

EXAMINING THE PRACTICE OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IN SUB-SAHARAN AFRICA

Renitha Rampersad*, Chris Skinner**

Abstract

In this study, we will examine the way in which CSR is conceptualised by various scholars along with the realities of its implementation on the ground in specific African countries. The key objectives of this paper are therefore; to extend the discussion of Corporate Social Responsibility (CSR) by providing insight into the effect that the level of economic development may have on CSR and the impact this may have on the practice of CSR amongst leading companies in Sub-Saharan Africa. The paper will focus on discovering the similarities and differences in policies, procedures and practices in the region as a whole. In order to help shed some light on these issues, this article explores how leading companies report on CSR in five Sub-Saharan countries (Ghana, Nigeria, Cameroon, Kenya, and South Africa). Our analysis of company information reveals that opportunities are widely appreciated and that most companies report on their economic and social impacts. However, CSR reporting is fairly generic, and the specific context seems to bear only a limited influence on the type of CSR activities undertaken.

Keywords: Corporate Social Responsibility, Triple Bottom Line, Legislation, Development; Socially Responsible Investment (SRI); Sustainability

* Corresponding author, Department of Public Relations Management, Faculty of Management Sciences, Durban University of Technology, P O Box 1334, Durban, 4000

Tel. 0799699618

E-mail: renithar@dut.ac.za

** Department of Public Relations Management, Faculty of Management Sciences, Durban University of Technology, P O Box 1334, Durban, 4000

E-mail: chris.skinner@telkomsa.net

Introduction

Corporate Social Responsibility (CSR) in the African context has received much attention from the academic sector (Egels, 2005; Hamann and Kapelus, 2004; Hamman et al., 2005; Idemudia and Ite, 2006; Ojo, 2008; Visser, 2006b). Africa is specific in a sense because it is a continent seen to be marked by conflicts, environmental degradation, and dire poverty, thus presenting the corporate sector with the ethical dilemma of prioritising their overall social responsibilities (De Jongh and Prinsloo, 2005) in line with local needs while maintaining the need to remain globally competitive. In order to shed some light on this issue, Visser (2006b) revisited Carroll's CSR pyramid from an African perspective, given Africa's low levels of development and high unemployment rates. Visser (2006b) argued that the economic responsibilities of leading companies in Africa should be at the core of their CSR priorities, followed by philanthropic, legal and ethical responsibilities. Although publications have helped obtain more insight into CSR in developing regions, there is the realisation that Africa is much less well researched than other regions in this regard. It has been noted that

empirical studies that cover African countries usually involve South Africa and Nigeria (Kolk and Lenfant, 2009: 2). This article responds to Visser's (2006) call for more studies on Africa, and in particular will report how CSR is practiced in five African countries (Ghana, Nigeria, Cameroon, Kenya, and South Africa) thus including three of the less-researched countries. It will further assess the similarities and differences in policies, procedures and practices, amongst these countries.

Africa remains a marginal region in global terms. With 12 per cent of the world's population (around 750 million people) in 53 countries, Africa accounts for less than 2 per cent of global gross domestic product (GDP) and FDI, and less than 10 per cent of FDI to all developing countries (African Development Bank, 2003, 2004). At the same time over the past decade the population figure has now grown to close on one billion people (World Bank 2013). The debate over Africa's future began to take centre stage with the publication of the report of the Commission for Africa (2005). The report calls for improved governance and capacity-building, the pursuit of peace and security, investment in people, economic growth and poverty reduction, and

increased and fairer trade. Given the lack of available government funding available, particularly in the smaller countries which we have included, this suggests that business has a key role to play in this transformation process, with much of its contribution necessarily channelled towards CSR.

Of the 81 poorest countries prioritised by the International Development Association, almost half are in Africa (World Bank, 2005). And even within Africa, there is highly skewed development, with the largest ten economies (including South Africa) accounting for 75 per cent of the continent's GDP (African Development Bank, 2004). (Hinson and Ndhlovu, 2011: 334). There are indications that these statistics have not changed significantly over the past decade.

An overview of corporate social responsibility in Sub Saharan Africa

The period of liberalization in sub-Saharan Africa, where countries are competing to attract direct foreign investment in the midst of huge social and environmental challenges, has led to the practice of CSR being further scrutinised. The limited financial infrastructure in many sub-Saharan countries makes systematic analysis of CSR in this area difficult; however the country of South Africa is an exception (Malan, 2005). South Africa is an emerging market economy with the 10th largest stock market in the world and is the most economically developed country in Africa. It however can also claim the unenviable status of having the greatest disparities in wealth between the rich and the poor of any country in the world.

In a study by Visser (2006) on African CSR literature between 1995 and 2005, it was discovered that only 12 of Africa's 53 countries have had any research published in core CSR journals, with 57 per cent of all articles focused on South Africa and 16 per cent on Nigeria.

