HIV/AIDS—a guiding framework in the fight against HIV/AIDS in the workplace and the private sector developed the Malawi Business Coalition against HIV/AIDS to coordinate the private sector's response to the same (Kumwenda, 2006). Through this coalition, member companies access information on how they could mainstream their HIV/AIDS policies into their operations, but are also helped to access Anti-retroviral treatment for their staff and families. Although anecdotal evidence suggests that the initiative is proving to be effective in mitigating the impact of HIV/AIDS (Kumwenda, 2006; World Economic Forum, 2008), the

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[9] http://www.unaids.org/en/regionscountries/countries/malawi

sustainability of such a collective response remains an area of major concern. Its sustainability will depend on the ability and commitment of the corporate actors in developing a reporting system to report data on the impact of the initiatives which could form a basis for future programming (Bendell, 2003).

1.4.3   Human Rights

Human rights are covered within the Constitution of Malawi, but there have been growing concerns about the commitment of the Malawi Government to the protection of the rights of the people affected by the operations of some companies. Paradoxically, Malawi has in recent times seen an unprecedented rise in the foreign direct investment in the extractive and tourism industries (Government of Malawi, n.d.); the industries that are often criticised for the abuse of human rights (Hamann, 2004).

The implications of such an increase in the uptake of foreign investment for human rights and social justice are many. First, the Government of Malawi has been pushing communities to make land available for companies that are interested in undertake mining operations, large scale agricultural and tourism projects (CCJP, 2014). These projects have resulted in indigenous communities losing access to their long held land and water resources. Both the government and the beneficiary companies have made little effort to adequately compensate the displaced or affected communities for the loss of their livelihoods (CEPA, 2014; Mzembe, 2012). The situation has been made worse, because the current legal frameworks do not adequately safeguard the rights of the marginalised and displaced communities. Furthermore, when planning for such investments, many companies and the government have not provided adequate spaces for consultations and seeking informed consent of the communities. A lack of community participation in such programmes has resulted in community resentment towards companies and their programmes as most of these programmes do not really reflect community needs and priorities. This situation has often been associated with deleterious effects on the programmes' effectiveness and sustainability (Mzembe, 2012).

Second, foreign investment, particularly in the Malawian extractive industry, has raised concerns about the tax injustice and avoidance allegedly perpetrated by foreign companies. For example, there have been wide ranging criticisms raised by human rights NGOs and religious groups regarding the tax arrangements between the Government of Malawi and an Australian multinational company, Paladin. Their argument has been that through the complex transfer pricing between different entities owned by the Paladin Group, Paladin (Africa) in Malawi may be avoiding paying the required amounts of tax and royalties to the Malawi Government (AFRODAD, 2013). Such non—transparent practices may be depriving the Malawian Government of the much needed revenue to provide the basic human or social rights such as improved health services, education and improved livelihoods to its citizens.

The other significant human right issues in relation to business operations in Malawi are labour rights including equal opportunities, child labour issues, occupational health and safety, and the rights of consumers. The most common human rights abuses reported in the Malawi workplace include: poor working conditions for low skilled workers, lack of opportunities for collective bargaining, gender based discrimination, preferential treatment to foreign workers and poor health and safety practices (De Haan et al., 2003; Oxfam, 2013). Consumer rights is another major concern with respect to the notion of CSR in Malawi. Although consumer rights are enshrined within the Malawian Constitution (Government of Malawi, 2003), these rights are seldom respected by companies that provide goods and services (Tsoka, n.d.). This is largely because consumers lack the collective powers that might compel companies and other service providers to respect their rights (Murphy & Bendell, 1999). This is exacerbated by the fact that the organisations which are expected to champion consumers' rights are often challenged by serious institutional incapacities to enforce regulations that deal with consumer rights, but also compromised by the prevalence of self-interest amongst some consumer activists (Tsoka, n.d.).

1.4.4   Corruption

Businesses and the general public perceive corruption as the major obstacle to business operations and the growth of the Malawian economy. Corruption raises the cost of doing business and reduces the competitiveness to attract foreign direct investment (Government of Malawi, 2006; KPMG, 2013). Corruption in Malawi manifests itself in various forms ranging from high level political corruption to everyday bribery and fraudulent practices. Corruption is most prevalent in the areas of taxation and customs, immigration and border controls, regulatory enforcement bodies such as the police and business inspectorates and the licensing institutions (KPMG, 2013). There are also claims that corrupt practices and extortion in the procurement of goods and services exist on a much greater scale.[10] Government tenders for procurement of goods and services are usually awarded to businesses and individuals with close connections to the ruling elites and those who have the financial capacity to pay bribes (World Economic Forum, 2011).

In response to wide ranging concerns about the scale of corruption, the Government of Malawi with the assistance of bilateral and multilateral agencies has developed a number of institutional frameworks. The Corrupt Practices Act (1995) was developed, and paved the way for the establishment of the Anti Corruption Bureau in 1997 to spearhead the fight against corruption. Similarly,

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[10] Report on Fraud and Mismanagement of Malawi Government Finances. Retrieved from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/285877/20140221_National_Audit_Office_Malawi_-_Forensic_Audit_Report_-_FINAL_ISSUED.pdf

the National Anti-Corruption Strategy was launched in 2008, and is considered by the donor and business communities as a firm commitment by the Government of Malawi to eradicate corrupt practices.

Considering the impact which corruption has had on the growth of businesses in Malawi, the private sector recognises the fight against corruption—as being in their own interests in as much as it ensures their survival (BAAC, 2011). The significant contribution from the private sector has been in the form of a multistakeholder coalition 'The Business Action Against Corruption' (BAAC) in 2005 to complement government's efforts in the eradication of corruption (Fitzgerald & Ng'ombe, 2007). Through this coalition, businesses have developed a code of conduct to serve as a guide to members regarding the detection and prevention of corrupt practices in business transactions with external parties. The code of conduct also provides a basis on which the sanctions can be served on any member or external party that contravenes the guidelines of the code.

However, participation in the coalition has largely been limited and visible to a few large companies (Commonwealth Business Council, n.d.). There is widespread concern among businesses that by subscribing to the code and its guidelines they may be putting their economic interest at stake, as they may be undercut by unscrupulous companies which are not members of the coalition.[11]

Despite all these anti-corruption initiatives, evidence clearly points to a major gap between rhetoric and reality (KPMG, 2013; Yikona, Slot, Geller, Hansen, & Kadiri, 2011). The recent Corruption Perception Index (Transparency International, 2014), for example, puts Malawi as the 110th most corrupt country—with a score of 33[12]—in the World out of the 175 countries.[13] Perhaps, the gap between the development of institutional frameworks and the implementation of initiatives to address corruption suggests that the wider anti-corruption agenda may not have been fully owned by the Government of Malawi, and that the strategic frameworks were developed for window dressing—a basic compliance with the conditions by which aid can be obtained (Yikona et al., 2011).

1.4.5   Environment

Malawi is endowed with abundant natural resources, on which its economy is largely dependent. Around 90 % of the population derives its livelihood from land and water resources.[14] Due to poverty and high population growth, there has, over the years, been a huge dependence on these resources. Deforestation,

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[11] Interview with Mr. Tilley, Eastern Produce Malawi.

[12] With 0 score represent the most corrupt country while 100 representing the corruption clean country.

[13] http://www.transparency.org/cpi2014/results

[14] http://www.mw.undp.org/content/malawi/en/home/ourwork/environmentandenergy/in_depth/

soil fertility loss and erosion, increased levels of pollution and biodiversity loss have all been reported as the consequences of the heavy reliance on these natural resources (IIED, 2010).

While poverty and a huge dependence on natural resources by the poor have been regarded as major causes of environmental degradation, businesses have also been apportioned blame for their negative environmental externalities on the wider Malawian society. These impacts include pollution of air and water bodies due to industrial wastes,[15] deforestation and biodiversity loss, soil erosion and the drying up of streams. For many businesses, the crucial issue has been the denial of a possible link between poverty and the wider environmental problems their operations can cause within the Malawian society (IIED, 2010). Companies operating in the extractive industries (agriculture and mining) have been particularly slow to acknowledge that the potential damage to natural resources such as water streams and land resources on which the communities depend could lead to long term loss of their livelihoods (CCJP, 2014).

External factors have been pushing businesses, in particular those that are export oriented, to re-evaluate their environmental management policies in line with international standards (Kambalame & De Cleene, 2006; Mzembe et al., 2015; Royal Norwegian Embassy, 2011). The stringent demands from international markets and the pressure to align their environmental management policies with the requirements of international initiatives such as the United Nations Global Compact have been significant forces for the adoption of sustainable environmental management practices such as the judicious use of chemicals, the preservation of forest resources, the use of bio-fuels and the reduction of wastes (Mzembe, 2012).

However, achieving environmental sustainability within the industrial context in Malawi requires more than the actions of the small number of export orientated companies who have environmentally sustainable business operations. The success of the environmentally sustainable agenda equally lies in the integration into the 'green' movement, of those small and medium businesses—which do not see any compelling business case to engage in such practices (IIED, 2010; Stewarts & Gapp, 2014).

1.5   Strategic Integration of CSR: Processes and Structures

The integration of CSR into the 'DNA' of companies in Malawi involves a number of steps. Some of these steps include: top management commitment, CSR vision formulation, development and implementation of codes of conduct, structural configuration and stakeholder engagement.

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[15] http://www.nyasatimes.com/2015/01/07/uranium-toxic-leak-into-lake-malawi-paladin-plays-down-mine-spill/; http://mwnation.com/malawi-warns-paladin-africa-alleged-waste-spill/

1.5.1 Top Management Commitment

Evidence shows that top management commitment remains a significant driver of the CSR agenda in a large majority of companies across the world (Lindgreen, Swaen, Harness, & Hoffmann, 2011; Maximiano, 2007; Werre, 2003). In Malawi, in respect of the companies that have an elaborate CSR agenda, the chief executives and other members of senior management teams usually provide strategic directions and resources for companies to take a socially responsible path (GTZ, 2009; Mzembe et al., 2015). Fundamentally, top management provides leadership in translating resource commitment into tangible policies for mainstreaming the CSR agenda within the core strategic frameworks of their companies.

Such leadership is not limited to the initial stages of CSR development, but continues to provide directions throughout all the remaining stages of CSR development (medium and long term stages) where the development of strategies for stakeholder engagement becomes vital (Maignan, Ferrell, & Ferrell, 2005). For example, Press Corporation's top management established the position of ethics officers, who report directly to the Chief Executive, to coordinate implementation of the CSR policies across departments and beyond, but also serve as a company's face or mouth piece on CSR related matters. Having such officers is cost—effective, and a much easier way for companies to develop a CSR culture as these officers may also act as 'in-house' CSR auditors.

However, anecdotal evidence suggests that top management commitment towards social issues is not widespread in the Malawian business community (GTZ, 2009; Mzembe, 2012). In companies that use CSR as a reactive strategy, evidence shows that executive leadership does not go far enough to mainstream the CSR agenda within their companies once their corporate goals have been achieved.[16] Top managers of such companies consider further integration of the CSR agenda into the core operations or strategy as added actions with unnecessary cost implications.

1.5.2 Formulation of CSR Vision

Several scholars identify formulation of the CSR vision as an important step towards embedding CSR into an organisation-wide strategy (Cramer, 2005; Maon, Lindgreen, & Swaen, 2009). The vision is often developed by top management on the basis of the organisational values and the normative expectations of the local society. The CSR vision statement is usually displayed on corporate websites, in their brochures and leaflets, annual reports and in the UN Communication of

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[16] Interview, senior manager, a local food processing company (2010); Interview, Chief Executive, Local logistics company.

Progress reports.[17] For example, Press Corporation show its CSR vision statement on its website:

> To be a leading corporation acting ethically and responsibly in Malawi and the region; generating real growth in shareholder value through diverse goods and services. Press Corporation Limited is committed to a policy of fair dealing and integrity in the conduct of its businesses. As such, Press Corporation expects all its employees to share its commitment to high moral, ethical and legal standards.[18]

The vision statements demonstrate to their key stakeholders, including employees, a shared understanding of the notion of CSR and the organisational values that every key stakeholder should embrace in dealings with the company. While these companies may be committed to their CSR vision, the degree to which employees at the lower end of the organisational hierarchy are sensitised and engaged with the vision has been an issue of concern. Employees at these lower levels are rarely aware of the company's CSR vision as CSR in Malawi is still regarded as a managerial issue. This however can be considered as a missed opportunity as these employees have a considerable potential to deliver the CSR agenda since many of them are involved in the implementation of some CSR initiatives.

The formulation of a CSR vision is not a widespread phenomenon in companies operating in Malawi. Companies which pursue CSR actions as a reactive strategy to external threats usually lack a clear vision of their CSR agenda. As a result, their initiatives are oftentimes ad-hoc and philanthropic in nature (Mzembe, 2012). Top management do not actually see the need to communicate and develop a shared vision of the CSR agenda with employees and other stakeholders, let alone to include their CSR actions in the annual reports and corporate websites. Considering that CSR in such companies is construed as a public relations tool (Mzembe, 2012), their CSR actions are only reported in the mass media which is accessible to the majority of Malawians.

1.5.3 Development and Implementation of Codes of Conduct

Having a code of conduct is prominent feature in companies that have a highly organised CSR agenda (Kaptein, 2004). Codes are developed with the main purpose of promoting ethical behaviour within the company and its supply chain. They can be divided into two groups. The first category comprises internal codes of conduct that are specifically targeted at internal stakeholders such as employees and board members. The second category includes codes of conduct that are externally facing, and are aimed at the company's network of suppliers. The contents of these codes

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[17] These reports are only produced by members of the UN Global Compact.

[18] http://www.presscorp.com/index.php?option=com_content&view=article&id=121&Itemid=184

are based on a number of national and international standards and codes with which companies are required to comply.

The most prevalent form of codes is the internal code of conduct. It is only in recent years that a small number of companies have begun to use both sets of codes (Mzembe, 2012). Such companies participate in the global value chains where developing country suppliers are equally made responsible for the unethical practices within their supply chains. Eastern Produce Malawi, the largest tea exporting company in Malawi, for example implements, alongside an internal code of conduct, a code of conduct for its suppliers which outlines the ethical behaviour it expects of them. Compliance with this code forms a strong basis on which the business relationship with its suppliers is maintained.

To ensure their effectiveness in encouraging ethical behaviour, the codes of conduct are regularly audited by the ethics officer and external consultants. Lessons generated from such audits are fed back into corporate systems for the development of corrective measures. Furthermore, the data and lessons generated from such audits of codes are incorporated in CSR related reports such as the Communication of Progress reports, and crucially serve as a means of demonstrating transparency and accountability to both the internal and external stakeholders about the company's social performance.

1.5.4   Organisational Structures

Structural configuration is a prerequisite for the effective institutionalisation of the CSR agenda (Cramer, 2005; Maignan et al., 2005). Anecdotal evidence suggests that companies with robust CSR policies tend to support such policies by developing structures at both strategic and operational levels (Maon et al., 2009). At the strategic level, effective integration of CSR within Malawian companies is guaranteed by the active involvement of the members of the board. Within some companies, members of the board, in particular those that represent institutional shareholders, have placed it upon themselves to be advocates of CSR agendas in companies where their companies hold shares. Some boards have even gone further to call for their companies to adopt a triple-bottom line approach to reporting in order to demonstrate their companies' commitment to social and environmental concerns.[19] Eastern Produce Malawi is an example of a company where board members' interest in CSR issues has contributed to an increased uptake of CSR (Mzembe et al., 2015).

At an operational level, CSR implementation is supported by the ethics officers who have direct reporting relationships with the chief executives. As stated elsewhere in this chapter, the major roles of these officers involve creating awareness

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[19] Interviews with (Press Corporation Official; Department of Environmental Affairs senior official).

about the company's CSR agenda to all employees, coordinating the implementation of CSR initiatives across the company's functions and stakeholder engagement, enhancing the company's CSR visibility and take a leading role in CSR audits and reporting. Nevertheless, the extent to which these officers can effectively promote CSR in their respective companies is dependent on the commitment of the Chief Executives to provide these officers with adequate authority and requisite resources.

1.5.5   Stakeholder Engagement

Several studies have emphasised the importance of stakeholder engagement in the integration of CSR agendas in the company (Cramer, 2005; Maon et al., 2009, 2010, Maon, Lindgreen, & Swaen, 2010). In Malawi, stakeholder engagement by local companies and subsidiaries of multinational companies has traditionally been ad hoc and inconsistent, with no clear strategies on how it should be undertaken (Mzembe, 2014). It is becoming clear however that, more than ever before, a smaller number of companies are developing partnerships with CSOs to implement programmes that not only enhance societal value, but also help the firms to achieve their economic objectives (GTZ, 2009; Kambalame & De Cleene, 2006). Kambalame and De Cleene (2006) provide isolated case studies of private companies' engagement with NGOs to implement a sustainable agribusiness programme. The critical success factor for these partnerships was a significant investment in the dialogue processes prior to and after their creation.

The growing popularity of stakeholder dialogue within these companies demonstrates the maturity of companies' CSR agendas, and a realisation of the importance of having a shared vision in pursuing collective actions which yield shared benefits. Considering that, in recent years, such companies now have ethics officers to deal with stakeholder engagement, it is likely that the CSR agenda pursued by such companies would be a strong reflection of the interests and concerns of all stakeholders.

1.6   Perceived Barriers to CSR

Although CSR has been practised in Malawi for nearly three decades, the pace at which companies, in particular the local firms, have been adopting CSR has been slow. This section touches upon some of the factors that hinder the adoption of CSR.

1.6.1 Lack of Resources

Many companies consider a lack of financial and human resources to be a significant factor that prevents them from pursuing any form of CSR initiatives (GTZ, 2009). Even for those that are leading the CSR agenda, their view has been that any organisational changes as a result of adopting a CSR agenda are usually associated with a significant initial financial outlay to recruit CSR staff, and make necessary investments and corporate donations.

Such a perspective has resulted in many companies to engage in CSR only when there is a perceived consequential relationship between profitability and social performance (Waddock and Graves, 1997). Equally, many companies tend to reduce their financial commitment to social issues when there are clear signals that their profitability may be reduced (Mzembe, 2012). Given the widespread adoption of this view, some export oriented companies also tend to consider some of the CSR management actions promoted by international standards and codification organisations as a significant cost burden to their operations (Mzembe, 2012).

1.6.2 Inadequate Knowledge of CSR

CSR is a relatively new concept in Malawi. Different interpretations of the notion of CSR tend to exist (Mzembe & Downs, 2014). Even the top management of most companies—which is expected to drive the CSR agenda—does not usually have adequate knowledge of what constitutes CSR, and how it can effectively be integrated into the organisational strategic framework (GTZ, 2009). The fundamental problem rests with the lack of CSR and business ethics education in the current curricula taught at the secondary and tertiary levels where future business and civic leaders are trained. In addition, very few managers tend to have exposure to current debates about the role of modern businesses in society because of their companies' close integration into global markets. Indeed, as other scholars state, managers' personal values and experiences—factors which are crucial issues in managerial commitment to CSR—are in part derived from exposure to education and general awareness about ethical issues (Du et al., 2013; Hemingway & MacLagan, 2004). Lack of personal experience with ethical issues also explains why the majority of people in Malawi have a greater tolerance of unethical behaviour by companies—a significant factor which is an attractive investment option for many companies (Williams & Zinkin, 2008).

1.6.3   Inadequate Top Management Commitment

While top management commitment has been a major driver of CSR in the majority of the companies which have a record of CSR performance, a lack of it in many companies, particularly in local companies and Small and Medium Enterprises (SMEs), remains a daunting challenge for the widespread adoption of CSR in Malawi. As highlighted elsewhere in this chapter, the majority of top managers in non-socially responsible companies tend to consider engagement in CSR as a significant cost.[20]

Given such a classical perspective amongst top managers, it is unsurprising that such managers have little or no commitment towards the adoption and integration of CSR within their companies. Central to this perspective, as stated elsewhere in this chapter, is the important role business ethics and CSR education can play in the shaping of future Malawian managers' personal values and orientation towards social issues (Cassells & Lewis, 2011); an important aspect that is lacking in the Malawian education curriculum and continuous professional development programmes.

1.6.4   Lack of Government Support

Evidence suggests that state interventions such as tax incentives and preferential procurement terms offered to socially responsible companies can enhance the adoption of CSR by many companies (Fox et al., 2002; Idemudia, 2010). Although some multinational companies and subsidiaries of Press Corporation Limited lead in CSR adoption and implementation, many local companies lag behind because state intervention promoting CSR to date has been disappointingly non-existent. The extractive industries (mining and commercial agriculture) where CSR is arguably so necessary illustrate how the lack of government support has been a constraining factor in the institutionalisation of CSR. The absence of government support towards civil society organisations and communities that call for corporate accountability coupled with poor regulatory oversight may have sent signals to other companies that being CSR active is not necessarily important for gaining licences to operate (Mzembe, 2014).

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[20] Interviews with General Managers of selected local companies.

1.7 Conclusion and Future Directions

While CSR in Malawi has over the years been gaining momentum, the approach and processes pursued by companies to implement CSR remain crude and rudimentary. The CSR agenda of companies with an active CSR profile is dominated by five major issues—corruption, poverty, environment, human rights and HIV/AIDS. However, local companies and subsidiaries of multinational companies exhibit a varied degree of commitment to social issues.

The philanthropic forms of CSR dominate the agendas of most companies, although there is a general acceptance by corporate managers and stakeholders that companies can not undertake philanthropic actions in a climate of weak economic performance. This implies that if Carroll's pyramid of CSR (Carroll, 1991) was to be reordered in order to be applicable to the Malawian context, economic responsibilities would still be highly prioritised ahead of philanthropic responsibilities, followed by legal responsibilities with ethical responsibilities staying at the bottom of the pyramid. The nature of CSR initiatives implemented by various companies in Malawi nonetheless reflects the influence of institutional and market based factors which may directly or indirectly promote CSR as well as act as constraints on adopting the CSR agenda.

A number of important issues emerge from the analysis of the CSR agenda in Malawi. First, there is a general lack of understanding regarding the impact of the CSR agenda pursued by different companies. Whereas knowledge about some key aspects such as the business case and drivers, the managerial and stakeholders' understanding of CSR, and its integration into core business strategy in Malawi are beginning to emerge, little is known about the impact of the CSR initiatives which have been implemented by companies. This appears to be a huge gap in the debate about CSR both globally, and more specifically regarding its integration into the core business of different companies operating in Malawi. Given that CSR does not currently have a unified definition in Malawi, as is also the case elsewhere, it would be fundamental for CSR scholars and practitioners from the private and public sectors to collectively determine what should be considered good performance (performance metrics) at the three levels (company, industry, societal) where CSR initiatives are implemented.

Second, it has been noted that although the CSR agenda in Malawi is largely driven by multinational companies and a local conglomerate, Press Corporation Limited, many local companies particularly SMEs, are still lagging behind. The fundamental constraints for these companies include: (a) lack of government support, (b) inadequate resources, (c) lack of knowledge about CSR, and (d) inadequate top management commitment.

In moving the CSR agenda forward in Malawi, concerted efforts by the Government of Malawi, CSOs, the international organisations and the private sector would be required. In an environment of pressing socio-economic and institutional challenges, both the private and public sectors would be required to make strong business and public cases for CSR. Furthermore, actions could involve the

formation and promotion of cross-sector partnerships and strategic alliances that could leverage the competences and resources of all parties involved. These collaborative efforts could also play a crucial role in leveraging the local companies and SMEs—which often cite a lack of resources, a lack of CSR knowledge and inadequate government support for their non-engagement in CSR—to take an active role in the CSR agenda.

A further area for CSR promotion in Malawi could be found in the area of soft regulation. While hard regulation of CSR offers some straightforward answers[21] to the question of CSR institutionalisation in a developing country setting, CSR as an area deeply-rooted in a normative perspective would require companies to embrace it on a voluntarily basis, and go beyond the minimum acceptable performance threshold. As such, the onus on the Government of Malawi is to develop non-legally binding CSR guidelines or to promote the existing internationally driven CSR initiatives such as the UN Global Compact, the ISO 26000, the OECD Guidelines for Multinational Enterprises, and the Extractive Industries Transparency Initiative (EITI). The Government of Malawi could also offer the socially—responsible companies preferential procurement terms and tax-exemptions on charitable donations in order to encourage non-socially performing companies or SMEs to also integrate CSR into their core business strategy.

Finally, given that CSR in Malawi is still in its embryonic phase in terms of its conceptualisation and implementation, this chapter provides an important step for researchers and practitioners (managers and policy makers) alike to develop a better understanding of the concept and its integration into core business strategies.

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[21] See http://mwnation.com/legislate-csr-extractives/. Dated 28th July 2014.

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Chapter 2
Corporate Social Responsibility in Mozambique

Friedrich Kaufmann and Claudia Simons-Kaufmann

Abstract Mozambique is a young African country with a strong growing economy and increasing foreign direct investment. We can observe a rising number of Corporate Social Responsibility (CSR) projects and activities in the country. Nevertheless there is still no systematic approach or coordination through public authorities or the business sector itself. CSR is mainly motivated by immediate own company needs like training or health of workers. We also find philanthropy projects as well as projects supporting local communities on development priorities, mainly health, education and community development. CSR, as part of a business concept, is mainly limited to large companies and foreign investors with international experience and less to small and medium-sized enterprises (SMEs). Many national companies, especially SMEs still do not have the CSR capacity or the respective mind set. First of all it is the mega projects that have their professional CSR departments and budgets. In the mining sector a CSR component is now compulsory by law since 2014.

As public institutions are weak, CSR in Mozambique is more about "CSR towards compliance" and sometimes less about "CSR beyond compliance". Strong views are expressed by civil society that for example the enforcement of labour legislation within companies is weak and hardly controllable by the government. This fact combined with corruption issues makes CSR towards compliance of existing labour, environmental, fiscal laws and other regulation an important topic. Nevertheless it is questionable if this should be considered as CSR. CSR in general is sometimes seen as "green washing" by big investors, benefitting on the other hand from generous tax exemptions and special deals with the government. Nevertheless, CSR is of growing importance in Mozambique and as the new mining CSR law shows, government is slowly entering the CSR landscape. A better coordination and public-private dialogue about CSR is necessary in order to make it a more useful and an efficient instrument for development. Nevertheless it should be clear that CSR is voluntary and in a globalized economy with international value chains becomes more and more an international issue.

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2.1 The CSR Definition in the Mozambican Context: A Need for Discussion

There is so far no agreed upon definition of Corporate Social Responsibility (CSR), neither in literature nor in practise. The term "CSR" started to be widely used in the 1960s and 1970s, coinciding with the global rise of multinational companies (Baumüller, Ladenburger, & von Braun, 2011). One of the most commonly used definitions is the one of the European Commission which defines CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (EC, 2011, p. 6). Note, that it should be voluntary! More generally CSR is regarded as an "umbrella term" for a variety of theories and practices all of which recognize the following:

(a) That companies have a responsibility for their impact on society and the natural environment, <u>beyond</u> legal compliance and the liability of individuals;
(b) That companies have a responsibility for the behaviour of others with whom they do business (e.g. within supply chains); and
(c) "That companies needs to manage its relationship with wider society, whether for reasons of commercial viability or to add value to society" (Blowfield & Frynas, 2005).

The terminology and approaches to CSR are largely shaped by Anglo-Saxon tradition, with its differentiation between economic and social affairs, the focus on individualistic rather than community values and the limited role of government in regulating markets (Blowfield & Frynas, 2005; Sadler & Lloyd, 2009). Proponents of that Anglo-Saxon understanding of CSR tend to emphasize the benefits of voluntarism and self-regulation as more effective means to promote socially responsible corporate activities. The concept also became part of "International Business" literature, showing that companies are not only part of the problem (environment, social, etc.), but also perhaps part of the solution (Kolk & van Tulder, 2010).

As Baumüller et al. (2011) analyse, the 'northern-centred' view of CSR has driven the research agenda over decades, which has largely concentrated on firms in high-income countries, notably North America and Europe, and the adoption of universal norms such as workers' rights. These approaches have also shaped the way that CSR is being applied in many developing countries.

"Thus, development-related CSR emerged largely as a response to growing criticism from activists, consumers and shareholders that attacked multinational companies for poor labour and environmental standards and associated impacts on local communities. An initial focus on codes of conduct and voluntary firm-level standards has expanded to include ethical sourcing, certification, community development and stakeholder engagement".

Mozambique is obviously a developing country, but it is not following a clear political-economic vision or strategy. It applies mixed concepts with elements of

"wild-west economy", neo-liberal principles and strongly socialist ideology. The political mainstream these days seems to follow a kind of Chinese Political economic model.

When discussing CSR activities in Mozambique we have to keep this in mind. Sometimes CSR can be a substitute for state intervention or regulation, it can be a license to operate, and it can be philanthropic. Given the weak state capacities, we find CSR projects "towards compliance" (because there is no enforcement), "beyond compliance" and CSR without any benchmark as there is no regulation or no clear role of what should be done by the state and what not. In general CSR is considered "......a highly contentious issue in Mozambique, especially with the large mining companies….." (KPMG, 2014). This will be discussed further later on.

2.2 Factors Defining the Context for CSR in Mozambique

2.2.1 Historical and Political

Under colonial rule of the Portuguese, the economic policy in Mozambique was dominated by Portuguese home-country interests with few investments in infrastructure, human capital and economic development. After independence in 1975 the Government opted for a central planning approach (nationalizations), with few incentives to the private sector and entrepreneurship (Krause & Kaufmann, 2011). Following a 16 year civil war between the ruling and still dominating party Frelimo and Renamo (an apartheid regime-supported rebel party), the country lay in social and economic ruin (for the following part see Kaufmann, 2012). The disastrous economic situation, debts, poverty and a shortage of international credit forced Mozambique in the late 80s to cooperate more with the West, namely with the IMF agreeing on a transition to democracy and structural economic reforms (multi-party system, liberalization, private property, easing of foreign investment, free trade etc.). The new constitution enacted in 1990 provided a multi-party political system and a market-based economy (EIU, 2008). The Civil war ended in 1992 (Rome treaty) and free elections were held. FRELIMO dominated the political scene from the beginning winning all national elections. Since the 90s, Mozambique is considered stable and peaceful. After President Chissano, Armando Guebuza—from the ruling Frelimo party—won another term in office in the October 2009 elections with a landslide majority. Since then nationalistic accents are more pronounced aiming at enhancing party influence at various levels of government with a stronger and more centralistic "hands-on" approach. The opposition RENAMO is weak, lacking professional leadership and a serious opposition work in Parliament. Local elections are held since the year 2003 starting in 33 local governments (municipalities). In 2009 some RENAMO "dissidents" founded MDM (Movimento Democrático de Moçambique), which managed to get into parliament in the 2009

Table 2.1 World Bank Governance Indicators for Mozambique 2000–2013

Governance indicator	Relative position worldwide in %			
Year	2013	2010	2005	2000
"Voice and Accountability"	39.3	45.5	50	45.7
"Political Stability"	37.4	57.1	48.6	38.9
"Government Effectiveness"	30.6	34.4	36.6	38.5
"Regulatory quality"	35.9	38.3	25.5	42.6
"Rule of Law"	21.8	39.9	31.6	29.2
"Control of Corruption"	29.7	41.4	37.6	42
	0 % worst worldwide, 100 % best worldwide			

Source: Worldbank various years

elections and won three important local elections in three big cities Beira, Nampula, Quelimane plus Gurue since then. In the recent 2014 elections FRELIMO won again, with F.J. Nyusi being the new head of state following Guebuza, who is by now the richest (business) man in Mozambique.

Political institutions as well as civil society are still fragile in Mozambique, meaning that checks and balances are rather weak and public discussions—like about CSR—not very often found (Borowczak & Kaufmann, 2014). Mozambique is still, although declining, one of the most aid-dependent countries in the world (about 50 % of state budget, Krause & Kaufmann, 2011). Donors (IMF, Worldbank, EU, Bilaterals) play a crucial role in the development of the country, setting at least partly Mozambique's agenda and influencing economic and social policies. According to the Worldbank Governance Indicators—Table 2.1, quality of Governance is at best mixed with no or little progress in the last 15 years. Especially control of corruption (conflict of interests), voice and accountability and the rule of law are rather weak issues. The recent Mo Ibrahim Governance Index puts Mozambique at rank 22 out of 52 African countries, down 2 ranks from last year and the Bertelsmann Transformation Status Index rank 70 out of 129 countries in 2014, almost unchanged since 10 years [(54/115) in 2003] (Bertelsmann Stiftung, BTI, 2014).

2.3 Economic

Since 2001 Mozambique is one of the world's top ten for annual average GDP growth in the world (around 7 % p.a.) (EIU, various years). The country's economy is considered one of huge potential, sometimes Mozambique is referred to as an "African Lion". The boom is currently driven by gas and coal explorations and many projects in the construction sector. Growth in general is mainly based on agriculture and mining but other industries and services (Transport), especially tourism are growing as well (CPI, 2014; Krause & Kaufmann, 2011). Nevertheless

potentials are still not used properly and inclusively to fight poverty in the country. This for several reasons as discussed briefly below.

Aluminium production (MOZAL) accounts for about one third of exports and makes the economy highly dependent on volatile international prices. The investment in MOZAL in the 90s brought Mozambique back on the international investors map and CSR became popular. The same holds for gas (SASOL). There are a few big investments (so-called mega-projects) in the country, which work mainly with foreign capital, create relatively few value-added and jobs in the country and are not well linked to the rest of the national economy (Castel-Branco & Ossemane, 2010; Genesis Analytics, 2014). To be mentioned first before all are the coal mines in the Tete province (Vale DOCE etc.) and the gas exploration in Cabo Delgado (ENI, Andarko etc.) as well as huge infra-structure projects such as energy production, roads, dams, bridges and ports. Exports are not well diversified and the country is suffering a chronic trade deficit. Furthermore, the mega projects often enjoy generous tax exemptions and other intransparent preferential treatments.

Due to the colonial history and the socialistic experiment (among other factors), there is also a lack of local entrepreneurship and international as well as regional competitiveness in Mozambique (Borowczak & Kaufmann, 2009). Only few competitive national SME can be found in the country [out of a total of an estimated 40.000 (MIC, 2008, own estimates)], which could link with mega projects and fit into global value chains. The (growing) rest are informal companies (Krause, Ackermann, Gayoso, Hirtbach, & Ko, 2010). Value chains are usually not very long in the country, meaning a rather limited value added for Mozambique. The formal economy can be described as an extractive, fragmented economy with export of primary products and "island-industries" (Castel-Branco & Ossemane, 2010). The Chinese influence is growing; investments increase and big infrastructure projects are often implemented and financed by Chinese companies. Their reputation for social standards, good governance and decent CSR policies is not the best and very intransparent.

Main constraints to a sound development of the private sector are bureaucracy, corruption, access to finance and weak public services (KPMG, 2011), including poorly managed public investments (IMF, 2011a). This is also reflected in a rather poor position in the Worldbank Doing Business Survey 2015 (rank 127 out of 189; Worldbank, 2014a, 2014b) and the World Economic Forum Global Competitiveness Index 2014/2015 (133/144; Schwab, 2014). The cost of doing business in Mozambique is high and productivity low, so that over all competitiveness is limited. Even in the sub-Saharan context most companies/sectors are not competitive (MIC, 2008; Abbas et al., 2012). Given this background regional integration processes and namely the SADC are often seen as a threat and less as an opportunity.

2.4 Social

Social conditions and delivery of public services were extremely weak after the long civil war until 1992. In the last 20 years, human development indicators (HDI) such as access to education (both primary and secondary) as well as to health services, particularly in rural areas, household ownership of durable goods and housing quality attest to important positive trends in long-term development (IMF, 2011a, 2011b). Nevertheless, the following social key indicators (UNDP HDI 178/187) in Table 2.2 characterize Mozambique despite some progress from a low level still as one of the poorest countries of the world. Especially poverty indices did not improve over the last years despite the strong economic growth:

Furthermore Mozambique remains a country with significant income inequalities amongst the rich and poor, between urban and rural regions, which causes complex challenges for the development (see also Piketty, 2014) and with a very weak civil society (Fiege, 2011). HIV/Aids, children suffering from chronic malnutrition and high child mortality are two of the most pressing health challenges. Education also remains a stumbling block in addressing poverty and economic growth with an approximate 60 % illiteracy rate amongst adults and here in particular women in the rural areas. The quality of education on all levels is poor and the public system is more and more substituted by private institutions for people who can afford. This means inequality will grow in the country.

Despite the government's formal strong anti-corruption campaigns, corruption is still a major challenge and considered to be present in almost any citizen's daily life as well as being endemic in the country's executive and legislative branches (APRM, 2009). The Transparency International Corruption Perception Index

Table 2.2 Social and economic indicators

Item	In		Item	In		Item	In	
Population	mn.	Ca. 25	HDI rank of 187	Rank	178	GDP p.c. (PPP)	US$	Ca. 1000
Population growth	% p.a.	Ca. 2.5	Gross school enrolment	%	54.8	Gini index	0–1	0.45
Life expectancy	Years	Ca. 50	Aid per capita	USD	Ca. 75	Fitch rating	Category	B+
Urban population	%	Ca. 31	Poverty (less than US$2 a day)	%	81.8	Corruption perception index of 177 countries	Rank	119
HDI	0–1	0.393	Doing business rank of 189	Rank	127			

Sources: GIZ (2014), UNDP, Human Development Report (2014)|Kaufmann (2011), Bertelsmann Stiftung, BTI (2014)—Mozambique Country Report, 2014, Transparency International (2014)

(CPI) for 2014 ranks Mozambique 119/177 with a score of 2.7 as "endemic corrupt". This picture did not switch to the positive side in the last 10 years.

2.5 Environmental

Official Government documents like the PARP—Plano de Acção para a Redução da Pobreza (Poverty Reduction Action Plan) make reference to "environmentally sustainable growth" as one of the aims of the Mozambican government. Mozambique is also committed to the UN MDGs which include the environmental sustainability as one of the development goals. Nevertheless—looking at the current PARP—it does not seem to enjoy a high priority (IMF, 2011a, 2011b). Given the shortage of funds, Mozambique still invests little in environmental projects as part of government spending.

The necessary legal framework for environmental issues and assessments regarding private investments, buildings etc. exists in Mozambique. All new investments, depending on their volume and sector have to undergo an environmental study and impact assessment and need clearance and approval by the respective Ministry for Environment (MICOA). However, the weak institutional capacity of the controlling bodies and corruption can undermine compliance like in all other sectors and line ministries.

2.6 The Development Challenges: Potential for CSR

As discussed above despite some progresses structural need for improvement of development performance remain. It should be clear what the role of the public sector and the government is. CSR activities have to complement public tasks and not substitute them. Given the magnitude of challenges in Mozambique and the fragile public performance we see a great danger here (Langa & Massingue, 2014). Main challenges—but also potentials for CSR—will be:

- Discuss, clarify and define public tasks and responsibilities in a transparent way.
- "Good governance" of companies has to be improved and checks and balances strengthened.
- Capacity building will be essential in order to enforce existing legislation and to fulfil government obligations.
- Reduce dependence on donors.

  Development challenges include also:

- poverty reduction (e.g. inclusive business)
- fighting corruption and unfair treatment of investors (level playing field)

- improvement of delivery of social services like education and health (HIV/Aids), esp. in rural areas,
- private sector development (enabling environment) with job creation and links to the mega-projects,
- Adaption to climate change and protection of the environment.

2.7   CSR Stakeholders

This section focusses on players already impacting on CSR awareness and advancement as well as at potential players. In general we feel that the impact of the below mentioned stakeholders is still rather limited on CSR topics and they are considered more as *potential* players.

2.7.1   National Government and Policy

As mentioned before, we cannot see a clear political economic philosophy in Mozambique. According to the constitution the state has to be "regulator and promoter of growth and social and economic development" (Governo de Moçambique, 2014). This is not very specific and many questions about the future and strategies are still open (Comité de Conselheiros, 2013; MOZFO, 2014).

The questions which CSR projects add on what is legally requested ("beyond compliance") is often difficult to answer because legal and social frameworks are not respected, not enforced (especially in the provinces) or not elaborated. Sometimes and even in the new mining law which we present below with its CSR requirements, it looks like the state tries to make private companies responsible for the government (Langa & Massingue, 2014).

The answer to the question what should be a private responsibility and may be a CSR project and what is a public task depends on the political economic system. The following graph—Fig. 2.1 sketches different approaches, on the "x-axis" on right side the more Anglo-Saxon world and on the left side the more northern or social market economy view like in Germany. Hence CSR has different roles. We are not able to allocate Mozambique in this logic. The "level of Influence" on the "y-axis" is ment to be a generic term for responsibility, managing capacity and potential influence on the respective matter and therefore the responding CSR options, obligations and needs. You could also say it is an indication for the relevance of the stakeholder/player.

In the gas and mining sector it is very obvious that it has to be distinguished between the role of the state and role of the private sector. For example: How do we organize vocational training facing the huge upcoming demand and given the poor level of skills and qualifications in Mozambique? Is it through the vocational Training Reform PIREP, is it the Ministry of Labour as a public task, will it be a
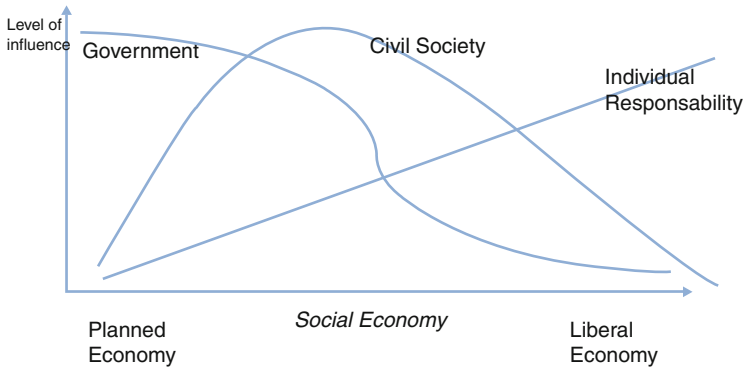
Fig. 2.1 Different political—economic systems. *Source*: own elaboration, after Benecke (2008)

joint Public Private Partnership or an internal private sector activity by the multi-nationals or complementary CSR activities? Different options are studied but not yet discussed or decided (Cambridge Education, 2014).

The State Holding IGEPE (Institute for the Management of State Holdings) for example, does not have guidelines on state interests, as in which companies should belong to the state and why, what are strategic interests, what is its social and political role etc. (USAID, 2014). How and why should its portfolio be composed? There is no clear policy and accordingly CSR by public and private companies is fragmented, ad hoc or isolated.

- Legislation: By office and name the Ministry for Women and coordination of Social Activities [Ministério da Mulher e Coordenação da Acção Social (MMAS)] is responsible for CSR questions (GIZ, 2014). There is no overall law of CSR activities known. Laws 11/2007 and 12/2007 regulated the distribution of parts of the benefits of extractive industries to local communities or "other social investments". Nevertheless there are still no details or regulations published. Broad CSR issues where you find framework legislation are for example: The Anti-corruption Act (2002) and the creation of the anti-corruption office Gabinete Central de Combate a Corrupção (GCCC); see for example lei 14/2012 or the labour law; Lei de Trabalho, Lei 23/2007.
- The new Mining Law and the respective CSR Politics (Resolução 21/2014 Governo de Moçambique, 2014) were only approved by the Parliament in 2014. The CSR Policy for the Mining sector was elaborated after public consultation and uses the ISO 26000 of the International Normalization Organization as a guideline. Its main objectives are described as

  a) "Promote the establishment of mechanisms which guarantee the existence of CSR programs in the extractive sector in order to contribute effectively to the reduction of poverty and a sustainable development in Mozambique
  b) Integrate and coordinate the CSR programs with development programs and in particular with plans of local development" (Translation by authors).

It is highlighted that it should be a participative approach, that CSR programs should be coordinated, transparent and monitored. Mechanisms in order to solve problems should be made provision for. It follows a list of principles and general possible "strategic actions" (Governo de Moçambique, 2014). So far nothing is known about specific details budgets, compulsory activities etc.

2.8 International Aid

2.8.1 Foreign Governments

There is official development assistance in the form of bilateral technical and financial aid as joint budget support by the Program Aid Partners (PAP). Budget working groups discuss objectives and indicators with the Mozambican government. There is a "private sector working group" which deals with matters of the private sector but it is not an official working group of the budget support process. It does not deal systematically with CSR activities so far, but it could.

Bilateral donors run several private sector support programs like Germany, USA, Denmark, Norway, Italy, Sweden, and Netherlands (enabling environment, competitiveness, SME, sector promotion, value chains). Through supranational institutions and their activities in Mozambique like the UN, Worldbank, IFC and EU most countries contribute to the economic and private sector development.

Most agencies have Public-Private-Partnership (PPP) programs co-financing CSR projects like the German Cooperation (BMZ 2010, 2013) or other national policies (Federal Ministry of Labour and Social Affairs, 2010).

The ODA MOZ database gives an overview of the hundreds of official projects running in Mozambique. The main objective and focus of ODAMoz is to provide donors with a tool, based on international standards (e.g. OECD/DAC sector codification) and to deliver a profile of the donors working in Mozambique. This database would make it easier to find potential players.

2.8.2 Non-governmental Development Agencies

There is an uncounted number of NGOs working in Mozambique through projects and programs (including sustainable economic development, PPP and CSR funds). The American NGO Tecnoserve supports and advises the private sector in designing and implementing CSR projects.

2.8.3 Forums and Networks

There are a couple of potential forums for CSR policies, activities or coordination platforms:

- **Program Aid Partners (PAP):** group of donors engaged in budget support with respective working groups.
- **Conferência Annual do Sector Privado (CASP):** Annual public meeting of Government and private Sector representatives (CTA).
- **Joint Review (JR):** Annual joint assessment of government and PAP monitoring the progress concerning the indicators of the budget support objectives.
- **Inclusive Business Forum CTA**
- The **Global Compact**, Development Observatory: set up by the government as part of its efforts to assess and monitor the implementation of anti-poverty programmes; a consultative forum which brings together, on an equal footing, representatives of civil society, the government and the donor community (G 20).

2.9 Civil Society

Although there is more than an estimated 5000 civil society organisations/associations/NGOs in Mozambique, their participation and rights to contribute in government affairs and public discussions (such as CSR) is still limited and in the early stages of development (Fiege, 2011). Mozambican civil society is strongly dependent on donors and tends to mostly work on projects on a reactive basis. Civil Society Organisations in the past (some still do) had strong affiliations with political parties consequently limiting their credibility within society.

The most prominent and more professionally managed NGO, the Centre for Public Integrity (CIP) is the main NGO for fighting corruption, reporting and investigating numerous corruption cases. They also started working on CSR matters of big mining companies. Another NGO, the Mozambican Debt Group (Grupo Moçambicano da Divida, GMD) has utilised the channels of interaction with the government. It exerted pressure for the cancellation of Mozambique's foreign debt, and for better use of the resources generated, particularly in the present scenario of excessive domestic public debt. ORAM and Forum Terra are engaged in the notorious "land question". ECoSIDA is a Mozambican private sector forum in the fight against HIV/AIDS which is coordinated by the umbrella business association CTA in Maputo. They could be seen as potential participative CSR players.

In 2006 the "Institute of Directors of Mozambique" (IoD) was founded with the help of IFC. This Governance and Development Institute, is an independent and not-for-profit civil society think-tank. GDI's strategic intent is to serve as a catalyst for human development in Mozambique, by providing support to the building of capacity in public policy development, institutions, and programs contributing to

poverty reduction and sustainable development. So far it does not seem to be very active.

Other domestic NGO's with (potential) relevance to the topic are—among others:

KULIMA (community development); Liga Moçambicana dos Direitos Humanos (Human rights), UNAC—União Nacional dos Camponeses (rural development, land question), Fórum Mulher (gender issues) and Fundação para o Desenvolvimento Comunitário (civil society development), Mozambique HIV/AIDS Partners Forum: a networking forum on HIV/Aids with donors (multilateral and bilateral), civil society organizations and labour unions.

2.10   Academia

The Eduardo Mondlane University (UEM) is the oldest and, for a long time, the only one in Mozambique. Nowadays there are more than 25 private universities or colleges, with The Catholic University of Moçambique (UCM) being the biggest private University offering courses in Management and Economics. However, little evidence of formal CSR courses could be found. UEM provides a number of potentially relevant courses with the Higher School for Rural Development, Higher School for Business and Entrepreneurship, and the School for Marine and Coastal Sciences. Specific CSR contents are not known at UCM; however environmental issues, human rights etc. are subjects of various courses. Nevertheless, in 2014 UCM organized a public workshop with different stakeholders about CSR policies. We have the feeling that CSR awareness is slowly getting on the academic agenda in Mozambique, nevertheless it is still intransparent with the different curricula not being available to the authors in detail.

With funding from UNIDO "business" is being introduced as a subject in secondary schools all over the country. Despite some Universities having their own research and consulting departments, their capacity is still small and usually limited to some individuals. Outside the Universities two independent Think Tanks with relevance to CSR activities have to be mentioned:

- Institute for Social and Economic Studies (IESE, member of EITI)
- Research Institute Cruzeiro do Sul—IID, (member of the poverty observatory

Especially IESE works on the megaprojects and their economic and developmental impacts (Castel-Branco, 2011) as well as on the recent Mining CSR policies (Langa & Massingue, 2014).

2.11 Multi-stakeholder Initiatives

Potential CSR players along with the supra-national institutions would be for example:

- African Peer Review Mechanism (APRM): Mutually agreed instrument voluntarily acceded to by the Member States of the African Union (AU) as an African self-monitoring mechanism. Mozambique is a member with the last official report about Mozambique published in 2009 [APRM (African Peer Review Mechanism), 2009]: Country review report. Republic of Mozambique, June 2009, Midland, South Africa: African Peer Review Secretariat (APRM Country Review Report No. 11).
- Extraction Industries Transparency Initiative (EITI): coalition of governments, companies, civil society groups, investors and international organisations, sets a global standard for transparency in oil, gas and mining. Mozambique's EITI application was rejected in 2011 and maintained a long time the status of a "candidate". Nowadays Mozambique is accepted and has full membership.
- The inaugural Corporate Social Responsibility Mozambique Conference and Exhibition (CSR MOZ). It will take place in March 2015 in Maputo, Mozambique and is organized by local stakeholders. The event will try to bring together international experts and key private and public operators to review current CSR projects, analyse policies, and discuss best practices and cooperation between the private and public sectors. Issues and topics to be covered include:

  – CSR Landscape in Mozambique
  – Corporate Citizenship in Mozambique
  – Social Investment Policies
  – Perception of CSR and Practices
  – In House CSR policies
  – Meeting aspirations of the communities: lessons from other parts of the world
  – Social responsibility and Social inclusion, without fear of financial or economic loss
  – UN global compact: progress and updates
  – Incentives to encourage CSR activities

2.12 Private Business and CSR

We can observe an increasing number of CSR projects and activities in the country. Nevertheless, there is still no systematic approach, transparency or coordination through public authorities or the business sector itself. CSR is mainly driven by the private sector through immediate own needs, philanthropy and charity supporting the local community on development priorities, this includes mainly health,

education and community development (own e-mail survey among 50 stakeholders and multipliers, 17.5.2012). CSR, as a concept, is mainly limited to large companies and foreign investors with international experience (for an overview of the enterprise landscape see, KPMG, 2013; Sutton, 2014). First of all it is the mega projects that have their professional CSR departments and budgets and look also at local economic and social development in the areas where they work. With the mining boom and more and more CSR experienced international players (Anadarko, ENI, Statoil, Ncodezi etc.) entering the country the potential will even be higher and can be more systematically used. As many big companies and mega-projects enjoy tax holidays or other preferential treatment it has to be carefully observed if CSR projects are not only substituting fiscal obligations and are a cheaper way to buy the companies in.

As public institutions are weak, CSR in MOZ is at least partly about "CSR towards compliance" and less about "CSR beyond compliance". In this sense CSR in Mozambique could mean that companies respect laws and regulations and cooperate with the authorities, local stakeholders and workers. This fact together with the corruption issue often makes CSR a questionable concept. CSR should be voluntarily and it should also be clear that compliance is compulsory and not object to a CSR policy.

CSR beyond compliance is sometimes seen as "green washing" by big investors, benefitting from generous tax exemptions and special deals with the government. For example, paying taxes and thus enabling the state to deliver its (social) services would often be the efficient path toward development. This matter would need a more in depth research as it is only a reflection of single opinions and the authors' view.

A few partly state-owned companies participate, but CSR activities in these companies are mainly related to social politics. Many companies, especially national SMEs still do not have the CSR capacity or mind set to drive and implement a more strategic CSR approach. There is no comprehensive database, research or overview of budgets by private business. The following list in Fig. 2.2 offers examples of CSR involvement (not in order of importance or budget, nor complete) by private companies:

Finally there is an example of an analysis of the multinational Statoil CSR programme for Mozambique which shows the need for discussion about what CSR should be. Keep in mind that the Norwegian Statoil is considered a relative "responsible" company compared with other businesses active in the extractive sector. Nevertheless transparency and local adaptation of corporate strategies seem to be a problem.

- **Statoil:** "What Statoil understands and defines as CSR will of course change over time. Transparency measures may be regarded as voluntary CSR, whereas anti-corruption is closer to legal compliance. Shifts in perceptions and definitions are indicative of constantly ongoing negotiations within Statoil on how CSR is defined and understood. We understand the CSR policy to be well reasoned in terms of strategic priorities, and as a process of bringing CSR closer

- Kropfmühl AG: The German mining company (graphite) engages through education programs, local infrastructure and community development in the villages near their mining operations in the north of Mozambique.
- Merck AG: The pharmaceutical Company supports technically and organisationally a local production plant in order to produce drugs locally as generics The plant was a joint venture between Brazil and Mozambique but never took off.
- Anadarko: extensive programme, Vocational training etc.
- Dana Tours: Street children projects, promotion of imports from poor countries.
- Motorcare: contributions to HIV/Aids Programmes in the workplace.
- MCEL: actively involved in a variety of social development programmes, including education infrastructure (Media Centres), environmental and cultural development and health projects.
- Mozfoods SA: investing actively in agricultural production, committed to social responsibility through the integration of social and environmental concerns in a sustainable manner with clear medium to long term objectives.
- Kenmare: is supporting "Associação Kenmare para o Desenvolvimento de Moma ("KMAD") in the area of community development, small business activities, local infrastructure.
- TCT Dalman: environmental protection, community development, schools.
- Tangerine: involved in environmental protection, beach cleaning.
- Inpetro: fire brigade, emergency rescues in the petrol port Beira.
- MOZAL: Community development within a radius of 20km of the factory through the Mozal Community Development Trust which receives a certain percentage of the MOZAL profits.
- VODACOM: ad hoc activities in sport, culture local development
- Rio Tinto: Health, community development, resettlement
- Ncondezi Energy: Ncondezi's CSR policy has been designed to promote social development projects that facilitate sustainable development and focuses on community involvement. Ncondezi adheres to the Equator Principles, the IFC performance standards and to Mozambican legislative requirements.
- Portucel, Green Ressources, UPM: Forest Sector companies work with local communities in the forests. Companies supported by the American company "Tecnoserve" in Maputo in order to establish and improve their CSR schemes.
- BIM, BCI and other commercial banks: cultural activities /exhibitions among others
- Vale: various, but heavily criticized and often seen as "license to operate"

Fig. 2.2 Examples for CSR activities/companies

to the company's core activities. At the same time, however, more mundane and incidental CSR policies may come about: What one representative agrees and signs into in contract negotiations may result in a CSR project without prior identification of risk and impact. This has been the case in Mozambique, for instance. Statoil's CSR policies are—as outlined above—defined at corporate level. While we have access to the general principles behind the company's CSR policy in the Statoil Book, Statoil's CSR strategy and documents for functioning and working requirements have not been made available to us. These documents are classified as internal documents. As for the documents describing functioning and working requirements we have however been informed about the general content of these, and have taken this information into account when Statoil's CSR policy is described. As a consequence, we cannot claim whether CSR practices in Statoil are in line with the overall CSR strategy or not. We can

however, based on insights gained through the interviews with varying Statoil representatives, argue that there are differences as regards how one speaks about and legitimate the need for CSR. The main difference lies in the emphasis on social risk management, whether CSR is understood to mitigate risks or is a side event to Statoil's business" (Norwegian Church Aid, 2013).

In addition to single private companies there are also a number of foundations of private companies active or at least studying CSR projects in Mozambique. It is worth it to mention that also international CSR projects and networks without being based in Mozambique are implemented. The German Munich Re for example finances through its CSR foundation emergency warning systems in Mozambique and works on topics like climate change adaption. The Ford Foundation or the Mastercard Foundation is also active, just to name a few well known players.

From the private business side a few networks and forums exist which try to broker partnerships and discuss the CSR topic in Mozambique:

UN Globalcompact: The Mozambique chapter of the UN Globalcompact was founded in 2006. It is managed by the Environmental Business Forum FEMA and has 14 members. Recent reports are not available and the network does not seem to be very active.

ACIS :Associação de Comercio e Industria, Beira and Maputo promotes CSR activities, offering the respective profiles of members and projects looking for partners.

CTA: Umbrella Business Confederation in Maputo manages EcoSida, a network for HIV/SIDA issues.

IoD: Institute of Directors of Mozambique, Maputo promotes business good governance and ethical codes. It recently launched a seminar about the elaboration of an ethic code for the private sector (CTA, 2012).

Southern African-German Chamber of Commerce and Industry (AHK): Competence Centre: CSR. It advises and helps the private sector to implement CSR projects together with the private sector. In South Africa this is very much linked to Black Economic Empowerment programs.

2.13 The Nature and State of CSR Awareness and Advancement

CSR awareness in Mozambique is growing: It is still in its infancy, but the "stage" has been set in the growing economy. In the beginning it was driven by MOZAL and other megaprojects, now spreading over the country joined slowly by medium sized companies. Nevertheless, currently CSR activities are mostly implemented by multinationals, their subsidiary companies and foreign capital. They tend to focus on employees, immediate families and the closer community mainly in the areas health, education, community development and sometimes environment. Isolated philanthropic CSR activities are also found. Sponsoring of cultural events is growing.

We can't find any indications that governance and anti-corruption are very CSR relevant topics. Some companies nevertheless subscribe "good governance" and "no-corruption" position papers like ACIS members. But this is not a CSR activity as such.

The private sector is partly active whereas civil society and even government are in a rather early phase of awareness. There remain doubts if many CSR activities are not just "green washing" and public "compensations" for non-compliance with existing rules and legislation or paying taxes and thus weakening the state. The range of CSR activities, volumes and impact are still fairly in transparent, with only little systematic evaluations or academic research.

The 2015 conference about CSR in Mozambique seems to be a good start to integrate Mozambique into the international debate and make clear that in a globalized Economy with international value chains and sourcing agreements CSR is not solely a national issue anymore.

2.14 Conclusions and Recommendations

It seems urgent and necessary to enter into a dialogue between government and private sector and civil society in order to clarify the roles of the stakeholders, their obligations and tasks regarding CSR. So far private business, government and political party activities in Mozambique are not well defined and provoke conflict of interest between government members, their political mandate and private business interests. Simply, the line between public and private tasks and obligations must become clearer in order to organize CSR activities in an efficient and effective way. Only then will it become clearer what CSR really means and should be about in Mozambique. CSR in a developing country should complement state activities and policies and not substitute or weaken them on its way to economic and social development.

With the increased activities of transnational Corporations and the increased involvement of the international community CSR is not only a national issue. Experiences from other countries—like Germany (textile initiative)—yet show that the private sector does not like to be "forced" into international CSR commitments. Given the growing awareness of consumers around the world there is a growing demand for certain economic, social and environmental standards which companies now like to see in their international value chain. This is then market- or even morally driven and can have a huge impact on all players reaching to developing countries on a voluntary bases. If the local context requires more, swifter or more rigid actions, then it should be regulated and enforced by the (developing) state, but not be "enforced" through compulsory CSR projects.

Furthermore an active civil society and local NGOs will have to play an important role to advance CSR activities. Civil society should be empowered to dialogue with companies in order to streamline CSR and to introduce participative instruments.

So far the state has no coordinating role, although it is stipulated that extractive industries should be subject of CSR activities. Only in 2014 a respective Policy Resolution was published, but implementation and by-laws are still missing and should be elaborated soon. The new Ministry of Energy and Natural Resources should finally lead the process to implement the now existing CSR rules for extractive industries and specify and complement the missing decrees and details. Nevertheless, it seems important to discuss the philosophy of CSR and make clear that the roots of CSR should be voluntary.

Most promising leverage points for CSR advancement are well organized and independent business associations like ACIS. They also could lead a lobby to try to get tax benefits for CSR and reward publicly the best CSR projects. The private Sector working group of the donors is another forum which should discuss the topic and link donor activities to the private sector in Mozambique as well as to the NGOs.

The MOZAL (BHP Billiton, Mitsubishi Japan, IDC of SA and the Mozambique government) partnership may be utilised as a leverage point for CSR advancement. The partnership can serve as a learning opportunity, within a PPP context, for CSR awareness and development and set the tone for a national agenda for CSR. There also seems to be potential in the variety of forums and networks listed with a Global Compact Network amongst them as well. These forums offer ideal opportunities to stimulate the discourse and lead the learning process around CSR.

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Chapter 3
Corporate Social Responsibility and Development in South Africa: Socio-economic Contexts and Contemporary Issues

Natascha Mueller-Hirth

Abstract This chapter will discuss historical contexts and contemporary issues in Corporate Social Responsibility in South Africa. Here, the private sector has been forced to adopt socially responsible policies that are more advanced than those in many of the richer economies; spending in Corporate Social Investment (CSI) far exceeds that of wealthier countries. This is due to the adoption of Black Economic Empowerment (BEE) legislation, the set of affirmative action policies adopted by the post-apartheid government to give historically disadvantaged groups economic opportunity. Relationships between business and society in South Africa are thus significantly shaped by the country's divided history of colonialism and apartheid, as well as by its present developmental challenges. Indeed, given that big business was one of the main beneficiaries of the Apartheid regime, it was ironically apartheid and the social unrest that it brought about that first stimulated corporate social responsibility practices in the country. Today, any South African company's performance is rated on a number of BEE scorecards, with companies collecting points for Corporate Social Responsibility. Although corporate involvement in development is usually portrayed as diametrically opposed to the state's involvement, the South Africa government has a very active role in defining and motivating CSR. At the same time, CSR funding is becoming ever more vital for the non-profit sector, with NGOs receiving an average of 20 % of their income from corporations. Moreover, CSI spending in 2012 by the top 200 South African companies alone amounted to a total of R7 billion, of which over a third was channelled through non-profit organisations. These complex intersectoral relationships under the banner of CSR have led to a maturing and professionalisation of companies' CSR strategies and practices in recent years, which this chapter will outline with reference to recent scholarship and to original research by the author.

