

**An Assessment of Strategic Corporate Social Responsibility
(CSR) as a Competitive Tool in Zimbabwe's Mining Sector for
the Period 2008- 2012.**

LAMBERT MUIRIMI

AUGUST 2013

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF
THE MASTER OF BUSINESS ADMINISTRATION DEGREE**

GRADUATE SCHOOL OF MANAGEMENT

UNIVERSITY OF ZIMBABWE

SUPERVISOR: DR. HENRY N. CHIKOVA

DEDICATION

My dedication goes to all mining houses, mining industry employees, regulatory authorities and those who play roles in the in the trade in all minerals. Without you this vital industry would be non-existent and the economy would be deprived of valuable input. I sincerely hope this study will help in harmonizing the profitability, shareholder expectations with what society at large expects the mining industry.

DECLARATION

Student's Declaration-I ,**LAMBERT MUIRIMI**, do hereby declare that this dissertation is the result of my own investigation and research , except to the extent indicated in the acknowledgements ,references ,and by comments included in the body of the report, and that this dissertation is therefore my original work and has not been presented in part or in full for any other degree in any other University.

Signature.....

Date.....

NAME: LAMBERT MUIRIMI

STUDENT NUMBER: R088248C

Supervisor Declaration- I, Henry N. Chikova, confirm that the work reported in this dissertation was carried out the candidate under my supervision as the University supervisor. This dissertation has been submitted for my review with my approval as the University Supervisor.

Signature.....

Date.....

NAME: DR.HENRY N. CHIKOVA

Graduate School of Management

University of Zimbabwe

ABSTRACT

Corporate Social Responsibility (CSR) has been a contentious or controversial issue in the business sectors because of its relationship to cost and profitability, which is normally perceived to impact negatively on corporate financial performance (CFP). The corporate has pressure to balance its profitability and CSR activities. Because of this situation where CSR is a necessary demand on the business by various stakeholders a new approach to CSR has evolved which is called strategic CSR. The approach taken by this study is to ascertain the nature of CSR practices in the mining sector and to what extent strategic CSR is being practised, or can be practised as a business model that generates profits. The mining sector in Zimbabwe has been chosen because it generates 65 per cent of the country's export revenue and in the process extracts non-renewable resources. This makes it incumbent upon players in the sector to develop strategic CSR business models in consideration of a future without the resources mentioned, that is, sustainability issues need to be considered.

Objectives addressed were CSR stakeholder identification, CSR activities, relationship between CSR and CFP and challenges in implementing strategic CSR. Quantitative (hypotheses testing) were employed and a total of 65 responses to the questionnaire were received from the 92 sent out giving a response rate of 70.6 per cent. The population size was 400 from 24 mining houses. Findings largely indicate that strategic CSR was not being practised as profitability of was not planned for in the strategic CSR programmes. However hypotheses tests proved that CSR has a positive impact on financial performance. Lack of strategic CSR as a strategic tool was suggested to be a result of lack of managerial skill in developing CSR as a strategic tool as managers largely had autonomy from shareholders to implement CSR with investors being keen on the subject. Models were suggested to assist managers to craft CSR as a strategic business model in the mining sector.

ACKNOWLEDGEMENTS

I would like to first acknowledge my supervisor, Dr. Henry N. Chikova for the direction he provided in this dissertation. His well informed views were of great assistance.

I would like to thank my wife Mercy Zvikomborero, children Kudzai, Tafadzwa, Kerina and Rutendo, for having to do without me in their lives for long periods as I pursued my MBA degree.

Lastly I would like to thank all players in the mining industry who contributed immensely to this research by providing well informed views in issues relating to this industry, especially those who responded to the questionnaires.

Contents

DEDICATION	i
DECLARATION.....	ii
ABSTRACT.....	iii
ACKNOWLEDGEMENTS.....	iv
LIST OF TABLES.....	ix
Table of Contents	ix
LIST OF FIGURES.....	x
LIST OF ABBREVIATIONS	xii
CHAPTER ONE	1
1.0 INTRODUCTION.....	1
1.1 <i>BACKGROUND TO THE STUDY</i>	1
1.2 <i>BACKGROUND TO THE MINING SECTOR IN ZIMBABWE</i>	3
1.2.1 PESTLE Analysis of the Mining Sector in Zimbabwe	3
1.2.1.1 Political	3
1.2.1.2 Economic.....	4
1.2.1.3 Sociological.....	4
1.2.1.4 Technological.....	4
1.2.1.5 Legal	5
1.2.1.6 Environmental.....	5
1.3 <i>Problem Statement</i>	5
1.4 <i>RESEARCH OBJECTIVES</i>	6
1.5 <i>RESEARCH QUESTIONS</i>	7
1.6 <i>RESEARCH HYPOTHESES</i>	7
1.7 <i>RESEARCH JUSTIFICATION</i>	8
1.8 <i>RESEARCH SCOPE</i>	8
1.9 <i>LIMITATIONS TO THE STUDY</i>	8
1.10 <i>DISSERTATION OUTLINE</i>	8
1.11 <i>Chapter Summary</i>	9
CHAPTER TWO	9

LITERATURE REVIEW	9
<i>2.0 INTRODUCTION.....</i>	9
<i>2.1 THE MAIN ARGUMENTS.....</i>	10
2.2.1. CSI, Competitiveness and Strategy	10
2.2.1.2 Competitiveness and SCA.....	11
2.2.1.2 i Resource Based View (RBV)	12
2.2.1.2. ii Competitiveness: Resource Based View or Strategic Convergence	13
<i>2.3 CORPORATE SOCIAL RESPONSIBILITY (CSR) AND ITS ASPECTS.....</i>	15
2.3.1 Definition of Corporate Social Responsibility	15
2.3.2 Development and Views of CSR.....	15
2.3.3 Theories to Analyse and Explain CSR.....	16
2.3.3 i Stakeholder Theories.....	16
2.3.3.1 Stakeholders in the CSR Agenda in the Mining Sector.....	17
a. The State (Government).....	18
b. Investors.....	18
c. Multilateral Institutions.....	18
d. Non-Governmental Organisations (NGOs).....	18
e. Other Initiatives	19
f. Development Assistance Agencies.....	19
<i>2.4 THEORETICAL APPROACHES TO CSR.....</i>	19
2.4.1. Social Contracts Theory.....	19
2.4.2. Legitimacy theory	20
<i>2.5 ASSESSING PERFORMANCE.....</i>	20
Figure 2.1 The Corporate Social Performance Model	22
<i>2.6 SOCIAL RESPONSIBILITIES VERSUS SOCIAL ISSUES.....</i>	23
<i>2.7 STRATEGIC CSR.....</i>	24
2.7.1 Strategic Nature of CSR and Building CSR into Strategy.....	24
Figure 2.2 CSR in the Concept of Strategy.....	26
2.7.1. i Firm mission.....	26
2.7.1 ii Strategic issues	27
2.7.1 iii Markets	28
2.7.1 iv Customer Needs.....	29
2.7.1. v Resources	30
2.7.1.1.i Firm internal and external perspectives and stakeholders management	32
2.7.1.2 Firm Activities Perspective	33
<i>2.8 IDENTIFICATION AND DEVELOPMENT OF ASYMMETRIES IN CSR CAPABILITIES.....</i>	35
<i>2.9 BUSINESS BENEFITS OF PURSUING STRATEGIC CSR.....</i>	38
2.9.1 Strategic CSR Model: Bhattacharyya (2010)	38
<i>2.10 CSR FROM THE STAKEHOLDERS' PERSPECTIVE.....</i>	41

2.11 THE RELATIONSHIP OF CSR AND CFP.....	42
2.12 SUMMARY.....	43
CHAPTER 3.....	46
METHODOLOGY.....	46
3.0 INTRODUCTION.....	46
3.1 RESEARCH PHILOSOPHY.....	46
3.5 SAMPLING.....	48
3.5.1 SAMPLING METHOD.....	48
3.5.6 DETERMINATION OF SAMPLE SIZE.....	49
3.5.6.1 Considerations in Sample Size Determination.....	49
3.5.6.3 SAMPLE DESIGN.....	51
3.6 DATA COLLECTION.....	51
3.7 DATA ANALYSIS.....	51
3.7.1 Hypothesis Testing.....	52
3.7.1. i. Stating the Hypothesis.....	52
3.7.1. ii Formulating an Analysis Plan.....	53
3.7.1. iii Analyse Sample Data.....	53
3.7.1. iv. Interpret the Results.....	53
3.8 CHAPTER SUMMARY.....	53
CHAPTER 4.....	54
4.0 RESEARCH RESULTS AND DISCUSSION.....	55
4.1 INTRODUCTION.....	55
4.2 RESPONSE RATE.....	55
4.3 DEMOGRAPHIC ASPECTS.....	55
4.3.1. Response Rate by Management Level.....	55
4.3.2 Response Rate by Mineral Category.....	55
4.3.3 Response Rate of CSR Activities by Management Level of Respondents.....	56
4.3.4 Identification of Key Stakeholders.....	57
4.2.5 Identification of Major CSR Activities.....	57
4.4.1 Financial Aspects and Voluntary CSR.....	59
4.4.2 Strategic Criteria of Voluntary CSR.....	63
4.4.3 Risk Management Criteria of Voluntary CSR.....	68
4.5 HYPOTHESIS TESTING.....	73
4.7 CHAPTER SUMMARY.....	74

CHAPTER 5	75
5.0 CONCLUSIONS AND RECOMMENDATIONS	75
5.1 INTRODUCTION	75
5.2 CONCLUSIONS	75
5.2.1 Testing Hypotheses	75
5.3 RECOMMENDATIONS	76
5.3.1 Stakeholder Engagement.....	76
5.3.2 Sponsoring Research in market and non-market Sectors	76
5.4 AREAS OF FURTHER STUDY	77
5.5 CHAPTER SUMMARY	77
REFERENCES	78
APPENDICES	86
Appendix i : Cover Letter	86

LIST OF TABLES

Table	Title	
Table 3.1	Sample Size Determination from Population Size	50
Table 4.1	Response rate by management grade	55
Table 4.2	Response rate according to the category of mineral category	55
Table 4.3	Response Rate by Management Category of CSR activity	56
Table 4.4	Response Rate by Management Category of CSR activity	57
Table 4.5	Major CSR Activities in the Mining Sector	58

LIST OF FIGURES

Figure		Page
Figure 2.1	The Corporate Social Performance Model	22
Figure 2.2	CSR in the Concept of Strategy	26
Figure 2.3	Elements of Sustainable First –Mover Advantage in CSR Initiatives	37
Figure 2.4	Benefits of strategic CSR	40
Figure 2.5:	The Integrated strategic CSR Model	41
Figure 4.1	CSR and financial stability	59
Figure 4.2	CSR activity and profits attained	59
Figure 4.3	Negative Impact of CSR on corporate financial Performance	60
Figure 4.4	CSI and corporate financial performance	60
Figure 4.5	key customer value is price	61
Figure 4.6	CSI as a profit enhancing activity	61
Figure 4.7	Financial contribution to state is adequate CSI	62
Fig.4.8	Engagement of stakeholders key to addressing expectations	62
Figure 4.9	Expectations not aligned to vision should not be addressed	63
Figure 4.10	CSI is part of the organization's strategy	64
Figure 4.11	CSI is alignment to vision and mission	65
Figure 4.12	CSI benefits to employees	65
Figure 4.13	Centrality, specificity and visible CSI initiatives and competitiveness	66
Figure 4.14	Environmental scanning of issues identification and competitiveness	66
Figure 4.15	Stakeholder engagement, management and competitive advantage	67

Figure 4.16	Possibility of implementing CSI in non-market sectors for Competitiveness	67
Figure 4.17	CSI is corporate philanthropy	69
Figure 4.18	CSI is enables us to manage risks	69
Figure 4.19	CSI is an exercise in public relations	70
Figure 4.20	Investors' attitude towards CSI	70
Figure 4.21	Management autonomy towards CSI	71
Figure 4.22	Green products and customer value in mineral exports	71
Figure 4.23	Global Reporting Initiative and CSI activities	72

LIST OF ABBREVIATIONS

LIST OF ABBREVIATIONS	Page
CA-Competitive Advantage	
CSR-Corporate Social Responsibility	
CSI-Corporate Social Investment	
SCA-Sustainable Competitive Advantage	
EMA-Environmental Management Agency	
MNC-Multinational Corporation	
CFP-Corporate Financial Performance	
RBV-Resource Based View	
RPI-Radical Product Innovation	
DQP-Diversified Quality Production	
LCP-Least Cost Production	
WBSCD-World Business Council for Sustainable Development	
GRI-Global Reporting Initiative	
UN-United Nations	
ILO-International Labour Organisation	
NGO-Non-Governmental Organisation	
NSSA-National Social Security	
VAT-Value Added Tax	

CHAPTER ONE

1.0 INTRODUCTION

This chapter outlines the purpose of the research, the justification and the roadmap of the research. The chapter will also present the problem statement and research proposition, which provide the context for the research.

1.1 BACKGROUND TO THE STUDY

Historically, the mining industry has been perceived to be focused on profit maximization, paying little or no attention to its negative impact on communities and the environment. The only contribution to society and the environment has been largely discretionary and philanthropic and mainly about reputation management. It is therefore important that Corporate Social Responsibility/Investment (CSR) projects should be employed in ways that enhances competitiveness of incumbent players. This points to the need to employ CSI strategies that do not compromise the profit maximization objectives of mining companies, also known as strategic CSR (Bhattacharyya, 2010; Galbreath, 2009; Sirsly and Lamertz, 2008; Olirtzky et al., 2011). However the challenge is on how to conceptualise and implement such strategies that are concurrently profitable.

Multinational corporations (MNCs) operating in the mining sector have been known to prioritise profits while ignoring the negative externalities they impose on the environment (Jenkins, 2004 cited by Jenkins and Obara, 2008). It is against this background that the global mining industry has addressed its social and environmental responsibilities. CSR/CSI initiatives to address social and environmental sustainability at the local level, where the greatest impact is felt, have been largely effective. Some have however argued that this has posed the risk of dependency by communities on these companies, which poses serious consequences for the dependent community when the mine closes (Jenkins and Obara, 2008).

CSR is a subject that has courted controversy mainly bordering on its relationship to company performance and specifically financial performance (Patrizia, n.d., Chen, 2011) and competitive advantage (Smith, 2007). The study seeks to establish the nature of CSR practices in the mining sector in Zimbabwe and to what extent the same can be said to be strategic in the sense that can any competitiveness and efficiencies be derived from the CSR initiatives instead of being considered as costs or even expenses in mere reputation management.

The desire to secure a future from the exploitation and extraction of Zimbabwe's huge mineral resources demands corporate social Responsibility (CSR) programmes that ensure that such a future is catered for through sustainable exploitation which also maintains investor interest. This is against a background based on the players and stakeholders being mindful that minerals are non-renewable resources to a large extent and there is therefore a compelling need to ensure sustainability to the economy. Dynamic causality exists between the governmental policies, laws and regulations and mining sector practices, constraints and challenges. What is needed is strategic CSR which entails maintaining or enhancing competitiveness through CSR practices.

The Indigenization and Economic Empowerment Act of March 2010, a law which requires the ceding of 51% of shareholding of foreign owned companies especially in the mining sector, is a clear indication of stakeholders who are getting impatient in trying to realise the benefits from such national resources. An example is that of Unki Mine which submitted its indigenisation plan and valued the 51% shareholding claimed by the government of Zimbabwe at USD320million. The Government of Zimbabwe claimed the mineral deposits in the soil at USD160million and therefore what remains to be paid for is USD160million (The Saturday Herald November 3, 2012). The valuation of untapped resources is a clear indication of inadequate contribution to society and the economy by the mining company after extracting the minerals hence the emphasis on value of untapped resources. Patrizia (n.d) and Hermann (2008) note that CSR should be anticipatory in that whilst some initiatives may be voluntary it is necessary that some expectations of emerging social and economic entities are identified before they

become laws as it is faster and cheaper for complying organisations to adapt to the new laws thus imparting competitive advantage in the medium term.