Despite the generally negative press, there has been significant progress on the continent over the past decade. A total of 15 countries, including Uganda, Ethiopia and Burkina Faso, have been growing on average more than 5 per cent per year since the mid-1990s. Foreign direct investment (FDI) rose to \$8.5 billion in 2004, up from \$7.8 billion the previous year (World Bank, 2005). Africa's recent generation of leaders, through initiatives like the New Partnership for Africa's Development (NEPAD), the African Union and the East African Community, are apparently beginning to take some greater responsibility for development (Lundy and Visser, 2003).

For many companies globally, corporate social responsibility programmes emerge as a result of both internal motivators and external pressures. Internal motivators include corporate values, reputation and image, business strategy, and employee recruitment.

However, in Africa legislation and enforcement are poor, civil society scrutiny is largely absent, and consumer activism for responsibly-produced products is relatively weak – thus severely limiting the effectiveness of these internal pressures. External pressures include customers and consumers, community expectations, and the regulatory environment which may, for instance, provide tax incentives for companies to develop CSI programmes (Mirvis and Googins, 2006: 16).

In Africa, it has been said that "CSR is a theme generally inserted in the countries of the South by the countries of the North." In line with this understanding, multinational projects in Africa are most often focused on ethics, fair labour issues, HIV/AIDS, education, and child labour – all major concerns in the developed world when considering the African context. While major projects in Africa must meet international standards and codes such as the Equator Principles, and these standards have a trickle-down effect on local or regional suppliers to multinational companies. Much of the CSR discourse in Africa is focused on ethics and anti-corruption measures.

CSR is a particularly prominent theme among mining, oil, and gas companies in Southern Africa, due to their potentially significant negative social and environmental impacts. Beyond these global companies, large South African corporations are increasingly active in the field of CSR, and their reach extends into other Sub-Saharan African countries as well (Meridian Group International, 2006: 7) thus once again introducing some of these 'western' approaches into smaller African states.

In the North, a 'do no harm' philosophy has often typified good citizenship; in Africa, however, there are many more fundamental development challenges, including poverty, inequality between rich and poor, lack of healthcare and education opportunities, and widespread HIV/AIDS (Meridian Group International, 2006: 8). While some of these are also typical 'western' concerns, It is clear that much more effective, locally-inspired, CSI programmes will be needed in order to get to grips with key issues on the ground.

Key CSR Standards

As companies build up experience of CSR, the development of standards has emerged as a powerful tool for codifying and sharing learning and ensuring a common standard of practice. Over recent years a range of standards have been developed by businesses and governments and these standards have been the key mechanism for scaling up from individual CSR action to broader action. It is argued that this approach has helped to advance the practice of corporate responsibility, providing clarity and a common basis of rules and braking unproductive stalemates between businesses and their critics

(Forstater, M, Zadek, S, Guang, Y, Yu, K, Xiao Hong, C and George, M, 2010).

Forstater, et al. (2010), argue that a number of these standards are particularly relevant to business and development in Africa. For example:

- **The Equator Principles** offer a framework for environmental and social risk assessment of project finance, based on the Environmental and Social Standard of the IFC.

- **Extractive Industries Transparency Initiative (EITI)**, is a global standard that promotes revenue transparency. It provides a robust yet flexible methodology for monitoring and reconciling company payments and government revenues at the country level. The process is overseen by participants from the government, companies and national civil society.

- **Forest Stewardship Council**, set up in 1993 is an international non-governmental organization dedicated to promoting responsible management of the world's forests. It runs a global forest certification system that allows consumers to identify, purchase and use timber and forest products produced from well-managed forests.

- **The Global Reporting Initiative** set up in 2000 develops, stewards and encourages adoption of generally accepted guidelines for public reporting on sustainability performance.

- **The International Council for Mining and Minerals (ICMM) Sustainable Development**

Framework, developed by an industry group, provides a framework of principles for sustainable development, reporting and independent assurance for mining companies.

- **The Kimberley Process (KP)**, launched in 2003, certifies diamond supply chains to ensure that legitimate supplies can be distinguished from 'blood diamonds' that finance conflict.

- **UN Global Compact (UNGC)** establishes 10 broad principles covering environment, human rights, labor, and anti-corruption, and provides guidance, tools, learning and collaboration networks to assist companies in meeting and communicating on these principles.

- **Voluntary Principles on Security and Human Rights (VPs)** launched in 2000 sets out a standard to ensure that security forces protecting extractive projects do not intimidate or harm local people.

However, while international standards for CSR offer clarity and an established basis of expectations, they are not always a perfect fit with local needs and need to be adapted and evolved, so that they are effective and useful, and do not become barriers to entry for new investors. On the other hand the lure of permitting weaker standards for Africa should not be allowed to encourage less than ethical global players from ignoring the international norms. A fine ethical balance is needed here.

African governments and organisations have begun to develop their own CSR principles and

standards. In 2008 the Executive Council of the African Union (AU) announced its decision to facilitate the private sector's critical role in promoting Africa's regional and continental integration agenda, while the Government of Nigeria is attempting to pass legislation to make a minimum level of philanthropic CSR contributions mandatory for businesses in the country. The bill also proposes the establishment of a commission, whose duties would include providing standards, integrating social responsibility and international trade issues, conducting research, brokering partnerships between businesses and local communities and ranking of organisations according to their CSR initiatives.

