Corporate Social Responsibility in Africa: Definition, Issues and Processes

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Introduction

- A plethora of concepts have emerged to express the role and responsibilities of business in society.

- Corporate social responsibility (CSR) origins traced with early industrialists; it is now viewed as **"one of, if not *the* most important issue of our time**" (Hopkins, 2007: xiii).

- The concept of CSR is **dynamic, multifaceted** and **global**; but it has proved to be a contentious matter across the world
  - Assumption that CSR is largely a western phenomenon
  - Assumptions that CSR is most likely to be found in countries with globally-active companies, democratic political structures, and active civil society organizations (Baskin, 2006)

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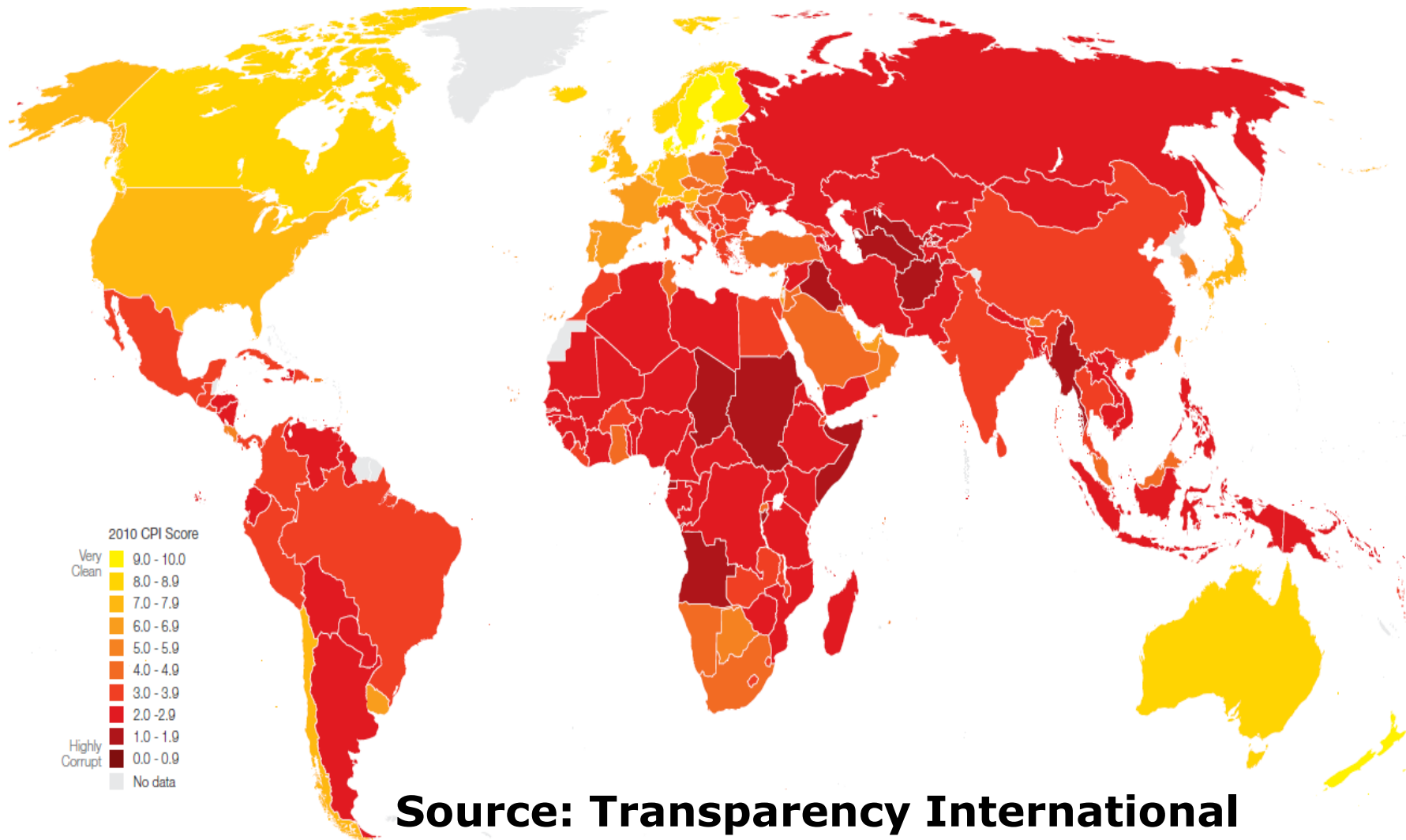**Business School**