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3.1 Introduction

This chapter discusses socio-economic contexts and contemporary issues in Corporate Social Responsibility (CSR) in South Africa, focusing particularly on the contributions CSR can make to development. In South Africa, the private sector was forced to adopt socially responsible policies that are more advanced than those in many of the richer economies; spending in Corporate Social Investment (CSI) far exceeds that of wealthier countries. CSR spending in 2013 by the top 200 - South African companies alone amounted to a total of R8 billion (about US$750 million). This is in part due to the adoption of Black Economic Empowerment (BEE) legislation, affirmative action policies adopted by the post-apartheid government to give historically disadvantaged groups economic opportunities. Today, any South African company's performance is rated on a number of BEE scorecards, with companies collecting points for CSR activities.

In contrast to the global standard and to CSR practices in much of the African continent, not all CSR undertaken in South Africa is thus voluntary and the state has an enabling role in defining and motivating CSR. However, despite the existence of affirmative action legislation and a charter system, CSR in South Africa has a strong emphasis on community development and poverty alleviation; it is associated with corporate citizenship and strategic philanthropy. There are then considerable differences between the South African CSR landscape and that of other countries in Africa and beyond: CSR is in part driven by corporate compliance, but there is also a long history in corporate citizenship and corporations' involvement in community development. Indeed, although business was one of the main beneficiaries of the apartheid regime, it was ironically the social unrest apartheid brought about that first stimulated corporate responsibility practices in the country.

While it has been recognised that the country's history of uneven development and human rights abuses under Apartheid has shaped CSR (Hamann, 2009), this chapter also emphasises current inequalities as important factors in influencing CSR practices. South Africa's vast challenges of poverty and inequality suggest that if CSR is to be meaningful, it must engage with developmental objectives. To this end, companies frequently partner with the non-profit sector in order to deliver, and often influence, CSR programmes. What is more, the relative importance of CSR funding in the South Africa development sector gives companies an increasing role in shaping development practices and discourses. This is particularly notable in relation to the issue of multisectoral partnerships, which have emerged as a key modality of CSR projects in South Africa and of inclusive development approaches globally. In this respect, the chapter seek to contribute to the emerging literature on CSR and development (Banks & Hulme, 2014; Blowfield & Dolan, 2014; Idemudia, 2014). It seeks to provide a social scientific account of the changing CSR sphere, paying particular attention to developmental impacts and to the relationships that characterise this sphere. The historical complexities and the intersections of government, corporate and non-profit agendas in its contemporary

development sector make South Africa a fascinating site to study CSR practices and the role of business in development more broadly.

After briefly clarifying the distinction between CSR and CSI, this chapter proceeds as follows. Section 3.2 outlines the historical development of CSR under colonialism and apartheid, particularly emphasising the deeply ambivalent role of business. Section 3.3 asks whether CSR can contribute to development in today's South Africa and provides some background on the country's socio-economic challenges. Section 3.4 discusses internal and external drivers of CSR activity in South Africa, including formal legislative requirements and charters as well as reputational risks and social licensing concerns. Finally, Sect. 3.5 deals with key issues that face CSR in practice, such as focus areas, developmental impacts, and monitoring and evaluation. Specifically, it draws attention to the unevenness of social investment practices and highlights the role of non-profit organisations in delivering CSR programmes, while problematizing some of the issues inherent in such corporate-NGO partnerships.

3.1.1 CSR or CSI?

In South Africa, the term CSR is often used interchangeably with the notion of corporate social investment (CSI) or corporate citizenship, be it by companies themselves, practioners, the media or the public. This ambiguous definition of CSR reflects the usage of the term in Africa more broadly, with actors in the Sub-Saharan African region in particular describing CSR as CSI (Muthuri, 2013). CSR might be defined to include any activities or investments made by a company to make its business operations more socially or environmentally sustainable. CSI, on the other hand, includes externally-directed social investment by a company (Henry & Rifer, 2013).

The dominant interpretation of CSR in South African continues to be in terms of philanthropy and corporate social investment, particularly emphasising education, health care (especially HIV/AIDS) and welfare programmes (Ramlall, 2012). In the wider African context, it has been argued that corporate philanthropy dominates CSR strategies due to 'the exceptional capacity of [Transnational Corporations] to actively shape, control, and lead CSR agenda in Africa via a strategy of accommodation and legitimization' (Idemudia, 2014, p. 425). Critics of this type of corporate social investment see it as failing to address the social and environmental issues inherent to companies' core business. In the South African context, Fig (2005, p. 601) contends that the notion of CSR is eschewed precisely because concepts like CSI 'ask no questions about legacy, memory, history, justice, or moral and ethical responsibilities'. However, this chapter posits that the South African situation is considerably more complex: companies, especially those in the extractive sector, are powerful agents, but government also shapes CSR through affirmative action and charter legislation and civil society is relatively strong and well-organised. This makes South Africa somewhat unique in the African context. Moreover, in line with

global trends, many of the larger South African companies have begun focusing on sustainable development, governance issues, and the development of strategic partnerships with other stakeholders and businesses.

3.2 The Historical Development of CSR in South Africa

Relationships between business and society in South Africa are framed by the country's history of colonialism and apartheid. For example, the adoption of affirmative action—one of the drivers of CSR—was an integral part of the negotiated settlement that ended apartheid in 1994. The settlement included the recognition that the business sector sustained apartheid and hugely benefited from its cheap migrant labour system, which the mining houses created (Truth and Reconciliation Commission, 2003). It is the ambivalent role of business—its implication in human rights abuses committed under apartheid, and the early social investment initiatives apartheid gave rise to—that render the CSR landscape in South Africa unique and motivations for undertaking CSR complex. The legacies of apartheid policies such as segregation and forced removals have moreover impacted differently on the power relations, land use and demographics in the specific communities where companies are active, especially where the extractive sector is concerned.

3.2.1 Colonialism and Apartheid

In today's South Africa, capitalist development accelerated when minerals were discovered (diamonds in Kimberley in Afrikaner-governed Transvaal in 1866; gold on the Witwatersrand in today's Johannesburg in 1886). Diamond and gold mining needed capital to build and run mines, as well as a reliable and free flow of cheap labour. The discovery of minerals accelerated industrialization, but the demands for cheap unskilled migrant labour devastated rural communities and affected traditional family life. Workers lived in mining compounds in squalid conditions and without access to services, while their families remained in the countryside (Marais, 2001).

Business during colonial rule can then be understood to have introduced the migrant labour system and work place segregation. The mining sector in particular initiated oppressive and discriminating practices. They were consolidated and expanded with the formal establishment of apartheid in 1948. Indeed, the Truth and Reconciliation Commission (TRC), whose final report contained a chapter on the role of business in sustaining apartheid, found that exclusionary business practices informed the state's subsequent apartheid policies: 'The blueprint for "grand apartheid" was provided by the mines and was not an Afrikaner state innovation' (Truth and Reconciliation Commission of South Africa, 2003,

p. 152). Overall, the commission found that business profited from the system, with certain sections (Afrikaner capital, the mining houses and the armaments industry) benefiting most (ibid.). Businesses also directly supported the apartheid system by providing services and weapons to perpetuate racial oppression (Truth and Reconciliation Commission of South Africa, 2003).

However, this historical period also marks the beginning of what is today referred to as CSI. While big business was one of the main beneficiaries of the regime, it was ironically apartheid and the social unrest it brought about that stimulated social responsibility practices (Kuljian, 2005). De Jongh (2009, p. 37) refers to this phase of engagement as 'ad-hoc social responsibility', which included lobbying and efforts to improve living conditions in black townships. For example, in 1974 mining houses Anglo-American and De Beers jointly established the Chairman's Fund to address the devastating effects of apartheid in non-white communities (the Fund had existed within Anglo-American since the late 1950s). In the wake of the 1976 Soweto Uprisings, the Urban Foundation was established by leading figures in the white business community to provide housing, welfare and education for townships.

The international sanctions movement against apartheid also resulted in increased corporate giving by foreign companies, most notably with the adoption of the Sullivan Principles through which corporations demanded equal pay and greater management control for their employees as a precondition for doing business. The Principles are often seen as a turning point in business engagement with society under apartheid. However, they only affected black employees in American corporations in South Africa, representing just 1 % of the economically active black population, and did not address central issues such as universal suffrage.

This kind of corporate engagement was problematic however given the beneficiary relationships of corporations with the regime, such as they were described above, and was arguably undertaken at least in part to placate those who campaigned for foreign companies to divest. Similarly, critics of today's CSR argue that it constitutes mere 'greenwash', intended to legitimize the power of large corporations (see for example Banerjee, 2008). As Hamann sums up, historical CSR efforts were a double-edged sword:

> The philanthropic gestures and political manoeuvres characteristic of the Urban Foundation, though contributing no doubt to social development and perhaps a softening of the harshest elements of the apartheid government's policies, occurred side by side with continued exploitation of black labour, as well as low occupational health, safety, and environmental standards (2009, p. 437).

3.2.2 Post-apartheid Developments

With the onset of the transition, corporate engagement with society became less ad-hoc. There were increasing pressures on companies to play a more active role in fostering development goals and to contribute directly through education and

community investment. Moreover, as South Africa came out of economic and political isolation, companies became exposed to the global economy and to the concept of CSR that was emerging in the UK in particular. This exposure provided an additional platform for the establishment of CSR policies (Hamann, 2009). De Jongh (2009) refers to this as the systematic involvement stage, where businesses make some contribution to nation building objectives through education or health projects, albeit with little impact measurement and accountability.

Today, South African CSI spending far exceeds that of wealthier countries. This is largely due to the adoption of BEE and later Broad-Based Black Economic Empowerment (BBBEE) legislation, the policies adopted by the African National Congress (ANC) to give historically disadvantaged groups economic opportunity through employment, procurement, ownership and management. Socio-economic development must be addressed as part of companies' corporate social responsibility strategies, with BEE codes and other sector-specific charters providing a significant driver of CSI activity. In the mining industry, socio-economic development performance is a prerequisite for obtaining mining licenses. Companies that are listed on the Johannesburg Stock Exchange (JSE) must also comply with corporate governance legislation; the King Codes on Corporate Governance for instance have been central to the development of CSR. In addition to these formal legislative requirements, extractive companies are also seeking social licenses to operate from affected communities, ideally to gain their trust and meet their expectations.

Since this initial post-conflict stage, relationships between corporations and other actors in society have continued to change. One fundamental concern with the South African emphasis on CSI in the name of CSR has been that, although CSI initiatives have no doubt been making developmental contributions, their lack of integration with core business strategy can be criticised (Hamann, 2009). From the perspective of enhancing companies' developmental contributions, social investment as corporate philanthropy is also problematic because it tends to neglect the social and environmental issues at the heart of companies' operations and is often focused on the short term. However, there has been much talk in the literature on CSR, as well as amongst practioners in South Africa, about a supposed shift away from old-style philanthropy and ad-hoc giving, towards strategic integration, empowerment and sustainable development. By directly and progressively addressing issues that are environmental or social concerns and that benefit the company, new CSR 'is squarely focused on internalizing a firm's negative externalities' (Auld, Bernstein, & Cashore, 2008, p. 415). For example, strategic investment might involve channelling expertise into specific areas, such as science and maths education or HIV testing. Some companies now also seek to engage with sustainable development concerns and broader governance frameworks, such as the Extractive Industries Transparency Initiative and the Kimberley Process Certification Scheme. These developments mirror changing global priorities and ongoing discussions about the parameters of the post-2015 development agenda, which envisages a greater role for business in Africa's path to sustainable development.

Conversely, it might be argued that strategic CSR can threaten to undermine the value of corporate contributions to development. For example, the focus of the

mining sector on expanding engineering skills through development programmes and bursaries might take precedence over concerns with welfare in communities. If companies see alignment to the interests of government as beneficial to their business interest, community interests can fall by the wayside. Infrastructure projects that corporations are required to support as part of their license to operate do not always benefit the poor communities they are situated in (see e.g. Rajak, 2011, for detailed ethnographic data on Anglo American's investments in the Platinum Belt). Moreover hospitals, schools or roads are not necessarily maintained by the corporations who plan and initiate them, and government does not always have the resources to jump in (Rockey, 2013). This example serves to highlight some of the inherent complexities of multisectoral partnerships that are becoming the norm in South African CSR.

3.3 What Drives CSR in South Africa?

The ANC sought to address the legacies of the past by adopting BEE (in 1998) and later Broad-Based Black Economic Empowerment (BBBEE, in 2004) legislation (Department of Trade and Industry, 2012b). BBBEE had supplemented earlier BEE legislation because of criticisms that BEE predominantly benefited the growing black middle classes, whereas many historically disadvantaged South Africans remained economically excluded. Compliance and progress in relation to transforming any South African company's performance are measured on a score card against seven areas: ownership (20 points), management control (10 points), employment equity (15 points), skills development (15 points), preferential procurement (from black-owned firms; 15 points), enterprise development (investment in black-owned firms; 15 points), and socioeconomic development (supporting community initiatives; 5 points). It is the socio-economic development component that allows companies to collect points for CSI. However, BEE requirements only apply to South African companies, apparently also because of fears over the impact of transformative regulation on foreign investment.

In addition to the BBBEE Codes, several industry sector charters have been implemented. Compliance with these charters is often linked to licensing. For example, the Broad Based Socio-Economic Empowerment Charter for the South African Mining Industry of 2002 ('the Mining Charter') stipulates that, in order to earn or renew mining licenses, mining companies are obligated to transform their labour force, invest in the well-being of their employees and their families, and contribute to local economic and social development in mining and labour-sending areas. Rajak describes this coming together of corporate citizenship and allegiance to the goals of the post-apartheid development agenda as 'corporate commitment to patriotic capitalism' (2011, p. 105). The Financial Sector Charter of 2004 is a voluntary transformation charter, but government contracts are more likely to be awarded to companies that are adopting it. It seeks to bring about transformation in human resources, procurement, enterprise development, so-called

'empowerment financing', and also requires each financial institution to direct 0.5 % of its post-tax profits to contribute to corporate social responsibility projects (Department of Trade and Industry, 2012a). Although globally corporate involvement in development is often portrayed as diametrically opposed to the state's involvement, the South African Government clearly has an active role in defining and motivating CSR (Hamann & Kapelus, 2004). By contrast, CSR in other African countries is predominantly characterised by self-regulation and voluntary codes of practice (Muthuri, 2013).

Other measures address broader corporate accountability. The 2002 King II report urged companies to embrace the 'triple bottom line', that is to say the 'economic, environmental and social aspects of a company's activities', as a preferred way of doing business (Institute of Directors in Southern Africa, 2002, p. 9). The JSE's Socially Responsible Investment (SRI) index was launched in 2004 in order to measure the triple bottom line performance of companies in the FTSE/ JSE All Share Index. It was the first such index in an emerging market, encompassing 70 indicators that measure performance in relation to corporate governance, society, environment and economy. Yet, critics have argued that the SRI index is not well monitored, entirely voluntary, and that large corporations that are hostile to the environment score themselves highly (Bond, 2008). The King III report (Institute of Directors in Southern Africa, 2009) has further broadened the scope of corporate governance in South Africa by focusing on leadership, sustainability, and corporate citizenship (Ramlall, 2012). It requires all companies listed on the JSE to produce an integrated report including environmental, social and economic performance (alongside financial performance information).

In addition to BBBEE and charter legislation, there are a number of other reasons for South African companies to engage in CSR. A report by Henry and Rifer (2013) summarises interviews with senior figures in 37 leading South African companies about their motivations for undertaking CSR. Motivations are highly diverse and cover instrumental and relational objectives: 'they help bolster corporate image, they help make companies attractive places to work, and they help companies manage regulatory compliance requirements, inter alia' (ibid., p. 12). Interviewees reported feeling the greatest pressure to be socially responsible from government, ahead of shareholders, communities and employees; at the same time, regulatory pressures rated as only the seventh important factor in motivating social investment. Moreover, business leaders cited moral motivations, portraying CSR as an 'extension of companies' values and culture, and a means of demonstrating their commitment to the development of South Africa' (ibid.). Rajak's (2011) ethnography of Anglo-American's CSR programming similarly shows that dominant corporate narratives in the firm strove to invoke a philanthropic tradition that goes back to the charitable donations and welfare funds of the Oppenheimers and to attribute themselves a central role in South Africa's past and present. By highlighting CSR's 'home-grown voluntarism and ethos of social responsibility' (ibid., p. 109), the importance of national regulation was regularly downplayed.

3.4 Development and Its Discontents: South Africa's Socio-economic Challenges

Before highlighting South Africa's developmental challenges, it is important to discuss, at a conceptual level, the linkages between developmental needs and CSR practices. The above arguments about strategic CSR touch on a fundamental issue surrounding corporate activities in Africa: can and should companies' CSR programming contribute to development? Idemudia (2014) summarises three common arguments in favour of companies' direct involvement in development issues: the assumption of governance deficits in African countries that CSR practices should compensate for; the business case argument that views development as a positive sum game; and the need to win legitimacy in order not to lose the social license to operate. While these arguments are clearly interrelated, the governance deficit argument does not easily apply to the South African context. However, both the business case and the legitimacy arguments have traction and are particularly dominant themes in CSR discourses in the extractive sector.

Conversely, critics have long argued that CSR is unable to contribute to development. For example, the weak regulatory context of many African countries is precisely what makes them attractive to companies (Idemudia, 2014). Moreover, many developmental issues cannot be tackled through a business rationale or be converted into business issues, which leaves them unaddressed by CSR practices (ibid.; Blowfield & Frynas, 2005). Indeed, some have argued that the very idea of a business solution to development puts forward a depoliticised version of development and appropriates other ways of thinking through development (Rajak, 2011). Other critiques centre on the concepts underpinning the argument that CSR can contribute to development in Africa, namely stakeholder theory and social license to operate (Idemudia, 2014; Owen & Kemp, 2013). Both could be said to apply universalised Western notions to what are fundamentally different African contexts. Importantly, both assume relatively powerful and well-organised communities and civil society organisations.

Turning now to South Africa's main socio-economic challenges two decades after the democratic transition, the country remains one of the most unequal societies in the world, despite considerable economic growth and access to a progressive constitution (National Planning Commission, 2012). Two thirds of children live in poverty, over a quarter of the population live below the poverty line, and one in four people live without formal housing (Marais, 2011; The Presidency, 2013). Despite the transformation agenda and the fact that there is a steadily growing black middle class, the economy remains deeply racially skewed: black households, for example, earn only 16 % of average white household income (Hofmeyr, 2012).

The depth of poverty and inequality in South Africa today must be attributed partly to the impact of neoliberal policies that were adopted in the first decade of freedom and from which the business sector hugely profited. For example, the 1996 Growth, Employment and Redistribution (GEAR) programme focused on poverty

alleviation through 'trickle-down'. Trade liberalisation, a shift to investment spending, export-oriented manufacturing, privatisation of state enterprises, wage control and progressive flexibility of the labour market were adopted in order to foster higher economic growth and private capital investment (Marais, 2001). This pro-growth strategy of the first democratic decade yielded moderate and constant but unequalising growth, with capital the primary beneficiary of increases in productivity and profitability. New jobs were predominantly created in capital or skills intensive sectors, such as mining and services. Conversely, large numbers of organised workers were retrenched, casualised or forced into the informal economy. Today, unemployment stands at 35.6 % (Hofmeyr & Nyoka, 2013, using the expanded definition of unemployment). What is more, wage labour is no longer a guarantor of wellbeing: 700,000 South African households include a wage earner living below the poverty line (Marais, 2011).

As elsewhere in the world, the liberalisation of the South African economy after the transition moreover led to a commodification of basic services. Reductions in government spending on education, health and housing resulted in a devolving of responsibility for service delivery to local government. Local authorities in turn adopted a cost-recovery model for water, electricity and other services, with disastrous effects for the poor (Hart, 2014). In addition to the legacies of apartheid, new inequalities have thus emerged since 1994. Experiences of inequality, slow service delivery and extreme poverty that characterise everyday life for millions of South Africans have contributed to what Alexander (2010) terms a 'rebellion of the poor'—widespread and sometimes violent protests, labour struggles and social movement activity since 2004. They have been directed at corporate malpractice, retrenchment, working conditions, pay, service delivery, police brutality, corruption, unemployment and other issues.

Ongoing tensions and rolling strikes in the mining industry escalated in August 2012 when police fired on peaceful protesters striking about abject working conditions and pay at the Lonmin platinum mine in Marikana, killing 34 miners and leaving at least 78 wounded (Alexander, Lekgowa, Mmope, Sinwell, & Xezwi, 2012). Lonmin has eschewed any responsibility. The Marikana massacre tragically highlights the ongoing social problems that persist in and near South Africa's mines—harsh working conditions, safety hazards, inadequate housing, unemployment and increasing inequalities. Arguably, it is these problems at the very heart of mining companies' operations that CSR should address, but that are typically ignored in social investment practices (also see Rajak, 2011). While Marikana has increased public awareness about companies' interactions with society and may thus well increase stakeholder pressures on corporations to behave socially responsible, core business practices remain absent from company discourses.

3.5 CSR in Practice: Possibilities and Limitations

3.5.1 Focus Areas of CSI

As noted in the introduction, CSR is still predominantly interpreted in terms of investment into development and social improvement. South African corporations have increased their annual spend from approximately R 2 billion (roughly US$186 million) in 2003 to almost R8 billion (US$745 million) in 2013 (Trialogue, 2013). This investment, about 1.4 % of total net profit after tax outstripped the rate of inflation by 77 % over the past 10 years and grew by 8 % since 2012 (ibid.). The largest share of CSI spend is allocated to education, with 89 % of the leading corporations supporting this sector through an average 43 % of their budgets (ibid.). Next in importance are social and community development causes (15 %) and health (11 %). Advocacy and human rights activities are less readily funded. This can negatively impact on non-profit organisations active in these areas, as a later section outlines.

Briefly addressing the key sectors that are funded, maths and science continue to be the most popular subject areas for investment in education, attracting 38 % of education spend. Infrastructure, facilities and equipment (23 %), and bursaries and scholarships (22 %), were the most popular types of intervention in 2013 in the corporations surveyed by Trialogue (ibid.). As in the health sector, public private partnerships are common in this area, involving multiple governmental, corporate and non-profit actors. CSI practioners usually highlight corporate alignment with government priorities in these sectors.

Social and community development has grown significantly as an area of social investment, and it is here that partnerships with non-governmental welfare organisations are most popular. The beneficiary groups that received the most funding were orphans and vulnerable children (27 %) and people with HIV/Aids (13 %), for example by supporting service delivery NGOs or providing bursaries. In the health sector, corporate spending on HIV/ Aids has remained steady (whereas international donors' contributions were reduced in the wake of the government's roll out for antiretroviral therapy in the post-Mbeki era). CSI programmes here typically include provision of equipment, infrastructure and training, as well as more innovative projects such as using ICTs for mobile health care. Alongside education, health is a sector where corporations have traditionally been very active, since ensuring a healthy work force is critical to the health of the corporation. Mining companies moreover constitute a large contributor in the housing sector, because licensing agreements require them to provide infrastructure. In addition to the Mining Charter, Codes of Good Practice include a housing and living standards element and scorecard, which addresses the upgrading of employee housing and the conversion of worker hostels to family units (The Department of Minerals and Energy, 2009).

3.5.2   Unevenness of Spending

CSI spending is not even across South Africa. Firstly, there are significant varia-
tions across the country's nine provinces. Most corporate spending occurs in the
country's business hub of Gauteng (65 %), which is South Africa's smallest
province. On average, companies spend more than a quarter (26 %) of their budget
in Gauteng, and just over 30 % on national projects. Projects in KwaZulu-Natal and
the Western Cape are also frequently supported. This compares to only 2 % of
corporate spending in the Northern Cape province. Secondly, social investment
continues to have a bias towards urban communities, despite high levels of rural
poverty. In 2013, 59 % of corporate funding was directed towards urban projects
and 41 % to rural ones (Trialogue, 2013). Social investment remains urban-focused
because closer proximity allows corporate donors greater interaction with projects,
more accountability and opportunities for employee volunteer interaction (Gubic,
2010). Conversely, communities that are not connected to corporate South Africa
(be it geographically, as employees, or as customers)—arguably the most
marginalised—are frequently not targeted by corporations' strategic CSR. The
unemployed, making up over a third of South Africa's population, are often
excluded from programmes (Rajak, 2011). Farrell, Hamann, and Mackres' (2012)
case study of Anglo Platinum's' CSR programmes in Limpopo province moreover
highlights that corporations can have simplistic understandings of communities
surrounding mines, reading them in geographical and homogenous terms (also see
Gardner, Ahmed, Bashir, & Rana, 2012, on Chevron in Bangladesh). Because of
mining companies' dominant interpretation of CSR in terms of CSI, some have
argued that they have little impact on the root causes of social problems surround-
ing the mines, such as mine worker housing or issues pertaining to informal
settlements around the mines (Hamann & Kapelus, 2004; Rajak, 2011).

   A more nuanced engagement with the notion of community arguably also puts
into question the value of the concept of social license. The notion of a social
license to operate has become increasingly important in extractive companies' CSR
strategies over recent years as a way of engaging with social issues and increasing
legitimacy. However, as Owen and Kemp (2013, p. 4) persuasively argue, in
practice the notion conflates the absence of protest with actual levels of community
support, which 'can only be generated through deep knowledge about local culture,
contexts, power dynamics and a sophisticated approach to engaging the diversity
that exists within communities.' This is because of companies' orientation towards
risk management, which the authors see as opposed to the goals and values of
sustainable development.

3.5.3   The Role of NGOs in CSI Delivery

Partnerships between corporations and non-profit organisations are becoming increasingly significant for South African development. In order to reach beneficiaries and communities, corporations often channel their social investment through NGOs and other civil society organisations (CSOs). The recognition, amongst corporations, that opposition from local communities constitutes a business risk moreover renders partnerships with civil society important vehicles for building local community support, strengthening company brand and gaining access to local opinion leaders. Of the R8 billion that the top 200 South African companies alone spent in 2013, 55 % went to NGOs. Conversely, funding from the corporate sector is becoming ever more vital for the survival of NGOs, especially given successive funding crises and the decrease in foreign donor funding in certain sectors (Mueller-Hirth, 2009). Non-profit organisations in South Africa receive on average 23 % of their funding from corporations, as compared to 15 % from government and 15 % from private individuals (Trialogue, 2013).

In practice, corporate donors are often unwilling to fund NGOs' overhead costs: an average 83 % of funds go to projects (ibid.). This makes budgeting extremely difficult for NGOs, especially those not also funded by international donors or by the government. As noted earlier, advocacy, policy-oriented and progressive human rights programming is rarely funded through CSI—only 39 % of corporate respondents in a study conducted by Trialogue (ibid.) said they would support such activities. This is echoed in qualitative interview data gathered by the author, where a large number of NGO practitioners reported that they found it hard to gain funding for activities that were not concerned with welfare or education. These data can be contrasted with the emphasis in corporate communication on human rights in recent years (also evident in the ISO 26000, in the drafting of which South Africa was very active). Indeed, CSI is often concerned with a specific population's health and welfare where, as in the example of HIV prevention, issues of individual behaviour interconnect with the concerns of capital. Conversely, there is little incentive for a corporation to try to build a citizenry that engages in policy spaces.

However, where NGOs are working with companies to deliver their community development and stakeholder engagement goals, NGOs can come to stand in for communities by voicing what the NGO perceives to be their needs and demands. This might be particularly problematic when communities want to challenge corporate practices but NGOs depend on corporate funding. But broader questions about the nature of NGO-community relationships can be raised, such as whose voices and interests might be left out in these processes of representation and translation.

3.5.4   Impact, Monitoring and Evaluation

Despite corporate rhetoric about their contributions, the effectiveness of CSR initiatives in development has been questioned. First of all, some of the most significant poverty-related impacts of business have little or no direct association with their CSR activities (Frynas, 2008; Newell & Frynas, 2007). Secondly, CSR negatively contribute to international development because of the lack of empirical evidence about 'what works', the inadequate linking of CSR with international development goals, and the business case for CSR (Blowfield, 2007). The very idea of a 'business case for CSR' can negatively influence the planning and implementation of developmental schemes, because CSR spending can be motivated instrumentally by short-term gains or by the need to obtain government concessions (Frynas, 2008). As noted above, questions also need to be raised about who is taking part in CSR processes, who has power, and who comes to represent stakeholders such as communities. Prieto-Carron, Lund-Thomsen, Chan, Muro, and Bhushan (2006) for example argue that underrepresented voices are not well catered for in approaches such as stakeholder management and can be lost in CSR processes. This echoes broader concerns that mainstream CSR is driven by the concerns and priorities of western countries and is therefore not sensitive to the political, economic and social issues faced by people in the majority world. Such critiques have led to calls for a South-centred CSR agenda that can genuinely contribute to sustainable development (Idemudia, 2014).

What is more, due to the relative infancy of impact measurement in CSI—far lacking behind the more sophisticated M&E techniques employed by international donor agencies or international NGOs—it is hard to measure what the 'social return' is for a company and what development contribution they are actually making. The principal evaluation criteria of M&E programmes, as set by the OECD (2005) and adopted by the majority of development agencies active in South Africa, are effectiveness, impact, relevance, sustainability and efficiency. By contrast, CSI funders have tended to focus on the monitoring component of M&E and on tracking compliance. Debates that have been crucial for international donors and NGOs for a decade or more now are only beginning to take place in the CSI sphere (Mueller-Hirth, 2012). Indeed, despite the importance of terms such as 'impact' and 'effectiveness' in corporate communication, 'M&E [...] exists largely to bolster arguments for compliance with BEE' (Nstshabeleng, 2011, para. 7). Currently, about 2 % of CSI expenditure is spent on M&E. Evaluation in particular has not improved alongside advances in monitoring; activities are monitored but the impact of projects is not always evaluated (ibid.). The most recent Trialogue (2013) study finds that M&E often entails physical site visits and basic documentation of project inputs and outputs, while baseline surveys and longitudinal studies are far less frequently performed to understand impact and outcomes. Moreover, the two are often disconnected. This lagging behind other funders can be attributed to the increased cost that M&E takes for companies, the way that much CSI—contrary to assertions of strategic investment—still takes place in an ad-hoc manner and

without adequate project planning, and also that its benefits and implications are not properly understood.

As noted earlier, multisectoral partnerships are becoming ever more significant in South African CSR. Addressing such partnerships directly, Selsky and Parker (cited in Esteves & Barclay, 2011, p. 194) argue that their impact should be evaluated at three levels: 'direct impact on the issue and its stakeholders; impact on building capacity, knowledge or relational capital that can attract new resources; and influence on social policy or system change.' However, Esteves and Barclay (ibid.) find no evidence that mining companies evaluate their partnerships to see whether they constitute strategic investments. Most organisations use simple input-output models that ignore issues such as the complexity of multisectoral partnerships, knowledge gained from partnerships, how partnerships are shaped over time, and how they change according to institutional contexts (ibid.).

3.6   Conclusion

In conclusion, what are the key features characterising South Africa's CSR landscape? First, in contrast to the international standard, not all CSR undertaken in South Africa is voluntary: companies effectively will not be considered for contracts if they do not implement BBBEE policies. Moreover, in the mining sector, the charter system ensures that companies must commit to transformation legislation if they are to gain a license to operate. This means, second, that the South African state has a key role in defining and motivating CSR. The involvement of the state and the reliance of corporations on non-profit organisations for the delivery of their CSI programmes imply, third, that the South African development sector is increasingly characterised by complex multisectoral relationships, spanning any combination of government, the private sector, organised labour, non-governmental organisations and community-based groups. Incidentally, this trend is echoed in the language of the recent National Development Plan (National Planning Commission, 2012), which understands partnerships and collaborative governance as a way to make South Africa a more equal and inclusive country. This echoes global debates about inclusive development and the role of business in the post-2015 development agenda.

Fourth, despite the legislative environment described here, South African businesses appear to be driven by more than just compliance in their CSR strategies and CSI programmes. Many working in the sector highlight their commitment to nation building objectives and to the development of an inclusive South Africa. Due to the country's violent and oppressive past, it is corporate citizenship and social investment into community development that are the main interpretations of CSR. Fifth, despite this apparent concern with nation building and the future of South Africa, CSR has not been widened to include core business practices and address the root causes of deepening inequalities. The recent case of the killing of 34 striking miners at Marikana once again brought to attention the poor living and working conditions

of miners in South Africa. It clearly demonstrates the need for much wider-reaching socially responsible practices in the extractive sector (and beyond).

What are the implications of these features and how might they impact development? This chapter has sought to provide a critical account, particularly focusing on the relationships that might come to characterise CSR-driven development. Civil society can and must play a role in this regard, not only in terms of holding government accountable but also in pressuring the business community to improve its performance in relation to human rights. However, many non-profit organisations increasingly depend on corporate funding for their own survival. What is more, in the CSR partnership model, NGOs can come to represent and speak for communities in the context of corporate social investment programmes and community development, articulating communities' needs and demands. This can be especially problematic when communities want to challenge corporate practices in relation to working conditions or the environment, but non-profit organisations depend on corporate funding for their own survival. There is then a danger that the voices of communities in relation to corporate South Africa might become further marginalised.

The end of the Millennium Development Goals and the introduction of Sustainable Development Goals (SDGs) have led to renewed policy and academic interest in the role of the private sector in development. The SDGs provide genuine opportunity for businesses to align themselves both with national development priorities and with global sustainable development goals. Progressive and decisive action by corporations is of utmost importance, given the resource wealth of South Africa and the vast socio-economic challenges it faces.

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Chapter 4
Corporate Social Responsibility Forays in Southern Africa: Perspectives from South Africa and Zambia

Ndangwa Noyoo

Abstract Corporate Social Responsibility (CSR) has been gaining significant ground in Southern Africa, especially in the last decade. This chapter proffers an historical analysis of CSR in two Southern African countries namely: South Africa and Zambia. In South Africa, the post-apartheid period, which spans 20 years, is examined, whilst in the Zambian case, the post one-party state era of 23 years is taken into consideration. The discussion thus focusses on the evolution of CSR in South Africa and Zambia, and it attempts to show how it has taken shape in these two different contexts. Furthermore, it anchors CSR in the socio-political and economic milieus of the two countries. This is done in order to show how CSR efforts are nuanced in the two countries. The discussion also teases out some of the global trends relating to CSR and how they impact on the two countries' CSR endeavours. The paper ends with future considerations for CSR in the two countries and also tries to show how their fortunes may have implications for the development agenda of the Southern African Development Community (SADC).

4.1 Introduction

The purpose of this chapter is to trace the evolution of Corporate Social Responsibility (CSR) endeavours in two Southern African countries, *viz*: South Africa and Zambia. The period under scrutiny is from the early 1990s to the present. As a key point of departure, this chapter takes CSR as a critical facet of social policy. Arguably, CSR which is viewed from the perspective of social policy has not gained much ground, not only in Africa, but in other parts of the world. Usually, discussions pertaining to CSR are dominated by those from the business sector either from practice or academia. There is still a yawning gap in this arena in so far as social policy is concerned. There are few scholars who see CSR as a social policy

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imperative and this chapter views it as an important linkage which is still overlooked. Social policy is a crucial vehicle that can operationalise CSR in particular contexts because of its general orientation of fostering social well-being in society (Noyoo, 2013a, 2013b). In this case, CSR is taken as being part of social policy's role of supporting social and human development. This is the broadest understanding of social policy which integrates social concerns into all aspects of public policy that aim to remove barriers and create a "level playing field" for all geographical regions and social groups to participate equally in the development process. It calls upon policy-makers to design policies in a way that ensures equal access to life chances across social groups (Economic & Social Commission for Western Asia, 2009).

Thus, the role of business in society, among other factors, is also encompassed here. In addition, the rationale for adopting the social policy approach to CSR is informed by the notion that CSR needs to be distinctly linked to national social problems and issues around national labour markets in countries such as South Africa and Zambia, as opposed to the globalisation strand of CSR, which focuses strongly on human rights and environmental sustainability issues (Brejning, 2012). Although it is important, the globalisation form of CSR should not be taken as the only approach to CSR. Thus, it seems as if the social policy approach to CSR is given less attention in the two countries, in comparison to the globalisation linked CSR. In this regard, CSR which is strongly associated with social policy would drive for inclusive labour markets where corporations contribute to social policy, by taking responsibility for the integration of new employees in the labour market. According to the social policy perspective to CSR, the core of social responsibility is the active support of corporations to develop labour market policies. The key concept is the idea of partnerships between the government and corporations. Thus, governments contribute with support to create jobs for poor and unemployed people, and corporations employ and help to create open and inclusive labour markets. However, this is not to say that CSR should be defined as a new kind of social policy (Rendtorff, 2009, p. 147).

4.2   Conceptual Definitions

When discussing CSR, perhaps one must first pause and reflect on the world economic downturn of 2008/2009, which was partly blamed on the unethical business behaviour by some corporations. Therefore, the way businesses behave is not just an abstraction, but something that must be treated with the seriousness it deserves, because it is embedded in global societal structures (Werther & Chandler, 2011). Companies have historically been managed to meet shareholders' best interests, but it is the importance of other stakeholders as well as the need for companies to behave in a more ethical manner that is becoming more and more crucial (Simpson & Taylor, 2013). According to the United Nations Industrial Development Organisation (UNIDO) (2014a, 2014b) CSR is generally understood

as being the way through which a company achieves a balance of economic, environmental and social imperatives (*Triple-Bottom-Line- Approach*), while at the same time addressing the expectations of shareholders and stakeholders. Furthermore, the International Labour Organisation (ILO) (2004) notes that CSR concerns the voluntary initiatives enterprises undertake over and above their legal obligations. Thus, CSR is "a complement to, and not a substitute for, government regulation or social policy" (ILO, 2004). These two definitions of CSR will guide the chapter's points of departure.

It is also important to draw a distinction between CSR (which can be a strategic business management concept) and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction or will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that. Many companies are beginning to approach CSR from a strategic perspective and the former has come to be known as *Strategic Corporate Social Responsibility* or Strategic CSR—*SCSR* in short (Asongu, 2007). SCSR fits in with this chapter's thrust which approaches CSR from a much broader perspective of seeking to realise social and human development outcomes in society. SCSR is not only interested in how business can be a force for good in society, but also in what the essence of good business is all about. It goes beyond a focus on community benefaction and includes responsible action in the areas of the workplace, marketplace and environmental practice as well. It gets embedded in policy, adherence to legislation and commitments to national and global codes of actions (Crane, Matten, & Spence, 2008). It is also important not to lose sight of the idea of Corporate Governance when defining CSR. The concepts that Corporate Governance covers, such as accountability, transparency, ethical approaches and stakeholder perspective imply that businesses need to focus on doing "what is right" and what is expected by society from organisations, not just what is right from an economic and legal view-point (Simpson & Taylor, 2013).

4.3 Global Dimensions of CSR

Nowadays, CSR issues have taken on a global character and it can be argued that they are no longer confined to a specific region. The United Nations (UN) and other international organisations took up the call for corporate citizenship several years back and elevated CSR by placing it in the global arena. Usually, causes that are championed by the UN take on a global perspective and begin to even bring forth the question of enforcement. It is due to the foregoing that the UN adopted the Global Compact in 2000. This initiative seeks to combine the best properties of the UN, such as moral authority and convening power, with the private sector's solution-finding strengths, and the expertise and capacities of a range of key stakeholders. The Global Compact is global and local; private and public; voluntary yet accountable. It exists to assist the private sector in the management of increasingly complex risks and opportunities in the environmental, social and governance

realms. It also seeks to embed markets and societies with universal principles and values for the benefit of all (United Nations, 2014a, 2014b).

The UN's initiative was slow to take off in Africa and it seems that South Africa was the only country on the continent that had responded favourably to the former and in time:

> African participation in the Global Compact got off to a slow start with a solitary participant signing up in 2000. The South African electricity utility corporation, Eskom, became the first African corporation to sign up on day one: 26 July 2000. More than a year elapsed before the second signatory joined in August 2001—once again it was a South African corporation (Sasol). Again, there was a waiting period of more than a year before a third participant, the Coca-Cola Bottling Company of Ghana, joined on 31 August 2002. There were three new joiners in 2003, five in 2004 and only two in 2005, before a sudden surge of 32 corporates in 2006 and 26 new joiners in 2007. On 11 April 2008, 17 South African corporations signed up simultaneously at an event in Johannesburg, co-ordinated by the National Business Initiative, the South African focal point of the Global Compact. At the end of 2009, the total number of African company participants stood at 104. At this time, there were also 153 African SME participants—according to the Global Compact, companies are classified as entities with 250 employees or more, while entities with less than 250 employees are classified as Small and Medium Enterprises, or SMEs (Malan, 2011, p. 227).

The Organisation for Economic Co-operation and Development (OECD) also came up with a set of guidelines in 2001 for Multinational Enterprises. This initiative was informed by an understanding that issues of monitoring and account-ability are crucial to enhancing the credibility of CSR commitments, through standards for evaluation, monitoring and accounting of CSR (OECD, 2001). Many companies develop their own approaches to CSR, which vary with the type of business and the economic and social environment. Important international benchmarks and reference points relating to CSR are among the following: the *ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy* (*1977, revised 2000*) and the *ILO Declaration on Fundamental Principles and Rights at Work* (*1998*) (ILO, 2004).

4.4   Case Study I: South Africa

In 1994, racism and all forms of human indignity, which were perpetrated by colonialism and apartheid against African people, mixed race people (or so-called Coloureds) and Indians, for almost 350 years, officially came to an end when a new democratic government of the African National Congress (ANC) was voted into power. Thereafter, the ANC government developed numerous progressive policies and legislation that sought to erase the legacy of colonialism and apartheid. It also adopted a new constitution which has been touted by many legal commentators as one of the best constitutions in the world. Also, in the same year of 1994, a pioneering code of Corporate Governance in South Africa, the *King Report on Corporate Governance* was adopted by the country. It emanated from the *King*

Committee on Corporate Governance which was headed by retired judge of the Supreme Court, Mervyn E. King, in order to streamline Corporate Governance issues in the country. This report known as King I set out the standards of conduct for company boards and directors. It also focused on all companies listed on the Johannesburg Stock Exchange (JSE) and large public entities, banks, financial and insurance companies and large unlisted companies. In 2002, a revised report (King II) included a new section on environmental sustainability and paid attention to the roles of national, provincial and local government departments in this matter. In 2010, an updated report known as King III was finalised. King III made it mandatory for statutory, financial and sustainability information to be presented in an integrated report with sufficient information showing how companies' operations impacted positively or negatively on communities in which they operated during the year of review. In addition, since 2002, several industry charters have come into effect whilst setting varying spending targets. These include the *Mining Charter*, the *Petroleum and Liquid Fuels Charter*, the *Construction Charter*, and the *ICT Charter* (Trialogue, 2009).

Although this chapter focuses on CSR in the post-1994 period, this is not to say that it did not exist in the past. Other studies, for example Hamann (2009) examined this trend during apartheid. However, in line with the prevailing ideology, CSR favoured mainly whites at the time. This was also an era where state patronage had extended to white people *via inter alia*, universal employment, housing, education and health-care. Hamann (2009)) is cognisant of this reality and observes that South Africa's complex and painful history has significant implications for how CSR is understood and implemented in present times. On the one hand, big business was implicated in human rights abuses which were committed under apartheid and on the other, the apartheid history gave rise to early manifestations of voluntary initiatives to contribute to government policy changes and social development. It is noteworthy that South Africa's legacy of colonial exploitation and apartheid's exclusionary practices, to a certain extent, endure today despite the government's concerted efforts to raise the quality of life of all citizens. While the poverty situation may be improving, due to an extensive state-led social assistance programme and other social policy interventions, inequality however remains a challenge. South Africa's inequality patterns are among the highest in the world (Statistics South Africa, 2014). In South Africa, the term Corporate Social Investment (CSI) is more familiar to the general public than CSR. CSI originated from philanthropy when the value it added to the reputation of the organisation was recognised. Previously, the terms CSI and CSR were used interchangeably, but have now been defined separately. CSI is one of the sub-components of CSR and aims to uplift communities in such a way that the quality of life is generally improved and safeguarded (CSI Solutions, 2014). Social investing is a special form of corporate philanthropy, in which a company invests in organisations or programmes that have a broad social appeal (Schwab, 2008). On the other hand, philanthropy refers to voluntary action for public good. Philanthropy can be seen as a response to the "human problematic" (Payton & Moody, 2008). From a business sense, philanthropy is usually regarded as "tokenism".

In the post-apartheid period, CSR shifted from an *ad hoc* philanthropic gesture to a strategic business consideration. CSR would revolve around the following areas:

- Public relations management
- Reputation focus
- Charitable giving
- Grant-making
- Social investment; and
- Social change (Trialogue, 2006)

In the new political dispensation business was explicitly called upon to contribute to national development goals (Hamann, 2009; Trialogue, 2009). For instance, a strategic thrust was added to CSR in 2007 when the National Business Initiative (NBI), with the help of Business Unity South Africa (BUSA), began to drive the Global Compact chapter in South Africa. Also, the government's legislation around Broad Based Black Economic Empowerment (BBBEE) compelled companies to think more broadly about business's role in realising equitable and sustainable development in South Africa. Indeed, BBBEE brings into sharp focus the role of business in the country's transformation process. Although criticised for its lacklustre performance, at least, BBBEE helps to nudge businesses in the direction of Corporate Governance and socio-economic transformation. Some of these changes in the CSR landscape were also observed by some private sector officials. For example, one Group Corporate Social Investment Executive who was interviewed for this chapter made some interesting observations. The former official works for Murray & Roberts. It is a private company which has a CSR thematic focus on education, health, and science and technology. The CSI Executive notes that there has been a shift in CSR trends in the last 5 years as companies are now more focused than 10 years ago and there is also more compliance on their part. In the past, some of the interventions were not sustainable and at times not meaningful. The official also points out that such change was to a larger extent brought about by the 2008 global economic crisis, as many companies had to re-think their approach to CSR, because of tight budgets (D. Defigueiredo, personal communication, October 20, 2014). According to the Executive, politics and government legislation are key enablers as they have forced companies to become more strategic in regard to CSR, unlike before when initiatives were more charity-based. There is also more collaboration between businesses in specific thematic areas and this has led to even co-funding of projects. The Executive refers to this as "systematic funding" which has resulted in the "customisation" of the product for the beneficiaries. Before, a "one-size-fits-all" approach was employed by companies and this did not yield tangible social and human development outcomes and impacts (D. Defigueiredo, personal communication, October 20, 2014).

It must also be mentioned that civil society's role in CSR is significant in South Africa, especially in the areas of advocacy, dissemination of information and capacity building. The major role player here is the Congress of South African Trade Unions (COSATU). However, relations between trade unions and mining firms, especially in the platinum sector, remain tense due to events that unfolded

2 years ago. On 16 August 2012, the South African police shot and killed 34 mine workers who had been striking at the Lonmin platinum mine in Marikana near Rustenburg in the North-West Province. Many miners were also injured in the process. Subsequently, a new and more radical trade union, the Association of Mineworkers and Construction Union (AMCU) was formed. Later, AMCU would lead a 5-month strike which was only called off in June 2014. This strike had negatively impacted on the economy and left the platinum mining sector reeling. Presently, AMCU and the mining sector are extremely suspicious of each other. From the foregoing accounts, it can be speculated that some sections of South Africa's large private sector, do not still see themselves as part of the solution to the country's many social problems. Nevertheless, a lot of progress has been made in CSR activities since 1994. In summary, the Deutsche Gesellscaft für Internationale Zusammenarbeit (GIZ) (2013, p. 196) is correct to observe in this manner:

> From a developmental vantage point, however, the legacy of apartheid is still there for everybody to see, even though research findings suggest that the majority of public sector social policies have been towards the poor. CSR in post-apartheid South Africa is strongly influenced by a socio-political mandate of nation building, and therefore characterised by national priorities such as transformation and affirmative action, education, job creation, skills and development and HIV/AIDS.

4.5 Case Study II: Zambia

CSR activities had existed in Zambia in the colonial era. After the country's independence in 1964, CSR was stepped up by the state through its parastatal organisations. Another study by this author showed how CSR evolved in Zambia from the colonial period (especially from the 1920s to the early 1960s), to the post-colonial era, from the 1960s to the noughties. In the colonial period the mining sector was heavily involved in CSR which was tilted towards meeting the needs of mainly European settlers. After independence, it was the state that saw to it that CSR initiatives became embedded in the social fabric of the country (Noyoo, 2010, 2013a, 2013b). However, this discussion focusses on the period after the collapse of the one-party state in Zambia. In 1991, Zambians voted out of power the founding president of the country, Kenneth Kaunda and his United National Independence Party (UNIP) government. Kaunda and his party had effectively been in power for 27 years. From 1964 to December 1972, Zambia had a liberal constitution which safeguarded multi-party politics and the country also adhered to a mixed economy. However, after 1972, Zambia became a one-party state and the economy was changed from one which was mixed to one which was commandist. In the period from 1973 to 1991, Zambia was a socialist country as well. Therefore, the change of government in 1991 also saw socialism being rejected by the Zambian people after they voted for the Movement for Multi-party Democracy (MMD), which was led by a former trade union leader, Frederick Chiluba. The MMD was an avowed proponent of neo-liberalism and immediately dismantled the monolithic state-led

economy when it came into power and made sure that socialism was no longer the country's guiding ideology. The privatisation of state enterprises became the hallmarks of the MMD's and especially, Chiluba's 10-year rule. Privatisation was followed by the retrenchment of hundreds of thousands of workers who had worked in these firms. The public sector was also not spared as institutional reforms were undertaken to downsize government departments.

Unfortunately, privatisation did not automatically translate into higher standards of living for the majority of Zambians, but it actually reversed the positive social and human development strides that were made during the socialist era. The private sector that emerged from the initial privatisation phase, between 1991 and 2001, arguably resembled cut-throat *laissez-faire* types of businesses, whose activities were mostly devoid of social goals. This anomalous situation was informed by two factors. First, the interpretation of privatisation and the definition of the role of the private sector in society, by the government and its donor partners, were very narrow and misleading. Once socialism was abandoned for neo-liberalism as the country's ideology, the MMD went to the extreme end of the spectrum and touted a privatisation programme that called for an almost absence of the state in national affairs. Markets were seen as the sole redistributive mechanism in the country. The MMD government firmly believed that economic growth would eventually "trickle-down" to the citizens through private sector investments and other business activities. There was an almost naïve approach to privatisation by Chiluba and his ministers, who assumed that business activities would translate into better social outcomes for the country, without the private sector being socially responsible in the first instance. The second issue is that the privatisation programme was marred by clientelistic tendencies, cronyism and outright corruption. Due to this situation, many private companies saw a gap and did not treat their workers humanely and flouted labour laws. In this atmosphere, some of the South African firms that had started to do business in Zambia were accused of discriminatory practices. They were also seen by the locals as promoting the casualization of labour (Noyoo, 2015). Ironically, Chiluba's rule had also attenuated the role of trade unionism in Zambia. This happened, in spite of the fact that Chiluba had headed the once powerful Zambia Congress of Trade Unions (ZCTU). Due to this situation, some foreign firms were averse to the idea of workers joining trade unions and did not contribute much towards proper labour standards in the country. Hence, during this period, there were also a lot of labour violations and there were even serious breaches in environmental company practices resulting in the pollution of the environment, especially by some mining firms.

After Chiluba's second term ended, the late Levy Mwanawasa became president in 2001. Mwanawasa would bring a much needed sober approach to the privatisation programme and matters of governance. During Mwanawasa's reign Foreign Direct Investment (FDI) increased in the country, with the bulk of FDI coming from China. FDI was mainly in the mining sector. Nonetheless, Chinese firms were also allegedly notorious for flouting labour laws and paying their workers very low wages. Workers were treated inhumanely and many worked in very hazardous conditions. For example, in 2005, an explosion at a Chinese

dynamite manufacturing firm killed 50 workers. Subsequent investigations revealed that workers were locked in the factory the whole day and they did not wear protective clothing (Noyoo, 2015). In 2010, in Southern Province, a Chinese manager at Collum Coal Mine shot at striking workers and injured 13 miners in the process. In such an atmosphere, it can be argued that CSR was the last thing on some private firms' programmes. However, it was on Mwanawasa's watch that more thought was paid to Corporate Governance. For instance, the Global Compact was first introduced in Zambia in 2002 when Mwanawasa had just completed his first year in office. A steering committee consisting of representatives from business, government, donors, multilateral Non-Governmental Organisations (NGOs), the United Nations and civil society was established to drive this process (United Nations, 2014a, 2014b). In 2006, the ZCTU demanded a restructuring of the mining sector by, for instance, improving the working conditions while at the same time emphasising that investors formulate a corporate social responsibility code so as to ensure that communities benefitted from mining operations (OECD, 2012). Unfortunately, Mwanawasa's demise before the end of his term in 2008 scuppered his solid policy agenda. His successor, Rupiah Banda, did not invest much energy into this work until he was voted out of office in 2011.

Unlike South Africa, CSR in Zambia is hobbled by a weak policy and legislative regime. Also extreme political interference still plays a role in Zambia's business fortunes. On 20 January 2015 Zambians participated and voted in a presidential bye-election. This is because Zambia's fifth president Michael Chilufya Sata died on 28 October 2014. Sata was elected on a populist ticket that sought to expel Chinese firms operating in Zambia. Sata had also made quite outlandish promises to Zambians which he had supposedly sought to meet in a period of 90 days. The Chinese were accused of gross labour violations by Zambians and many firms were indeed guilty of such malpractices. However, Sata had backtracked on his intentions to expel the Chinese firms and also on other promises once he became president. Regrettably, Sata's 3-year rule was marred by policy incoherence and inconsistencies which negatively impacted on the country's economic development. Sata's government of the Patriotic Front (PF) is quite interventionist and has sent out wrong signals to investors. This government has also imprudently saddled Zambia with a huge foreign debt that the country had successfully emerged from in 2005, during Mwanawasa's rule. Crucially, politics is heavily influenced by personalities in Zambia due to weak institutions. Thus, the search for better CSR practices will continue to be dependent on the type of leadership in power. In regard to the elections of 20 January 2015, there were two major contenders namely, Edgar Lungu of the PF who was at the time the country's Minister of Defence, and Hakainde Hichilema, the leader of the main opposition party the United Party for National Development (UPND). Lungu won the elections with a slight margin and became Zambia's sixth president. Lungu and the PF have not deviated much from Sata's path and the country's economic outlook continues to be bleak. To sum up, post the socialist era, CSR in Zambia is still in its early phases and mostly approached from a philanthropic or CSI perspective. To date, the business sector takes CSR as "giving something back" to the country and community in which they

operate, mostly focusing on social and health issues, in order to contribute to social stability "which is the right thing to do" and will also benefit their operations, namely, productivity and profitability (GIZ, 2013, p. 257). However, the government continues to be instrumental in providing a basis for social and environmental development in the country, whilst civil society seems ready to play a constructive role in CSR endeavours.

4.6   Future Considerations for CSR Initiatives in South Africa and Zambia

Even though there have been considerable strides made in the area of CSR in both countries during the examined periods, more work needs to be done, especially in Zambia. CSR in both countries still carries philanthropic connotations and is not taken as a social policy imperative. Therefore, a more strategic approach to CSR is yet to take root in South Africa and Zambia, and for this discussion it is proposed that CSR must be located in the broader ambit of social policy in both countries, so as to reap tangible social and human development outcomes and impacts. Also, when CSR is approached from a social policy perspective, the question of social justice could be adequately answered in both countries. In South Africa, the National Department of Social Development (DSD) could play a leading role here. However, the DSD has dismally failed to proffer a strategic and policy focused approach to CSR in South Africa and has mostly been reactive and at times incoherent in its responses to CSR. The government, through the DSD, is well-placed to articulate and provide guidance on CSR which could be underwritten by social and human development objectives. Furthermore, the BBBEE Act (43) of 2013 must be taken as a powerful lever by the DSD and other government entities so as to shape the future of CSR in South Africa (GIZ, 2013).

In Zambia, a strong policy and legislative regulatory framework is still needed to guide and also regulate the behaviour of private firms, especially in the mining sector. It is proposed here that Zambia should actually use the *Public-Private Partnership Act No. 14 of 2009*—which aims to promote the implementation of privately financed infrastructure projects in Zambia—as a scaffold for CSR initiatives in the country. Lastly, in both South Africa and Zambia the role of Small and Medium-sized Enterprises (SMEs) is still not clear in regard to CSR. More is still needed and in fact the question of capacity building becomes important here. There is a need to professionalise CSR practice in both countries at the level of SMEs. Some good work already happening in this area in South Africa could be extended to Zambia and other parts of Southern Africa. CSI practitioners should be assisted at the SME levels for them to better manage and implement their projects internally through the provision of training, tools and resources. Such an approach could eventually lead to better impact at grassroots levels (M. Yorke, personal communication, November 20, 2014).

4.7   Wither CSR in Southern Africa?

South Africa and Zambia are members of the regional economic grouping, the Southern African Development Community (SADC), which also comprises the following countries: Angola, Botswana, the Democratic Republic of the Congo (DRC), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Tanzania, Swaziland and Zimbabwe. Colonial rule in Southern Africa followed quite a unique trajectory in contrast to other parts of Africa. Due to large mineral deposits in this region, many Europeans settled here and even carved out their own "independent" states and severed ties with their mother imperial countries in Europe. The settlers enjoyed high standards of living compared to their kin in Europe, as many of them worked in the lucrative mining and auxiliary industries. Hence, colonial rule was cemented in this part of Africa by the mining industry. Mining conglomerates began their business in the region on the back of the discovery of diamonds and gold in South Africa in the late 1880s. Hence, the Anglo-American mining conglomerate and America's Chase Manhattan Bank were firmly entrenched in South Africa's mining sector by the early twentieth century. Anglo-American extended its reach as far as northern Zambia, where copper mining was taking place near the border with the DRC, in the area aptly named the Copperbelt. The mining sector also opened up other areas for commercial exploitation, for instance, in agriculture and manufacturing. Presently, South Africa is one of the top producers of not only diamonds and gold in the world but also platinum. Zambia is the largest copper producer in Africa. Angola, Botswana, the DRC, Namibia and Zimbabwe are major producers in Africa and the world of diamonds, gold and platinum. Tanzania is producing gold and semi-precious stones. Mozambique is also mining semi-precious stones. The mining sector also gave rise to the private sector in this part of Africa. This issue must be underlined because we cannot refer to CSR in Southern Africa without also touching on the private sector.

Southern Africa still has a burgeoning private sector which is not so extensive. Most of the countries in the region had favoured state-led business ventures after gaining their independence and they had not provided enough incentives for the private sector to grow. This seems to almost resemble the scenario in the rest of Africa where the private sector's presence is quite negligible. Notwithstanding, after several decades of independence, the private sector is beginning to be regarded by most African governments as a crucial partner in national development efforts. There is now a general appreciation by governments and other role players, that private sector led industrial development plays a significant role in bringing about the much needed structural changes, which can set the economies of poor countries on a path of sustained economic growth (UNIDO, 2014a, 2014b). Today, South Africa does not just have the biggest economy in the region, but its private sector has the largest presence on the African continent. The country's private enterprises comprise the largest investment portfolio of African countries. In 2012, South Africa invested in more new FDI projects in Africa than any other country in

the world, and the number of projects from the country has increased by almost 536 %, according to a 2013 report by FDI Intelligence—a company which provides insights into, and advice on, cross-border investment. In addition, in 2012, the number of South African FDI projects increased by 23 %, despite the grim global economic outlook of that year. Also, Ernst & Young's 2013 *Attractiveness Survey* found that South Africa created almost 46,000 cumulative jobs through FDI in Africa since 2003 (Mail & Guardian, 2013).

Given South Africa's domineering private sector presence in both Southern Africa and the rest of the African continent, it can be argued that South Africa has both a moral and strategic role to play in driving a continent-wide CSR agenda. With such a large South African presence in the mining, manufacturing, retail and agriculture sectors, South African companies can indeed be the drivers of CSR on the continent if they adhered to their national codes of practice. It is important that South African companies take responsibility and make sure that the way that they conduct themselves at home is the same when they are operating in other African countries. As earlier mentioned, the *King Report on Corporate Governance*, especially King III, sets the standards for Corporate Governance in South Africa. If South African companies do not deviate from the aforementioned instruments and also self-regulate themselves by following what is stipulated in these codes of practice, when they are not operating on home soil, CSR would be firmly rooted where they are operating in Africa. That is the only way the African and SADC agenda of development can be taken forward by South Africa, which also considers itself as an architect of "Africa's renewal". The other issue is that SADC governments, politicians and policy-makers must also begin to have a regional approach to CSR. One way of ensuring this is by linking CSR to the notion of regional social policy. In this way, CSR could ensure that some of the private sector's profits are channelled into regional social investment endeavours (Noyoo, 2013a, 2013b). Furthermore, Corporate Governance could be elevated to the regional level and not just left to individual countries alone. History has shown us that Multinational Corporations, especially in the developing world, can be quite powerful. For smaller countries of the region, their backing by the SADC can be helpful in this regard.

There are also challenges in the manner in which the private sector is constituted in most of the Southern African countries. Private sector involvement in regional economies is still heavily skewed in the favour of mining activities. Minerals represent potential wealth for the region's economies, with a variety of benefits, including job creation, export earnings, knowledge and skills transfer, and industrialisation through forward and backward linkages to the rest of the SADC's economies and resource transformation (Southern Africa Resources Watch, 2013). Arguably, minerals have not produced the expected socio-economic outcomes in the SADC so far. A good number of SADC economies have posted lacklustre performances over the past two decades—with probably the exception of Botswana. The biggest problem in the region with regard to the management of its resources has not been commodity price fluctuations but the inability to effectively monitor the performance of the sector (Southern Africa Resources Watch, 2013).