In 2010 a group of national leaders and opinion formers came together to develop the Monrovia Principles, a made-in-Africa set of CSR guidelines. The Monrovia Principles emphasise CSR as a growth partnership between business, government and civil society, aiming at encouraging entrepreneurship and inclusive economic growth. However they also call for businesses to contribute at least 0.7 of their profits to CSR activities (Forstater, M, Zadek, S, Guang, Y, Yu, K, Xiao Hong, C and George, M, 2010). It can be convincingly argued that a good system of corporate governance contributes to sustainable economic growth, to strengthening of business and to attracting of domestic and foreign sources of capital and their protection. It ensures the structure through which the goals of the company, the means for attaining the goals and the ways of monitoring the results are determined. Strong legal, regulatory and institutional environments influence on corporate governance, as well as on business ethics, and a shared awareness of the interests of the environment and social needs also influence the long-term reputation and the success of the business (Radovic and Radukic, 2012: 128).

So what obligations does legislation impose on business today? The reality is that while it often attempts to compel companies to act responsibly thus making the practice of substantive corporate social responsibility an apparently logical outcome, the reality on the ground is more complex and often necessarily controlled by shareholders' interests. These may be in conflict with the best intentions of CSI codes. Indirect legislation or voluntarily imposed codes of conduct are unfortunately weak. The following section focusses on the CSR obligations and practices of five Sub-Saharan countries.

Insights into CSR practices amongst five Sub-Saharan African countries

This section highlights the practice amongst five Sub-Saharan African countries with a focus on framework and intervention strategies that are used to advance CSR. The findings highlight a desktop study report for 29 sub-Saharan countries carried out by GIZ in 2013 (GIZ, 2013). The five countries were chosen based on the practice of CSR in Africa, and whether

CSR was reinforced by company law relating to governance, and the type of regulations and standards that exist in African countries.

Ghana

The first African country to gain independence from European colonial rule in 1957, Ghana is a country that, despite enjoying the fruits of a robust democracy with accompanying economic and social reform, faces immense structural challenges and continual questions as to the sustainability of its economic growth. Ghana is well endowed with natural resources and the economy is diversified to include agriculture, mining, services and manufacturing. Oil, gold, cocoa and timber are all important trading commodities. It is expected that economic growth will increase around these activities resulting in pressure on the country's environment and physical and social infrastructure (GIZ, 2011: 53), all of which may, in turn lay emphasis on the increasing need for substantive CSI initiatives.

In collaboration with the Government of Ghana, the private sector, NGOs, the United Nations and other development partners seek to invest in programmes to tackle malaria, maternal health and family planning, and education quality.

CSR activities in Ghana demonstrate that the corporate sector focuses on a wide range of issues involving education, health, community development, sport and philanthropic needs, and environmental damage. One of the main reasons for business interest in CSR is that it contributes to the improvement of the image of the company and engages in socio-economic development of benefit to key stakeholders including particularly their employees and the wider community through education and health initiatives. Multi-national companies have a more strategic approach to CSR, whereas regional and local companies have a more grass-roots and philanthropic approach.

Sectorial legislation regulating CSR activities is limited, for example the Minerals and Mining (Amended) Act of 1994 (Act 475) and the Minerals and Mining Bill of 2005 (Act No. 703) are both silent on the social responsibility of mining companies towards the communities in which they operate. Mining Companies are therefore not bound by law to implement CSR activities in the country, and CSR activities, when they occur, are undertaken more in response to moral convictions. However, there are several laws and legislative instruments that seek to regulate activities in significant sectors including mining. These seek to mitigate any potentially harmful impact if not directly contributing to furthering social welfare. For example, there are a number of mining related laws and regulations that have been put in place to promote and regulate the extraction and marketing of various minerals in the country.

A number of important companies have declared their CSR objectives, e.g.: **ABL SABMiller**: formal CSI strategy focusing on positive transformation and upliftment of communities through education, health and social development programmes; a corporate accountability and risk assurance committee; reports on sustainability by submitting of Sustainability Report • **Barclays Bank Ghana**: signatory to the Equator Principles guiding project investment in managing social and environmental impacts, **Ghana Commercial bank**: focuses on technology to improve efficiency of operations, and has a special CSI account for contributions to education, health and sports programmes, **Multichoice Africa**: stakeholder engagement, a triple bottom-line approach to economic, social and environmental performance, leveraging assets and expertise for development and growth of communities in which it operates. **Ghana Gold Fields Mining Company**: a foundation fund for health, education, water and sanitation project in Tarkwa and Damang communities. **Goldfields Ghana Limited** continues to be a major sponsor of Ghana's national team – The Black Stars and **Unilever**: education and skills development of children, students, teachers; protect the environment and cut costs by recycling waste from palm oil processing; plastic recycling reduce waste and create income for local people; helps farmers to cultivate new tree crops – job creation, enterprise development, biodiversity and forest management (GIZ, 2011: 54).

In addition to the above the following forums or initiatives exist. **Corporate Social Responsibility Movement** in Ghana facilitating business dialogue and forums on social responsibility with focus on protection of the environment (The World Guide to CSR, 2010).