1.2 BACKGROUND TO THE MINING SECTOR IN ZIMBABWE

At 65% of Gross Domestic Product (GDP) the mining sector is the biggest generator of export revenue and also contributes about 20% of export revenue (Chamber of Mines Annual Report, 2009). There is potential to grow the economy given Zimbabwe's huge mineral resources but the challenge is that there is very little by way of value addition save for Zimasco and to a certain extent Zimbabwe Alloys. This leaves the country with the option of exporting minerals in the form of commodities whose prices are largely determined by pure demand and supply and to large extent international relations. It is therefore necessary to conduct a PESTLE (Political, Economic, Sociological, Technological, and Legal Environmental) analysis of the mining sector in Zimbabwe.

1.2.1 PESTLE Analysis of the Mining Sector in Zimbabwe

1.2.1.1 Political

i. Opacity in some sub-sectors of the industry in terms of performance and in particular revenues especially in the diamond operations where the state is heavily involved. This is a result of the inclusive government with information asymmetry prevailing among the main partners in government. This has led to uncertainty as to how much is being extracted and how the country is benefiting.

ii. Uncertainty about the future of the political structure and system has resulted in reduced investments...

1.2.1.2 Economic

- i. De-industrialisation and low capacity utilisation in other sectors has brought a lot of pressure to bear on the mining sector as the main export revenue earner for the country.
- ii. Power shortages are also affecting the efficient operations of mines with impact on costs being harsh (Chamber of Mines Report, 2009). This entails increased downtime as a lot of production time is lost whilst costs and overheads continue to increase with the passage of time.
- iii. Low Foreign Direct Investment (FDI) inflows.
- iv. Shortage of skilled manpower.
- v. Depressed economy and high and frequent wage adjustments militate against the sector as the outputs are mostly commodities whose prices are determined by basic laws of supply and demand. Combined with increased downtime as explained in (ii) this puts pressure on operations to attain profitability.

1.2.1.3 Sociological

- i. High unemployment rate of up to 80% have led to high poverty levels putting pressure on the sector to address societal issues. With pressures of increased costs due to the facts mentioned and explained in ii and v incumbent entities are constrained with respect to CSR programmes .

1.2.1.4 Technological

- i. Two technological approaches are employed in mining namely, underground or shaft mining which is mainly practised by large and medium scale miners and is highly capital intensive. Opencast mining is usually practised by industrial mineral producers.

1.2.1.5 Legal

i. The mining sector is governed primarily by the Mining and Minerals Act Chapter 21:05 but other Acts such as Indigenisation and Economic Empowerment Act of 2010 have put mining houses under pressure in terms of securing FDI given that the major shareholders remain the indigenous players who at the moment lacks capacity to fund the 51% shareholding and this has tended to slow down expansion plans.

1.2.1.6 Environmental

i. The mining sector is expected to pursue its activities in a sustainable manner for example rehabilitating land through refilling of gullies and reforestation. Reforestation is however not always practical as in coal mining areas so another conceptualisation of sustainability has to be developed. Environmental institutions such as Environmental Management Agency (EMA) also require mines to comply. Environmental compliance also costs to attain and this pushes up costs which impact on profitability in the short to medium term resulting in limited contribution

1.3 Problem Statement

The problem statement relates to how mining companies can adequately address the diverse demands of multiple stakeholders and still realize their mandate of profit maximisation. The scope of practice of CSR in Zimbabwe's mining sector is mostly mandatory mostly dealing with the environment, worker health and safety and to this extent the practice is more unavoidable. Where the community is involved it is more to do with philanthropy which again depends on whether the viability of the company is not under threat and is mostly to do with public relations. Arguably companies have to sacrifice resources to address societal issues without conflict with the other stakeholders such as investors and shareholders who are pursuing maximisation of investments.

The lack of strategy to satisfy all stakeholders through voluntary CSR has been the major problem. Mining companies in Zimbabwe should craft strategic CSR programmes for sustainable competitive advantage.

The research problem therefore relates to how competitiveness attained or enhanced through strategic CSR and attain sustainable competitive strategies so that incumbent companies will approach CSR strategies that do not detract from the level of their mandate to shareholders that are, profit maximisation. Feurer and Chabaharghi (1994) define competitiveness in terms of the company being able to meet the following criteria;

i. Customer values

ii. Shareholder values

iii. Long-term financial strength

This dissertation is an attempt to unravel how mining organizations are employing strategic CSR as opposed to corporate philanthropy, to impact on the above. At the end a solution or suggestion will be proffered to try and enhance the level of enhancement of the same through integrating CSR programmes into the overall strategy.

1.4 RESEARCH OBJECTIVES

i. To determine if and to what extent strategic CSR is being practiced in Zimbabwe's mining sector.

ii. To determine the impact of current CSR strategies on the performance and competitiveness of incumbent mining companies in Zimbabwe by enquiring into the relationship between CSR strategies and corporate performance particularly corporate financial performance

iii. To establish challenges that mining organisations face in trying to incorporate CSR when crafting and implementing their strategies vis-à-vis their missions, visions and values.

iv. To identify the CSR activities and determine whether they are voluntary and also whether their cost impact to the organisation.

v. To determine the impact of the CSR initiatives on stakeholder expectations.

1.5 RESEARCH QUESTIONS

- i. To what extent if at all, is strategic CSR being practiced in Zimbabwe's mining sector?
- ii. Who are the strongest (in terms of influence) stakeholders to the organization and to what extent are their needs met through strategic CSR initiatives?
- iii. Is it practical to include CSI as part of the business model?
- iv. How can strategic CSI are employed to impart asymmetries to incumbent mining house through a combination of stakeholder management, issues management and environmental scanning and there impart competitiveness.
- v. How are CSI programmers integrated in the overall strategy in terms of the categories in figure 2.1?
- vi. What impact does each CSI or other stakeholder related activity have on?
 - a. Customer values
 - b. Shareholder values
 - c. Long term financial strength

1.6 RESEARCH HYPOTHESES

The study will test the following hypotheses:

H0: Voluntary CSR has no impact on corporate financial performance (CFP)

H1: Voluntary CSR has a negative impact on CFP as it is a cost or an expense.

H2: Voluntary CSR has positive effect on long term CFP.

1.7 RESEARCH JUSTIFICATION

The research is justified by the fact that there is a conflict of ideas among scholars whether companies should be involved in CSI projects or not whether from a profitability, ethical or sustainability perspective. There is therefore an interest on the part of the researcher to try and investigate and find out what the exact nature of CSI in terms of mode and extent of being integrated with the overall strategy and the contribution or extent thereof, to competitiveness, for the mining sector in Zimbabwe at least. As the research unfolds it is the researchers hope that issues will also be unravelled that will be significant to the body of knowledge in the controversial subject of CSI and as an ambition the researcher hopes to contribute to scholarly works on this subject hoped that the local mining sector will benefit from this work.

1.8 RESEARCH SCOPE

The research will be confined to the CSI in the mining industry and will examine the CSI activities against the three competitiveness criteria mentioned above. With regards to the research field the researcher has already made a decision to approach the big mining houses in the metallic and non-metallic minerals as it is obvious that these have got comprehensive CSR projects which at least attempt to relate to their long-term overall strategy.

1.9 LIMITATIONS TO THE STUDY

The environment in the mining sector is unstable during the period the research was carried out due to implementation of legislation requiring more multiple stakeholder involvement in the sector.

1.10 DISSERTATION OUTLINE

The rest of the dissertation is organized as follows

Chapter Two - Literature Review

This chapter reviews relevant literature. This will assist the researcher to acquaint with the existing body of knowledge in order to identify a point of departure. Both empirical and theoretical concepts that underpin the concepts under study are reviewed. The review is also undertaken in order to build a case for the current study as well as providing a base from which recommendations can be made after establishing the study outcomes.

Chapter Three - Methodology

The research methodology is discussed in this chapter. This includes the sampling techniques, sample size, instrumentation and data collection process, data analysis and problems encountered during the data collection process.

Chapter Four - Analysis of Results

Results of findings are presented in this chapter. Analysis of data in order to establish whether the objectives of the study as stated in Chapter One were achieved.

Chapter Five - Conclusions and Recommendations

The research summary, conclusion, recommendations and areas for future study are the main purpose of this chapter.

1.11 Chapter Summary

The first chapter dealt with the background to the study, problem statement or research problem, research objectives research questions, proposition, justification, and rationale or significance of study.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter explores the main theoretical underpinnings from the perspectives of various authorities on the subject of corporate social investment (CSI) on one hand and competitiveness and sustainable competitive advantage (SCA) on the other and the relationship between the two, if any. It explores the issues of CSR, strategy and competitiveness, theories to analyse and explain CSR and identification of the main CSR stakeholders in the mining sector, theoretical approaches to CSR and finally identifies and defines what strategic CSR is and its benefits. It is envisaged that these theoretical underpinnings will form the basis upon which direction is derived in order to address the research question and the problem statement as stated in the first chapter.

2.1 THE MAIN ARGUMENTS

The main arguments centre on the concepts of CSR and how this can be pursued in a manner that increases competitiveness for the incumbent firm(s). Sirsly and Lamertz (2007) declare that corporate strategies can be aligned to societal objectives and in the process generate resources for the firm.

Porter (1985) introduced the term sustainable competitive advantage (SCA) and suggested its two generic strategies namely, low cost leadership and differentiation and Barney(1991) adds that SCA results from a firm pursuing or implementing a strategy not being pursued simultaneously by any current or future competitors. The latter implies an asymmetry in terms of the approach taken by this paper is the need to find out to what extent CSI can be pursued from a strategic basis in a way that enhances competitiveness. The terms competitiveness and its components need to be explored.

2.2 THE CONCEPTUAL DEBATES

2.2.1. CSI, Competitiveness and Strategy

Strategy is concerned with understanding and addressing issues that impact on the firm's ability to achieve its mission so that products /services can be produced to meet

the needs of the markets it serves through effective resource configuration, in order to build and sustain competitive advantage (Porter, 1985;; Barney,1991, Galbreath, 2009). Galbreath (2009) then interprets that strategy should be conceptualised as:

- i. Long term vision of the company
- ii. Internal and external issues that have a bearing on the firm's capacity to achieve its mission (strategic issues)?
- iii. Target markets served by the firm.
- iv. Products/services that are needed by the target market(s).
- v. Internal resources (assets, skills, competencies, relationships, finance, and facilities) that are needed in order to compete?
- vi. How can a firm perform better than its competitors (competitive advantage)?

Galbreath (2009) noted that CSR has to fit into the above six dimensions of strategy so that it can be incorporated into the overall strategy making functions of the firm and therefore contribute to competitiveness.

There is a need to distinguish between social responsibilities and social issues with the former being expectations that society places on the firms and the latter being factors to which these responsibilities are tied that is, factors that not only can affect a firm's ability to meet its objectives but can ultimately affect its social responsibilities and Galbreath (2009) noted that this distinction has important implications for strategy.

2.2.1.2 Competitiveness and SCA

Feurer and Chaharbaghi (1994) criticised definitions of competitiveness for weaknesses such as focusing on current capabilities and offerings of an organisation in relation to competitors pointing out that there is no due recognition of shareholders who provide the necessary capital and thereby influence business objectives. They also criticise another weakness which is that of viewing competitiveness as a static concept and disregarding sustainability of the same. This view was also shared by Chaharbaghi and Lynch (1999) who proceeded further to criticise the resource based view (RBV) and

sustainable competitive advantage (SCA) adding that organisations are limited in their conceptualisation by failing to realise the dynamic nature of strategy arguing that;

SCA is a journey not a destination “it is like tomorrow which is inescapable but never arrives. Sustainable competitive advantage only becomes meaningful when this journey is experienced “(Chaharbaghi and Lynch, 1999:45).

They criticised the fixation on the resource based view (RBV) which they believed is erroneously attached to current resources with the same being regarded as static and unchanging thus adding that there is a need in dynamic environments, for organisations to engage in the generation of new resources as contexts change. Organisations in a competitive environment compete in order to meet or exceed customer values, shareholder values which include long term financial strength and the ability to act and react which results in the ability to counter threats and exploit opportunities (Feurer and

Due also to limited scope for value addition or beneficiation there is a limited scope in terms of differentiation (Porter,1985) on the product front and there is more of cost leadership (Porter,1985) in order to enhance shareholder values (Feurer and Chaharbaghi,1994) and this will also be taken into consideration i.e. cost leadership. Orlitzky et al (2011) asked through Baron how managers must be able to determine how their organisations can become more socially responsible, ecologically sustainable, and economically competitive. In short, business executives must become more strategic at aligning their organisation’s market and non-market strategies adding that ecological sustainability could become the central social responsibility challenge for business.

2.2.1.2 i Resource Based View (RBV)

Barney (1991) declared that if organisations configure their resources and capabilities such that the latter are rare, inimitable and non-substitutable this will impart organisational competitive advantage upon the company. Orlitzky et al. (2008) asserted that CSR can be employed as a component of differentiation strategy at the product, business or corporate level. There is the perspective of whether firms converge on a

particular generic strategy as imparted through the comparative advantage of national institutions.

2.2.1.2. ii Competitiveness: Resource Based View or Strategic Convergence

Hermann(2008) examined the question of whether firms cope with increasing international competition either by exploiting the comparative advantage offered by national institutions resulting in what he called facilitated competitive strategy to which all firms converge or, whether the incumbent firms independently pursue SCA in order to succeed in the long run. Hermann (2008) however noted the work of Porter and Barney, who assert that superior performance is through special value to customers of totally new, improved or low cost product.

Hermann (2008) debated whether comparative advantage or competitive advantage should be employed and he linked the latter to proponents of RBV. In terms of comparative advantage he identified three competitive strategies in terms of technology intensity and these are detailed below.

i) Radical Product Innovation (RPI)

Radical Product Innovation (RPI) results from SCA being attained through development of entirely new products through pursuing radical technological innovation. Hermann (2008) noted that in liberal economies like the UK or the US collective bargaining processes are decentralised, firms do not collaborate to provide trainees with specific skills, wages are flexible and high bonuses are extended to motivate innovation. This is combined with deregulated financial markets thus entailing easy access to share capital by incumbent firms to invest in radical innovation projects with expectations of high return in the short term in order to meet shareholder profit expectations so that they (shareholders) will not withdraw their funds at short notice as they have reduced capacity of monitoring how their capital is employed. Gallego-Alvarez et al., (2011) noted that CSR is being considered as a value creating component reflecting a paradigm change and to this extent creates shareholder value for some firms and management strategies such as innovation.

b) Diversified Quality Production (DQP)

Hermann (2008) noted that DQP is pursued through incremental technological innovation whereby improved or known products are sold. He noted that this is practicable in coordinated economies such as Germany or Sweden where competition is facilitated through product quality. This he noted, is attained through an environment whereby collective bargaining between social partners do not involve relatively high and homogenous services, but education and training is highly specific in terms of vocational skills which are credited for excellent labour productivity and high value added strategies. This is also underpinned by corporate governance systems which allow shareholders key control rights which deny managers the latitude to take key financial decisions at short notice and this allows access to 'patient' capital to invest in incrementally innovative projects is provided by major shareholders who happen to be banks ,suppliers, employees or the founding family.

c) Least Cost Production (LCP)

Least Cost Production (LCP) according to Hermann (2008) is an outcome of imitation of an established technology and therefore selling standardised goods. Examples of countries cited in this category include Italy, Spain or Greece and this is facilitated by relatively low wages, employers are reluctant to invest in sophisticated education of employees and employees once through with the basic and essential education pursue work and do not invest in further improvements in education. Share capital and bank credit are difficult to obtain and when this is combined with the preceding conditions according to Hermann (2008) leaves incumbent firms with the only option being that of exploiting cost advantage and convergence on LCP strategies.

Hermann (2008) concluded his work by noting that competitiveness scholars in contradistinction to their RBV counterparts believe that the expounded strategies above as afforded by the comparative advantages of institutions, are significant bases of competitive advantages. When there is pressure Hermann (2008) advised through the said scholars, firms are expected to unlock this avenue of comparative institutional advantages and pursuing the consequent facilitated strategies.

It is against this background that the work being pursued in this dissertation needs to find out what strategies between RBV and convergent facilitated strategies though institutional comparative advantage or both are being pursued in order to attain competitiveness in the mining sector considering the lack of differentiation of products from this largely extractive sector. The one condition which is to be kept in mind is that this has to be viewed against CSR practices or to sum it up, strategic CSR.

2.3 CORPORATE SOCIAL RESPONSIBILITY (CSR) AND ITS ASPECTS

2.3.1 Definition of Corporate Social Responsibility

The World Business Council for Sustainable Development (cited by Moir, 2001) proposed a definition for CSR as: the ethical behaviour of a company towards society. Management acting responsibly in its relationships with other stakeholders, who have a legitimate interest in the business and CSR, 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.