Furthermore, in most SADC countries the law is silent on how the communities in the areas where mining takes place should be developed, or how an investor should contribute to the development of affected communities. Therefore, it is not surprising that CSR in most SADC countries is voluntary and mostly a public relations tool for the largest mining companies. It has been observed by some quarters that the costs and effects of CSR activities are often negligible and seldom assist the communities in which they are undertaken, since CSR policies do not often take into consideration, or genuinely seek to address, the negative impact of mining operations (Southern Africa Resources Watch, 2013).

4.8   Conclusion

This chapter's intention was to provide an historical analysis of CSR in two Southern African countries, namely, South Africa and Zambia. Its main concern was to shed some light on the historical development of CSR in the two countries. Even though CSR is slowly growing in both countries, there is still a need for stronger policy and legislative regimes, especially in Zambia. The discussion's main contention was that CSR in both countries could have far-reaching social and human development outcomes and impacts if it was couched in a social policy thrust. The chapter had also argued that this approach could be extended and linked to a regional social policy, if the SADC was to also benefit from CSR. Nonetheless, it is critically important for businesses to see CSR as part of their entire business value-chain and not just an "add on". Businesses should see CSR as actually adding to their fortunes rather than something which negatively impacts on their profits. CSR is thus important for the development of South Africa, Zambia and the SADC region. Even though this chapter had set out to proffer an historical analysis of CSR in South Africa and Zambia, it is also important to point out that this discussion was meant to be illustrative rather than exhaustive. There are still many other aspects of CSR in South Africa and Zambia as well as in Southern Africa which still require careful analysis.

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Part II
Eastern Africa

Chapter 5
Corporate Social Responsibility in Kenya: Reflections and Implications

Thomas Kimeli Cheruiyot and Daniel Kipkirong Tarus

Abstract We examine and reflect on the historical development of corporate social responsibility (CSR) and some of its variants, such as corporate citizenship, benevolence, and philanthropy, in a Kenyan context. The conceptualization and operationalization of CSR in Kenya is still in its infancy, and CSR therefore remains a largely misunderstood, misused and abused concept. This is captured in the various CSR definitions and applications that situate its contextual understanding in the Kenyan political-legal and socio-cultural nexus. Drawing parallels from the local cases of Safaricom and Delmonte, we examine CSR at the macro, meso, and micro levels, and discuss some of the perceived challenges and barriers to effective CSR. The following stakeholders are examined: Government, employees, communities, customers, and shareholders. In addition, the prospects for moving the CSR agenda forward are explored, along with the social, political, managerial, and research implications of CSR in Kenya.

5.1 Introduction: Corporate Social Responsibility in Kenya: Reflections and Implications

Research into Corporate Social Responsibility (CSR) in Africa is relatively neglected, with the exception of some fragmented, asymmetrical and sporadic studies in a few countries, with an emphasis on South Africa (Hinson & Ndhlovu, 2011; Visser, 2005) and Nigeria (e.g. Amaeshi, Adi, Ogbechie, & Amao, 2006; Amao, 2008), and relatively few studies on Kenya (Cheruiyot & Maru, 2012, 2014; Muthuri & Gilbert, 2011), Tanzania (Egels, 2005) and Ghana (Julian & Ofori-dankwa, 2013) and a small number of other countries. Consequently, there are very few country specific studies, and these tend to focus only on a few sectors, ignoring wholesale nation specific CSR. Most CSR studies in Africa have thus far concerned themselves with concepts, issues, and processes, (Hinson & Ndhlovu, 2011;

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Muthuri, 2013), cultural aspects (White, 2008), contextual factors and antecedents of CSR (GTZ, 2009), CSR and corporate human rights (Cheruiyot & Maru, 2014), and lessons from the African past and paths to its future (Visser, McIntosh, & Middleton, 2006).

Debate on CSR in Africa has attracted interest in academic circles (Cheruiyot & Maru, 2012; Okoye, 2012). Mainstream CSR studies in Kenya, though minimal compared with South Africa and Nigeria, have focused on institutional analysis (Muthuri & Gilbert, 2011), sectors prone to social irresponsibility, such as employees in the horticultural sector (Opondo, 2006), human rights (Cheruiyot & Maru, 2014), employee CSR in tourist hotels (Cheruiyot & Maru, 2012), and CSR in Kenyan communities (Cheruiyot & Tarus, 2012). Other critical perspectives that surround the CSR debate in an African context include, amongst others, its ideological/ideational underpinnings, the absence of gender, class, ethnic, and race perspectives from debates and initiatives, practical versus postulated effects of CSR actions, and the absence of a range of guiding principles, regulations, strategies, governance and political responsibilities that are unique and applicable to CSR. Indeed, our experience of CSR in developing countries and in Africa in particular is that it is less formalized and institutionalized. Where it is formalized this usually involves large and high profile national and multinational companies.

The few codes, standards, and guidelines tend to be issue specific, e.g. HIV/AIDS, or sector led, e.g. agriculture or environment. CSR is commonly associated with philanthropy and benevolence covering health, education, sports, and community development. Specifically, business often gets involved in the provision of social services as well as other infrastructure, such as schools, hospitals and housing. Indeed, CSR issues are often treated as trade-offs, e.g. development versus environment, job creation versus higher labor standards, and strategic philanthropy versus political governance. CSR often resonates with traditional communitarian values, e.g. "*Utu*". The notable drivers for CSR are cultural tradition, political reform, socio-economic priorities, governance gaps, crisis response, market access, international standardization, and stakeholder activism.

While multinational companies in Africa undoubtedly bring about positive benefits, regrettably these also lead to unintended economic, social, and environmental costs. This is particularly common in extractive industries such as mining and oil exploration. This is worsened in certain cases where such companies engage in questionable relationships with dictatorial regimes and/or powerful elites.

Generally, CSR priority areas in Africa include poverty reduction, health and HIV/AIDS, skills development and education, and youth and socioeconomic development. Others include community development, economic and enterprise development, environment, sports, human rights, corruption, governance, and accountability. Studies have pointed to three key issues relevant to CSR: corruption and governance, poverty and unemployment, and inequality and insecurity (Kapelus, 2007; Muthuri, Matten, & Moon, 2009; Visser & Tolhurst, 2010). In Kenya, for example, there has been a heightening of interest in CSR due to high levels of poverty and inequality amid plentiful natural resources, a more enlightened public, and improved economic prospects. Recent progress in legislation has been achieved with regard to human rights, governance, and the environment.

However, social legislation is apparently less comprehensive and poorly enforceable, especially with regard to communities and environment (Cheruiyot & Maru, 2014). Accordingly, at worst, CSR is viewed with suspicion as an agenda of the North, imposed on countries of the South. At best, it is only reluctantly embedded within the African context, and used to address the continent's economic, social, and sustainable developmental challenges (Visser & Tolhurst, 2010).

CSR research in Kenya, as in other developing countries, is relatively underdeveloped, and relies heavily on case studies and focuses prominently on multinational companies. It incorporates formal and informal ways in which business makes a contribution to improving governance, social, ethical, labor and environmental conditions, while remaining sensitive to prevailing religious, historical, and cultural contexts. The emerging consensus is that developing countries provide different contexts for CSR than those provided by developed countries (Klins, Van Niekerk, & Smit, 2010).

Kenya's agricultural sector identifies some CSR issues of concern in the cut flower industry, such as employment insecurity, overtime, sexual harassment, low wages, lack of access to maternity leave, and minimal union membership among workers. Other issues include poor communication between workers, supervisors and management, poor transport facilities, frequent exposure to chemicals, lack of opportunities for promotion, the lack of a proper complaints procedure, and the lack of awareness of codes among workers (Cheruiyot & Maru, 2014; Dolan, Opondo, & Smith, 2003; Opondo, 2006).

Finally, CSR practices in Kenya are generally influenced by Western perspectives on CSR, ethical consumerism, and the work of the UN, specifically the UN Global Compact, the African Union, NEPAD, and the African Peer Review Mechanism. Others include international NGOs on human rights, corruption, governance and environmental impacts, the World Bank and IFC, indigenous approaches, and supply chain regulations (e.g. export market regulations).

From the aforementioned literature, it is clear that CSR is in its infancy in Kenya. Accordingly, drawing on the extant literature and an experientially insightful treatment of CSR, the purpose of this paper is to espouse the CSR concept, to examine its systemic, reflective, and contextual aspects, and to draw relevant implications for Kenya. This chapter proceeds by espousing the meaning, context, and historical development of CSR in Kenya. We also examine the drivers of CSR, the challenges and barriers to effective CSR implementation. Finally, we elucidate some conclusions and implications for CSR in Kenya.

5.2 Kenyan CSR Context

Kenya is an East African country and a regional hub for trade and finance, with a population of approximately 43.2 million and an area of approximately 582.646 km^2. Kenya's Gross Domestic Product (GDP) is approximately US $22.78 billion, with an annual growth of 5.8 %, a relatively developed economy,

and a fairly good infrastructural facilities and services sector. Agriculture makes up 19 % of GDP, industry 18 %, and services 62.6 %. The country is the world's third largest exporter of tea. Other important foreign exchange earners include coffee, horticulture, tourism, and mining. Thus, Kenya has unique economic, political, social, cultural, and regulatory conditions relevant to CSR.

After independence in 1963, the government promptly declared war on poverty, disease, and illiteracy. Since then, Kenyans live two decades longer, fertility and infant mortality have been cut by half, and school attendance has more than doubled. GDP per capita has increased eightfold, and the financial sector is now the third largest in sub-Saharan Africa after South Africa and Nigeria. However, a great deal of reflection is still needed on how to transform the lives of the majority of Kenyans. Nearly four in ten Kenyans still live in poverty, and maternal mortality is among the highest in Africa, despite a workforce that is more educated than the African average, and is now comparable to most parts of the world. GDP growth, while solid, has yet to reach the takeoff level necessary to transform Kenya into a modern market economy and to change the lives of ordinary Kenyans.

While Kenya's poverty level has declined, inequalities and regional disparities in wealth distribution remain high. Better macro-economic conditions in the past decade have helped to improve the welfare of Kenyans, but the poor remain susceptible to drought and climate induced vulnerability. There has been progress in other dimensions of social development, including school attendance and the enrollment ratio between boys and girls. The education transition from one level to another has improved due to increased public and private investment in the education sector, child mortality has improved, and immunization coverage has increased. Access to electricity, to clean drinking water, and to better sanitation have also increased steadily, but coverage remains low.

On governance, Kenya continues to rank poorly in the Transparency International corruption perception index. Recent political reforms have strengthened Kenya's governance record, though it remains mixed. Kenya still remains vulnerable to external and domestic risks, and it continues to underperform relative to its potential and vision 2030 target, as well as compared with its peers in the East African Community and sub-Saharan Africa. Furthermore, there is emerging fiscal pressure resulting from the implementation of devolution, a key plank in addressing inequalities in the country that is at the heart of the new constitution as a key vehicle for addressing spatial inequalities. Devolution promises to transform Kenya through accountable and transparent institutions, inclusive growth, and the equitable delivery of public services. But the sharing of power and resources between national and county governments continues to pose a major challenge.

Kenya's prospects for success are promising: the country has the largest economy in East Africa, with a significant potential to further capitalize on regional markets and to strengthen its position as the region's economic powerhouse. With over 40 % of the population under the age of 15, Kenya stands to benefit from a significant demographic dividend, provided that sufficient jobs can be found in time as this population enters the workforce. The Kenya Vision 2030 development plan (G.O.K., 2013) identifies three key pillars: economic, political, and social.

Moreover, the recent discovery of oil, gas, and coal represents a great opportunity for Kenya's overall development, which may propel it to middle-income country status in the medium term, given the impetus provided by the Government's vision 2030 social and economic transformation framework.

However, beneath this positive outlook, the country's socio-economic prospects face serious challenges, including unprecedented insecurity, persistent poverty and high unemployment, rapid urbanization, persistent gender inequality, and climate change. Kenya's human development indicators have remained relatively low. The country has a vibrant multi-party democracy and civil society. Despite the post-election violence witnessed in December 2007, Kenya maintains a relatively stable political environment (Muthuri & Gilbert, 2011).

5.3 The Concept of CSR in Kenya

In our view, CSR in Kenya, like elsewhere in Africa and the developing world, is critical, controversial, fuzzy, and subject to varied interpretations, conceptualizations and operationalization. This state of confusion can be attributed to its relative theoretical underdevelopment and inappropriate contextual application. There are two perspectives that account for the historical development of CSR in Kenya: *internal development* and *external development* of CSR.

Internally, CSR is a product of Kenya's cultural, social, economic and political development over the centuries. Accordingly, Kenya's cultural and social values are consistent with social responsibility. A critical examination of Kenya's cultural, social, economic and political environment espouses her tenets and demonstrates the deep seated norms, traditions and values that promote social responsibility or irresponsibility among the citizenry. Perhaps more significantly, CSR in Kenya has its roots in the national social, cultural, and political heritage. First, at the birth of the republic in 1963, the government pledged to fight poverty, illiteracy, and disease. This has significantly shaped the Kenyan agenda for the past 50 years. In addition, the national anthem espouses the tenets of justice, peace, liberty, unity, and service.

Secondly, the 2010 Constitution of Kenya explicitly underlines national values and principles of governance, including national unity, the sharing and devolution of power, the rule of law, democracy and the participation of the people, human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination, and the protection of the marginalized. Others include good governance, integrity, transparency and accountability, and sustainable development. Although Kenya has a strong heritage that shapes its CSR profile, her large cosmopolitan foreign constituency, such as multinational organizations, businesses, and residents and tourists, also partly shape that profile.

Cultural context is an important factor in defining CSR in any country (Muthuri & Gilbert, 2011). CSR in Kenya has its roots partly in the cultural and communal context, and more specifically in indigenous and religious concepts.

First, the '*Harambee*' spirit embodies and reflects the strong ancient value of mutual assistance, joint effort, social responsibility, and community self-reliance. It is guided by the principle of collective good rather than individual gain (Winston & Ryan, 2008). Secondly, Zekat (or *Zakat*), a concept that means charity or alms to the poor, is one of the five pillars of Islam, and is thus practiced by a significant Kenyan Muslim population, who comprise 10 % of the overall population. The giving of alms is the practice of charitable giving by Muslims, based on accumulated wealth. It is an obligatory practice for all who are able to do so, and it is considered a personal responsibility for Muslims to ease the economic hardship of other Muslims and to eliminate inequality among the followers of Islam.

Thirdly, making donations to the poor in society is central to most of the religions with a significant Kenyan population, such as Christianity, Hinduism, Buddhism, African traditional religions and affiliated religious organizations. Often, donations to the poor in society is a central tenet of these religions. The Kenyan population is comprised of Christians (78 %), indigenous religion (10 %), Muslim (10 %) and Hindus, Buddhists and others (2 %).

Externally, the development of CSR in Kenya is illustrative of Africa's historical development and the influence of Western ideology. Africa's long history of social and economic deprivation arising from acts of slavery, colonialism, economic and trade inequalities, MNC resource over-exploitation and degradation (among others factors) calls for an urgent and clear focus on CSR as a social and political empowerment strategy. Furthermore, international organizations such as UN Global Compact, UNDP and UNIDO projects were among the first to introduce the formal CSR concept in Kenya.

In the Kenyan political-legal and Socio-cultural nexus, we can identify four approaches to CSR, including the political, ethical (Garriga & Melé, 2004), altruistic and philanthropic CSR. Political CSR stresses the power of companies in society over other actors and their corresponding responsibility in the political arena. As such, it articulates the presence of firms in relation to other political actors, such as civil society, the political elite, community leaders, and the public. Large local and multinational companies exert influence on the political environment in the country by providing corporate donations and employment opportunities.

Furthermore, the pursuit of CSR for the common good, sustainable development and achieving universal rights (*Ethical CSR*) is reflective of some Kenyan companies' activities. Ethical CSR examines the novelty and morality of CSR in its normative sense.

CSR in Kenya often takes the form of investments in the community, such as supporting or fully funding educational initiatives and health projects (*philanthropic CSR*). By investing in the community, the corporation improves its own support system, enhances the loyalty of its workforce, and signals to consumers that it is part of the social fabric. An example of such an initiative is the Equity Bank's "Wings to fly project", which provides scholarships for bright but needy Kenyan students.

Similarly, altruistic CSR can be identified in Kenya. This is a form of CSR as a traditional virtue in many Kenyan cultures, and is a core aspect of various religious traditions such as giving alms to the poor. Altruism is unselfish concern for other people's happiness, welfare and wellbeing. Thus, altruism is the renunciation of the self and an exclusive concern and care for the welfare of others.

In line with the aforementioned, the meaning and value of CSR may differ in various contexts, depending on local factors such as culture, environmental conditions, and the legal framework (Galbreath, 2006; Van Marrewijk, 2003). Similarly, CSR is a transversal issue that impacts upon organizations in many different ways, and is occasionally described as an *oxymoron*, arising from its duplicity, its multiplicity of initiatives, and because of the naturally conflicted nature of the corporation. Accordingly, the conceptualization and operationalization of CSR in a Kenyan context is at best a *lacuna,* both dynamic and misunderstood. Thus, CSR is misused and abused. Why is this so? In Kenya, CSR is largely misunderstood due to its diverse conceptualization and application in different Kenyan communities. Furthermore, this confusion has been exacerbated by a plethora of CSR synonyms, such as corporate responsibility, corporate accountability, corporate ethics, corporate citizenship, sustainability, stewardship, triple bottom line, corporate governance, social and environmental obligations, corporate social investment and responsible business. These are bandied around and used interchangeable, often incorrectly.

CSR's flexibility and its broad spectrum have led to an operational and conceptual *lacuna,* although CSR is becoming increasing prominent in academic circles. Accordingly, there is no single universal definition of CSR in Kenya. Every practitioner and scholar perceives CSR differently, and claims individually to know what CSR is or ought to be. However, most of what is perceived to be CSR in Kenya is actually not so. This scenario leads to serious local abuse of CSR: for instance, most CSR initiatives involve cash, voucher, food or other material donations, which are purely philanthropic knee jerk reactions, not based on long term social perspectives. Thus, we define CSR as *organizations' long-term commitment to social, economic, legal and environmental rights and responsible outcomes for the sustainability of humanity*.

5.4   Why CSR Is Critical in Kenya?

In Kenya, both poverty and inequality levels are below the average for African countries. The level of poverty is worse in human development terms, particularly among the youth, the old, and the womenfolk. Furthermore, there is widespread spatial disparity in poverty. For instance Central Kenya is more endowed than Northern Kenya. Thus, while CSR raises the moral issue of such inequities and impoverishment in objective terms, it also addresses these inequities through a range of initiatives such as corporate giving, women and youth empowerment, the provision of education, and capacity building. CSR has led to changes in

employment practices and the mainstreaming of Gender CSR issues. The empowerment of youth, women, and people with disabilities is largely attributed to CSR initiatives. Therefore, businesses are increasingly expected to address social problems and to shoulder greater social responsibilities, in addition to addressing social issues for which it is more directly responsible, such as environmental pollution, product safety and quality, and social inequities.

Furthermore, CSR engagement is critical for businesses, in order to avoid or to pre-empt legal or regulatory sanctions by the government, such as tax related sanctions and employee disenfranchisement. The importance of CSR stems from a realization that criticism of business is more far-reaching than ever before. This is partly because, with globalization, business activity in Kenya, like elsewhere in Africa, is more powerful and socially disruptive to communities and to the environment. Engagement in CSR results in companies being viewed in a less negative light.

Similarly, CSR stems from the growing recognition of the failure of the government to solve many social problems and the diminished scope of government in certain regions of the country. As a result of this, businesses are expected to match their actions with societal expectations. Business enterprises engaging in CSR often criticize self-rewarding politicians for drawing huge wages and allowances at the expense and in total disregard of public opposition. However, the ugly side of CSR is attributable to several issues, including the *abuse* and *misuse* of CSR. Some claim that CSR is an agenda of the North imposed on the South. The ugly side of CSR is also the perception that it is a short-term and impulsive approach, a mere exercise in public relations.

5.5   CSR at Macro, Meso and Micro Level

CSR in Kenya could be applicable at three levels, the *Macro*, *Meso* and *Micro* levels. At the macro level, CSR includes a set of applicable global and national initiatives (e.g. UN Global compact, UNDP, ILO and local national regulatory agencies and initiatives) for mainstreaming CSR. However, national and international CSR initiatives face severe challenges, including commitment by political and business leadership, social and political conflicts, weak regulatory frameworks, and corruption. Global initiatives such as global compact are unlikely to significantly alter the current situation unless mitigation measures are applied uniformly among all stakeholders.

Similarly, meso level CSR involves industry or sector-led initiatives for aligning CSR practices with acceptable industry/sector standards. It captures social, cultural and political antecedents, as well as the opportunities and challenges involved in mainstreaming CSR at an industry/sector level. Meso-level CSR should therefore focus on identifying critical areas, developing industry priorities, and providing a legal framework for undertaking CSR activities. Industry codes and standards are commonly used for such purposes. In Kenya, the codification of some sectors is

non-existent, while others have been subjected to intensive codification. Overall, Meso-level CSR is poorly developed in Kenya.

Micro-level CSR entails initiatives by individual institutions, enterprises and entities, communities, employees, customers, shareholders, and the public. Such entities have unique strategies and policies for undertaking CSR activities. In Kenya, most such entities undertake philanthropic activities, while ensuring maximum media coverage to leverage on marketing and public relations. Most of these activities are occasioned by critical situations or emergencies and are often reactionary and single one-off events. These actions do not amount to CSR, since responsibility by its very nature is long-term and sustainable. To the extent that actions are reactionary, short-term and non-targeted, they do not achieve the desired long-term sustainability. Multinationals, the majority of whom are largely shareholder driven entities, pay lip-service to CSR or, at best, undertake public relations in the guise of CSR due to the strong pressure exerted by their Western shareholders. On the other hand, most of Kenya's small and micro enterprises are preoccupied with their own survival, and seldom have the resources that CSR requires. This is exacerbated by the lack of systematic and deliberate action taken to mainstream CSR in Kenya.

5.6 Drivers of CSR in Kenya

5.6.1 Political Drivers

The major political drivers of CSR agenda in Kenya may be categorized as follows:

Constitutional Drivers These are drivers that promote constitutionalism, civility, equity, justice and social and political order, within the confines of the country. These include the Constitution of Kenya, constitutional commissions, and the devolution of power to counties. It is fundamental because it acts as a basis for overall social responsibility. For instance, the Constitution of Kenya has specific provisions on the bill of rights and on leadership and integrity. On the bill of rights, Article 43 states that every person has a right to basic services such as health, housing, reasonable standards of sanitation, freedom from hunger, clean and safe water, social security, education, and medical care. Article 46 outlines the rights of consumers, which include the right to goods and services of reasonable quality, the information needed to gain full understanding of products and services, compensation for loss or injury arising from defects in goods and services, and fair and honest advertising. The constitution also outlines the conduct and financial probity of state officers, and legislation for establishing an ethics and anti-corruption commission. Indeed, the constitution of Kenya guarantees human, social, political, and economic rights. Similarly, the constitutional commissions provided for by Kenya's constitution are instrumental on issues of governance, justice, and human rights. Such commissions include:

- *Ethics and Anti-Corruption Commission* (EACC) is a statutory body established under the Ethics and Anti-Corruption Act, 2011. Its mandate is to combat corruption and economic crime through education, prevention, and law enforcement. It is also empowered to conduct mediation, conciliation, and negotiation.
- The *Commission on Administrative Justice*, also known as the *Ombudsman*, was established to ensure compliance with leadership, integrity, and ethics requirements. The commission is mandated to investigate any conduct in state affairs. Specifically, the commission investigates any act or omission in public administration in all spheres of government that is alleged or suspected of being prejudicial or improper, or of resulting in impropriety or prejudice. The commission is expected to provide human rights advocacy and to take appropriate steps in conjunction with other state organs and commissions responsible for the protection and promotion of human rights, and to facilitate the promotion and protection of fundamental rights and the freedom of citizens. Others include Human Rights advocacy.
- The *Kenya National Human Rights and Equality Commission* was constitutionally established to promote respect for human rights and to develop a culture of human rights in the country. Article 59 of the constitution provides that the commission shall promote gender equality, facilitate gender mainstreaming, promote the protection and observance of human rights in public and private institutions, monitor, investigate and report on the observance of human rights in all spheres of life, receive and investigate complaints about alleged abuses of human rights, and take steps to secure appropriate redress in situations where human rights have been violated. Furthermore, the constitution bestows rights on citizens to complain to the commission if a fundamental right has been denied, violated, infringed, or is threatened.

Institutional Drivers These are established structures that facilitate CSR at the macro (national) and micro (firm) level. They provide a governance mechanism for firms engaging in CSR, where the main categories include *market mechanism* and *state mechanism*. The Kenyan business environment has a vibrant institutional framework to allow the market and the state to govern and promote ethical business conduct. Examples of such institutions include, amongst others, non-governmental organizations, such as the Consumers Federation of Kenya (Cofek), state agencies such as the Capital Market Authority, the Kenya Consumer Protection Advisory Committee (Kecopac), the Competition Authority of Kenya (CAK), commissions such as the Ethics and Anti-Corruption Commission, and legislation such as the Consumer Protection Act, 2012, the Competition Act, and Cap 504.

Regulatory Drivers These are drivers that promote self-regulation or other forms of regulation of ethical business conduct. Kenya has the most advanced codification of sectors such as horticulture, and examples of regulatory drivers include codes of conduct and regulatory agencies. Regulatory agencies such as National Environment Management Authority (NEMA), Kenya Bureau of Standards (KEBS), and

Competition Authority of Kenya are instrumental in environmental reporting and auditing, and quality inspection and control.

Although several codes of conduct exist in Kenya, adherence to these codes and standards remains unclear. Some of the codes and standards include the Code of Ethics for business in Kenya, the Kenya Flower Council Code of Practice for local exporters, and codes of conduct such as the BASE code.

Civil Society and Advocacy Groups Kenyan society is characterized by a vibrant civil society and a free and independent media that highlights and promotes civility, democracy, justice, and human rights. It hosts hundreds of civil society organizations, non-Governmental/Community based Organizations (NGOs/CBOs), faith-based organizations, and both local and international media. Examples of organizations that advocate for CSR include:

a) HEBI, an independent non-profit organization that acts to promote ethical social behavior in the horticultural industry.
b) *Ufadhili* Trust, an independent non-profit support organization, founded in 2001 under the Public Trustee Act (Cap 168, Laws of Kenya). This organization exists to promote the social responsibility of governments, corporations, organizations, and individuals in East Africa, through capacity building, advocacy, networking, research, and technical support for a just and equitable society.
c) The Center for Corporate Governance (CCG) is an independent not-for-profit organization, established in 1999 to promote corporate governance in Africa through training, education, promoting awareness, and research.

Stakeholder Activism Most sectors have trade associations and unions that promote the welfare of diverse groups of stakeholders. Some of the most notable of these are the workers unions (e.g. the Central Organization of Trade Unions (COTU) and the Kenya National Union of Teachers (KNUT), employer associations such as the Federation of Kenya Employers (FKE), and consumer societies and organizations, for instance the Consumers Federation of Kenya (Cofek) and the Kenya Consumers Organization (KCO).

5.6.2 Socio-cultural Drivers of CSR

CSR is embedded in the social and cultural fabric of Kenyan communities, whose values are manifested in various ways, including proverbs, songs, and metaphors. Kiswahili proverbs that demonstrate the CSR heritage include the following (Table 5.1):

Table 5.1 Kiswahili proverbs, meaning and implication on CSR

Kiswahili proverb	Meaning	Implication on CSR
Uzuri si hoja, bora ni utu	Beauty is not as important as being human	Centrality of Humanism
Uteo ulisema, "nipe nikupe"	"Give me, I give you"	*Reciprocity*
Dunia ni watu	The world is about people	Humanity
Mtu ni utu wala si kitu	Man's value is in humanism not wealth	Humanism
Mtu ni watu	Man's value is in the people	Humanity
Umoja ni nguvu, utengano ni udhaifu	Unity is strength, singularity is weakness	Collaboration
Mtu hauzi kabila lake	A man does not betray his community	Communitarian
Akufaaye kwa dhiki ndiye rafiki	A friend in need is a friend indeed	Benevolence

5.6.3   *Economic Drivers of CSR*

Underdevelopment, economic inequality and high poverty levels heighten the need for an economic rationale for pursuing CSR in the country. Devolution of financial resources and power will shift the responsibility for CSR to counties, in reducing social and economic inequalities, poverty and underdevelopment, promoting policies for sustainable use of resources and environmental protection.

5.7   **Stakeholders and CSR in Kenya**

Stakeholder management is integral to CSR in Kenya, given the philosophy that firms are a coalition of participants that essentially includes (amongst others) customers, shareholders, communities, employees, the Government, and the public. In this section, we will discuss the significance of CSR for four key types of stakeholders: shareholders, employees, communities, and customers.

5.7.1   *CSR and Shareholders*

Traditionally, shareholder interest takes primacy, given their resource contribution and risk taking. However, shareholders are often victims of irresponsible corporate social practices, such as a lack of corporate transparency, insider trading, poor investment decisions and alienation, which can lead to corporate scandals such as witnessed in Kenya's leading company, *Uchumi* supermarkets. Agency and corporate governance problems have exacerbated calls for shareholder oriented CSR. Agency and governance problems have been experienced in Kenya in particular,

due to a weak regulatory framework, poor corporate oversight, weak corruption laws and, often, state complicity. These have led to massive loses for investors in Kenya and, unfortunately, monitoring and regulatory safeguards remain a challenge.

5.7.2 CSR and Employees

Employee CSR research has been relatively ignored in Kenya. Generally, some public expectations may seem far-fetched when compared with what would seem reasonable to expect from businesses elsewhere in the world, especially as regards the provision of health care and housing. However, certain welfare conditions must be met in order for people to be able to work at all, and in a country such as Kenya, where scarcely no public welfare system exists, foreign companies that stay in the country may reasonably be expected to give something in return to the workforce from whom they benefit.

The problems experienced by workers in the horticultural sector and the tourism industry include employment insecurity, overtime work, sexual harassment, low wages, lack of access to maternity leave, minimal union membership among the workers, poor communication between workers, supervisors and management, and poor transport facilities. Others include frequent exposure to adverse working environment (e.g. chemicals), the lack of opportunities for promotions, the lack of a proper complaints procedure, and the lack of awareness of codes and human rights among the workers. Overall, there is poor employee-oriented CSR in the Kenyan agricultural, service, and industrial sectors.

Nevertheless, international labor practices are rapidly gaining currency locally, and regulatory frameworks targeting poor working conditions and human rights have recently been formulated in Kenya.

5.7.3 CSR and Communities

For centuries, Kenyan communities thrived and sustained themselves in relative harmony with one another. Despite increasing resource exploitation, Kenya remains one of the last bastions of biodiversity and is one of the world's least polluted countries, characterized by serene environments and wildlife. However, political and social conflicts, the lack of basic education, health threats (e.g. HIV/AIDS, Malaria, Tuberculosis, and Cancer) and youth unemployment are challenges facing many African countries, ravaging communities and causing human suffering. Multinationals from the west, and increasingly from China and India, are perpetrating or abetting conflicts, and are encouraging child labor and gender discrimination.

5.7.4   CSR and Customers

In the Kenyan context, most customers are presumably not well informed and are subject to corporate manipulation over quality, pricing, and promotion. CSR is expected not only to augment social progress, but to reverse corporate social irresponsibility. Other customer CSR concerns include consumer education and information, product safety and durability, and post-purchase support. The African consumer is increasingly educated and informed, but remains less so than his western counterparts.

5.7.5   CSR and Government

Private entities are expected to adhere to the applicable laws and regulations governing their activities. However, there have been several cases of social irresponsibility by businesses in Kenya, such as a lack of accountability and disclosure, tax evasion, poor quality products and services, unethical practices (e.g. collusion in setting prices, poor working conditions, and pollution). Indeed, the Kenyan government has a responsibility to create an enabling environment for CSR to thrive, which involves formulating rules and regulations and ensuring that existing laws are enforced. Although some rules and regulations exist, there is weak enforcement on the part of the government on CSR engagements.

5.8   Environmental Management and Sustainability

Environmental CSR is one of the key planks of responsible business. Thus, in environmental management and sustainable practices such as waste disposal, resource extraction is critical. Africa abounds in different kinds of mineral resources, making the extractive sector the backbone of economies endowed with such resources. Thus, a country that is rich in natural resources should, all things being equal, be better off than one that is poorly endowed. Unfortunately, this does not seem to be the case in Africa, where after seven decades of mineral exploitation, the continent remains the poorest in the world. World Bank information indicates that about 40 % of Africa's inhabitants live on less than a dollar a day (Sumner, 2010). With a few exceptions, the situation is the same for mineral-rich and non-mineral-rich countries. Added to this is the fact that mineral exploitation has led to the pollution of almost all environmental media such as air, water, land, and forests, with the most serious impact on communities directly affected by mining.

In Kenya, the serious breach of environmental CSR is well documented, with a reportedly high concentration of fluoride and heavy metals in the soils, plants and water in the vicinity of fluorspar mining and processing in the Kerio valley, due to

discharges into the river by the mining company (Redorbit, 2006). The Migori gold belt of Kenya suffers from similar environmental problems as a result of pollution (Ogola, Mitullah, & Omulo, 2002). All Kenya's rivers and lakes face serious pollution challenges resulting from industrial waste, human activities and climate change. Similarly, horticultural producers around Lake Naivasha have been criticized for causing environmental pollution, especially due to discharging effluent into the otherwise fresh water lake.

5.9   Kenyan Business Environment and CSR in Small, Micro and Large Businesses

Whilst multinational companies have a strong presence, the Kenyan business environment, like that of many developing economies, is characterized by a significant number of SMEs. This is profoundly important with regard to understanding and implementing national CSR policies and strategies. Furthermore, smaller or less visible companies have the same responsibility for the social and environmental impacts of their activities as large enterprises do for theirs. More specifically:

- Kenyan business consists of many local SMEs, a few medium sized enterprises, and large foreign multinationals. Small local enterprises have a weak financial base and visibility, which limits the adoption of CSR strategies by these enterprises, as compared to their large counterparts.
- There are huge social expectations placed on business organizations in Kenya, occasioned by large income disparities, low education levels among the population, and the high social visibility of multinational enterprises.
- Social and community political power is asymmetrical, favoring large foreign multinationals over other social actors. Protests aimed at multinationals have in the past been witnessed in several parts of Kenya (e.g. oil exploitation in Turkana, Titanium mining in Kwale, and Del Monte in Thika), driven by the perceived lack of local benefits from local resources or the exploitation of communities.
- The Kenyan business environment is weakly regulated. Local legal systems and frameworks are weak, nonexistent, or otherwise poorly enforced. Individual and communal rights are therefore not guaranteed and in some cases are grossly violated.

5.10 Perceived Barriers and Challenges to Effective CSR in Kenya

The concept of CSR is unclear and is variously defined. There is therefore no single national definition, which has resulted in its under-development. Furthermore, the scope of CSR is too narrow, often being perceived as philanthropy and social benevolence, whereas CSR should be developed to include governance, human rights, and environmental and economic issues. Similarly, there is no clear and unique CSR framework in Kenya, and no attempt has been made to formulate CSR policies. Instead, CSR has been viewed largely as a voluntary activity. Consequently, some actors have exploited the concept of CSR, either as a public relations stunt or, in the case of some unscrupulous NGOs and civil societies, obtained funding in the guise of promoting CSR. Because CSR is a voluntary activity, there is no discernable CSR education in Kenya. Kenyan Universities and other training institutions do not consider it a core area of study. This limits understanding of the concept and contributes to its underdevelopment.

Indeed, CSR in Kenya remains a new concept, and achieving effective CSR implementation poses several challenges. The cost of CSR activities is an important challenge for the majority of the businesses. This is explained by the business environment in Kenya, which while favorable to some sectors, such as mobile service provision and financial services, is generally characterized by the high cost of production due to high taxation and the costs involved in energy and transportation. This is further exacerbated by the intensity of competition among firms in a period of declining profits. The absence of a direct relationship between CSR and financial success has further reduced the popularity of CSR in Kenya.

Similarly, a corporate culture focused on short term and immediate outcomes is another critical barrier. While CSR is a strategic issue without immediate visible results, its long-term positive prospects are likely to far outweigh its costs. Management focuses on decisions that increase immediate returns for shareholders, while reducing the likelihood of adopting CSR programs. Other barriers relate to managerial and employee resistance to new approaches, such as accountability, transparency, and responsibility to stakeholders. New governance models that enhance CSR in Kenyan organizations are easily resisted.

Lack of clear Government guidelines and involvement in CSR and its voluntary nature reduce its application among Kenyan firms. This includes but is not limited to lack of Government policy and regulation on CSR and how to it should be mainstreamed.

Other challenges include:

- Legal environment. The lack of a foundations law in Kenya has subsequently affected the aspect of policy and tax relief for philanthropic organizations.
- Lack of confidence in the public sector. The lack of motivation on the side of foundations and other charitable institutions resulting from the government's inattention to community needs.

- Public attitudes towards philanthropy. The lack of proper and centralized documentation on philanthropy, creating a lack of public accountability and the duplication of activities.
- Inadequate information on philanthropic strategies and approaches to ways of giving that would effectively support development.
- Widespread perception of NGO corruption, such that giving to NGOs is largely the purview of larger corporate foundations.

5.11 Cases of CSR by Businesses in Kenya

5.11.1 Cirio Del Monte Kenya Limited

This is a Kenyan food processing company that operates in the cultivation, production and canning of pineapple products. It produces canned solid pineapple, juice concentrates, mill juice sugar, and cattle feed. Kenya's largest single manufactured export is canned pineapple, and the country ranks among the top five pineapple exporters in the world, both of which are direct results of the company's existence and operations. It is owned by Del Monte Royal, one of several Del Monte companies formed after the sale in 1965 of the US Del Monte Corporation. Later, in February 2001, Cirio Alimentare SPA bought up the group completely.

Based at Thika, a Kenyan industrial town with a population in excess of 200,000, Del Monte has had a presence in the region for 35 years, and has a long-term commitment to the area. Its employment policy of transferring international technical expertise in developing local management has been successful in Kenya, where almost all management is local. This is critical, since employee CSR has been one of the least well developed aspects of CSR in Kenya.

The plantations cover an area of about 5000 ha, and are patrolled by a large security corps. Between 5000 and 6000 farm laborers work on the plantations, taking turns in a variety of jobs. The size of the workforce in itself creates challenges for the quality of work life, including access to housing, and recreational and other facilities. The company boasts a worldwide reputation for quality, and a commitment to growing and using only the finest and freshest produce. It is one of the most respected names in the food industry and a brand leader in the canned fruit and fruit juice market sectors. The Del Monte label guarantees quality to consumers.

5.11.2 Production

In 2011, the company's annual revenue was estimated at $4.5 billion Kenyan shillings, and its processing capacity was 1500 t of pineapple daily. Due to the

company's existence and operations, the largest single manufactured export from Kenya is canned pineapple. Additionally, Kenya ranks among the top five pineapple exporters in the world due to the presence and operations of Cirio Del Monte Kenya. Their products are primarily exported to the European market. 34 % of the company's production is juice concentrate, 22 % is solid pineapple, 21 % is mill juice sugar, and 22 % is cattle feed.

5.11.3   Controversy

In the past, the company received negative publicity stemming from conflicts with workers and human rights groups (Oloo, 2004). Specifically, according to Kenya Human Rights Commission;

- Wages for casual and some seasonal workers at the Thika plantation were not enough to meet basic needs
- Toxic pesticides classified as extremely hazardous (Ia) and highly hazardous (Ib) by the World Health Organization were being used on the plantation
- Sanitation and living quarters in the villages built by the company was disgraceful
- Inadequate medical benefits and housing allowances were being paid to workers
- Internal trade union leaders were being intimidated
- Many workers' wages were reduced, as they were downgraded from permanent to seasonal status under a restructuring process
- Workers did not have the freedom to join trade unions, and union workers were not allowed to communicate with employees.
- There was no safety plan in the event of an emergency

In 2000, the company was asked by the KHRC to cease its intimidation of trade unionists. It was also required to address matters regarding worker protection from chemicals, housing concerns, and environmental pollution. The company was also ordered in 2004 by a Kenyan court to compensate three of its former employees who had been exposed to toxic emissions.

5.11.4   Company Responses

In 2001, the company took significant steps to address and correct matters as regards these concerns. Specifically, the company signed an agreement to support the campaign for worker rights, and shop stewards stated that positive changes were occurring. Additionally, in December 2001, the company started a tree-planting campaign in its neighborhood, as part of a pledge to promote sustainable land use and environmental protection. Since then, CSR has been the hallmark of the company.

5.11.5 *Safaricom Limited*

This is a public limited company incorporated within Kenya. It is one of the leading integrated communications companies in Africa, providing mobile and fixed voice as well as data services on a variety of platforms, and has over 17 million subscribers. Safaricom undertakes CSR programs through its Safaricom foundation. The activities entail directly sponsoring community activities, projects and events that make positive public contributions to the arts, culture, health, sports, education, and the environment. Safaricom's CSR goal is to impact communities in direct ways through support for community projects while generating positive publicity for the company.

In recognition of the growing challenge of e-waste management, and in order to augment the already existing e-waste management, it funded the purchase of a state of the art e-waste grinder for computers, to be utilized by Kenyan schools. It also invested in environmental supporting initiatives and wildlife conservation through participatory conservation activities, public education, and the sustainable preservation of natural resources. Accordingly, Safaricom was garlanded with the top Gold Award for planting over a million trees in 2009.

The company also supported initiatives that increase access to affordable health care, including specialized health care, which is out of reach of many Kenyans. It partnered with health care service providers and communities in constructing and equipping healthcare facilities, providing health information and services through medical camps and supporting the provision of specialized health services.

In partnership with the Kenya Red Cross Society and Action Aid International-Kenya, it implemented large scale community water projects, under the "*Maji na Uhai*" initiative, and committed funds for large-scale water projects in arid and semi-arid areas of the country. Safaricom has entered into partnerships with organizations and community groups to preserve and promote Kenya's natural heritage in arts, sports, music, and culture. For instance, it partnered the National Museums of Kenya and the Kenya Museum Society to renovate the Louis Leakey Auditorium. It has supported sports projects that provide opportunities for the integration of health, education, and life skills into sport. The company has also extended its partnership with "Alive and Kicking", an NGO that uses football and netball to create awareness of HIV & AIDS, malaria, and other key health issues among young people in Nyanza. Finally, it also sponsors the Sports Personality of the Year (SOYA) awards for excellence in sports.

Overall, the two cases demonstrate the centrality of philanthropic CSR in Kenya, and the challenges of embedding CSR in Kenyan business organizations' cultural mosaic. It also demonstrates the focal points of CSR in Kenya, what counts for CSR, and how firms undertake CSR activities. One caveat is that these two firms, while indicative of CSR in Kenya, may nevertheless not be fully representative of Kenyan firm as a whole.

5.12 Types of CSR in Kenyan Firms

Three problems were identified at the time Kenyan independence as comprising the focus of the new republic: poverty, disease, and illiteracy. However, and perhaps paradoxically, after half a century of social and economic progress, these issues still hold the country back. This has led to skepticism about the impact of CSR in Kenya. Accordingly, the main focal areas for CSR in Kenya include education initiatives aimed at improving access to quality basic education, reducing adult illiteracy, enhancing vocational skills, and health initiatives directed at combating communicable diseases such as HIV/AIDS, Tuberculosis and Polio (kick polio out of Kenya campaigns) and enhancing maternal health (the Beyond Zero campaign against maternal death and child mortality). Health concerns as a CSR issue apply to private as well as public institutions. Other focal areas include poverty reduction initiatives, through social, community and economic development, concern for underprivileged children, job creation, and food security. In addition, environmental issues are increasingly coming to the fore.

While there are several new initiatives undertaken in the guise of CSR, essentially outdated forms of CSR remain quite common in Kenya. These include a benevolent rather than developmental approach, common to CSR in business cycles, the support of a wide range of worthy causes mostly enlisted by cash donations, priority given to tax deductible categories of donation, 'discreet' giving, with low marketing profiles, and the absence of co-ordination and projects selected on the basis of funding applications from non-governmental organizations.

5.13 Reflections and Prospects of Moving CSR Agenda Forward in Kenya

On the basis of the foregoing elucidations, it is clear that the CSR agenda in Kenya should be deepened and broadened. CSR focal areas should be broadened to include (amongst others) governance, leadership, accountability, environmental sustainability, and human and economic rights. Accordingly, clear conceptualization and operationalization should be developed. Following from our discussion of the local definition of CSR, this requires further refinement. It is necessary to raise awareness and clearly define CSR and its role, as companies' activities often are scattered and haphazard.

The Government of Kenya should nonetheless first and foremost establish a CSR authority to set, define, operationalize, and implement benchmarks for CSR in Kenya. Concerted efforts should be made to attract and promote socially responsible investments that contribute to the social good. The focus should move from purely philanthropic activities to sustainable programs that address development challenges. This entails building a stronger business case for CSR beyond philanthropy and benevolence. This entails the need for the strategic integration of CSR as

a company long-term strategy, as well as embedding CSR within organization culture, in order to guarantee organization sustainability.

There is a need to expand beyond social responsibility to other variants such as corporate citizenship, which captures not only business obligations but also its place among other issues. Stakeholders should deepen and broaden support for gender specific empowerment. Industry players should be encouraged to promote industry-wide codes for mainstreaming CSR. Codes of standards and/or conduct should be encouraged across all sectors and industries. In the absence of (or merely inadequate) self-regulation and voluntary standards, Government regulation should be introduced to develop and apply CSR policies and standards uniformly across all sectors and industries. This is also needed to promote the role of business associations in self-regulation. It is also important to partner with universities and academia to inculcate a culture of awareness and ethical behavior among the youth and future leaders, and to engage experts in identifying and developing programs for practical CSR, such as preparing CSR handbooks and providing advisory services.

Finally, there is a need for the globalization and internationalization of CSR beyond the local context. There is a need to ratify and promote international and global CSR standards and policies through collaboration and networking. This is already underway through such practices as fair trade regulation. As such, there is a further need to explore ways in which CSR programs on the local level can be made to complement the efforts of multinationals and their supply chains.

5.14 Conclusion

Several conclusions may be drawn from this examination of CSR in Kenya. Firstly, CSR is a construct that is clearly weakly operationalized and poorly defined. It could simply be argued that in the Kenyan context, CSR is the 'humanistic orientation' of firms. No discernable CSR definition unique to Kenya has hitherto been identified in literature, but after systematic evaluation, we have suggested a definition of CSR in the Kenyan context. Secondly, CSR in Kenya is the product of a social, cultural, economic, and political environment. More importantly, cultural aspects such as the Swahili culture, with its rich proverbs and heritage, influence the orientation of CSR. Furthermore, its promotion of mutual responsibility, shared destiny and communitarianism make CSR a naturally acceptable phenomenon.

5.14.1 Implications of CSR in Kenya

5.14.1.1 Social Implications

Whilst CSR in Kenya can easily be socially and culturally embedded, close examination of several firm missions, visions and actual strategies point to CSR

as only a peripheral concept. This is paradoxical. This state of CSR can be accounted for by a weak institutional framework and managerial dispensation that focuses more on shareholder value and organization survival than a responsibility to all stakeholders. Furthermore, unfulfilled social and cultural expectations have led to cynicism, pessimism, social disaffection, and outright suspicion towards corporate entities. This demonstrates the urgent need to institutionalize CSR, to align long-term corporate vision and mission to local CSR needs, and to bring about the cultural change that would embrace CSR as a non-negotiable instrument for social development.

5.14.1.2   Political Implications

Whereas political rhetoric has been highly prominent in Kenya, political CSR is poorly developed, rarely appreciated, and subjected to abuse, despite its immense potential. Such political ills as inequitable distribution of national wealth and high levels of poverty and unemployment could easily be addressed by political CSR. A devolved system of Government is likely to change the nature of political CSR, but it remains in its infancy and faces many challenges. This calls for more political and legal reforms in order to augment the process of political CSR, and for a participative national dialogue concerning Kenya's priorities in the twenty-first century.

5.14.1.3   Managerial Implications

First and foremost, it is critical to inculcate CSR as an indispensable ingredient of long-term corporate success. Management ought to align their organization to local perspectives and contexts. As such, corporate and institutional entities should ensure that CSR is systemic and embedded as part of their long-term strategy for sustainable engagement with stakeholders. While philanthropy is necessary, it is insufficient as a guarantee of social progress. Thus, there is need for a long-term perspective on the environmental and systematic steps that need to be taken to support communities and stakeholders build their own capacities.

5.14.1.4   Research Implications

There is an urgent need to build theoretical and empirical perspectives based on current CSR research in Kenya and elsewhere in Africa. In order to expand the breadth and deepen the understanding of CSR, there is a need for a national debate and for consensus on the nature and state of CSR in Kenya. This paper has begun that debate, by presenting our perspectives and those of others. Further multi-disciplinary CSR studies across sectors in Kenya and other contexts are required in order to explore the impact of CSR initiatives, processes, and its outcomes for stakeholders. African business schools should develop academic and research

capacities on CSR related issues. This calls for the introduction of CSR studies at both undergraduate and postgraduate levels, and for the integration of CSR into the business education curriculum.

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Chapter 6
Corporate Social Responsibility in Tanzania

Samuel E. Fulgence

Abstract Corporate social responsibility (CSR) origins traced with early industrialists is now viewed as "*one of, if not the most important issue of our time*" [Hopkins (The planetary bargain: Corporate social responsibility comes of age. Macmillan, 2007)]. Its concept is *dynamic, multifaceted and global;* but it has proved to be a contentious matter across the world. It is a plethora of concepts that have emerged to express the role and responsibilities of business in society [Judy (Corporate Social Responsibility in Africa: Definitions, Issues and Processes, 2012)] which has developed a vast body of literature that supports and critiques its principle of the triple bottom line that has left a lot of un-attempted questions from practitioners and academia in most developing countries and, in particular, Tanzania. These questions, among others include what role do politicians, government regulation, legislation, and voluntary standards play in the adoption of CSR strategies? Which CSR theory is currently adopted? What are the benefits of CSR practices taking into consideration its cost to implement? What are the challenges and opportunities faced by both public sector and private companies seeking to engage in CSR programmes? The aim of this paper is to explore and critically review how CSR is embryonic and being practiced in Tanzania. The questions asked above are examined in a deep review of literature. The study employs inductive approach with a cross-sectional literature review which applies the analytical research method to underpin the subject matter. More than 40 current articles, including peer and non-peer reviewed research papers, surveys and several materials such as books and news paper have been gathered and reviewed accordingly. The analysis reveals that the CSR awareness and practice in Tanzania is increasing at a significant rate, despite the fact that there are a lot of challenges and barriers which hinder its promotion. A number of factors influencing and promoting CSR practices, including CSR opportunities in Tanzania, are also explored in detail. By accumulating knowledge of, and recommending continues improvements in CSR, this work is expected to be of high interest to create awareness to practitioners, researchers, academicians, politician's, investors and the nation at large. This in turn will help to improve the country's competitiveness in attracting CSR

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practices, as well as encouraging both foreign and local entrepreneurs to comply with CSR standards and codes of practice.

6.1 Introduction

It goes without saying that there is far more research on corporate social responsibility (CSR) in developed than in developing countries particularly in Tanzania. Also it goes without denigration that CSR plays a key role in contributing to sustainable development while enhancing a country's innovative potential and competitiveness. Yet, one could claim that the need for CSR is more pronounced in the latter since there are gaps in social provision and governance. In other words, constituencies and institutions providing social goods are generally fewer in developing countries than in their wealthier counterparts. Under these circumstances, companies tend to come under heightened requirements and expectations to fill those gaps (Baughn, Bodie, & McIntosh, 2007). In recent years, there has been a significant growth in the number of enterprises that have an explicit policy on CSR. At the same time, the practice of CSR has evolved considerably. In an increasing number of companies, CSR and sustainability have become cross-cutting issues that are deeply integrated within both operations and strategy (Lauwo, 2013).

CSR can contribute to a number of social, environmental and economic policy objectives. Traditionally, in Tanzania, Corporate Social Responsibility (CSR) is widely understood as philanthropy ("*doing good with part of the profit*") and thus refers to charitable community support projects in most cases. In the contemporary global business environment, CSR generally refers to sustainable business performance, i.e. the principle to generate profit itself in a socially and environmentally responsible way (Mader, 2012). Community involvement and development is part of this, but other aspects, such as labor practices/human rights, environmental friendly production methods, and fair and transparent operating practices are equally important. To date most of the key concepts and tools addressing CSR have been developed globally by and for large enterprises leaving a considerable gap for SMEs. Whenever possible, this chapter also considers the situation of SMEs.

6.2 Historical Background of CSR in Tanzania

The historical background of the CSR in Tanzania started with CSR introduction in 1950s and passed through several phases including the pre- and post colonial era. Since independence in 1961, there has been a strong local desire to encourage and maintain ethical business practices, public accountability, transparency and good governance in Tanzania. To address and promote CSR in Tanzania, a number of

institutional reforms (Policy Forum, 2007) as well as rules and regulations had been formulated from time to time.

The reforms were aimed to replace the capitalist private sector market economy inherited from the colonial government with the state owned centrally planned and controlled economy (Ngowi, 2007). Examples of these reforms were contained in the Ujamaa policy which called for *self-reliance* oriented from economical and political policies. However, lack of public accountability and too much discretion and monopoly control skewed the benefit in favour of the political elite instead of the intended societal beneficiaries (Avi-Yonah, 2006; Bagwacha, Mbele, & Van-Arkadie, 1992; Lauwo, 2013).

The rules and regulations were formulated to promote public accountability and good governance and to foster good CSR practices. Among others, include the Arusha Declaration enacted the late Mwalimu Julius K. Nyerere's Government; major legislative reforms made in 1990s and many other initiatives which are discussed in Sect. 6.3 hereunder. However, to date there is inadequacy of regulatory controls on public accountability and transparency in respect to corporate responsibility.

In fact, the Tanzanian government failed to create adequate policies and institutional structures which would promote public accountability, responsibility and transparency in the state-owned enterprises (SOEs) (Fulgence, 2013, 2014; Melyoki, 2005). As a result, various anti-social practices (such as corruption, embezzlement, nepotism) have become endemic in Tanzania and so has severe and widespread poverty (Heilman & Ndumbaro, 2002).

6.3 The Legal and Regulatory Framework in Tanzania and CSR Practices

It has been pointed above that since independence in 1961, there has been a strong local desire to encourage and maintain ethical business practices, public accountability, transparency and good governance in Tanzania. Thus, successive Tanzanian governments have attempted to pass new laws and regulations to promote public accountability, good governance and to foster good CSR practices (Lauwo, 2013). However, as the post-independence codes of conduct retained most of the features of the codes from the former colonial regime,[1] Tanzania's ability to promote CSR reporting and to protect the public interest has remained limited (Shivji, 1976). For example, the Companies Act 1932–CAP 212 (as amended), which was enacted in 1929 during the British colonial period and which laid down requirements for addressing governance issues in the colonial government, remained in force for

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[1] While colonial codes of conduct were created to deepen the colonial interest of wealth accumulation, their pertinence in addressing post-independence socio-political and economic issues in Tanzania, and CSR practices in particular, has been questionable (Shivji, 1975).

many years in post-independence Tanzania and was not amended until 2002 (Lauwo, 2013). Although the Companies Act of 1932 required directors to improve corporate disclosure and to act in good faith to promote the best interests of the company, stakeholder interests have remained subordinate to the financial interests of shareholders. To date despite these amendments made in 2002, most of the things still remained in force.

In 1967, President Nyerere's government enacted new codes of conduct, enshrined in the Arusha Declaration,[2] with the aim of promoting socio-economic development, public accountability, responsibility, good governance and corporate responsibility. However, despite the rhetoric of the Arusha Declaration, the reality left much to be desired by Tanzanian citizens (Killian, 2006; Lauwo, 2013). Thus, laws and regulations continued to promote rent-seeking practices among the elite at the expense of the needs of the wider society. This constrained the possibility of promoting corporate disclosure, public accountability and good governance (Fischer, 2006).

In the 1990s, major legislative reforms were implemented by the Tanzanian government in order to integrate its economy into the global market. This led to a proliferation of new laws and regulations which contained, *inter alia,* provisions requiring public accountability, responsibility, transparency, and enhanced corporate disclosures (Lauwo, 2013). These laws and regulations also sought to address and promote the issues of environmental protection and management. For instance, in 1997, in line with Agenda 21 of the Rio Declaration (which required a cross-sectoral integration of policies, plans and programmes for the effective management of the environment), the National Environment Policy (NEP) was introduced. The NEP required companies to ensure the sustainable and equitable use of resources without degrading the environment or risking health and safety. However, although the NEP required companies to prevent and control environmental degradation in Tanzania, the reality has left much to be desired.

Following the global environmental concerns of the UN Conference on the Environment and Development (UNCED) at the Earth Summit in Rio Janeiro in 1992 and reaffirmed in Johannesburg in 2002, Tanzania has had to implement other environmental law reforms. Thus, in 2002 the Tanzanian government enacted the Environmental Management (EM) Act No. 20 of 2004 to replace the National Environment Management Council (NEMC) Act of 1983. The EM Act (2004c) requires companies to submit an environmental impact assessment (EIA) together with an environmental management plan (EMP), before commencing operations. The Act requires companies to control and prevent pollution, manage waste products, and provide restoration plans. The Act set out the penalties for failing to comply with the provisions; however, as the penalties for breach have remained

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[2] The Arusha Declaration was pronounced by President Julius Nyerere on 5 February 1967. Outlining the principles of Ujamaa, Nyerere's vision of socialism sought to bring the economic and political spheres under state control. The Ujamaa policy called for self-reliance oriented economic and political policies to replace the capitalist private sector market economy inherited from the colonial government (Ngowi, 2007)

relatively low, companies may decide that it is cheaper to pay the penalty than to internalize the environmental costs (Fischer, 2006; Lauwo, 2013; Moon & Vogel, 2008). For this reason, to date the environmental reforms may have little impact.

In an attempt to address local and global pressures and to improve CSR, in 2002, the Tanzanian government enacted the Companies Act 2002 (CA, 2002), which amended the Companies Act 1932. The CA 2002 made important changes to Tanzanian company law in order to incorporate global developments into domestic law with regard to accounting disclosures, corporate governance and directors' duties. For instance, section 183(1) provides the: 'matters directors of the company must have regards to in the performance of their functions, which include, having regard to the interests of the members, company's employees' and stakeholders. Despite this requirement the stakeholder interests are often subordinated to the pursuit of shareholder interests. Furthermore, while section 206 of the CA requires audited financial reports to disclose details of the remuneration of directors and other officers, there is no obligation on companies to disclose information about, for instance, employee discrimination, employee health and safety, tax planning schemes, pollution and environmental degradation caused by corporate activities, and social difficulties caused by corporate acts and omissions in local communities (Curtis & Lissu, 2008; Lauwo, 2011, 2013).

In response to the requirements of the International Labour Organization (ILO) (2008) and the Universal Declaration of Human Rights (UDHR) with regard to employee working conditions and human rights issues, the Tanzanian government enacted the Employment and Labour Relations Act (2004a) and the Labour Institutions Act (2004b) (which came into force in 2007 and 2006 respectively). In response to ILO requirements about the importance of improving health and safety in the workplace and reducing workplace injuries and accidents, the Tanzanian government enacted the Occupation Health and Safety Act (2003) and the Workers' Compensation Act (2008). These enactments contain provisions requiring companies to improve workplace conditions and to protect employees against hazards to health and safety arising out of, or in connection with, activities at work. However, despite these provisions, there is much to be desired in the workplace in Tanzania (Detomasi, 2008).

A number of laws and regulations have also been enacted in Tanzania to impose obligations on companies in respect of a variety of social issues, including occupational health and safety, labour standards, non-discrimination and environmental protection. However, the ability of these provisions to promote public accountability, good governance, corporate responsibility and transparency has not yielded positive results (Lauwo, 2013).

The inadequacy of regulatory controls on public accountability, transparency and corporate responsibility in Tanzania has attracted both local and international NGOs attention. NGOs and other pressure groups (including academia and the media) have expressed concern about the activities of corporations, as their pursuit of profit and the maximization of shareholder returns is often in conflict with the social welfare of ordinary citizens (Action Aid, 2008; Christian Aid, 2005, 2008).

6.4   The Concept of CSR and Its Importance

CSR is located in wider systems of responsibility in which business, governmental, legal and social actors operate according to some measure of mutual responsiveness. CSR theories, concepts and ideas primarily originate from market economy countries with relatively strong institutional environments in which regulation is efficient and fairly enforced (Dobers & Halme, 2009). Yet in a number of emerging economies and developing countries with weak institutional environments underlined by arbitrary enforcement of law, bureaucratic inconsistency, insecurity of property rights and corruption, corporate social responsibility may get a very different twist (Emel, Makene, & Wangari, 2012).

Since its introduction in the 1950s the concept of CSR has received considerable attention at various circles of development discourses; however, there is still no consensus today as to how the concept should be defined (Lema & Bahri, 2013). According to a recent online study (Dahlsrud, 2008), the most commonly used definitions of CSR come from the Commission of the European Community in 2001 ('*A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis*' as found in Dahlsrud (2008, p. 7) and from the World Business Council for Sustainable Development in 1999 ['*The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life*' as found in Dobers and Halme (2009)]. Both organizations have more recent definitions, but they have not been in use for long. There are multiple definitions provided by different authors, scholars, key organizations and actors out of which (Dahlsrud, 2008) analyzed 37 definitions of CSR.

These multiple definitions are in part an evidence of a rather complex and multidimensional nature of CSR practices. Richardson (2000), Dahlsrud (2008) had once noted that a single term CSR has also been referred to under a number of different phrases (connotations) namely corporate citizenship, corporate philanthropy, corporate giving, corporate community involvement, community relations, community affairs, community development, corporate responsibility, global citizenship, and corporate societal marketing. To date there is no a common definitions/meaning of the term CSR. These definitions provide the principle focus and implications of CSR in general as discussed hereunder.