Ghana Club 100: Ranking top 10 companies, ranking criteria reflect development goals of the company, one of the criteria (10% weight) is CSR engagement. **Business Sense 2011** promotes the growth of the SME sector in Ghana by improving the capacity of entrepreneurs.

The **Ghana Business Code** is a set of principles introduced into the Ghanaian business environment. The GHBC emphasizes the triple bottom line (3ps) of corporate responsibility with regard to People, Profit and Planet (GHBC Webpage, 2012).

The **CSR Foundation** seeks to promote and encourage corporate social responsibility in Ghana. It is committed to helping achieve positive change through constructive engagement with all stakeholders and interest groups. Their mission is to help companies achieve sustainable growth and human progress by mainstreaming corporate social responsibility (CSR) into business practice (CSR Foundation Website, 2012) in (GIZ, 2011: 65).

Nigeria

Nigeria now with the highest GDP in Africa is a constitutional democracy that is modelled within a framework of a federal and presidential democratic republic. Nigeria has 36 states in addition to Abuja (the Federal Capital Territory) and 774 local governments, which all have considerable policy and fiscal autonomy and responsibility for delivery of public services (GIZ, 2011: 131).

The National Assembly is currently discussing a bill that proposes that businesses spend 3.5% of their gross profits on CSR. The essence of the proposed legislation implies a form of "CSR tax". The bill also proposes the establishment of a commission, whose duties include providing standards, integrating social responsibility and international trade issues, conducting research and investigations into community needs, informing businesses of requests, and ranking of organisations according to their CSR initiatives.

Despite the severe challenges facing the implementation of sound, progressive CSI policies in a country where central government is weak it is nonetheless fair to say that awareness and involvement in CSR clearly now exists within the business sector in a way that was not the case in the past. A degree of self-interest which works to the benefit of all also exists in that, according to Agbazue (2012), multi-national companies are engaging in CSR not only to make up for failures of the government but also to protect their businesses. Local companies engage in CSR as a means to "give back" to the people of the country. Businesses have also collaborated with international organisations like the United Nations Global Compact to mainstream universally acceptable principles (human rights) as part of their core practices.

The view exists, however, that although there is an obvious increased awareness of CSR in the country, it focuses more on philanthropy and good intentions and has not been complemented with enough action.

Drivers for CSR are therefore understood to include: local needs and public pressure (46%), globalisation (38%), competition (38%), public relations (38%), regulation (31%) and company success (31%) (The World Guide to CSR, 2010). The following examples provide some examples of specific CSR initiatives undertaken by individual companies in Nigeria. While it is not possible to isolate specific drivers of each initiative it is probably correct to assume that each of these drivers is behind one or other CSR project and many will have been undertaken for a combination of these incentives.

Oando Plc is one of Africa's largest integrated energy solutions company, with core focus areas in marketing, supply and trading, gas and power, energy, exploration and production and refining. The Oando 'Adopt-A-School' programme is a home grown

initiative to adopt schools in communities along any of their pipelines. They aim to rehabilitate the structural facilities of 100 primary schools across West Africa by 2015; **Zenith Bank** has instituted a full-blown corporate social responsibility organ. "Zenith Philanthropy", through which it reaches out to touch its host communities and the larger society. Key need areas include healthcare, education, ICT and youth empowerment, sports and public infrastructure development; **Diamond Bank Plc's** policy is to touch the lives of its stakeholders, especially the indigent in the society, focusing on healthcare, education, and economic empowerment in CSR activities; **MTN Nigeria**, through the 'MTN Foundation' focuses on education, health and economic empowerment in Nigeria; **Nigerian Brewery Plc's** CSR focus areas include education, healthcare, sport development, environmental protection, development of the young Nigerian entertainment industry, and promoting responsible drinking; and **United Bank Africa**, through the 'UBA Foundation' focuses on education, environment, youth development, and economic empowerment of communities in Nigeria (GIZ, 2011: 145 -150).

Despite these individual initiatives, it remains true that CSR has not played a significant role in Nigeria to date. The country continues to be faced with basic challenges such as poverty and lack of infrastructure. Within this context, CSR is often approached simply from a philanthropic perspective, rather than being seen as part of the core business strategy of companies. CSR is not yet considered to be closely linked to a company's core business, and as embedded in its income-generating activities and the products sold. There is no indication, for instance, of the value of including CSR's as an integral aspect of the whole supply chain. It appears that even the multi-nationals who operate in Nigeria along with the wider international community still participate in this weaker philanthropic approach to CSR. There is for instance a noticeable increase in the number of corporate foundations (telecoms and financial sector) in Nigeria, mainly targeting CSR activities relating to education, health, poverty alleviation, and the environment (The World Guide to CSR, 2010). The country (government, civil society and business) has however, started on the CSR journey, and some multi-national companies are leading through a more strategic CSR approach (GIZ, 2011: 147).

