


## CORPORATE SOCIAL RESPONSIBILITY IN SOUTHERN AFRICA

Randhir Kumar\*

**“Corporate Social Responsibility is 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”.**

 **World Business Council For Sustainability  
Development (1999)**

### **Introduction:**

Over the past half century, Corporate Social Responsibility (CSR) has continued to grow its importance and significance. It has been the subject of considerable debate, theory building and for research purpose. The idea that business communities have some responsibilities to the society beyond that of making profits for the shareholders has been around for centuries. For all practical purposes, it is largely a Post Second World War phenomenon and actually it does not surge in importance until the 1960. Therefore it is a largely product of the past half century.

Today it is a burning issue we cannot pick up a single newspaper, magazine or journal without some discussion of the issue related to CSR. Some Specific journals, magazines, books, encyclopedias, websites and blogs treat the concept of CSR on a regular basis. The business community has formed its own organizations which is stages high profile conferences addressing CSR, business ethics and sustainability concerns. For example,

**\* Research scholar, PhD in African Studies, University of Delhi**

Business for Social Responsibility (BSR) is a business association founded in 1992, to provide corporations with expertise on the subject (CSR) and an opportunity for business executives to advance the field and learn from one another. There has been a huge explosion of interest in CSR around the world. And the other one is Ethical Corporation, it is an independent media firm which was launched in 2001 to encourage debate and discussion on responsible business practices. After 2001 its popularity has spread into the world.

### **CSR in Southern African Countries**

Economic growth in Southern Africa is among the strongest in the world, and extensive natural resources have been discovered in many African countries. Abundant access to natural resources like oil and gas can provide opportunities for growth and development. Unfortunately, access to natural resources has turned out to be a curse and a poverty trap for many developing countries, rather than an opportunity for development.

Corporate Social Responsibility (CSR) is playing an important role in southern African countries particularly in the case of mining. Because of mining, people are facing so many problems such as migration, health, education, environmental and socio-culture. So, in this case the role of CSR became very significant.

### **Angola**

The 27-year civil war, which ended in 2002, has left lasting scars. Two-thirds of the country's infrastructure was destroyed during the war, 15 percent of the population was killed. The reconstruction process has not yet been completed; 100,000 people are still living in temporary housing. The educational and healthcare systems suffer from an acute shortage of trained personnel. The country is struggling with corruption and a weak financial situation. The oil industry plays a dominant role in Angola and accounts for over 90 percent of exports, 70 percent of public revenues and 50 percent of GDP. The economy, and particularly the oil sector, is controlled by the government, which makes it

difficult for companies to act independently. There is a tense relationship between the state and the private sector. Civil society is relatively weak. Many people live in poverty and have no one to represent them in dealings with the business sector and the government. While these conditions are challenging, they also represent an opportunity for corporate social engagement. The public expects both oil consortiums and international oil companies to contribute to society, particularly in the areas of general education and healthcare, but also by providing humanitarian aid, for example in the event of natural disasters. Companies with years of CSR experience in other countries know what these activities entail and are able to meet local expectations in a professional manner. In 2002, Chevron launched its Angola Partnership Initiative, which supports local communities by implementing health programs and building schools, while also supporting those active in civil society. The Angola Partnership Initiative is funded by USAID and numerous NGOs.

Corporate social engagement benefits from the fact that Angola is an appealing market for companies in the construction, mechanical engineering and commodities sectors, while at the same time it is struggling with difficult challenges. In their own interest, therefore, companies are working to improve basic conditions in the country. By becoming involved in society, German companies can more easily gain access to the Angolan market. Germany's economic role in Angola has expanded rapidly since the end of the civil war in 2002. Angolan partners not only respect the quality of German products and services, but they also appreciate the willingness of German companies to share their expertise with local partners as they invest in the country or initiate trade relations. Such local involvement can make a crucial difference when public contracts are awarded. For linguistic and historical reasons, Portuguese and Brazilian companies continue to have a competitive advantage. However, German companies can easily compensate for that advantage by becoming involved at the local level, for example by building or supporting schools or pre-schools, or offering training programs. In June 2010, an office of the German Chamber of Industry and Commerce was opened in Luanda as a contact for German companies.