6.5   The Principle Focus and Implications of CSR

Aforementioned, there are several meanings of CSR concept which provides a number of principle focus and important implications as follows:

6.5.1   The Integration of Social and Environment

The fact that CSR is the integration of social and environmental concerns within business operations means that CSR is not just philanthropy. The focus is on how enterprises do their daily work: how they treat their employees, how they produce goods, how they market them, and so on. The implications of this concept on CSR is not so much about what enterprises do with their profit, but how they make that profit (Dahlsrud, 2008). This is contrary to philanthropy point of view which is now practiced in Tanzania.

6.5.2   The Integration with the Stakeholders

Integration with stakeholders is a crucial aspect of CSR. Effective CSR requires dialogue and partnership with stakeholders such as trade unions, public authorities, non-governmental, and business representative organizations (Lema & Bahri, 2013). In practice, this principle is giving a little consideration in Tanzania. In most cases, the organizations consider the integration with their shareholders rather than stakeholders.

6.5.3   CSR Is Described as a Voluntary Concept

By describing CSR as voluntary, this definition implies that CSR relates to what enterprises can do in the social and environmental fields over and above what they are required to do by law (Dahlsrud, 2008). This aspect of the definition works well within the European Union and in other contexts where the rule of law generally applies. In some countries, however, CSR can in the first place be a question of getting enterprises to comply with their legal obligations (Dobers & Halme, 2009). In Tanzania although the rules, regulations and laws are made, its reality practice has left much to be desired (Lauwo, 2013). In most cases, this principle is applied as voluntary and as a tool for business competition.

6.5.4   CSR Concept Complexity

CSR is a very wide-ranging concept, which is one reason why measuring its uptake and impact presents complex methodological problems. It is often divided into four main areas: workplace, market-place, environment and community (Dahlsrud, 2008; Lauwo, 2013).

- Workplace CSR refers to how a company treats its employees. It includes issues such as recruitment, work-force diversity, pay and working conditions, health and safety, and recognition of trade unions. It can also refer to human rights issues.
- Marketplace CSR covers the ways in which a company operates in relation to its suppliers, customers and competitors. It covers issues such as responsible advertising and marketing, dealing with customer complaints, anti-corruption measures and ethical practice, and imposing social and environmental requirements on suppliers.
- Environment-related CSR describes the measures a company can take to mitigate its negative impact on the environment, for example energy efficiency measures or less use of pollutants. It can also refer to goods and services that actively help to improve the environment.
- Community-related CSR refers to the relations between the company and the citizens and communities that may be affected by its operations. It includes issues such as human rights, dialogue and partnership with potentially affected communities, and active contribution to community wellbeing, for instance through employee volunteering schemes.

Some of these areas inevitably overlap in practice. For example, the environmental dimension of CSR can be of great importance in relations with communities affected by the operations of an enterprise (Mader, 2012). Transparency and communication about social and environmental performance are crucial aspects of CSR which cut across these four areas. The practice of publishing sustainability or CSR reports has become increasingly common, especially amongst large enterprises while SMEs does not consider it necessary.

Despite these numerous definitions and principle implications for CSR, describe above, in order to maintain consistence throughout the article, the author adopted the CSR definition from the Commission of the European Community in 2001 "*A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis*" as found in Dahlsrud (2008, p. 7). However, to make it easier for the reader to follow the concept presented, where deferent definition is used within this article, the author has indicated it.

6.6 Key Stakeholders Promoting CSR and Their Practices

Although the concept of CSR is relatively new in Tanzania, it has been practiced for a long time. A number of initiatives reflecting its presence have been carried out by both public and private business institutions. CSR has received attention from the local and international development partners who bring in financial and technical resources. These include agencies such as DFID; ICUN, GEF; WWF; FAO; WB; USAID; UNDP; UNEP, CARE, as well as Governments of Finland, Norway,

Denmark, Netherlands and Sweden. According to Lauwo (2013), Richardson (2000), the CSR landscape in Tanzania is developing fast. At present it is mainly driven by:

1. The international business sector, in particular the extractive industry, which has a special interest in following international standards for responsible/sustainable management and performance.
2. An "anti-corruption" movement in politics which reflects on the private sector.
3. Local and regional business initiatives that wish to increase the visibility of CSR.

A lot of the stakeholders from different levels have shown positive initiatives in promoting the CSR activities in the Country. Some of these stakeholders are discussed hereunder.

6.6.1 The Government

Businesses are always expected to be more innovative in creating better relations with the immediate communities as doing this safeguards their own interests. But at the same time, the overall responsibility for the welfare of the communities, including mobilizing contributions from other stakeholders, remains to be the primary role of the government. Whether the government uses legislative instruments or other forms of inducements, it is in its interest to ensure that resources of the country are exploited for the benefit of both investors and the citizens. To promote the CSR activities in the country, the following initiatives were established by the Government:

The **Tanzania National Business Council (TNBC)** is the formal forum for consultation between the public and the private sectors, chaired by the President of Tanzania. The council is made up of 40 representatives, 20 from the private sector and 20 from the Government and includes representatives of organized labour and academia. Its agenda is proposed by the Tanzania Private Sector Foundation (TPSF) (Lauwo, 2013). The TNBC also established the Local and International **Investors' Round Tables** consisting of members from the Government, Tanzania private business and representatives of foreign investors, respectively, as well as the **SMART partnership** hub for dialogue from local to district, regional and national to international level, including small and informal sector players, too.

The **Tanzania Investment Centre (TIC)** was formed as primary agency of the Government to promote and facilitate investment in the country and to advise the Government on investment related matters. TIC is also assigned to coordinate projects within the scope of the **Public-Private-Partnership Act, 2010**, for the mainland, which encourages the business sector to be a "development partner" to the country, by following pro-poor business models on the one hand, and by supporting the country's development goals, on the other. The Act includes rules and guidelines to promote private sector participation in the provision of public

services through partnership projects that access investment capital, managerial skills and technology.

The **Tanzania Mineral Audit Agency (TMAA)** under the **Ministry of Energy and Minerals** was established to facilitate the maximization of Government revenue from the mining industry through effective monitoring and auditing and to ensure sound environmental management in the mining areas. The **African Peer Review Mechanism**, voluntarily adopted by the member states of the African Union, promotes and re-enforces high standards of democracy and political governance, economic governance, corporate governance and socio-economic development. It is a self-monitoring mechanism. Recently, Tanzania has undergone its first review (Lema & Bahri, 2013), and program has show positive results (Corrigan, 2015). Tanzania is also a member of the **African Parliamentarians Network Against Corruption (APNAC)** which seeks to strengthen parliamentary capacity to fight corruption and promote good governance and NEPAD which was designed to promote sustainable development and growth in the continent through African Partnerships and regional co-operations.

6.6.2   Foreign Governments and International Aids

International development agencies such as the United Nations, the Organization for Economic Cooperation and Development, the European Union and others have developed guidelines, principles and other instruments that set the tone for social norms for governments and organizations. The International Labour Organization plays an important role as well in integrating labor standards and social dialogue as key aspects of CSR in its member states including Tanzania. USAID supports public-private partnerships that aim to significantly expand and deepen the impact of development assistance by linking U.S. foreign assistance with the resources, expertise, and creativity of private sector partners.[3] This enables enterprises to rethink their appropriate roles as corporate citizens. Norwegian Church Aid in Tanzania supports civil society in poverty reduction activities and environmental issues. The Tanzanian German Programme to Support Health shares a goal with the Health Sector Reform to improve the health and well-being of all Tanzanians, with a focus on those most at risk and to encourage the health system to be more responsive to the needs of the people. The Global Reporting Initiative is a partnership between the United Nations Environment Programme (UNEP) and the Coalition for Environmentally Responsible Economies (CERES) aimed at developing voluntary guidelines for private sector companies and other enterprises to use as they report on the economic, environmental, and social effects of their activities, products, and services (Cooper & Owen, 2007). This initiative is also operational in

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[3] http://sa.usaid.gov/southern_africa/content/global-development-alliance, as accessed on 9th April 2014.

Tanzania. A number of these development agencies have formed the **Development Partners Group (DPG)** to harmonize and coordinate policy dialogue in the management and administration of aid to Tanzania.

Furthermore, certain agencies, such as the Danish, UK and German, has shown particular interest in supporting anti-corruption and ethical business initiatives. The Canadian International Development Agency is very much engaged in supporting responsible mining, particularly in collaboration with African Barrick Gold, which developed from a Canadian corporation; while China, India, Japan, South Korea, Brazil and other partner countries represented in Tanzania focus more exclusively on trade relations and collaboration in infrastructure projects.

6.6.3 The Private Sector

The idea that business is part of society, and therefore has community and national responsibilities is becoming more significant and established in the culture and economic history of many African countries including Tanzania. This combined with the influence of multinationals and international institutions such as the UN Global Compact means that CSR is being carried out both by local businesses and foreign investors, and is increasingly encouraged by governments. Companies recognize their role of not only giving back to community but also managing risks, attracting capital, driving innovation, developing new markets, differentiating products and services in a competitive market as well as complying with present and future regulatory requirements.

Over the last few years in Tanzania, most foreign firms in the banking, telecommunications and mining sectors have been active in CSR. Particularly, their charitable activities are covered by the media on a regular basis as shown in the snapshot provided at the beginning of this chapter. In 2010 and 2012, Bank M, in collaboration with the East African Business Council (EABC), introduced and sponsored the **East African CSR Awards** to recognize companies excelling in various aspects of CSR. More than 50 companies participated in this event. The initiative was designed and coordinated by Africa practice, an international consultancy firm. It generated a lot of publicity and contributed to higher awareness on CSR in Tanzania.

In the **mining sector**, some of the companies subscribing to CSR principles are Barrick Gold with its much publicized "responsible mining" approach, AngloGold Ashanti, Resolute Mining, and Tanzanite One. A growing number of companies in the **oil and gas industry,** investing or looking to invest in Tanzania, also have CSR aspects in their focus.

International **Audit, Tax, and Accounting firms** such as Deloitte, KPMG, PWC, Ernst and Young, Innovex and BDO have CSR high on their agenda and provide or consider providing services in this area in Tanzania. A number of business organizations and networks show increasing interest in CSR, such as the **CEO Roundtable** which brings together over 60 leading companies in Tanzania in

a forum for business-related and policy dialogue. The **Tanzania Responsible Business Network (TRBN)** unites companies with a focus on sustainable and ethical business behavior, particularly to champion anticorruption initiatives in the country's private sector.

Tanzania Private Sector Foundation (TPSF) is an initiative by the private sector to promote private sector-led social and economic development in Tanzania with a focus on policy and capacity building. Supported by a number of international donors, TPSF works closely with the Tanzania National Business Council (TNBC). A number of industry-based umbrella organizations exist in Tanzania, such as the **Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA)** which operates offices in most regions and districts in the country to provide business advice, development and intermediary services at a local level. TCCIA also supports dialogue and partnership between the private and the public sector, with media organizations and with civil society.

The **Confederation of Tanzania Industries (CTI)** operates from Dar es Salaam, Arusha/Moshi, Mwanza and Tanga and has over 280 small, medium and large enterprise members to lobby and advice the Government on an enabling industry environment in view of positive contributions to the country's overall development.

The **Tanzania Chamber of Minerals and Energy (TCME)** has close to 60 members which are active in the mining sector from exploration to production. It acts as a voice for the industry and a mediator between the mining investment community and key stakeholders, including the Government and the public.

Examples for business groups with a particular country focus are the **American Chamber of Commerce** and the **British Business Group Tanzania (BBGT)**. The latter works closely with the British High Commission and it is also the representative of UK agencies and other stakeholders who work together in order to improve the business environment and economic potential of Tanzania. The American Chamber of Commerce shares similar goals. Both of these organizations also aim at strengthening the growing business ties between respective home countries and Tanzania. Service clubs, such as the **Rotary and Lions Clubs**, bring together business and professional leaders in order to organize specific campaigns for community development and to support various charity projects. The **Association of Tanzania Employers (ATE)** represents the interests of more than 900 members, including business associations and individual enterprises, large or small, both, in the private and parastatal sectors. It involves itself in dialogue with the Government, Trade Unions and national tripartite bodies, such as the National Social Security Fund (NSSF), Zanzibar Social Security Fund (ZSSF), the Public Servants Pension Fund (PSFF); Local Authority Provident Fund (LAPF) etc., to bring about sustainable socio-economic development in Tanzania. The ATE provides to its members advisory and representation services in areas such as legal and human rights and human resources development.

6.6.4   The Civil Society

Tanzanian civil society involvement in public-private sector dialogue is generally weak and calls have been made for greater representation of civil society organizations (CSOs) in order to ensure broader and more inclusive dialogue processes, particularly at the local level. One of the most active CSOs in the country is the Foundation for Civil Society, a Tanzanian non-profit company that holds Public Policy Dialogues (PPD) to bring different stakeholders together to discuss developmental issues.[4] Although there is no evidence of the direct involvement of the Foundation in CSR related activities in Tanzania, the Foundation in collaboration with other institutions like the East Africa Association of Grant Makers (EAAG) supports the recognition of outstanding contributions of individuals and organizations to strategic social development and to the growth of the philanthropic movement in East Africa.[5]

The **Foundation for Civil Society** is a grant-giving organization that aims to establish an intermediary support mechanism for civil society organizations in Tanzania to increase capacity and enable effective engagement in poverty reduction. It holds public policy dialogues to include different stakeholders in discussions on development. Tanzania has a large number of Civil Society Organizations, NGOs and Faith Based Organizations which are active in sectors such as health, education, environmental conservation, legal matters and advocacy. Civil society involvement in public private partnerships and dialogue is not widely established.

6.6.5   The Media

Media play an important role by conducting different programmes aiming at educating and empowering people on relevant issues reflected in CSR initiatives related to health, the economy, education, security, politics and the society in general (Kelsall, 2001). While the quality of investigation and reporting remains generally weak, Tanzania's **media** are quite free to report critically on politics and matters of common interest. Negative impact of the mining sector, environmental issues, destruction of national parks and game reserves areas including wild animals (such as poaching), side effects of agricultural reforms, social discrimination and abuse (such as the killing of people with albinism) are covered regularly (Arnold et al., 2013). Concerns on the preparedness of the country for the rapid growth of the gas and oil industry are openly expressed, too. The media play a catalyzing and leading role in the current public debate around corruption in the public sector.

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[4] World Guide to CSR (2010).

[5] http://www.thefoundation.or.tz/foundation-news-view.php?newsID=450, as accessed on 10th March 2014.

6.6.6   Academia and Professionals

Although there is no specific evidence on long term CSR education in Tanzania, a number of academic institutions are taking up CSR as an important dimension of governance, some of these programmes are, firstly, the CSR Management Training Programme supported by the Aga Khan Development Network Civil Society Programme (AKDN-CSP) and the International Business Leaders Forum (IBLF), and jointly delivered by the University of Dar Es Salaam Business School (UDBS), and the Institute of Finance Management (IFM).[6] Secondly, the Eastern and Southern African Management Institute (ESAMI) in collaboration with the Maastricht School of Management offers training courses on Competitiveness Aspects on Sustainable Business Development and Corporate Social Responsibility (CSR) in Arusha Tanzania.[7] Thirdly, Dar Es Salaam University, in collaboration with the University of Pretoria, hosts a Centre of Environmental Studies (CSR). Fourthly Mr. Fulgence in his effort to launch new course—Public Sector Accounting and Finance which was launched in September 2013 in Tanzania Institute of Accountancy (TIA); set a module for corporate governance and social responsibility. Now the module is taught as a core subject for candidates studying PSAF course. Other CSR-related institutions operative at the University is a Gender Centre and a Centre for Entrepreneurship Development (CEO), and lastly, Mzumbe University in collaboration with Principles for Responsible Management Education (PRME) have included CSR and Ethical Governance as priority area for masters' level thesis dissertation. As a result a number of candidates are already doing research on related issues.[8]

The independent **Dar Es Salaam Institute for Sustainable Development** was opened with support by the Finnish Government in order to train key government officials and organizational stakeholders in environmental, social and economic aspects of sustainable development. The institute promotes networking among regional actors, too, particularly with other East African Community members.

The National Board of Accountants and Auditors (NBAA) Tanzania through its Institute of Directors has involved the courses on Corporate Governance and social Responsibility in their course Director's courses. Those modules are included in taught and research modules and the candidates have to pass before been issued with certificate of completion.

The independent **Economic and Social Research Foundation (ESRF)** was established to strengthen policy analysis and development management and to enhance the understanding of policy options in the government, the civil society, the donor community and the growing private sector. Research activities focus on

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[6] www.iblf.org/~/.../CSRTraining_AKDN.ashx, as accessed on 2nd April 2014.

[7] http://www.roundtableafrica.net/getattachment/News-and-Events/RTA-News/Training-Programs-2011-2012/RTA-training-programs.pdf.aspx, as accessed on 10th April 2014.

[8] http://www.unprme.org/participants/view-participants.php?partid=2814, as accessed on 5th April 2014.

subjects such as Inclusive Growth and Wealth Creation, Social Services and Social Protection, Natural Resources and Environment Management as well as Governance and Accountability. Another independent research institution which creates knowledge to facilitate socioeconomic development is **Research on Poverty Alleviation (REPOA).** It produces research in the areas of Growth and Poverty, Vulnerability and Social Protection as well as Governance and Service Provision. Also it facilitates knowledge sharing and the use of research results in policy development, and provides training courses on various aspects regarding poverty analysis.

6.7   Motives for Implementing and Promoting CSR

Aforementioned, in Tanzania CSR is perceived as philanthropy; from the same perspectives, the motive behind CSR implementation is that the corporations use their charitable efforts to improve their competitive context—the quality of the business environment in the location(s) where they operate (Lange, Wallevik, & Kiondo, 2000). Using philanthropy to enhance context brings social and economic goals into alignment and improves a company's long-term business prospects. Addressing context enables a company not only to give money but also to leverage its capacities and relationship in support of charitable causes. That produces social benefits far exceeding those provided by individual donors, foundations, or even governments (Porter & Kramer, 2002).

The motives for implementing and promoting CSR in most of the companies in Tanzania are in the same assumptions above. They can be categorized into two main categories. The first category comprises of those entities which describe CSR in a traditional way. In this context, they view CSR mainly as a tool for enhancing the company's image [a 'reputation' type (Porter & Kramer, 2002)]. The second category, on the other hand, includes those entities with a non-economic interpretation of CSR [a 'moral obligation' type (Lange et al., 2000)]. In this context, they view it as an act 'giving back to the community', irrespective of economic returns.

In Tanzania, while some companies' CSR practices are shaped by internal legal frameworks mandating their corporations to focus on economic performance and increased business volumes centered on market efficiency and risk management, majority of companies corporate philosophy on CSR has changed significantly as companies are seeking to be part of sustainable development (Lauwo, 2013; Lema & Bahri, 2013).

There are many other motives for implementing and promoting CSR in Tanzania some of which are discussed below:

6.7.1 Cultural Tradition

While many believe CSR is a Western invention (and this may be largely true in its modern conception), "there is ample evidence that CSR in developing countries draws strongly on deep-rooted indigenous cultural traditions of philanthropy, business ethics, and community embeddeness".[9] Indeed, some of these traditions go back to ancient times. For example, Visser and Macintosh (1998) recall that the ethical condemnation of usurious business practices in developing countries that practice Hinduism, Buddhism, Islam, and Christianity dates back thousands of years. Similarly, Frynas (2006) notes that 'business practices based on moral principles were advocated by the Indian statesman and philosopher Kautilya in the fourth century BC' (p. 17).

Looking at more modern applications of CSR, in Vives's (2006) survey of over 1300 small and medium-sized enterprises in Latin America, he finds that the region's religious beliefs are one of the major motivations for CSR. Similarly, Nelson (2004) shows how Buddhist traditions in Asia are aligned with CSR.

In an African context, Amaeshi, Adi, Ogbechie, and Olufemi (2006) find that CSR in Nigeria is framed by socio-cultural influences like communalism, ethnic religious beliefs, and charitable traditions, while Visser (2005) suggests that the values-based traditional philosophy of African humanism (*ubuntu*) is what underpins much of the modern, inclusive approaches to CSR on the continent.

In Tanzania, Egels (2005) in his research findings showed that, the social cultural like ethic religious beliefs are one among major motivations for CSR. Likewise Lauwo (2013), Kitula (2006), Lema and Bahri (2013) in their research findings showed that in Tanzania socio-cultural has played a great impact on CSR practice.

6.7.2 Socio-economic Priorities

Political economy theory places an emphasis on the interrelationships between socio-political and economic forces in society and recognizes the effects of accounting reports on the distribution of income, power and wealth. There is a powerful argument that CSR in developing countries like Tanzania is most directly shaped by the socio-economic environment in which firms operate and the development priorities this creates (Lema & Bahri, 2013).

Fulgence (2014), Lauwo (2013) and Kitula (2006), for example, argue that CSR in Tanzania is specifically aimed at addressing the socio-economic development challenges of the country, including poverty alleviation, health-care provision,

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[9] Visser W (2012) Corporate Social Responsibility in Developing Countries Chapter 21, page 481, available on line at http://www.waynevisser.com/wp-content/uploads/2012/04/chapter_wvisser_csr_dev_countries.pdf, as accessed 2nd May, 2015.

infrastructure development, and education. This, they argue, stands in stark contrast to many Western CSR priorities such as consumer protection, fair trade, green marketing, climate change concerns, or socially responsible investments. Similarly, Schmidheiny (2006) questions the appropriateness of imported CSR approaches, citing examples from Latin America, where the most pressing issues like poverty and tax avoidance are typically not included in the CSR conceptions, tools, and methodologies originating in developed countries. By contrast, locally developed CSR approaches are more likely to respond to the many social and environmental problems in the region, such as deforestation, unemployment, income inequality, and crime (De Oliveira, 2006).

Michael Spicer, CEO of the South Africa Foundation and former senior executive for the mining conglomerate Anglo American, argues that having CSR guided by the socio-economic priorities of the country or region is simply good business.[10] Furthermore, he suggests that companies in developing countries have to actively shape the socio-economic and political landscape in order to create an operating environment which is conducive for business (Middleton, 2005). The business response to the socio-economic challenge of HIV/AIDS is a case in point (Brennan & Baines, 2006).

6.7.3 Governance Gaps

CSR as a form of governance or a response to governance challenges and barrier to its implementation in Tanzania is discussed latter in this article. However, of particular relevance for developing countries particularly Tanzania is the fact that CSR is often seen as a way to plug the 'governance gaps' left by weak, corrupt, or under-resourced governments that fail to adequately provide various social services (housing, roads, electricity, health care, education, etc.).

The author see this as part of a wider trend in developing countries particularly Tanzania with weak institutions and poor governance, in which responsibility is often delegated to private actors, be they family, tribe religion, or, increasingly, business. Furthermore, 'as many developing country government initiatives to improve living conditions falter, proponents' strategies argue that companies can assume this role'. Such proponents of CSR, Blowfield and Frynas (2005) observe, see it as 'an alternative to government' (p. 502) which is 'frequently advocated as a means of filling gaps in governance that have arisen with the acceleration of liberal economic globalization' (p. 508). A survey by the World Business Council for Sustainable Development (WBCSD, 2000) illustrates this perspective: when asked

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[10] Visser W (2012) Corporate Social Responsibility in Developing Countries Chapter 21, page 483, available on line at http://www.waynevisser.com/wp-content/uploads/2012/04/chapter_wvisser_csr_dev_countries.pdf, as accessed 2nd May 2015.

how CSR should be defined, Ghanaians stressed 'building local capacity' and 'filling in when government falls short'.

There are also serious questions about the dependencies this governance gap approach to CSR creates, especially where communities become reliant for their social services on companies whose primary accountability is to their shareholders. Hence, multinationals may cut expenditure, or disinvest from a region if the economics dictates that they will be more profitable elsewhere. There is also the issue of perceived complicity between governments and companies, as Shell all too painfully experienced in Tanzania (Fulgence, 2014).

6.8 Factors and Initiatives That Influence and Promote CSR in Tanzania

CSR is based on the principle that corporate success, environmental sustainability and social welfare are interdependent. A business needs a healthy, educated workforce, sustainable resources and an adept government to compete effectively. For society to thrive, profitable and competitive companies are necessary to create employment, income and consumables. The research findings conducted by Ruben (2013) evidenced that, in developing Countries vast majority of companies' CSR initiatives are driven by internal business practices, particularly in sectors where sector-wide initiatives are common (energy, manufacturing, agriculture). Corporate philanthropy is ranked the second most commonly driver behind CSR behaviour. While government policies were found to be particularly important in facilitating 'beyond-compliance' behaviour. Governments play a key role in mediating between sometimes conflicting corporate and development agendas, explicitly spelling out priorities for developmental impact and providing guidance on how to reach CSR goals. The main factors and initiatives that influence the CSR practice in Tanzania are as follows.

6.8.1 Political Factors and Initiatives That Promote CSR

Tanzania is presently considered to be one of the most stable and peaceful democracies in Sub-Saharan Africa, an anchor for stability in a region that is prone to conflict (Arnold et al., 2013; Bitala, 2008). Civil liberties and political rights are generally better off than in other East African Countries. The government has continued to implement strategies geared towards strengthening the enabling environment for cooperation with the private sector. The relevant legal and regulatory framework has been put in place and the need for enhancing partnerships between the government, private sector and civil societies is well understood and prioritized. Tanzania's poverty reduction efforts are guided by various policy frameworks and

strategies, including the Tanzania Development Vision 2025, the National Strategy for Growth and Reduction of Poverty (*NSGRP commonly known as MKUKUTA*) and the Zanzibar Strategy for Growth and Reduction of Poverty (*ZSGRP commonly known as MKUZA*), which are in their second generation. They are results-oriented and based on the Millennium Development Goals (MDGs). The country is on track in achieving the MDGs related to primary education, gender equality, HIV/AIDS and access to sanitation. But it is lagging behind in other MDGs, such as the improvement of maternal mortality, eradication of extreme poverty and hunger, and environmental sustainability (including increased land coverage by forest and access of people to sustainable water sources).

In promoting CSR implementation in Tanzania, the Government, through its respective Ministries, Departments and Agencies (MDAs) (though in a relatively small scale), supports private sector initiatives aimed to promote sustainable development. The government provides a certain amount of support for CSR activities in the country. The 'Presidential Award on CSR and Empowerment', which was launched as recently as in 2012 in the extractive industry is one of the examples of political backing provided by the government to promote CSR in Tanzania. The award is intended to align corporate policies and practices of companies in the extractive industry with sustainable development. Anold et al. (2012) in their survey argued that "despite these initiatives there is however minimal support from the active politicians towards CSR in Tanzania". Recent publications indicated that some companies have hitherto contributed less to government coffers in terms of taxes than they ought to have done in an environment of greater transparency and accountability. This has been criticized to a great extent by the Tanzanian politician who also questions the companies' CSR activities (p. 203).

6.8.2 *Economical Factors and Initiatives That Promote CSR*

Tanzania's economy has remained resilient to the global economic and financial crisis and is expected to remain buoyant with a GDP growth of 6.4 % in 2012, 6.9 % in 2013 and 7 % in 2014[11] and 2015.[12] Services, industry and construction continue to be the driving forces. Although agriculture constitutes the most important sector of the economy, with 80 % of the population depending on subsistence agriculture for their living, the sector's contribution to GDP is declining. Despite the economic challenges, Tanzania's strategic location makes it a natural East African hub for investors seeking to exploit not only resources but also a growing market of about 527 million consumers in East and Southern Africa (Arnold et al., 2013). While it is challenging to measure the direct contribution of private businesses to the GDP

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[11] http://www.africaneconomicoutlook.org/en/countries/east-africa/tanzania/, accessed on 16th April 2014.

[12] Ibid accessed on 28th February 2015.

growth, data and information available suggest that the private sector operations in the country account for a large part of the economic growth, added Lauwo, 2013. On the same line, CSR projects implemented in Tanzania have also managed to contribute to growth through local economic development programmes and projects. Multinational companies like BP have partnered with seven Tanzanian corporations and SBP (Small Business Project), an independent specialist support and research organization based in South Africa, to establish the "Private Sector Initiative" (PSI), a $1.2 million programme which enables Tanzania SMEs to acquire resources, skills and business (Arnold et al., 2013). The programme has helped to develop opportunities to build and strengthen business links between corporations and SMEs, helping to build up the local SMEs presence and to develop the local economy. Similar CSR initiative is reflected in the partnership between Yara International ASA, Norfund, Norad, the Rockefeller Foundation, Rabobank, the Agricultural Council of Tanzania and the Tanzanian authorities who have formed a broad partnership to improve the lives of small farmers in Tanzania. The partnership helps to build expertise in local institutions, and provides training and a credit line that ensures that farmers have access to small loans to buy the required input goods. Despite the existence of such good viewed examples of CSR, there remain challenges on how these initiatives are regulated and the extent to which they affect the national economy.

There is no evidence to show if there is an official agency to monitor and gather data on national CSR activities. Critiques have been raised on the use of CSR as a lens to view local economic development. The government is said to lose revenue through tax reductions as an incentive to companies with effective CSR programmes. While the government agencies are trying to lower exorbitant tariff rates on some services e.g. mobile phones, some companies are said to lure citizens with CSR activities while maintaining high charges on their products and services. In some places these have been what seem to be mere peanuts in forms of education, health facilities and other social services.

6.8.3   Social Factors and Initiatives That Promotes CSR

Tanzania has made good progress in few Millennium Development Goals (MDGs) but a lot remains to be done for Tanzania to meet all MDGs (Arnold et al., 2013). Recent data and review of achievement of the goals outlined in the NSGRP as well as the Poverty and Human Development Report (2011) show some positive trends: Indicators for living standards and social welfare are said to have improved: educational access has expanded at all levels; infant and under-five mortality has declined but maternal mortality remains high; HIV prevalence rates have declined and HIV care and treatment services show improvements, due in large part to external support. However, improvements in water coverage are not evident; child labour is high, especially in rural areas; household poverty is highest among

the elderly and in terms of governance and accountability, the decentralization and the process of strengthening fiscal autonomy and transparency at local government level is slow (Arnold et al., 2013; Emel et al., 2012; Richardson, 2000).

It is worth noting that some positive trends highlighted above are attributed to the positive contribution of the private sector companies through CSR programmes. On the one hand, a number of notable successful projects including construction of classrooms, health care facilities, sponsorship to health workers, access to clean water and sanitation, HIV&AIDS awareness campaigns, pollution control projects and the like have been made possible through companies' CSR initiatives.

That notwithstanding, research findings (Arnold et al., 2013; Emel et al., 2012) reveal a variety of environmental and social issues such as environmental destruction, high death rates due to accidents, child labour, and human rights issues between small scale and large companies are said to be imposed through CSR. CSR projects are made to seem better than they are, many local people are disappointed with these projects, and the projects seem paltry compared with the wealth being taken out of the area and the environmental and social costs borne by local people. Table 6.1 below gives an overview of the prevailing social condition in Tanzania.

6.8.4 Legal and Regulatory Framework Factors and Initiatives Promoting CSR

Relevant legal and regulatory framework has been put in place and the need for enhancing partnerships between the government, private sector and civil societies is well understood and prioritized. This overarching development framework for partnerships is provided for by the Tanzania Development Vision 2025 and the National Strategy for Growth and Reduction of Poverty (NSGRP I&II) and endorsed in the Five Years Development Plan.[13] As the result of the ongoing government reforms, a specific "Private Sector Development and Investment Division" has been instituted under the Prime Minister's Office to coordinate and provide guidance in private sector participation in social and economic development.[14] In addition to this, a National PPP Policy (2009), PPP Act (2010) and it's Regulations (2011) exist. These policy documents provide an overarching public-private partnership policy framework. While the National PPP Act is viewed as a positive move, the real challenge is how to integrate the private sector in the development process and genuinely drive effective partnerships including credible CSR initiatives.[15]

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[13] Partnership Landscape: Mader (2012).

[14] http://www.pmo.go.tz/department.php?cat=3&subcat=87

[15] Partnership Landscape: Mader (2012).

Table 6.1 An overview of Tanzania social conditions

Population (mn).	44.8	HDI	0.466	GDP p.c	$	1433
Pop. growth (% p.a.)	3	HDI rank of 182	152	Gini index		37.6
Life expectancy (years)	57	UN education index	0.454	Poverty	%	87.9
Urban population (%)	26.4	Gender inequality index (GII)	0.59	Aid per capita	$	67.1

Source: www.bertelsmann-transformation-index.de. Accessed on 16th April 2014

Other legislations and policies relating to the CSR arena include the Employment and Labour Relations Act (2004a), the Business Activities and Registration Act (2005), the Special Economic Zones Act (2006), Tanzania's Decentralization Policy (2007b), Prevention and Combating Corruption (2007a), Companies Act (2002), and Environmental Management Act (2004c).

6.8.5   Environmental Factors and Initiatives Promoting CSR

Tanzania has abundant natural resources, particularly for agriculture, mining, energy and tourism. The country has 44 million hectares of arable land, with only about 5 % currently under cultivation. Resources include diamonds, gemstones, gold, coal, iron, nickel, forest products, domesticated livestock, wildlife, fisheries and marine products, natural gas and possibly oil. The country is also endowed with the highest levels of biodiversity in Africa and has more than 11,000 plant species, 310 mammal species, 960 bird species, 127 amphibian species and 244 reptile species (Arnold et al., 2013; Emel et al., 2012). The land uses are diverse ranging from developed areas to dense forests and massive water bodies.

The government of Tanzania, through the responsible ministry for environment, has developed policy and the respective guidelines to promote openness in information sharing, participation of all stakeholders and accountability in dealing with environmental issues. The policy stresses on the responsibilities of the local communities and business entities in planning, implementing programmes or projects that are reflecting their need and foster efficiency in resource utilization including reuse, recycling and reduction of waste. Other private institutions too have the role of participating in different forums including policy and legal formulation related to environmental management.

Environmental policy is strengthened by national, international NGOs and private companies engaged in environmental awareness as part of their CSR programmes. Local communities have formed alliances, networks and partnerships in addressing environmental issues. The sector has also received attention from the local and international development partners who bring in financial and technical resources. These include: agencies such as DFID; ICUN, GEF; WWF; FAO; WB;

USAID; UNDP; UNEP, CARE, as well as Governments of Finland, Norway, Denmark, the Netherlands and Sweden.

Environmental policy formulation, monitoring, planning and coordination issues lie under the responsibility of the Vice President's Office (VPO), Division of Environment (DoE). They are under the National Environmental Management Council (NEMC) is responsible for advising the DoE on environmental conservation—and management issues. Tanzania is signatory to several international environmental conventions and these are followed up by NEMC. NEMC is also the institution in charge of Environmental Structural Impact Assessment's being carried out, and thereafter issuing certificates. An increasingly investigative and critical media has become much more interested in reporting on environmental issues, and furthermore there are several smaller NGO's trying to act as watchdogs to ensure environmental sustainability within its different sectors in Tanzania.

6.8.6 Multi-stakeholder Factors and Initiatives Promoting CSR

Many initiatives involving Tanzanian authorities, international governments, aid agencies and—to some extent—civil society are multi-stakeholder collaborations. Increasingly, the private sector is solicited to assist the country in sustaining economic growth and reducing of poverty as per the national strategy and the Millennium Development Goals (MDG). At the same time, the private sector is taking initiatives on its own, too, because companies understand that for business to thrive, environmental sustainability, social development and good governance are beneficial. The following are some examples of existing multi-stakeholder initiatives that include aspects relevant to CSR.

The Tanzanian Government promotes **Kilimo Kwanza ("agriculture first")**, a private sector-led initiative to create a "greener revolution" in Tanzania within the framework of the multi-stakeholder Agricultural Sector Development Programme (ASDP). It is supported by large corporate agribusiness and includes the use of petrochemical fertilizers and insecticides, as well as genetically modified seeds. This has attracted some criticism by the civil society in regard to environmental effects, impact on human health and sustainable agricultural practices. Also critically assessed is the fact that Kilimo Kwanza—due to investment needs associated with new technologies—benefits large-scale farmers rather than providing food security or employment for small-scale farmers. Measures to address this are also in place.

The G8 Summit in May 2012, chaired by the US President, brought together representatives of the business sector, international and civil society organizations and African leaders to discuss the advancement of food security in the continent. Tanzania is among the first countries to benefit from this initiative and have received support for projects under its Agricultural Sector Development

Programme (ASDP) and the Southern Corridor Scheme. International organizations, such as the US based Millennium Challenge Corporation and corporate, such as Diageo have collaborated in this programme together with other stakeholders.

Tanzania Agriculture Partnership (TAP) is a Public-Private Partnership platform which uses a value chain approach to improve the production and marketing of agricultural goods, such as rice, maize, sunflowers and cassava, in 25 districts of the country. TAP is supported by the Norwegian Government, Yara International (a Norwegian agribusiness company), MS Tanzania Action Aid Denmark and the European Commission.

The **AIDS Business Coalition in Tanzania (ABCT)** was established to control and manage HIV/AIDS in the workplace and beyond. Over 80 companies are members. ABCT is supported by the Tanzanian Commission for AIDS (TACAIDS), The Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA), Engender Health/ United States President's Emergency Plan for AIDS Relief (PEPFAR), the Association of Tanzanian Employers (ATE), the Trade Union Council of Tanzania (TUCTA), Egmont Trust, USAID and the German Government/GIZ.

The Governments of the UK, Sweden, Denmark and the Netherlands fund an initiative called **Business Environment Strengthening for Tanzania (BEST-AC)** which provides capacity building services for the private sector to better voice concerns and create an improved business environment via dialogue with the Government in regards to policies, laws and regulations. BEST-AC works with private sector membership organizations (such as the Tanzania Private Sector Foundation, industry chambers, associations and councils) as well as academic and civil society organizations.

The **Mining Inter-stakeholders' Forum (MISF)** was established with key corporate interests from the mining sector and in collaboration with the Ministry of Energy and Minerals. Jointly, they introduced the Presidential Award on the Extractive Industry Corporate Social Responsibility and Empowerment (CSRE) in 2012 to increase mutual benefits, including transparent tax revenue and productive relationships with local communities.

Tanzania has applied for membership of the **Extractive Industries Transparency Initiative (EITI)**, a coalition of companies, governments, civil society groups, investors and international organizations that set a global standard for transparency in the oil, gas and mining sector. Tanzania's first report in 2011 lead to the renewal of the country's candidacy until 2013, and defined conditions for Tanzania's full membership.

The aim of the **UN Global Compact** is to promote business performance aligned with universally accepted principles in the areas of human rights, labor, environment and anti-corruption. While a number of companies in Tanzania are members of the UN Global Compact, it is not coordinated by a particular UN agency or specifically promoted by the UN in Tanzania in general. The focus is on individual project collaboration between individual UN agencies and private companies, including the UNDP Growing Sustainable Business Partnership (GSBP)

programme to alleviate poverty. Recent examples of GSBP projects are in the area of low-cost telecommunication structure for rural areas and solar lighting.

6.9 Business Practices and CSR Strategic Integrations

A strategy "is a roadmap for moving ahead on CSR issues which sets the firm's direction and scope over the long term with regard to CSR, allowing the firm to be successful by using its resources within its unique environment to meet market needs and fulfill stakeholder expectations" (IISD, 2007). In the last 5–10 years, there seems to have been a shift from companies working directly with communities to supporting communities through partnership with other players. It is NGOs and other professional bodies who have become directly responsible for executing CSR activities.

Study findings reported by Hoogvelt (2001), Lema and Bahri (2013) reveal that by working in partnerships, companies improve their efficiency and sustainability as they are left with financing and oversight role while other (professional) bodies deliver the technical services. During their study, it was also noted that based on their role NGOs work more closely with communities than these companies and therefore have a better understanding not only of their needs but also the best approach to deliver support. In the absence of a dedicated department, there would be very thin human resource base to cover a wider geographical area or multiple activities at a time. However, there is hardly any strategy in place that these institutions follow in making their role effectively fulfilled. CSR policy, coordination of efforts and framework for its regulation are urgently needed to ensure that MDAs and other business entities becomes a facilitation link to the implementing actors. With due consideration of the prevailing circumstances, there are four stage-wise approaches which could be used by MDAs and other business entities for engaging in CSR promotion process which are:

1. **Sensitization about CSR**

   Sensitization about CSR forms the first stage to be taken for any entity to engage in the CSR practice. Although there are a few MDAs at the forefront of CSR promotion, the effective and sustainable impact requires that all MDAs become active parties in the process. This sensitization process begins with the national CSR coordination unit reach-out to all relevant Company/MDAs in a bid to buy-them-in into the initiative. This sensitization will go along with clarifying roles that each MDA group ought to perform. This lack of awareness not only of the general CSR philosophy but of their roles, even by the key Authorities, was evident during interviews (Lema & Bahri, 2013). It is more likely that MDAs would assume the same responsibilities as with other areas in the respective sector development i.e. regulation, coordination, enforcement, policy formulation and supporting initiatives of member groups.

2. **CSR Promotion Strategy**

    After the sensitization stage, one needs to establish CSR promotion strategy. Unlike businesses that are largely expected to be the key implementers, MDAs are expected to have a promotional role. In this role they are required to understand clearly what objectives that businesses are pursuing, the challenges and appropriate interventions, the opinions of different stakeholders, their current levels of engagement, capacity and commitment. An understanding of these issues is what constitutes an 'input' factor in the model and analysis/utilization of the information is what is being referred to as the 'processes' (Lauwo, 2013). In the end the promotion strategy should also be able to create/propose mechanism for facilitating stakeholders' dialogue and communication (except for only a few, these platforms are rare with most ministries). As MDA won't have enough resources to undertake all that is desired to be done or reflected in the strategy, they may opt to roll-out their plans in segments of priorities (Arnold et al., 2013).

3. **Implementing Promotion Strategy**

    As the saying goes, having a system in place is one thing but getting to work is quite another thing argued Lauwo (2013). It was clear in the study that there are numerous collaboration structures between private and public sectors (in a PPP framework) but it is also true that most of these have had little desired impact. Among the main reason cited for the failure has been lack of trust between the two parties, lack of commitment to agreements and absence of implementation structure on part of the public sector (Lema & Bahri, 2013). The author has the feelings that, this is partly an outcome of inadequate understanding of the circumstances and challenges that working environment for both parties bring. It is proposed therefore that the MDAs that are responsible for the critical sectors in promoting community well-being (such as mining, hospitality, travel, tourism, trade and retail, finance, communication, manufacturing, agriculture, etc) establish CSR coordination units, argued Lauwo (2013). These units shall then be responsible for executing plans prepared at a preceding stage.

4. **Impact Assessment, Feedback and Improvement**

    Monitoring and evaluation is an inseparable part in any plan or strategy building process especially for areas in with which not enough experience has been gathered. In the first few years trial and errors are inevitable but all players must be ready to learn from the challenges they will face and improve accordingly. The same communication channels should be used to relay feedback (Arnold et al., 2013).

6.9.1 Linking Small-Scale and Large-Scale Players in CSR Strategy

Despite the stages described above, the challenge is that there is a weak capacity of small-scale producers to engage in linking with the large-scale players (producers

and consumers). There are initiatives, for example, to create linkages between the two players so that there is interdependency between the two. This usually has been in the form of larger companies becoming reliable consumers of what smaller companies' produce (these smaller companies can take the form of small women groups formed by community members). While this seems to be an ideal intervention in helping the communities, the main challenge is small producers not being able to meet standards (quantity and quality) required by 'bigger' partners. It is this challenge that forced Development Partners to encourage large companies to invest in building the capacity of small producers so that partnership between the two renders mutual benefits.

CSR as practiced in SMEs is usually less formal and more intuitive than in larger companies. The practice is often closely tied to the personal and ethical values of the SME owner-manager. This situation applies not only in Tanzania, but also in East Africa and globally as well. As a general rule, the smaller the enterprise the greater the relative importance of personal and ethical values as a driver for CSR, however the motive behind the CSR concept is not very clear to most of these enterprises. Cost benefit analysis is a key point of reference before implementing the concept. Some of the examples were discussed in Sect. 6.5.3 above.

6.9.2 Stakeholder's Interpretation of the CSR Concept

The principal objective of this part is to explain how corporate managers in Tanzania perceive corporate social responsibility and define their companies' roles. In Tanzania the CSR concept is still perceived as philanthropy "giving back a part of what earned to the society". This was evidenced by Lauwo (2013) research findings where majority of respondents consider "*giving back to community*" as the main component of socially responsible activities. In their research findings (Fig. 6.2) evidenced most stakeholders identify compliance with existing regulations, environment, market place and addressing stakeholders' concerns as significant parts of the concept. "In addition, companies view their social responsibility as protecting worker's welfare, providing job security and earning profits as part of their societal obligations. A smaller number identify engaging in ethical conducts, correcting social inequities, maintaining transparency in operations (creating jobs, paying taxes etc) as part of their role (p. 9)".

Differences in meanings that these businesses have ascribed to CSR as shown in Fig. 6.1 can be related to diverging implementation strategies and goals that actors are striving to achieve. These perceptions give different approaches towards defining CSR. Thus most of the actors in Tanzania perceive CSR not as a single activity but a culture that defines how every aspect of management should be conducted. In this aspect, a responsible company is expected to take care of its employees' welfare at the production line as much as they care for the safety of the end users of its products. In this perspective, the concept therefore "needs not be understood as a tool for marketing but a standard for doing business responsibly."
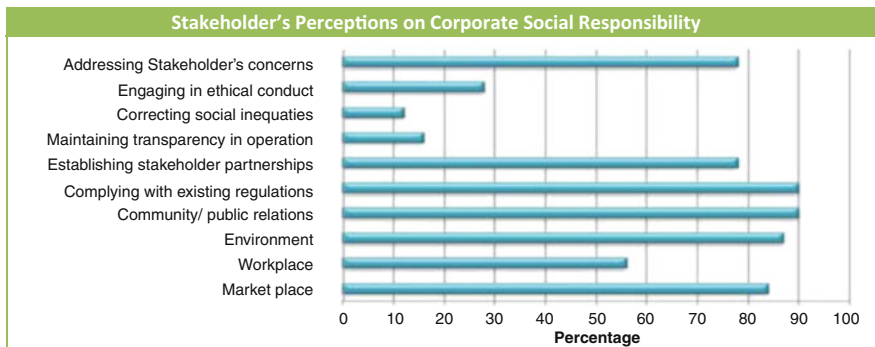
Fig. 6.1 Stakeholder's perceptions on corporate social responsibility (*Source*: Lema and Bahri (2013), p. 10)
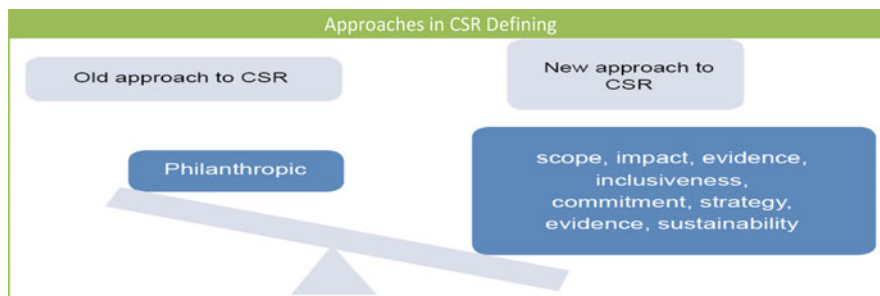
Fig. 6.2 Approaches in CSR defining (*Source*: Lema and Bahri (2013), p. 11)

The result of the findings shown on Fig. 6.1 above provides us with the key elements in the approach to defining CSR that stand in contrast to the old philanthropic CSR, as were gathered from Lauwo (2013), Richardson (2000) study findings. This is an indication that Tanzania has developed positively as from its old approach to a new CSR approach as summarized in Fig. 6.2 above:

At one level, this could be seen as a positive effort that companies put in creating the maximum impact of their initiatives and is also to indicate that CSR is not considered as an appendage but is woven into the internal systems; however, these variations can be referred to as different types of CSR. GIZ identifies three types of CSR as 'Ethical', 'Altruistic', and 'Strategic'. What is certain, however, is that, the concept of CSR continues to evolve and it can therefore be concluded from this discussion that:

1. These manifold interpretations by stakeholders can be considered as a healthy sign that companies respond to a call of supporting communities (at least in the community dimension of the concept) but this is also one step higher in

showing commitment to the cause and for keeping in pace with developments that take place globally in the CSR arena,

2. Official statements by companies of their CSR compliance and a good understanding of how it should work are only the starting point of the process. The true CSR spirit will depend on whether the appropriate implementation systems are in place,

3. Sensitization and information must be provided to those who are still uncertain as to what CSR is supposed to mean and how best it is translated into their individual roles and goals

4. Whatever type(s) companies base their perception of CSR on; there is very little emphasis on other aspects of CSR beyond community support.

6.9.3   CSR Implementation at the Institutional Level

For effective CSR implementation to be successfully there should be a credible CSR initiative which also requires appropriate policies and strategies in place. Without a clearly defined policy the danger is high that CSR initiatives become ad-hoc activities which do not guarantee sustainable results. A comprehensive policy usually sets performance benchmarks and forms the basis for evaluation and improvement. However, the actual influence that these policies have also depends on the coverage, scope and manner in which they are developed, i.e. including engagement of key stakeholders.

Most of the research on CSR evidenced that most of the Government Ministries, Departments and Agencies (MDAs) in Tanzania lack awareness on their part and certain reluctance to take on an active role in CSR development (Lauwo, 2010, 2013; Lema & Bahri, 2013; Oxfam, 2008). On the other hand, despite the fact that businesses seem to have been more proactive actors, findings suggest that their policies were developed with a relatively limited view of CSR. In Tanzania the only area that features consistently in these policies is community support, with a much weaker emphasis on the areas of 'market place', 'work place', and 'environment'. This limited scope of CSR reflected in most of the companies' CSR policies is likely to have a decisive impact on strategy building stages and implementation.

One of the challenges facing most of the companies in Tanzania in respect to CSR activities is that companies tend to misunderstand the whole idea of CSR; they often use it as leverage for gaining more market than their competitors thus making the stated objective of supporting community very questionable. Thus, it is always very hard, if not impossible, to see competing companies undertake CSR activities jointly, be it sponsorship, aid or donations, every company would like venture in areas not yet spotted by others so as to gain maximum publicity and credit. Most companies of various businesses (especially from the telecommunication sector) are unwillingness to disclose details of their CSR policy and strategy documents. It has been revealed that the reason for not disclosing what their company is doing in the field of CSR is based on the grounds of competition (Hoogvelt, 2001; Lema &

Bahri, 2013). These insights can explain why some companies take little effort to make their policies and strategies easily accessible. Also this is why most of the policies that companies share with the public contain relatively little substance: Information disclosed is usually limited to what companies are doing or have already done. It would otherwise be more useful to inform the public about the overall plan, targets, engagement process, ownership, partnership and benchmarks. These findings were also consistence with some of the other authors who conducted research on CSR practices in Tanzania. These authors include; Lauwo (2010, 2013), Lema and Bahri (2013), Fulgence (2013) and others.

6.10 Challenges and Barriers of CSR Implementation in Tanzania

Most companies feel more compelled to give to charity. Though most of them have figured out how to do it, most of the executives find it hard, if not impossible to justify charitable expenditures in terms of bottom-line benefits (Porter & Kramer, 2002) not only to their shareholders but also to the Tanzania Revenue Authority (TRA) when it comes to determination of taxable amount. Although there is a presence of a relatively conducive environment for implementation of CSR activities, there are still a number of constraints in developing pragmatic CSR initiatives in Tanzania (Lema & Bahri, 2013, p. 23). These Barriers and Challenges include:

1. **Lack of Enough Trust and Cooperation between Key Players**

    There is lack of enough trust between the private and public sectors in Tanzania; however, no form of CSR collaboration is feasible without the unconditional commitment and trust on all partners' sides. In many instances the public sector has been unjustifiably skeptical about whether the private sector would live up to its stated intentions. Cooperation between the private sector and civil society in the area of CSR is similarly weak (Lauwo, 2013; Oxfam, 2008). Many businesses are still hesitant to share information on their activities for fear that their reputation may be damaged. However, it has become apparent that the civil society is slowly becoming more proactive on matters of good business practices/ethics supporting businesses in implementing their CSR strategies or critically scrutinizing and commenting on their engagement.

2. **Lack of Reliable Data about Community Needs**

    The detailed information on the needs of different groups of people in a society (for example capacity needs for women and youth), and institutions (such as schools, business promotion associations and community-based organizations) that would help companies make informed priorities in their CSR plans are not simply available (Hoogvelt, 2001). For planning and budgetary purposes, companies should have reliable data so that they are able to address critical needs in the society in time and allocate resources appropriately.

3. **CSR being Regarded as another Tool for Competition among Businesses**

   It is reported that there is a stronger drive for local and multinational companies to use CSR as an instrument that gives them a better standing in business competition more than meeting objectives of responsible business and support to communities. This greatly limits the impact of CSR initiatives and narrows the scope of the concept (Emel et al., 2012; Leftwich, 2000; Moon & Vogel, 2008). It also restricts opportunities for companies to collaborate in CSR projects. Compared to individual initiatives, joint projects would be able to raise greater resources and implement larger projects which will eventually result in greater impact on the communities.

4. **Limited Capacity of SMEs to Engage in Partnership Projects**

   Although there is a greater emphasis on supporting small-scale businesses in areas of financing and capacity building, donors have frequently reported the problem of these small businesses being inefficient in meeting their regulations. Key challenges with small businesses appear in areas of reporting and timely implementation of activities, which makes it very difficult for the projects to be completed as planned (Fulgence, 2014; Lange et al., 2000; Lauwo, 2013). There are development partners who are more interested in creating linkages between large and small businesses where larger companies consume products and services produced by smaller businesses (some of which are the micro-businesses run by groups outside the mainstream in the society) thereby creating a stable market for them (Mader, 2012). The main challenge however has always been the inability of small-scale business to meet standard requirements of larger buyers.

5. **Misinterpretations and Misuses of the CSR Concept**

   Investors and business leaders instead of considering CSR as a moral obligation, perceives it to be an additional financial and administrative burden. It has been cited from Mader (2012), Lema and Bahri (2013) findings that in their research interview some respondents evidenced this misinterpretation. This also explains why CSR is being used by businesses to demand incentives or special treatments from the government, for example in gaining access to land, resources, property etc. Since most of the companies tend to treat CSR as an added cost in operations, it is applied to attract tax breaks and reliefs from the government. This distorts the whole concept of CSR (Porter & Kramer, 2002).

6. **Lack of Conscious Consumers**

   Although consumer awareness and choice can be a key driver of CSR compliance, consumers in Tanzania are little informed of their rights and can hardly play a watchdog function when it comes to rewarding or punishing company conduct (Mader, 2012). In this context, a freely operating and critical media as well as participatory civil society organizations can make a decisive contribution to strengthening consumers' informative premises and integrating the idea of CSR into the consumption choice.

7. **Lack of Recognition to Good Effort Made**

   Companies have only been receiving bad press even for much that they do in community investment and there are those who trumpet too much for the too

little they do. So far in most cases CSR contributions are sometimes considered by TRA as a tax planning since "it is hard, if not impossible to justify charitable donations" (Porter & Kramer, 2002). What about programmes which are at least superficially tied to business goals, such as cause-related marketing? Even the successful ones are hard to justify as charitable initiatives (Lauwo, 2013). Since all reasonable corporate expenditures are deductible, companies get no special tax advantages for spending on philanthropy as opposed to other corporate purposes. If cause-related marketing is good marketing, it is already deductible and does not benefit from being designated as charitable.

8. **Market Irresponsiveness**

The market does not fully appreciate CSR initiatives, for example, eco-projects tend to be more costly to operate, therefore, unless companies receive higher business leverage and there is no incentive to sustain them.

9. **Avenues for corruption under the CSR banner**

Without openness and clear structure, CSR implementation will continue to be vulnerable and abused by the few in Tanzania. The extended influence of political leaders in CSR negotiations diverts the original goals of a particular CSR initiative. Lema and Bahri (2013) findings suggest that political leaders solicit CSR support for their personal gains. In return, companies are said to have always been expecting returns in a form of business favor. Despite Tanzania's efforts to establish regulations, laws and oversight institutions aimed at preventing, investigating and sanctioning corrupt practices, both petty and grand corruption are still common in political and administrative systems. In 2006, Tanzania was ranked 102nd out of 180 countries in Transparency International Corruption Perceptions Index.[16] According to surveys, such as the *East African Bribery Index 2011*, public institutions highest on the corruption scale are the police, the judiciary/courts, immigration, Tanzania Revenue Authority, Ports Authority, Local authorities, lands, National Social Security Fund and the health sector (Fulgence, 2014).

As referred to above, the World Economic Forum's Global Competitiveness Report for 2008–09, mentions corruption as one of the main constraints for doing business in the country and thus the barrier to the implementation of CSR. However, there are also positive signs that the level of corruption is perceived to have declined in recent years. The recent grand corruption scandals that led to the resignation of the Prime Minister and other senior politicians in 2008, late 2014 and early 2015 have shown that the President is committed to the fight of corruption.[17] Also Tanzania is a signatory to the UN Convention against Corruption.[18]

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[16] Transparency International http://www.transparency.org/, as accessed on 3rd February 2013.

[17] Overview of corruption in Tanzania http://www.u4.no/helpdesk/helpdesk/query.cfm?id=201; Tanzania Corruption Tracker http://www.corruptiontracker.or.tz/ and Business Anticorruption Portal, Tanzania country profile: http://www.business-anti-corruption.com/country-profiles/sub-saharan-africa/tanzania/snapshot/

[18] The United Nations Convention against Corruption http://www.unodc.org/unodc/en/treaties/CAC/signatories.html

10. **Funds Mismanagement by Implementing Partners**

    It has been reported that the most common approach to the implementation of CSR projects in Tanzania is companies working in collaboration or engaging partners (NGOs and other professional bodies) (Lauwo, 2013; Lema & Bahri, 2013; Oxfam, 2008). However, there have been numerous cases of mismanagement of funds by these organizations. Such acts of dishonesty are discouraging companies to commit resources into the cause and have eventually resulted in the poor performance of projects. Some NGOs are also said to literally run as projects of individual persons or families leading to great abuse of funds.

11. **Environmental Challenges**

    Deforestation is rampant in Tanzania due to practices such as logging for timber, charcoal production for domestic use and shifting cultivation. Additionally, soil erosion, overgrazing, loss of biodiversity and abuse of water resources have lead to significant land degradation. Poor agricultural practices aggravate the problem. Poaching of wildlife occurs regularly in parks and game reserves (Mader, 2012). In urban areas, pollution is a major problem, particularly with improper treatment and disposal of solid and liquid waste. Poor planning and land laws which remain as a desire in most urban had constituted poor construction of houses and even roads in water corridor and along the sea and rivers sides (Ruben, 2013). The real example is floods always occur in most urban during rail seasons which had caused a lot of destruction of roads, bridges, and loss of properties as well as people's life. The growing mining and energy sector is adding more challenges by ways of practices and technologies that negatively impact the environment and local communities. Due to human impact and climate change recurrent and severe droughts have increased with much of the country's land facing desertification. Water levels in the lakes have dropped significantly, and the glacier on Mount Kilimanjaro is shrinking dramatically (Arnold et al., 2013). While most Tanzanians are little aware or concerned about environmental challenges so far, the Government has established a national Climate Change Adaptation and Mitigation Plan, including measures to reduce deforestation, introduce carbon accounting and promote sustainable management of forest resources (Killian, 2006; Ruben, 2013).

12. **The Cost for CSR Implementation**

    The question of cost savings resulting from CSR has often been at the centre of the debate on the business case for CSR (European Competitive Report, 2008). Proponents of CSR have tended to argue that responsible business behaviour can lead to cost savings. An Economist Intelligence Unit research programme indicates that the benefits of pursuing sustainable practices outweigh the costs, although changes to profits are estimated to be small. Critics argue that CSR is expensive and that the benefits are often only experienced in

the distant future, if they occur at all. Friedman (1970) states in a much-quoted article that "there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud." He concluded that consequently there is no role for CSR. CSR is not only considered to be expensive but also hard if not impossible to justify the CSR expenditures. This makes most of the companies to hesitate to implement the subject matter (Ruben, 2013). Examples can be found of CSR measures for which the cost-benefit relationship appears to be negative. Welford (2003) argues that only some aspects of CSR strategies might reduce costs, and reaches the conclusion that the emphasis of the CSR-competitiveness relationship should be placed on "the area of differentiation where social and environmental aspects of sustainable development will have most impact". These arguments were also supported by Ruben (2013), Arnold et al. (2013), Lauwo (2011) and Lema and Bahri (2013).

13. **Economical Challenges**

Tanzania's economy is mostly based on traditional, rain-fed subsistence agriculture, employing the vast majority of the workforce. Cash crops, including coffee, tea, cotton, cashew nuts, tobacco, sisal, cloves and pyrethrum account for the majority of agricultural exports. Programmes to improve agricultural production have been established for both increased food security and income. Economic diversification has increased, with particularly strong growth in service sub-sectors such as real estate, business services, communication (in particular mobile phone services) and tourism (Arnold et al., 2013; Detomasi, 2008; Lange et al., 2000; Richardson, 2000). The informal sector is growing rapidly, too, and an increasingly important source of employment. Tanzania's industrial sector is one of the smallest in the region and dominated by small and medium-sized enterprises producing mostly consumer goods. Plans are underway to revive agro-based industries, such as cashew nut and sugar and others, such as the textile sector.

The mineral and energy sector has great potential. Gold is a strong export industry, already, and gas reserves are very promising according to recent tests by several multinational companies, indicating that Tanzania may be one of the gas-richest countries in the world. Furthermore, there are significant repositories of oil, coal, uranium and rare earth (Ruben, 2013). While regulations, oversight institutions and regular exchange between the industry and the government have been established to a great extent for the mineral sector, this is yet to be achieved for the energy sector to fully benefit the country and its population in terms of revenue, employment and community development. Despite ongoing investments, underdeveloped infrastructure with poor roads, ports and electricity supply remains a challenge for business in Tanzania.