Cameroon

Cameroon is another of the more economically powerful states in Central Africa. Reunified in 1961, the country's economy is endowed with one of Africa's largest reserves of raw materials. The country does, however, deal with many of the problems that commonly affect developing countries including low per capita income, social inequality and high levels of corruption (Africa report, 2010). The Constitution of

Cameroon was amended in 2008. There is no strategic framework or legislation governing CSR in Cameroon.

CSR mainly seems to be promoted in Cameroon by large businesses. Again these companies contribute to CSR primarily through philanthropic projects in health, education, and poverty reduction. There are several examples of private sector involvement in development initiatives to create employment and generate sources of income. The state's role is now being reduced as a result of the different reforms recommended by international financial institutions. Overall, the state has adopted a regulatory role and is steadily withdrawing from productive activity. More than anything, environmental and social legal obligations are not very exacting compared with international good practice. Companies therefore, have much leeway when carrying out social engagement.

Although, there are instances of community-focused good practice being taken forward by companies, as it stands, exemplarity appears to be lacking, particularly in terms of the ISO 26000 standard (GIZ, 2011: 38-48).

Most large businesses, however, such as SGBC, Nestlé, Cam Iron, Alucam, MTN, Diageo, Rodeo, Perenco and Orange Cameroon have undertaken discretionary measures to improve the living conditions of local populations. An example is AES-Sonel's partnership project, which aims to contribute to the sustainable development of the Massok-Songloulou and Pouma regions thereby contributing to poverty reduction (GIZ, 2011: 38-48).

Kenya

Kenya was declared a British Colony and Protectorate on 1st July 1895. The ensuing years of colonial rule were characterized by punitive economic, social and political policies. These policies included land alienation for European settlers (Sorrenson, 1965), African taxation (Tarus, 2004) and African forced labour (Zezeza, 1992). Independence was attained in December 1963. Kenya remains a poor country, despite its many positive aspects. Moreover income inequality and poverty have become more prevalent since independence (Ndege, 2008). It ranks amongst the 30 most unequal societies in the world (SID, 2004) in (GIZ, 2011: 76).

Multi-national corporations have been the leading force of CSR efforts in Kenya, mostly working in their immediate areas of influence, for example by providing housing, education, transportation, medical services, pensions and health insurance for their employees and their families. Kenyan companies are also actively engaged in social issues, sometimes in response to the requirements of their foreign trading partners in such areas as labour standards and environmental protection. Fair trade

standards are playing an increasingly important role in the coffee, tea, flower, food and textile industries.

Examples of CSR, from a business perspective, include **Bamburi Cement Ltd** which reduces and manages environmental pollution, works on land reclamation and biodiversity (e.g., the world famous "Haller Park – quarry rehabilitation project) (The World Guide to CSR, 2010). **Unilever Kenya** which formed a coalition of eight companies to assist in education and prevention of Aids, has also helped to set up the Kenya HIV/AIDS Private Sector Business Council to encourage companies to adopt workplace HIV/AIDS programmes. **OSRAM** launched a pilot project in Kenya to produce light which is independent of a permanent power supply and environmentally safe. **Henkel Kenya** educates employees about HIV/AIDS and provides medications for those already infected; the company also has a policy of non-discrimination and non-stigmatisation.

Tata Chemicals Ltd (previously known as Magadi Soda Company) has extensive CSR strategies and initiatives including building community relationships and strengthening community participation in local governance (The Business of Sustainability in Africa, 2008) in (GIZ, 2011: 82)

As in other countries however Multi-national companies tend to be more performance-driven in CSR in order to maximise profits and enhance competitiveness, whereas local companies participate in value-driven CSR (good and the right thing to do). Drivers of CSR in Kenya are a combination of normative (to give something back to society), instrumental (for public relations and marketing purposes) and strategic (engagement in CSR as part of a company's mission and vision) (The World Guide to CSR, 2010) in (GIZ, 2011: 81).

South Africa

South Africa is famous for its peaceful transition to democracy in 1994. The highly acclaimed democratic constitution was adopted in 1997. This shift in democratic political governance was paralleled in the corporate governance world with the intention of bridging the traditional economic gap between black and white South Africans (GIZ, 2011: 179). However global liberalisation trends, already fully established internationally at the period of transition, have arguably contributed to the widening gap between rich and poor which, although shifting somewhat demographically, has seen the poorest sections of society remaining largely black. In the absence of any strong regulatory system being imposed by government even really worthwhile CSI initiatives must arguably defer to a company's economic bottom line and the primary interests of its shareholders.

Political change and the efforts to balance out the unequal distribution of wealth have however driven CSR forward in South Africa. This has clearly

defined the role of CSR, which is now embedded in law, and business has in some instances even moved beyond the demands of this legislation (Juggernath, Rampersad and Reddy, 2011: 2).

CSR, in the particular historical circumstances of South Africa involves not just corporate citizenship (i.e. the integration of social and environmental considerations into all aspects of the enterprise's operations) but also affirmative action and skills development to redress past apartheid ills, that is, fundamental change via government activities such as broad-based black economic empowerment (B-BBEE). The South African Government formalised the B-BBEE scorecard for companies to measure and enforce compliance with BEE transformation initiatives. The scorecard contains seven elements: ownership, management, employment equity, skills development, preferential procurement, enterprise development and socio-economic development. Businesses CSI spend has tended to focus on the last two categories.