Crouch (2006) believed that CSR as quoted from social science literature as firms freely taking responsibility for their externalities. This should enhance a firm's reputation and competitiveness (Olirtzy et al., 2011). Crouch (2006) reconciles CSR definitions with social theory and described it as

...behaviour by firms that voluntarily ...externalities produced by their market behaviour...externalities...results of market transactions that are not themselves embodied in such transactions...CSR is corporate externality recognition.CSR...'corporate externality recognition(Crouch,2006:1534)

Crouch (2006) then explains that externalities as results of market transactions that are not themselves incorporated in the said transactions.

2.3.2 Development and Views of CSR

Moir (2001) described the progression and development of CSR and cited Frederick (1994) who identifies the latter up to 1970 as an examination of corporations' obligation to work for social betterment which is thus referred to as CSR₁. In CSR₂ there is reference to "corporate social responsiveness" and Moir (2001) referred to this as CSR₁. However, around 1970 he notes a move to "corporate social responsibility", which he called CSR₂ which he defined as the capacity of a corporation to respond to social pressures.

Crouch (2006) proceeded to argue that in order to increase positive externality recognition or reduce a negative one it has to incur costs and not receive payment and this creates a dilemma for a profit maximising firm (Friedman, 1970), help solve social problems as this can help to build sales, the workforce and trust in the company as a whole as this helps build sustainable growth for business in a responsible manner.

2.3.3 Theories to Analyse and Explain CSR

2.3.3 i Stakeholder Theories

According to Moir (2001) the stakeholder theory of the firm is used as a basis to analyse those groups to whom the firm should be responsible. As described by Freeman (1984) as quoted by Moir (2001) the firm can be described as a series of connections of stakeholders that the managers of the firm attempt to manage. Freeman (1984) as cited by Moir (2001) defined a stakeholder as any group or individual who can affect or is affected by the achievement of the organisation's objectives. Moir (2001) classified stakeholders into primary and secondary noting that Clarkson (1995) defined the former group as one without whose continuing participation the corporation cannot survive as a going concern e.g. shareholders and investors, employees, customers and suppliers together with the public stakeholder group which includes the government and communities that provide infrastructures and markets and the latter group as, those who influence or affect, or are influenced or affected by the corporation but are not engaged in the transactions with the corporation and therefore are not essential for the corporation's survival.

The central issue according to Moir (2001) is whether stakeholder analysis should motivate business and if so, which stakeholders although Mitchell et al (1997) is cited by Moir (1997) developing a model of stakeholder identification and salience with Agle et al. (1999) confirming that the three attributes do lead to salience as Moir (2001) and Crouch (2006) deduced that firms pay most attention to those legitimate stakeholder groups who have power and urgency.

Moir (2001) noted from the current commercial approaches to CSR that whilst stakeholder analysis is important, but that the rationale remains largely instrumental (quoting WBCSD, 1999; Business Impact, 2000) and continued to admit that, there are elements that are also normative, giving an example by, Business Impact which begins by advocating that CSR should be based against set purposes and values – nevertheless such purpose and values are also linked to “contributing to [the firm’s] reputation and success” (Business Impact, 2000, p. 1.01 as cited by Moir,2001).

2.3.3.1 Stakeholders in the CSR Agenda in the Mining Sector

Crouch(2006) acknowledged the existence of multiple stakeholders outside shareholders, the former being also impacted by firm behaviour although he discredited the ‘stakeholder ‘ term as a fallacy pointing out that for it to be meaningful stakeholders need to possess legally or substantially guaranteed rights which a firm cannot meddle with. Crouch (2006) also noted that a right that is based on a market contract is redundant as there is no relationship beyond the market contract and proposes that there is need to consider what is called externalities created by the firm and how it addresses them and he found no relevance of the stakeholder and concluded by stating that CSR can be employed is about how potential conflict of interest can be resolved by stakeholders becoming part of the shareholder.

Yabo(n.d.) identified the following stakeholders in the CSR effort in the mining sectors and they include government, mining companies, institutions especially the UN and its agencies like ILO, the local community, consumers of mineral products, non-

governmental organisations (NGOs) suppliers, managers, under-represented stakeholders; etc., and their roles are detailed below;

a. The State (Government)

The state should be tasked with ensuring responsible conduct by all the other categories of stakeholders (Yabo, n.d) and there is also need for states to ensure transparency on the utilisation of resources accrued from mining companies and governments are the only stakeholders that have impact in creating incentives and disincentives for responsible action with both regulatory and economic instruments being employed to enhance the operations of MNCs (Yabo, n.d)

b. Investors

Yabo (n.d.) noted that investors can be alerted to potential environmental risks and liabilities and to the benefits for them that accrue from the good practice in mining.

c. Multilateral Institutions

Multilateral institutions include the United Nations(UN) which has initiated a number of responses to facilitate attainment CSR which include General Assembly partnership resolutions through the ILO(International Labour Organisation) declarations on multinational enterprises(unilateral and tripartite) and rights at work which are coordinated through various agencies and channels in the UN system although Yabba(nod.) proceeded to note the need for consistency in the UN approach to achieve maximum consistency.

d. Non-Governmental Organisations (NGOs)

NGOs at both local and international level have increased their activity and assistance in the improvement of people's awareness of their rights which has in turn increased their articulation of the latter's demands and grievances and this has also reduced

nation states' influence over events relevant to them (Yabo, n.d.) This process has brought pressure through international audience on both states and mining companies to rectify worst practices. However Yabo (n.d.) notes that the intentions of some NGOs are questionable on the grounds of transparency and accountability with some of the NGOs being viewed as decoys of governments or Multinational Companies.

e. Other Initiatives

The Cotonou agreement of 23 June, 2000 is cited by Yabo (n.d) as having objectives of reducing and eventually eliminating poverty through sustainable development

f. Development Assistance Agencies

Institutions such as the World Bank are increasingly under pressure to incorporate environmental and human rights standards within their lending and assistance programmes.

2.4 THEORETICAL APPROACHES TO CSR

2.4.1. Social Contracts Theory

Society is described as a series of social contracts between members of society and society itself Gray et al. as quoted by Moir (2001). In terms of CSR, it is noted that an alternative possibility is not that business might act in a responsible manner because it is in its commercial interest, but because it is part of how society implicitly expects business to operate (Moir, 2001). An integrated social contracts theory is developed to try and assist managers to make decisions in an ethical context with distinction being made between macro social contracts and micro social contracts being made as follows;

Macro social contract – expectation that business has to provide some support for its local community as an example

Micro social contract - specific form of involvement in the community (Donaldson and Dufee (1999).

2.4.2. Legitimacy theory

Legitimacy is defined as a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions (Suchman1995). Three types of organisational legitimacy are identified and described briefly below

1) Pragmatic - this occurs when a firm's CSR activities are seen by the latter's stakeholders to be in their best interests which results in social approval and support (Sirsly and Lamertz, 2008).

2) Moral - CSR activities are judged to be the right thing to pursue in meeting the welfare of the social system as a whole (Sirsly and Lamertz, 2008).

3) Cognitive –

Suchman (1995) continued to identify three key challenges of legitimacy management: gaining, maintaining and repairing legitimacy. Suchman (1995) pointed out that legitimacy management is heavily dependent on communication – therefore in any attempt to involve legitimacy theory, there is a need to examine some forms of corporate communications.

The practice of CSR within business can be examined as being potentially motivated by some form of principle described in social contracts theory which in turn is analysed by some of stakeholder analysis and Moir (2001) further admitted that this is not the only to review CSR but highlights that the mere separation into principles, practices and outcomes is a way to assess performance. It is also the intention of this paper to ascertain the various CSR theories and views that are pursued the mining sector in Zimbabwe

2.5 ASSESSING PERFORMANCE

Moir (2001) stated that corporate social responsibility and stakeholder theory literature can be brought together in the examination of corporate social performance giving recognition to the model refined by Wood (1991) from that of Carroll (1979) and Wartick and Cochran (1985) which is a complete model of corporate social performance as it

builds upon the issues of CSR. This builds upon the issues of corporate social responsibility and corporate social responsiveness to include measurement. The model is presented in figure 2.1.

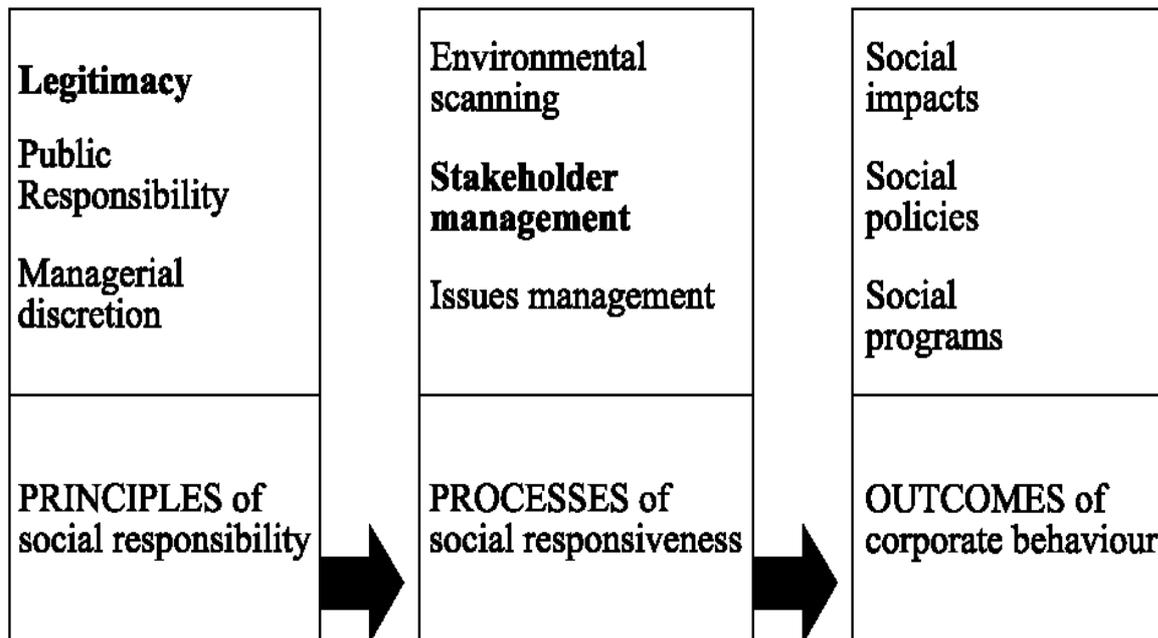
Moir (2001) points out that the model has thus introduced a need to measure corporate social performance though there is no guidance on how measurement can be carried out and is therefore effectively a normative model of assessing corporate social performance. Moiré(2001) further noted that by adopting Wood's framework business might undertake corporate social behaviour because of any or all of the following:

The activity relates to the business primary or secondary activity and that there is a philanthropy business return (Preston and Post, 1975 cited by Moir, 2001);

- ii. It forms part of corporate;

- iii. Business wishes to influence particular stakeholder groups.

Wood and Jones (1995) however extended the CSP model by finding that the type of measure involved depends upon the particular stakeholder to be addressed e.g. reputational measures or others such as corporate crime which have been "developed for certain purposes". As practitioners continue to struggle with ways to assess corporate social performance (Moir, 2001).



Source: Wood (1991)

Figure 2.1 The Corporate Social Performance Model

and Massie et al.,(1993) recommend the employment of the Global Reporting Initiative(GRI) guidelines in measuring and responsible decision making decision making in an effort to address sustainability issues. To this end the GRI is composed of the of the following five sections which if adhered to would according to the authors above, “make across the board comparisons easier and more applicable”(Guenther et al.(2007:12)

1. Vision and Strategy of the company
2. Profile of the company
3. Governance structure and management system
4. GRI content and index
5. Performance indicators on the economic, environmental and perspective

2.6 SOCIAL RESPONSIBILITIES VERSUS SOCIAL ISSUES

Friedman (1970), declared that the only social responsibility of business firms is to maximise profits and by fulfilling this economic charter the firm would have played its part in meeting societal welfare with the remainder being the responsibility of other institutions such as governments, social service organisations, educational institutions etc. Carroll cited by Galbreath (2009) conceptualised a CSR model that details the responsibilities of the firm: the economic responsibility to generate profits; the legal responsibility to comply by local, state, federal, and relevant international laws;

The discretionary responsibility to meet additional behaviours and activities that society finds desirable (e.g. philanthropic initiatives such as contributing money to various kinds of social or cultural enterprises).

Galbreath (2009) explained that a social issue is anything that is found wrong with society, a controversial point which is an issue for social discussion especially issues that are under intense public debate and further explains that a social issue has four interrelated aspects:

1. Emphasising that a social issue is not an individual issue but must be noted, recognised as a problem by many people in society.
2. Located within a particular point in time and history that is, it is not a universal issue.
3. Society has to assume that there is an ideal status of the way things should be in order for the society to realise that there is a problem
4. Society recognises that the social issue can be resolved

The life-cycle approach (Lamertz et al cited by Galbreath, 2009) has been used to address the social issue concept with the accepted definition in the life-cycle tradition describing social issues as social problems that may exist as objectively but become issues requiring managerial attention when they are described as problematic to society or an institution within society by a group of actors or stakeholders capable of influencing either governmental action or company policy (Galbreath,2009,citing Mahon

and Waddock,1992) Galbreath (2009) interprets this to imply that social problems exist at societal level and not necessarily organisational level and are elevated to the level of a social issue by the actions of various factors including stakeholders but he is concerned that such a definition does not address how these social problems and issues might be an opportunity for the firm and is therefore problematic to the concept of strategy.

However as will be described later in the next section on strategic CSR the skill with which an organisation manages to identify a social issue and pursue it after creating an asymmetry vis-a-vis competitors, through a system that combines stakeholder management, environmental assessment and issues management that is underpinned by a combination of three CSR positions of centrality, specificity and visibility. The asymmetry should then be allow the organisation to access first mover advantage in its strategic CSR pursuit and this is in accordance to the argument by Sirsly and Lamertz (2007)

2.7 STRATEGIC CSR

Ansoff (1980) defined a strategic issue as a forthcoming development, either inside, or outside the organisation, which is likely to have an important impact on the ability of the enterprise to meet its objectives. Galbreath (2009) noted that through this definition of a strategic issue a firm faces a potential diversity of issues and therefore these represent the variety of factors that need to be identified and assessed in internal and external environments and social issues is just one and therefore viewing them as strategic issues is important in order to fully integrate CSR into strategy.