International oil companies, in particular, CSR activities as a way of retaining their license to operate by gaining the favor of local authorities, communities and residents. Beyond paying their workers, the few German companies that are already active in Angola look after the well-being of their employees, for example by offering health programs. They also make sure that their value chains are transparent and donate money and materials to charitable causes.

### **ChevronTexaco HIV/AIDS Worksite Program**

ChevronTexaco has launched a comprehensive HIV/AIDS program for its employees and their families in Angola. Operated through the company's Angolan subsidiary Cabinda Gulf Oil Co. (CABGOC), the program provides peer education, condom promotion, confidential testing and counseling, and treatment of sexually transmitted infections. CABGOC also provides anti-retroviral drugs to HIV-positive employees and eligible dependents, and to pregnant employees and spouses. CABGOC's medical group has launched a pilot community outreach project in Cabinda in collaboration with Abbott Laboratories and Boehringer, who are donating HIV tests and anti-retroviral drug. The project, which offers prevention, counseling and treatment services, targets an estimated 12,000 pregnant women in Cabinda; at least 7% of them are HIV-positive.

### **British Petroleum**

In Angola, BP is involved in education projects in schools, an AIDS education initiative targeting young people and other vulnerable groups, a home for orphaned boys which provides vocational training, a farmers' support project and a children's food aid and health initiative.

### **Botswana**

Botswana, the southern country of the African continent, a very well known diamonds producer in the world market, is also, regrettably, pointed out as one of the country suffering with the AIDS (HIV) syndrome. Botswana, with a population of about two millions. It is regarded as one of the most politically stable countries in Africa. However,

it is also a country in which there are disturbing tendencies and in which political stability and the balance between nature and economic activity is extremely fragile. Botswana is in a unique situation as its economy is predominantly dependent on a single commodity, diamonds and a single corporation, Debswana in which the government is a 50% shareholder with the only other 50% shareholder being De Beers.

Corporate Social Responsibility (CSR) is defined in many different contexts. However, the most common denominator for defining any CSR or Corporate Social Investment (CSI) program focused on Botswana mining industry should be that of concern for the basic natural resources any mining activity is dependent on, thus the environment. In its quest to conserve the environment, Debswana stands out with the slogan 'Mining the Resources, Enriching the People'.

### **Environmental Responsibility**

In Botswana, Debswana is committed to promote the efficient use of natural resources and implement management systems to minimize any negative impacts of mining. They proactively contribute to biodiversity conservation and work to protect vulnerable species. The philosophy of the company is to improve its environmental management practices through monitoring the key characteristics of operations and reducing any negative impacts.

### **Community Development**

Debswana's CR objectives include ensuring that the impact of their mining activities is not limited to maximizing revenues and that the company's main target is their employees, environment, communities and the nation. It was also further stated that there is a community involvement in its operations and decisions through its corporate social responsibility and social investment initiatives, supporting health and environmental systems in operation, including AIDS management system, private schools and two major district referral hospitals. Additional contributions to Botswana's economic and

social development include donations to various societies and NGOs and over P20 million a year, (P is standing for Pula, the Botswana monetary currency) expenditure on education scholarships and grants (UNECA, 2005; UNAIDS 2006).

## South Africa

The South African economy is the dominant economy on the African continent, illustrated by the fact that, although the South African population constitutes only 5% of the African population, the country contributes 30% of the continent's combined GDP. South African companies have steadily increased their investments throughout the African continent.

CSR is called Corporate Social Investment (CSI) in South Africa. Following the international trend, since 1994 CSR programs in South Africa have developed from purely charitable programs into a sooner strategic investment in activities directed towards the social development of South Africa.