Introduction

- CSR practice gaining roots in Africa but its scholarship is negligible
  - Myth that CSR in developing countries is new; e.g. suggestions that MNCs introduce CSR in host countries
  - Assumptions that companies that trade more with westernized countries might be expected to raise their levels of CSR (Fukukawa and Moon, 2004: reference to Japan; Muthuri and Gilbert, 2011 on CSR in Kenya)

- Theorising CSR in Africa
  - Suggestions that institutional context (e.g. laws, corruption; poor governance) explains corporate irresponsibility and complicity in Africa **OR** influences social, economic and environmental performance of firms.

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Corruption Perceptions Index

2010 CPI Score

Very Clean	9.0 - 10.0
	8.0 - 8.9
	7.0 - 7.9
	6.0 - 6.9
	5.0 - 5.9
	4.0 - 4.9
	3.0 - 3.9
	2.0 - 2.9
	1.0 - 1.9
Highly Corrupt	0.0 - 0.9
	No data

Source: Transparency International

Environmental Sustainability Index

Environmental
Sustainability Index
(ESI) 2005

Highest
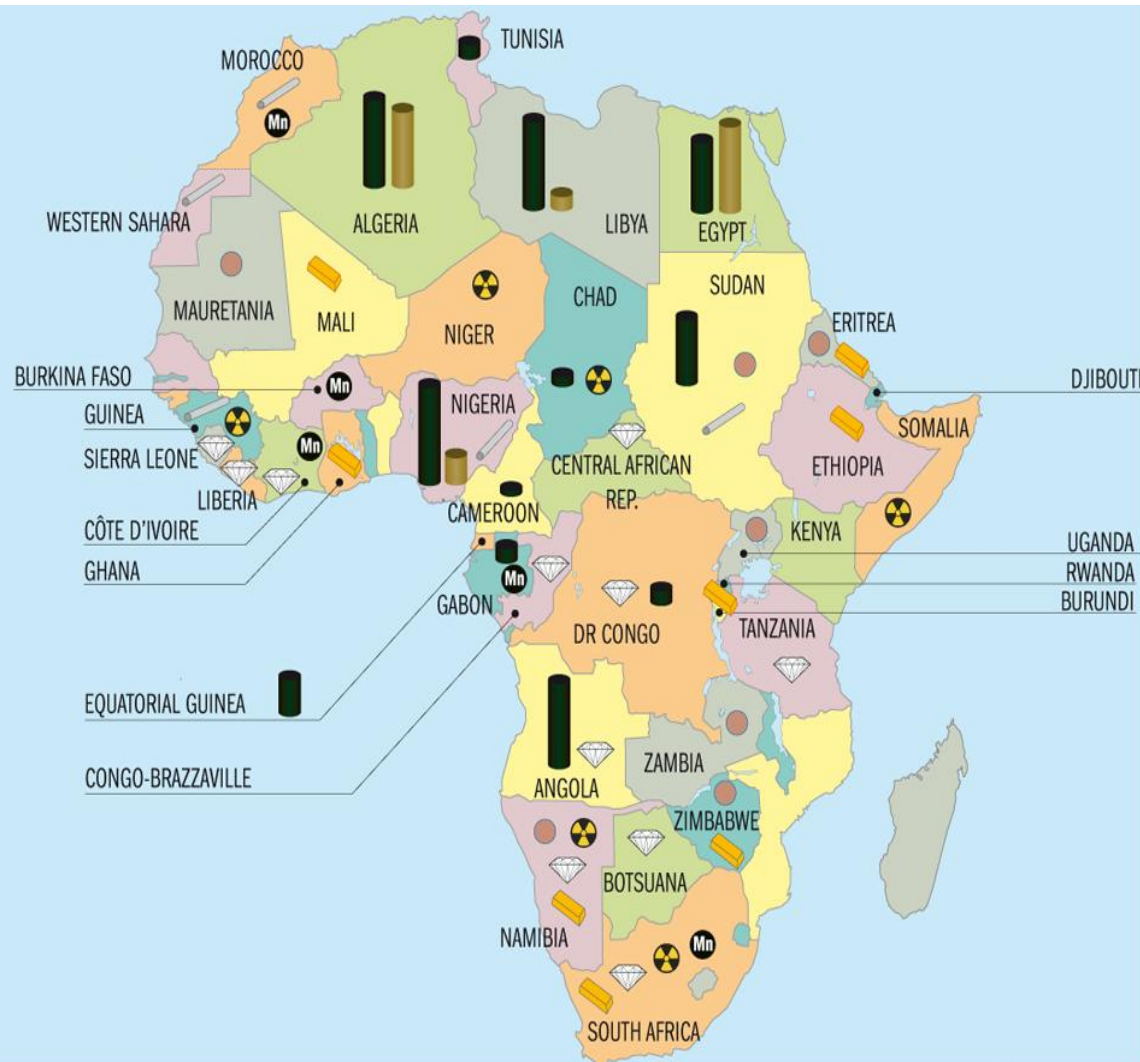
Lowest

Source: Yale & Columbia Universities

Countries experiencing war and minor conflicts since 1975

Source: World Development Report (2011)

Africa resources and the 'New Great Game'?

CSS Analyses in Security Policy No. 38, July 2008 (Center for Security Studies, ETH Zurich)

Changing Trends and Perspectives

- Interest in CSR due to growing interest in
  - Africa as a continent (e.g. rise in FDI, international trade);
  - Practical dilemmas of how companies balance the desire for global integration with the need for local responsiveness.

Lonmin Plc, Marikana: 18

Changing Trends and Perspectives

- Growing interests in *African management practices,* informed by *African philosophies*

Research Methodology

- Explore the landscape of CSR issues and practices in Africa
  - R.Ques: How CSR is defined in African context; what issues do companies address; what processes are employed to implement CSR, and, what explains the update of CSR in Africa?

- Research methodology (builds on Lockett et al, 2006)
  - Extensive review of literature on empirical work published between 1991-2011 (in total; 145 papers published works)
  - Key words (e.g. CSR, sustainability, MDGs, business ethics, corporate governance, CSI/CCI; partnerships, etc);
  - EBSCO and Proquest searches of management journals (plus also specialists and Africa specific journals)

Table 1: Delineating 145 CSR articles by Journals and Geography