2.7.1 Strategic Nature of CSR and Building CSR into Strategy

Bhattacharyya (2010) asserted that CSR activities that are strategic in nature must have some traits/characteristics' which distinguishes it from non-strategic activities and therefore such CSR activities which are strategic, must exhibit such characteristics which are represented by any firm activity which is strategic in nature . Centrality, specificity and visibility have been identified as the key attributes upon which a CSR

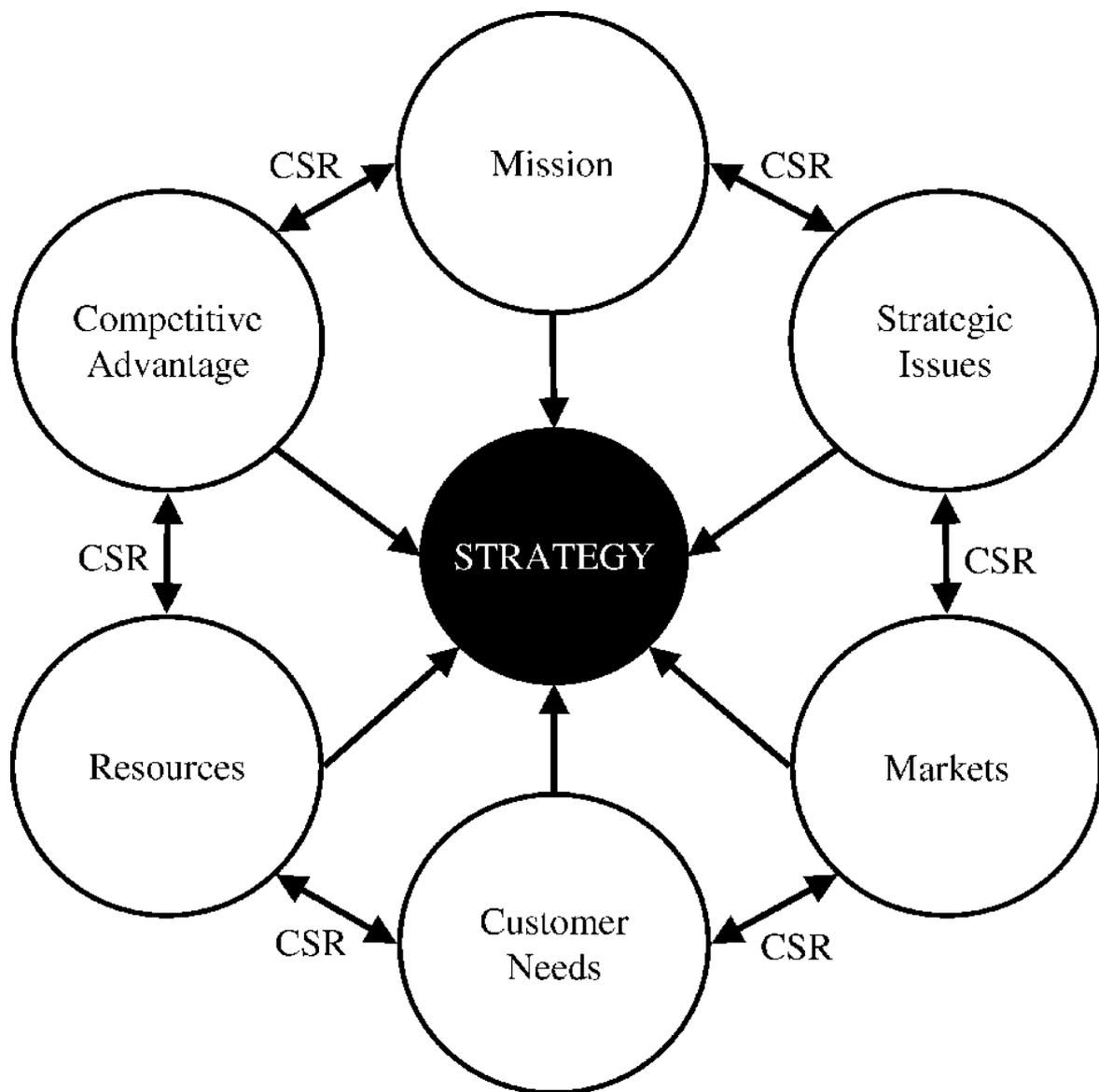
activity can be classified as being strategic (Sirsly and Lamertz, 2008). These terms are briefly described below.

Centrality-this is the closeness of the CSR initiative to the core mission or strategic objectives of the firm (Bhattacharyya, 2010; Sirsly and Lamertz, 2008) Bhattacharyya (2010) further highlighted Hagedoon (1997); Altman(1998), Waddock (2004) that any organization which does a strategic CSR activity should have a long-term focus. The resource-based (RBV) view initiatives that meet strategic objectives deserve preference to firm-specific resources as it is expected that fulfilment of objectives will justify the maximisation of the benefits obtained from the resources invested (Burke and Lodgson, 1996).

Specificity-Instead of simply creating collective goods a firm should have the ability to capture and internalise the benefits of a CSR programme which others in the industry cannot share i.e. the benefits are exclusive to the firm (Burke and Lodgson, 1996) and this therefore entails the incumbent firm attaining a first mover advantage on the CSR initiative(s) (Sirsly and Lamertz, 2008).

Visibility - a Strategic CSR needs to be conspicuous and recognised by both internal and external stakeholders(Burke and Lodgson,1996) and to this extent information about the CSR activity has to pass through and influence the industry's interpretive environment(Sirsly and Lamertz,2007 citing Rindova and Fombrum). Sirsly and Lamertz (2007) further noted positive visibility is mostly determined by the corporate but negative visibility of CSR is usually beyond the firm's control.

Steiner, 1979; Mintzberg, 1987 as cited by Galbreath(2009) explained that the role of strategy is as a foundation for a business firm's creation, while establishing its market position, its competitiveness and its on-going existence and this can be achieved through planning/programming is required in order to craft or formulate ad renew/change strategy as conditions determine. Galbreath (2009) notes that the planning/programming largely takes place within the context of the six strategy dimensions previously outlined. Thus, in this section, CSR is explored within each dimension Figure 2.2 below



G

Figure 2.2 CSR in the Concept of Strategy
 Source:Galbreath(2009)

2.7.1. i Firm mission

Mission being a statement of intent that is signalled to shareholders, investors, stakeholders and society (Pearce and David, 1987) it is important to note that though some social issues may be common to nearly all firms they can be very different given

the divergence of stakeholder, NGO and other social actor expectations that impact upon a given industry(Logsdon and Wood, 2002; Davies, 2003; Aguilera et al., 2007, Yabo, n.d). Thus there should be a connection between the mission and the social issue in question so that there is no disconnect between the social issue and a strategic issue for the incumbent firm and should this happen it will ultimately be reflected as a disconnection between CSR and the firm's mission(Galbreath,2009) .This is related to the nature of strategy which is as much about what not to do as it is about what to do (Porter, 1996).

Sethi (2003) asserted that it is descriptively wrong to suggest that a given firm should address all social issues such as poverty as this is not caused by the presence of companies(Ababio et al,n.d). Galbreath (2009) citing Burke and Logson (1996) specifically supported the foregoing idea noting CSR should be strategised in the context of what the firm is trying to achieve which considers specific actor expectations, industry and other levels of competitive reference. Caution should however be exercised as it is not always easy to find the right balance between mission and the level of CSR and an imbalance can threaten long-term viability given a background of finite resources(Pearce and Doh,2005)

2.7.1 ii Strategic issues

An understanding of the environment and its implications for the firm is a part of strategy (Galbreath, 2009) and citing Andrews (1971) and Ansoff (1980) noted that the issues to be considered are both internal and external however, not all are strategic. Ansoff (1980) as cited by Galbreath (2009) noted that for an issue to be strategic it must be a forthcoming development at an importance level that can warrant its impact on the firm's ability to meet its objectives. Such issues can only be identified and understood as a function of strategy and from a CSR perspective the unit of analysis is social-related problems and as cited by Galbreath (2009) in Mahon and Waddock social problems can objectively exist before they become social issues.

Galbreath(2009) then noted that strategically and opportunistically there are unmet social needs and social issues with the former being those social problems that are

developing in society but are yet to be officially defined or propagated to the level of an issue by social actors or stakeholders and ,social issues are “official” they have reached formal attention of governmental policy makers and corporate managers through various actor actions and therefore the strategic significance of the two can be determined through analyses.

Analyses of unmet social needs is through inter alia, media coverage and expert testimony as these can disclose early signals of unmet social needs and scenario planning enables a firm to explore future scenarios that incorporate shifts in consumer patterns, reactions of competitors and the possibility of litigation and regulation(Kahaner,1996; Swartz,1996) taking into account shifts in consumer patterns, reactions of competitors and the possibility of litigation and regulation (Kahaner, 1996; Swartz, 1996). Examples to this include the issue of obesity which was evident in the US media five years before it became an epidemic that was noted by the medical fraternity (Lawrence,2004 cited by Galbreath,2009) with expert testimony through Harvard University’s Walter Willet who attributed childhood obesity to the marketing of “junk food”(Lawrence,2004 cited by Galbreath,2009).Burros(2006) cited by Galbreath(2009) noted that the problem of obesity thus shifted from being an individual responsibility to external environmental factors including corporate marketing. Galbreath (2009) asserted that through analysis techniques mentioned above the shift might have been identified much earlier and an unmet social need identified.

2.7.1 iii Markets

Though a market consists of the set of all actual and potential buyers of a product or service (Kotler and Lee, 2005), Cahill (1997) notes that for a firm to strategically address markets, they must address specific target markets with defining a target market as a group of buyers for whom an offering should be appropriate and to whom the firm will direct the major part of its marketing time, resources and attention. Target marketing is about analysing and assessing each segment’s attractiveness and selecting one or more segments to focus on Kotler and Armstrong (2005) however note that in order to develop market segment variables strategically it is necessary to explore variables such as psychographic, demographic, geographic and behaviourist and once

these have been assessed choice of segments to be served has to be made. Evaluation which includes the market potential of each market segment, the firm's sales potential, competitive assessment and cost estimates have to be carried out. Galbreath (2009) notes that although the processes are simplistically described the foregoing basic requirements for assessing ,evaluating and choosing which target markets the firm will serve as prescribed by marketing theory it is pertinent to consider what he calls the social dynamics variable when assessing market segment strategically.

Galbreath (2009) describes or defines social dynamics as the underlying expectations that are placed by a given market segment on the role of business in society in the present set-up or possibly in the future emphasising that "dynamic" reflects the changing nature of societal expectations. Thus Galbreath (2009) concludes that for firms to builds CSR into strategy the social dynamics variable becomes important in terms of understanding current and emerging characteristics of target markets

2.7.1 iv Customer Needs

Galbreath (2009) noted that whilst it is a fact that creating value for customers is certainly a strategic function of business he notes though that this is achievable through market orientation and innovation. The former is identified as important to firm strategy (Kohli and Jaworski1991;Hult and Ketchen,2001).Narver and Slater(1990)as cited by Galbreath (1990) define market orientation as the actions designed to understand the current and latent needs of customers in the target markets served so as to create superior value for them. Galbreath (2009) proceeds to argue that social- related forces are increasingly shaping markets and the customer needs that are developing there from and therefore analyses of unmet social needs and social issues appears to be equally key as the understanding customer needs as traditional factors such as age, income, price sensitivity, personality characteristics, usage rates and so on but ultimately to create superior value innovation is the key to remain competitive.

Galbreath (2009) and argued through Schumpeter(1934);Nelson and Winter(1982);and Jacobson(1992) that innovation drives economic growth and competitive success and Olirtzy et al..(2011)proceeded to note that firms can welcome unmet social needs and

social issues as opportunities for innovation rather than treat the same as threats and therefore by leveraging knowledge gained from target markets, target customer needs and unmet social needs and/or social issues directly affecting those markets and customers, firms can explore opportunity for changing the competitive playing field by introducing entirely new customer offerings, developing new processes or creating new customer segments directly aimed at satisfying the unmet social need or social issue thereby making competition irrelevant (Kim and Mauborgne,2004).

2.7.1. v Resources

Key to strategy is the matching of internal resources with a changing external environment such that organisational performance is enhanced over time(Hamel and Prahalad,1994) with Porter(1985)describing internal resources such as activities, assets(Deireckx and Cool,1989)core competencies(Prahalad and Hamel,1990),capabilities(Day,1994) and dynamic capabilities(Teece et al,1997).Resources are also generally seen as consisting of the factors necessary to create, operate and sustain a firm and are either tangible or intangible(Wernerfelt,1984:Barney,1991). Galbreath (2009) argues that resource specificity which distinguishes those resources that are leveraged to capture or internalise at least some benefits for engaging in CSR that are specific to the firm and not simply creating collective goods. Specificity refers to the degree to which resources are leveraged to capture or internalize at least some benefits for engaging in CSR that are specific to the firm, rather than simply creating collective goods which can be shared by others in the industry, community or society at large (Rumelt, 1980; Porter, 1985 cited by Galbreath,2009).This entails firms taking ownership for fulfilling their responsibilities and capturing exclusive benefits that can be of strategic value.

2.7.1 vi Competitive advantage

Competitive advantage (CA), is largely concerned with how a firm will compete so as to earn and sustain superior performance (Porter, 1980, 1991; Barney, 1991) with its two dominant approaches being the positioning approach (Porter, 1980) and the resource based view(RBV) of the firm (Barney, 1991). The positioning approach by Porter (1980)

is comprised of cost leadership which is attained by achieving lower unit costs and the differentiation approach which entails a company differentiating its products in a manner that consumers are willing to pay a higher price. McWilliams and Seigel(2001) note that with the unmet social needs and social issues it is possible to capture a market by positioning a product to address a social dimension e.g. producing a food products meant to address the issue of obesity whilst making a profit. Galbreath (2008) decides that corporate executives must admit that CSR is an important driver of success but do struggle with how to anticipate the unmet social needs or social issues so as develop win-win strategies. Placing CSR within the context of strategy is considered vital which should result in developments that are important for several dimensions of strategy as firms move to meet unmet social needs and social issues(Galbreath,2008).

Bhattacharyya (2010) recognises that the business impacts on society and environment has been as old as the existence of the institution of business noting that over time pressure from the media, civil society and other social institutions have been brought to bear to compel response from business towards issues that occupy the interface between business and society and therefore CSR has evolved to become a necessity for business organisations rather than just an option. Increased business competition is opposed by increased societal expectation on the subject of business social performance and this has led to the view that firm CSR activities have to accomplish certain business gains(Porter and Kramer,2006,2002;Crawford and Scaletta,2005,Kotler and Lee,2005;Windsor,2006) due mainly to the fact that proper pursuit of CSR requires the sacrifice of significant amounts of firm resources(Porter and Kramer,2006) as such commitment of such resources is/are an opportunity costs since such resources if committed towards core business activities in a competitive environment whereby superior competitive results could be attained (Porter and Kramer ,2006).

It is thus important for a rational manager to design and undertake CSR activities that not only achieve significant social good but also derive significant business related benefits to the organisation and this process has been designated the name strategic CSR(Porter and Kramer ,2006;Crawford and Scaletta,2005; Salzman et al.,2005.

Bhattacharya (2010) notes that it is a challenge for a CSR manager to accomplish these twin objectives (economic and social) in designing strategic CSR initiatives and proceeds to propose mechanism to assist CSR managers to figure out the strategic CSR activities and evaluate it by matching with the strategic traits/characteristics and also gauge it with the perspective of different kinds of business gains to be achieved .Before this model by Bhattacharyya(2010) is presented arguments and preliminary concepts on strategic CSR leading to the mechanism are hereunder presented.

Bhattacharyya (2010) notes the following perspectives as being pertinent to and with regards to the concept of strategic CSR

- a. firm internal and external stakeholders' management perspectives;
- b. firm activities perspective;
- c. the strategic traits of strategic CSR; and
- d. the business gains by doing strategic CSR.

2.7.1.1.i Firm internal and external perspectives and stakeholders management

Stakeholders are those individuals and institutions that are influenced by the firms' actions or inactions in the temporal dimension(spanning the past, present and future actions or inactions (Freeman,1984; Langtry,1994; Clarkson,1995; Hopkins,2003) and the same can be internal or external Hopkins(2003) with the former being owners, managers, employees of the firm, who reside inside the boundary of the firm(Freeman,1984; Polonsky,1996) and the latter are the suppliers, customers, communities and government(Freeman,1984;Hopkins,2003). In contrast to other firm activities, CSR activities influence both internal and external stakeholders and due to this a strategic perspective is brought into CSR (Bhattacharyya, 2010; Galbreath, 2009). Bhattacharyya (2010) exemplifies the internal perspective of CSR which motivates employees and demonstrates a good management practice with the external

perspective being anticipated to earn a good reputation in society and also help in the firm managing its peripheral functions better.

2.7.1.2 Firm Activities Perspective

Bhattacharyya (2010) noted that firms undertake certain actions to produce goods or services in order to satisfy customers and earn a profit. Firms undertake certain actions to produce goods or deliver a service to satisfy the customers and earn profit and the fact activities are central to the firm any consideration regarding CSR initiatives have to be action oriented otherwise it is meaningless in the real world. Moreover CSR activities which are strategic in nature contribute to a firm's value chain activities as well as a firm's external context of competitiveness (Porter and Kramer, 2006) Székely and Knirsch (2005) also referred to such CSR activities which builds up the firms external competitiveness settings or directly provide input towards the firm's internal operational activities to be of strategic in nature. Both these authors and others' (Székely and Knirsch, 2005; Porter and Kramer, 2006; Perrini, 2005; Crawford and Scaletta, 2005; Bonfiglioli et al., 2006) who worked in this direction focused on the aspects that CSR activities could help a firm to:

- i. generate raw material;
- ii. streamline the production and operational activities in terms of cost and environmental parameters;
- iii. streamline the logistical activities in terms of cost and environmental parameters;
- iv .develop technology for new products and services with communities for increased economic, social and environmental inclusiveness;
- v. develop better human resources; and
- vi. develop administrative systems and procedures which uphold socially responsible and environmentally friendly management practices.

