Beyond philanthropy to sustainable community development – evaluation of corporate social responsibilities activities in Zimbabwe

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Abstract
The paper seeks to assess Corporate Social Responsibility (CSR) Activities by corporate in Zimbabwe as a case study of developing countries. A survey research approach was adopted to gather qualitative descriptive data from a convenience sample of 96 company executives from 20 companies most of which were parastatals at a university training program using a self-administered questionnaire to gather descriptive qualitative data. Findings showed that 90% of the corporate organisations participate in corporate social responsibility of which 80% of the organisations in Zimbabwe concentrate on philanthropic activities (those with a short term solution). It was concluded that corporates and their Non Governmental Organisations counterparts, participate in CSR but their activities have only short to medium term benefits to the community, therefore philanthropic. It was recommended that corporate leaders adopt the CSR concept which goes beyond philanthropy and contribute towards sustainable development.

Key words: Philanthropy, Corporate Social Responsibility, Sustainable Development

Type of paper: Research paper

Introduction
This paper seeks to assess the corporate social responsibility (CSR) activities by corporate in Zimbabwe in terms of their contribution to sustainable development. According to Wood (2010), corporate social performance (CSP) and its sister concepts – corporate social responsibility, corporate social responsiveness, corporate citizenship – have been present in management scholarship for about 45 years and notwithstanding this longevity, the CSP domain has remained controversial, fluid, ambiguous and difficult to research.

Background
The first United Nations (UN) Millenium Development Goal (MDG) is to eradicate extreme poverty and hunger in developing countries. According to the UN Report of 25 September 2008, the MDG target of cutting in half the proportion of people in the developing world living on less than $1 a day by 2015 remains within reach for the world as a whole. However, this achievement will be largely the result of extraordinary success in Asia, mostly East Asia. In contrast, little progress has been made in reducing extreme poverty in sub-Saharan Africa. This is a sad situation given the developmental activities going on in such regions, some of the activities falling in the bracket of Corporate Social Responsibility (CSR). The purpose of this paper is to assess the current CSR by organisations in terms of their contribution to community development in Zimbabwe. How far is their community involvement activities addressing the developmental needs of the host countries is the essence of the paper. Skrzeszewski and Cubberley
(1997) introduced a concept paper on Community-based economic development and the library by saying that Economic development is the process of improving the standard of living (raising incomes) and increasing the wellbeing of people. Thus the paper looks at whether CSR activities by corporate organisations either raises income and increases the wellbeing of the target people or just meets the immediate needs. According to Moir (2001) there are emerging methods of assessing corporate social performance but these are not established and are subject to considerable debate, hence the study did not employ them and rather decided to use the common threads in the literature that involve establishing principles for action and using stakeholder analysis and engagement as a way of determining precise activities. Nevertheless, there is an increasing focus both by business on CSR and also by society on the actions of business.

There are corporations which are still operational in Zimbabwe whose corporate social responsibilities (CSR) could be assessed in terms of their ability to alleviate poverty in the nation. According to Muthuri, (2008) globalization and forces of isomorphism (DiMaggio and Powell, 1983) contribute to the “exportation” of CCI and corporate social responsibility (CSR) practices by multinationals to their subsidiaries in the South (Kapelus, 2002). How far are their community involvement activities addressing the developmental needs of the host countries? In what ways are corporations meaningfully engaging state and non-state actors in poverty alleviation and development through their CCI programmes? What are the ethical, and governance dilemmas of businesses taking on responsibility for poverty alleviation?

The first United Nations (UN) Millenium Development Goal (MDG) is; to eradicate extreme poverty and hunger in developing countries. According to the UN Report of 25 September 2008, the MDG target of cutting in half the proportion of people in the developing world living on less than $1 a day by 2015 remains within reach for the world as a whole. However, this achievement will be largely the result of extraordinary success in Asia, mostly East Asia. In contrast, little progress has been made in reducing extreme poverty in sub-Saharan Africa. Furthermore the UN MDG report 2009 indicates that, in sub-Saharan Africa and Southern Asia, both the number of poor and the poverty rate are expected to increase further in some of the more vulnerable and low-growth economies. This is owing to the global economic crisis. It can be stated that it is taking too long for developing countries especially the Sub-Saharan African countries to move from extreme poverty to some level of development. Labour productivity has remained low in developing regions — a bad sign for future job-creation according to the 2009 UN MDG report.