Journals Reviewed	No	Country of Focus
Journal of Business Ethics	40	South Africa (20), Nigeria (11), Kenya (5), Ghana (1), Malawi & Botwana (1), Tanzania (1), Ethiopia (1)
Development Southern Africa (since 1998)	27	South Africa (19), Nigeria (2), Malawi (2), Africa (2), Zambia (1), Tanzania (1)
Journal of Corporate Citizenship	16	South Africa (7), Kenya (4), Africa (2), Nigeria (1), Mali and Zambia (1), Tanzania (1)
Corporate Governance: An International Perspective	12	Ghana (6), South Africa (2), Nigeria (2), Kenya (1), Zimbabwe (1)
African Journal of Business Ethics	11	S. Africa (4), Sub-Saharan Africa (2), Africa (2), Francophone Africa (1), E. Africa (1), W. Africa (1),
Corporate Social Responsibility and Environmental Management	9	South Africa (3), Nigeria (3), Egypt (1), Cameroon (1), Uganda (1)
Business and Society Review	8	South Africa (5), Nigeria (2), Africa (1)
Business and Society	6	South Africa (3), Africa (2), Nigeria (1)
Business Ethics Quarterly	4	South Africa (3), Sub-Saharan Africa (1)
Journal of African Business	3	South Africa (2), Ghana (1)
Society and Business Review	2	South Africa (1), Nigeria (1)
Academy of Management Journal	2	South Africa
African Journal of Economic and Management Studies	2	Nigeria (1), Africa (1)
Journal of Management Studies	1	South Africa
California Management Review	1	Kenya and South Africa
Canadian Journal of African Studies (until 2007)	1	Ghana

No returns from the following:
- Academy of Management Review
- British Journal of Management
- Harvard Business Review
- Administrative Science Quarterly

- Organization Science
- Sloan Management Review
- Journal of International Management Studies
- Journal of International Business Ethics

Research Methodology

- A 5 country study and thematic areas:
  - **South Africa** (CSI; corporate goveranance), **Nigeria** (CSR in Niger River Delta and corporate governance), **Kenya** (human & labour rights in the agricultural/horticultural sector), **Ghana** (corporate governance and Malawi (CSR/CSI and partnership, corruption)

- Analytical coding categories from data
  - e.g. **CSR pillars** (e.g. CSR in the workplace, in the community), **CSR issues** (e.g. health, education), **process** (e.g. partnerships, donations), **philosophy** (e.g. normative, strategic), **challenges** (e.g. culture conflict, resource demands)

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Que: How is CSR defined in the Africa Context?