6.11   Summary, Conclusion and Recommendations

6.11.1   Summary and Conclusion

This chapter has examined the socio-political and economic environment of Tanzania by considering the wide range of the CSR practices and the institutional structures. Also the chapter has considered the impact of broader institutional structure of globalization, neo-liberalization and de-regulation policies on the governance structures, especially those for promoting transparency, accountability and social responsibility, in a developing country. The analysis shows that Tanzania's socio-political and economic environment has shaped the natural and scale of CSR practices. In particular, CSR practices in Tanzania have been significantly influenced by global structures such as the mobility of capital and by globalization and liberalization policies. Also CSR as a social practice is embedded in a particular socio-political and economic context and is further shaped by historical, socio-cultural, regulatory and power relations structures (Action Aid, 2008; Dobers & Halme, 2009; Emel et al., 2012).

Although CSR is relatively a new concept in Tanzania, it has emerged as an important area of action for large, medium and small companies. The government, development partners and other stakeholders including CSOs and NGOs engaged in this topic forms an important arena in supporting CSR in the country. Companies are becoming more aware of this strategic approach and have started to align their CSR activities with their core business. These have been achieved by adjusting their production or procurement policies to conform to environmentally friendly or socially conscious regulations. This holds true for small and medium-sized enterprises as well as larger companies, but the efforts of SMEs has tend to be somewhat scattered and take the form of donations of money, goods or services (Bitala, 2008; IISD, 2007; Mader, 2012).

Despite the availability of future CSR Opportunities in Tanzania, a number of social-economic challenges may hinder CSR to be effective and efficient instrument for both business performance and local economic development. There is a need to further improve business and investment climate to promote private sector development. Deficiencies in the energy and transport infrastructure are inhibiting economic growth through investments and will need specific focus to enable economic growth. CSR programmes needs to be well coordinated with government development plans to ensure they contribute to long term development agenda of the respective communities. There is a need to put in place a specific unit that will be responsible for regulation and documentation of CSR activities in the Country (Arnold et al., 2013; Lauwo, 2013; Melyoki, 2005; Sitta, 2005).

Although corporate social disclosures have increased in Tanzania, particularly in the mining sector, telecommunication companies, media companies, service rendering companies including banking and mobile phones companies the increasing evidence of social and environmental problems questions the adequacy or effectiveness of the legislative and regulatory frameworks as well as the role played by Government. In fact, socio-economic and environmental problems have prevailed

in Tanzania, and have threatened the lives of many citizens. For example, despite regulatory requirements and increasing corporate disclosure, the reality in practice is that social unrest, environmental pollution, and employee grievances remain prevalent in Tanzania, and in the mining sector in particular (Almas, Kweyunga, & Manoko, 2009; Fulgence, 2013, 2014; Kitula, 2006; Lauwo, 2011, 2013; Lema & Bahri, 2013).

The difficult for Tanzania, however, is that the government is on the 'horns of dilemmas' in that it needs to attract foreign investment in order to stimulate the economy and deal with its endemic poverty. To do so, it offers various guarantees, protections and stabilization clauses as incentives to MNCs to invest in Tanzania, but in doing so fails to control such MNCs with regard to their corporate social responsibilities (e.g. with regard to the environment, health and safety as well as work and the protection of human rights). In particular, the stabilization clauses and other investment agreements offered to attract FDI guarantee fiscal stability over the long-term life of investment agreements including long term tax relief (5–10 years), thereby preventing the Tanzanian government from reviewing the terms in such agreements (Lauwo, 2013). Thus, the need to attract foreign investment makes it difficult for the Tanzanian government to demand corporate disclosures and to promote the welfare of its citizens with regard to controlling and eradicating unethical corporate social practices (Fulgence, 2014; Lauwo, 2010; Mader, 2012; Ngowi, 2007).

It can be conclude that despite several reforms to address the CSR issues, most of these failed due to lack of public accountability and too much discretion and monopoly. The failure opened the door to various ant-social practices such as corruption, embezzlement and nepotism which has become endemic in Tanzania. These switched on the green light to severe and widespread poverty. Also it has been revealed that despite the strong local desire to encourage and maintain ethical business and public accountability done through enacting of rules and regulations; to date there is inadequacy of regulations controls on public accountability and transparency in respect to CSR (Bagwacha et al., 1992; Fulgence, 2013, 2014; Heilman & Ndumbaro, 2002; Lauwo, 2013). Despite the fact that, the CSR practices is still low and that there is no enforceable law since most of the CSR rules and regulations enacted are considered voluntary in nature; there are a lot of case studies in various sectors which shows the initiatives and practices as well as activities promoting CSR in Tanzania.

6.11.2 Recommendations

The following recommendation ought to be necessary for the improvement of CSR practice in Tanzania:

1. **Creation of Public Awareness on Standards and CSR Practices**
    Another important factor in promoting effective CSR practice is public awareness on procedures, standards of services and their rights in general.

Information regarding services provided by Ministries, Departments and Agencies should be spelt out clearly in the client charters and disseminated freely (Melyoki, 2005; Sitta, 2005). Success in creating an integrity environment for investment promotion and economic growth depends on commitment and political will to implement necessary reforms (Fulgence, 2014).

2. **Promoting CSR at the Top Agenda of Firms Policy**

   Moreover, an important factor for the success of our private sector development is dependent on the quality of its management. Therefore CSR should be at the top of the agenda as a pro business policy and should be embraced by all stakeholders in the society (Fulgence, 2012; Rwegasira, 2003).

3. **Enforcement of the Law**

   There is a close relationship between CSR and the law (Lema & Bahri, 2013). The main instrument governments use to address a firm's social, environmental and economic impacts is the law. There are a wide range of laws related to CSR implementation starting from consumers, workers, health and safety, human rights and environmental protection, bribery and corruption, corporate governance and taxation. A firm's CSR approach should begin by ensuring full compliance with those laws already in place. No matter how good a CSR policy may be, failure to observe the law will undermine other good efforts. Looking ahead, the CSR activities of firms can be seen as a proactive method of addressing potentially problematic conduct before it attracts legal attention. The government including politicians and professional board NBAA should make the CSR laws enforceable. It is important at this juncture to enact an organ which will be responsible in enhancing the CSR laws compliance.

4. **Reporting Practices**

   Along with innovation in conceptualization and implementation levels, businesses should undertake evaluation and stricter accountability and transparency measures for their CSR programmes based on internationally accepted formats and provide feedback to the public. This could be done in collaboration with the Sustainability Reporting (SR) frameworks that help companies conform to the global standards of disclosures for maintaining transparency with regard to its operations and value chain and ensuring accountability towards its internal and external stakeholders. The NBAA should also play a key role in enhancing the CSR practice by enforcing the companies not only to include the CSR report in their annual reports but also training the members in professional on how to make CSR practical in their organizations.

5. **Strengthening, Formalization and Coordination of CSR Promotion Initiatives**

   It is important to emphasize that with the new pace of CSR activities in Tanzania, the critical role of effective public policy, private sector commitment and donor co-ordination should be strengthened. The established Tanzanian Responsible Business Network (TRBN), should play an important role in coordinating business engagement in sustainable development partnerships including CSR.

6. **Maximizing Benefit from PPP Arrangements and Available Legal Regimes**

   Since to the moment there is no specific policy on CSR integrated into the national PPP guidelines, it is important for the PPP structures to have a sharper focus on CSR and develop the respective policy and detailed guidelines. These guidelines should categorically indicate what should be allocated for community investment initiative and in which manner should this support be administered. Nevertheless, the guidelines should ensure that there is desired impact on the community for each project that is financed.

7. **Promote and Nurture Sector-Specific Best-Businesses Practices**

   There is no "one-size-fits-all" method for pursuing a CSR approach (Lema & Bahri, 2013). Each firm has unique characteristics and circumstances that will affect how it views its operational context and its defining social responsibilities. Each will vary in its awareness of CSR issues and how much work it has already done towards implementing a CSR approach. That is in harmony with the firm's mission, and sensitive to its business culture, environment and risk profile as well as operating conditions. Many firms are already engaged in customer, employee, community and environmental activities that can be excellent starting points for firm-wide CSR approaches. CSR can be phased in by focusing carefully on priorities in accordance with resource or time constraints. For the national CSR network, it could be important that each stakeholder group form its own CSR chapter so that challenges and circumstances in individual organizational contexts are properly addressed. These sector chapters would now form a joint national framework.

8. **CSR Research Gap**

   In respect to CSR researches in Tanzania, a lot has been done. The examples of these are the previous studies conducted by Arnold et al. (2013) which involved a case study of Sub-Saharan Countries; Emel et al. (2012) which concentrated on CSR reporting problems a case study of Mining industries in Tanzania; Karin Mader (2012) an overview of CSR in Tanzania and (Lauwo, 2010, 2011, 2013) all concentrating on government and regulatory framework in respect to CSR practice. Other researches includes those conducted by Lema and Bahri (2013), Lissu (1999), Levin (2001), Ngowi (2007) and Shivji (1976, 1980, 2004). However most of the CSR articles are those which concentrated on survey so as to explore the status of the SCR practice, legal framework and policies. Thus generally it can be evidenced that still there is a significant gap in Tanzania since most of these studies intended to explore and create awareness in respect to CSR practices leaving other CSR keys issues un-attempted. For instance; none has been done to critically analyze the cost benefit analysis on CSR implementation particularly to developing Countries like Tanzania; if any had not been published thus difficult to access. Another radical issue includes poverty eradication in respect to CSR implementation. This is not among the key objectives of the CSR; however it is necessary for studies to be conducted so as to reveal whether the adoption of the CSR practice can assist in poverty eradication in developing countries particularly in Tanzania.

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Chapter 7
The Landscape of Corporate Social Responsibility in Uganda: Its Past, Present and Future

David Katamba and Cedric Marvin Nkiko

Abstract Corporate Social Responsibility (CSR) is a very old concept and practice in Uganda. Literature roots it in the African culture and values, which are well described by the African Traditional Society (ATS). Interestingly however, its formal and modern traces start in the years of 1950s, with the strategic twist gaining significance in the early 2010s. To date, no outstanding model of CSR describes Uganda, but the commonest is the stakeholder model of Freeman. Challenging though, CSR in Uganda lacks high level political back up (that is, it has no place at Ministerial, Parliament and cabinet level discussions). Promising, however, a set of laws and regulations exist in Uganda that individually or collectively promote the growth of different CSR facets/dimensions.

The socio-economic factors shaping CSR in Uganda are largely inclined to ensuring product safety, maintaining supplier relations, enhancing fair competition, improving quality of life of the society in which business operates, maintaining a good relationship with the community while fostering business development, and, desire to contribute to Uganda's development. Also CSR Managers in Uganda are largely motivated towards CSR by external factors such as attracting and retaining customers, enhancing reputation and operational efficiencies to achieve competitive advantage, rather than internal factors such as CSR policies, employee welfare and CSR reporting. CSR promotion agencies are increasing in number though few are outstanding. Various 'CSR Awards' are organized annually to appreciate socially responsible organizations. The challenge with these awards is that each awarder uses a different evaluation criterion. This reveals a mixed understanding of what CSR exactly means in Uganda. However, from whichever evaluation angle, the common traces of CSR dimensions are,—Employee issues, Market place, community/society, and environment.

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Businesses too (local and foreign), except a few multinationals, have less '*strategic engagement*' in CSR, that is, CSR which breeds a win-win situation for both the CSR engaging company and the CSR activity targeted beneficiaries. The majority of companies' (large, medium and small) CSR is skewed towards community dimension with marketplace dimension scoring less favor. Furthermore, most SMEs shy from CSR engagements largely due to the misconception that 'CSR is a cost center, rather than a cost saver'. However, their counterparts (large firms) believe it is yet another form of business strategy and that its rightful intervention and engagement, carries competitiveness. Lastly, the future of CSR in Uganda apparently rests in the introduction and piloting of the ISO 26000 (a social responsibility guidance standard), which has been piloted by the standards body, Uganda National Bureau of Standards (UNBS). Simultaneously, companies that have been successful and proved knowledgeable in engaging in CSR are getting open to others by sharing best practices. This way they act as role models, a spirit which we can baptize as 'champions helping others to be like them.'

7.1 Introduction

This chapter provides a three dimensional ground breaking record and rhetoric about how Corporate Social Responsibility (CSR) has evolved and transitioned in Uganda. That is, it gives its readers a lens into the (i) Past (*Historical Development*), (ii) Present (*Political handling and initiatives that promote CSR in Uganda, Socioeconomic factors that influence CSR, and, The business community approach to CSR*), and lastly, i (iii) Future perspectives of CSR in Uganda. The originality of this chapter is vested in the fact that very often, scholars and practitioners of CSR in Uganda have fallen short of what this chapter/article calls, 'critical background information.' The authors and editor henceforth hope that with this write up, a milestone in studying Uganda's CSR has been provided. To deliver to this milestone, this chapter has been structured around the subthemes that aggregately make up the three themes mentioned (Past, Present and Future). These are detailed below.

7.2 Historical Development of CSR in Uganda

Corporate Social Responsibility (CSR) is surely a very old concept and practice in Uganda. However, it is ought to have received its brand name, 'CSR,' after 1950s when formalized businesses started in Uganda (Nkiko & Katamba, 2010). Additionally, in 1950s Okot P'bitek relentless campaigned for societal ethical values thus giving limelight to the meaning and values of CSR. Efforts by Katamba, Christoph, Tushabomwe-Kazooba, and Haag (2012) contend that Uganda's CSR

origin rests in the African culture, notably the African Traditional Society (ATS). These scholars narrate that in the ATS era (which dates centuries back from the year 1900), CSR was largely skewed to the 'community' dimension (concerns). E.g., if one society or family had a bad harvest, or a calamity, another society or family, was traditionally compelled to salvage it. Also if a family member died, the relatives had to assume responsibility of upbringing the children/orphans (Imbo, 2002). In fact, such responses to societal concerns saw Uganda's forefathers (in the ATS) forming the famous '*muno mukabi*' (loosely meaning, clubs responding to concerns of the needy fellows). We may comfortably claim that these clubs were 'the first organized form of strategic social responsibility in Uganda.' This face of CSR later modified and the focus extended to 'market place' when 'Long Distance Trade' was introduced in this country by Arabs in early 1840s in search for ivory and slaves. Years later, selected CSR details (of community and marketplace dimension) were shaped by the coming of the Church Missionaries Society (CMS) in June 1877 in Uganda. These missionaries shaped, transformed and amplified the ATS values (*say,* fostering discipline among community members, care for the disadvantaged, protecting rare tree species, etc.). For example, CMS introduced the concept of public health with the establishment of the Mengo Hospital in 1897 (the first public hospital in Uganda) as well as establishing elementary schools so as to extend reach and benefit of social goods. From these schools, houses of worship and hospitals, various social values of western origin began rapidly emerging in Uganda despite resistance from harsh cultural leaders (*notably,* Kabaka Mwanga of Buganda Kingdom, and Omukama Kabalega of Bunyoro kingdom). This resistance was due to the 'hidden' agenda behind the CMS's 'social responsibility,' that is, the purported exportation of western culture into Uganda. Years later (1894–1962,—colonial era) the CMS' hidden agenda was exposed, that is, Uganda was 'colonized' by Britain under the disguise of '*British Protectorate.*' Throughout this period, the ATS values got suppressed only to re-emerge after independence in 1962. The colonial era saw Uganda further deepening into economic and marketplace aspects of CSR and less of community. This was because Sir Harry H. Johnston (then British Commissioner of Uganda in 1900) was under strict British orders to establish an efficient administration, including swiftly levying taxes as well as rationalizing the activities of Imperial British East African Company (IBEACo) which had transferred its rights to the British government. Therefore, to date, in Uganda we see prevalence of five facets of CSR (workplace, environment, marketplace, economic and society/community) with community being the dominant facet (Katamba, Nkiko, Tushabomwe-Kazooba, Babiiha, & Kemeza, 2014). That is, (i) '*Workplace CSR activities*' embeds those CSR activities a company engages in to directly benefit its internal stakeholders as they do their duties and jobs (largely staff). These range from voluntary staff development plans, setting up Crèches (*a designated place for taking care of staff's children usually aged below 2 years, while the staff is at work.* Standard Chartered Bank Uganda Ltd, and International Hospital Kampala are best examples on this), running health promotion programs (like cancer screening, setting up clinics, HIV/ AIDS counseling and testing for staff, etc.). Similarly, (ii) *Marketplace CSR activities* (as amplified by ISO 26000 Standard) have evolved. These include

instituting internal mechanisms to counter or prevent unhealthy business and trading practices in the respective industry like corruption mitigation, voluntary disclosure of supplier selection criteria/tendering process, efforts to eliminate unrealistic/misleading advertisements or commercial communications, etc. The best example we may cite here is Nile Breweries (U) Ltd (*a subsidiary of SABMiller Plc, and a leading brewery company in Uganda*). This company instituted the Sales and Marketing Compliance Committee (SMCC) which under the leadership of an externally independent appointed Chairperson, voluntarily guides on, and filters all alcohol related commercial communications. Additionally, (iii) *Society/Community CSR activities* are largely characterized with donations towards solving community social problems both for the benefit of the organization engaging in the CSR and the community. Interestingly, if a detailed analysis is done with respect to these CSR activities, we only find no direct or long term benefit for the organization doing it/them, but mainly benefiting the community or environment for which the activity is being done. Marketing scholars (*see,* Kotler & Lee, 2005) and reputation literature (Van Riel & Fombrun, 2007) commonly refer to these CSR activities as, '*a good thing to do.*' E.g., Stanbic Bank (U) Ltd donated a motor boat Ambulance to Kalangala district (a very remote district of Uganda and located in the middle of Lake Victoria,—the largest fresh water body in Africa). The boat would be used to help expectant/pregnant mothers in this remote and water surrounded district, be taken to hospitals for safe delivery (hence the bank contributing to promotion of maternal health). Similarly, Standard Chartered Bank (U) Ltd runs the 'Seeing is Believing' CSR activity. On this activity, the bank has so far donated more than two brand new ambulances to the Ministry of Health managed hospitals in remote areas of Uganda in addition to financing various eye clinics and operations/surgery. Furthermore, Bank of Uganda (which is Uganda's central bank) has donated 10 million shilling (approx. US$3500) recently (May, 2015) to a Catholic charity taking care of the disadvantaged children in Uganda in memory of Father Simon Lourdel '*Mapeera*' (a Church Missionary Society employee who is believed to be the grandfather of introducing Catholicism in Uganda jointly with Brother Delmas Amans, '*Amansi*'). The examples for Community CSR activities are numerous and always much engaged in by both profit and non-profit making entities compared to other facets of CSR in Uganda. Henceforth, this write up renders it to be the dominant facet of CSR in Uganda. On the other hand (iv) *Economic CSR activities* have also currently emerged in high gear. Literature (Henriques & Richardson, 2005; Porter & Kramer, 2006) refers to these as '*Strategic Business CSR Engagement activities*' because they largely sustain the economic agenda of the CSR undertaking company. These CSR activities are characterized by 50 % win for the CSR engaging organization and 50 % for the beneficiaries targeted by the CSR activity. The best example is Century Bottling company (a Ugandan based franchise for Coca Cola International)'s CSR activity which saw the company partnering with Techno Serve to promote fruits growing in Uganda. The farmers economically benefit when they get an income from fruits sales so that they can educate their children, have a decent life, etc. but also Century Bottling Company gets a raw material it uses for Minute Maid (a fruit drink). Another example is Nile Breweries Ltd.'s sorghum growing project it engaged into to help the war ravaged

northern Uganda people to rebuild their economic level after the over 20 years Kony LRA civil war. The brewery gets raw materials for its Eagle Lager brand, but the community is also benefiting equally like those of beneficiaries of the Century Bottling Company.

7.3 Political Handling, Socio-Economic Factors, and Initiatives That Promote CSR in Uganda

7.3.1 Political Handling

Unlike most developed countries (esp. EU countries, Canada, and South Africa), 'CSR' in Uganda lacks high level political back up (esp. at Ministerial, Parliament and cabinet level). This was evident when Uganda's president, His Excellence Y.K. Museveni once pronounced before manufacturers in 2009, that they should leave to government issues related to CSR, and instead concentrate on paying taxes. This political statement may loosely be taken to mean that paying taxes is the only social responsibility that businesses ought to pursue. Promising, however, a set of laws and regulations exist in Uganda that individually or collectively promote the growth of different CSR facets/dimensions. For example, Occupational Health and Safety Act 2006, Employment Act 2006 and Labour Union Act 2006, (all promoting the workplace dimension); Fisheries Policy 2000 (promoting the marketplace dimension), Forest Policy 2001, Land Act 1998 (Cap 227), Mining Act 2003, National Energy Policy 2000, National Environment Act Cap 153 (19 May 1995), Tree Planting Act 2003, Uganda Wildlife Act 1996, Cap 200 of 2000, Wetlands Policy 1994 (all focusing on Environment dimension); Wildlife Policy 1999 (community dimension), etc.

7.3.2 Socio-Economic Factors That Influence CSR

The works of Katamba and Sabine (2008), titled, '*CSR in Uganda: Perceptions, approaches and needs of companies,*' attempted to provide exploratory socio-economic factors shaping CSR in Uganda. These scholars interviewed senior managers in charge of CSR (managing directors, chief executive officers, chief financial officers, marketing managers, public relations managers, CSR managers, Heads of corporate affairs and human resources managers) in companies operating in Uganda. They interviewed them using a structured questionnaire, which contained a total of 125 qualitative and quantitative questions. Additionally, they used focus group discussions (FGDs) involving one small and one very large company as well as website content analysis of selected companies (note that the information these scholars obtained from these companies websites was extracted without any alteration). Their findings indicated that ensuring product safety,

maintaining supplier relations, enhancing fair competition, improving quality of life of the society in which business operates, maintaining a good relationship with the community while fostering business development and, desire to contribute to Uganda's development topped the list of drivers (influences) to engage in CSR. Henceforth, a follow up study, "*CSR Management in Uganda: Lessons, challenges and Policy implications,*" by Katamba et al. (2012), found that:

> "[...] Managers are largely motivated towards CSR by external factors such as attracting and retaining customers, enhancing reputation and operational efficiencies to achieve competitive advantage, rather than internal factors such as CSR policies, employee welfare and CSR reporting," [p. 375].

To date, the socio-economic factors shaping and influencing CSR in Uganda can be classified as: (i) pressure from both political and business leaders, (ii) Increased complexity of stakeholders, (iii) Standards body. These are detailed below:

(i) Pressure from Leaders

It had almost become a tradition by many businesses in Uganda to claim engagement in socially responsible activities. That is very often, company managers or executives could mention when on radio/TV talk shows, during corporate dinners, or social events (mainly sports & games events), etc. that, '... we have done this as part of our CSR.' Others (especially manufacturing companies) would mention of having engaged in tree planning so as to preserve the environment. However, absence of reliable and informative records of what impactful CSR they do/did (e.g., how many trees they planted and where exactly, or even the current status of those trees, plus the sustainable development impact the said CSR activity yielded), provides room to question the legitimacy of their claims especially for tax holidays or renewal of operating licenses in lieu of CSR engagement. Porter and Kramer (2006) mention that such CSR activities whose development impact can neither be traced nor whose records are not straight simply indicate that they are not enshrined into the company/organization's strategy, and we comfortably refer to these as 'by-the-way' CSR engagements. Henceforth, political leaders have mounted pressure to selected businesses (*especially manufacturing companies since they pose a very big environmental damage and risk*) to act responsibly. This pressure has yielded, though not yet on a large scale, changes in CSR from '*by-the-way*' activities, to '*realistic social responsibility engagements*.' The Daily Monitor of 9th December, 2013 articulated one leader (a Honorable Member of Parliament):

> "[...] It really disturbs me to see some of these investors who have made money out of taxpayer's money not having the courtesy of refunding what belongs to Ugandans not even taxes since there is no record of any corporate social responsibility (CSR) they are involved in that can exonerate them from taxes! ..." Mr. Alex Ruhunda (NRM Fort Portal Municipality).

(ii) Increased Complexity of Stakeholders

Stakeholders are persons (both artificial and natural beings) that affect or can be affected by the decisions taken by any organization or business setup (Freeman, Harrison, Wicks, Parmar, & de Colle, 2010; Lantos, 2001). This means even for CSR decisions and activities, stakeholder are central to their success or failure,

including having a buy-in (which is essentially embracing, endorsement) of these activities. Therefore, with respect to the concept of stakeholders, the socio-economic arena in Uganda is getting complicated day after day. This means previous stakeholders of a particular business or industry, have changed (or have expanded in number). The best example of stakeholder complexity is seen in the telecommunications industry. Formerly, Uganda Communications Commission (UCC) was the major stakeholder given its position as the industry regulator. To date, 'consumer rights agencies' like *Consumers Education Trust*, etc., are emerging daily thereby forcing telecoms to revise their marketing, pricing approaches, revisit their product offers and also forcing innovations in this industry to ensure 'Value for Money' for their customers. The pharmaceutical industry has also not been spared. For example, Katamba, Nkiko, and Ademson (2016) revealed that while a decade ago, the pharmaceutical industry realized its success with focus on a limited set of stakeholders today, it has to consider a multiplicity of stakeholders including cross-border stakeholders. These stakeholders include foreign medical practice regulators (*like,* Association of the British Pharmaceutical Industry—ABPI's Code of Practice) since drugs have to be exported into other markets, national regulators, competitors, supply chain players, competitors, Researchers and Research users, etc.

(iii) Standards Body
Uganda National Bureau of Standards (UNBS) is the national standards body. This statutory organization was established by an **Act of Parliament** of June 1983 and became operational in 1989. It is an agency meant to enhance national development through the application of standards in trade, industry and consumer protection. We can comfortably say that it is shaping the 'Market place' dimension of CSR in Uganda (Katamba, 2012). In 2013, UNBS participated as a standards agency for Uganda, in piloting ISO 26000 in Uganda, as part of a big project, "SR East Africa Project" that was meant to popularize the uptake of this social responsibility guidance standard (ISO 26000).

7.3.3 Initiatives/CSR Promotion Agencies

In Uganda, there are a variety of CSR promotion agencies. Katamba (2012) categorized these as 'Role-players impacting on CSR awareness and advancement.' Specifically, Katamba (2012) categorized these agencies into five. That is, (1) International Diplomatic Missions; (2) Development Agencies; (3) Multi-sectoral initiatives; (4) Civil society organizations; and (5) Academia/universities. These are detailed below:

1. International Diplomatic Missions—with a direct focus on CSR in Uganda

    a. The Royal Netherlands Embassy. This is the recent mission to come up with a CSR strategy for Uganda following a 2015 country scan by its CSR agency '*MVO Nederland*.' With a goal of 'creating CSR awareness arising and

capacity building,' this embassy's initial CSR strategy (2015–2017) targets Dutch-Uganda linked companies operating in Uganda through the platform, 'Netherlands Uganda Trade and Investment Platform (NUTIP),' although it slightly extends to other selected companies and value chains.

   b. United States of America (USA) Mission,

   c. European Union,

   d. German Mission

2. *Development Agencies—with a focus on CSR*

   a. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

   b. United States Agency for International Development (USAID)

   c. The Canadian International Development Agency (CIDA)

   d. Department for International Development (DFID)/UKaid

3. *Multi-Sectoral Initiatives.*

   So far, the UN Global Compact—Uganda local network which currently has over 20 signed up organizations/companies in Uganda, is the dominant initiatives. However, UNESCO through the Uganda National Commission for UNESCO supported by the German Commission for UNESCO, has also started organizing Public Private Partnerships (PPP) workshops and consultations aimed at accelerating CSR uptake. The most recent consultations and workshop having taken place for a period 1st September to 3rd September, 2015 at Ridah Hotel, Seeta town, Mukono District (Uganda).

4. *Civil society organizations*

   a. *Uganda Chapter for Corporate Social Responsibility Initiatives* (UCCSRI) is the leading Ugandan organization that provides CSR information and advisory services. It is also popularly known for its coordination role of private sector CSR activities in Uganda.

   b. *CSR Consultative Group* (*CCG*) initiated by GIZ, this is a network (though now undergoing '*voluntary dissolution*') brings together CSR promoting organisations in Uganda. Currently, it comprises of: CSR Chain Link, Institute of Corporate Governance Uganda, Living Earth Uganda, Makerere University Business School, Uganda Chapter for Corporate Social Responsibility Initiatives, and Uganda Manufacturer's Association.

5. *Academia/universities*

   a. Makerere University: This is the largest university in Uganda and it seems to be in the driving seat for the CSR agenda in Uganda from a formal education perspective. It runs different programs and projects that directly feed into the CSR agenda. E.g., at its *Centre for Research in Energy and Energy Conservation,* the university promotes renewable energy practices.

   b. Makerere University Business School—MUBS: It finances CSR related research projects which integrate CSR knowledge in its existing and new academic programs. The school also has a 'Leadership Centre' and 'Entrepreneurship Centre' through which it fosters its CSR activities like extending free basic business, leadership and management education. In addition, the

school runs formal higher business education in Luzira prison and it graduates inmates as part of its CSR. Also through its, 'Office for Coordination of CSR Studies,' MUBS tries to respond to society problems which after a careful analysis, are found to have a linkage with MUBS' core reason of existence, that is, to excel at 'business academics and research leadership.'

c. *National Council for Higher Education (NCHE):* This education regulatory body in 2011 financed a ground breaking CSR academic research, "Profiling Corporate social responsibility for private and private companies to liaise with government in the realization of MDGs." Since then, through it grants program, NCHE awards research grants that investigate CSR issues.

d. Other universities involved in CSR-related seminars, conferences and training programs (though on a small scale) include: Bugema University, Kampala International University, Uganda Christian University and Uganda Management Institute.

7.4   The Business Community Approach to CSR

The CSR approach of the business community in Uganda is almost similar to what Visser (2008) found out in other developing countries. That is, irrespective of the nature and way of how the business community in Uganda approaches CSR, their contribution to economic growth though CSR is uncontested (Katamba, Nkiko, Tushabomwe-Kazooba, Babiiha, et al., 2014; Katamba et al., 2014). That is, their approach is a mix of many approaches but the most dominant ones are, (i) philanthropic approaches (which largely includes giving cash or physical items donations which do not as such, have a link with the engaging companies core business), (ii) strategic business engagements (where the engagement has a direct link with the core business of the engaging company) and lastly, (iii) business' staff-in-community volunteerism (where the staff of companies, voluntarily engage in betterment of social-economic community affairs).

This business community's approach in Uganda therefore tends to differ from critics such as Friedman (1970) who argued that profit maximizing remains the sole objective for a firm with very limited or no interest in what is happing in its environment. Hence we can argue that the approach of business community in Uganda, will significantly contribute towards community development as well as the general economic situation, a view which tends to support recent works of Visser (2015) about unlocking change for better and sustainable CSR engagements. However, this is not as soft as ought to be seen. That is, certain issues have to be dealt with. These are: (1) Understand focal CSR issues that are sustainably impactful; (2) Motive alignment to the approach of CSR given the nature of business set up (whether SME or Big company); and lastly, (3) understand the barriers that surround CSR engagements in Uganda. Below, we detail these issues.

7.4.1 Understanding and Focus Areas

A cross sectional sample of recently recognised CSR activities in Uganda's award winning companies is seen as a positive road map to strategic understanding and practising of CSR. It is important to note here that the word award winning has been used to refer to those companies that won the prestigious CSR accolades in Uganda in 2013, because their '*CSR had a focus*,' and 'they exhibited a detailed understanding of what and why they engaged in CSR.' These awards are so far the highest standardized CSR awards (organised based on ISO 26000 social responsibility standard) for exemplary companies. They were jointly organised by CSR influential bodies in Uganda. These included: Uganda Investment Authority (UIA), Private Sector Foundation Uganda (PSFU), CSR Consultative Group (CCG), Uganda Chapter for Corporate Social Responsibility Initiatives Ltd (UCCSRI), Uganda Manufacturers Association (UMA), Uganda Small Scale Industries Association (USSIA), National NGO Forum and German International Cooperation [Deutsche Gesellschaft für Internationale Zusammenarbeit] (GIZ). Table 7.1 shows a cross section of sampled outstanding CSR activities for selected companies.

Table 7.1 A sample list of CSR Award winning companies in Uganda and their understanding of CSR

Company	Understanding of CSR and focus areas
Kakira Sugar Limited (KSL)	KSL was the *'Overall winner'* of above mentioned awards raiding on its environmental CSR initiatives like using bagasse to produce renewable energy during the process of making sugar. Their CSR is as old as the company itself. In labor practices, they employ over 7000 people. In education they have several schools starting with nursery, primary, secondary, to tertiary. Regarding health, they have hospitals that can accommodate 100 in-patients. It also supports other community health initiatives through its CSR arm, 'Kakira Out growers Rural Development Fund—KORD' and other partners in health like USAID
Standard Chartered Bank (SCB)	The bank was the winner in the category of 'Health Services the in community.' It runs a CSR project, *'Seeing is Believing.'* SCB's partners on this project are 'Sight Savers' (an international eye care NGO), Ministry of Health, & Mulago Hospital (Uganda's only national referral hospital). The project has been running for 10 years. So far 80,000 clients have been diagnosed, treated and provided with affordable eye glasses where applicable. The project beneficiaries are across all districts of Uganda
Uganda Baati Limited (UBL)	UBL came second in the Health services category. It was recognized in workplace health and community involvement. Uganda Baati Limited through the Chandaria Medical clinic has strong CSR component in its offer of both free & subsidized health services to its employees and the surrounding communities of Tororo and Kampala Industrial area. Among the major services provided by the clinic include; Training of peer educators, Screening of cervical and breast cancer for the women, as well as general medication

(continued)

Table 7.1 (continued)

Company	Understanding of CSR and focus areas
Airtel Uganda Limited.	The company has assisted rural schools under 'Esomero Lyaffe Project' (*interpreted as*, 'Our School Project'). The Project provides support to rural schools in construction of libraries, latrines, computer rooms, water harvesting tanks, classrooms and equipment. Examples of the beneficiaries include Ndeeba Church of Uganda and St. Pontiano Kangulumira secondary schools both in Kayunga District. This initiative has increased the intakes in these schools by over 40 % (from 1000 to over 1400 students)
Roofings Group Limited	This Group of companies fulfills all the legal requirements of labour. In addition they offer other services to staff. That is, a workers' health facility with a standby ambulance, providing workers with well balanced meals, respecting the HIV/AIDS policy and conducting HIV/AIDS programs for staff. Lastly, the company periodically awards the best employees with trophies, cash praises and iron sheets
SESEACO	SESEACO is an SME in Uganda. The company carries out several activities aimed at improving the nutrition of mothers and children. They provide farmers with high quality seeds and the company buys the produce from farmers at fair prices. SESACO has a skills development initiative where they train interns especially those studying food sciences and technology and have partnered with foreign organizations to provide skills. Every year the company sends at least five people (staff, their suppliers and customers) to go for training in nutrition and food processing to USA, Rwanda and Burundi
Nile Breweries Limited	The company's CSR is visible in ten priorities as summarised as: Discourage irresponsible drinking; Make more beer using less water; Reduce the company's carbon Foot Print; Promote packaging reuse and recycling; Working towards zero waste operations; Have supply chains that respect company values and commitment; Respect human rights; Bring Benefit to our communities; Contribute towards the reduction of HIV/AIDS; Transparent in reporting progress

Source: Compiled from UMA (2014), and from the 2013 CSR Awards Jury notes

7.4.2 Motives and SME's Approach to CSR Verses Large Business Approach

Research (UNIDO, 2002; Visser, 2008; Vives, 2006) into Small and Medium Enterprises (SMEs)' motives and approach to CSR in developing countries has tended to be so much generalized. This means country specific studies (Uganda inclusive) are too scanty to guide academic debate and practice. However, entrepreneurship researchers in Uganda (*notably* Prof. Waswa J. Balunywa, Prof. Peter Rosa, and Rebecca Ddawa, among others) have consistently noted that most activities of SMEs in Uganda cannot be detached from their founders/owner's direct interference and influences. By this, one can infer that the SME owner's influence dictates how and which CSR to engage in. This inference is manifested in works of Nkiko (2013)'s study of 30 SMEs in Uganda, which found that:

Table 7.2 Key differences between SMEs and large firms' approaches to CSR in Uganda

	CSR in SMEs in Uganda	CSR in large firms operating in Uganda
Organizational origin/driver of CSR	SME owner-managers are key drivers for SMEs' CSR engagements. That is, "… CSR is traditionally traced from owner-managers' self-satisfaction values such as culture, power, religion and status in their respective communities. The owner managers regard CSR as 'doing the right thing', which is primarily driven by intrinsic motives." (Nkiko, 2013, p. 391)	CSR is traditionally traced and drove by (i) corporate policies, (ii) corporate business objectives like build brand loyalty, being supplier/ business partner of choice, etc., and also from (iii) international business frameworks like ISO 26000, OECD, CERES, UN Global Compact, etc.
Perception	CSR is perceived as a cost center	CSR is perceived as a strategy for risk mitigation or prevention (Porter & Kramer, 2006) as well as opportunity maximization (Grayson & Hodges, 2004)
Scale of engagement	Usually on a limited scale with generally not much tangible/measurable development impact since it is much limited to the owner's decision and interest	Large scale engagements with far reaching development/measurable impact since it is usually inclined to a big national issues or development agenda (like Sustainable Development Goals (SDGs) formerly MDGs targets, *see* Katamba, Nkiko, Tushabomwe-Kazooba, Babiiha, et al., 2014; Katamba et al., 2014)

Source: Author generated

"… CSR activities in SMEs in Uganda are a clear reflection of the specific owners' beliefs, desires or experiences that drive their engagement in CSR."

He further observed that.

"… Understanding the individual at the heart of the SME is the basis for understanding the firm's CSR direction."

Therefore, our review of the above SMEs-CSR related literature reveals that the approach to CSR in SMEs tends to be totally different from that of large firms. This is shown in the Table 7.2:

7.4.3   Perceived Barriers

A variety of barriers in Uganda hinder the business community from engaging in CSR (Katamba et al., 2012; Katamba, Nkiko, Tushabomwe-Kazooba, Babiiha, et al., 2014). These were grouped into three broad categories as, "physical, institutional and operational challenges"… (Katamba et al., 2012, p. 383). These aggregately include inadequate infrastructure like roads and communications networks around the country [*physical challenges*] though the government has a robust

program to solve this through its agency, Uganda National Roads Authority (UNRA). Additionally, there is lack of policy guidelines for CSR specifically at national level though at organizational level. However, efforts have been observed by CSR Consultative Group and Uganda Chapter for Corporate Social Responsibility Initiatives (UCCSRI) amongst selected companies to have CSR Policies. Also there is lack of very reliable data about social issues that would inform corporate organizations to engage in CSR. Furthermore, there are budgetary constraints for CSR activities, and this makes many CSR activities unsustainable.

Recent research (Katamba et al., 2014), that examine *"Integrating corporate social responsibility into efforts to realize the Millennium Development Goals: Lessons from Uganda"* unearthed seven impediments to private entities full intervention into CSR. Of these, 'corruption' ranked first, the 'cost of doing business' which impacts negatively on the CSR budgets ad priorities (p. 324)", while limited understanding of the concept of CSR ranked last.

7.5 Future Perspectives of CSR in Uganda

The future of CSR in Uganda can be seen preliminarily from two perspectives. (i) A perspective which embraces ISO 26000 (a Guidance Standard for Social Responsibility) since this has been piloted in Uganda already; and (ii) a perspective of how companies that are CSR responsive, communicate their engagements. This is alluded below:

7.5.1 Adherence to Standards

Uganda is a country with many laws and standards that relate directly or indirectly to CSR, however, most of them are not adhered to (Nkiko & Katamba, 2010), or are implemented selectively. This leaves questions of whether institutionalizing CSR should be cross examined (Nkundabanyanga & Okwee, 2011). The laws available relate to labour practices, human rights, environmental protection, to fair trading practices, among others. For details, please see section above, on *"Political handling and initiatives that promote CSR in Uganda."* However, for purposes of this write up (book chapter), we borrow from a typical social responsibility standard (ISO 26000) championed in Uganda by Uganda National Bureau of Standards (UNBS).

ISO 26000 was released by International Organization for Standardization (ISO) in December 2010. Uganda was among the signatories and active members to see the roll out of this standard. Started with MENA Region (Middle East and North Africa), piloting ISO 26000 in Uganda started in January, 2013 with five companies/organizations (MTK Uganda Ltd,—then Cooper Uganda Ltd, an agricultural inputs supply company; Kampala Capital City Authority,—KCCA; Uganda Baati Ltd,—a steel manufacturing giant in Uganda with foot prints in East and Central

Africa given its belonging to the SAFAL Group; Housing Finance Bank,—a historical giant commercial bank in Uganda; and, Uganda Chamber of Mines,—an umbrella organization for mining companies in Uganda). The above piloting initiative which was spearheaded by the Uganda National Bureau of Standards (UNBS) justified ISO 26000's intention to promote common understanding in the field of SR, and to compliment other instruments and initiatives for SR, and not to replace them (*see,* Abstract to ISO 26000).

Based on the findings from one of the pilot companies, CSR experts (Katamba, Nkiko, Tushabomwe-Kazooba, Babiiha, et al., 2014), moved on to ascertain the extent to which companies have moved into embracing CSR related standards, notably ISO 26000. They used case study methodology and documented how a company can use the social responsibility standard, ISO 26000, to guide its CSR aimed at contributing to Sustainable Development Goals (SDGs) formerly, Millennium Development Goals (MDGs). They focused on the CSR dimension of community involvement and development (CI&D) interventions in health-related MDGs (4, 5 and 6). These scholars gathered data through non-participant observation of CSR activities and projects plus semi-structured interviews with CSR managers of a very large company (SAFAL)'s subsidiary, Uganda Baati Ltd. The researchers employed pattern-matching, explanation building and time series analysis so as to validly make their assertions. Henceforth, in their research output: "*Community Involvement and Development: An intermarriage of ISO 26000 and Millennium Development Goals.*" For example, they unearthed that:

> "... ISO 26000 is intended to promote common understanding in the field of SR (esp. in Uganda), and to compliment other instruments and initiatives for SR, and not to replace them. ...". "... we therefore find ISO 26000 as providing guidance to realizing MDG Targets, that is, the MDG framework presents targets to aim at, while ISO 26000 outlines explicit steps to show how to achieve those targets (p. 855).""

From the above perspectives, we may comfortably infer that whereas there has been a bevy of CSR activities in Uganda, with considerable mismatch in strategies, the emergence of ISO 26000 presents hope and future for sustainability of Uganda's CSR. That is, with the set of guidelines offered in the standard, companies that embrace the standard await reaping big from their CSR. Reaping could be through, strategic competiveness based on CSR, a view earlier amplified by works of Porter and Kramer (2006). Additionally, they will have win-win situations where society and businesses benefit from CSR activities as opposed to one sided win.

7.5.2   CSR Reporting and Communication

The notion, '*CSR Reporting and communication*' is premised on the fact that every social responsibility a firms does, sends a message (CSR Consultative Group, 2014). Because of this premise, researchers of CSR (Cramer, Jonker, & van der Heijden, 2004; Starbuck & Milliken, 1988; Waterman, 1990; Weick, Sutcliffe, &

Obstfeld, 2005) have connected CSR Reporting and Communication to foot prints of '*The theory of sense-making*' advanced by Karl Weick (*see,* Weick, 1995). That is, sense-making involves structuring the unknown (like designing the CSR messages) by placing stimuli into some kind of framework (say a CSR report, newsletter, memo, etc.) that enables us (stakeholders/users of the CSR information) to comprehend, understand, explain, attribute, extrapolate, and predict what would happen in the future (Starbuck & Milliken, 1988, p. 51). This means that building on the theory of sense-making, the future of Uganda's CSR reporting and communication is typical of Morsing and Schultz (2006)'s works. That is, these scholars' attempts to reveal what message or information stakeholders look for in CSR reports or in CSR communications, mentioned that:

> "[. . .] Messages about corporate ethical and socially responsible initiatives are likely to evoke strong and often positive reactions among stakeholders. . .," (Morsing & Schultz, 2006, pg. 323).

Therefore, a recent study of Uganda's CSR award winning companies, conducted by CSR Consultative Group (2014), revealed that the future of CSR reporting and communication in Uganda, rests on a critical examination of these four aspects:

(i) *Understanding what CSR communications and reporting really means.* That is, companies operating in Uganda have started delineating between other forms of communications (like Advertising, marketing campaigns, etc.) from CSR communications.

(ii) *Putting in place policies to aide solicitation and production of CSR communications.* These policies revolve around (a) *Transparence,* and, (b) *Accountability,* of what is being reported and communicated on. For example, when asked: 'What is your Policy on communicating and reporting corporate social responsibility (CSR)?' The Corporate Affairs Manager at Standard Chartered Bank Uganda Ltd (SCBL) replied:

> ". . . SCBL supports the participation of all employees in helping the Bank build its reputation through accurate communication of the Bank's key messages about CSR and other publically available information. Since employees may be perceived to be spokespeople for the Bank even if they are communicating in a personal capacity, such as on blogs or online social networks, the Bank emphasises the need for them to use appropriate judgment in what they say and add disclaimers where appropriate."

(iii) *Effective stakeholder engagement in CSR communications and reporting.*
Here, companies and Businesses operating in Uganda take their CSR/sustainability communications to the next level, with best practice on employee, supplier and customer engagement techniques so as to enable the users of their CSR information to see and derive value from what they read. They believe that it's even more important for any business to talk to local stakeholders before talking to other groups, because these are the stakeholders who are likely to spread the news about what is happening in their locality. If you don't bring the local people on your side really quickly, the consequences are that you may have to fight damaged reputation and bad mouth. This was stressed by one respondent as shown below:

"[...] Kakira Sugar Ltd (KSL) often takes initiative to consult and engage the Government and local stakeholders to ensure that everything complies with the law, no duplicity of plans and to determine if there are any risks involved in the particular projects. Some of KSL's outcome of such a collaborative stakeholder communication and engagement model has been Special care and sponsorship of many orphanages and old people's homes in and around the country," (Assistant to General Manager, KSL)

(iv) *Fitting your CSR communications and reporting into the global perspectives* (like Global Reporting Initiatives—GRI; SAM; Dow Jones Sustainability Indices—DJSI, and social responsibility guidelines—ISO 26000; etc. This makes your CSR information and reports credible and trusted, as echoed below:

"... we recognize that our sustainability as a business depends not only on our economic performance, but also on the way we manage our social and environmental impacts. We seek to maximize our positive impacts, creating value for our stakeholder while improving our own performance. That is why every year, alongside the Annual Report, we publish a Sustainability Report that encompasses the Diageo business across the world. We have global codes, policies and standards covering various aspects of reporting sustainability and responsibility that Uganda Breweries as a subsidiary of Diageo signs up to. This also stems from our code of business conduct. (Corporate Relations Manager, Uganda Breweries Limited)"

7.6 Conclusion

CSR in Uganda has evolved to a moderately known concept and practice for both small and big companies. It should be however noted that this evolution has its roots in the forefathers of the Ugandan community. Additionally, culture (rooted in the African Traditions Society,—ATS) as further modified by the coming of Arabs and Christian missionaries, shaped the minds of Ugandans into what we now see as 'CSR' emerging from the famous 'muno mukabi (*Self Help initiatives*).' Important to note, is that, ATS, Arabs and Christian missionaries, furthered 'community CSR activities.' Meanwhile, the emergence of Long Distance Trade (LDT) which later culminated into formal business/commerce that saw Asians (like Mr. Shri Nanjibhai Kalidas Mehta,[1] and, Mr. Manilal Premchand

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[1] Shri Nanjibhai Kalidas Mehta is the founder of The Mehta Group (one of the largest holding companies in Uganda with over six subsidiaries but large companies trading in almost all sorts of businesses in Uganda,—**Cement and Building Materials, Packaging, Sugar, Horticulture & Floriculture, Engineering, Electrical Cables, Consultancy, Agro Chemicals, Trade and Financial Services and International Trade., etc.**). He was endowed with exceptional entrepreneurial abilities. He was a true humanist with deep philanthropic generosity. He is regarded as an ardent nationalist and a contemporary of the Father of the Nation who practiced the doctrines of the Mahatma Ghandi. He was born at Gorana village, near Porbandar in the State of Gujarat in India, on 17th November, 1887. Driven by a spirit of adventure, he set sail to the shores of Africa at age 13, in the year 1900.

Chandaria,[2]—popularly known as 'Manu Chandaria') entering Uganda's business environment towards the end of the nineteenth century, account for the growth of current 'marketplace CSR activities.' Apparently, even Ugandan owned enterprises are now embracing CSR though on a low scale. Worth noting is that, whereas 'environment CSR activities' (like tree planting, recycling, waste disposal, etc.) tend to be more pronounced in Uganda, very few outstanding projects/ activities are documented. It is also important to recognize that whereas meeting legal requirements in the basic CSR minimum standard any company/organization is expected to do, a lot of laws in Uganda are not adhered to. This is mainly attributed to a weak/selective enforcement regime and/or an easily corruptible environment. It therefore becomes a myth to legalize or in any way, regulate activities regarded as CSR. Promising however, the birth of ISO 26000 which has been piloted in Uganda, is seen as some light to strengthen and perfect CSR interventions in Uganda. This is because the standard offers far much better and detailed social responsibility guidelines than legal requirements, which even CSR novice organizations/companies, can take on. Additionally, hope for Uganda's CSR is vested in the aggressive approach to create awareness by different diplomatic missions, development agencies, NGOs, CSOs, as well as the academia.

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[2] Born on 1st March 1929 and based in Nairobi Kenya, this billionaire has successful businesses in over 40 countries. He is an Asian well recognized for philanthropic works. He has won several awards internationally, including, 'Order of the British Empire (OBE)' by Queen Elizabeth II.

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Part III
Western Africa

Chapter 8
The Contribution of Civil Society in the Implementation of CSR: The Case of Cameroon with SOCAPALM Affair

Ernest-Marie Mbonda

Abstract If CSR now has an important place in the economic and institutional landscape of western countries, in Africa, at least in the canonical form of CSR that has emerged today, it still quite largely unknown to the general public as well as business community. Companies are certainly used to refer generally to the laws governing economic transactions (tax, marketing and distribution, labor laws, etc.). But they are few to explicitly mention CSR in their activities. In societies where states tend to show little vigilance concerning the implementation of CSR, it is the involvement of civil society that determines the emergence of a CSR culture in organizational, managerial and economic practices of national and multinational companies. The aim of this paper is to account for this assumption from the situation of CSR in Cameroon and in particular the case of the Cameroon Society of Palm (SOCAPALM) which was in the center of an unprecedented mobilization of the civil society.

8.1 Introduction: CSR in Cameroon: An Unknown Object?

8.1.1 Knowing What We Are Talking About

Any attempt to establish an inventory of the situation of CSR in a particular country is faced with the difficulty of determining a terminological and conceptual framework of the issue. Is it *social* or *societal* responsibility of the corporations? Social (or societal) responsibility of the *corporations* or *organizations*? Social *responsibility* or Social *responsiveness*? Socially responsible investment? Corporate social Investment? These concepts express different connotations of CSR and do not facilitate an accurate measure of the representations thereof. It is possible that the alleged ignorance of CSR applies only to the concept itself, which does not

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necessarily means that the actors are completely unaware of the matters referred to, some of which are more or less formalized by codes or laws already in force in those countries.

The scientific evolution of the concept of CSR (see Pasquereau, 2005: 103) does not provide a key, but several approaches to understand the meanings of the concept. Some of these approaches focus on the "expectations" of the society towards the companies. Other approaches deals with the societal logics (political, economic, legal, technological) according to which CSR are determined, and others on the actors (policy makers, customers, State, stakeholders...), and still others on the socio-political processes in which companies are involved. In the latter case in particular, companies are seen as actors as well as other social actors, called to build and determine their responsibility in terms of social, economic and political current issues, and not firstly as debtors of a set of pre-established moral or legal obligations. Companies have a tendency to build and thus define their "social responsibility" in relation with the socio-economic context in which they are incurred. In many cases, especially for multinational companies, the same company can provide different contents to its social responsibility according to the country in which it is located.

The pyramid of Carroll (1991) provides another definition or even interpretation of CSR, placing at the bottom of this pyramid the economic responsibility, and above, successively, legal responsibility, ethical responsibility and philanthropic responsibility. Economic responsibility refers to the primary purpose of a corporation: production of goods and services with the pursuit of profit as main motivation. From there, the corporate responsibility will be defined in terms of performance leading to increase its competitiveness in a competitive space, maximize shareholders advantages and increase the profits of the company in general. Legal responsibility aims at organizing the company's activities in compliance with laws and regulations issued by the state. Ethical responsibility implies that a company take into account the ethical standards shared in a society, the principles (such as integrity, honesty) not necessarily codified by laws. The philanthropic responsibility presupposes that the company is involved through donations and grants in community activities, to promote social issues such as education, health, culture, welfare, etc.

The metaphor of the pyramid shows that the four levels of responsibility do not have the same scope, since it goes from what is considered the main and probably the most compelling—economic responsibility—to one that is less restrictive—the philanthropic responsibility. Economic responsibility can be seen as a ''hypothetical imperative'', combining the pursuit of profit as an end with performance bonds as ways to achieve this goal. Legal responsibility includes another form of compulsion, related to laws imposed by a State under its power to regulate all activities of individuals and organizations that are on its territory. Ethical responsibility is not codified, but contains a level of stress that cannot be underestimated. It is difficult in fact for an organization to do without meeting, at least minimally, the ethical expectations of the society, without complying with the ethos recognized in a community. The philanthropic responsibility is what might be called a

supererogatory duty which means that although it is increasingly hoped that businesses play an active role in the social activities of the community, they are not considered unethical, much less illegal, if they do not.

Some authors like Friedman (1970) reduced the responsibility of the company to that of making a profit and challenged especially the responsibility defined in terms of philanthropy. Organizations such as the European Commission focus on philanthropy, defining CSR as the "voluntary integration by social and environmental concerns in their business operations and in their relations with their stakeholders."

The metaphor of Pyramid helps to understanding how some countries refer to CSR. In most countries in Africa, CSR is seen primarily in terms of philanthropic responsibility, consisting especially of a number of business initiatives and investments in social issues, as donations, support for some development projects, etc. This can be seen for example in the presentation of the CSR by the "Groupement inter-patronal" of Cameroun (a cluster of small and big enterprises of Cameroon), which in the article 9 of his "Code éthique", specifies that "companies implement means allowing them to achieve or contribute to achieving social initiatives to participate in local and national development" (our translation). That is why, considering the philanthropic level of CSR, it is possible to locate CSR strategies along a continuum ranging from "do nothing" to "do much" as Carroll suggests (1979) (see also Biwole Fouda, 2014).

Concerning the field of normativity, regardless of whether this is a cause for satisfaction or disappointment, there is a proliferation of standards: if the best known are those of international institutions (UN, ILO, OECD, ISO), we should consider those in forces in the countries, given by translating and/or adapting the international standards, and the many codes that are now at the forefront of the "showcases" (web sites) of all major companies.

So if we consider the multiplicity of approaches and standards, it is difficult to know according to which criteria we measure the level of knowledge of the concept of CSR in different countries. So there is more likely to discover that almost all businesses are somehow Mr. Jourdain[1] of CSR, because they refer to CSR without knowing it. Some leaders who say they do not know the CSR or have never heard of ISO 14001 or ISO 26000 (as shown by the investigations mentioned below) are also able to tell how their businesses are concerned (or do not care) with environmental issues or with the impact of their activities on the whole society.

This difficulty invites both to relativize the statistics on the number of business leaders who know what the CSR is, and to take into account the contextual factors such as the economic and political situations, the role of institutional and social actors (media and civil society), the preferred type of responsibility by companies, the types of issues on which the responsibility is spoken about (education, health,

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[1] Mr Jourdain is a character in Molière's famous play, Le Bourgeois Gentilhomme, who in his effort to belong to the aristocracy, trying to learn the different genres, including prose, poetry that are part of the aristocratic culture. Thanks to his teacher, he discovered he was already practicing prose without knowing it.

work, environment . . .), etc. It is therefore necessary to combine a contextual approach and a systemic approach as suggested by J. D. Matten and Moon (2008). For these authors, in fact, it is from the social, economic and political context of each country that the significance and the role of CSR should be assessed. It is through this approach that it becomes possible to understand why the forms of corporate responsibility differ from one country to another. Here we could appeal to what has been defined in terms of "contingency theory" developed by authors such as Lawrence and Lorsch (1967) which refers to the contextual variables by which one can explain why CSR has not always the same meaning in all societies.

From this analysis, one can say that the situation of CSR in Cameroon is alike and, at the same time different from that of many other countries in sub-Saharan Africa. The specificity of Cameroon is due to its economic situation, which differentiate Cameroon from countries such as his neighbour Gabon (which has a relatively undeveloped industrial base), South Africa, highly industrialized country marked by a long history of apartheid (see Hamann & Kapelus, 2004; Skinner & Mersham, 2008), Nigeria and Chad, both Cameroon neighbour, which have benefited at some time in their history a spectacular oil boom (see Cash, 2012). It also lies on its economic policy and socio-cultural factors that determine the expectations of society with regard to companies.

The similarity to other countries lies in particular in the fact that African states are generally inattentive to the implementation by companies of their social and legal obligations, in part because of their structural weakness and the high level of corruption that allows companies to circumvent the tax laws and rules related with environmental requirements, product quality, etc. (See Biwole Fouda, 2014: 17–18). This similarity is also reflected in the important place—almost exclusively—given to philanthropic responsibility in contexts where communities do not benefit from their states of infrastructure and basic goods that well organized states usually provide their populations which are therefore not condemned to expect the "generosity" of companies (see Cash, 2012; Hamann & Kapelus, 2004: 87).

The investigation on the perception of the practice of CSR by Cameroon in 2013 (Malaria/Ascomt, 2014) shows that knowledge refers almost exclusively to philanthropic activities of companies and gives a fairly high percentage of people (84.3 % in a sample of 1728 individuals interviewed in 7 cities of Cameroon—Douala, Yaoundé, Bafoussam, Bamenda, Ngaoundere, Garoua, Maroua) who have at least heard of CSR. The actions cited by respondents as of CSR include campaigns against certain diseases (malaria, HIV-AIDS, blindness, river blindness, cardiovascular disease, hypertension, diabetes), support to health institutions and orphanages, the supply of water in some locations, equipment donations to schools, scholarships for underprivileged children, sponsoring events, etc.

At the same time some other research speaks about little knowledge of formal standards (explicit), especially international, of CSR as shown in the survey on "The perception of social responsibility (CSR) by managers of human resources in Africa: the case of Cameroon", organized by the Institute CSR Africa. The survey

reveals that "73 % of companies do not have in their organizational structure a CSR department and that 57 % of managers of HRM are completely unaware of ISO 26 000." (Institut RSE Afrique, 2014).

These figures show that while most companies are involved in a number of social initiatives in the form of donations, they do not necessarily make CSR a part of their structure. CSR is exercised in a timely manner, or when the company is solicited by an association to provide financial or logistical support to organize an event, or when it deems appropriate time to manifest itself in the field of philanthropy, ensuring this event media coverage to make the action as visible as possible. We understand anyway why international standards may be ignored or disregarded, either because the canonical form of CSR is not known, or because its standards contain more detailed and binding rules that may, if rigorously applied, representing more or less substantial cost for companies.

8.2 The "Circumstances" of CSR in Cameroon

I borrow from David Hume (*A Treatise of Human Nature,* Book III) the notion of "circumstances", when he defines the data without which one cannot speak of social justice (the notion is also echoed by John Rawls in his *A Theory of Justice*). From the contextual and systemic approach mentioned earlier (Matten and Moon), I shall present here, but rather briefly, the three following factors (circumstances): economic, legislative and administrative.

On the economic front, Cameroon can be presented as a country with diverse natural resources, both on the field of mining (oil, natural gas, bauxite, cobalt, nickel, gold, iron) and agriculture (banana, cocoa, coffee, tea, palm oil, cotton, wood). According to the general business census conducted by the National Institute of Statistics (2013), Cameroon's industrial landscape presents great diversity. There are indeed extractive, food, textile, wood, paper, printing, refining, chemical industries, production and distribution of electricity industries, water and gas, construction industries. It should be added the domain of services, specialized in the areas of trade (wholesale and retail), hotel catering, transport, post and telecommunications, banking and insurance.

In September 2010, one could count the total 93,969 companies and operating facilities in Cameroon, established for 2/3 in the cities of Douala and Yaoundé. It is worth mentioning that in this set, the primary sector represents 0.4 % (3.2 % of GDP), while the secondary and tertiary sectors represent 13.1 % (34.3 % GDP) and 86.5 % (62.0 % of GDP) respectively.

On the legislative front, it is mainly the field of the environment that benefits from the most elaborate regulatory and institutional framework. Let's mention Law No. 96/12 of 5th August 1996 concerning the framework law on environmental management, Law No. 001 of 16 April 2001 on the Mining Code (Chap. V of Title V is devoted to environment), Decree No. 2005/0577/PM of 23th February 2005 laying down the procedures for carrying out environmental impact studies, Order

No. 0069/2005 MINEP 8th March 2005 fixing the various categories of operations, Order No. 0004/MINEP 05 July 2007 laying down the conditions for approval of design offices to the achievement of environmental impact studies and environmental audits, Order No. 0001/MINEP 03th February 2008 laying the general content of the terms of reference for environmental impact studies. To these statutory provisions, should be added the General Guide and some sector guides implementation of the environmental assessment.

At the administrative and institutional level, it is mainly the Ministry of Environment and Nature Protection (MINEP), created in 2005, which is responsible for the implementation of these standards. The Ministry has provided in its organization a Branch of environmental planning (which has the task of ensuring the effectiveness of the integration of environmental considerations into development projects) and Branch Environmental Assessments (responsible for environmental impact studies, environmental audits and environmental management plans). MINEP was preceded by an Inter-Ministerial Committee for the Environment (Decree No. 2001/718/PM of 3th September 2001), with the mission to ensure compliance with the inclusion of environmental considerations in the design and implementation of economic projects, energy and land, responsible for giving an opinion on all environmental impact studies.