Companies' social activities have increased dramatically in recent years. CSR is encouraged especially by the following fact:

- The new constitution of 1994 and the reform of the legislature have brought social and environmental topics to the top of companies' agendas.
- The "Black Economic Empowerment Act" (BEE) of 2003, which specifies the advancement of historically-disadvantaged groups of the population, prescribes particular activities to companies for the more equal distribution of resources.
- A lack of qualified workers has caused a more intensive promotion of profession-specific training.
- South Africa's massive HIV/Aids problem encourages companies' involvement in the health field.

An important CSR issue in South Africa is Black Economic Empowerment (BEE), established in 2003 as a legislative framework to redress the imbalances of the past by transferring more ownership, management and control of South Africa's financial and

economic resources to the majority of its citizens. Many multinationals and local conglomerates in South Africa use a foundation as the vehicle for their CSR activities, such as Absa Foundation, Old Mutual Foundation, the MTN Foundation, and the Nelson Mandela Foundation. There are many NGOs that work in HIV/AIDS in South Africa. USAID has published an HIV/AIDS directory.

NEPAD is active in South Africa, as is the Global Reporting Initiative and the Global Compact. However, the Global Compact has few active company participants. Local CSR NGOs include the AICC, and the National Business Initiative. The South African Chamber of Business (SACOB) is also involved in CSR through a NEPAD committee and an HIV/AIDS committee.

### **Mozambique**

Mozambique's greatest potential lies within the energy sector, classified as one of the Southern Africa's greatest energy producer. In addition, the country possesses a considerable wealth in natural resources and a strong tourism potential due to its long "sunny, sandy and sea" coast. Politically, Mozambique is a multi-party democracy under the 1990 constitution that held its first democratic elections in 1994. With more than a decade of peace and an expanding economy, Mozambique is a reputable and a success story model of transition from war-to-peace.

In Mozambique, Corporate Social responsibility is an emerging and exciting concept that captures attention of many businesses, government bodies, academics as well as other relevant players. Corporate Social Responsibility activities in Mozambique are at their inception phases. During the last five years there has been an up-and-coming view of the Corporate Social Responsibility in Mozambique. Apart from the current international awareness as promoted by the UN Global Compact, this scenario is possibly being mostly influenced by the presence of multinational investments in the country with large corporate social responsibility culture.

In Mozambique CSR is often associated with Medium to Large Enterprises (SME), and particularly with multinational enterprises. The international orientation of these companies is seen as the major reason for their interest in CSR. These companies not only developed social investment policies, but they also sponsor specific social investment projects. Some of the large foreign investors with notable involvement in social investment include, amongst other companies:

Mozal (Aluminum Smelter Company); Coca-cola Sabco; Cervejas de Moçambique (CDM), a local brewery company; Colgate-Palmolive Hidroelétrica de Cabora-Bassa; British Petroleum Mozambique; Sasol; Millenium BIM; and Banco Comercial e de Investimentos, SARL (BCI Fomento).

These companies are typically involved in the provision of funds (financial resources) for construction of community schools, health posts and centers as well as for technical assistance for skills development, especially with regards to small business development. Furthermore, these companies also make large donations during national disasters relief operations.

## **Zambia**

Zambia, officially the Republic of Zambia, is a landlocked country in Southern Africa. Zambia as one of the world's fastest economically reforming countries. The economy of Zambia is primarily dependent on Copper. From the 1920s, the development of mining activity on the Zambian Copper belt, in the north of the country, has had a fundamental impact on patterns of human activity and settlement (e.g. Richards, 1939; Ferguson, 1990).