- CSR definitions is ambiguous; terms like corporate social investment, corporate citizenship, business ethics are used interchangeably

  - '…the operational definition of CSR in the sub-Saharan region seems to lead towards corporate social investment. Herein lay both a challenge and an opportunity: What needs to be done to shift this trend and create a more holistic understanding of CSR and transform business philosophy and practice to align with it?' (GTZ, 2009, p. 11)

- The definition and understanding of CSR is contested with assertions that the concept is a 'western-imposed agenda' (Visser and Tolhurst, 2010)

How is CSR defined in the Africa Context?

- CSR in Africa framed within ethics of slavery, colonialism & apartheid
  1) *Macro-level*: the influence of Africa's colonial and neo-colonial past
  2) *Meso-level*: the moral responsibility of business towards the reconstruction of African societies
  3) *Micro-level*: the issue of affirmative action to overcome historical economic exclusion

- CSR in South Africa: apartheid, injustices and inequality.

  '*the responsibility of the company for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that contributes to sustainable development, including health and the welfare of society; takes into account the legitimate interests and expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the company and practiced in its relationships' (King III Report, 2009, p. 51)*

Figure 1: Institutionalisation of CSR in Africa

Legal Responsibilities

Ethical Responsibilities

Philanthropic Responsibilities

Economic Responsibilities
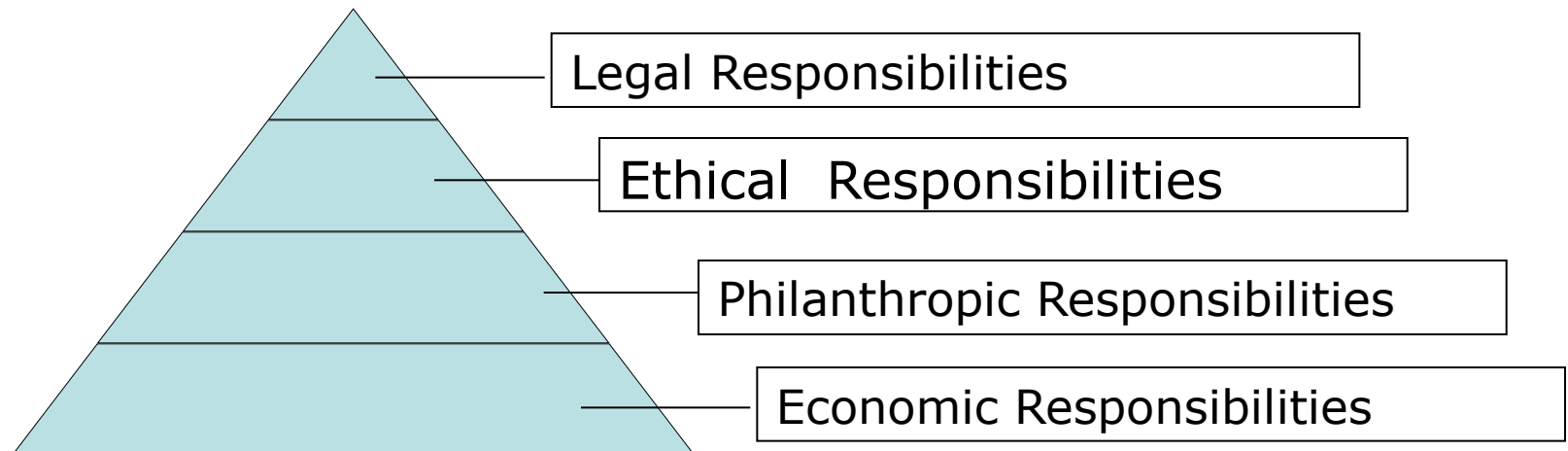
What issues do companies address?