There are three major players in the eradication of poverty in the Sub-Saharan African countries, namely the private sector, the non-governmental organizations (NGOs) and the government. At the practical level, there appears to remain much confusion with respect to how to build or integrate CSR into the overall strategy of the private sector (Galbreath, 2009). NGOs pursue specific causes which may not be directly linked to poverty alleviation or development. According to the 2009 UN MDG report, conflict and persecution are major reasons why people flee their homes, either within or beyond the borders of their own country; typically they lack employment and a permanent residence and, without a social safety net, quickly fall into poverty; the number of internally displaced persons worldwide has remained at 26 million for the past two years. This is the typical case with the Sub-Saharan African countries. However the fact remains that the culture of philanthropy and then going beyond philanthropy to sustainable community development, is one of the major approaches to reduce poverty in developing countries.

Literature Review

Corporate Social Responsibility (CSR)

Corporate Social Responsibility, according to Holmes (1976), in a study of executive attitudes to social responsibility, finds that the strongest response was that “in addition to making a profit, business should help to solve social problems whether or not business helps to create those problems even if there is probably no short-run or long-run profit potential”. In effect some take the view that because business has resources and skills there is a quasi-moral obligation to be involved in addressing social challenges. However this may be the views of the executives rather than the owners of the business. Jones, Hillier, Comfort and Clarke-Hill (2009) and Jones, Hillier and Comfort, (2009) view CSR as concerned with the integration of environmental, social, economic and ethical considerations into business strategies and practices. Moir, (2001) says the area defined by advocates of CSR increasingly covers a wide range of issues such as plant closures, employee relations, human rights, corporate ethics, community relations and the environment. Indeed, CSR Europe, a membership organisation of large companies across Europe, in its reporting guidelines looks at the following areas: workplace (employees); marketplace (customers, suppliers); environment; community; ethics; and human rights.

Scherer and Palazzo (2011) suggest that, under the conditions of globalization, the strict division of labour between private business and nation-state governance does not hold any more - many business firms have started to assume social and political responsibilities that go beyond legal requirements and fill the regulatory vacuum in global governance.

The Citizenship theory of CSR holds that a corporate body is a legal entity with both social and economic objectives; whose social role is embedded in the society of communities and institutions and hence must actively participate for the common good; its actions must be guided by such values as stakeholder democracy, governance, accountability, and transparency; relates to its stakeholders a nexus of cooperative and competitive interest relationships based on power, rights, and obligations and no democratic accountability to wider society. However
other elements of the other theories like the Legal contractarians, Economic contractarians and Stakeholder theory (Muthuri, 2008) are not ignored, but the elements of each theory which are ethically related have to be considered.

Peterso and King, (2009) outline the functions of business culture which support CSR and propose these to include one or more or all of the following:

- The assurance of individual and collective understanding of the firm’s mission and support for the strategies adopted.
- The development of criteria, including ethical norms, for the evaluation of the firm’s operational plans and progress.
- The selection, collection and engagement of appropriate resources.
- The internal integration of views and attitudes of individuals and teams.
- The availability of essential information on operational levels.
- The cultivation of interpersonal relationships internally in the firm, and beyond.

According to Valor (2007) corporate philanthropy (CP) which is oriented towards achieving corporate economic objectives (improving their reputation, gaining legitimacy, fostering loyalty among employees and consumers, or increasing shareholder value) cannot be understood as an expression of corporate social responsibility. Genest, (2005) asserts that corporate philanthropy can be viewed as an extension of the corporate communication or public relations function; but it is not limited to the scope of a corporate function:- It is a planned program of strategic activities designed to meet the overall objectives of a corporate communication program in response to corporate business strategy.

Development

Economic development refers to social and technological progress - It implies a change in the way goods and services are produced, not merely an increase in production achieved using the old methods of production on a wider scale. Economic growth implies only an increase in quantitative output; it may or may not involve development. Development here is viewed as economic development that is the development of economic wealth of countries or regions for the well-being of their inhabitants. It is the process by which a nation improves the economic, political, and social well being of its people (http://en.wikipedia.org). It is further viewed as the term generally applied to the expansion of a community’s property and sales tax base or the expansion of the number of jobs through office, retail, and industrial development, (www.urbanplan.org).