The concept of CSR has been applied in Zambia. The term is seeing some application within policy debates. For example, 'Corporate Responsibility' was the title of a speech to the Institute of Directors of Zambia given by the Zambian Minister for Commerce, Trade and Industry in May 2004. There are many examples of private sector-related initiatives and business activities in Zambia that might be described as CSR. Zambia host



emerging specialist CSR organizations. This includes the Partnership Forum in Zambia. Such organizations are raising the profile of CSR issues at national level and bringing some familiarity with CSR concepts and practices. Although these organizations are firmly rooted in their national contexts and tend to focus their efforts on sensitizing local stakeholders to CSR. These specialist organizations complement many other civil society groups working on certain aspects of CSR. These include trade unions, business support agencies, community development NGOs, and human rights and environmental organizations. There are also a number of CSR-related initiatives led or funded by multilateral or bilateral development agencies. The United Nations has instigated discussions under the auspices of the UN Global Compact in Zambia. In Zambia, many companies have now sought to mainstream HIV/AIDS programs into their activities. A platform that allows business leaders to meet and share information has been formed, called the Zambia Business Coalition on HIV/AIDS.

CSR has become common place for companies in Zambia. Mining, telecommunications companies, banks and hotels practice CSR initiatives in different forms. Mining has been the biggest revenue earner for Zambia since the colonial era. Since the 1990s, CSR has been taken on by the mining companies in order to contribute to the community where they are situated.

### **Zimbabwe**

Zimbabwe is a landlocked country located in southern Africa between the Zambezi and Limpopo rivers. Zimbabwe's years of economic mismanagement and political instability, especially in the last decade of the Zimbabwe Crisis, Zimbabweans will need to harness their collective energy to rebuild Zimbabwe. Because of its close links to the people and the communities, Zimbabwe's civil society, in particular, has an important role in mobilizing communities for the sustainable economic reconstruction and development of the country. Currently, Zimbabwe's civil society sector has not done much to mobilize Zimbabweans for the social and economic reconstruction of the country. There are two main reasons for this; firstly, due to their extensive focus on political advocacy at the

expense of economic and social advocacy and secondly, due to the underdeveloped nature of Zimbabwean civil society.

The corporate social responsibility through MNC's goes for activities such as scholarships, donations to charitable organizations, institutions to help the less privileged. NGOs are variously described as autonomous, non-profit-making, self governing and campaigning organizations with a focus on the well-being of others. 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. The mining industry can play a role in the achievement of some of the MDGs through corporate social investments.

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

## Conclusion

CSR is a phenomenon that goes beyond voluntary business initiatives and market drivers, and it is subject to significantly diverging perceptions of the role of business in sustainable development. Voluntary initiatives and the business case for CSR need to be seen in the context of business's broader impacts on society, including its influence on discourse and state policy making.

In Southern Africa, the business perspective of CSR, which has emphasized ad hoc donations and strategic philanthropy, has not had a significant impact on the social consequences of mining. In the context of mining's significant social and environmental impacts, CSR has thus played an important role in accommodating external expectations and legitimizing the role of business, in order to pre-empt the need for more substantial changes to business strategy and practice.