Table 2: CSR Issues According to Popularity

1. Poverty reduction	6. Environment
2. Community development	7. Sports
3. Education and Training	9. Human rights
4. Economic and enterprise development	10. Corruption
5. Health and HIV/AIDS	11. Governance and accountability

Table 3: A Four-Dimensional Analysis of Issues & Processes

CSR Pillar	Issue Focus	CSR Processes?
Community	Poverty alleviation, HIV/AIDs, health, training, environment, social entrepreneurship, rural development, education	• Philanthropy • Corporate donations • Sponsorships / Awards • Partnerships • Foundations
Environment	Pollution, water management, recycling, afforestation, biodiversity, drought & climate change	• Partnerships • Global standards e.g. ISO 14001 • Sponsorships
Workplace	Working conditions, wages, health & safety, HIV/AIDS, employee privacy, diversity & equal opportunity, corporate governance, sexual harassment	• Codes of conduct • Partnerships • Employee volunteering • Certification
Marketplace	Pricing, Product safety, Quality of goods & services, Corruption, BOP innovations, Tax avoidance & evasion, responsible marketing & consumption,labeling & packaging	• Partnerships • Sponsorships • Codes of conduct • Labels • Certification

What shapes the institutionalisation of CSR?

- Both Internal drivers and External drivers

1. **CSR as self regulation** (driven by instrumental, strategic, altruistic reasons e.g. Ghana Business Code 2006; partnerships e.g. The Business action Against Corruption: 10 countries)

2. **CSR as governmental regulation** (i.e. compliance with the laws e.g. BBBEE Act of 2003; National Environmental Management Agencies; The Ghana Children's Act, 1998)

3. **CSR as civil/social regulation**
   - NGO activism e.g. EITI, ETI etc
   - Institutional investors e.g. Johannesburg Securities Exchange global leader in market regulation and sustainable development (www.world-exchange.org)

What shapes the focus of CSR practices?

- **Institutional pressures:** e.g.
  - Accountability in global supply chain
  - Stakeholder expectations of a financial institutions to reduce financial exclusion, responsible lending
  - Stakeholder activism (e.g. development agencies; trade union association; international NGOs; business associations)

- **Market access and Organizational factors** e.g. competitive advantage, firm's performance
  - BOP: an approach to creating or developing new markets; seeing the unfilled human needs as an untapped market (Prahalad, 2005)
  - International standardisation: Codes and CSR standards; Growing adoption rates of ISO 14001 (e.g. cocoa, textiles, horticulture)

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What shapes the focus of CSR practices?

- **Regulation** - increasing focus on enabling legislation that encourage responsible corporate behaviour
  - Citizen's Economic Empowerment (CEE) in Zambia inspired by South Africa's BEE Legislation
  - Legislation on Social Responsibility Agreements between holders of forest concessions and local communities in Ghana

Overall:
  ❖ Regulatory, social and cultural pillars shape CSR in Africa.
- ❖ The need to conform or mimic 'best practices' for legitimacy
- ❖ Companies are value-driven, performance-driven, and stakeholder-driven (Maignan & Ralston, 2002)

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Table 4: Stages of CSR using Mirvis & Googins (2006: 108) Typology

	Stage 1: Elementary	Stage 2: Engaged	Stage 3: Innovative	Stage 4: Integrated	Stage 5: Transforming
Citizenship Concept	Jobs, Profits, Taxes	Philanthropy, Environmental Protection	Stakeholder Management	Sustainability or Triple Bottom Line	Change the Game
Strategic Intent	Legal compliance	License to Operate	Business Case	Value proposition	Market Creation or Social Change
Leadership	Lip Service, Out of Touch	Supporter, in the Loop	Steward, On Top of It	Champion, in Front of it	Visionary, Ahead of the Pack
Structure	Marginal: Staff Driven	Functional Ownership	Cross-Functional Coordination	Organizational Alignment	Mainstream: Business Driven
Issues Management	Defensive	Reactive, Policies	Responsive Programs	Pro-Active, Systems	Defining
STK Relationships	Unilateral	Interactive	Mutual influence	Partnership	Multi-Organization Alliances
Transparency	Flank Protection	Public Relations	Public reporting	Assurances	Full Disclosure