Despite involving only one per cent of companies' profits, it is worth noting that CSI is a South African phenomenon most famously influencing international corporate social governance initiatives through our King II and King III reports. CSR activities were initially interpreted as corporate or strategic philanthropy – with an emphasis on education and health care, especially HIV/AIDS, and welfare at both local and national levels. More recently CSI projects have become more focused on sustainable development, governance issues and questions of public-private partnerships (Hinson & Ndlovu, 2011: 335)

In 1994, South Africa's King Committee issued an influential and widely circulated report on corporate governance. The report was the first global corporate governance code to talk about "stakeholders" and to stress the importance of business accountability beyond the interests of shareholders. The King II Report was published in 2002, and urged companies to move towards "triple bottom line" reporting, including social, economic and environmental criteria. King II also contains a special section dealing with HIV/AIDS, outlining principles that should be followed. Adherence to the King II principles is now a requirement for listing on the Johannesburg Securities Exchange. However research of the top 200 companies in South Africa reveals that less than 60% claim to have fully adopted the requirements of King II (Dawkins and Ngunjiri, 2008) while anecdotal reports from auditors suggest that the changes often remain cosmetic.

In 2003, the Johannesburg Stock Exchange (JSE) expressed a need to hold large corporations accountable for their investment actions by launching a socially responsible investment (SRI) index. The SRI index was instituted to identify those companies listed on the JSE that integrate the principles of SRI and sustainability into their business activities, and to

facilitate investment in such companies. The SRI Index has been structured to reflect the complex nature of social responsibility in South Africa and, hence, it has detailed criteria for each of the triple bottom lines. In addition, the SRI Index identifies criteria for corporate governance, which is the foundation on which each of the triple bottom lines rests as good corporate governance plays a major role in ensuring that sustainability issues are identified, managed and resolved.

The Index is structured along the three pillars of the triple bottom line, namely, environment, society and economy. A company must address each of these pillars if it is truly to be said to have integrated sustainability into its business practices. While the economic dimension is about profitability, the social dimension means that companies have to go beyond fulfilling their legal responsibilities and invest in human capital, as well as take actions to contribute to the welfare and interests of the staff and community (Terry, 2010: 17). Companies have however little option but to allow the economic dimension outweigh the others if they are to remain profitable in a globally competitive environment.

In its annual CSI survey, Trialogue (2013: 36) reports that CSI expenditure in South Africa has risen to R7.8 billion (\$780 million) in 2013. This represents an 8 % growth in expenditure when adjusted for inflation from 2012. Half of the total CSI expenditure comes from just 31 companies, mainly from the mining, financial services and retail sectors. The top 100 companies account for 70% of all social investment. Mining companies continue to spend substantial sums on infrastructure projects in areas around their operations clearly benefitting both the communities who live there, their workforce, and their own economic activities. In 2013, companies in the mining sector spent an average of R62 million (\$6,2 million) on CSI initiatives. While substantial, this of course represents only a tiny proportion of corporate profits. Respondents were asked to rank the factors describing their business rationale for social investment, choosing up to three drivers. Most (84%) stated that a moral imperative to 'do the right thing' was one of the top-three considerations, followed by reputational benefits (60%). Most companies cited the Department of Trade and Industry's (DTI) Broad-based Black Economic Empowerment (BBBEE) Codes of Good Practice as a key driver (44%) rather than industry sector charter obligations (28%). Thus while intentions are clearly good and there is no reason to doubt the stated commitment of companies to do the right thing, the recent severe and prolonged industrial unrest indicates that the reality on the ground involves unresolved tensions.

It is also interesting to note that, while 82% of corporate respondents had operations in other countries, only one third (34%) of these companies had CSI programmes outside South Africa, suggesting that the regulatory 'big stick' may be the primary

reason for compliance within the country. With regard to the small subset of companies with foreign CSI programmes, both budget and strategy were most often determined locally, at the country's own office but with over 40% of programmes determined by strategy set in the South African head office. In instances where the budget is held in South Africa, foreign CSI represented an average of 10% of CSI expenditure.

Where CSI programmes exist across countries, companies often made use of commonalities to strengthen their programme as a whole. Just under two-thirds (65%) reported a shared strategy, and slightly fewer (61%) had common focus areas. Far less common were centralised management (24%) and shared flagship projects (20%). *Dialogue* (2013:45). It could be inferred from this that companies still feel the need to be in a position to act independently as far as their commitments to CSI initiatives. When times are hard they need to have the flexibility to be in a position to concentrate on their economic bottom line.

The following listed companies have been ranked by the JSE Socially Responsible Index as best performers 2007 – 2010: ABSA, Anglo American plc, Anglo Gold Ashanti, Merafe Resources, Gold Field Ltd, Group Five, Standard Bank and Tongaat Hulett, while the following Companies: Nedbank, SAB Miller and MTN were nominated as the top three companies that are achieving the most developmental impact through their CSI activities (*Dialogue*, 2013:182).