These important administrative and institutional arrangements, however, contrast with the effectiveness of the implementation of environmental requirements in business operations and also with the effective monitoring of these activities by public authorities as shown in Table 8.1 below (Cameroun, Institut national de la statistique, RGE, 2009):

Based on these data, the proportion of companies that implemented environmental protection devices and/or having carried out a study of environmental protection is between 69.7 % for the highest (agriculture and forestry) and 0 %. The most involved in environmental issues (mining, food, electricity, water, gas, transportation, construction, fishing and fish farming, livestock) relatively take little care of the environment, with proportions ranging generally below 50 %, or 44 % in the field of extraction, 33 % for food, 12 % for construction, 16 % for transport and 0 % for livestock. Moreover, Cameroon was ranked 141th in 2014 out of 178 countries for the Environmental Performance Index (http://issuu.com/yaleepi/docs/2014_epi_report). If this result shows a change compared to 2012 (112th out of 132), it is still below expectations based on the important normative and institutional framework mentioned above.

These circumstances give civil society a demanding and decisive action context for the effectiveness of CSR in Cameroon, as will be shown with the case of SOCAPALM.

Table 8.1 The implementation of environmental requirements in business operations

Sub-sector	Proportion of companies with environmental protection devices	Proportion of companies which has conducted a study on the protection of environment	Proportion of companies with an office in charge of environment
Agriculture	69.7	63.6	63.6
Breeding	0.0	14.3	0.0
Forestry	60.0	60.0	60.0
Fishing and fish farming	0.0	0.0	0.0
Extraction	44.4	55.6	44.4
Food industry	33.6	24.2	20.1
Other manufacturing industry	26.8	22.7	17.9
Electricity, water and gas	16.7	20.0	16.7
Building	12.2	9.3	11.6
Trade	11.6	6.6	5.3
Transport	16.4	6.2	8.0
Banking and insurance	8.0	1.1	3.1
Other tertiary	14.0	7.7	8.1
Together	**14.7**	**8.9**	**8.5**

Source : Institut national de la Statistique, RGE (2009)

8.3 Civil Society in Cameroon and the Management of SOCAPALM Case

8.3.1 Brief Overview of NGOs Involved in CSR in Cameroon

As part of this study on the situation of CSR in Cameroon, it can be said that almost all organizations of civil society generally, directly or indirectly, contribute to the implementation of CSR requirements. This include primarily the media (local and foreign), even though they do not necessarily refer explicitly to the concept of CSR. But they offer analysis on the implications of companies in the national economy, and do not fail to report certain facts about violations of economic rights of the people by some of these companies. It is worth mentioning the difference between the private and the government press (as Cameroon Tribune) that tends to minimize the social movements organized by private sector companies, describing them as 'moods movements', even when they are fighting against unfair dismissals! (Cameroon Tribune n. 9370/5571 of 16th June 2009 about the workers of a Transportation company. See Kouokam Magne, 2012: 210–211).

However, there are also many NGOs working on CSR issues in general and particularly on the environmental issues. They are present upstream in the phase of

the development of environmental standards. They then act by means of awareness, but also as consultants or experts to the administrative decision-making bodies. They are also found downstream in the phase of the implementation of standards, and in the field of denunciation of environmental damages (see Lowe Gnintedem, 2003).

The best-known NGO and probably the most active in Cameroon, is the Centre for Environment and Development (CED), specialized in forest governance, mining, land issues, sustainable agriculture, community rights, rights of indigenous peoples, climate change . . .. This NGO is very active in the field of advocacy and has written numerous reports on issues related to its priority themes, some of which are addressed to the African Commission on Human and Peoples' Rights and also to the Cameroon government (cf. its Publications on its Website: www.cedcameroun. org).

Another NGO's are for example Fight against hunger Network (RELUFA), particularly interested in social and environmental impacts of certain sectors considered particularly harmful; FOCARFE (Cameroon Foundation streamlined and training on the environment), whose interest, as the name clearly indicates is the environment. We can add to this list the groupings of NGOs named Publish What You Pay (PWYP), especially dedicated to the extractive sector in Cameroon; and the National Platform of civil society organizations in Cameroon (PLANOSCAM) which acts as intermediary between the government and development partners. Let us mention the cluster for food security and rural development (COSADER) the Association of Christian leaders and bosses (PADIC), which educates its members on the importance of CSR, based also on the idea of the religious origin of CSR (see Acquier, Gond, & Igalens, 2005).

It is important to mention the support for these local NGOs by international NGOs in terms of human resources training, financial support, but also of political and even judicial support in the management of certain dossiers. Included in this is the World Wide Fund for Nature (WWF), the International Union for Conservation of Nature (IUCN), the Rainforest Alliance, Greenpeace, which are involved especially in the issue of forest. From this very broad presentation of NGO's, it is possible to show the role played by civil society through the analysis of the specific case of SOCAPALM.

8.3.2   The Management of SOCAPALM Case

Cameroon Society of palm groves, created by the state in 1968, is the largest structure of production and marketing of palm oil in Cameroon. It was preceded by an industrial production experience of palm oil going back to the German colonial period (see Elong, 2003). The first plantations (palm groves of Nkompina and Nkapa, Oil mill Dibombari) were indeed created by German companies before being taken by French companies from 1924. From 1952 to 1962, the production of palm oil is part of an operation called "family plantations of selected palm trees".

The operation is to help people with a customary land to establish themselves in palm oil plantations, taking care of all the preliminary work of clearing, of picketing, hole digging, maintenance of plantations for a period of 5 years (until the first productions), and collection schemes for processing, after which the owners of the plantations take the full responsibility of their farms. The operation of "key in hand plantation" was abandoned in 1959 and the farmers themselves were then supposed to assume by themselves the creation, maintenance and operation of their plantations. This situation led to a gradual decline in production, and later to an almost complete abandonment of plantations. In 1968 is created SOCAPALM which first engaged on the project to promote village plantations through support to farmers in the form of coaching and low-interest loans (through the National Rural Development Fund—FONADER).

But the record of such an operation is mixed. If part of the population, namely the local elite (which represents only 5 % of the population owns 45 % of farms supported by SOCAPALM) and some businessmen from other regions of Cameroon had benefit from this project, the vast majority of the local population will show themselves more reticent about the project. Not only it requires them tremendous efforts for the creation and maintenance of plantations, but the profits obtained when these plantations begin to produce fruit will be rather ridiculous (2250 F. Cfa per month per hectare for the first year of production and 10,000 F. Cfa per month in the thirteenth year!). The growing unease of the population will cause what they called "palm oil war", which oppose especially youth of the region to SOCAPALM. The company will take drastic measures to ensure the exclusive sale of the oil (prohibiting the marketing of so-called "smuggling" oil on village markets) and the safety of their operations against theft and against vandalism (installation of a mobile police station to Nkapa and brutal repression of "incivility" of youth).

The history of SOCAPALM is marked initially by the issue of fair compensation for the loss of land holdings of local people and by the problem, no less serious, of a progressive deterioration of their living and working conditions. The newly created agro-industrial complex had brought the promise of new job opportunities and marketing for the farmers of this region. But not only these opportunities does not really compensate for the loss of forest resources, agricultural and fishery incomes, but mismanagement causes a bankruptcy of the company and further deterioration of the living conditions of the population. Under pressure from the IMF and the World Bank, SOCAPALM (like many other state companies) was privatized in 2000 as part of structural adjustment programs.

SOCAPALM is then taken in conjunction with the State of Cameroon (27 % of the capital) by the company Palmcam held by Socfinal (63, 72 % of the capital) and a financial and commercial company (36.28 %) (see CED FORCARFE, Misereor, SHERPA, 2010: 4). Socfinal is 40 % owned by the Bolloré Group, a French company founded in 1822, now ranked among the 500 largest companies in the world with sales reaching 10,848 million euros in 2013, making business in 154 countries, including 46 in Africa, with diversified activities including transportation (sea and rail), port management, agriculture (rubber, rubber, cocoa, cotton, palm oil, banana), industrial production (cigarettes and plastic films).

SOCAPALM plantations occupy an area of 78,529 ha, which directly employ 1500 people. Should be added nearly 3000 contractors and 500 seasonal. If one also counts the 2300 farmers who deliver their product to society, we get a total figure of about 30,000 people who depend on SOCAPALM.

Because of the deteriorating employment opportunities, working and living conditions of local people, SOCAPALM become the subject of much criticism from the media and NGOs, including in particular the CED and that REFULA who conduct surveys between 2007 and 2010 on the plantations of Kienke and Dibombari.

It was in the wake of these criticisms that four NGOs, two Cameroonian (CED and REFULA), a French (SHERPA) and a German (Misereor) jointly filed a complaint (or "specific circumstances" according to the OECD terminology) at the French National Contact Point for the OECD.

The complaint is worded as follows:

> This complaint is dealing with serious and repeated violations of the OECD guidelines by the Bolloré group (France), Financière du Champ de Mars (Belgium) Socfinal (Luxembourg) and Intercultures (Luxembourg) due SOCAPALM activities Cameroon. Specifically, the plaintiff associations intend to denounce the social and environmental damage caused by SOCAPALM local people and the conditions of life and work of plantation workers (CED and *al*., 2010: 6)

If the OECD guidelines are taken as reference for initiating this complaint about the acts perpetrated in Cameroon, it is partly because the local courts have been reluctant about other cases in connection with SOCAPALM (e.g. René Simo vs. Socapalm, See FOCARFE, 2009: 43) and because the OECD Guidelines provide a mechanism to examine the "issues" with the practices of companies with offices in Europe, regardless of the place where such questions are asked. The report nevertheless sometimes mention Cameroonian law, such as the water regime (Law no. 98/005 of 14 April 1998) and the SOCAPALM session Convention Article 6.7 which gave SOCAPALM to a 3-year grace period to complete all the work necessary for the implementation of the tributaries of treatment standards (CED and *al*., 2010: 14).

Violations of CSR standards are then detailed in different sections. The deterioration of the living space and the living conditions of local people, the "weakness of employment opportunities" for the local labor force, violation of the transfer agreement on the development of village plantations, river pollution by chemicals, air pollution, brutal and deadly repression exercised against the population by the private security company (Africa Security) founded and led by a former French military, Patrick Turpin, non-compliance with standards on labor law, non-publication of information on the identity of the companies. The formulation of complaints is followed by the presentation of a number of claims which comprise firstly remedial measures (applying particularly to all damages caused to the environment, workers of SOCAPALM, to villagers and victims of Africa Security violence) and also preventive measures (working conditions, environment, social security, etc.).

After analysing this very detailed (39 pages) and documented complaint (legal documents concerning SOCAPALM, trials incurred by the Bolloré group including against journalists, letters sent by some associations to the managers of SOCAPALM, reports of meetings and photographs) the French National Contact Point issued its report on 3rd of June 2013, which recognizes the validity of the complaints, emphasized that the Bolloré group has already made efforts to address them, and invites SOCAPALM to continue these efforts. The NCP then proposed a mediation framework between Bolloré and the complainants associations, represented especially by Sherpa. This mediation has resulted in an agreement between the parties on an action plan submitted to NCP on September 3, 2013, concerning the "improvement of living and working conditions of plantation workers and local populations" (French NCP, 2014). After his release on 17th March 2014, the French NCP issued another press monitoring on March 2, 2015, which notes some obstacles in implementing the action plan agreed between the parties and ask them to take responsibility to remove these blockages to improve the situation of workers of the SOCAPALM and local populations (French NCP, 2015).

8.3.3   The Evolution of SOCAPALM Case and the Issue of the Effectiveness of Civil Society

One can understand the effectiveness of an action or of an institution by taking into consideration, through specific indicator, the extent to which an objective has been achieved. The purpose of civil society involved in the case analyzed here was first to bring SOCAPALM and the French NCP to recognize the facts of the violation of CSR standards. The Bolloré group will begin by filing complaints for defamation against some media from the French courts (see CED, 2010: 6) before retracting later (see French NCP, 2013). The group then agreed to take a number of commitments, in agreement with the complainants, to make amends and to put in place a new management policy more in line with the standards of CSR.

If the implementation of these commitments is not yet at the expected level as noted by the latest report of the French NCP, it is important to note that this relative failure does not lower the binding character of the commitments. This can then be considered as the second achievement of the NGOs involved in SOCAPALM case. The question of whether the obligations undertaken as part of the CSR are *soft law* or *hard law* is often debated. The case of Socapalm shows that *soft law* is not always as soft as people think and that it contains a strain dimension not to be underestimated (Mbonda, 2012).

The third criterion of effectiveness lies at the effective achievement of objectives. The temporality factor necessarily involved here, and assumes that is taken into account the process towards the achievement of these objectives. The reported difficulty noticed in this process means that the launching of a process is only the beginning of an action that is likely to continue until the proposed objectives are

effectively met. The effectiveness of the civil society role can be measured by the launching of a process toward certain goals, its constant vigilance and the concrete achievements of this goal.

The management of SOCAPALM case also establishes a link between the effectiveness of civil society in the field of CSR as in that of other areas related to the protection of human rights, and the mediation of a third party institution (quasi-governmental, intergovernmental or international) which has broadly the same objectives as nongovernmental organizations. Here this mediation is offered by OECD NCPs which in the framework of "specific instances" have given the matter an institutional support without which it would have remained the fight of the iron pot against the earthen pot. Here we could make a comparison with how the Treatment Action Campaign had allowed in South Africa in 2001–2003 to compel pharmaceutical companies to accept a form of ethical responsibility (beyond the rules of intellectual property) toward the magnitude of the HIV pandemic in this country, to allow the import of generic anti-retrovirals. Here, it is the Constitutional Court which has played the role of "mediation" between civil society on the one hand, the government and pharmaceutical industries on the other hand, leading to the withdrawal of the complaint by these corporation and condemning the government in 2002. As Mandisa Mbali says (2005), "the TAC since its formation in 1998 has used the democratic institutions of post-apartheid as the free press and the Constitutional Court to arrive its goal of access to treatment for all ...". The mediation of a third party institution is essential for the effectiveness of civil society both in terms of advocacy and in terms of the results of this action.

8.4   Conclusion

This presentation aimed to highlight the important role of civil society in the implementation of CSR standards in Cameroon. It confirms the assumption that civil society actually is a fifth power as I have argued elsewhere (Mbonda, 2002), especially in contexts where the weakness of State control or even the strength of the repressive apparatus of the State lead to the widespread violation of human rights. The issue of CSR provides a specific and "interesting" field for the illustration of this assumption concerning the power of civil society. The defense of CSR standards by the civil society takes place here in a situation where economic power embodied by private companies (national and multinational) tends to supplant the requirements of human rights. But civil society plays the role of power-cons whose effectiveness cannot be underestimated.

The SOCAPALM case is an illustration both of the increasing place and power of the multinationals in African economies and of the problems arising from the activities of these companies in relation to the requirements of CSR. It also illustrates the important role civil society plays (supported by third-party institutions) for the management of problems and the effective integration of ethical and environmental concerns into management policies of companies.

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Chapter 9
Corporate Social Responsibility in Ghana: A Sectoral Analysis

Kwesi Amponsah-Tawiah and Kwasi Dartey-Baah

Abstract CSR as the strategic decision of an organisation to voluntary act upon the social factors that have the potential of militating against the fulfilment of corporate goals is a fast evolving concept in Ghana, led by large scale multinational companies. The concept has been "bastardised" in the country with various sectors of the economy having a different interpretation to it. It is common to read daily in the news print various activities which are classified as part of the social responsibilities of various organisations. The lack of uniformity in the definition/description of the concept is worrying and therefore calls for a baseline understanding of the concept as practiced by different sectors of the Ghanaian economy. This work therefore adopts a sectoral approach to the classification and understanding of the concept. A documentation review, specifically, a thematic analysis of various newspaper reports, website information on CSR undertakings of companies and previous literature of CSR activities undertaken by various organisations from 2007 to 2015 formed the framework and methodological approach for the study. The various organisations were classified based on their main operations and based on the CSR activities undertaken. Notable amongst the findings were the following; Organisations in the mining industry were more into community relations, curative and preventive health issues and environmental protection activities. The telecommunication sector was into health related activities, education and infrastructure development. The banks were into donating to the underprivileged and offering scholarships to needy but brilliant students and also involved in refurbishing school buildings and financing adult literacy programmes. The manufacturing sector on the other hand support education and health related activities and sometimes lend extension services to producers of their raw materials. The CSR activities of the agriculture sector are geared towards the betterment of the lives of farmers who supply produce to them and the development of farming communities in which they operate. For religious bodies' especially Christians and Muslims, the concept of CSR has been one of charity. This is because of the belief that God blesses those who give especially to the needy and the underprivileged such as orphans, the sick and the poor. Generally in Ghana, the concept has tended to focus on externalities to the neglect of the internal issues that bother on employee well-being.

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9.1 Introduction

The concept of Corporate Social Responsibility hereafter referred to as CSR has become a dominant phenomenon both in academia and the corporate world. One reason for this according to Balabanis, Phillips, and Lyall (1998) is that "in the modern commercial area, companies and managers are subjected to pressures to play an increasingly active role in the welfare of the society". Organisations recent interest in CSR is also due to the benefits that accrue to those who engage in it: for example CSR provides better business risk management; improved organisational image; enhanced talent management ability; improved innovation, competitiveness and market positioning; enhanced operational efficiencies and cost savings; improved management of supply chain relationships; enhanced ability to manage change; builds corporate social capital in the community; access to capital; improved relations with regulators; and acts as catalyst for responsible consumption (Hohnen, 2007).

Although the concept has been well propagated amongst various organisations, there is no agreed yardstick to determine what activities of organisations really constitute corporate social responsibility (Crowther & Aras, 2008). This can be due to the fact that CSR has been defined in diverse ways by different researchers—an issue that has been identified as a significant problem: because it breeds different perspectives of CSR leading to unproductive engagements (Dahlsrud, 2008). Carroll (1979), for instance defined CSR as "business that encompasses the economic, legal, ethical and discretionary expectations that society has of an organisation at a given point in time". It is also referred as the way businesses achieve success by adhering to ethical values and showing respect to stakeholders (e.g. customers, communities) as well as the natural environment (Business for Social Responsibility, 2003). CSR is also defined as "actions that appear to further some social good, beyond the interests of the firm and that which is required by law" (McWilliams & Siegel, 2001: cited in Dahlsrud, 2008). More so, in a thorough analysis of 37 definitions of CSR, Dahlsrud (2008) concludes that organisations engagement in CSR could be traced to either stakeholder, social, economic, voluntariness, or environmental dimensions of CSR. However, the specific activities by organisations have not been clearly stipulated in the various definitions of CSR.

According to Ocran (2011), different sectors (private sector, governments and civil society organisations) undertake different CSR activities based on their perspectives. Whereas some are geared towards responsible business operations in relation to internal stakeholders (e.g. shareholders, employees, customers and suppliers), others focus on maintaining their relationship with the state as well as global institutions or standards. Additionally, other organisations concern themselves with being responsible towards the society in which they operate and the global community at large. These different directions and interpretations of CSR by various sectors revealed by their activities evinces that CSR is viewed differently when assessed from the sectorial point of view.

9.2 CSR in Ghana

CSR activities in Ghana are mostly spearheaded by large scale multi-national companies doing business in the Extractive, Banking, Telecommunications and Manufacturing sectors of the economy (CSR Weltweit, 2012). The multi-faceted problems of the country- low per capita income, high population rate, weak currency, capital flight, low productivity, low savings etc. make it almost impossible for indigenous companies, most of which are engaged in the retail and in the production of primary commodities, to undertake social actions. Large scale manufacturing (e.g. Unilever, Nestle), telecommunication (e.g. MTN, Vodafone) and mining companies such as, Tullow Oil, Goldfields, and AngloGold have been instrumental in the social development of the country. However, just as it is globally, extractive industries whose operations have direct impact on the environment and local communities are always in the news for obvious reasons- they are either breaching some of the tenets of the CSR agenda or fulfilling them in earnest (Amponsah-Tawiah & Dartey-Baah, 2011).

9.3 CSR Related Policies in Ghana

Until the year 2006 when the Ghana Business Code (GHBC) was launched through the collaboration of the Association of Ghana Industries (AGI), Ghana Employers Association (GEA) and the Ghana National Chamber of Commerce & Industry (GNCCI) to introduce and deepen the practice of CSR in business operations, there was no set norms to guide the conduct of business and acceptable standards with regards to the environment and anti-corruption in business. The GHBC, which is modeled along the lines of the United Nations (UN) Global Compact, focuses on the triple bottom line (profit, planet and people) as performance measures of businesses operating in the country. The GHBC has ten major principles all of which underscore the substance of CSR and are fashioned after existing laws in Ghana. Interestingly, organisations are not obliged by law to sign up to the GHBC. It is a voluntary measure, which allows the operations of organisations to be reviewed along four broad categories- human rights, labour standards, environment and anti-corruption. Member organisations are awarded certificate of good practice when their operations are found to be in line with the prescriptions in the GHBC. Due to its voluntary nature, not many organisations have signed up to it. Of the many Small and Medium Enterprises (SMEs) and large scale manufacturing industries that belong to the GNCCI and the AGI, less than 60 had signed up to the GHBC. This is perhaps due to the fear of scrutiny that goes with the certification process and reflects the level of acceptability and appreciation of the concept in Ghana. Unfortunately, GHBC has folded up because of financial constraints bringing to the fore another topic worth discussing as to how to sustain such institutions in the CSR discourse.

Similarly, the Ghana Extractive Industries Transparency Initiative (GEITI), established after the launch of the Extractive Industries Transparency Initiative (EITI) by the Prime Minister of the UK at the World Summit on Sustainable Development in September 2002 has as its core principles transparency and accountability. It serves as an avenue for promoting CSR in the extractive industry. However, the GEITI does not seek to address social and environmental concerns as well as human right abuses by companies, which come across to many CSOs and NGOs operating in the area as the fundamentals of the CSR concept.

It is evident from the above that CSR in Ghana has just started with large scale multi-national companies especially those operating in the extractive industry leading the path. The concept in Ghana has become heterogeneous in nature, dependent on the sector of the economy. Like the folkloric description of the elephant, various sectors of the economy have tended to focus on various aspects of the concept. A sectoral analysis of the concept and further aggregation of same thus provide a holistic view of the concept as perceived by Ghanaians.

In recent times however, the government of Ghana in her bid to harmonise CSR activities in the country has tasked the Centre for Corporate Responsibility at the University of Ghana Business School to develop a CSR policy to streamline the haphazard use of the concept among corporate organisations and to focus it towards national development. The subsequent discussion aims to examine CSR activities in Ghana through a sectoral lens and also brings home the heterogeneous approach to CSR engagements in Ghana.

9.4   Methodology

CSR activities of Ghanaian organisations were analysed from the period 2007 to 2015. The study collected data on the CSR activities of organisations via secondary sources which included websites of companies, newspaper reports and previous literature. Two levels of analyses were carried out. The individual organisations CSR activities where first analysed and the second level of analyses involved an aggregation of the individual organisations into sectors. It is worth emphasising that the secondary sources of data utilized for the study are credible sources (including Daily Graphic, Joy Online, The Chronicle, Ghana News Agency and Daily Guide) of information on the organisations used in the study and thus can be used in research to analyse a company's activities. According to Muthuri and Gilbert (2011:471), "websites are an official presentation of a company's policies and practices and are used by companies to convey their intentions and actions to their stakeholders". In addition, documentary data were analysed using thematic-content analysis (Miles & Huberman, 1994), in which the explanations and thoughts gathered from documentary information were related to the themes emanating from the study. Additionally from the review, various themes were developed from which the discussions were centred. These are CSR and the extractive industry, CSR and the Telecommunication Industry, CSR and the Banking

Industry, CSR and the Manufacturing Industry, CSR and the Agriculture sector, and CSR and Religious Bodies. See Appendix I for publications for the discussions from the period 2007 to 2015. Detailed discussions of the various findings are as follows.

9.5   CSR and the Extractive Industry of Ghana

The exploration, extraction and processing of mineral resources are activities widely regarded as environmentally and socially disruptive (Peck & Sinding, 2003).

Warhurst (2001) observes that many of the environmental disasters and human rights incidents that have contributed to the growing public concern about the actions of companies over the last 40 years have taken place in the extractive industries. There can therefore not be any meaningful discussion in the area of social and environmental responsibility without the mention of the mining industry. It is always a key industry in discussions on social and environmental responsibility (Cowell, Wehrmeyer, Argust, Graham, & Robertson, 1999). This view is further heightened by the poor public opinion of the sector. Opinion on the sector is mainly influenced by concerns over environmental and social performance than by performance in areas such as product pricing, quality and safety (Rae & Rouse, 2001). According to an International Institute for Environment and Development (IIED) report, the mining and minerals industry is distrusted by many of the people it deals with on a day to day basis and has been failing to convince some of its constituents and stakeholders that it has the "social license to operate" in many parts of the world (IIED, 2002).

The mining industry in Ghana has had some positive effects on the economy, providing support for the protection of the cultural heritage of the country (former Gold Coast), and enhancing community development through the provision of education, employment and other livelihood programs. However, mining in some communities has caused erosion of culture and break down of cultural values. It has deprived others of their traditional livelihoods through the pollution of river bodies (Koranteng, 2004) and the environment and purchase of their farmlands. This has placed the mining industry under the spotlight of Community Based Organisations (CBOs), Civil Society Organisations (CSOs) and other environmental Non-Governmental Organisations (NGOs) (Amponsah-Tawiah & Dartey-Baah, 2011). Consequently, the mining industry in Ghana has begun using CSR as a basis for addressing the social and environmental problems associated with the industry.

The nature of corporate responsibility in the mining industry of Ghana varies amongst companies and is dependent on the type of product mined, size of company, background of company and length of operation. All the companies adopt the same approach in pursuing their CSR agenda. The community development approach is the fulcrum around which the CSR agenda of mining companies

revolve. Some of the companies have well established foundations in which they allocate a dollar per every ounce of product produced and 0.5 % of their annual profit before tax. These resources are then used to support various community development activities such as the social investment support schemes, construction and establishing sustainable livelihood programmes (Amponsah-Tawiah & Dartey-Baah, 2011).

The sustainable livelihood terminology which was first used in the early 1990s refers to "the creation of conditions that are self-supportive of sustainable development which, whilst safeguarding resources and opportunities for future generations, provides individuals with means to provide themselves with food, shelter and an acceptable quality of life" (Stockholm Environment Institute, 2009).

The sustainable livelihood programmes also referred to as alternative livelihoods, has become fashionable particularly amongst large scale mining companies in Ghana many of who have made it a significant focus of their community development activities and strategies. Mining companies use these programmes to re-skill community members in alternative and sustainable livelihoods such as grass cutter farming, snail farming, and small cottage businesses such as cane and basket weaving, the making of soap and pomade among others. These methods are adopted with the belief that it will help reduce communities' dependence on the mine for economic sustenance and will become self-sustaining even after the mine closes.

Mining companies in Ghana not only focus on members of their immediate communities but also support national institutions. For instance, they have been providing support in the form of practical attachment and the provision of equipment and expertise to the staff and students of the University of Mines and Technology in Tarkwa. Goldfields Ghana Limited one of the leading mining companies in Ghana continues to be a major sponsor of Ghana's national football team- *The Black Stars*. A consortium of mining companies in the country (Newmont Ghana Gold Limited, AngloGold Ashanti Limited, Golden Star Resources and Goldfields Ghana) offered to build a plant at Tema (industrial town in Ghana) at a cost of 40 million dollars to supply 80 MW of power to supplement the country's energy generation effort (Ghana Chamber of Mines, 2006). Mining companies in conjunction with the regional health directorate of the Western Region have on annual basis been providing free voluntary counselling and testing on HIV to people living within Wassa and Obuasi communities where they operate (Ghana Chamber of Mines, 2005). These are all significant activities being undertaken by mining companies in Ghana as part of their corporate responsibility.

Mining companies also report their environmental and social performances in their annual reports. Some companies have established monthly and quarterly newsletters which they use to report on their activities in the communities and other organisational activities. This they do to show their commitment to ensuring transparency, honesty and good environmental practices, which are all characteristics of good corporate citizenship.

Unfortunately, the focussing of CSR agenda on community development (external), with little or no attention given to very important issues such as the health and safety and quality of life of employees (internal) who operate under dangerous conditions to keep the mines in business does not make things any better as employees on the basis of their working and living conditions could also refuse to grant social license to their employers to operate in peace. It is a trite observation that the impact of work injuries on productivity reaches well beyond the workplace and includes a worker's inability to contribute to family and community. One therefore wonders the over-emphasising of the external environment to the neglect of the internal environment, when issues in the internal environment have direct bearing on the external.

9.6 CSR and the Telecommunication Industry of Ghana

In Ghana, there are six players in the telecommunications sector; MTN, Airtel, Vodafone, Tigo, Expresso and Glo, who all fiercely compete for the over 26.09 million mobile phone users in the country (National Communications Authority of Ghana, 2013).

The use of cellular phones and other data transfer devices have become a commonplace among the Ghanaian youth and adults alike. Meanwhile, there has been public hue and cry in the country about the quality of services they receive from these expatriate companies supposed to be providing quality telecommunication services to their teaming clients. In response to this, the National Communication Authority introduced the mobile number portability, in June 2011, which allowed subscribers to change their service providers at will; thereby deepening the competition which existed and forcing these companies to improve on the quality of service delivery to consumers, which should be part of their social responsibility.

Similarly, the placement of tax on imported phones coupled with the introduction of tax on airtime by the Government of Ghana (GoG) through the National Communication Authority have perhaps, had draining effect on consumers' finances due to surcharges passed on to them by these telecoms and to some points, most subscribers felt shortchanged by their service providers which in a strict business sense, left much concerns for these service providers.

For most of these telecoms in Ghana, making a heavy presence in the business of CSR is a strategic move to enhancing their brand image and increasing awareness among their consumers while managing the reputation of their respective companies. In actual fact, some of these companies have constituted a board of directors and others have departments that are responsible for the execution of the companies' CSR engagements. One can therefore appreciate how much concerns the companies have for CSR considering the extents of their activities.

From a keen observation through a media review, it is evident that the nature of CSR activities in this sector has focused on diverse areas from education through to health and perhaps ending with entertainment. Some of the companies have

scholarship grants from which they grant school fees to brilliant but needy students. They also engage in the construction of school blocks for some deprived communities in the country, sponsoring teachers on capacity building programmes, providing learning aids to schools and students alike, constructing community libraries and refurbishing dilapidated school structures, providing ICT infrastructure, and establishing reading clubs in some communities. Perhaps the telecoms have come to understand how attractive the students market is vis a vis their business interests and thus possibly informed their decision of massive social investment in the education sector. In addition to the education sector, another focus area of CSR activities for the telecoms in Ghana is the health sector. On the health front, some of the telecom companies tend to focus on the construction of wards and rejuvenation of ruined hospital structures, drilling of borehole for some communities to increase access to water, making donation of vital medical equipment and machinery among others. Sponsorship for health related programmes (e.g., public health education, payment of medical bills of patients) is a common feature of the CSR activities of the telecoms in Ghana.

Some of the companies have also been involved in economic empowerment by linking the youth who have entrepreneurial mindsets to ace entrepreneurs to be mentored, providing seed capital for business plans of these people. The provision of decent means of livelihood for persons with disabilities is another area of the economic empowerment activities of these telecom companies. Probably, these companies can appreciate the fact that their business activities directly and indirectly affect the people and the surrounding and this has informed their CSR agenda.

It seems however, that, the activities carried out in the areas of health, education and economic empowerment are not much touted as compared to that in the area of entertainment, which rather seem to enjoy a lot of "noise" both from the media and the public. This could be due to the indiscriminate attitude of the youth for entertainment programmes. Notable among such programmes are TV reality shows such as MTN hits maker, MTN project fame, Airtel rising starts and Vodafone icon to mention a few, which have been sustained over the years not only because of the huge amount of money injected into them but because the youth of Ghana have continually demonstrated unquestionable interest for them. One cannot help but think that it could be a strategic investment and a ploy to muster the youth who are avid users of technology (their product) around their brand while trying to give their brand experiences into them.

Couldn't it therefore be conjectured if this isn't more of a corporate investment rather than a social responsibility? This kind of CSR activities appears to cast doubts on the intentions of such companies in the minds of some Ghanaians. This is because there had been public arguments that the many TV reality shows took school children away from their books resulting in poor academic performance. This has sought to suggest that these companies do not really 'care', about the educational needs of the people, which is quite ironical, since they are also seen engaging in some educational activities as detailed above. Indeed, the CSR activities among the telecommunication companies appear convoluted with the

companies competing with each other on similar programs just to win the critical market group (the youth) who are keen about their products.

9.7 CSR and the Banking Industry of Ghana

For some reasons the CSR activities in the banking industry just like the telecommunication industry seem to be also focused around the areas of health, education and youth development. Maybe this is due to the ubiquitous realisation of the competition existing in the industry which they strategically respond to by paying close attention to CSR. Banks in Ghana also seem to have woken up to the realisation that they are competing for the same clientele who they perceive as their reason for existence hence, the need to well represent their respective institutions in the eyes of consumers; for which CSR activities become an answer.

For some of the companies CSR is about creating, building, and consolidating a form of relationship between them and their consumers. It is a general belief that nurturing relationships and helping to build the capacities of their consumers through CSR will still return to their institution by placing their consumers better to carry out more viable transactions with them in the near future. To most of the companies perhaps, investment in the health of people, and for that matter the country's labour force, and investment in the health facilities is a well measured attempt to go cater for the health problems of the people they deal with on a long term basis. In this direction, companies have sponsored several surgeries. Some also make monetary donation and medical equipment to various health facilities which can be interpreted as an attempt to increase the wherewithal of the facilities to ably handle the complexities of their work.

Similarly, in education, the banking sector has instituted scholarship to brilliant but needy students, refurbished school buildings, built hostels, financed adult literacy programs and provided other logistical support to school children and educational institutions alike. It will not be out of place to indicate that these gestures are moves to enhance the human resource capacity of the country, especially considering the priceless benefits of education to a developing country like Ghana in the long term.

The banks may have also realised that the youth of any nation is its strength. Thus the CSR activities have included entrepreneurship and job skills training, financial literacy, and youth development programs. The worrying aspect in all of this is that, whereas the CSR activities of the banks tend to be more philanthropic in nature, with most of them acting as benevolent organisations dolling out huge sponsorship packages to individuals and institutions, customers of these banks lament of poor services from same. There seem not to be a clear cut strategic policy directing the CSR activities of the banks as they continue to out-do each other by donating huge sums of money to other institutions as their critical stakeholder (the banking populace) continue to grapple with poor banking services.

9.8   CSR and the Manufacturing Industry of Ghana

The manufacturing sector in Ghana has been touted to be one of the fastest growing sectors of the global economy in recent times having stagnated for over a decade (CIA World Factbook, 2008). Areas of concentration within the sector include; the fast moving consumer goods, cement, steel and iron, beverages and liquor among others. The sector makes a huge contribution in terms of employment and general contribution to the gross domestic product. Similarly, the destructive effect of the operations of the manufacturing companies on the economy tends to be enormous as they continue to emit industrial effluence into the environment, spill waste into water bodies polluting the environment.

The focus of CSR activities in the manufacturing industry in Ghana has not been so different from the industries discussed above as it has similarly centred on education and health. The point of departure however, is where some of the companies sometimes lend extension services to producers of their raw materials.

For example, the Cadbury Cocoa Partnership which is a partnership between the Cadbury Ghana Ltd (now Kraft Foods) and Ghana Cocoa Board (COCOBOD) established in 2008 to avail a nationwide extension service in the areas of training, improving access to fertiliser and seedlings to farmer and improve the lives of 500,000 cocoa farmers and their families in 100 communities by the year 2018. Manufacturing companies like Kraft foods maybe, appreciate the fact that the life of their business is sustained as long as the quality lives of their suppliers are catered for, hence such CSR initiative. To the manufacturing companies, these activities are like hitting a ball against a wall, which they say, will always bounce back. Thus much as the theory of reciprocity is well understood by some of them, others continue to treat their employees and the environment with disdain, which comes back to haunt them. For instance, many are the companies who continue to trample flagrantly on the rights of employees not giving due concerns for their health and safety as if that is not part of their social responsibility. However, when employees have been involved in accidents, they have had to pay hugely for it, with some having been closed down for weeks.

On education, some of the industry players have been involved in educating employees on the deadly HIV/AIDS to increase their levels of awareness. To some of them investing in the health education of their staff is in itself CSR. For instance, Unilever Ghana Ltd., one of the leading Fast Moving Consumer Goods (FMCGs) in the country has a foundation (the Unilever Ghana Ltd.—Foundation for Education and Development), which gives assistance to people with financial needs in education and undertake community initiative in the area of sports, art, environment and health.

9.9   CSR and the Agriculture Sector of Ghana

The agriculture sector of the Ghana is adjudged the country's most important sector. The sector is noted to engage over half of the country's population in both formal and informal employment. Furthermore, its proceeds contribute to almost half of the nation's Gross Domestic Product (GDP) and export earnings (Osabutey, 2009). Activities undertaken in the agriculture sector ranges from the production of cocoa (for which it controls 21 % of the world market), other commercial crops (e.g. palm oil, cotton, sugar cane, and rubber), food crops (e.g. maize, yams, cassava, pineapple, mango, sorghum, and millet), livestock, forestry and fishing.

Numerous activities undertaken by farmers ranging from the use of heavy machines like tractors and combine harvesters, chemicals (e.g. fertilizers) among others in one way or the other affect the natural state of both the earth and water bodies. However, CSR activities on the part of farmers have been on the low note. This could be attributed to the fact that majority of farmers are classified as peasant farmers who do not see the need for CSR and are not financially equipped to undertake such activities.

However, agricultural organisations like Olam Ghana have taken CSR activities as an important aspect of its business. Olam Ghana, a leading agro-commodity company, was recognised by the Association of Ghana Industries (AGI) and the Ghana Chamber of Commerce (GCC) for its commitment to fulfilling its corporate social responsibility in its business operations in 2014. Areas of concern to Olam have been to create economic prosperity among farmers, improve social welfare and to also safeguard the environment. For instance, in partnership with African Cashew Initiative (ACI), Olam invested in the overall development of cashew-growing communities in the Brong- Ahafo Region of Ghana.

It can thus be gleaned from the above that most CSR activities from the agricultural sector especially from organisations will be geared towards the betterment of the lives of farmers who supply produce to them and the development of farming communities in which they operate.

9.10   CSR and Religious Bodies in Ghana

The allowance of freedom of worship in Ghana has led to the emergence of diverse religions. According to the Ghana Statistical Service (2012) the following represents the religions in Ghana and their respective population percentages: Christian 71.2 % (Pentecostal/Charismatic 28.3 %, Protestant 18.4 %, Catholic 13.1 %, other 11.4 %), Muslim 17.6 %, traditional 5.2 %, other 0.8 %, none 5.2 %.

The concept of CSR from the religious bodies' perspective especially from Christians and Muslims has been one of charity. This is because of the belief that God blesses those who give especially to the needy and the underprivileged such as

orphans, the sick and the poor. However, the media is more bombarded with CSR activities from the Christian community compared to Muslims. CSR activities undertaken by religious bodies include rendering support to education through the building of schools. An example being the running of 54 day nurseries, 62 primary schools and 74 junior high schools under the administration of the *Anglican Educational Unit* with two senior high schools. Religious bodies also contribute to areas of health, provision of relief services in times of natural disaster as well as youth development and employment (see Appendix I).

Religious bodies however perceive CSR not just as activities to be undertaken but more as an act of obedience to the commandment of God to be a 'blessing' to the society in which they find themselves.

9.11 Conclusion

Clearly, the concept of CSR continues to suffer identity crisis among the various sectors of their Ghanaian economy. Whereas it is a marketing function in the telecommunication, banking and manufacturing sectors it remains a community relation function in the extractive and the agriculture sector and just an act of charity by religious bodies. This has perhaps influenced the direction of CSR activities in the various sectors of the Ghanaian economy with almost all organisations focussing on the external aspect of CSR to the neglect of the internal. The excessive attention given to the marketing and communication functioning of the CSR concept to the neglect of the human resource function explains the paradox of events as earlier enumerated.

In as much as the concept remains a marketing tool for all the sectors particularly, the banking, telecommunication and the manufacturing, there seem to be no strategic policy guiding the implementation of the CSR activities of most organisations in the country. Basically, in Ghana, all activities outside the mainstream operations of companies are termed—Corporate Social Responsibility. The distinction between corporate philanthropy and corporate social responsibility remains lucid and fluid as they keep flowing into each other and the issue of ethical business thrown to the dogs. Customer dissatisfaction in the telecommunication and banking sectors continues to heighten, whiles companies in these sectors continue to throw huge sums of money into musical concerts and football sponsorships.

Additionally, the haphazard nature of the CSR activities of most companies in the country explains the lack of consensus on what really constitutes a corporate social responsibility and perhaps lend support to the government of Ghana's decision to draw up a CSR policy to guide institutions on their CSR activities.

Indeed, the challenges with the concept are varied and numerous. Perhaps the lack of education and a proper understanding of the concept could be the reason. With the concept growing in leaps and bounds and it being misapplied, it is not surprising that most institutions of higher learning have introduced a module in

CSR for all business students. This is to help bring a clearer understanding of the concept and how to practically apply it in the business setting.

Appendix 9.1: Companies and Their CSR Publications

Company	Sector	CSR Area	Media	Internet Link	Year
Olam Ghana	Agriculture	Projects in Agricultural Communities	Daily Graphic	http://graphic.com.gh/news/general-news/23719-olam-ghana-wins-csr-award.html	2014
Access Bank	Banking	Education	Joy Online	http://business.myjoyonline.com/pages/news/201304/105267.php	2013
	Banking	Charity and Relief services	The Chronicle	http://thechronicle.com.gh/access-bank-invests-14-charity-initiatives/	2013
	Banking	Charity and Relief services	The Chronicle	http://thechronicle.com.gh/access-bank-invests-14-charity-initiatives/	2013
	Banking	Education	Daily Graphic	http://graphic.com.gh/news/general-news/43954-access-bank-supports-knust.html	2015
ADB	Banking	Education, health and staff development	ADB website	http://www.agricbank.com/posts/adb-wins-3-awards-at-ghana-banking-awards-2/	2013
Bank of Africa	Banking	Health	Daily Graphic	http://graphic.com.gh/news/general-news/43296-bank-of-africa-ghana-supports-patients-to-mark-mothers-day.html	2015
Barclays Bank Ghana Ltd	Banking	Children and Youth development, Economic empowerment	Ghana News Agency	http://www.ghananewsagency.org/economics/barclays-donates-gh-45-420-to-challenging-heights-14519	2010
	Banking	Education	Joy Online	http://business.myjoyonline.com/pages/banking/201111/76743.php	2011
	Banking	Entrepreneurship	Kumasi Center	https://kumasicenter.wordpress.com/tag/barclays-bank-ghana/	2015

Company	Sector	CSR Area	Media	Internet Link	Year
Bond Saving & Loans	Banking	Health	Daily Guide	http://www.dailyguideghana.com/bond-savings-donates-to-3-hospitals/	2015
CAL Bank	Banking	Education	Ghana Money	http://news.moneygh.com/pages/bankingandfinance/201208/558.php	2012.
	Banking	Charity	omgGhana	http://omgghana.com/cal-bank-presents-ghc-14000-to-five-orphanages/	2013
	Banking	Charity	Citi Fm Online	http://citifmonline.com/2014/06/23/cal-bank-donates-to-orphanage/	2014
	Banking	Health	Daily Graphic	http://graphic.com.gh/news/general-news/45904-cal-bank-donates-to-37-military-hospital.html	2015
	Banking	Health	Ghana Web	http://www.ghanaweb.com/GhanaHomePage/NewsArchive/Cal-Bank-supports-bomb-victim-360481	2015
Ecobank	Banking	Education	Ecobank website	http://ecobank.com/group/corporatesoc.aspx	2010-2015.
	Banking	Health	Modern Ghana	http://www.modernghana.com/news/406025/1/ecobank-donates-200000-dollars-to-korle-bu-childre.html	2012
	Banking	Education	Ghana Trade online	http://www.ghanatrade.gov.gh/Latest-News/ecobank-donate-items-to-25-selected-schools.html	2013
	Banking	Health	My Joy Online	http://edition.myjoyonline.com/pages/news/201301/99709.php	2013
	Banking	Education	Ghana Trade online	http://www.ghanatrade.gov.gh/Latest-News/ecobank-donate-items-to-25-selected-schools.html	2013

<div align="right">(continued)</div>

Company	Sector	CSR Area	Media	Internet Link	Year
	Banking	Education	UG website	http://www.ug.edu.gh/news/sfao-receives-gh%C2%A230000-ecobank	2014
	Banking	Health	Ghana Web	http://www.ghanaweb.com/GhanaHomePage/regional/Ecobank-donates-equipment-and-drugs-to-13-medical-institutions-334301	2014
	Banking	Health	Joy Online	http://www.myjoyonline.com/business/2014/November-10th/ecobank-ghana-donates-gh420000-to-fight-malaria-ebola.php	2014
	Banking	Health	Joy Online	http://www.myjoyonline.com/business/2014/January-6th/ecobank-ghana-donates-to-orphanages.php	2014
	Banking	Charity	Joy Online	http://www.myjoyonline.com/business/2014/January-6th/ecobank-ghana-donates-to-orphanages.php	2014
	Banking	Health	Daily Graphic	http://graphic.com.gh/news/general-news/41264-gcb-bank-donates-books-to-ghana-library-authority.html	2014
	Banking	Education	UG website	http://www.ug.edu.gh/news/sfao-receives-gh%C2%A230000-ecobank	2014
	Banking	Health	GhanaWeb	http://www.ghanaweb.com/GhanaHomePage/regional/Ecobank-donates-equipment-and-drugs-to-13-medical-institutions-334301	2014

Company	Sector	CSR Area	Media	Internet Link	Year
	Banking	Health	Joy Online	http://www.myjoyonline.com/business/2014/November-10th/ecobank-ghana-donates-gh420000-to-fight-malaria-ebola.php	2014
	Banking	Health	Joy Online	http://www.myjoyonline.com/business/2014/January-6th/ecobank-ghana-donates-to-orphanages.php	2014
	Banking	Charity	Joy Online	http://www.myjoyonline.com/business/2014/January-6th/ecobank-ghana-donates-to-orphanages.php	2014
	Banking	Health	VibeGhana	http://vibeghana.com/2015/02/14/mtn-ghana-and-ecobank-collaborates-to-collect-700-pints-of-blood/	2015
Fidelity Bank	Banking	Social Amenities	Fidelity Bank website	http://www.fidelitybank.com.gh/who-we-are/corporate-social-responsibilty/	2009
	Banking	Education and Child development	Fidelity bank website	http://www.fidelitybank.com.gh/who-we-are/corporate-social-responsibilty/	2010
	Banking	Health	Fidelity Bank website	http://www.fidelitybank.com.gh/who-we-are/social-responsibility/?csr=8	2010
	Banking	Education and Child development	Fidelity bank website	http://www.fidelitybank.com.gh/who-we-are/corporate-social-responsibilty/	2010
	Banking	Education	Fidelity Bank website	http://www.fidelitybank.com.gh/who-we-are/social-responsibility/?csr=10	2014

Company	Sector	CSR Area	Media	Internet Link	Year
	Banking	Sports	Fidelity Bank website	http://www.fidelitybank.com.gh/who-we-are/socialresponsibility/?csr=7	2011
	Banking	Culture	Fidelity bank website	http://www.fidelitybank.com.gh/who-we-are/social-responsibilty/?csr=7	2011
	Banking	Health	Fidelity bank website	http://www.fidelitybank.com.gh/who-we-are/social-responsibility/?csr=7	2011
	Banking	Youth Employment	Fidelity Bank website	http://www.fidelitybank.com.gh/who-we-are/corporate-social-responsibilty/	2014
	Banking	Charity and Relief services	Fidelity Bank website	http://www.fidelitybank.com.gh/posts/fidelity-bank-donates-to-two-orphanages-in-accra-35/	2014
	Banking	Education	Daily Guide	http://www.dailyguideghana.com/fidelity-bank-educates-students-on-banking/	2015
	Banking	Social Amenities	Business and Financial Times Online	http://thebftonline.com/business/banking-finance/14656/Fidelity-Bank-undertakes-CSR-activity.html	2015
	Banking	Charity	Daily guide	http://www.dailyguideghana.com/fidelity-donates-to-two-orphanages/	2015
GCB Bank	Banking	Education	GCB Bank website	https://www.gcbbank.com.gh/news/163-gcb-builds-school-for-fawoman-community.html	2013
	Banking	Education	GCB Bank website	https://www.gcbbank.com.gh/news/127-gcb-donates-ghs2-103-million-to-four-entities.html	2014

Company	Sector	CSR Area	Media	Internet Link	Year
	Banking	Health	GCB Bank website	https://www.gcbbank.com.gh/news/127-gcb-donates-ghs2-103-million-to-four-enti ties.html	2014
	Banking	Education	Daily Graphic	http://graphic.com.gh/news/general-news/41264-gcb-bank-donates-books-to-ghana-library-authority.html	2015
HFC Bank	Banking	Education	GhanaWeb	http://www.ghanaweb.com/GhanaHomePage/economy/artikel.php?ID=129611	2007
	Banking	Charity	Peace Fm Online	http://business.peacefmonline.com/pages/finance/200910/29315.php	2009
	Banking	Community Development	HFC Bank website	https://www.hfcbank.com.gh/news/News-Article-3.aspx	2010
National Investment Bank	Banking	Health	NIB website	http://nibghana.net/news/nib-donates-to-the-ghana-blood-foundation/	2015
	Banking	Education	NIB website	http://nibghana.net/media-centre/news/	2015
	Banking	Education	NIB website	http://nibghana.net/media-centre/news/	2015
Prudential Bank	Banking	Education	Prudential bank website	http://www.prudential.com.gh/corporate-responsibility/overview	2015
SG-SSB	Banking	Health	The Chronicle	http://thechronicle.com.gh/sg-ssb-supports-heart-foundation/	2011
	Banking	Sports	Ghana Rugby Football Union website	http://ghanarugby.org/2012/05/sg-ssb-supports-the-ghana-rugby-association/	2012
	Banking	Community Development	Modern Ghana	http://www.modernghana.com/news/400836/1/sg-ssb-celebrates-its-citi zens-commitment-week-wit.html	2012

Company	Sector	CSR Area	Media	Internet Link	Year
	Banking	Charity	News Ghana	http://newsghana.com.gh/sg-ssb-supports-shelter-for-abused-children/	2013
Stanbic Bank	Banking	Charity	Citi Fm Online	http://citifmonline.com/2014/04/18/stanbic-bank-donates-ghc-7500-to-easter-orphan-project/	2014.
	Banking	Technology	Modern Ghana	http://www.modernghana.com/news/540200/1/ghana-csr-diary-awards-2014-leading-socially-respo.html	2014
Unibank	Banking	Education	Modern Ghana	http://www.modernghana.com/news/283095/1/unibank-deepens-corporate-social-responsibility.html	2010
	Banking	Health	Unibank website	http://www.unibankghana.com/news_details.php?id=61	2014
	Banking	Education	Unibank website	http://www.unibankghana.com/news_details.php?id=62	2014
	Banking	Youth and entrepreneurship development	Daily Guide online	http://www.dailyguideghana.com/unibank-supports-entrepreneurial-training/	2014
	Banking	Health	Unibank website	http://www.unibankghana.com/news_details.php?id=61	2014
	Banking	Health	Unibank website	http://www.unibankghana.com/news_details.php?id=69	2015
Universal Merchant Bank	Banking	Health	Daily Graphic	http://graphic.com.gh/business/business-news/46434-umb-donates-to-burns-centre.html	2015
UT Bank	Banking	Donations to Charity	Sarpong's Blog	http://fredsarpong.blogspot.com/2011/11/ut-bank-donates-gh40000-to-11-charity.html	2011

Company	Sector	CSR Area	Media	Internet Link	Year
	Banking	Health	Modern Ghana	http://www.modernghana.com/news/397126/1/happy-fm-and-ut-bank-undertake-blood-donation-exer.html	2012
	Banking	Health	UT Bank website	http://www.utbankghana.com/subcat_select.cfm?corpnews_catid=6&corpnews_scatid=60	2013
	Banking	Charity	UT Bank website	http://www.utbankghana.com/subcat_select.cfm?corpnews_catid=6&corpnews_scatid=60	2013
Star Assurance	Insurance	Education	Daily Graphic	http://graphic.com.gh/business/business-news/10571-starlife-assurance-donates-gh-43-000-to-three-institutions.html	2012
Vanguard Assurance	Insurance	Education	Daily Graphic	http://graphic.com.gh/news/education/12837-university-of-ghana-business-school-receives-book-donation.html	2012
Chocho Industries	Manufacturing	Charity	Daily Guide	http://www.dailyguideghana.com/chocho-industries-feeds-prisoners/	2014
Coca-cola	Manufacturing	Education	Modern Ghana	http://www.modernghana.com/news/170743/1/coca-cola-adopts-class-room-block-at-achimota-scho.html	2008
Fan Milk Ghana	Manufacturing	Technology	Modern Ghana	http://www.modernghana.com/news/540200/1/ghana-csr-diary-awards-2014-leading-socially-respo.html	2014
Interplast	Manufacturing	Technology	Modern Ghana	http://www.modernghana.com/news/540200/1/ghana-csr-diary-awards-2014-leading-socially-respo.html	2014

Company	Sector	CSR Area	Media	Internet Link	Year
JOY Industries	Manufacturing	Health	Daily guide	http://www.modernghana.com/news/540200/1/ghana-csr-diary-awards-2014-leading-socially-respo.html	2015
KASAPREKO	Manufacturing	Health	My Joy Online	http://www.myjoyonline.com/business/2014/December-1st/kasapreko-supports-sanitation-campaign.php	2014
	Manufacturing	Relief Service	Daily Guide	http://www.dailyguideghana.com/kasapreko-donates-items-to-flood-victims/	2015
Latex Foam	Manufacturing	Health	Modern Ghana	http://www.modernghana.com/news/400739/1/latex-foam-ghana-presents-200-mattresses-for-disas.html	2012
	Manufacturing	Technology	Modern Ghana	http://www.modernghana.com/news/540200/1/ghana-csr-diary-awards-2014-leading-socially-respo.html	2014
	Manufacturing	Charity	Daily Guide	http://www.dailyguideghana.com/latex-foam-saves-girls-life/	2014
Nestle Ghana	Manufacturing	Technology	Modern Ghana	http://www.modernghana.com/news/540200/1/ghana-csr-diary-awards-2014-leading-socially-respo.html	2014
Peak Milk	Manufacturing	Education	Daily Guide	http://www.dailyguideghana.com/peak-milk-donates-to-ashanti-school-for-the-deaf/	2015
Voltic	Manufacturing	Education	Daily Guide	http://www.dailyguideghana.com/voltic-donates-2000-tutu-desks-to-deprived-schools/	2015

Company	Sector	CSR Area	Media	Internet Link	Year
AngloGold Ashanti	Mining	Health	Ghana Politics online	http://ghanapolitics.net/Ghana-Health-News/anglogold-ashanti-global-fund-fights-malaria-in-ghana.html	2012
	Mining	Health	News Ghana	http://newsghana.com.gh/anglogold-ashanti-aga-is-socially-responsible	2013
	Mining	Health	News Ghana	http://newsghana.com.gh/anglogold-ashanti-ranked-high-csr-malaria-control/	2014
Fraga Oil	Oil and Gas	Socio-economic	Daily Graphic	http://graphic.com.gh/news/general-news/41188-fraga-oil-donates-pick-up-to-anfoega-traditional-council.html	2015
Goil	Oil and Gas	Charity	Daily Guide	http://www.dailyguideghana.com/goil-gives-ghc560000-to-national-disaster-fund/	2015
Tullow Ghana	Oil and Gas	Economic development	Ghana Business News	https://www.ghanabusinessnews.com/2013/05/15/tullow-oil-invests-669m-in-ghana-in-2012-for-csr-ceo/	2013
Sahara Group	Oil, Gas, Power & Infrastructure	Health	Daily Guide	http://www.dailyguideghana.com/ag-donates-blood-to-disaster-victims/	2015
Anglican Church	Religion	Education	News Ghana	http://newsghana.com.gh/cape-coast-diocese-of-the-anglican-church-now-30-year/	2012
	Religion	Charity	Ghana News Agency	http://www.ghananewsagency.org/social/anglican-church-gives-to-female-prisoners-65377	2013
	Religion	Health	News Ghana	http://newsghana.com.gh/anglican-church-supports-childrens-ward-xmas/	2014

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Company	Sector	CSR Area	Media	Internet Link	Year
	Religion	Education	Accra Anglican Diocese website	http://www.accraanglican.org/	2015
	Religion	Charity	Accra Anglican Diocese website	http://www.accraanglican.org/	2015
Assemblies of God	Religion	Health	Daily Guide	http://www.dailyguideghana.com/ag-donates-blood-to-disaster-victims/	2015
Catholic Church	Religion	Education	Modern Ghana	http://www.modernghana.com/news/415646/1/strengthening-church-state-partnership-in-educatio.html	2012
	Religion	Health	Vibe Ghana	http://vibeghana.com/2013/04/15/st-kizito-catholic-church-donates-to-accra-psychiatric-hospital/	2013
	Religion	Charity	News Ghana	http://newsghana.com.gh/church-donates-orphanage-part-centenary-anniversary/	2014
	Religion	Health	Ghana Web	http://www.ghanaweb.com/GhanaHomePage/regional/Saint-Mary-Catholic-Parish-donates-furniture-to-KATH-363124	2015
Pentecost Church	Religion	Education and Employment	News Ghana	http://newsghana.com.gh/the-church-of-pentecost-launches-fund-to-address-youth-unemployment/	2012
	Religion	Health	News Ghana	http://newsghana.com.gh/church-pentecost-women-ministry-donates-remand-home/	2014

(continued)

Company	Sector	CSR Area	Media	Internet Link	Year
Methodist Church	Religion	Education	The Chronicle	http://thechronicle.com.gh/contribution-of-the-methodist-church-to-education-in-ghana/	2010
	Religion	Health	The Chronicle	http://thechronicle.com.gh/contribution-of-the-methodist-church-to-education-in-ghana/	2010
	Religion	Entrepreneurship and Job creation	Rural Enterprises Programme (REP) blog	http://repghana.blogspot.com/2012/08/methodist-church-ghana-and-rep.html	2012
	Religion	Charity	Ghana News Agency	http://www.ghananewsagency.org/social/effiakuma-circuit-methodist-supports-orphanage-71263	2014
	Religion	Youth development	Ghana News Agency	http://www.ghananewsagency.org/human-interest/methodist-church-launches-youths-development-plan-80738	2014
	Religion	Relief services	Ghana News Agency	http://www.ghananewsagency.org/social/methodist-development-relief-services-donate-to-flood-victims-92168	2015
	Religion	Education	News Ghana	http://newsghana.com.gh/methodist-invest-hostel-business-kwamenakrom/	2015
Pentecost Church	Religion	Education	Smith-Asante, 2012	http://eddiesmith.blogspot.com/2012/04/church-of-pentecost-launches-youth.html	2012
	Religion	Charity	Modern Ghana	http://www.modernghana.com/news/385964/1/the-lords-pentecostal-church-donates-to-nsawam-inm.html	2012
	Religion	Health	Ghana News Agency	http://www.ghananewsagency.org/social/pentecost-church-donates-to-st-joseph-hospital-61157	2013

Company	Sector	CSR Area	Media	Internet Link	Year
	Religion	Education	Ghana News Agency	http://www.ghananewsagency.org/social/church-of-pentecost-donates-to-korle-gonno-schools-83355	2014
Presbyterian Church	Religion	Health	Daily Graphic	http://graphic.com.gh/news/general-news/35305-presby-church-provides-water-for-2-northern-presbyteries.html	2014
Melcom Group	Sales & distribution	Technology	Modern Ghana	http://www.modernghana.com/news/540200/1/ghana-csr-diary-awards-2014-leading-socially-respo.html	2014
Japan Motors Ghana	Sales & Distribution	Health	Business & Financial Times	http://thebftonline.com/companies/13419/Japan-Motors-supports-Tema-Comm-1-Police.html	2015
Toyota Ghana	Sales & Distribution	Health	Business & Financial Times	http://thebftonline.com/companies/13373/Toyota-supports-Maternal-and-Child-Health-Hospital.html	2015
McDan Shipping	Shipping	Technology	Modern Ghana	http://www.modernghana.com/news/540200/1/ghana-csr-diary-awards-2014-leading-socially-respo.html	2014
Dalex Finance & Leasing Company Ltd	SME	Health	Daily graphic	http://graphic.com.gh/news/general-news/29463-financial-body-initiates-ebola-education-fund.html	2014
Nationwide Microfinance Ltd	SME	Health	Business & Financial Times	http://thebftonline.com/companies/14529/Nationwide-Microfinance-supports-Enchi-Gov%E2%80%99t-Hospital.html	2015

Company	Sector	CSR Area	Media	Internet Link	Year
uniCredit	SME	Technology	Daily Guide	http://www.dailyguideghana.com/unicredit-donates-to-ghana-police/	2014
Airtel	Telecommunication	Charity and relief service	Daily Guide	http://www.dailyguideghana.com/airtel-crowns-customer-experience-week/	2014
	Telecommunication	Social Amenities	Daily Graphic	http://graphic.com.gh/news/general-news/32534-airtel-assists-nyariga-with-borehole.html	2014
	Telecommunication	Community Empowerment	Daily Graphic	http://graphic.com.gh/business/business-news/32118-gold-fields-wins-international-award-for-best-csr-policy.html	2014
	Telecommunication	Health	Daily Guide	http://www.dailyguideghana.com/airtel-gives-hope-to-visually-impaired/	2015
MTN	Telecommunication	Health, education and economic empowerment	Graphic online	http://graphic.com.gh/business/business-news/20624-mtn-spends-gh-854-000-on-csr.html	2014
Tigo	Telecommunication	Health	Daily Guide	http://www.dailyguideghana.com/tigo-donates-ambulance-to-help-reduce-maternal-and-child-mortality-in-afife/	2014
	Telecommunication	Charity	Daily online	http://graphic.com.gh/news/general-news/36227-tigo-brightens-christmas-for-children-and-head-porters.html	2014
	Telecommunication	Social amenities	Daily graphic	http://graphic.com.gh/business/business-news/28353-tigo-powers-ahabaso-community.html	2014

Company	Sector	CSR Area	Media	Internet Link	Year
Vodafone	Telecommunication	Social amenities	Daily Guide	http://www.dailyguideghana.com/ghana-telecom-awards-tigo-wins-innovative-product-csr-and-the-ceo-acknowledged/	2015
	Telecommunication	Health	Daily Guide	http://www.dailyguideghana.com/tigo-supports-weija-leprosarium/	2015
	Telecommunication	Health	Daily Graphic	http://graphic.com.gh/news/health/12267-vodafone-staff-raise-funds-for-fistula-patients.html	2013
	Telecommunication	Entrepreneurship	News Ghana	http://newsghana.com.gh/vodafone-ghana-extends-csr-initiative/	2014
	Telecommunication	Education	News Ghana	http://newsghana.com.gh/vodafone-ghana-extends-csr-initiative/	2014
	Telecommunication	Health	News Ghana	http://newsghana.com.gh/vodafone-ghana-extends-csr-initiative/	2014

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Chapter 10
CSR Practices of Multinational Companies (MNCs) and Community Needs in Africa: Evidence of Selected MNCs from Ghana

George Kofi Amoako

Abstract Very little literature has been written on corporate social responsibility (CSR) activities of multinational companies (MNCs) and community needs in Ghana and Africa. Studies published pertaining to CSR in Africa is still relatively few. The relationship between company size and CSR activities has not been established through research in Ghana and Africa. Many MNCs in Ghana and Africa are striving to paint a picture of their companies as being highly socially responsible due to competition in the global market. The aim of this paper is to investigate the effects of the CSR contributions of Multi National Companies (MNCs) on local communities. This study also focused on investigating the reasons for the numerous CSR activities by these MNC's and the benefits that these communities get. Five MNC's (Vodafone, MTN, Unilever, Nestle and Shell) CSR activities were selected because they have invested heavily in CSR in Ghana for the past decade and their CSR activities are well known in the Ghanaian communities and directly affect communities in Ghana. The study revealed and tabulates various benefits that CSR activities bring to local communities and also the benefits that MNCs also get from engaging in the various CSR activities.