Skrzeszewski and Cubberley, (1997) introduce their concept paper on Community-based economic development and the library by saying:

Economic development is the process of improving the standard of living (raising incomes) and increasing the wellbeing of people. In the knowledge economy this is done by increasing the information and knowledge-based activity relative to activity in the industrial/manufacturing and resource/agricultural sectors.

Economic development is generally a three-pronged effort:

- attract business;
- retain existing business; and
- create new business

Economists identify infrastructures necessary for economic competitiveness and prosperity. These include:

- Human resources.
- Capital availability (finance).
- Access to technology.
- Tax and regulatory environment.
- Transportation.
- Communications.
- Information.
- Quality of life.

Sustainable development is viewed as the major strategy to poverty reduction. Kalirajan and Singh, (2009) outline developmental factors that determined the pace of poverty reduction across the world and these included:
• Growth in the agriculture sector (AGRG) has a larger effect in reducing the overall poverty incidence as compared to growth in the industrial sector. The analysis did not indicate any significant effect of the services sector in explaining the pace of poverty reduction.

• Aid can be useful in reducing poverty only if it is used on productive investments such as providing efficient institutions, and improving education and health care (An important lesson that one can learn from the East-Asian growth model is that sustained investment in education and health care are central to socio-economic progress);

• Increasing foreign private capital flows (GPCFZ, as a percentage of GDP) including Foreign Direct Investment (FDIZ) is found to increase the pace of poverty reduction across most countries. Thus, countries, which attract more private flows are able to address their poverty problems better than those with less of such flows because such capital brings along with it better technology and markets for exports.

• The role of physical and financial infrastructure in the development process cannot be over emphasised. Development economists have emphasized that reliable and affordable infrastructure can reduce poverty and contribute to the achievement of the MDGs by promoting growth and supporting the delivery of key services, and human development

Kalirajan and Singh (2009) whole conclusion can be quoted as a summary to sustainable development which leads to poverty reduction in developing countries:

[...]

CSR programmes in other African Nations

Olufemi (2010) concluded that there were a number of weaknesses which could severely limit the impact of community development programmes on poverty reduction and community development. The conclusion was after a critical examination of different community development partnerships (CDPs) initiatives’ undertaken by Exxon Mobil and Elf Oil Nigeria Limited within their corporate-community relations.

Udoh & Egwaikhide (2008) highlights the need for proper management of poverty reduction strategies in order to attract foreign direct investment (FDI) in developing countries, FDI was viewed as a way of increasing per capita income and enhancing infrastructural development and economic growth and development in less privileged communities. Incentives like reduction of tax burdens on corporations which are involved in CSR could encourage such corporations to be continuously evolved.

Methodology

A survey research approach was adopted to gather descriptive data from a convenience sample of 96 company executives from 20 companies most of which were parastatals at a university training program using a self-administered questionnaire to gather descriptive qualitative data. Data were presented using cross tabulation and analysed through relative statistical measures

Findings

Corporate Social Responsibility in Zimbabwe

From a survey carried out on Zimbabwean organizations in 2009 to 2010 as a case study for Sub-Saharan Africa the following were the general findings for the respective two categories of organisations as they operate alongside Sub-Sahara African governments. Although much emphasis has to be placed on profit making organisations, analysis of non-profit making organisations help to have an insight as to what social goals have to be achieved and how that has to be achieved and mostly corporations are governed by business regulations, tax policies which in most cases reflects the ideology of the ruling party and its attitude towards business.
The private Sector

Organisations have become moderately sensitive to social causes because of political governance and economic difficulties. There is not much economic activity in the nation, most organisations either closed or downsized to operate at far below capacity. The private sector in the country appreciates the need for corporate community involvement and takes it as an obligation and not a publicity tool. Most organisations have included corporate social responsibility as one of their values on their mission statements. The corporate social responsibility of these organisations goes for low cost activities such as scholarships, donations to charitable organisations, institutions to help the less privileged and sponsorships of entertainment programs as they indicate that they lack capacity to engage into the building community capital. Depending on political inclination of directors, some of the social responsibility by organisations are high jacked by politicians and used as campaigning tools. Most organisations have been taken over and the ownership is in the hands of politicians. The private sector is struggling to survive from the economic disaster of 2008 and 2009; this has reduced the community involvement of organisations. Most organisations can not engage state on alleviation and development issues through their CCI programmes. Any lobbying efforts by organisations is deemed as trying to pursue different interests with the government, hence organisations maintain a low profile on economic and developmental issues. The majority of organisations are now despondent, they feel let down by the government and their efforts are not adequately supported by government policy, and feel it is in the first place the role of government to provide for social needs. The industrial structure is characterized by traders and service providers and few manufacturers – about 80% of the products at retail outlets are imports.