Bhattacharyya (2010) notes that all these these activities generally reside inside the firm's boundary and add value and such CSR activities contribute to build the activities

internal to the boundary of a firm. Székely and Knirsch, (2005) ;); Perrini, (2005); Crawford and Scaletta, (2005) also pointed out that CSR activities could:

Create demand for socially responsible and environmentally friendly products and services amongst consumers in society by undertaking appropriate educative and awareness programs.

2. Provide requisite technical skills to the community members for developing, creating and refining the technical capabilities of the citizens. This can be done by setting up educational, vocational, training and other such knowledge imparting institutes.

3. Help government and quasi government bodies to frame rules and regulations to:

i. discourage corporate bad behaviour particularly on the social and environmental front; and

ii. to encourage good firm behaviour, regarding the same.

iii. Conserve natural resources like water, fossil fuel or reduce emission of the green house gases for better environmental state of condition at all levels so that the various environmental risks are reduced.

iv. Help in developing the capacity of raw material growers and producers so that they can supply the firm with the required raw materials of the desired quality and the required quantity.

v. Help to develop industrial clusters and thus create and augment the support infrastructure for the firm.

It is noted that such actions are directed towards activities which are traditionally outside the boundary of a firm and such CSR activities when undertaken properly help to develop a firm's relevant and important input infrastructural factor setting and also helps in competing better, because of superior competitive context (Bhattacharya, 2010). Thus, CSR activities can contribute towards a firm's internal and or external activities (Székely and Knirsch, 2005; Porter and Kramer, 2006; Perrini, 2005; Crawford and Scaletta, 2005).When pursuing strategic CSR it is therefore important to also ensure

that a first mover advantage is attained for the firm to attain sustainable competitive advantage(SCA) and this entails a firm creating the capacity to develop asymmetries in CSR capacities (Sirsly and Lamertz,2008).

2.8 IDENTIFICATION AND DEVELOPMENT OF ASYMMETRIES IN CSR CAPABILITIES

An asymmetry refers to some inimitable difference in skill, resources etc or other organisational process in organisation compared to its competitors (Sirsly and Lamertz, 2008 citing Miller). However it is pertinent for the purposes of this article to identify asymmetries that are peculiar to CSR initiatives. Three areas of activity in which business firms interact with the non-market environment are identified thereby deriving economic and other benefits whilst contributing to the social good and these are environment assessment ,stakeholder management (Bhattacharyya,2010;Sirsly and Lamertz,2008) and social issues management (Wood,1991; Friedman,1970;Sirsly and Lamertz,2008). Sirsly & Lamertz (2008) proposed that strategic skills in these areas are important roots to organisations to achieve CSR first-mover advantage.

Sirsly and Lamertz (2008) note that asymmetries for the attainment of first mover advantage may be developed from three generic types by Lieberman and Montgomery and these are: pre-emption of resources, advance on the learning curve and impact on customer cost structure. These Asymmetry options are summarised in Table 2.1 below.

Thus a first mover advantages in CSR initiatives may be attained when the incumbent firm is able to assess its environment, deal with social issues and manage social issues in a manner that is superior to its competitors and results in the incumbent firm accruing social or economic benefits or both(Sirsly and Lamertz,2008 citing Miller)

	Resource Pre-emption	Learning Curve	Customer Cost Structure
Assessing the Environment	Detection of non-market developments	Knowing where to search or disseminate information	Understanding non-market preferences
Stakeholder Management	Position in stakeholder network	Stakeholder relationship building	Stakeholder association
Issues management	Labelling events and issues	Experience in issue or problem solving	Reputation for issue involvement

Table 2.1 Asymmetries in CSR Capabilities (adapted from Sirsly & Lamertz, 2008:354)

The issues discussed so far are summarised in figure 2.2 showing the interaction of the internal organisational capabilities, the strategic CSR positions and the resulting categories of mover advantages against the background of the external environment (Sirsly and Lamertz, 2008). From the diagram it can be noticed that the first mover advantage is the ideal option which results in increased competitiveness as it is rare, inimitable and not easily substitutable (Barney, 1991)

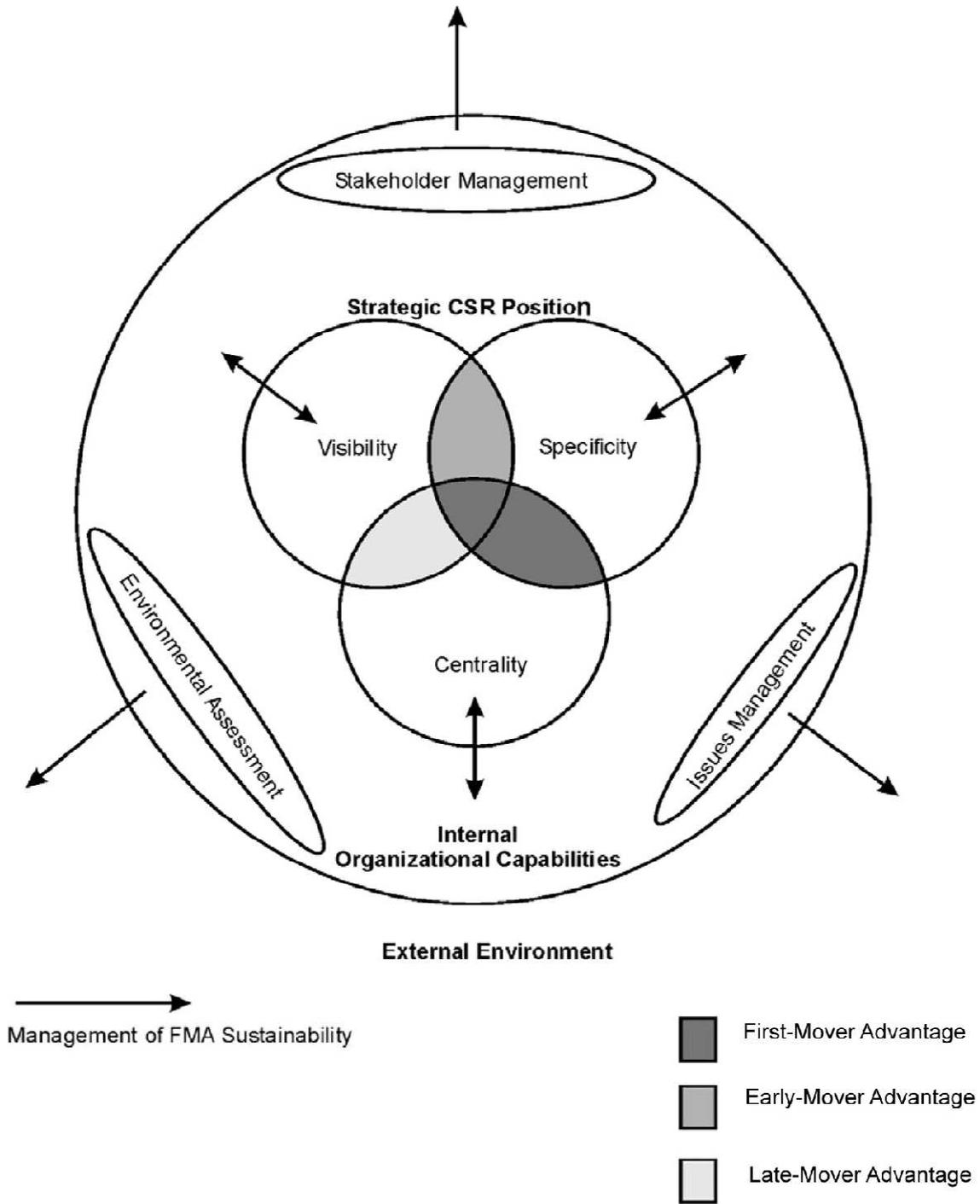


Figure 2.3 Elements of Sustainable First –Mover Advantage in CSR Initiatives (from Sirsly and Lamertz, 2008:359)

2.9 BUSINESS BENEFITS OF PURSUING STRATEGIC CSR

Any strategic firm activity brings substantial business benefits (or such gain which are strategic in nature it is worthwhile to ponder into the type of benefits CSR activities (which are strategic in nature) brings to an organization. Business gains of pursuing strategic CSR are manifested in different ways, all lead to the attainment of a competitively advantageous position and secure it over a period of time (sustainable competitive advantage, SCA) (Bhattacharyya, 2010 citing Székely and Knirsch, 2005; Porter and Kramer, 2006; Perrini, 2005; Crawford and Scaletta, 2005). This is achieved by one or a combination of the ways mentioned below in terms of the (strategic) CSR initiative:

- i. helping a firm in following a generic strategy;
- ii. developing strategic resources for the firm;
- iii. creating new business (product-market) opportunities; and
- iv helping a firm manage stakeholder-related risks better.

2.9.1 Strategic CSR Model: Bhattacharyya (2010)

The model by Bhattacharyya (2010) started by examining and segregating the strategic CSR activities from the non-strategic CSR activities and a series of screens is employed which screens individually and collectively segregates the undesired entities and stop the latter from passing whilst allowing the former to pass from through. CSR initiatives which have strategic implications for a firm are allowed to pass through whilst the undesired do not and the screens as conceptualised as described below;

- a) Strategic intent screen-segregates the planned and proactive CSR activities from those which are unplanned and therefore lack strategic focus as they are unanticipated.
- b) Focus Screen-segregates activities which are unconstructive in terms of attaining goals that are key to the overall mission and vision of the organisation

c) Commitment screen-separates those activities which are long term in perspective and require a substantial amount of resources from those which are not such as philanthropic activities which are pursued at the firm's discretion.

d) Activity Screen-This screen allows those activities which comply with the foregoing criteria to pass through it and these are then referred to as strategic CSR activities. Bhattacharyya (2010) noted that benefits accrue to the firm as a result of pursuing

Strategic CSR activities as illustrated in Figure 2.4 below:

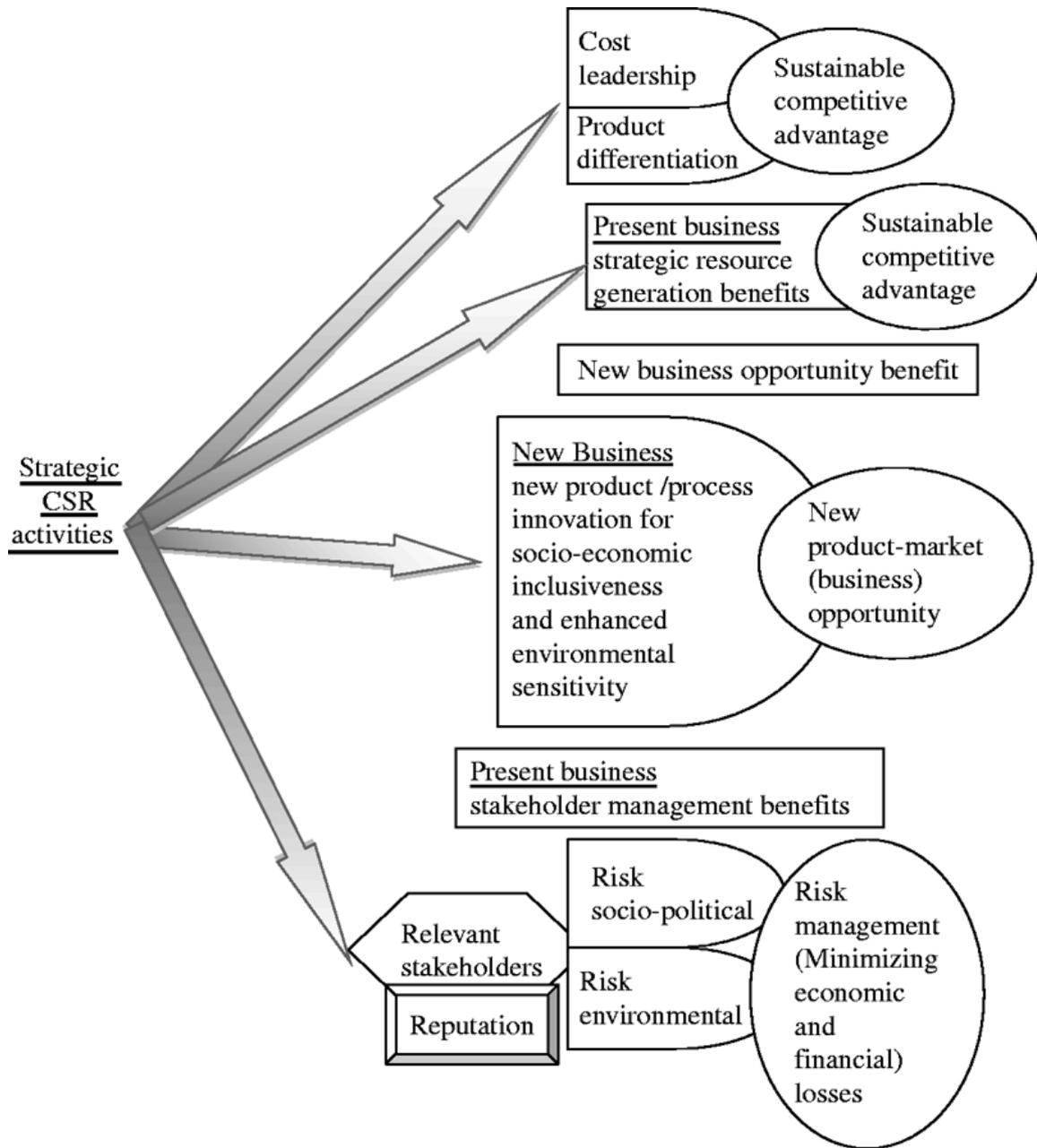


Figure 2.4 Benefits of strategic CSR

Source: Bhattacharaya (2009):96

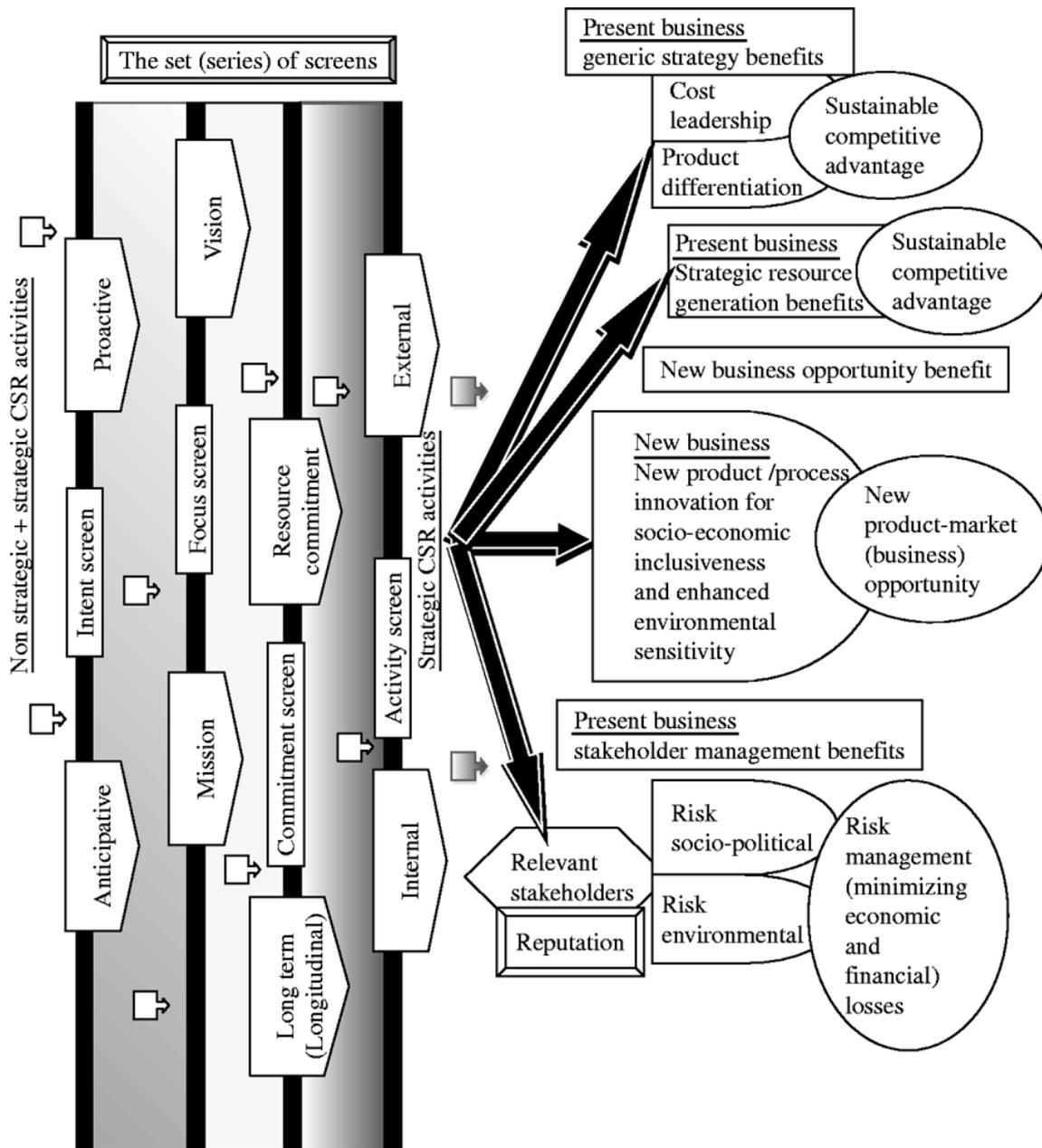


Figure 2.5: The Integrated strategic CSR Model

Source: Bhattacharya (2009):97

2.10 CSR FROM THE STAKEHOLDERS' PERSPECTIVE

The stakeholder theory has developed from the 1960s and 1980s and it broadens understanding of CSR as it noted that a company should undertake multiple CSR (Chen and Wang, 2011). Chen and Wang (2011) stated that today more and more companies undertake CSR actively and consider the interest of stakeholders from a strategic perspective noting that the stakeholders include shareholders, managers, employees, creditors, suppliers, retailers, consumers, government, and community. Yang cited by Chen and Wang (2011) then posited that stakeholders are concerned more about the interest of the corporate without fear of being extorted by the company.