## References

- ✦ Bowen, H.R. (1953). *Social Responsibilities of the Businessman*. New York: Harper & Row.
- ✦ Carroll, Archie. B. (1999). *Corporate Social Responsibility: Evolution of a Definitional Construct*, *Business & Society*, 38, 268-295.
- ✦ Committee for Economic Development, (1971). *Social responsibilities of business corporations*, New York: Author.
- ✦ Hill, I. (2006). "How Finance Can Help Move CSR up the Agenda", *The Cost and Management*, ISSN- 1817-5090 Vol. 34, No. 6, November – December, PP 5 – 9.
- ✦ McGuire, J.B., A. Sundgren, and T. Schneeweis. (1988). "Corporate Social Responsibility and Firm Financial Performance" *The Academy of Management Journal*, Vol. 31, No. 4, December, pp. 854-872.
- ✦ Friedman, Milton. (1962). *Capitalism and Freedom*, Chicago: University of Chicago Press.
- ✦ BEE Com (Black Economic Empowerment Commission), 2001. *Black Economic Empowerment Commission Report*. Johannesburg: Skotaville Press.
- ✦ Cilliers, Jackie and Dietrich, Chris (eds) (2000). *Angola's War Economy: The Role of Oil and Diamonds*. Johannesburg: Institute for Strategic Studies.
- ✦ Ettenborough, M., & Shyne, J., *CSR, Public Policy and the Oil Industry in Angola*. Angola Educational Assistance Fund (2003).
- ✦ Wylie, D. (1990). *A Little God, The Twilight of Patriarchy in a Southern African Chiefdom*, Johannesburg: Wits University Press.
- ✦ Smith, A. B. (1992). *Pastoralism in Africa*. Johannesburg: Wits University Press.
- ✦ Hidayati, N. D. (2011). *Pattern of corporate social responsibility programs: a case study*. *Social Responsibility Journal*, 7(1), 104-117.
- ✦ Shahin, A. and Zairi, M. (2007). *Corporate governance as a critical element for driving excellence in corporate social responsibility*. *International Journal of Quality and Reliability Management*, 24(7), 753-770.
- ✦ European Commission, *Corporate Social Responsibility: National Public Policies in the European Union*, Directorate-General for Employment and Social Affairs, (Brussels, 2004)
- ✦ Haufler, Virginia, *A Public Role for the Private Sector: Industry Self-Regulation in a Global Economy*, (Washington DC, 2001).
- ✦ SARW (Southern Africa Resource Watch) (2007) "Copper Boom in Zambia: Boom for Whom?"
- ✦ Lungu, J. and C. Mulenga (2005) "Corporate Social Responsibility Practices in the Extractive Industry in Zambia", A report for the Catholic Commission for Justice Development and Peace (CCJDP), the Development Education Community Project (DECOP) and the Zambia Congress of Trade Unions (ZCTU), Zambia.
- ✦ Mencinger, J (2003) "Does Foreign Direct Investment Always Enhance Economic Growth?" in *Kyklos*, Vol. 56, pp 491-508, Blackwell Publishing.
- ✦ Kragelund, P. (2008) "The return of Non-DAC donors to Africa: New prospects for African Development?" in *Development Policy Review* 26 (5):555-584.
- ✦ Kokko, A. (1992) "Foreign Direct Investment, Host Country Characteristics and Spillovers", Stockholm: Economic Research Institute, Stockholm School of Economics
- ✦ Price Waterhouse Coopers (2004) *HIV/AIDS: What is business doing?* PWC: Nairobi.

- ✦ Aras, G., Crowther, D. and Vettor, S. (2009). Corporate Social Responsibility in SMEs. UNISA: Pretoria.
- ✦ Crane, A. & Matten, D. (2004). Business Ethics. Oxford University Press, New York.
- ✦ Crowter, D & Aras, G. (2008). Corporate social responsibility. London: ventus.
- ✦ Guerny, J. (2002). Meeting the HIV/AIDs challenge to food security: The role of labour saving technologies in farm households. December 2004.
- ✦ Samir, A. Chitala, D. Mandaza, I. (1987). SADCC Prospectus for Disengagement and Development in Southern Africa: Studies in African Political Economy-United Nations University, London: ZED Books Ltd.
- ✦ Trialogue. (2005). The Corporate Social Investment Handbook. 8th ed. Cape Town: Trialogue.
- ✦ Visser, W. (2008). Corporate Social Responsibility in Developing Countries in (eds) Crane, A. et al. The Oxford Handbook of Corporate Social Responsibility, Oxford University Press.
- ✦ Marshall, J.N. (2004). Financial Institutions in Disadvantaged areas: A Comparative Analysis of Policies Encouraging Financial Inclusion in Britain and the United States, Environment and Planning A, 36:241-261.
- ✦ World Business Council for Sustainable Development. (2000). Corporate social responsibility: making good business sense. Geneva.
- ✦ Zenisek, T.J. (1979). Corporate Social Responsibility: A Conceptualization Based on Organisational Literature. The Academy of Management Review, Vol. 4, No. 3, July 1979: 359 – 368.
- ✦ Moon, J. (2002). Corporate Social Responsibility: An overview. In C. Hartley, The International Directory of Corporate Philanthropy. London and New York: Europa Publications, 3-14.