Conclusion

CSR, as primarily a business response to social and environmental challenges, finds its role in the midst of competing and often contradictory demands. Economic progress is co-determined by both the societal conditions and the institutional frameworks that define the limitations and possibilities for business in a country.

This paper set out to discover the similarities and differences in policies, procedures and practices relating the CSR in Sub-Saharan countries. Our analysis of company information reveals that opportunities are now widely appreciated and that most companies report on their economic and social impacts. However, CSR reporting is fairly generic, and the specific context seems to bear little influence on the type of CSR activities undertaken apart from the rather more locally sensitive initiatives reported from some smaller economies.

In Ghana the overall political, economic and social context has created a positive environment for CSR awareness and advancement in the private sector while in Nigeria, CSR has not played a significant role to date. The country continues to be faced with basic challenges such as poverty and infrastructure and within this context CSR is approached largely

from a philanthropic perspective, with some failure in mainstreaming. The approach is further confirmed with an increase in the number of corporate foundations. The country (government, civil society and business) has however started on the CSR journey, and some multi-national companies are leading through a more strategic CSR approach (GIZ, 2011: 147). In Cameroon CSR is promising and businesses increasingly practice CSR as a form of philanthropy. However, examples of corporate social investment are rare and there needs to be an improvement in quality processes in these 'leading' companies, taking them from the level of social investment to the level of strategic CSR. Research in CSR proves that business voluntarism is prompted by social expectations that must be met or respected if industrial peace is to be maintained. Development partners might, for instance, create independent funds (multi-stakeholder governance, transparent funding criteria, etc.) to support the CSR-related activities of civil society (unions, NGOs and the media) (GIZ, 2011: 38-48). In Kenya, CSR has also traditionally been viewed from a philanthropic perspective (Ufadhili Trust, 2008). More recently there is a definite move from this approach to a more strategic one whereby CSR activities become linked to the vision and mission of the company. This transition is led by multi-national companies focusing on more performance driven CSR activities, but in turn local Kenyan companies are also making this transition as they are pressurised by their foreign trade markets to adhere to certain international standards relating to social and environmental issues. However, the tendency of companies excelling in certain aspects of CSR while neglecting others is still a major challenge for the holistic integration of CSR (GIZ, 2011: 82).

Our research has revealed that South Africa is the continental leader in CSR practice with advanced CSR policies in place, significant CSR activities taking place, and partnerships established. The South African CSR approach has developed from purely charitable programs, into a more CSI and strategic philanthropic approach, to a more recent strategic and integrated approach to CSR by all role-players i.e. government, civil society and business (GIZ, 2011: 196).

In South Africa the business rationale for CSR revolves around addressing socio-economic challenges through economic access and opportunities to Previously Disadvantaged Individuals. 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. In South Africa, CSR cannot be defined purely as voluntary initiatives as there are no clear distinctions or divisions between voluntary business actions and state-led interventions. The Broad based Black Economic Empowerment Act (BBBEE) continues to

be a powerful driver in shaping the future of the South African CSR landscape, with “Ubuntu” (African humanism) as cultural driver, resonating with the reciprocal nature of CSR (CSR Navigator, 2007). South Africa has taken significant steps in the areas of corporate governance and business ethics (King III Report), labour practices, and the measuring and reporting on the social responsibility of listed companies through the JSE Social Responsible Investment Index (SRI). Although they do not constitute official legal documents they are internationally regarded as state-of-the-art guidelines regarding good corporate governance.

We conclude that in each of the five countries researched CSR activities were initially of a philanthropic nature and mainly focused on donations or voluntary contributions to communities in areas of identified need such as education, healthcare, poverty alleviation and community development. However, CSR activities are now increasingly aligned with core business on the one hand and societal priorities on the other. In most cases current initiatives are budgeted for and properly managed and where CSR activities are strategically chosen to be aligned with core business purposes, they are explicitly policy driven, anchored in relevant legislation and aligned with recognised benchmark standards. In many instances collaboration is being sought with industry forums, government or global institutions and reporting is common practice.

The discussion in this paper has focused on the CSR engagement of five countries in Sub-Saharan Africa. As was to be expected, South Africa emerges as the leader in this field. Indeed South Africa has, through the King II and King III initiatives, influenced global CSR practice as ideally integrated within formal financial reporting procedures. Even in this country however these gains have clearly failed to make a major impact on the economic realities of a liberalised global economic context where competitive imperatives must trump good triple bottom line intentions if industry players are to remain competitive. Practice of CSR by South African companies in other parts of Africa where they are beyond the bounds of South African regulations would, for instance, be an interesting area for further investigation.