CSR is an expectation by society towards the company in terms of law, ethics, and economy and therefore the company, CSR should have economic responsibility, legal responsibility, ethical responsibility and discretionary or philanthropic responsibility with the economic responsibility being the most fundamental and important as the company needed to make a profit before undertaking the other responsibilities (Carroll, 1979, 1991). Carroll(1991) introduced the RDAP strategic action of CSR as proposed by Wilson and developed by War tick and Cochran(1985) which proposes the choice of the following strategic actions to be taken by a company as it undertakes CSR in accordance with its strategic intention: reactive, defensive ,accommodative, and proactive

2.11 THE RELATIONSHIP OF CSR AND CFP

Chen and Wang (2011) , Boesso et al.(2013) and Suni (2012) stated that there exist three view points on the relationship between CSR and CFP(Corporate Financial Performance) which are positive correlation ,no correlation and negative correlation with three explanations for the positive correlation;

i.Undertaking CSR will improve the company's profitability and financial performance (cited Van der et al., 2008; Ruff et al., 2001, Boeso et al, 2013)

ii.CFP can drive a company to undertake CSR because a company with good financial performance had more resource to deal with social problems (cited MacGuire et al., 1988).

CSR and CFP can influence each other (Cjen and Wang,2011 citing Scholtens, 2008).

However in conclusion Chen and Wang (2011) noted that the relationship between CSR and CFP is diversified due to the situation that a lot of factors influence the research results e.g. industry background, size of firm, nature of property right, phase of life cycle time and type of data, and also which between CSR and CFP is the dependent and independent variable. This paper will also attempt to explore how CSR activity can be related to corporate financial performance with the latter being viewed as an antecedent to competitiveness (Feurer and Chaharbaghi, 1994).

2.12 SUMMARY

The second chapter commenced by examining the relationship between CSR, competitiveness and strategy whereby Galbreath (2009) identified the six dimensions of strategy into which CSR has to fit in order for it to be considered a part of strategy. Also noted was the issue of sustainable competitive advantage (SCA) which is regarded as dynamic and not static (Chaharbaghi and Lynch (1995) thus compelling organisations to generate new resources continuously in order to remain competitive. The chapter also identified the major components of competitiveness as the ability to meet or exceed customer values, shareholder values which include long term financial strength.

The foregoing discussion graduated into cost leadership as a way of achieving competitiveness through the resource based view (RBV) whereby resources that are rare, inimitable and non-substitutable are identified by Barney (1991) and Kim and Mauborgne (2004) as being key to attaining competitiveness and SCA. To this end Olirtzky et .al (2008) Olirtzky et al. (2008) identified and declared CSR as a component that can be exploited as a differentiation strategy at the product, business and corporate level. The RBV approach also incorporates the generation of asymmetries through CSR initiatives leading to any of first mover advantages, early mover advantages or even late mover advantages as proposed by Lieberman and Montgomery as cited by Sirsly and Lamertz ((2008). The three criteria in the said model involved three approaches which

are pre-emption of resources, advance on the learning curve and impact on customer cost structure and the generation of asymmetries was said to be dependent on the ability of firms to assess the environment, deal with social issues in a manner superior to competition. Competitiveness was further explored along the concept of competitiveness that is imparted by national institutions leading to strategic convergence along any of radical product innovation (RPI), diversified quality production (DQP) or least cost production (LCP).

The subject of CSR in general was introduced and defined followed by an account of its evolution as well as theories to explain it and the latter included stakeholder. Theoretical approaches to CSR are social contracts theory and legitimacy theory and this ended with the assessment of performance in the form of corporate social performance with a model by Wood (1991) being used to combine the legitimacy theory and stakeholder management to result in the measurement of the same. Stakeholders in Zimbabwe's mining sector were identified. Social responsibilities were examined by employing the context of social issues being key precursors to CSR.

The concept of strategic CSR was then identified and approaches of building CSR into strategy were examined with centrality, specificity and visibility (Sirsly and Lamertz, 2008) being the distinguishing features of strategic CSR activities compared to non-strategic CSR activities. Galbreath (2009) also identified the six strategy dimensions which CSR has to interface with in order for it to be considered strategic and these are firm mission, strategic issues, markets, customer needs, resources and competitive advantage. Bhattacharya (2010) identified the perspectives that are pertinent to the concept of strategic CSR which are the firm internal and external stakeholders management perspectives, firm activities, strategic traits of strategic CSR and further reveals the business gains of strategic CSR.

The peak of the chapter is reached when Bhattacharya (2010) also reveals a model that organisations can employ to identify and develop strategic CSR initiatives and programmes and it is in the application of this model that strategic CSR activities are distinguished from those that are non-strategic and this takes place through progressive

screens which are the focus screen that is followed by the commitment screen and activity screen.

The chapter is concluded by examining the three possible relationships between CSR and as stated independently by Chen (2011), Boesso et al. (2013) and Suni (2012).

CHAPTER 3

METHODOLOGY

3.0 INTRODUCTION

This chapter is pivotal to the study in that it lays the groundwork towards answering research questions that have been articulated in the first chapter in addition to executing steps to address the research objectives.

3.1 RESEARCH PHILOSOPHY

The research approach will employ the positivist or functionalist paradigm which is mainly of the objective type as developed by Burrell and Morgan (1979). This will involve hypotheses testing (Chi square) on the relevant items in the questionnaire and the remaining items will be analysed using other rudimentary quantitative analyses such as pie-charts in order to answer research questions.

3.1.1 RESEARCH PHILOSOPHY JUSTIFICATION

The functionalist paradigm is one which is on the objectivist side on the objective-subjective dichotomy concerning the nature of social science as proposed by Burrell and Morgan (1979) who also proceeded to identify the following aspects with regards to the nature of society and in the latter case the paradigm selected is based on the regulation perspective on the regulation –radical change or alternatively the order – conflict dichotomy of the nature of society.

i.Ontology- the nature of reality in this case is that CSR and CFP exist, related or not, whether the individual can identify or not i.e. reality is external to the individual.

ii.Epistemology-Knowledge about CSR and CFP by nature is tangible and can be communicated as opposed to it being unique to the individual and therefore subjective. Knowledge about reality in this case CSR and CFP can be acquired.

ii.Human Nature- According to the authors quoted in this section i.e. Burrell and Morgan (1979) the human nature debate in this paradigm is that of determinism on the

determinism –voluntarism dichotomy and they proceed to admit that most social science research is located somewhere in between the two extremes in which man can be influenced by the activities of a mining entity such CSR or the lack of it and yet at the same man can choose to regulate such activities hence the possibility of CFP influencing CSR(Chen and Wang,2011 citing Scholtens,2008) and/or vice versa.

Methodology- This will be covered under methodology but it is important to state that the methodology employed is quantitative.

3.2 RESEARCH DESIGN

Kothari (1990) states that decisions regarding the what, where, when and how much and by what means concerning an enquiry or research study constitute the research design and the same can overallly be split into the following

- a) The sampling design which deals with the method of selecting items to be observed for the given study.
- b) The observational design entails the conditions under which observations are to be made
- c) C) The statistical design is concerned the number of items to be observed and how the information or data gathered are to be analysed.
- d) Operational design involves the techniques and procedures for executing the foregoing components of the research design i.e. sampling, observational and statistical design.

Denzin and Lincoln (1994) as cited by University of Wollongong (n.d.) propose a research design that is composed of five sequential steps as follows:

- a) Locate a field of enquiry in either the use of quantitative, interpretive or a qualitative verification approach.
- b) Selection of a theoretical paradigm that is capable of informing and also guiding the research process.

c) Linking of the theoretical paradigm to the empirical world using methodology.

d) Select the method of data analysis.

3.3 RESEARCH STRATEGY

The research will employ the survey approach across the mining sector in Zimbabwe. A questionnaire will be distributed to identified sample participants in the form of management staff in the mining sector.

3.4 POPULATION

The population is composed of 401 individuals in the identified 24 mining houses in appendix ii. These are individuals in the junior, middle and senior management grades of the entities.

3.5 SAMPLING

The population being large, cannot be studied or surveyed in its entirety as it is too large and therefore time consuming and costly as it is a census (Kothari, 1990) and the only exception is when the universe is too small. The population is made up of 401 individuals in the management grades of the relatively large mining companies.

3.5.1 SAMPLING METHOD

A two stage random sampling technique (Kothari,1990) with 25% of all the mining companies totaling 24 that are listed being considered was employed and another 50% of randomly selected senior, middle managers and junior being the second stage of sampling. A random list number list was generated using MS Excel for each of the two sampling stages. According to Kothari (1990) multi-stage sampling offers the following advantages

- i. it is simple to administer than a lot of single stage designs due to the fact that multi-stage sampling is developed in partial units
- ii. because of sequential clustering, a larger number of units can be sampled for a given cost than is possible in most of the simple sampling designs.

3.5.6 DETERMINATION OF SAMPLE SIZE

3.5.6.1 Considerations in Sample Size Determination

Sampling inherently involves partial information with regards to the population or universe and so there is a risk when trying to extrapolate population attributes to the whole population. Certain considerations therefore need to be taken into account in determining a sample size that minimizes differences in attributes between the sample and the population from which the sample is drawn. According to Kothari (1990) the following should be considered

- i. Nature of the universe: a heterogenous population calls for a large sample. A homogenous population compels the researcher to be comfortable with a small sample.
- ii. Number of classes proposed: with many class groups a large sample is needed because a small sample might not give a reasonable number of items in each class-group.
- iii. Nature of study: for intensive and continuous study a sample can be small as in technical surveys and a large sample is adequate for a general survey.
- iv. Type of Sampling: Small random sample is likely to be superior to a large badly selected sample.
- v. Standard of accuracy and acceptable confidence level: if standard level of accuracy or precision level is to be maintained at a high a relatively large sample is required.

3.5.6.2 Calculating the Sample Size

Bartlett et al., (2001) explained a sample size formula that is adopted in this study and a guide table from the same authors is provided below

Population size	Sample size Margin of error=0.03; alpha = 0.05; t=1.96	Population size	Sample size Margin of error=0.03; alpha = 0.05; t=1.96
100	55	900	105
200	75	1000	106
300	85	1500	110
400	92	2000	112
500	96	4000	119
600	100	6000	119
700	102	8000	119
800	104	10,000	119

Table 3.1 Sample Size Determination from Population Size

Factors that need to be considered are i) margin of error and ii) alpha level which is the acceptable risk that can be accepted by the researcher that the true margin of error exceeds the acceptable margin of error (Enamored ,207 citing Cochran). The standard deviation is then determined for a seven point scale according to Enanoria (2007) Citing Cochran as

$$S = \frac{7(\text{no. of points on the scale})}{\sqrt{3}} = 1.667$$

6((no. of standard deviations

3.5.6.3 SAMPLE DESIGN

The sampling frame was, middle and senior management (includes directors} levels in the sampled mining companies chosen at random. In large mining companies as in the population under consideration this is estimated to be around 50 people per organization and therefore the total population size for the 20 mining houses could be about 400 people. Since a two stage random sampling technique was employed the first stage was to determine the sample size at organizational level i.e. the number of mining companies and since there was no guide in place eight companies representing 40% of the population of companies were chosen at random and the table 3.1 indicates that for a population of 400 a sample size of respondents would be 92.

3.6 DATA COLLECTION

The study collected data from the sampled respondents and both hard and soft copies of the questionnaire were sent to respondents and a week was the period given for the return of the questionnaires. The questionnaire had background characteristics of the company as well as some pertaining to respondents. Items (questions) on CSR activities and various aspects of the same that impact on the organization. A scale of ranking responses to items was the instrument used to record them and this was from 1 to 7 where 1 represents strongly agree and 7 represents strongly disagree the questionnaire had mostly close-ended and was therefore structured for easier and faster coding, cleaning and capturing data from the questionnaire

3.7 DATA ANALYSIS

3.7.1 Hypothesis Testing

The Chi-square statistic as a test of independence enables us to measure whether or two attributes are associated (Kothari, 1990) in the case of this study whether CSR initiatives and financial independence are associated. Kothari (1990) adds that Chi-square can also be used as a goodness of fit test in that it enables the researcher to ascertain whether there is fit between assumed theoretical distribution and the observed data. However Kothari (1990) also notes that as a non-parametric test Chi-square has no rigid assumptions with respect to type of population. The Chi-square is also applicable to categorical data.

The Chi-square involves the following

- i. state the hypotheses
- ii. formulate an analysis plan
- iii. Analyse sample data
- iv. interpret the results.

3.7.1. i. Stating the Hypothesis

CSR/CSI has in some quarters to be related through any of the following routes: positive correlation, negative correlation and no correlation (Chen, 2011). These are the bases on which hypotheses are considered below. Patrizia (2012) declares that CSR/CSI should not just be a cost to be undertaken but an instrument that will impact on and enhance corporate competitiveness and growth. Olirtzky et al, (2003); Margolis and Walsh (2003) also assert that there is a positive correlation between CSR/CSI and financial performance or outcomes. There are suggestions that a lot still needs to be determined in this conclusion (Van Burden and Gosling, 2008; Chen, 2011)

H0: Voluntary CSR has no impact on CFP.

H1: Voluntary CSR/CSI has negative impact CFP.

H2: Voluntary CSR has positive impact on CFP

3.7.1. ii Formulating an Analysis Plan

Analysis plan is about the decision rule on how to use the sample results to accept or reject the null hypothesis. This involves

Setting the significance level and in this study the significance level set is 0.05.

Chi-square test for independence is then employed to determine whether a significant relationship exists between two categorical variables.

3.7.1. iii Analyse Sample Data

The study employed the p-value that is associated with test statistic to analyse sample data. The p-value entails the probability of observing a sample statistic as extreme as the test statistic.

The other items on the questionnaire will be analysed using pie-charts (Kothari, 1990)

3.7.1 iv. Interpret the Results

The null hypothesis (H0) is rejected if sample findings are unlikely i.e. if the p-value is less than the significance level, the null hypothesis is rejected.

H1 and H2 follow the same mode of interpretation with the only exception being that at least one of the three hypotheses has to be accepted.

3.8 CHAPTER SUMMARY

The research followed mainly positivism i.e. quantitative and because of the need to capture information at a strategic level specifically perceptions, it concentrated on senior, middle managers and junior managers. Sample size was mainly guided by the recommendations of Bartlett et al (2001). The null and the alternative hypothesis were tested using Chi-square statistic.