Innovation and Leadership

The King II corporate governance code with provisions on

a. Occupational health & safety, including AIDs

b. Environmental matters

c. Social investment prioritisation including BEE

d. Human capital development, inclusive of employment equity
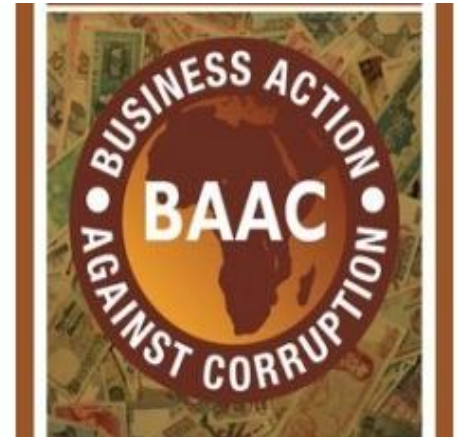
Factors that Hinder and Support CSR in Africa

1. ***Organisational specific internal challenges:*** e.g. lack of resources; low executive management commitment and support; limited technical knowhow

2. ***External resource challenges:*** i.e. clear gaps in social provision – companies embrace neo-governmental role

3. ***Regulatory challenges:*** i.e. lack of, weak, or unenforceable regulation; lack of governmental capacity; no explicit governmental incentives for CSR

4. ***Lack of cohesive social movement to advance civil regulation*** – with exemplars in Nigeria (human rights and Niger delta – Ken Sarowiwa), South Africa (social issues mobilization)

Conclusions

- Existence of CSR ideas & practise though not always labelled 'CSR';

- CSR agenda is dominated by philanthropy. However, new norms and cognitive mindsets that favour strategic CSR are emerging e.g. new innovations such as M-Pesa.

- The national business systems including the African philosophies of communalism and ubuntu shape the nature and extent of CSR update

– The meaning & practice of CSR is socio-culturally embedded

– CSR is largely driven by the need to conform to social norms or mimic 'best practice' for legitimacy reasons.

Conclusion

- Diverse and unique issues that demand different solutions and approaches to from those in developed economies
  - Ghanaians stress empowering local community; issues of child labour
  - Nigeria and Kenya on corruption and transparency
  - The role of business in poverty eradication, and social enterprise development (e.g. CSR and SMEs)

Way Forward?

Call for radical transformative approach to CSR
  - ➢ Develop structures and institutions that contribute to social justice, environmental protection, and poverty alleviation
  - ➢ Need for CSR to go beyond voluntarism and consider corporate accountability through regulation

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Way Forward?

- Need to strengthen and develop (CSR) institutions to, i.e.
  - ➤ provide education, training, technical assistance, & awareness
  - ➤ enable CSR to be implemented in ways that benefit both business and society

- Build drivers for responsible business
  - ➤ tackling capacity constrains of actors to engage in CSR or act as a driver of CSR
  - ➤ provide a mix of incentives to encourage firms to adopt CSR
  - ➤ Monitoring regulatory compliance

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Way Forward?

- Government and governmental agencies to act as drivers of CSR
i. Mandate CSR through regulations such as on CSR reporting or development of CSR policy framework;
ii. Facilitate CSR through provision of incentives like tax rebates, allocation of resources, information dissemination and provisions of guidelines on content;
iii. Endorse CSR through awards and public procurement which encourage responsible business; and
iv. Enforce responsible business practice through punishing corporate irresponsibility.

Governments can work closely with other initiatives of the African Union like The New Partnership for Africa's Development (NEPAD) to drive and promote sustainable and responsible business in Africa.

Future Research?

1. **Diverse business systems:** Yet there's over-dependence on a western epistemological order. Does an African perspective on CSR or sustainability exist? CSR from an African philosophical perspective?

2. **Institutionalisation:** Is CSR becoming institutionalized across all African countries, how and why?; or what the similarities and difference of CSR across countries or regions of Africa?

3. '**Africanisation' of the CSR agenda?** - How does inter-organisational learning of CSR occurs? What are the extrinsic and intrinsic factors that support and, or hinder the emergence and diffusion of CSR practice in Africa, or what are the processes through which CSR innovations come about in African organisations.

4. **Impact of CSR on development:** How CSR can be used for transformative change in Africa? How do you measure impact?