References

1. African Development Bank. (2003). *Statistics Pocket Book 2003*. Abidjan: African Development Bank.
2. African Development Bank. (2004). *African Development Report 2004: Africa in the Global Trading System*. Abidjan: African Development Bank.
3. De Jongh, D., & Prinsloo, P. (2005). ‘Why Teach Corporate Citizenship Differently?’, *Journal of Corporate Citizenship* 18(Spring), 113–122.
4. Dawkins, C., & Ngunjiri F. W. (2008). ‘Corporate Social Responsibility in South Africa. A Descriptive and Comparative Analysis’. *Journal of Business Communication* 45(4), 286–307.
5. Egels, N. (2005). ‘CSR in Electrification of Rural Africa: The Case of ABB in Tanzania’, *Journal of Corporate Citizenship* 18 (Spring), 75–85.
6. Forstater, M., Zadek, S., Guang, Y., Yu, K., Xiao Hong, C & George, M. (2010). *Corporate social responsibility in African Development*. Working Paper No. 60. A Working Paper of the Corporate Social Responsibility Initiative.
7. GIZ. (2013). *Shaping Corporate Social Responsibility in sub-Saharan Africa: Guidance Guidebook for MSP Facilitation*. GIZ.
8. GTZ. 2007. *The CSR navigator*. GTZ and the Bertelsmann Stiftung.
9. Hamann, R., & Kapelus, P. (2004). ‘Corporate Social Responsibility in Mining in Southern Africa: Fair Accountability or Just Greenwash?’. *Development* 47(3), 85–92.
10. Hamman, R., Agbazue, T., Kapelus, P. & Hein, A. (2005). ‘Universalizing Corporate Social Responsibility? South African Challenges to the International Organization for Standardization’s New Social Responsibility Standard’. *Business and Society*. 110(1), 1–19.
11. Hinson, E., & Ndlovu, T.P. (2011). Conceptualising corporate social responsibility (CSR) and corporate social investment (CSI): the South African context. *Social Responsibility Journal*. England: Emerald Group publishing. Vol. 7 No. 3 2011.
12. Idemudia, U., & Ite, U. E. (2006). ‘Corporate-Community Relations in Nigeria’s Oil Industry: Challenges and Imperatives’. *Corporate Social Responsibility and Environmental Management* 13(4), 194–206.
13. Juggernath, S., Rampersad, R., & Reddy, K. (2011). ‘Corporate Responsibility for socio-economic transformation: A focus on broad-based black economic empowerment and its implementation in South Africa’. *African Journal of Business Management*. 5(20), pp. 8224-8234.
14. Kolk, A., & Lenfant, F. (2009). MNC Reporting on CSR and Conflict in Central Africa. *Journal of Business Ethics*. 93:241–255. Springer.
15. Lundy, G., & Visser, W. (2003). *South Africa: Reasons to Believe*, Cape Town. Aardvark.
16. Malan, D. (2005). Corporate citizens, colonialists, tourists or activists? Ethical challenges facing South African corporations in Africa. *Journal of Corporate Citizenship*, 18, 49-60.
17. Meridian Group International, Inc. (2006). CSR in Africa: Internet Research Study Extending Service Delivery Project/April 3, 2006.
18. Mirvis, P., & Googins, B. (2006), ‘Stages of Corporate Citizenship: A Developmental Framework’, A Centre for Corporate Citizenship at Boston College Monograph.
19. Ojo, O. (2008). ‘Nigeria: CSR as a Vehicle for Economic Development’, in S. O. Idowu and W. L. Filho (eds.), *Global Practices of Corporate Social Responsibility* (Springer, Berlin), pp. 393–433.
20. Radovic, M., & Radukic, S. (2012). The Boards of Directors in function of improvement of the competitiveness of the Serbian companies. *Technics Technologies Education Management*, 7(1). pp. 128 – 136.
21. Sorrenson, M. P. K. (1965). *Origins of European settlement in Kenya*. Nairobi: Oxford University Press.

22. Tarus, I. (2004). *A history of the direct taxation of the African peoples of Kenya, 1895–1973*. PhD Thesis, Department of History, Rhodes University, Grahamstown, South Africa.
23. Terry, G. (2010). “Corporate Social Responsibility: Altruism as a business imperative”. *Inside Mining*, 3(1). pp. 16-19.
24. Trialogue (2013). *The CSI Handbook 2013*, 16th ed. Cape Town, Trialogue.
25. Visser, W. (2006). *Revisiting Carroll’s CSR pyramid*. In: E.R. Pedersen and Huniche, M. (Eds), *Corporate Citizenship in Developing Countries*, The Copenhagen Centre.
26. Visser, W. (2006a). “*Research on corporate citizenship in Africa: a ten-year review (1995-2005)*”, in Visser, W., McIntosh, M. and Middleton, C. (Eds), *The A to Z of Corporate Social Responsibility*, Greenleaf, Sheffield.
27. Visser, W. (2006b). ‘*Revisiting Carroll’s CSR Pyramid. An African Perspective*’, in E. R. Pedersen and M. Huniche (eds.), *Corporate Citizenship in Developing Countries* (Copenhagen Business School Press, Copenhagen). pp. 29–56.
28. World Bank (2006). *World Development Report*.
29. SID. (2004). *Pulling apart facts and figures on inequality in Kenya*. Society for International Development.
30. Zeleza, T. (1992). *The colonial labour system in Kenya*. In Ochieng, W. R. & Maxon, R.M. (eds). *An Economic History of Kenya*. Nairobi: East African Publishers.