CHAPTER 4

4.0 RESEARCH RESULTS AND DISCUSSION

4.1 INTRODUCTION

This chapter involves the presentation of results of the study and also is a platform of discussion of the same. On the quantitative side it involves hypothesis testing and on the qualitative side analyses of various aspects of strategic CSR as obtained from the field study will be carried out all in an attempt to complete the addressing of research objectives and questions.

4.2 RESPONSE RATE

Ninety respondents were randomly selected to complete the questionnaire from across the mining sector. These were selected from senior management (senior management and/or directors), middle management and junior (supervisory grades). Sixty five questionnaires were completed giving a response rate of 72%.

4.3 DEMOGRAPHIC ASPECTS

4.3.1. Response Rate by Management Level

The response distribution by management level is summarized in Table 4.1.

category	frequency	percent	Valid percent
Director/Senior Manager	12	18.46	18.46
Middle Manager	38	58.46	58.46
Junior Manager/Supervisor	15	23.08	23.08
Total	65	100	100

Table 4.1 Response rate by management grade

4.3.2 Response Rate by Mineral Category

Another categorization of response rate is that according to the mineral class mined and this is summarized in the table below. The precious minerals category is comprised of the metal gold and the non-metal diamond and the industrial minerals is comprised of

nickel, chrome ,lime, phosphates and cement .The energy minerals category is only made up of coal.

Mineral Class	Frequency	Percent	Valid Percent
Industrial Minerals	12	18.5	18.8
Energy Minerals	12	18.5	18.8
Platinum Group Metals(PGM)	4	6.2	6.3
Precious Metals/Non-metals	36	55.4	56.3
Total	64	98.5	100
Missing Data	1	1.5	
Total	65	100	

Table 4.2 Response rate according to the category of mineral category

4.3.3 Response Rate of CSR Activities by Management Level of Respondents

CSR activity ratings by management level					Total
Management Level	Neither good nor bad	Good	Very Good	Do not know	
Senior Manager	0	0	11	1	12
Manager	8	22	8	0	38
Manager/Supervisor	2	7	6	0	15
Total	10	29	25	1	65

Table 4.3 Response Rate by Management Category of CSR activity

A total of 54(83%) managers across all the categories rated CSR very well in their organisations. The remainder was composed of those who were either neutral or did not know. This figure is almost consistent with the fact that 75% of the respondents were educated on the companies' CSR activities and that 83% and 75% rated well CSR

activities, and believed that CSR should be an integral part of any mining company's strategy, respectively.

4.3.4 Identification of Key Stakeholders

Stakeholder	Frequency	Percentage
Customers	18	27.69
Non-Governmental Organisations(NGO)	16	24.62
Communities	32	49.23
Government	25	38.46
Local Authority	11	16.92
Financial Institutions	9	13.85
Shareholders	7	10.77
Investors	6	9.23
Health Institutions	5	7.69
Suppliers	6	9.23
Employees	17	26.15

Table 4.4 Key Stakeholder Analysis

4.2.5 Identification of Major CSR Activities

Activity	Frequency	Percentage
Infra-structure for Communities	15	23.08
Health Promotion/HIV AIDS	15	23.08
Counselling		
Employee Training	7	10.77
Educational Assistance and Scholarships	10	15.38
Capacity Building	7	10.77
Water Supply	4	6.15
Sponsorship of Sport	5	7.69
Community Share Ownership Trust(CSOT)	1	1.54
Land Reclamation	2	3.08

Table 4.5 Major CSR Activities in the Mining Sector

4.4 FINDINGS AND RESULTS OF RESEARCH

The research findings to be presented in this section were summarised through pie-charts and were condensed into three categories namely the ‘agree’ being total percentage frequencies in the categories 1 to 3 of the seven point scale, the neutral category being 4 on the same scale and the ‘disagree’ being composed of the percentage frequency in the 5 to 7 categories of the same seven point scale. The items on the section B on the questionnaire were categorised into classes in order to analyse and interpreted results coherently and to unravel connections. This will also allow the

researcher to attempt to address issues raised in the research objectives and questions. Table 4.4 below is a summary of the said classifications.

4.4.1 Financial Aspects and Voluntary CSR

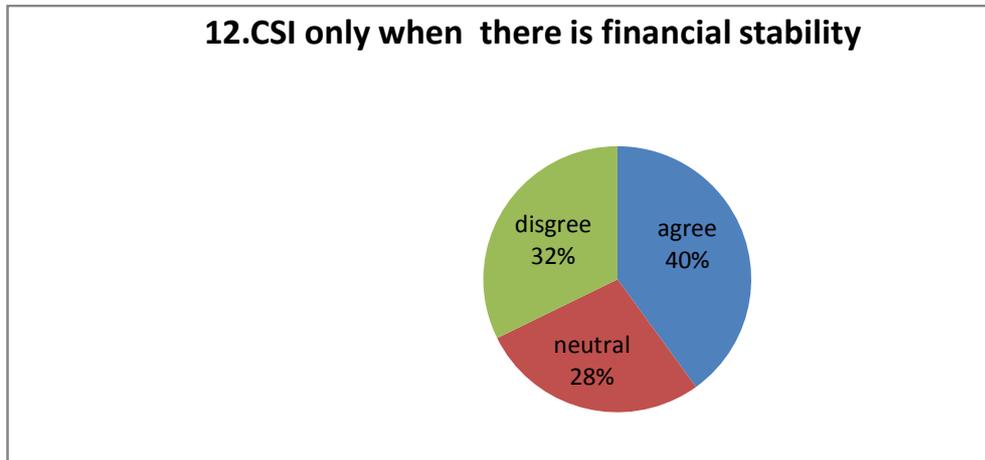


Figure 4.1 CSR and financial stability

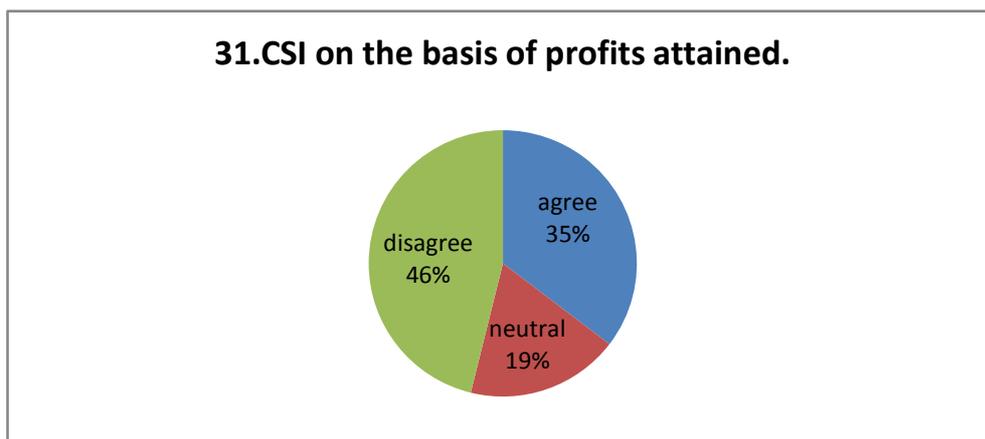


Figure
4.1 iv

Figure 4.2 CSR activity and profits attained

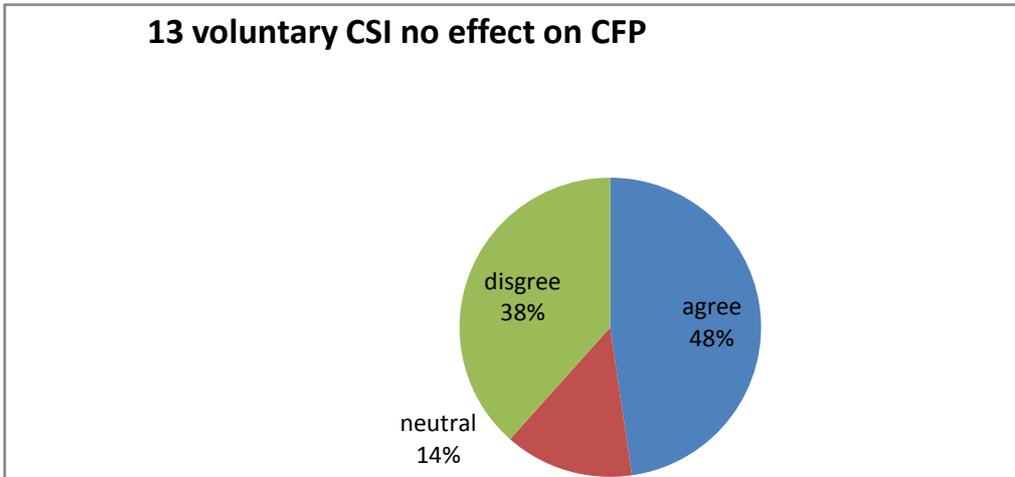


Figure 4.3 CSI and corporate financial performance

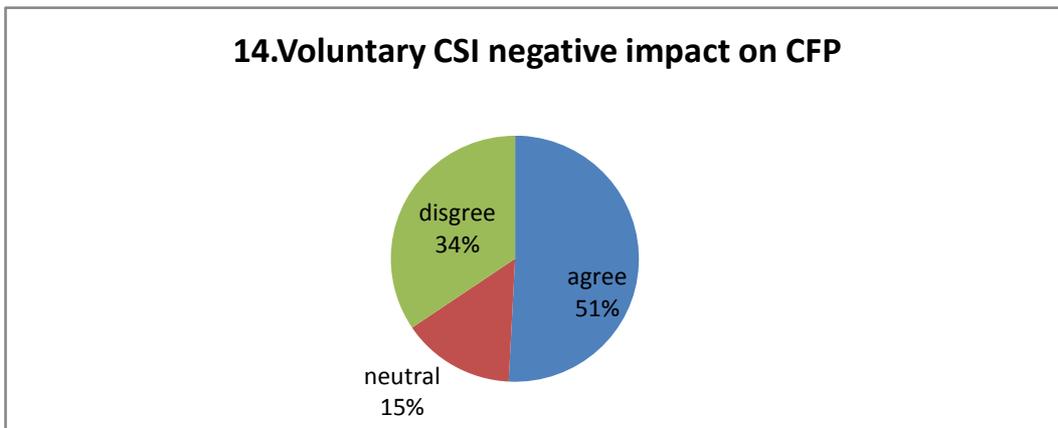


Figure 4.4 Negative Impact of CSR on corporate financial Performance

21. Competitive Price is Key Customer Value...necessary to manage costs

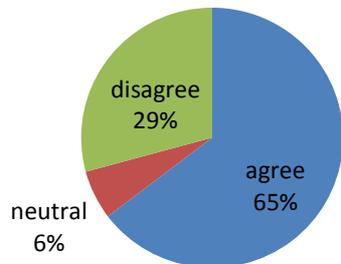


Figure 4.5 key customer value is price

32.CSI as a Profit enhancing activity

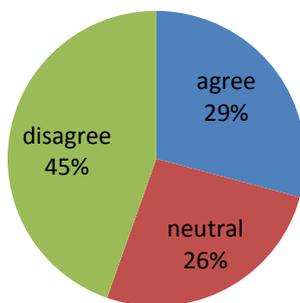


Figure 4.6 CSI as a profit enhancing activity

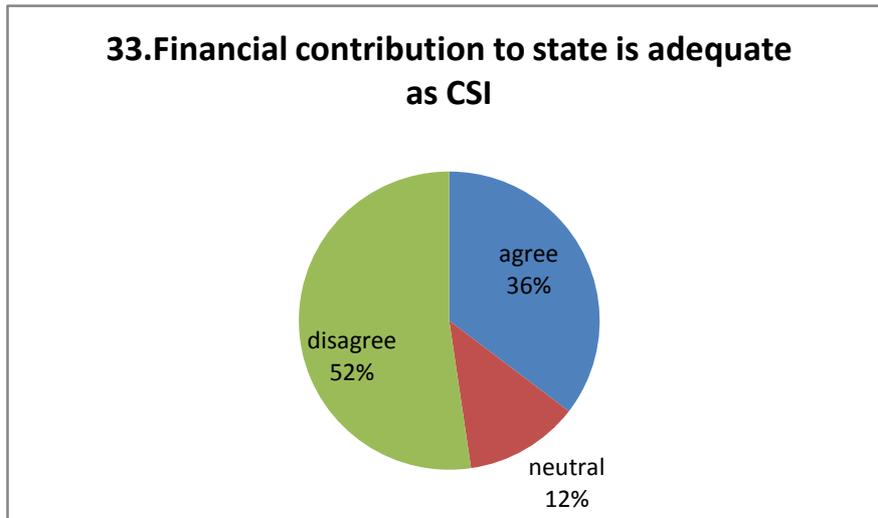


Figure 4.7 Financial contribution to state is adequate CSR

The financial aspects are key to competitiveness for any organization (Feurer and Chabaharghi, 1994) but interesting results emerge from this exercise and need to be resolved. There is a general admission by respondents that there is more to CSR than contribution to state but since CSR is largely perceived as not profit enhancing (Figure 4.4 and 4.6) it therefore implies that it is generally believed to erode profits and this is a preliminary indication of lack of strategic CSR (Bhattacharaya, 2010; Olitzky et al., 2011) hence the general perception that CSR has a negative impact on corporate financial performance (CFP). This is also supported by the fact respondents are mostly of the opinion that price is a key customer value (figure 4.5) and it therefore necessary manage costs in order to retain profitability through striving for least cost production, LCP (Hermann, 2008). However issues pertaining to the relationship between CSR and CFP are also the subject of hypothesis testing which will be addressed in section 4.5.

Another angle from which the financial aspect can be interpreted is that good financial performance leads to voluntary CSR but this begs the question of whether such a model is strategic given that CSR is dependent on the CFP (Chen, 2011) meaning that this type of CSR is not part of the company's strategy. Analysis of this section and conclusions can only be made after considering the other aspects namely the strategic, risk management and corporate governance aspects. This assertion is emanating from

the fact that there are contradictions as some respondents believe that voluntary CSR has no impact on long term CFP which is another preliminary indicator that CSR is not considered strategic in the mining sector. Again this is the subject of hypothesis testing.

4.4.2 Strategic Criteria of Voluntary CSR

Stakeholder engagement though key in addressing stakeholder expectations (figure 4.8) the latter cannot be addressed if they are not aligned to the vision (Figure 4.9) as the respondents largely perceive that their organisations' CSR initiatives are aligned to their vision and mission.