Non-Governmental Organisations

NGOs are variously described as autonomous, non-profit-making, self governing and campaigning organisations with a focus on the well-being of others (Gray, Bebbington and Collison 2006). The social activities being carried out by NGOs in Zimbabwe cover various sectors such as health, education and agriculture. Such activities include:

- Food aid
- Training in various areas of need
- Donations of equipment
- Donations of farming inputs and farming training.
- Donations of medicines and health accessories.

Major challenge faced by such organizations is that the communities they serve cannot be empowered to be independent because of the economic situation.

The Government

According to Beraho (2007), the Zimbabwean situation can be explained by the statement from his general assessment of governance in the Sub-Saharan Africa.

There is still a long way to go since political expression of opinions is still not fully allowed. Many countries in this area are still ruled by leaders from the old guard who manipulate and intimidate the electorate to stay in power. Many countries are still run by repressive regimes with long serving and tired leaders. Such leaders are not progressive; they are insecure and, resort to ruthless and repressive measures to stay in power.

Given the circumstances, the developmental activities which are supposed to be spearheaded by government are compromised. The little resources left are mostly misdirected towards empowering few individuals who assist the leaders to remain in power. This is letting down the developmental efforts made by the private sector and NGOs.

Discussion

According to Moir (2001) there are emerging methods of assessing corporate social performance but these are not established and are subject to considerable debate (For example corporate social performance model by Moir (2001). However, common threads in the literature involve establishing principles for action and using stakeholder analysis and engagement as a way of determining precise activities. Nevertheless, there is an increasing focus both by business on CSR and also by society on the actions of business. (see Figure 1 below).

For the purpose of this paper, social activities can be classified as either philanthropic or developmental (see Table 1 below). It has to be noted that developmental activities originate from philanthropic activities. It is a matter of simply upgrading philanthropic approach to developmental approach of community involvement; Corporate Community Involvement (CCI) is not to be exploitative but has to enhance community empowerment, thus the CCI discourse has to shift from ‘investment’ to ‘involvement’ (Muthuri 2008), To address the important goal of
poverty reduction and sustainable community development efforts in developing countries, stakeholders have to consider going beyond philanthropy.

<table>
<thead>
<tr>
<th>Sustainable Development</th>
<th>Philanthropy</th>
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<td>Infrastructural development</td>
<td>Food aid</td>
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<td>Direct investment</td>
<td>Donations</td>
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<td>Joint ventures</td>
<td>Scholarships</td>
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<td>Technological Transfers</td>
<td>Caring for the poor</td>
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<td>Political intervention</td>
<td>Health education</td>
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Table 1: Sustainable developmental activities Versus Philanthropic activities

Source: Adapted by the author.

As we intend to upgrade from philanthropy to sustainable developmental activities, every organisational CSR activity can easily be assessed against the above Table 1. It can be observed from the CSR activities taking place in Zimbabwe that the private sector is concentrating its CSR activities on philanthropic activities. Although such efforts like construction of an old people’s home or orphanage can be viewed as sustainable development, there is still need to upgrade further to other sustainable development activities. It is understood that the private sector has currently little or no motivation to engage into developmental activities since the government is failing to lead in the process. In most cases the organisations only engage CSR activities to get tax exemptions if there are any or simply to be seen to be involved in social causes (Public Relations approach).