The study discusses how CSR activities of MNCs in developing countries differ from developed countries and proposes a conceptual framework to point out the relationship between CSR activities and stakeholder engagement especially local community in Ghana. The framework suggest there could be positive or negative effect of CSR activities on local community and hence MNCs will have to be strategic about their CSR activities in order to reap maximum benefits and minimize negative effects.

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10.1 Introduction

Corporate Social Responsibility (CSR) is a pledge or an obligation to improve the well-being of the community through business practices and contributions of corporate resources (Kotler & Lee, 2005). Over the past few years, organizations have sought to embark on CSR in order to contribute much to society rather than affecting it negatively with their operations. Corporations are inspired to be more socially responsible because their most important stakeholders expect them to show concern and address the social and community issues that are of significance to them. Earlier research works have come out with findings as to whether organizations must engage in CSR activities or not. Others also have studied what corporations can actually do to add to the development of the society through CSR activities. "Throughout the 1990s, a number of high profile corporations such as Nike, Shell, and Monsanto were attacked by non-government organizations (NGOs) and activist organizations for their poor human rights, labour, and environmental records. In response, a number of companies have embraced the concept of 'corporate social responsibility' (CSR), leading them to introduce a variety of policies, practices, and codes of conduct aimed at reducing the negative impacts of their operations and improving their contribution to society by going beyond what has been traditionally expected of business." (Whellams, 2007, p. 3).

The purpose of this paper is to know the effects of the CSR contributions of Multi National Companies (MNCs) to a community. This goes further to look at the benefits of CSR activities to the development of the community and the company. In other words, this study is to examine how to balance the needs of the community and CSR objectives of the MNCs. In modern times, the concept of CSR strives to explain and clarify a number of issues that are pertinent to environmental and social interests and welfare, keeping in full view of the financial interests and benefits of the shareholders. Organizations by their very nature have responsibilities (i.e., economic, ethical, legal and social) assigned to them by law to shareholders and other stakeholders and the society at large (Brummer, 1991; Carroll, 1979; Peattie, 1992). Organizations will have to execute these responsibilities to ensure their sustainability. CSR is a broad topical issue that has provided the drive for more ideas and the search into the relationship that exists between the roles of companies and the roles of government and other stakeholders. Matten and Moon (2004) found from their survey that there were various terminologies synonymous to CSR. This survey of CSR education in Europe found 50 different labels associated with CSR modules, and 40 different labels for CSR programmes. The most popular terminologies synonymous to CSR are: business ethics; business and globalization; business and governance; business and society; corporate citizenship; corporate environmental management; stakeholder management; and sustainability or sustainable development. MNC's are now very conversant with corporate social responsibility or corporate sustainability. The responsibility they have towards the society and the community as a whole cannot be denied. A tremendous rise and a sustained consistency in the progress of the concept of CSR has been witnessed over quite

a number of years, elevating it to the highest pedestal of importance in all aspects of business and production, be it private or public. However, it is not charity but it is a core business strategy of an organization.

10.2   CSR Definition

Individuals, organizations and countries have defined the concept to reflect their national traditions, situations and peculiar challenges. However, of interest is the fact that the various definitions, though different in scope and focus, have a commonality of themes; ethics, employee issues, environment, governance, and policy in the context of various stakeholders. Thus depending on the background of the individual, organization or region defining the concept, emphasis will be placed on one or more themes to the disadvantage of the other components, which together make the concept meaningful.

Amponsah-Tawiah and Dartey-Baah (2011) and Solomon (1991) argues that CSR is shared altruism or an act of philanthropy while the World Business Council for Sustainable Development (WBCSD) in its publication "Making Good Business Sense" gave a much broader outlook to the concept. They defined CSR as the "continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (WBCSD, 2000, p. 6). Amponsah-Tawiah and Dartey-Baah (2011) also define the concept as: "the strategic decision of an organization to voluntary act upon the social factors that have the potential of militating against the fulfillment of corporate goals". From their view, organizations are driven by specific goals but in recent times organizations cannot achieve these goals without considering other social issues which indirectly affect the operations of the organization. They also stated that: "Fulfilling regulatory requirements alone does not guarantee organizational success explaining further that organizations have the responsibility to study their social environment, analyze the impact their operation is having on it and vice versa. This is a sure way to guarantee success in today's market driven economy with its complexities and competition". (Amponsah-Tawiah & Dartey-Baah, 2011).

10.3   Stakeholder Theory

Stakeholder theory is a theory of organisational management and business ethics that deals with principles and values in managing an organisation (Freeman & Phillips, 2002). According to this theory, stakeholders are recognized as the group of people interested in the company's activities (Freeman, 1984). One of the strategies developed to improve the management of the firm is the stakeholder approach. The stakeholder theory also serves as a way to understand reality in order

to manage the socially responsible behaviour of a firm. Freeman et al. (2010) mentioned that stakeholder theory is compatible with Friedman's (1962) theory thus the maximizing of shareholder value since 'the only way to maximize value sustainably is to satisfy stakeholders'.

Garriga and Melé's (2004) analysis gave the description that the stakeholder approach is both within the integrative and ethical theories, where the integrative emphasizes the integration of social demands and the ethical focuses on the right thing to achieve a good society. The analysis is supported by the study of Mitchell, Agle, and Wood (1997) where balance among the interests of the stakeholders is the emphasis; and the work of Freeman and Phillips (2002) that considers fiduciary duties towards stakeholders of the firms, respectively. The core idea underlying the stakeholder concept is that organizations are required to address a set of stakeholder expectations and management choice is a function of stakeholder influences (Brenner & Cochran, 1991). Most approaches to CSR rest upon acceptance of 'stakeholder theory' often associated with Professor Freeman of the Darden School of Business.

Figar and Figar (2011) came up with a model known as the "elastic" wheel model which shows how stakeholders are connected to companies through convolutions, see Fig. 10.1 below.

Key external stakeholders include customers, consumers, investors, suppliers and communities in the areas where the corporation operates its facilities and regulates. Jones and Wicks (1999) summarize the basic principles of stakeholder theory as follows:

(i) the corporation has relationships with many constituent groups (stakeholders) that affect and are affected by its decisions;
(ii) the theory is concerned with the nature of these relationships in terms of both processes and outcomes for the firm and its stakeholders;

Fig. 10.1 Elastic wheel model. *Source*: Figar and Figar (2011)
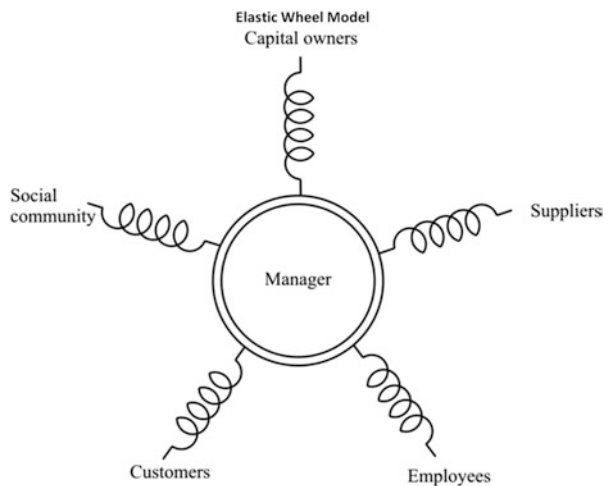
(iii) the interest of all (legitimate) stakeholders has intrinsic value, and no set of interests is assumed to dominate the others; and

(iv) the theory focuses on managerial decision making.

The structure of the stakeholder theory by Donaldson and Preston (1995) has the following as the components of the stakeholders of the business firm: employees, shareholders, customers, suppliers, community and environment (Freeman, 1984; Jamali, Safieddine, & Rabbath, 2008). The stakeholder approach sees a firm as an interconnected web of different interests where self creation and community creation happen interdependently; and individuals behave charitably. Freeman (1984) described the constituent groups as the fulcrum of the stakeholder theory, "...the groups who can affect or are affected by the achievement of an organization's purpose" (Freeman, 1984, p. 49). Thus corporate social responsibility means the organization should be held accountable for any of its actions that affect people, communities and the environment in which those people or communities live (Frederick, 1986). Corporations are motivated to become more socially responsible because their most important stakeholders expect them to understand and address the social and community issues that are relevant to them. The stakeholder perspective suffers from a wheel and spoke network metaphor that does not acknowledge the complexity of network interactions that can occur in cross sector partnerships. It also relegates communication to a maintenance function, similar to the exchange perspective. Branco and Rodrigues (2007) describe the stakeholder perspective of CSR as the inclusion of all groups or constituents (rather than just shareholders) in managerial decision making related to the organization's portfolio of socially responsible activities implying that the CSR collaborations are positively accepted when they are in the interests of stakeholders and may not be detrimental to the organization if they are not directly related to stakeholder interests.

Through stakeholder satisfaction, CSR would lead to improved performance precisely because it is prone to create such intangible assets in terms of image and reputation (Berrone et al., 2007). It would be these intangible, difficult-to-replicate assets (Branco & Rodrigues, 2006; Hillman & Keim, 2001; Lantos, 2001; Roberts & Dowling, 2002; Schnietz & Epstein, 2005) that would create a kind of competitive advantage that would ultimately lead to an enhanced financial performance. Friedman believes that in order to maximize profits, companies need great products and services that customers want; a solid relationship with suppliers that keep operations on the cutting edge; inspired employees who stand for the company mission and push the company to become better; and supportive communities that allow businesses to flourish. The stakeholder theory can be viewed as a manifestation of a changing theory of the firm in terms of how firms may succeed. Key et al. (2004) were of the view that the stakeholder approach still extends the ability to investigate issues like CSR in business management theories. The stakeholder theory and principle seek to identify and assess those groups to whom a firm should be responsible.

10.4   Conceptual Framework

According to Chakraborty (2010), society expects the organization to be socially responsible as the economic environment of the society is dependent on the business environment. Socially responsible business is a common term today as business and societies are unthinkable without each other. Ackerman and Bauer (1976) argue that the success of CSR programmes is dependent on the Chief Executive Officers of large companies and owners in SMEs, who should be champions in displaying business responsibility. They also argue that enterprises should be enthusiastic that both external and internal stakeholders can participate in CSR. Some authors see CSR as a forum for the "business—society" interface (Lunheim, 2003; Waddock & Boyle, 1995). Others also view it as a broader stakeholder consideration in business operations (WBCSD, 2002; Wheeler, Fabig, & Boele, 2002). The originator of the stakeholder concept, Freeman in 1984 defined stakeholders as any group or individual who can affect or is affected by the achievement of the organisation's objectives'. Recently, Freeman et al. (2004) redefined the term as those groups who are vital to the survival and success of the corporation'. The WBCSD (1999) identified stakeholders as representatives from labour organisations, academia, churches, indigenous people, human rights groups, government and NGOs, shareholders, employees, customers/consumers, suppliers, communities and legislators. This research's conceptual framework is derived from the stakeholder theory perspective focusing on the local community.

Carroll (1979) identifies four main types of responsibilities that society may expect a business to assume or that a business may expect they have a right and duty to assume. This means that there may be a conflict between what business assumes and what society wants. The basic of these is a developmental sense thus the economic responsibility that the firm holds towards its shareholders and the legal responsibility the firm holds towards society.

From Carroll's CSR model see Fig. 10.2, the success of philanthropic actions depends on the success of ethics, and legal and economic wellbeing of firms.

This cleared the earlier argument that organizations' philanthropic activities are on the same level in terms of priority as economic and legal and helped in reconciling the firm's economic orientation with its social orientation (Sen, 2011). Eilbert and Parker (1973) introduced the concept of community in CSR literature and define CSR using the term 'neighbourhood' as 'perhaps the best way to understand social responsibility is to think of it as good neighbours'. With an entrepreneurial stance, Drucker (1984) characterised it as a way of tackling 'social problem(s)' to engender positive 'economic benefit(s)' to ensure 'well paid jobs, and . . . wealth'.

Besser's (1999) study revealed an association between CSR commitment and a subjective measure of business success. Besser and Miller's (2001) study among small US businesses have identified an intrinsic belief among managers. They

The Pyramid of Social Responsibility

PHILANTHROPIC Responsibilities
Be a good corporate citizen
Contribute resources to the
Community, improve quality of life

ETHICAL Responsibilities
Be ethical
Obligation to do what is right,
Just and fair, avoid harm

LEGAL Responsibilities
Obey the law
Law is society's codification of right or wrong,
play by the rules

ECONOMIC Responsibilities
Be profitable
The foundation upon which all others rest

Fig. 10.2 Carroll's CSR pyramid. *Source*: Carroll (1996)

translated it as; 'doing good, is good for the business itself'. Based on Murillo and Lozano's (2006) research, they found that all their investigated companies seemed to defend 'with great conviction' the correlation between social practices and financial results. In view of earlier research by various researchers and earlier empirical and conceptual theory, this paper seeks to establish the relationship between CSR and community needs.

10.5   CSR in Developing Countries

One significant gap in the literature is the scarcity of research addressing the philosophy and practice of CSR in developing countries (Dobers & Halme, 2009). Historically, the concept of CSR is alien in many developing countries and remains so in some countries even today. Many a times, donations are made in passant in the name of CSR without understanding what it means. Some organizations make donations either because they see their competitors doing it or because an official within the organization wants to show off. CSR has not been part of the corporate agenda of many companies in the developing world. Over the past 10 years some countries in Africa have seen significant progress in the area of human rights and CSR-South Africa (Visser, 2006) and Kenya (Mwaura, 2004) can be singled out as two cases in point. However, this is not as encouraging as expected considering the abuse and neglect that characterize most regions that harbor natural resources and being exploited by many companies. The focus has always been more on environmental issues and philanthropy than on legal and ethical business practices.

This view is supported by a survey of South Africa's top companies, in which only 10 % cited "abiding by laws and regulations" as their one principal motivation for pursuing corporate citizenship (Trialogue, 2004). Porter and Kramer (2006) perceived CSR, 'as a source of opportunity, innovation and competitive advantage'. Over the period 1995–2005, a 10 year review of CSR research focused on Africa and published in key CSR journals revealed that the volume of published research on CSR is still extremely low because most papers focused on business ethics, and the attention was on South Africa. McWilliams, Siegel, and Wright (2006) emphasize that CSR research requires a multi-disciplinary approach. They describe it as a '…fertile ground for theory development and empirical analysis'. Despite the importance of management systems when integrating CSR into business, little research has been conducted on this topic (Adams, 2002; Berland, Dreveton, & Essid, 2009; Norris & O'Dwyer, 2004). Hence there is a great scope for research on CSR in Africa to be expanded. The diversity of its content and its geographic coverage must also be improved.

Generally, CSR practice in Africa is thought to be adopted from Western business theories although there is evidence to suggest that Western CSR theories are not totally applicable in Africa. This is due to differences in drivers or causes of CSR in the West and in Africa, as well as cultural and managerial traits in Africa (Dartey-Baah & Amponsah-Tawiah, 2011). CSR is a localized and socially embedded concept and as such the prevailing ideas, perceptions, issues addressed, and modes of practising CSR are reflections of organisations responses to their socioeconomic environment (Amaeshi, Adi, Ogbechie, & Amao, 2006). Visser's (2005) recommendation of an ideal Africanized Carroll's pyramid is a clear example of how African Carroll's pyramid was employed to illustrate how CSR actually manifests in developing countries, rather than presenting an ideal view of what CSR in Africa should look like. In recent times, there has arisen alternative ways of looking at corporate responsibility in the African context. One way is to adapt existing western theories to make them more applicable to African societies. Visser (2005) recommendation of an ideal Africanized Carroll's pyramid as shown in Fig. 10.3 is a clear example of this. Whereas Corporate Social responsibility in the West is characterized by ethical concerns and CSR activities closely governed by legislation, both formal and informal, playing a very large role in business and many stakeholders (such as employees, consumers and community leaders) playing active roles in guiding the direction of the concept.

In Africa, CSR activities consist mostly of those activities that add to infrastructure or the economic development of the community through job creation, taxation and so on. Topical issues for CSR in Africa include health (HIV/Aids and Malaria), sanitation, sports and education. Western CSR theory application in Africa is not only limited by Africa's CSR drivers but also by its cultural and managerial traits. Traditional African approaches to community, leadership and business are at times at variance with the very principles upon which western theories are built. Africans are community—conscious, have a high respect for power distance relationships and believe in harmonious win-win relationships' (Dartey-Baah & Amponsah-Tawiah, 2011).
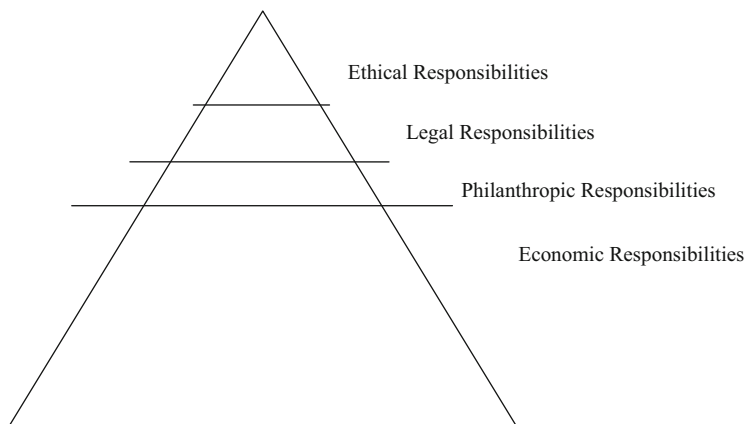
Fig. 10.3 Order of CSR layers in developing countries

10.6   CSR in Ghana

In recent times, there has been a clarion call on organisations to undertake social programs as government alone cannot handle societal problems. CSR activities in Ghana are spearheaded by large scale multi-national companies which have been given a wide media coverage as many organisations are investing in CSR activities as one of the main strategic tools to achieve organisational objectives of profit and market share. The socialist orientation of Ghana's first president, Dr Kwame Nkrumah, gave the right or wrong impression that State Owned Enterprises (SOEs) were able to solve societal problems. This, in a way, limited corporate organizations' social obligations to the payment of taxes. However, in recent times there has been a clarion call on organizations to undertake social programs, as government alone cannot handle societal problems. This has affected the implementation of the concept in the country. CSR activities in Ghana are spearheaded by large scale multi-national companies. The multi-faceted problems of the country—low per capita income, weak currency, capital flight, low productivity, low savings etc. makes it almost impossible for indigenous companies, most of whom are engaged in the retail and in the production of primary commodities, to undertake social actions. Large scale manufacturing, telecommunication and mining companies such as MTN, Valco, Goldfields, and AngloGold have been instrumental in the social development of the country. However, just as it is globally, extractive industries whose operations have direct impact on the environment and local communities are always in the news for obvious reasons—they are either breaching some of the tenets of the CSR agenda or fulfilling them in earnest. The concept of CSR requires companies to take into account social, environmental and economic considerations related to their activities and their interactions with their stakeholders on a voluntary basis (European Commission, 2005).

10.7 Multi National Companies

MNCs are companies that have its facilities and other assets in at least one country other than its home country. Their products and services are controlled in different countries. Such companies usually have offices and/or factories in various countries and normally operate a centralized head office that makes room for easy global management co-ordination. The budgets of such companies outmatch those of many small countries. Through the process of globalization, concerns have been raised that MNCs are making profit at the disadvantage of vulnerable workforces, environmental degradation and so on (Edwards, Tregaskis, Edwards, Ferner, & Marginson, 2006). In response to such concerns, MNCs have increasingly taken steps aimed at demonstrating their responsibility to the society as business organizations. One prominent development has been the elaboration and adoption of a code of conduct concerning corporate social responsibility (CSR), which Crouch (2006) sums up as the approach 'by firms that voluntarily takes account of the externalities produced by their market behaviour'. This paper will basically look at CSR activities of MNCs in Ghana such as Vodafone, MTN, Unilever and Nestlé and will generally look at the mining industry and the oil industry and their impact on society (Table 10.1).

10.7.1 Vodafone

A Ghana News Agency (GNA) feature by Samuel Dowuona on September 21, 2014, has the following information about Vodafone CSR—Vodafone has set a 2-year target to turn the fortunes of the company around and make it productive and profitable, and that, in their judgment, can only be possible if things are done "The Vodafone Way". But the Head of Corporate Communications, Don-Chebe said; "The Vodafone Way" is not only about productivity and profitability; it is also about touching communities and making a difference in the lives of people. Even

Table 10.1 CSR activities of some multi-national companies in Ghana and Africa

	Business line	Areas of CSR activities
Vodafone	Telecommunications	Health, Education, culture and communities
Unilever	Personal care and household products	Health, Hygiene and Women empowerment
Nestle	Food and confectionaries	Health and Agriculture
MTN	Telecommunications	Health, education, economic empowerment and the development of music, arts and culture
SHELL	Oil Gas	Community development programs including micro credit scheme, health scheme and provision of infrastructure

though the company reported a loss of US$264 million last year, they have started making social interventions across the country to indicate to Ghanaians that their existence in Ghana is not only to make and export profits but to share the gains with the Ghanaian public in ways that would impact individual lives. "At Vodafone, we believe that our company's future is inextricably linked to the quality of our connections to community and social causes. This is why we apply our competencies and energies to the empowerment of communities where we operate," says Vodafone on its website, www.vodafone.com.gh.

The CEO of Vodafone, Mr. David Venn was very confident and assured that, like in all the other core business areas, "Vodafone will set the pace in CSR too for our competitors to follow." Vodafone said they do corporate social responsibility (CSR) because they want to and not because they have to, adding that because their people have been resourced and empowered to share this belief, every level and sector of their business continuously strives to do what is right by their customers, community and environment.

Information from the Ghana News Agency (GNA) on May 23, 2014 shared the Vodafone Ghana Foundation's launch on World of Difference—an initiative to provide ordinary people the opportunity to contribute their skills to community development or projects that they are connected with. The community impact programme will give 20 Ghanaians the chance to offer their time, skills, and experience to make a change in a charity they are passionate about in the country.

The Human Resource Manager at Vodafone Ghana, Mrs. Stella Appiah-Nkansah said at the launch that the flagship Corporate Social Responsibility (CSR) programme was part of the company's contribution to improving the lives of the people in the communities where Vodafone would pay the salaries and allowances of individuals or skilled professionals who spend the period outside their own offices to volunteer their services to communities or projects. The World of Difference programme currently operates in 17 countries across the world. To date, it has allowed over 750 individuals around the world to work for their dream charity and be paid. The Vodafone Group Foundation recently announced that it has stashed away 100 million pounds sterling to support CSR activities across the world (GNA—ghananewsagency.org).

Vodafone has focused its CSR activities on education, culture and communities. Vodafone intends for communities to benefit from their core business. The company provides fixed wireless community phone booths, where local residents can make phone calls at moderate prices to enable them to keep contacts with friends and family. So far, the company has mounted 400 phone booths in selected schools and communities across the country and has also given out as many as 110,500 SIM cards for free to people in the communities and schools where booths are located to encourage them to patronize the facility. This programme started with some towns in the northern part of Ghana and some other towns in the Brong-Ahafo, Eastern and Western regions and is widespread now.

Another example of CSR projects taken on by Vodafone is the award-winning Vodafone Health Line TV show. "Vodafone Health line, is redefining corporate social responsibility in Ghana as it continues to empower many Ghanaians with

reliable information on health issues" (Carmen Bruce Annan, Vodafone Ghana Head of Corporate Communications). Through this programme, Vodafone has made a massive impact across all regions of Ghana empowering people, especially Ghanaians, by improving the dissemination of information on common health issues and more importantly saving the lives of many. "The Healthline show has helped close to 100 people to go through successful surgeries. For us at Vodafone, what is more important and refreshing is turning an idea into a reality that changes life," said Mrs Bruce-Annan, Head of Brands at Vodafone.

The Vodafone Health Line TV show won the Chartered Institute of Marketing (CIMG) TV programme of the year in 2012 and 2013 and also won the best CSR Initiative by the Chartered Institute of Purchasing and Supply (CIPS); Overall TV Programme of the Year by the Radio and Television Personality Award and CSR Programme of the Year by the Security Africa Watch. Vodafone believes in making sustainable impact—GNA.

10.7.2   MTN

A Ghana News Agency (GNA) feature by Samuel Dowuona on September 4, 2009 has the following information about CSR activities of MTN—The MTN Ghana Foundation is an independent umbrella organisation within MTN Ghana, set up to manage the corporate social responsibility (CSR) activities of the company with the objective of enhancing the socio-economic development of communities where MTN operated. The focus of the foundation, across all 21 operations, is fourfold: health, education, economic empowerment and the development of music, arts and culture. The second floor of the Maternity Block of Korle-Bu Teaching Hospital was refurbished by the MTN foundation. Saving lives is what this Flagship Health Project of the MTN Foundation is all about. On the light side, all the babies born on the transformed floor should be branded "MTN babies" and be given some life-changing MTN package. But, even if MTN does not do anything special for the newborns, transforming the second floor of the Korle-Bu Maternity Block into "five star" status to the tune of GH¢650,000 is by all standards, more than enough gesture, to show that MTN is committed to making meaningful social interventions. The refurbishing of the second floor of the Maternity Block of Korle-Bu, branded the Health Flagship Project, is just one of two huge corporate social responsibility flagship projects of the MTN Ghana Foundation.

In the field of education, the Foundation spent some GH¢108,607 on the MTN Scholarships Scheme, another branded cause; GH¢97,214 for a teaching and learning aid project, branded Academy Educational Development; and some GH¢ 18,000 to support National Best Teacher Awards. It is disclosed that MTN Ghana Foundation had invested more than twelve million Ghana cedis (Gh∝12,000,000) in its CSR initiatives and had commissioned over 76 projects across the country in the areas of health, education and economic empowerment. The philosophy of MTN is closely linked with the principles of sustainable development, which

argue that enterprises should be obliged to make decisions based not only on financial or economic factors, but also on the social, environmental and other consequences of their activities (www.mtn.com.gh). MTN is probably the most criticized brand in Ghana, particular for network quality, but there is no doubt that when it comes to quality in CSR, the MTN brand stands out.

10.7.3   Unilever

Unilever's corporate purpose is to meet the everyday needs of people everywhere—to anticipate the aspirations of consumers and customers and to respond creatively and competitively with branded products and services which raise the quality of life.

Unilever has the belief that CSR should be seen as a core business activity and that their success requires the highest standards of corporate behaviour towards their employees, consumers and the societies and world in which we live. This is Unilever's road to sustainable, profitable growth for business and long-term value creation for shareholders and employees.

CSR covers the company's impact on, or interaction with, society in three distinct areas. These are: the company's own operations; the company's relationships with its business partners through the value chain; and the voluntary or philanthropic contributions it makes to communities.

A framework for their approach was created based on how CSR is demonstrated through the many and varied day-to-day relationships with society. The board chairman stated that Unilever's main Corporate Social Responsibility (CSR) delivered mainly through the Unilever Ghana Foundation was focused on three areas; health, hygiene and women empowerment. The foundation embarked on a number of programmes such as: the construction of a water and sanitation system for seven communities in the Eastern Region; support for the World Food Programme; capacity building workshops for 105 women in small and medium enterprises; and oral hygiene education in basic schools across the country. It is noted that Unilever's partners, which included key distributors, customers and suppliers, remained an important part of their business and expressed a better relationship with their stakeholders in the years ahead. Seven particular stakeholder groups were identified: shareholders; employees; consumers; suppliers and trade customers as business partners; government; the local communities and societies where we do business; academics; and others with whom we conduct research. There is also widespread interest in society in businesses' impact on the environment and its willingness to participate in efforts to mitigate negative environmental consequences.

Nestlé

Nestlé believes that for a company to be successful in the long term and create value for its shareholders, it must also create value for society. This begins with the creation of superior long term value for shareholders by offering products and services that help people improve their nutrition, health and wellness. Creating Shared Value is the approach Nestlé takes to the business as a whole. Nestlé Ghana was the winner of the coveted Ghana CSR Awards for its Creating Shared Value (CSV) initiatives on 8th May 2014 at a ceremony at Golden Tulip Hotel in Accra. The Company commits to create value along the entire value chain, for both its shareholders as well as for the communities they engage with, employees, suppliers and society.

This is different to philanthropy or public relations ethics. It is a business model for engaging a sustainable future and for ensuring profitability for business and sustainable growth for society.

Nestlé Ghana was awarded for its Nestlé Healthy Kids programme, Nestlé Cocoa Plan and the Nestlé Grains Quality Improvement project. Nestlé's Creating Shared Value was recognized as a sustainable initiative in line with the objective for which the Awards were instituted.

10.7.4   The Oil Industry: Shell

Shell Petroleum Development Company (SPDC) of Nigeria has shifted its community development focus in recent years. In the past, they were heavily involved in the provision of infrastructure in the communities, building roads, schools and clinics, and providing portable water. They stepped into the gap to help improve the standard of living of local communities though these are typical areas for government intervention. The focus now is addressing community needs by involving more and more development partners to help. Specific community development programs include the micro credit scheme and health scheme where about 27 clinics have been established in the delta. Shell is a major supporter of education of young children, with over 17,000 children on Shell scholarships. As of year-end 2010, Shell companies in Nigeria had trained some 1900 service providers in general contracting, developed eight local dredging companies, awarded ten UK scholarships and trained more than 3000 people in entrepreneurship, scaffolding, project management, welding, catering, and other vocations.

In 2010 Shell Petroleum Development Company of Nigeria (SPDC) and Shell Nigeria Exploration and Production Co. Ltd. (SNEPCo) provided more than $22.85 million of a total $71 million to local community projects. Shell is encouraging the community to own and drive development themselves by providing financial assistance to communities and technical assistance through development NGOs. Shell still carry out major infrastructure in partnership with government, and other local and international partners. A lot of work has been done in the last couple of

years to enhance alignment and learning across the various countries Shell operate. In 2010, a new global social investment strategy was approved by Shell and the process of embedding this is ongoing. The perceptions in our host communities are monitored annually through an independent reputation tracker, and we are glad to report that the 2010 results showed improvements. The important work of the Shell Foundation, an independent charity funded by Shell, which is in the vanguard of enterprise-based solutions to sustainable growth in the developing world, in areas such as sustainable transport, growing small enterprises in Africa, reducing indoor air pollution and promoting ethical trade is worth mentioning (Burger, 2011).

10.8   CSR and the Mining Industry of Ghana

The exploration, extraction and processing of mineral resources are activities widely regarded as one of the most environmentally and socially disruptive undertaken by business (Peck & Sinding, 2003). Warhurst (2001) observed that many of the environmental disasters and human rights incidents that have contributed to the growing public concern about the actions of companies over the last 40 years have taken place in the extractive industries. The Ghana Extractive Industries Transparency Initiative (GEITI) serves as an avenue for promoting CSR in the extractive industry. However, the GEITI does not seek to address social and environmental concerns as well as human rights abuses by companies. There can therefore not be any meaningful discussion in the area of social and environmental responsibility without the mention of the extractive industry. It is always a key industry during discussions on social and environmental responsibility (Cowell, Wehrmeyer, Argust, Graham, & Robertson, 1999).

The mining industry in Ghana has had some positive and negative effects on the economy. The industry has affected the economy positively by enhancing community development through the provision of education, employment and other livelihood programs. However, the operations of some mining companies have caused erosion of culture and the breakdown of cultural values. It has deprived others of their traditional livelihoods through the pollution of river bodies and the environment and purchase of their farmlands. Some of these destructive acts have drawn public attention and has placed the mining industry under the control of Community Based Organizations (CBOs), Civil Society Organizations (CSOs) and other environmental Non Governmental Organizations (NGOs). The industry has therefore begun using CSR as a basis for addressing the social and environmental issues associated with the industry. The community development approach is the fulcrum around which the CSR agenda of mining companies revolve. Some of the companies have well established foundation funds used to support various community development activities such as the social investment support schemes, construction and establishing sustainable livelihood programmes. The sustainable livelihood programmes which is also referred to as alternative livelihoods, is now popular amongst large scale mining companies in Ghana and many have made it a

significant focus of their community development activities and strategies. Mining companies use these programmes to re-skill community members in alternative and sustainable livelihoods such as grass cutter farming, snail farming, and small cottage businesses as cane and basket weaving, the making of soap and pomade among others. These methods are adopted with the belief that it will help reduce communities' dependence on the mine for economic sustenance and will become self sustaining even after the mine closes. Mining companies in Ghana not only focus on members of their immediate communities but also support national institutions. For instance, they have been providing support in the form of practical attachment and the provision of equipment and expertise to the staff and students of the University of Mines and Technology in Tarkwa.

Goldfields Ghana Limited, one of the leading mining companies in Ghana, continues to be a major sponsor of Ghana's national team—The Black Stars. A consortium of mining companies in the country (Newmont Ghana Gold Limited, AngloGold Ashanti Limited, Golden Star Resources and Goldfields Ghana) offered to build a plant at Tema at a cost of 40 million dollars to supply 80 MW of power to supplement the country's energy generation effort (Chamber of Mines, 2006). Mining companies, in conjunction with the regional health directorate of the Western Region of Ghana, have on an annual basis been providing free voluntary counselling and testing on HIV to people living within the Wassa and Obuasi communities where they operate (Chamber of Mines, 2005). These are remarkable activities being undertaken by mining companies in Ghana as part of their corporate responsibility. Mining companies in Ghana now report their environmental and social performances in their annual reports and by so doing they show their commitment to ensure transparency, honesty and good environmental practices, which are all characteristics of good corporate citizenship (Amponsah-Tawiah & Dartey-Baah, 2011) (Table 10.2).

10.9   Benefits of CSR to Community and to Multinational Companies

CSR plays a significant role in Community Development (CD) and also places some value on companies that engage in them leading to their long-term sustainability. CSR brings harmony between corporations and communities. It helps boost the morale of employees in an organization because they view their organization's commitment to CSR and they also tend to have more positive attitudes towards work and in other areas that correlate with better performance. The CSR activities of a firm attract potential employees and new customers to the company. Some CSR strategies of certain companies also help to protect the environment. "We green the earth" slogan made by some MNCs in Malaysia who own large golf areas within the vicinity of residential areas is another CSR initiative seemingly to protect the environment. Many non-profit organizations have been involved in learning and

Table 10.2 MNC's CSR activities and benefits to communities in Ghana

MNC's	CSR activities		Benefits to communities
Vodafone	Provision of fixed wireless community phone booths and free SIM cards		Local residents can make phone calls at moderate prices to enable them to keep contacts with friends and family
	Health Line Show		Improving the dissemination of information on common health issues and more importantly saving the lives of many
Unilever	Unilever Ghana Foundation	Health	The construction of a water and sanitation system for seven communities in the Eastern Region
		Hygiene	Oral hygiene education in basic schools across the country to reduce lack of hygiene related illness
		Women empowerment	Capacity building workshops for 105 women in small and medium enterprises to enhance women with workable skills
Nestle	Healthy kids Global programme		To raise nutrition and health knowledge and promote physical activity among school-age children around the world
	Nestle Cocoa		Improving the lives of Cocoa farmers and the quality of their products
MTN	MTN Foundation	Health	Saving lives by refurbishing the second floor of the Maternity Block of Korle-Bu Teaching Hospital into "five star" status to the tune of GH¢ 650,000
		Education	MTN Scholarships Scheme to aid needy but brilliant students, Supporting The National Best Teacher Awards Scheme to encourage Teachers
		Music, Art and Culture	MTN "Hitmaker" competition to unearth and sponsor musical talents.
SHELL	Health Scheme		Establishing clinics to improve health care
	Educational Scholarships		To train people in entrepreneurship, scaffolding, project management, welding, catering, and other vocations.

advocacy of environmental protection of CSR such as those reported by the United Nations. They are, for example:

a) "Friends of the Earth" who highlights the environmental impact of some MNCs and campaign for stronger laws on environmental responsibility; and
b) "Green Peace mission" is another example of CSR initiative that gives benefit to society and communities in preserving the latter's rights towards reaping a healthy environment (Wikipedia, 2009).

The Ghana CSR Diary & Awards is Ghana's biggest scheme to identifying, interrogating, propagating and rewarding CSR initiatives and projects implemented by corporate organizations across the country. This encourages such corporations and others to increase their commitment to community development and come out

with new CSR initiatives and strategies as the core of their businesses. The 2014 Awards ceremony recognized some companies such as Nestlé Ghana, Stanbic Bank, MTN, OLAM, Fan Milk, and Huawei. Mr. Kojo Bode-Williams, Lead Project Manager for the Ghana CSR Diary & Awards, explained: 'The Awards scheme has helped in propagating the importance of Corporate Social Responsibility in Ghana'.

A CSR programme helps to reduce the rate of poverty. An example is a Malaysian reality programme Bersamamu of TV3 which is sponsored by Syarikat Faiza Sendirian Berhad (SFSB), a local enterprise-cum-philanthropist who responds to government's appeal to help impoverished communities to improve their livelihoods (SFSB, 2009). CSR in the Ghanaian mining industry which started as a defensive and reactive measure to complaints from community members and the numerous civil society organisations operating within the sector has now become a proactive strategy of engagement. Corporations' commitment to CSR promotes corporate sustainability. Thus, by understanding the needs of the community, companies develop goals that will help meet these needs which eventually lead to the progress of the company. CSR has progressively become a strategic element to consider when making strategic decisions. Arjaliès and Péan (2009) in their findings revealed that companies engage in CSR as a result of internal and external motivation. As to the internal motivations, there are three reasons, namely: source of innovation; leverage for organizational learning; and values' conveyor. Companies seeing the importance of CSR in their strategy also gave three reasons that explain external motivation as: clients' demand; legitimacy concerns; and brand policy. CSR has emerged as a significant theme in the global business community and has already moved into the mainstream activity. The growing emphasis on business social responsibility is affecting the relationships between companies and their various stakeholders including customers, employees, communities and governments. Larger companies have already incorporated CSR into their strategic plans as an essential element for long-term sustainability.

10.10 Balancing the Needs of the Community and CSR Objectives of Multi-National Companies

The concept of CSR requires companies to take into account social, environmental and economic considerations related to their activities and their interactions with their stakeholders on a voluntary basis (European Commission, 2005). The perceived importance of CSR has soared in recent years as companies, investors, and regulators have grown increasingly aware that such policies could help manage risks and opportunities as well as build reputation and innovation.

Authors such as Crowther (2004) argue that there must be some profitability dimension to CSR otherwise leading firms would not be pursuing it as aggressively as they have been over the last few years. The on-going debate on this subject has

led many researchers to conclude that the link between responsible business practices and financial performance is 'inconclusive' (Porter & Kramer, 2006), although Conrad and Abbot (2007) argue that the link is an essential one if the field is to remain successful. Interestingly, Goering (2012) also found that even if CSR activities are a purely costly retail endeavour, CSR does not necessarily decrease the manufacturer's final profit. His model, thus, suggests a theoretical rationale for the confusing empirical findings of little to no correlation between and profits and CSR posited by Bénabou and Tirole (2010, p. 12).

Evidence of organizations benefiting by practicing corporate social responsibility and reporting can be seen in a study of ten entrepreneurs who had developed successful new ventures (Joyner et al., 2002). The study found that all ten organizations and their entrepreneurs went beyond the requirements of the law with respect to corporate social responsibility and in their interactions with their stakeholders. The organizations benefited by growing in size and establishing their presence in the community. Surroca and Tribó (2008) argue that superior performance will be achieved through stakeholder satisfaction. Porter and Kramer (2002) posit that CSR and related philanthropy is a major source of competitive advantage from the consumers' perspective and ultimately contributes towards the firm's bottom line. McWilliams and Siegel (2001) raised this issue pointing out that support for CSR creates a reputation that a firm is reliable and honest and that consumers will tend to assume that products from such corporations would be of a higher quality than those from companies that do not enjoy this perception.

In the recent past many companies believed CSR ended with donations to the needy. But today, more corporate organizations are beginning to understand that CSR includes issues relating to staff welfare, adherence to acceptable industry standards, good corporate governance, protection of the environment and many more. The idea that CSR is a win-win activity, that is, it helps both society and is a strategic business activity, reflects 'the exchange process' (Kotler, 2000, p. 11) (Fig. 10.4).

10.11 Conclusion and Managerial Implications

Community development (CD) refers to initiatives undertaken by communities in partnership with external organizations or corporation to empower individuals and groups of people by providing these groups with the skills they need to effect change in their own communities. These skills are often concentrated around making use of local resources and building political power through the formation of large social groups working for a common agenda. Community developers must understand both how to work with individuals and how to affect communities' positions within the context of larger social institutions.

According to Nana Owusu-Afari the President of Association of Ghana Industries 'We encourage companies to be socially-responsible and ensure that CSR is not used as a mere PR tool but is embedded as an integral part of their businesses.'
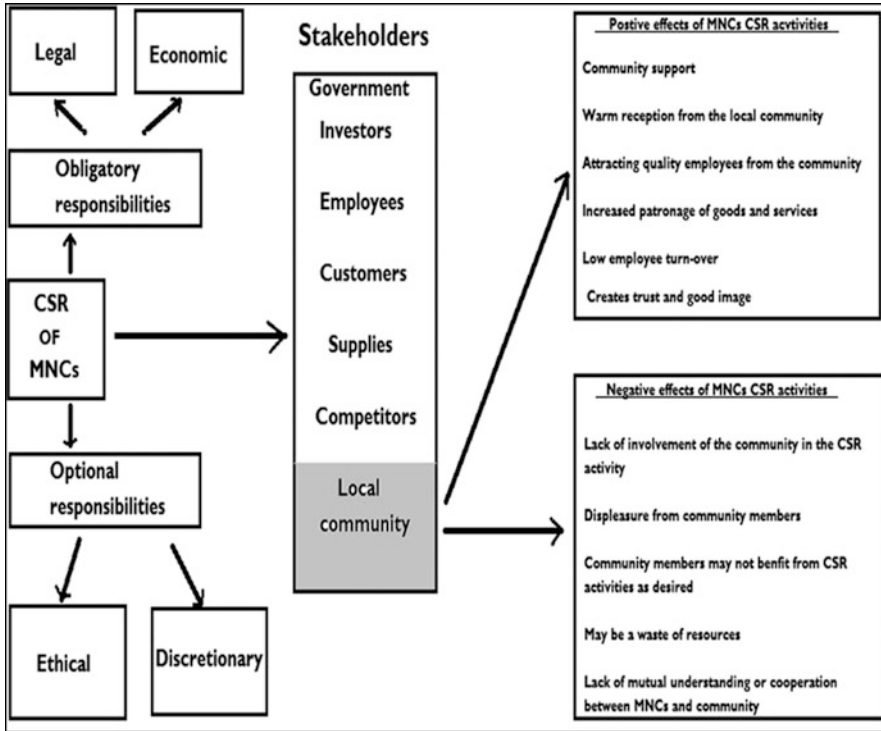
Fig. 10.4 Author's conceptual framework of MNC's CSR activities in communities. *Source*:
Authors own conceptual model (2015)

Anthony Spio, head of the Business Department at Ashesi University in Ghana
shared the view that: "The debate about social responsibility of businesses is an
unending search for ideas to make businesses beneficial to not only investors, but
also the environments in which they work".

It is important to understand why different organisations engage in CSR, with
varying degrees of intensity and success. In this light, more communication and
dialogue is encouraged with all stakeholder groups (including the employees,
customers, marketplace and societal groups). The stakeholder relationships are
needed to bring external knowledge sources, which may enhance the organisational
skills and performance. The community has a very complex structure as it consists
of individuals with various levels of control of resources physically and intangibly
and therefore CSR will be of great necessity to the community. The analysis on the
theories allows the understanding of CSR that goes beyond its traditional meanings;
therefore, CSR necessitates a multidisciplinary approach in its perspective and
practice. Mammoud (2009) concluded that, "since the current meaning of CSR is
complex, knowing the theories allows scholars to have a better understanding about
corporation-society relations, in which theories and practices of CSR are influenced
by numerous economic and non-economic as well as internal and external forces".

The framework suggests there could be positive or negative effect of CSR activities on local community and hence organisations will have to be strategic about their CSR activities in order to reap maximum benefits and minimize negative effects. Managers of MNCs in Ghana will have to base their CSR strategies on the researched needs of the communities they claim to want to help in order to get the desired stakeholder outcome. It is critical to know what stakeholders, especially the local communities want; not what the MNCs want per se since the main objective of CSR activities of MNCs is to help the poor communities.

Finally, it has come to notice that most companies have created a CSR Department and have decided to give the CSR Department a strategic place within the company. Currently, the Ministry of Trade and Industry in Ghana is considering a CSR policy for companies in Ghana and this will help in the total development and progress of these companies and also reduce the negative impact of their operations on society at large by bringing solutions to societal and community issues.

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Chapter 11
From Frustration-Aggression to Peace: Advancing Stakeholder Engagement Through Communicative Action in Post-Conflict Niger Delta, Nigeria

Uzoechi Nwagbara

Abstract Based on Habermas' communicative action model, the purpose of this paper is to explore the effectiveness and possibility of engaging stakeholders (the multinationals and community people) in the Niger delta via Peaceful Stakeholder Engagement Strategy (PSES) framework for socially responsible business and inclusive engagement. As this paper maintains, the insights generated from engaging stakeholders via PSES will be useful in managing corporate-stakeholder relation and to deflect frustration-aggression hypothesis in the region particularly in the wake of the amnesty deal (post-conflict era) for lasting peace. Given that Habermas' communicative action suggests that the engagement process should be fair (normative) by representing complete range of relevant stakeholders and equalising power between participants, including being 'competent' (resulting in settled claims), the PSES framework is modelled on this. Thus, this paper utilises the PSES framework to test the validity of engagement procedures, which stakeholders (the multinationals and community people) use in their engagement for better corporate-community engagement. It is hoped this process can addresses some of the issues that trigger frustration-aggression. PSES can be a potent instrument in consolidating peace in post-conflict Niger delta as it is premised on normative (communicative) engagement process rather than pragmatic (strategic) procedures.

11.1 Introduction

With the aid of PSES framework premised on the Habermasian communicative action model, frustration-aggression hypothesis in the Niger delta region can be managed (or transcended) as this framework brings to bear inclusive stakeholder engagement procedures to reach communicative ideal and discourse ethics. Also,

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the paper introduces Jurgen Habermas' communicative action model in dealing with issues of corporate-stakeholder relations and frustration-aggression hypothesis in the Niger delta. Despite existing scholarship on the Niger delta peace movement and non-violence approach, no study (to my knowledge) has focused on using the Habermasian model to articulate lasting peace in the conflict-prone region, where inclusive (Habermasian) communication process is critical in consolidating peace in the amnesty era, which is gradually slipping into a fresh wave of frustration-aggression situation. Given that previous peace approaches in the region have been criticised for celebrating strategic ratiocination rather than communicative rationality, the PSES framework can facilitate meaningful and lasting peace in the region. The PSES is modelled on the Habermasian communicative action; it proposes a range of rules such as consultation and fair and equal engagement procedures that can preserve the communicative rational character of dialogue for public acceptance and trust. The framework can engender trust, credibility and genuineness of purpose as various stakeholders in the region will feel involved in the process.

According to International Energy Statistics (IES, 2011) Nigeria is the highest producer of oil in Africa. In a recent survey conducted by PricewaterhouseCoopers (2011), it is estimated that Africa (Nigeria) could be the third highest oil and gas producer moving forward, likely surpassing North America, after the Central/Eastern Europe and the Middle East. About 80 % of Nigeria's revenue comes from oil and gas and over 90 % of her foreign exchange also comes from this sector (Dhir, 2007; Evuleocha, 2005; Ojakorotu & Gilbert, 2010). Currently Nigeria produces 2.4 million barrels of oil per day (bpd), and possesses about 35.3 billion barrels of proven oil reserves that might increase to over 45 billion barrels in few years. Regrettably, Nigeria—the Niger delta region—is at the crossroads of stakeholder (community) agitation, corporate-community conflict and above all frustration-aggression situation in the wake of how oil wealth is managed and redistributed, including corporate-stakeholder relations (Frynas, 2001, 2009; Obi, 2010).

This paper is centred on Nigeria's Niger delta, the oil producing region, which is habitually known for stakeholder conflict and aggression associated with oil extraction and its mode of distribution in the region (LaMonica, 2011). In doing this, this paper demonstrates how stakeholders (the multinationals and the community people) in the region can appropriate Peaceful Stakeholder Engagement Strategy (PSES) framework, which parallels Habermas' communicative action model to actualise peaceful corporate-stakeholder engagement. As this paper proposes, this engagement process has the capacity to foster lasting peace in the region—and Nigeria by extension. In the era of post-conflict Niger delta, PSES is vital in order to consolidate and deepen the ideals of the Amnesty Deal, a peace initiative brokered by the late President Shehu Musa Ya'Adua, to curb incessant conflict as well as frustration-aggression situation.

Thus, since the militants (community people) in the region have put down arms and ammunition following an amnesty deal, PSES has the potential to deepen as well as broaden peaceful co-existence, which is central to the peace initiative.

The Niger delta region is made of nine states, which include Abia, Rivers, Bayelsa, Delta, Akwa Ibom, Cross River, Edo, Imo and Ondo. In dealing with frustration-aggression situation, this paper proposes possibility of achieving this via Peaceful Stakeholder Engagement Strategy (PSES) as shall be explored later in detail. In this paper, first, a history of stakeholder relations as well as its associated themes in relation to the Niger delta is outlined. Second, a literature review is undertaken; third, the methodology/approach adopted in the paper is dealt with; fourth, between frustration-aggression and peace in relation to framing the PSES model is articulated; fifth, towards a new face of stakeholder engagement in the Niger delta is addressed; next to this is implications of the paper both for theory and practice; and finally, the paper is concluded.

11.2 A History of Corporate-Stakeholder Relations, Frustration and Aggression

Since 1956 when oil was discovered in commercial quantity in Niger Delta's Nembe Oloibiri, a town in present Bayelsa State, the region has been subjected to socio-economic problems, environmental challanges and frustration-aggression situations (Ibaba, 2012). This poor landscape fuels frustration-aggression situation (Obi, 2010). A major reason for this situation is the perceived neglect of the region's environment and people by the multinationals in partnership with the Nigerian political elite (Evuleocha, 2005; Ojakorotu, 2008). Frustration-aggression hypothesis was theorised by John Dollard and his colleagues in 1939 to suggest that aggression is a function of frustration (Diil & Anderson, 1995; Dollard, Doob, Miller, Mower, & Sears, 1939).

Thus, without belabouring Nigeria's environmental and social issues, there is a history of lingering frustration-aggression situation in the region about stakeholder engagement (Oluduro & Oluduro, 2012). This has courted resentment and conflict amongst corporate bodies and other stakeholders (community people). To this end, given the level of marginalisation and frustration the Niger delta has been subjected to, which is why it is considered as a place plagued by an "oil curse" (Watts, 2004, p. 50), and hence frustration-aggression has become a norm (Ibaba, 2012). Oil curse is another name for paradox of plenty (Auty, 1993). Paradox of plenty is contradictions following natural endowment blessings, which is typical of most developing nations. So, the Niger delta community has come to perceive frustration-aggression hypothesis as a means to rise above this situation since the multinationals (in their judgement) have failed to bring accountability and socially responsible business (Carroll, 1979) to bear in the region (Frynas, 2009).

Given the democratisation of violence (frustration-aggression) in the Niger delta, the people of the region have resorted to violent aggression for redress (Ibaba, 2012; Ojakorotu & Gilbert, 2010). The democratisation of violence is what Joab-Peterside (2007) identified as "the militarisation of the Niger delta"

(p. 1). Thus, in using frustration-aggression hypothesis by dissatisfied community people to achieve personal agenda including confronting corporate-community relations issues, different Environmental Movement Organisations (EMOs) as well as social movements have resorted to this to deal with frustration-aggression. These social movements include Ikwerre Youth Movement (IYM), Movement for the Survival of Ogoni People (MOSOP), Movement for the Emancipation of the Niger Delta (MEND), and the Niger Delta People's Volunteer Force (NDPVF), among others (Ojakorotu & Gilbert, 2010). In supporting this statement, in the words of Watts (2007, p. 642) "the state monopoly of violence means of destruction has been undercut by the widespread deployment of arms locally by militia and other militants". This is why militia groups, social movements and the community people, whose environment and means of livelihood are at risk following oil exploration, have taken to frustration-aggression to seek redress against environmental, political and social injustices as well as violence (Watts, 2004) precipitated by the multinationals in partnership with the Nigerian political class.

There are divergent views on deployment of frustration-aggression or violence by the community people in the region. While some authors have viewed it as caused by irresponsible mode of oil exploration by the multinationals (MNCs) in the region (Obi, 2010), others see it as being triggered by collusion between the Nigerian state and the multinationals (Omotola, 2010) to bring take what belongs to the region. Also, other writers conceive it as a product of state act to clobber opposition (LaMonica, 2011). No matter how frustration-aggression is perceived, the Niger delta community people see it from the prism of redressing wrongs when peaceful alternatives are in retreat. Thus,

> it is true that schism exists among the region's various ethnic groups, but frustration is occasioned as a result of a sense of despair and deprivation, environmental and developmental issues, transnational oil companies that neglect the ethos of corporate social responsibility are more like it (Amaraegbu, 2011, p. 212).

Deductively, issues of socio-environmental neglect and lack of stakeholder engagement are at the heart of frustration-aggression in the region.

In this direction, the aggressive mode of stakeholder engagement and activism is not unrelated to the Niger delta people's (stakeholders') determination to change their environment and means of livelihood for the better (LaMonica, 2011). Thus, the situation in the region has given rise to waves of conflict as well as stakeholder activism (Ite, 2004; Frynas, 2001), which is reflective of frustration-aggression hypothesis. Accordingly,

> this activism can be attributed to frustration (on the part of the people of the region) arising from both state and oil companies' negligence and destruction of the Niger delta's ecology, which is the basic structure that supports life in the region, as elsewhere. It may be said that the struggles by the people of the region have been predicated on certain issues, namely: their exclusion or marginalisation in terms of access to oil revenue; their struggle for greater access to resource sharing (known in Nigerian parlance as resource control); environmental degradation; and egregious human rights violation (Ojakorotu, 2008, p. 93).

The level of frustration and privation that have triggered frustration-aggression in the region cannot be over-stated.

The above scenario is interestingly captured in the moving words of Ray Epku, a foremost Nigerian journalist. He says that the story of the Niger delta has a storyline of a paradox, which resonates with paradox of plenty and grand contradictions of diverse twists and turns of disappointment and underdevelopment in the midst of vulgar opulence. It is in the main a story of a man living on the bank of the river yet "washes his hands with spittle. It is the case of a people who live on the farm and die of famine" (Ekpu, 2004, p. 10). In transcending this poor landscape in the amnesty deal era, which promises lasting peace, strategies and methods of stakeholder engagement and communication is central to bring this to fruition (Irobi, 2010; Ikpe, 2011). But before going into details on this, the next section reviews literature on key concepts in this paper.

11.3   Literature Review

It is appropriate to consider an operational definition of aggression as well as its associated concept: frustration-aggression. Traditionally, aggression manifests in conflict, frustration and violence (Dollard et al., 1939). Aggression generally is considered as a form of behaviour, disposition and action that is hostile, forceful or violent. It can take forms of retaliation and provocation. According to the World Health Organisation (WHO), violence (aggression) is

> the intentional use of physical force or power, threatened or actual, against oneself, another person, or against a group or community, that either results in or has a high likelihood of resulting in injury, death, psychological harm, maldevelopment or deprivation (WHO, 2002, p. 5).

In the context of the Niger delta, violence/aggression has been appropriated by the political class to bring the people of this area and Nigerians by extension to submission. Since the colonial era, this pattern has been appropriated to enforce personal agenda by the state and its transnational partners. It is to this end that violence and frustration-aggression have been democratised in Nigeria as a means to achieve personal agenda by the state as well as other groups (Ojakorotu & Gilbert, 2010).

Frustration-aggression hypothesis was developed by the American psychologist, John Dollard and his colleagues in 1939. What underpins this theory is that aggression is always consequent upon frustration (Amaraegbu, 2011, p. 212; Diil & Anderson, 1995; Dollard et al., 1939). The philosophy of this concept is that individuals who are victims of frustration, violence, human rights abuse and other vices could resort to aggression or conflict to deal with frustration. In the Niger delta, the people of this region, who are directly affected adversely by the presence of the multinationals (MNCs) have often taken the path of aggression and violence to seek redress (Ibaba, 2012). The logic of resorting to aggression by the community

people (other stakeholders) is based on perceived ecological, environmental and social devastation of their region via the multinationals' oil exploration activities (Omotola, 2010).

It is in the wake of militarisation of the Niger delta consequent upon the stakeholders' suspicion of the multinationals' lack of commitment to corporate social responsibility (CSR) and inclusive engagement that a number of social movements and interest groups were established to stem the tide. The concept of CSR deals with corporations' (or firms') commitment to sustainable business that impacts the environment, society and people positively while making profit (Carroll, 1979; Frynas, 2001). This business strategy is what Elkington (1997) identified as the triple bottom line: profit (economy), people (equity) and planet (environment). Fundamental to this suspicion and criticism is that the MNCs do not engage the stakeholders, which is directly linked to processes and mechanisms of stakeholder engagement. This is rather fuelling frustration-aggression situation and corporate-stakeholder conflict (Egwemi, 2010).

Fundamental to corporate social responsibility (CSR) commitment is how it is being communicated to stakeholders for inclusive engagement as well as collective sense-making and sense-giving to avoid conflict and aggression (Morsing & Schultz, 2006). Following what Fairclough (1992) characterised as "linguistic turn" with regard to social transformation and stakeholder engagement, this paper argues that Jurgen Habermas' (1984) communicative action model can significantly contribute to ethical communication that can facilitate inclusive stakeholder engagement. This process can also help to understand the concept of power in social relations, dominance in engagement and strategic communication since it is based on determining ethical communication procedures by taking into account diverse stakeholders' views. This is crucial in this era marked by increasing corporate-community problems and discourse ethics issues associated with what constitutes rational communication in corporate-stakeholder relations (Habermas, 1987, 2006). Discourse ethics is a method of explaining how ethical and rational a communication process is (Habermas, 1984).

To this end, as Ikpe (2011) advised, "with the seeming failure in the use of force... in the Niger delta conflict/crisis, the only reasonable approach is to turn to the greatest endowment of man—the spoken word" (p. 97)—communication. So (ethical) communication, a process that uses deliberation amongst individuals/ stakeholders to arrive at mutual participation and consensus mediated by mutual sense-making and sense-giving (Morsing & Schultz, 2006) is vital. This is central to the Habermasian communicative action model. It is a communication model that is based on co-operative and ethical dialogue for mutual sense-making and sense-giving (Habermas, 1990, 2006). It is to this end that Johnson-Cramer et al. (2003) argued that "the sense of stakeholder dialogue is the co-creation of shared under-standing" (p. 149). This is a shift from monologue to dialogic and pluralistic engagement based on mutual co-creation of values to uplift democratic engagement. This perspective parallels the logic of communicative action.

The theory of communicative action was conceptualised by Jurgen Habermas as a response to understanding issues of power and ideology in society through the

medium of communication to arrive at communicative ideal based on justified and acceptable forms of communication principles. Communicative action in the Habermasian sense means ways of dialoguing that takes into consideration ethical justifications for successful and peaceful stakeholder engagement (Habermas, 1984, 1987). In using this model, communicative action proposes equality and shared engagement in debate. Communicative action is usually considered as discourse blueprints for ideal speech or communication contingent upon mutual sense-making and sense-giving as well as democratised debate (Habermas, 1984, 1990, 1997, 2006). Arising from these insights is inscribing of linguistic strategies of mutual understanding as well as parameters of engagement, which are communicative codes that both enable and limit stakeholders. Every stakeholder needs to act or dialogue in a way that is informed by certain presuppositions for mutual sense-making (Fung, 2003; Freeman, 1984).

Arising from the above is that there is an undeniable link between conflict, peace and mode of stakeholder engagement. This article hopes to explore this by using the Niger delta as a reference point. Also, extant literature and empirical studies on stakeholder conflict, theory and communication have emphasised the benefits of approaching inclusive stakeholder engagement via the Habermasian lens (Gilbert & Behnam, 2009; Kernstock & Brexendorf, 2009; Morsing & Schultz, 2006). This is usually done to possibly draw a line between strategic engagement and communicative action (Rasche & Esser, 2006). While strategic communication/engagement is instrumental and based on shareholders' interest, communicative action model approaches stakeholder engagement from the perspective of legitimacy and morality. The latter also tends to transcend shareholder-stakeholder dichotomy (Palazzo & Scherer, 2006). This is because communicative action takes into consideration inter-subjectivity, which is mutually shared normative background to reach communicative rationality. Communicative rationality means mode of communication and engagement that is ideal and based on stakeholders' shared norms and values.