Efforts by corporations are mainly targeted on vulnerable individuals, Households and groups. Such activities can be classified as falling under philanthropic activities as shown in Table 1. One may ague that such activities are developmental and trying to empower the poor, the activities are not giving a permanent solution to poverty. The activities can be described as incessant and have since lost their impact to the social situation. The MDG number 1 is targeted at cutting in half the proportion of people in the developing world living on less than $1 a day by 2015. According to the UN MDG report 2009, for millions in the world today, jobs provide little relief because pay is so low - employed persons living in a household where earnings are less than $1 per person a day are considered the ‘working poor’ - in sub-Saharan Africa, over half the workers fall into this category. In Zimbabwe people who are considered to be poor given the extended family setup, the AIDS pandemic repercussions and rural setup; 95% of the population can be considered poor. February 2010 industrial action of civil servants had civil servants demanding for a minimum wage of $630 with government indicating that it had no money to meet such a demand. Government had offered $122 for the lowest paid worker and $236 for the highest paid against a poverty datum line pegged at $500. 90% of the people in the country are employed by the government or its subsidiaries and are in the third year with earnings which are far below the poverty datum line.

Given the situation, organizations are in agreement that poverty reduction has to be everyone’s concern and have included CSR in their strategic plans (See Figure 2 & 3 below). CSR that addresses poverty reduction is worthy while for corporations for the following reasons:

- The communities are identified as an important corporate stakeholder. (Carroll and Buchholtz, 2003).
- Shifting or declining role of governments in wealth creation and social services provision. (Kooiman, 2000; O'Rourke, 2004)
- Heightened societal expectations of the role they play in the community, for instance, those operating in developing countries are expected to play a significant role in the attainment of the Millennium Development Goals (Muthuri and Mwaura, 2006).
- Globalization and forces of isomorphism contribute to the ‘exportation’ of CCI (DiMaggio and Powell, 1983)
- Corporate social responsibility (CSR) practices by multinationals to their subsidiaries in the South (Kapelus, 2002).
- Increased competition and informatisation (Waddock and Boyle, 1995; Rochlin and Christoffer, 2000).

The benefits accruing for an organization that is involved in CSR are in general reputational, that is this is deemed to be in line with what is termed public good. Secondly the creation of markets – for example there are no markets in Zimbabwe currently because people and organizations are poor, if they were empowered there would be some markets.

However the current circumstances allow them only to concentrate on low-cost projects and targeting individuals, households and small groups. Even these efforts are not yielding much progress in terms of empowering the poor.
communities because the government and local authorities are failing to address their civil role. High capital projects are the ones that bring in sustainable development and would leave people independent not dependant on charity.

Way forward

To address developmental issues in Sub-Sahara Africa, the following areas have to be dealt with as a solution to poverty:

- Continue to encourage the culture of CCI in business.
- Corporations to combine efforts to be able to handle high cost community development activities.
- Timeous political intervention of UN to reduce conflict.
- Strengthening the primary industry.
- Discouraging the export of raw materials but setting manufacturing plants of respective commodities in the African countries.
- Encourage direct foreign investment by developed countries and setting security measures to reduce political risk.
- Entering into joint ventures to set manufacturing organizations.
- Training Africans in real technology not maintaining equipment already made. (Technological transfer)

Such actions will lead to African economies to be upgraded to follow developed economies and will not only benefit Africans but the global economy. In addition this will lead to the maximization of capacity utilization as well as capitalizing on the potential in these underdeveloped nations.

On the other hand organisations which are guided by the Citizenship theory of CSR should be able to assess its strategies and the contribution towards the development of the organisation itself, the industry, the country and the society and the strategies can be assessed through their impact on the quality of life, economic growth & prosperity; the meaning of fulfillment; competitiveness; reputation (locally, nationally and globally) and sustainability. (Figure 3).

Conclusions

The basic principle behind going beyond philanthropy can be summarised by words of wisdom that say: “Do not give someone fish; instead, Give someone a fishing line and teach them how to fish”. This is the essence of this article, which is consistent with the principle of avoiding the dependence syndrome. Developing countries need to be taught how to produce at primary level; how to manufacture or process what has been produced in the primary industry; and lastly proper governance and politics which is beneficial to local communities and the society world over. This would then be according to the definition of proper social responsibility and community development.

The model below is a corporate performance model according to Wood, (1991) in Moir (2001)

**Figure 1 — The corporate social performance model**
References


Annexure

Figure 2: CSR in the context of strategy

Source: Galbreath Jeremy (2009)
Figure 3: Strategy in the context of society

Source: Galbreath Jeremy (2009)