Interestingly, PSES framework parallels Habermas' communicative action model since it takes as its primacy mutually recognised normative backgrounds of stakeholders for mutual sense-making and sense-giving that facilitates conflict-free engagement process. Thus for Habermas (1984, 1987), communicative action is vital to enhance consensus-building that justifies universal norms in practical communication amongst those that have a stake—in this instance in the Niger delta. The issue of stake here entails mutually shared interests (Freeman, 1984). Further to this, according to Noland and Phillips (2010)

> [T]he Habermasian assumption is that any discussion between a firm and its stakeholders about the firm's obligation, duties or rights . . . would really be expressions of the various parties' interests. Second, it follows from this first reason that the relative power of the parties advancing their interests, along with their rhetorical skills, would be determinative of the outcome (p. 42).

As can be understood from the above, communication strategies as well as rhetorical procedures are crucial for ethical and inclusive stakeholder engagement.

To this end, it is likely that an adaptation of Habermas' communicative action model has the potential to sustain peace. This theory is essentially based on a conception of achieving deliberative democracy and putting power in the hands of all stakeholders in terms of participatory stakeholder engagement. This is necessary to sustain peace in the post-amnesty era. This argument is premised on the fact that attempts in the past to bring sustainable peace in the region failed to yield the desired results in terms of democratically engaging the stakeholders (the multinationals and the community people) for peaceful corporate-stakeholder engagement (Ibaba, 2012). Thus, extant literature on mode of corporate-stakeholder relations in the region (Obi, 2010; Idemudia, 2010; Irobi, 2010; Ite, 2004) is replete with use of force and coercion to bring stability in the region, which lacks inputs from community people. It is to this end that Habermas' communicative action is conceptualised as a communication model to rise above this.

11.4   Methodology/Approach

Approaches to stakeholder engagement have progressed via a range of recognisable stages (Reed, 2008). Theories and approaches to stakeholder engagement have therefore moved from awareness raising in the 1960s (Arnstein, 1969) to incorporating local angle to the debate in the 1970s (Pretty, 1995); from strategies of engagement that acknowledge participatory local appraisal in the 1980s (Chambers, 1983; Habermas, 1984, 1987) to increasing use of community participation as a normative frame for corporate-community engagement in the 1990s (UNCED, 1992); and from a critique of participation strategies following their limitations in the millennium (Reed, 2008; Cooke & Kothari, 2001) to democratising engagement strategies.

In achieving democratic engagement, which offers all stakeholders a voice in debate, Gray, Dey, Owen, Evans, and Zadek (1997) proposed the "polyvocal citizenship perspective (PCP), which bears "... some similarities to Habermas' (1979) 'ideal speech' situation" (O'Dwyer, 2005, p. 33). Ideal speech situation finds ample expression in communicative action. Similarly, Morsing and Schultz's (2006) "stakeholder involvement strategy" is also modelled on achieving democratic ideals in corporate-stakeholder dialogue by involving all and sundry, which also mirrors communicative action. This perspective to participation is akin to O'Dwyer's "democratic stakeholder engagement" (2005). In addition, Thompson and Bebbington (2005) have drawn on major aspects of this model, which parallel ideal strategies and processes of stakeholder engagement inspired by the dialogic educational method of Freire (1989).

In characterising the Habermasian communicative action, O'Dwyer (2005) contends that [T]his framework is also based on discourse ethics processes personified in Habermas' 'ideal speech situation', which permits deliberative democratic procedures that allow:

all stakeholders (regardless of their economic power) an equal opportunity to engage in a democratic debate with corporations with the aim of reaching an inter-subjective moral consensus regarding the acceptability of different corporate actions" (p. 34).

This is the essence of peaceful stakeholder engagement strategy (PSES) as it demonstrates a representative and formal means to weigh the magnitude to which stakeholder engagement mechanisms are representative and, perhaps to a smaller degree, empowering.

11.5 Between Frustration-Aggression and Peace: Theorising Peaceful Stakeholder Engagement Strategy (PSES) for Lasting Peace

To bring inclusive stakeholder engagement in the region as well as to avoid frustration-aggression situation, this paper proposes Peaceful Stakeholder Engagement Strategy (PSES) to consolidate peace in post-conflict Niger delta. As with the Habermasian model, PSES maintains that the use of ethically and morally based communication procedures that recognise non-violence and deliberation rather than aggression and self-interest is vital for peace. Also, PSES approach uncovers dominance, power and strategic communication processes that trigger frustration-aggression situation; this is equally the philosophy of engagement that communicative action demonstrates (Habermas, 1984). Communicative action is rooted in ethical discourse and participatory engagement (Englund, 2006, p. 499; Habermas, 1984, 1987).

PSES framework takes into consideration all stakeholders' views as well as rational communication strategies, which are similar to the ideals of communicative action for ethical engagement. The mechanism of PSES has two aspects: *engagement levers* and *engagement impacts*. Engagement levers (propellers) entail the Habermasian communicative action as well as discourse ethics; while engagement impacts (results and effects) deal with outcomes of inclusive communication processes and modes of ethical dialogue. Engagement leavers are essential ingredients (in the Habermasian approach) to propel unbiased and ethical engagement process as well as reasoned, inclusive debate. This is at the heart of communicative action (engagement levers or propellers). From the PSES framework, the interface of *engagement levers* and *engagement impacts* has a great deal of capacity to engender less stakeholder criticism including ethical discourse processes, which can potentially reduce frustration-aggression situation.

Therefore PSES, which mirrors Habermas' communicative action model, can make a meaningful contribution to the debate on stakeholder engagement in the Niger delta as it provides a moral free space as well as democratised processes of engagement to transcend what Rasche and Esser (2006) call "managerial capture". Managerial capture is the domination of stakeholder engagement by firms (the multinationals) by not taking into consideration perspectives of other stakeholders
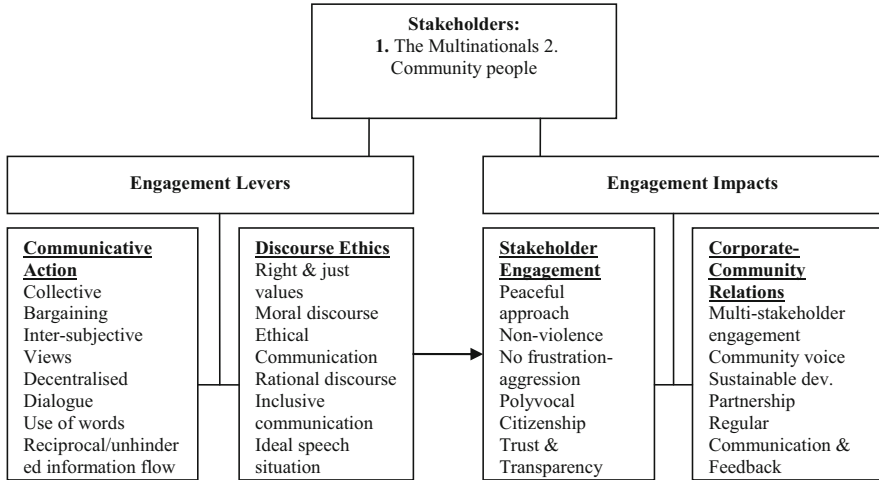
Fig. 11.1 Peaceful stakeholder engagement strategy (PSES) *Source*: The Author

for participatory and rational debate (Palazzo & Scherer, 2006). Thus, it can be explained that with the aid of PSES the multinationals are engaging in inclusive stakeholder engagement as well as committed to corporate social responsibility. To this end, by enabling stakeholder participation, the PSES framework can be used to checkmate frustration-aggression as stakeholders will feel represented in the engagement process. Thus, the PSES framework factors in stakeholders' views, which are necessary for representation and mutual participation. See Fig. 11.1 Peaceful Stakeholder Engagement Strategy (PSES) below in this regard.

Thus, for a transition from frustration-aggression to peace, reasoned and inclusive stakeholder engagement/communication premised on peace and non-aggressive behaviour need to be in place (see Fig. 11.1). Also, the PSES provides a platform to enhance effective communication amongst stakeholders in the region. This will consolidate the ideal of the amnesty deal as relationship building, trust and peaceful co-existence can be advanced through this communication process. In a similar vein, the mechanisms of PSES help to demonstrate that it is a potent strategy which the MNCs can appropriate to show their commitment to inclusive stakeholder engagement and sustainability that are central to resolving lingering frustration-aggression situation in the Niger delta.

Hitherto, given the nature of stakeholder engagement in the region, which is characterised by pluralism of values and discordant tone, to arrive at communicative ideal, communicative action, is essential. It shares similar principles with the PSES; also, its mechanisms are capable of identifying where aggression fits into stakeholders' relational history (Ledingham & Bruning, 1998). Therefore, both frameworks (PSES and communicative action) are enshrined in stakeholder engagement rationale. Both frameworks deal with deliberative democracy premised on inter-subjective views; and PSES introduces concrete steps to advance peaceful co-existence in the Niger delta via a reasoned, ethical and inclusive

communication approach. The PSES can be achieved through collective engagement in which stakeholders (community people and the MNCs) arrive at ethical discourse. This process is in congruence with the Habermasian communicative action, which takes into consideration similar methods as PSES to rise above self-interest and frustration-aggression via stakeholder deliberation and communication (Froomkin, 2003; Finke, 2000). In this direction, the PSES advances a justified moral perspective to stakeholder engagement that takes into account collective values and linguistic practices of stakeholders without accepting relativism (Beschorder, 2006, p. 128; Castello & Lozano, 2010; Froomkin, 2003; Finke, 2000).

In demonstrating potential benefits of PSES, SPDC's (that is Shell Petroleum Development Company of Nigeria) adoption of global Memorandum of understanding (GMoU) in conjunction with its joint venture partners in Nigeria is a move to further deepen corporate-stakeholder engagement and peaceful co-existence. Thus, since inclusive engagement is fundamental to GMoU, this peace strategy can be furthered by PSES, which can potentially increase the reach and depth of engagement between SPDC and the local communities in the Niger delta. This is because PSES has the capacity to widen the confines of issues with regard to corporate-stakeholder dialogue for trust and credibility to be advanced since it is a framework that can potentially promote these ideal. Hence as with PSES, GMoU "... represents an important shift in in approach, placing emphasis on more transparent and accountable process, regular communication with the grassroots, sustainability and conflict prevention" (Shell, 2012). Similarly, the dream of Chevron's partnership initiative in the Niger delta (PIND) can be advanced via PSES. Again as with GMoU, PIND is in partnership with the region to facilitate development and local capacity building (PIND, 2013), which can be deepened through ethical and inclusive engagement processes. These peace initiatives are vital for consolidating the ideals of the amnesty deal that requires transparent and inclusive engagement to thrive.

11.6 Towards a New Face of Stakeholder Engagement: Deepening the Amnesty Deal Through Communicative Action

Previous efforts in the past to bring peace included the creation of Niger Delta Development Board (NDDB)—established 1960; Oil Mineral Producing Areas Development Commission (OMPADEC)—established 1992; and Niger Delta Development Commission (NDDC)—established in 2000. However, these initiatives failed to bring sustainable peace in the region. As a consequence, an amnesty deal was conceived by President Yar'Adua to possibly overcome the nightmare of lingering corporate-stakeholder impasse as well as frustration-aggression situation (Egwemi, 2010 p. 137; Ibaba, 2012).

The amnesty deal was the brain-child of Nigeria's late President, Shehu Musa Yar'Adua. It was brokered in August 2009 to start the reconstruction of the Niger delta given privation, marginalisation and ecological destruction of the region. It was also an attempt to reconcile warring militants with the federal government of Nigeria (Ibaba, 2012). It was a trade-off for arms and ammunition that were used by ex-militia, who sought peace through frustration-aggression (Obi, 2010; Ojakorotu, 2008). After many measures in the past failed to bring better corporate-stakeholder engagement in the region, the amnesty deal was conceived to bridge this gap to usher in lasting peace and development. To arrive at this peace ideal, inclusivity is critical. To this end, stakeholders need to reinvent their communications strategies for transparency, inclusion, credibility and peaceful approach as this process has the capacity to build trust in stakeholders (Du, Bhattacharya, & Sen, 2010; Melo & Garrido-Morgado, 2012).

President Yar'Adua's leadership commitment to bring peace finds materiality in his political blueprint famously called "7-point agenda" for sustainable development and peaceful co-existence. The seven points are as thus: electoral reform, rule of law, the Niger delta question, power and energy, human capital development, acceleration of economic reform and security issues. From the time when the amnesty deal was institutionalised by Musa Yar'Adua in August 2009 much has not been done to realise the ideals of the peace initiative (Oluduro & Oluduro, 2012). A key issue that has hampered the realisation of the amnesty deal is the failure of Disarmament, Demobilisation and Reintegration (DDR) framework to follow through the tenets of plan. The DDR was created by the Niger Delta Technical Committee (NDTC), a body charged with the responsibilities to plan ways to bring peace in the region. The DDR has been criticised for not adopting a robust and inclusive communication framework that is stakeholder empowering (Ibaba, 2012). Other points include the "non-inclusion of specific strategies for addressing the roots of militancy in the amnesty programme" (Davidheiser & Kialee, 2010, p. 1); and lack of trust in the intermediaries dealing with paying as well as creating jobs for ex-militants. Another point is that the amnesty deal does not take into consideration views from other stakeholders. This is where the use of communication—participatory engagement—which is at the heart of Habermas' communicative action is crucial for peace.

Central to dealing with frustration-aggression situation in the region is communication, as has been stated in the preceding section (Eti 2009; Irobi, 2010). Communication is crucial in resisting imposition of unilateral views, as well as resisting unjust order. In critical social theory and practice, communication helps to foster criticism by bringing to bear disempowering debate. This process resonates with communicative action, which PSES mirrors. To this end, as Reynolds and Yuthas (2008) argued:

> Habermas' Theory of Communicative Action is grounded in critical social theory (CST). At the core, critical social theory seeks to emancipate humans from the material and ideological conditions that restrict their freedom. Habermas' belief that social transformation can best be accomplished through communicative action is oriented toward mutual understanding. . . Communicative action takes place solely through the use of language and is oriented towards achieving mutual agreement (pp. 53–54).

Both critical social theory and communicative action look at changing a social landscape via communication and rational debate (Gilbert & Behnam 2009, p. 215). This process is important in bringing change in the Niger delta as the amnesty deal is gradually failing as the intermediaries are rather self-seeking and corrupt (Oluduro & Oluduro, 2012). In addition, the intermediaries do not take the views of those they are representing (the stakeholders) into consideration.

As a consequence, Reedy and Learmonth (2000) have argued that when people are faced with communications stalemate as well as stakeholder "dialogic struggle" (Keenoy, Oswick, & Grant, 1997), it is significant to turn to communicative action to achieve discourse ethics. To this end:

> [I]n the spirit of . . . reservation, ambiguities and uncertainties, we turn to Habermas' theory of communicative action . . . it has some utility both as a way of analysing the ideological features of competence discourse, and in providing a way of critically reflecting . . . (Reedy & Learmonth, 2000, p. 162).

From the above, communicative action reveals "rhetorical-reality gap" (Bryman & Bell, 2007, p. 549) as well as uncovers ideology, power and unethical communication methods. Habermas' communicative action maintains that lack of stakeholder engagement particularly during conflict brings to bear apparent lack of mutual engagement and contradictory of point of views.

Thus as Habermas (1984) argues, individual reasoning and self-reflection are inadequate to justify ethical social practice, hence, people see things from different perspectives. This begs the question: what is considered normative or ethical in social and organisational practice in the Niger delta? As a consequence, in Table 11.1 (Guidelines of the Ideal Speech Situation), Habermas (1990) offers a framework that shows the components of ideal communication/speech as well as mechanisms of argumentation to reach communicative ideal. The views advocated by Habermas (1990), whose roots are lodged in communicative action (Habermas, 1984, 1987) relate to guidelines that stakeholders can appropriate to bring better engagement. These rules or guidelines are fundamental to PSES as has been indicated earlier. Table 11.1 illustrates the logic or ethics of communication strategies, rhetoric of engagement and dialectical levels of procedures—procedural norms—of argumentation for inclusive stakeholder engagement.

The ideal speech situation deals with three major facets of communicative ideal reached via inter-subjective and dialogic method of communication rather than strategic communication. Issues of frustration-aggression, ethics, and pluralism of norms are reconciled via rhetorical level of procedure, dialectical level of procedure and logical level of communication procedure. To help defuse frustration-aggression, communicative action is vital as it affords stakeholders the opportunity to be heard as well as express their grievances as opposed to resorting to aggression or violence. It also affords stakeholders an opportunity to test the validity of communication procedures for ethics including degrees of power that stakeholders (the MNCs and the community people) have.

In a similar vein, PSES adopts comparable stakeholder engagement/communication strategies that are subsumed under levers of engagement to reach

Table 11.1 Ethics of communication strategies

Guidelines of the ideal speech situation—communicative action
1. Logical level of procedure
1.1. No speaker may contradict himself/herself
1.2. Every speaker who applies predictive F to object A must be prepared to apply F to all objects resembling A in all relevant aspects
1.3. Different speakers may not use the same expression with different meanings
2. Dialectical level of procedures
2.1. Every speaker may assert only what is she/he really believes
2.2. A person who disputes proposition or norm not under discussion must provide a reason for wanting to do so
3. Rhetorical level of processes
3.1. Every subject with the competence to speak and act is allowed to take part in the discourse
3.2.
(a) Everyone is allowed to question any assertion whatsoever
(b) Everyone is allowed to introduce any assertion whatsoever in the discourse
(c) Everyone is allowed to express his/her attitudes, desires, and needs
3.3. No speaker may be prevented, by internal or external coercion, from exercising his rights as laid down in (3.1) and (3.2)

Source: Redrawn from Habermas (1990, pp. 87–89)

communicative ideal, which are Habermas' (1984, 1987, 1990) Guidelines of the Ideal Speech Situation. The effects of this process find expression in ethical engagement impacts—inclusive communication. PSES does this by employing dialogue, non-violence, multi-stakeholder engagement and inclusive communication process to reach peaceful stakeholder engagement. To this end, communicative action serves as a formalistic moral-based approach which can offer solid processes on how to outline ethical reasoning approaches in practice. The benefit of the Habermasian philosophical construct (communicative action) is that it detonates with the idea of practical discourses to critically assess and adapt norms and values in practice (Gilbert & Behnam, 2009, p. 216). This framework has the potential to advance the rhetoric of sustainable peace in post-conflict Niger delta. Arising from this contention therefore, communicative action offers ethical and pragmatic engagement procedures as well as rhetorical strategies to rise above aggression-frustration situation. This is vital for lasting peace in the region particularly as post-amnesty era is gradually slipping into a vortex of fresh conflict (Ibaba, 2012; Eti 2009).

11.7 Implications for Theory and Practice

Although this paper is conceptual rather than empirical, however moving forward ideas shared in this study have the potential to shape decision-making and policies regarding the multinationals' operation in conflict-prone nations such as Nigeria.

Therefore, some of the ideas and approaches that PSES espouses can be relevant in dealing with corporate-stakeholder issues in Nigeria's Niger delta. For example, some projects initiated by the MNCs in partnership with communities in the Niger delta such as global Memorandum of understanding (GMoU) and PIND among others can be furthered by adopting some of the issues raised here. Thus, since the main reason for the establishments of these projects is to advance corporate-stakeholder engagement, PSES will be helpful in this direction. In addition, further (empirical) researches need to focus on how to possibly use the PSES framework to advance sustainability and conflict management in the region and Nigeria by extension given the spate of frustration-aggression situation in the nation outside the oil sector. Also, issues concerning lack of corporate social responsibility (CSR) commitment and sustainability can be advanced through insights gained from the PSES model. Therefore to deal with a rehash of frustration-aggression situation in the post-conflict (amnesty deal) period in the region, this study recommends PSES.

11.8 Conclusion

As has been stated, in order to confront frustration-aggression situation in post-conflict Niger delta, stakeholder engagement based on Habermas' (1984) communicative action and discourse ethics is essential. This process has the potential to impact positively on inclusive stakeholder engagement. Also, in order to achieve lasting peace in the region this paper proposes that peaceful stakeholder engagement strategy (PSES), which parallels the Habermasian communication action (at least in terms of rhetorical engagement procedures), can be a potent communication strategy to achieve this. Therefore, as communicative ideal is reached via mutual sense-making and sense-giving as our framework (PSES) indicates, distrust and scepticism about the MNCs commitment to CSR will be deflected. Also, this process will facilitate peaceful relations regarding corporate-stakeholder engagement in the region. This is crucial as the region is gradually sliding into a fresh wave of frustration-aggression situation. Thus, given the failure of aggressive methods in the past by previous governments to bring peace to the region, PSES can be a framework to arrive at this elusive peace.

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Chapter 12
Youthscapes of Change? Diamonds, Livelihoods and Extractive Industry Investment in Sierra Leone

Roy Maconachie

Abstract Over the past decade, neoliberal reforms, soaring commodity prices and rising global resource demands have led to significant growth in extractive industry investment in sub-Saharan Africa (SSA). A surge of investment has triggered a variety of responses in mineral-rich communities—from outright rejection, to protest over labour conditions, to acceptance in anticipation of gainful employment. This chapter explores how changing global-economic patterns and processes are shaping livelihood opportunities for young people in resource-rich SSA. Drawing on recent fieldwork carried out in diamondiferous Kono District in Sierra Leone, the chapter provides an extended analysis of contrasting youth perceptions of, and responses toward, extractive industry expansion. The focus on youth, and its heterogeneity as a social category, has important policy implications and will improve understanding of the dynamics and diversity of livelihood strategies in resource-rich developing countries. This analysis is particularly critical in the case of Sierra Leone, where young people are playing important roles in rights-based mobilizations around mining, while at the same time having pressing livelihood needs in an employment-constrained economy. In illuminating the various factors underlying a diverse range of youth responses to extractive industry investment, the chapter concludes by reflecting on how youth perceptions of extractive industry expansion may also be influencing the ways in which mining companies understand and fashion their business and corporate social responsibility strategies.

12.1 Introduction

In recent years, soaring global commodity prices and increased demands for natural resources from the world's emerging economies have led to significant growth in extractive industry investment across sub-Saharan Africa. However, as many

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259

natural resource-rich African economies have flourished on the back of the export of mineral resources, paradoxically, the very localities where mining takes place are often among the poorest and most marginalized. In such 'catchment' communities, evidence suggests that youth—understood here as a social category defined by a combination of age, social status and relative livelihood dependence—are in particularly disadvantaged positions. Indeed, even in areas of abundant natural resource wealth, young people often lack access to land, credit, employment opportunities, and other assets. While youth may have pressing livelihood needs, a surge of investment in mining and hydrocarbon projects across sub-Saharan Africa has triggered a variety of responses amongst young people—ranging from outright rejection, to protest over labour conditions, to acceptance in anticipation of gainful employment. Whether youth perceive resource extraction as a process of exploitation or opportunity largely depends on how this encounter is constructed by a range of social actors, and which constructions come to dominate how different actors experience and make sense of extraction.

In parallel to these key youth livelihood issues, it is also clear that mining and oil and gas companies are now increasingly being expected to respond to the demands of those living in catchment communities and to finance and implement community development projects. As African states have been 'rolled back' in the wake of neoliberal capitalism and basic social provisions have been eliminated, some extractive companies have indeed embraced the opportunity to fill these development voids, seeing it as an occasion to enhance their reputations abroad and strengthen their 'social license to operate'. In trying to deepen understanding of the complex relationship between communities and extractive industries investment, recent academic debates concerning transnational companies and evolving CSR agendas have explored the pros and cons of emerging public and private strategies for promoting corporate accountability in a developing world context (Lund-Thomsen, 2003; Newell, 2005). An important sub-set of this work has explored relationships between extractive industries investment, civil society engagement and corporate response (e.g., Kirsch, 1996; Mulligan, 1999). As Garvey and Newell (2005) note, much of this work has been concerned with voluntary codes of 'best practice' and public–private partnerships, but does not focus sufficiently on the strategies that communities themselves undertake to demand corporate accountability. While the existing literature does help to illuminate some of the pressures that are driving companies' answerability to communities, there is a pressing need for further research that improves understanding of how these factors are shaped by different social, political and cultural contexts.

Focusing on the case of Sierra Leone, this chapter critically explores contrasting youth perceptions of, and responses to, extractive industry expansion, and reflects on how this may be shaping CSR agendas in the mining sector. In Sierra Leone, youth challenges are critical given that 79 % of the population is under the age of 35 years, and 75 % of those under 30 are unemployed. Moreover, concerns for youth livelihoods and youth empowerment are particularly salient, given that the country's civil war of the 1990s is often linked to an underlying 'crisis of youth' which, it is argued, prompted large numbers of socially marginalized young people

to embrace conflict in a desperate search for empowerment (Peters & Richards, 1998; Richards, 1996). In the post-war period, youth issues have increasingly commanded international donor and NGO attention, returning to center stage on policy agendas and featuring prominently in the community development strategies that many extractive companies are currently pursuing.

Given that the 'crisis of youth' has become the master narrative of post-war reconstruction in Sierra Leone, youth concerns have also increasingly become a focal point for a host of new international mining companies who are keen to invest in a now politically stable country. More recently, as the Ebola crisis has gripped the country and caused the operations of several mining companies to come to a grinding halt, concerns for youth livelihoods have been further 'ratcheted up' (see Maconachie, 2014). While young people represent the majority of the population, at the same time, this very age cohort is most likely to be equipped with few employable skills and be inactive in the labour market (Peeters, Cunningham, Acharya, & Van Adams, 2009). Government estimates suggest that 70 % of all youth are presently unemployed or underemployed (Peeters et al., 2009) and youth employment generation has understandably been designated as a central development pillar in the country's third PRSP, 'The Agenda for Prosperity'. Meeting the challenges of youth is a key element of the government's vision for achieving middle-income status within the next 25 years, a goal which also relies heavily on natural resources being the initial driver for rapid growth (GoSL, 2012).

In this context, the objectives of this chapter are twofold: first, it seeks to explore how changing global-economic patterns and processes associated with extractive industry investment are shaping livelihood perceptions and opportunities for young people in resource-rich communities; and second, it aims to understand how youth responses to extractive industry expansion may be influencing the ways in which mining companies understand and fashion their business and social responsibility strategies. Drawing upon recent research carried out in diamondiferous Kono District, where there has been a proliferation of foreign interest in mineral extraction, the chapter seeks to critically explore heterogeneity within the social category of youth, in the context of its relationship to social activism, mining and livelihoods.

For young people in Kono District, the underlying agendas and motivations for engaging with mining companies vary considerably between different subgroupings of youth, as do the responses of companies to these different voices. On the one hand, discussions with young people reveal that much youth participation in mobilizations driven by mining expansion has crystalized on the back of severe exploitation and marginalization by powerful corporate operators. But at the same time, evidence also suggests that some mining-based advocacy groups have been equally motivated by the opportunity of attracting external development funding from international actors. In this context, increased extractive industry investment may be opening up "new fields for capital accumulation in domains hitherto regarded off-limits to the calculus of profitability" (Harvey, 2006, p. 153). Put simply, as poverty and hardship have become entrenched during the post-war

period, some youth may be drawing on mining-focused social activism as a new livelihood strategy and an avenue to advance their causes.

Following this introduction, section two of the chapter focuses in further detail on youth perceptions of mining investment, and the factors underlying their diversity of responses to the expansion of extractive industries. In section three, the discussion then reflects on how different youth responses to extractive industry expansion may be influencing the ways in which mining companies understand their social responsibility strategies. Ultimately, as is explored in the conclusion, a better understanding of how diverse interpretations of 'sustainability' become shaped by conflicting interests and underlying agendas remains critical for ensuring that young people in Sierra Leone are included in development processes that have for so long been dominated by powerful actors.

12.2   Youth-Led Spaces of Development 'From Below'

In exploring social transformations associated with extractive industry investment and, more specifically, considering how they may be impacting upon livelihood opportunities for young people in resource-rich communities, in-depth fieldwork was carried out in Kono District in the Eastern Province during the months of January and June 2013. The investigation focused on the Kono diamond mining centre of Koidu in Tankoro Chiefdom, a settlement with a long, rich history of diamond mining, and now a thriving town of 87,539 people (see Fig. 12.1). A broad spectrum of qualitative methods was adopted in the fieldwork—including key informant interviews, focus group discussions, and structured observations at community meetings—to gain an understanding of the wide range of perspectives held by young people.

Initially, a purposive sampling frame was used to identify key informants, such as youth political leaders and those working in youth-focused civil society organizations, who possessed specific knowledge and understanding of the mining investments that had taken place. But this eventually gave way to a broader investigation, whereby different self-generating groupings of youth were targeted and interviewed, including those working as casual labourers in industrial mining operations, those engaged in artisanal and small-scale mining (ASM) activities, those who had previously mined but had given it up to pursue other livelihood options, and those who had never mined but had rather focused their attention on farming.

Over the 2 month fieldwork period, interviews were conducted with a total 12 youth leaders, the staff of 14 different youth-focused civil society organizations, 4 local Paramount Chiefs and a range of lower ranking sub-chiefs, and executives from 4 different mining companies based in the Koidu area. While three of these companies were medium sized operations, employing a relatively modest sized work force, the main corporate focus of the research was on the country's largest Kimberlite diamond mining company, OCTEA Ltd. (formerly known as Koidu
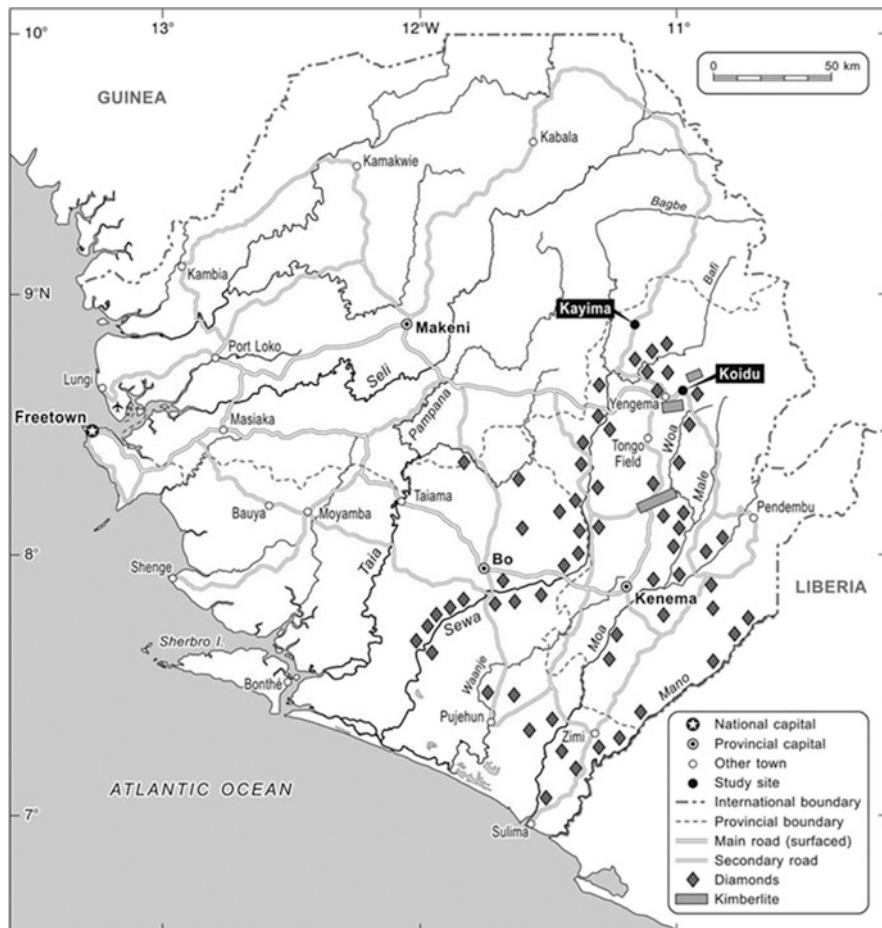
Fig. 12.1 Diamondiferous regions of Sierra Leone. *Source*: Author's fieldwork

Holdings). Between the four companies, a total of 20 interviews were carried out with youth who were employed as labourers. This was complemented by interviews with 34 young people working in the ASM sector, an activity that often occurs on, or alongside, concessions where industrialized mining takes place.

As anticipated, a wide range of perceptions were reported. The panoply of opinions expressed was largely a product of personal circumstances, different priorities, and contrasting expectations concerning the benefits that extractive-led development trajectories should yield. For many youth who were employed by industrial mining operations, and to some extent those working within the ASM sector, there was a general consensus that diamond mining had always been, and would continue to be, an essential livelihood activity in the economy and society of Kono District. While most of the miners interviewed reported that the working conditions they were subjected to, the remuneration they received for their labour,

and the uneven distribution of mineral rents associated with the sector were far from desirable, there was also a general feeling that they were fortunate to be employed at all, as livelihood opportunities were few and far between. This dichotomy of feelings was represented in a number of interviews with labourers at, OCTEA Ltd., suggesting that the same ambiguous relationship between mining and development described by Bebbington, Hinojosa, Humphreys Bebbington, Burneo, and Warnaars (2008) in the Latin American context, was also clearly present in Koidu. Many young miners felt that there was great potential for mining invest- ments to be a more effective driver of local economic development, particularly if the government played a stronger role in negotiating more beneficial conditions in the agreements made with international mining companies. As one labourer employed at OCTEA Ltd. commented in an interview:

> Artisanal mining is no longer paying off for most people. There are just not as many alluvial diamonds around any more, and a digger can spend years waiting to recover a winning stone. So many young people are turning their eyes to the companies who are mining intensively, although it is true that they cannot provide jobs for everyone. So you see the companies have a captive audience. They can pay what they want and young people will still come running. These companies are making big money, and so it only seems right that the authorities should be doing more to ensure that workers are paid a better daily wage (personal communication, OCTEA labourer, Koidu, 05/06/13).

While some young miners remained ambivalent about mining investment, others displayed great indignation about the very uneven benefits that accrued to different actors within the sector. These discussions revealed that many youth-focused CSOs had mobilized in reaction to perceptions of severe exploitation and marginalization by powerful corporate actors. More specifically, there was widespread concern for both the labour exploitation that is characteristic of many mining companies, and for the dispossession of land and other assets that typically occurs during the process of extractive industries expansion. As one miner put it:

> Internationally, people think the companies are creating employment for youth, but in actual fact it is very limited. OCTEA is doing very little for the local population and the jobs they offer are not secure. Recently more than 300 workers were made redundant and many of them had to go back to the mining fields to do artisanal mining. So the company and the local people are not on good terms. Many youth are now coming together and they are really shouting. We have had two riots so far, both of which have resulted in the loss of life (personal communication, artisanal miner, Koidu, 03/06/13).

Such sentiments are, of course, not peculiar to Kono District and other scholars have noted how the un-inclusive and unsustainable nature of mining has also motivated social mobilization and conflict in other West African country contexts (see for example, Hilson & Yakovlela, 2007; Pegg, 2006). But such conflict may not always be detrimental, and as Bebbington et al. (2008, p. 893) point out, in some cases conflict may have the ability to create a 'political pathway towards the construction of institutions that could foster more socio-economically inclusive and less environmentally damaging forms of mineral expansion' (2008, p. 5). Others have noted that resistance to mining, and particularly the struggles of

youth, may not only be driven by the need to defend human and citizenship rights, but also the need to assert an identity (O'Brien, 1996).

In Kono District, much of the present youth-led activism around the extractive industries is fundamentally concerned with citizenship rights. Ideas about rights and identity among Kono youth are strongly tied to livelihood security in whatever form it can be found, and this has increasingly driven social mobilization. More broadly, a recent World Bank study of youth employment reported that the post-war period has seen "a remarkable upsurge in self-organised social activism amongst young people" (World Bank, 2007, pp. 87–101) and a parallel revival of reciprocal labour companies, cooperative associations and rotational credit clubs has been noted in rural areas (Fanthorpe, 2007). While these modalities of social cooperation are not new, they have acquired a new salience under conditions of post-war economic hardship and the decline of patron-client relationships. The mobilization of youth-dominated associational groups and civil society organizations, and the subsequent youth-led protests that have recently been staged against industrial mining operations in and around Koidu, are examples of how such spaces for citizen engagement in diamond governance may be opening up. These mobilizations have been driven by new forms of mass communication and consumption—including the use of mobile phones and the internet, and a thriving youth-orientated music industry—all of which have helped youth to shape political ideas in ways unimaginable a generation ago.

While new communication technologies have undoubtedly been an important instrument for holding mining companies to account, and for disseminating local grievances against companies to international audiences, it is worth noting that most diamond mining in the Kono District has historically been associated with the ASM sector. In the past, large-scale and capital intensive mining operations have only accounted for some 10 % of Sierra Leone's diamond exports by value (Diamond Industry Annual Review, 2006). The bulk of the country's diamonds have come from ASM production, an activity demanding heavy inputs of unskilled (youth) labour. But a recurrent theme in the history of diamond mining areas, especially Kono, has been confrontation between, on the one hand, state agencies and concession-holding companies seeking greater control over diamond production and, on the other hand, peasants and artisanal miners seeking to maximise their own returns from the industry and defend their putative rights and entitlements. Confrontations of this kind are a signature feature of bureaucratically weak states, but the presence of diamonds has lent them a particular intensity in Kono District.

More recent interviews with Kono youth in and around the town of Koidu suggest that changes in the local economy are having bearing on both the nature of confrontation and the direction of youth activism. As many of Kono's prime alluvial diamond areas have become 'mined out' and ASM operations have waned in favour of more capital-intensive modes of mechanized extraction (also see NACE monitoring report, 2006), tensions between small-scale and large scale-mining have somewhat subsided. Consequently, youth-led activism has shifted its focus to a number of high profile international mining companies (Fanthorpe & Maconachie, 2010). However, many of the youth-focused CSOs in Kono that are

presently lobbying against mining companies are not suggesting that mining should be halted altogether. Rather, they are advocating that the institutional arrangements should be put in place to ensure that communities are compensated with development investment and better employment opportunities. In fact, discussions with some youth revealed the perception that the permanent closure of large industrial mining operations, such as OCTEA, would be disastrous for the local economy. The main grievance was that more benefits needed to be channelled back into diamondiferous communities, predominantly the creation of more jobs for youth. But as mining has increasingly shifted to more capital-intensive modes of extraction, and is becoming more attractive to larger companies who aim to pursue deep-shaft mining, it is the youth who are ultimately losing out. While youths are no longer able to engage in ASM activities—a sector which has been notoriously popular because of its low barriers to entry—chiefs and village elites still continue to benefit from rent-seeking activities as new relationships are formed with companies, and income is derived from various corporate kick-backs. In short, declining demand for unskilled labour in the mining sector may thus emerge as one of the greatest challenges for overcoming the social and economic marginalization of youth and related security problems.

As the mobilization of Kono-based youth groups has been a vehicle for addressing the labour issues and employment conditions of predominantly larger-scale mechanized companies, the tension that this has created between companies and communities has, on occasion, led to antagonistic situations. The disturbance at the OCTEA (then called Koidu Holdings Limited) blasting area in December 2007, is a case in point. A group, predominantly composed of youths calling itself the Affected Property Owners Association, staged what was initially a peaceful protest outside the company blasting area, to demand a less intrusive schedule of blasting and better compensation for environmental degradation for local residents. These protests were supported by a number of CSOs, but they soon turned into a full-scale riot, resulting in the death of two individuals and numerous injuries.

In the aftermath of the disturbance, the government halted company operations pending a Commission of Enquiry into the events. The recommendations of the Jenkins-Johnson Enquiry resulted in a government White Paper that laid out new regulations for corporate social behavior which addressed a number of key issues. These included: the need for more effective relocation and resettlement in catchment communities; forced evacuation before blasting; the need to address the lack of community benefits, including revenue sharing; and a need to enhance community consultation and participation in the negotiation and signing of agreements with mining companies. However, it remains unclear as to whether or not these recommendations have made an impact on mining companies, or whether any real lessons were learned from the conflict that took place. For example, more recently in December 2012, a group of aggrieved mine workers at OCTEA staged a second peaceful protest, this time to demonstrate their frustration and dissatisfaction over poor working conditions and what they believed to be corporate deceit. The atmosphere that was borne out of the protest was, once again, tense and the situation quickly degenerated into an all out battle between the protesting mine workers and

the armed police guards stationed at the mining concession, with two people being killed. Whether or not the Jenkins-Johnson recommendations have actually addressed any of the grievances of Kono youth therefore remains to be seen. As stated by the co-ordinator of one local youth-focused CSO:

> The Jenkins-Johnson document is a beautiful list of recommendations. If you read the document, its beautifully written on paper, but it's not doing anything. One of the most important recommendations was that resettlement of the community should take place before mining continued. But they're not going by it. So who should hold [the company] accountable? It should be the Government. But the Government is not doing anything towards that (Personal communication, Co-ordinator of KoCEPO, Koidu, 11/01/13).

12.3 Corporate Controlled Development 'From Above'

While the conflicts described above represent extreme cases where the tensions between youth and mining companies have escalated into tragic confrontations, the demands being placed upon companies such as OCTEA may be illustrative of the wider trends that are currently unfolding across sub-Saharan Africa. As noted by Hilson, "([f]ew industrial activities have as large an environmental footprint and are capable of wielding as much influence on the wellbeing of a society as a large-scale mine or oil and gas project" (2012, p. 133). While more efficient technologies have now made resource extraction faster and more profitable than the processes which featured during the colonial period, Rostovian discourses of 'modernization' and 'progress' have remained driving narratives in justifying and legitimizing extractive industry investment in sub-Saharan Africa. As noted by Bridge (2008), the extractive industries are no longer merely regarded as commercial activities but rather '...a means for territorial modernization, marking an important shift in the meaning of development from an immanent process to an intentional state-centred project' (2008, p. 390). Mining and oil and gas projects are often justified by employing specific theories of modernization, such as 'big push' modernization or by reference to regional growth-poles, and according to the World Bank, the role of African governments should be to stimulate these pathways to development by removing the barriers to investment. Above all, these discourses stress that social value can be achieved through investments in large infrastructure projects, which 'together with the external markets available for mineral products, provide opportunities for a resource-rich region to 'plug into' the global economy and offset low regional rates of consumption and savings' (Bridge, 2008, p. 391). According to this position, the extractives sector will stimulate 'multiplier effects' which will drive economic growth, leading to increased levels of socio-economic development and well-being (Pegg, 2006).

However, on the other hand, given the widespread tendency for catchment communities to suffer the brunt of the negative externalities associated with extractive industry operations, mining and oil and gas companies are now increasingly being expected to secure a 'social licence to operate', and to fund and implement development projects in catchment communities. In many cases,

companies are often expected to take on responsibilities for which governments have traditionally been liable. This was particularly the case following the initiation of long-term IMF structural adjustment programmes in the 1980s and early 1990s, as measures were implemented to reduce spending and the direct economic involvement of the state. While these policies were, in rhetoric, implemented to provide an 'enabling environment' for private enterprise to thrive, the draconian 'conditionalities' associated with adjustment most often left African governments impotent and unable to provide services and infrastructure to their citizens. In many cases, as the state has been forced to withdraw under the rubric of neoliberalism, and as the privatization of key social service provisioning has taken place, extractive industry companies have increasingly been expected to fill these voids by providing the services and infrastructure that government has failed to deliver. More often than not, however, mining companies are unable or unwilling to fulfil these expectations (see Campbell, 2009).

In the case of Sierra Leone, the devastation caused by a decade of civil war during the 1990s further exacerbated poverty, destroyed much of the country's infrastructure and reduced the capacity of the state to provide development for its citizenry. In many instances, extractive industry companies in Kono District have indeed embraced the opportunity to fill these development voids in some of the country's most impoverished areas, seeing it as an opportunity to enhance their international reputations and strengthen their social license to operate. But at the same time, expectations have been high, and in some cases this has been difficult for companies to manage. This tension is well explained by the Public Relations Officer at OCTEA:

> Many people see mining companies as proxy governments. They say, you must fix the roads, or you must provide clinics and schools. There is a burning desire for Sierra Leoneans to escape poverty, but there is only a limited means for mining companies to assist people. No matter how much you do, you won't be able to make everybody happy (OCTEA Public Relations Officer, personal communication, Freetown, 26/01/13).

However, in addition to the challenges of meeting these high expectations, in some cases it has been difficult for mining companies to build constructive relationships with rural populations. First, a common point made by a number of mining company executives was that the primary objective of a company is not to develop communities, but rather to maximize profits and protect its investments for shareholders. And second, in interviews with those in the medium-sized companies, it was also noted that managing community relations may be particularly difficult for smaller companies that do not possess the resources or expertise to initiate extensive community development programmes. In rural Sierra Leone, building strong community relationships has also been particularly complicated because of a strong sense of community ownership over land and resources, which, it has been suggested has led to an equally strong sense of entitlement to benefits being captured by outsiders using 'community land' for profit and self-enrichment (Fanthorpe & Gabelle, 2013).

That said, in recent years, a number of mining companies in Kono District have become much more focused on contributing to social development programmes for the youth population. There is now an increasingly strong 'business case' for companies to actively support sustainable development initiatives that go beyond impact mitigation. This pro-business CSR stance has also been highlighted in recent academic literature, with proponents arguing that mining companies have the potential to effectively address poverty and contribute to human development, at the same time as improving financial performance (Campbell, 2012; Hilson, 2012; Porter & Kramer, 2006; Raufflet, Cruz, & Bres, 2014). But the focus on youth programming has particular resonance in Sierra Leone, given the role that impoverished and socially marginalized youth played in the country's resource-fuelled civil war. There are still strongly held fears that increasing youth margin-alization may lead to insecurity and further conflict, an environment that is obvi-ously not conducive to 'good business' for international mining companies. As explained by Hamann (2003, p. 242):

> Local community opposition, ranging from protest to sabotage, can cause costly delays in production or even termination of production. Such production delays are particularly problematic in the context of increasingly demanding customers in just-in-time supply chains.

In this light, a number of interviews with mining company officials suggested that they were now taking youth concerns much more seriously. At the same time, however, there was also a range of opinions expressed as to what constituted the most important youth issues to be addressed. Discussions with officials at OCTEA, for example, stressed the importance of social development programmes. It was explained that the company had recently launched a programme to promote reading and learning for youth in Koidu schools and the surrounding Kono communities, including training for teachers and providing reading material to more than 7000 school children. In addition, it was reported that the company also spent US$ 100,000 each year supporting two local premier league football clubs, an invest-ment that has received the widespread approval of the region's football- passionate youth population. It would therefore seem that questions around youth livelihoods and wellbeing have become of increasing concern to OCTEA's CSR strategy, perhaps having gained more salience since the forced temporary closure of opera-tions following the December 2007 riots.

On the other hand, interviews with officials from the Yinhu Group, a medium sized Chinese-owned gold mining company operating eight miles off the main road from Koidu at at Bandafayie, stressed the importance of employment opportunities as the most essential youth concern. Being a good employer, it was explained, was not just about the number of jobs provided, but also the training and opportunities provided with the employment:

> Most of our employees are local people. We first have to train them and after they master some technology they can start to work. We believe in a win-win policy, and it is also the reason why we want to train more apprentices in all the different sectors. When we reach full production we will need about 200 local staff, and in the future we want to use more local people (Yinhu Group, Public Relations Officer, personal communication, 27/01/13).

While it was clear that the capacity building being offered to employees was an important aspect of the Yinhu Group's CSR agenda, it was reported that another aspect of its community relations strategy involved a respect for local livelihoods. For example, the company's Public Relations Officer noted the importance of building good relationships with illicit miners who were working alongside the company concession, particularly because of the importance of ASM as an informal employment generating activity:

> A stable social environment is important for good business. We need to think about how to promote the local economy, and for our company the artisanal miners are not a big problem. We have come here for investment and if we want to be here for a long time, we have to be at peace with the local community (Yinhu Group, Public Relations Officer, personal communication, 27/01/13).

With respect to more constructed forms of corporate controlled development 'from above', such as those guided by global performance standards, a number of scholars have argued that good community relations are crucial for a company's reputation, and can also influence the nature of global debates surrounding sustainability (Auty, 1998; Blowfield & Frynas, 2005). In the case of Sierra Leone, Fanthorpe and Gabelle (2013, p. 52) point out that mining companies ". . .have a clear incentive to build and foster relationships with a wide range of stakeholders (notably, companies, trade unions and development partners) to ensure security and protection for their operations. . .". From this perspective, as was clearly articulated by the Public Relations officer at OCTEA, there is both an economic and a security incentive for companies to take CSR on board:

> . . .when you come to operate, you get your mining licence from the government and for that you have an agreement. You have obligations that you are supposed to meet. . . and as long as these are met, you are fine legally. Nobody is going to take you to a court of law for meeting your obligations. But what you will not get is a social licence to operate, and that is why mining companies tend to want to embark on corporate social responsibility....You have to embark on activities that will engender a very cordial relationship between your operations and the community, providing you with an enabling environment so that at the end of the day you are able to carry out your operations and maximise your profit (OCTEA Public Relations Officer, personal communication, Freetown, 07/06/13).

But considerable concerns have been raised by a number of scholars who have demonstrated how elsewhere in sub-Saharan Africa, extractive industry companies often implement community development programmes with little knowledge or understanding of the socio-cultural contexts of the people's lives in which they operate (Hilson & Banchirigah, 2009; Tschakert, 2009). In extreme cases (e.g., see Gilberthorpe & Banks, 2012), an over-emphasis on meeting global sustainability performance standards has led to inappropriate and ill-conceived development outcomes at the local level, which has resulted in further fragmentation and inequality. This also raises the question of how sincere mining companies actually are about their youth-focused development initiatives, and whether or not the pursuit of 'blueprint' CSR schemes might play a role in de-contextualizing local development needs.

As such, unequal power relationships play a central role in reinforcing the most commanding interpretations of 'sustainability', as they become conditioned to serve particular interests. While young people in Kono District are generally in structurally disadvantaged livelihood positions, and are likely to find it difficult to effect meaningful change, powerful mining companies that are flush with resources are able to control any development that might take place, and define what 'sustainability' entails on their own terms. As David Mosse (2005, p. 8) has suggested, '...power lies in the narratives that maintain an organisation's own definition of the problem...[and] success in development depends upon the stabilization of a particular interpretation...'. Dauvergne and Neville (2010) add that in weak states such as Sierra Leone—where governments often lack the power required to influence the underlying agendas of transnational companies—an absence of state regulatory oversight and control makes it even more unlikely that voluntary corporate initiatives will lead to meaningful environmental and social outcomes.

In short, as Newell (2005) reminds us, power disparities between companies and communities have significant implications for corporate-community interaction, and the impact that CSR can have on poverty reduction and human development. In order for CSR to be both appropriate and effectively operationalised, and therefore a potential vehicle for positive change, corporate-led development initiatives must seek acceptability, credibility, and ultimately legitimacy, from multiple and competing sources. But perhaps being central to this task is a more explicit appreciation of the unequal power relations between different stakeholders in mining investments, and a recognition of their varying agendas, which should help to ensure that the needs of youth are more fully incorporated into CSR strategies.

12.4 Conclusion

While Sierra Leone is still recovering from the brutal legacy of its decade-long diamond-fuelled civil war, and it has been set back economically by the recent Ebola crisis, there is considerable future potential for the extractives sector. The country continues to be endowed with abundant natural resource wealth, and is positioned on the verge of an unprecedented period of economic growth, driven principally by the discovery of vast new deposits of strategic minerals. Most notably, recent discoveries of high-grade iron ore deposits, and of commercially-viable offshore oil on the Sierra Leone-Liberia basin, suggest that the management of natural resources will continue to assume a high priority on both political and development agendas. However, a number of other recent international investments in the country's natural resource sectors have been overshadowed by social and environmental grievances by local populations. For example, the degradation associated with rutile mining and the expropriation of vast areas of land for growing commercial bio-fuel crops for export, have increasingly fuelled conflict rather than stimulated development for catchment communities. In the wake of a pending

'revenue bonanza' driven by natural resource exploitation, the question of how resource benefits will be channelled back to their communities of origin, and indeed the general populace at large, has returned to centre stage. Perhaps at the heart of these concerns are the very issues raised in this chapter that concern relationships between youth, companies and extractive industry investment.

In the context of Sierra Leone it remains clear that, numerically at least, the most important actor occupying these spaces of change is 'youth' and this will continue to be the case given the demographic context. While young people do not have a single position on mining, and there are a wide range of youth responses to mining investment that can be explained by a variety of factors, pressures from these different positions of youth will affect the mining sector one way or another. In this sense, youth are playing an important role in opening up spaces of engagement 'from below', and in doing so will influence the nature of spaces 'from above'.

While young people in Sierra Leone continue to remain at the margins of most of the major mineral investments that have recently taken place, a resource boom has also opened up new opportunities for young people to become involved in development brokerage. As has been suggested, some mining-based youth advocacy groups have found new opportunities for attracting external development funding from international actors. As poverty and hardship have become entrenched during the post-war period, evidence suggests that some youth may be drawing upon mining-focused social activism as a new livelihood strategy and an avenue to advance their causes. The same marginalization that has constrained many young people has also in many ways fostered great resourcefulness and opened up new possibilities for capturing resources.

But a broader conclusion emerging is that there is a pressing need to reconsider the diverse range of corporate responses to youth mobilizations around extractive industry, and to reflect upon how these have enhanced interests in youth issues and sustainability issues more broadly. Mining companies do not have a single position on youth—some seem more accommodating, while others appear to be more instrumental. Indeed, a multiplicity of agendas must be accommodated in order to insulate corporate actors from potential risks and to protect their 'social license to operate'. But whatever the case may be, these corporate spaces of engagement must respond to youth. As the Government of Sierra Leone continues to pursue an extractive-led path to development and corporate investment in the mining sector is encouraged in the years to come, it will also to be the case that the physical spaces around mining sites are occupied by large contingents of youth. The youth occupying those physical spaces necessarily will affect the political spaces that emerge around mining investment, and companies would be wise to recognize this.

Consequently, while it is clear that youth-focused community development initiatives are increasingly becoming central to the business strategies of mining companies, a multiplicity of sustainability agendas must be accommodated in order to insulate corporate actors from potential risks and to protect their 'social license to operate'. Understanding how diverse interpretations of sustainability become shaped by conflicting interests and underlying agendas remains critical for ensuring that young people in Sierra Leone become included in development processes that have for so long been dominated by powerful actors.

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Corporate Social Responsibility in Sub-Saharan Africa: Summary—Status Quo and Next Steps Needed

René Schmidpeter, Stephen Vertigans, and Samuel O. Idowu

The contributions in this book clearly show that Corporate Social Responsibility is coming of age in African and can only be successfully accomplished through the establishment of innovative entrepreneurial ideas that create economic opportunities through the identification and "solving" of accompanying social or environmental challenges. When integrated into the company's DNA, it creates economic opportunities by adding value to ecological, cultural and financial resources. Creative products, services and supply chains are then developed with the goal of stewardship and the sustainable management of the earth's resources, both locally and globally. Benefits must be distributed equally and profits measured in terms of environmental, societal *and* economic progress. In this regards successful CSR in Africa is the same as in any European or Asian region.

Thus, the economic development discussion should not be solely about growth, but about social and ecological efficiency and effectiveness. Natural and social resources can be used creatively to provide economic prosperity for local communities in ways that do not create irreversible damage to the earth's ecosystems or existing social capital. Africa, a continent that is known to suffer unorthodox amounts of poverty, hunger and corruption, and is already feeling the effects of climate change (a problem that is largely created by the Western lifestyle), it is absolutely necessary that the private sector integrates local knowledge to rejuvenate biodiversity and provide fair, interesting and sustainable job opportunities that the raise quality of life for all stakeholders.

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In many parts of Africa resources are in abundance but the current rates of use are unsustainable. That is not only problem Africa faces, there are several, especially transparent management of these resources is critical for social and ecological well-being. Africa's incredible cultural and ecological diversity needs to be cherished and not depleted through external factors such as global economic disparity, climate change, globalization and over consumption.

The articles in this book show immense insights into the past, current and future state of Corporate Social Responsibility in various countries spanning Africa's vast and diverse regions. We can learn that due to the concept's interconnected facets across numerous sectors, the integration of CSR at the core of African business is incredibly complex but possible. Just as in other regions, it requires a collaborative and holistic approach that considers environmental, social, economic and political environments as well as associated stakeholders.

The impacts of company operations on the wider African society is an issue of significance that is increasingly being considered by academics, practitioners and society as a whole. It is important for this issue to be addressed through both a "bird's-eye" holistic view as well as on an individual basis—i.e. country, community, industry, company, etc. While the CSR agenda is pursued differently in organizations as well as regions, a common characteristic is the influence of national and global socio-economic and political factors. National policy and global trends play a role in terms of how African companies integrate CSR in everyday business operations. While the current state of affairs definitely has an impact, the historical development of economic activities and stakeholder perceptions also has a contributing factor on the assumption of corporate responsibility.

Many African countries have young and rapidly growing economies that are experiencing a significant increase in foreign direct investment. This will lead to stricter environmental and social standards within firms. In addition to this, local demand, resource scarcity, inexperienced manpower and an overall global movement towards more sustainable business is creating the requirement for increased transparency. A clear rise in innovative CSR and sustainability projects can be witnessed in the majority of African nations. In many cases, a systematic and adequately coordinated approach fails to exist among the business sector or public authorities. However, in areas where stringent corporate accountability legislation and enforcement mechanisms are present, the private sector has been forced to adopt and integrate a range of sustainability and CSR policies into business activities. This for example can be seen in South Africa where investment in social responsibility is significantly higher than that of wealthier countries outside Africa.

Around the world, the relationship between business and society is changing and in areas where developmental challenges are ever more pressing, it is extremely important that intersectoral relationships nurture the characterization of CSR landscapes and therefore, offer insight as to which policies will best serve individual regions and the continent as a whole. The long-term success of African development agendas will be largely dependent on the ability of various countries to anchor CSR in economic and socio-political frameworks. True CSR requires a holistic and far-reaching perspective. This means that while philanthropic projects or programs

that support immediate company needs (e.g. investment in employee training and health) are necessary, they are not sufficient. Additionally, organizations should focus on social innovation and community development in areas relevant to operation. While a growing number of small-scale projects are popping-up, CSR as an integrative business concept is often limited to large businesses and foreign companies with international experience. Many national SME's either lack the budget or respective mindset (or both) to focus on the pursuit of sustainability as a core business component. The financial capacity to support the development of a professional CSR department does help, however, a comprehensive understanding of the long-term benefits of CSR is far more important. When top-management adapts a social-entrepreneurial mindset focused on triple bottom line economics (people, planet, profit) instead of solely financial gains, the foundation can be laid for responsible long-term development regardless of company size or financial capacity. In fact, this can often be even more easily implemented in SME's as the smaller size means that employees can develop a deeper knowledge and holistic overview of the company.

When CSR is properly implemented through integrative stakeholder dialogue, African businesses can help to foster long-lasting peace in post-conflict regions. That is because it encourages the development of businesses that utilize the individual strengths and innovation talents of employees to bring positive benefits to communities. This is made possible through the responsible management of environmental, social and economic resources. Throughout the company and supply chain members must understand, not only how to implement CSR and sustainability measures but also why those measures are beneficial to their quality of life, the quality of life of their family, community and ideally, the planet as a whole. Such a high level of trust in the organization can only be accomplished through complete transparency. Tools to increase trust include sustainability reporting and marketing, social media presence, and solid employee health and training programs. In Africa, where corruption is so apparent throughout various power and stature levels this is of utmost importance for social and environmental stability. Less segmentation between departments creates open communication and therefore, transparency. Small companies also have the advantage of less corporate departments. Therefore, employees can be informed about current decisions in the entire company and not just a small segment, which is helpful due to the integrative multifaceted nature of CSR.

In regions of Africa where the concept and implementation of CSR remains in its infancy, the business approach is largely misinterpreted, misrepresented and abused. A discussion, both in academic and practice, on the various levels (macro, meso, and micro) of CSR can help Africa overcome the perceived barriers to sustainable development. Active participation from various stakeholder groups including policy makers, employees, community members, shareholders and customers should be encouraged in discussions. When widespread stakeholder perceptions are understood by managers, informed decisions can be made on how to most efficiently and effectively forward the CSR agenda.

With the immense influence businesses have on social, ecological and economic systems both within their own boarders and internationally, the multifaceted concept of CSR is by far one of the most critical areas of focus—especially in developing nations. African countries need to continue to draw from the vast body of CSR and sustainability literature as well as relevant practical case studies to create deeper understanding of triple bottom line economics. However, varying standpoints on considerations such as benefits, shortcomings, implementation costs, etc. from practitioners, academia and governments can create confusion among businesses interested in adopting a strategic approach to CSR. Just as in many other regions, no concise decision has been rendered on exactly what role businesses are to play in African society. Adding to the complexity are questions concerning the assumption of responsibility among various actors—E.g. To what extent should the actions of businesses be regulated by government? Is a voluntary or involuntary approach to CSR more effective? Which is the best theory to adopt? How can the cost of implementation be minimized or made-up for? How can shareholder support be encouraged? Does going beyond compliance increase competitiveness? How can organizations best shelter themselves from the impact of external uncertainties e.g. natural disasters, political instability, market volatility, etc.? Is it beneficial for companies to place and calculate a monetary value on social, cultural and ecological assets?—And so on. The answer is; there is no one-size-fits-all approach to CSR for Africa or any other region. A multitude of factors need to be considered and individual policies adopted based national, regional and organizational characteristics. Important is that continuous improvements and adaptations are made based on changing local and global circumstances, advancements in both technological and social innovations as well as the overall CSR discussion. Therefore Africa needs to become more integrated into the global CSR discussion and exchange its ideas on an international academic network. This book hopefully will become a cornerstone in the future discussion on how to develop the existing CSR ideas in Africa further into an integrative and comprehensive management concept.

Index