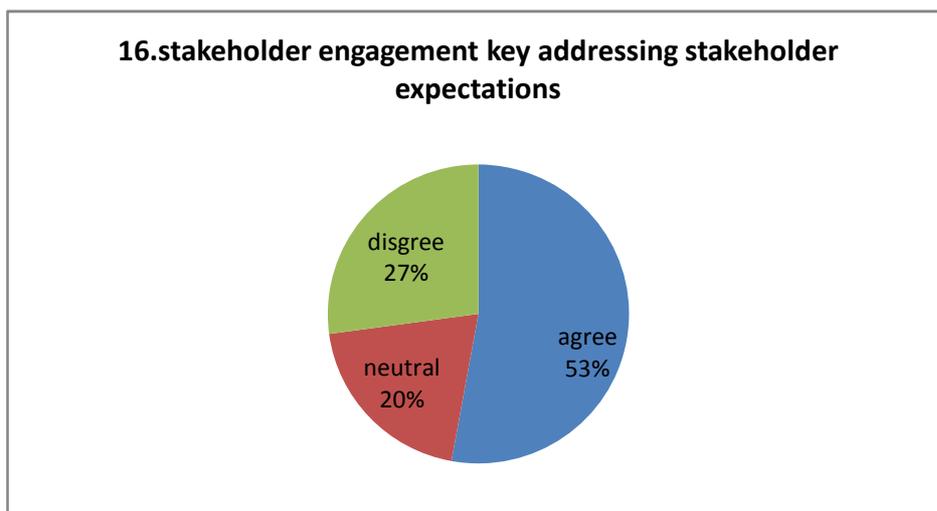


Fig.4.8 Engagement of stakeholders key to addressing expectations

17. Vision non-aligned stakeholder expectations should not be addressed

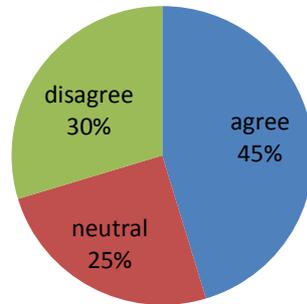


Figure 4.9 Expectations not aligned to vision should not be addressed

20. CSI part of the organisation's strategy

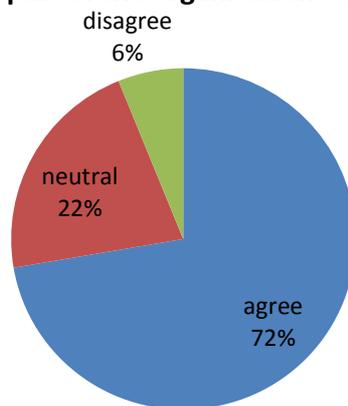


Figure 10 CSR is part of the organisation's strategy

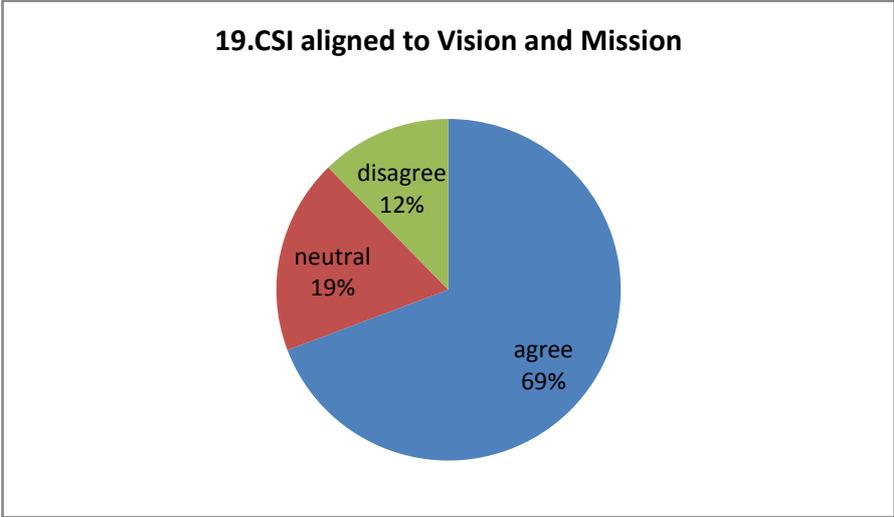


Figure 4.11 CSR is alignment to vision and mission

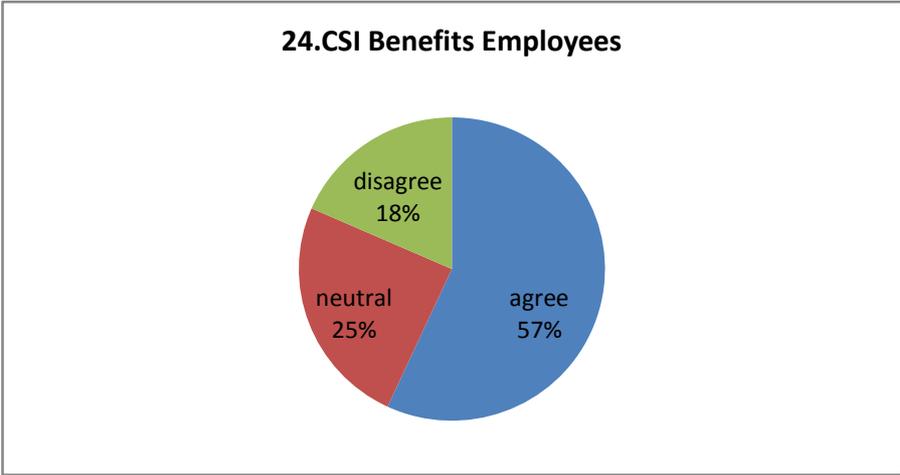


Figure 4.12 CSR benefits to employees

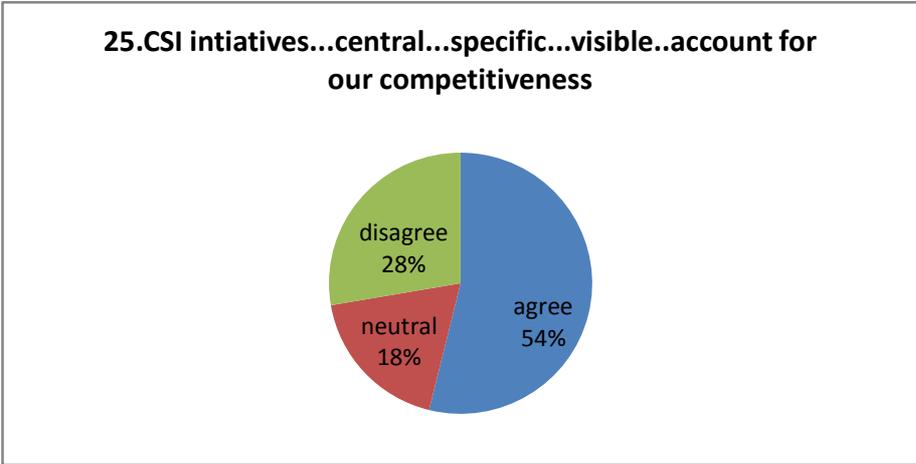


Figure 4.13 Centrality, specificity and visible CSI initiatives and competitiveness

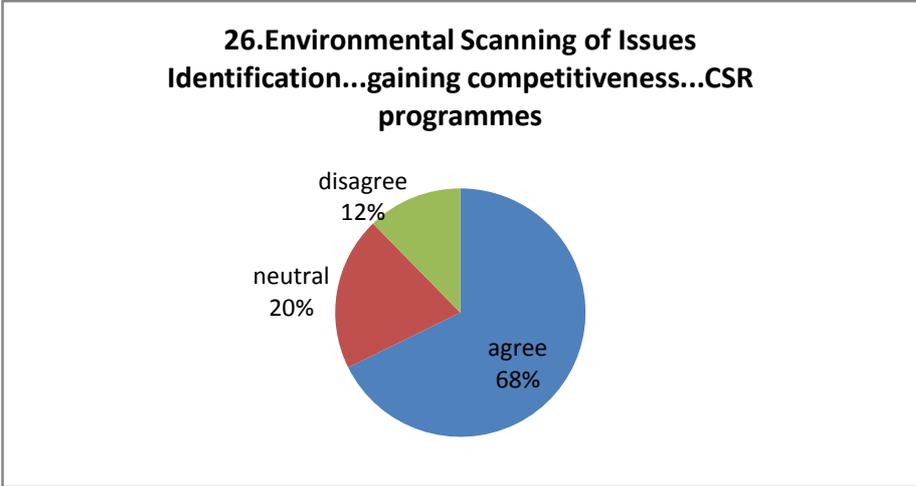


Figure 4.14 Environmental scanning of issues identification and competitiveness

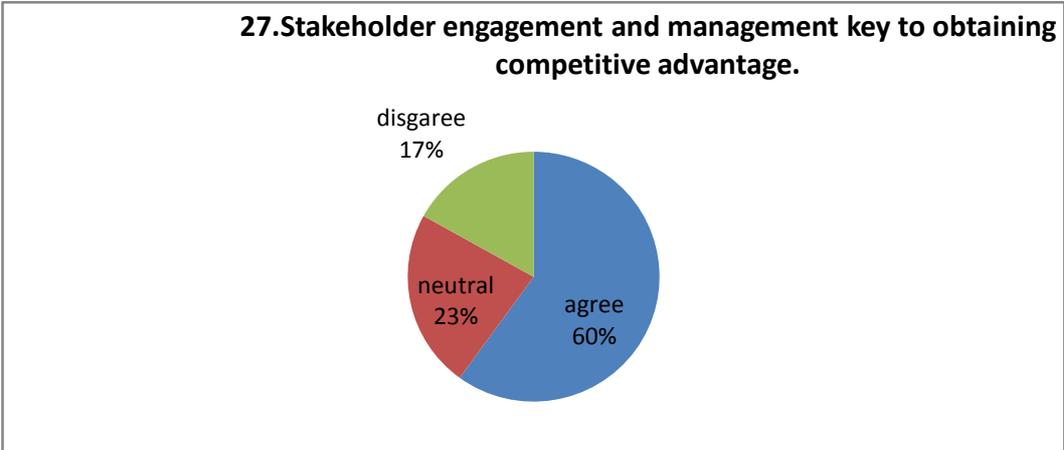


Figure 4.15 Stakeholder engagement, management and competitive advantage

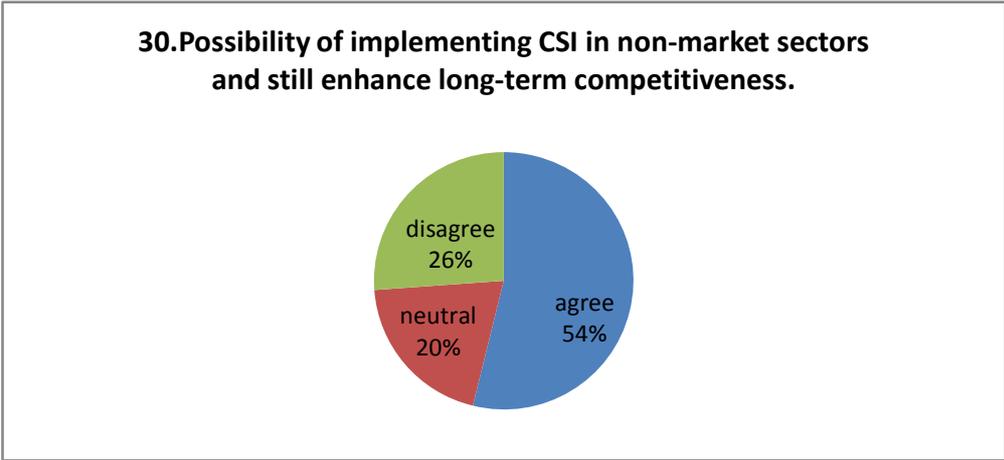


Figure 4.16 Possibility of implementing CSR in non-market sectors for competitiveness

However the fact that respondents largely believe that it is possible to implement voluntary CSI initiatives and still enhance long-term competitiveness (Olitzky et al., 2011) might imply that the so-called non-market sectors are incorporated in their vision and mission in the form of various stakeholders. This is also supported by the belief in most respondents in engaging in CSR activities that are specific and central to the organisations' mandate and vision as well as being visible (figure 4.13) which together can be leveraged in through a combination of environmental scanning (figure 4.14), issues management and stakeholder management (figure 4.16) in order to attain a strategic position such as first mover advantage (Sirsly and Lamertz, 2008; Kim and Mauborgne, 2005) with say suppliers, financiers and investors and even key employees (Bhattacharya, 2010).

From the foregoing it is again noteworthy though not conclusive, that though respondents largely claim that CSR is part of their strategy and is aligned to their vision and mission as long as profitability is not tied to such programmes or any other CFP indicator (Chen, 2001) which is a precursor to competitiveness (Feurer and Chaharbharghi, 1994) then such CSI is not strategic CSR (Bhattacharya, 2008, 2010; Olitzky et al., 2011).

4.4.3 Risk Management Criteria of Voluntary CSR

A significant percentage of respondents disagree that CSR is corporate philanthropy and yet agree to a large extent that CSR is an exercise in reputation management as well as risk management for the company to maintain a positive image in society (Unermann, 2008).

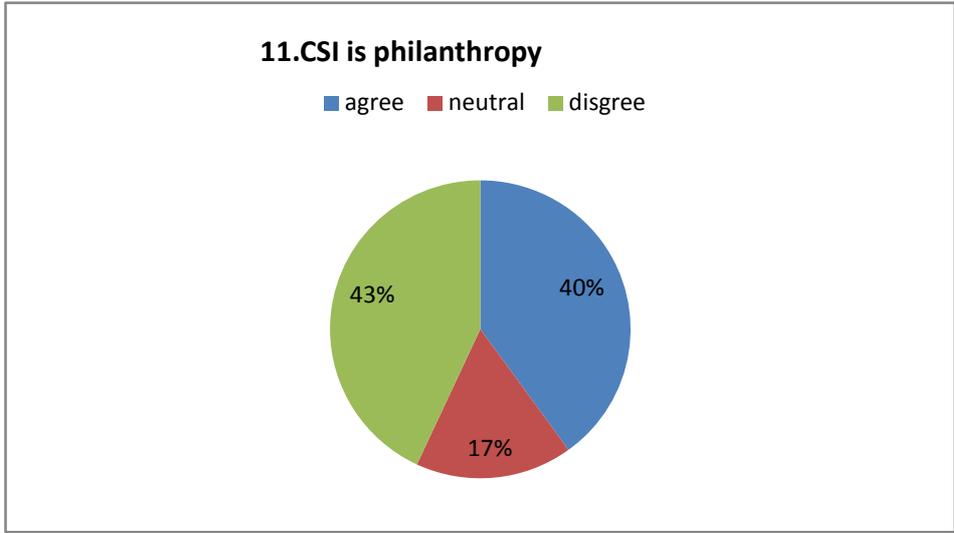


Figure 4.17 CSR is corporate philanthropy

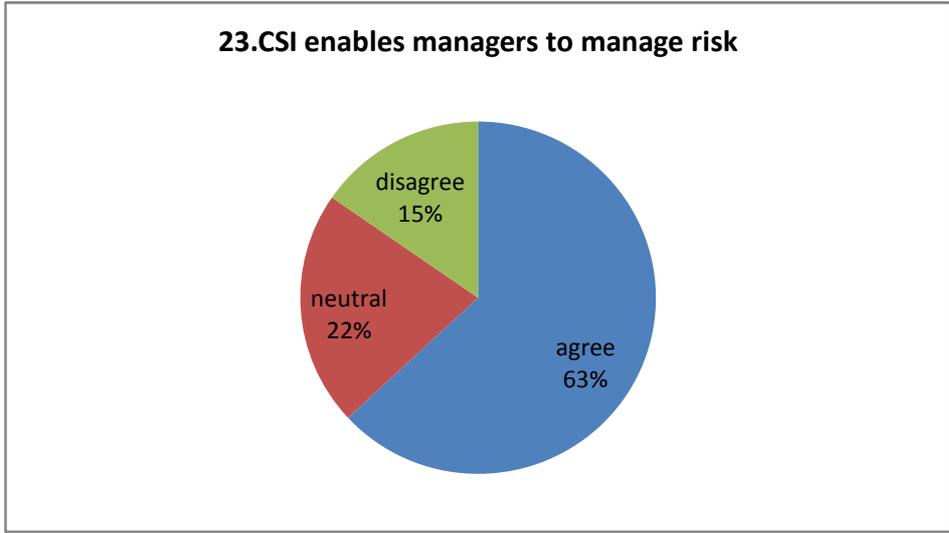


Figure 4.18 CSI is enables us to manage risks

Issues identification in such as non-market sectors(Hermann,2008) or corporate externality recognition(Crouch,2006) from which companies that produce commodities such as minerals to derive competitive advantage through enhancing reputation and reducing risk (Bhattacharryya,2010)

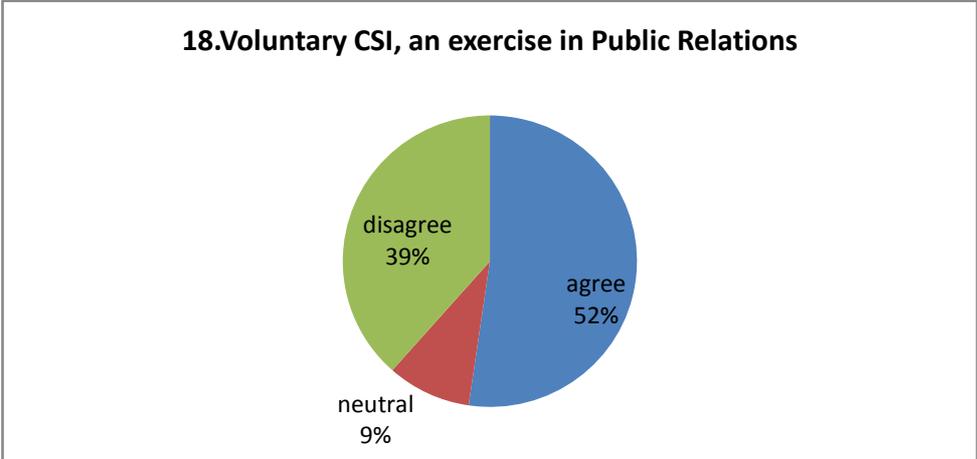


Figure 4.19 CSR is an exercise in public relations

4.3.4 Corporate Governance Criteria of Voluntary CSR

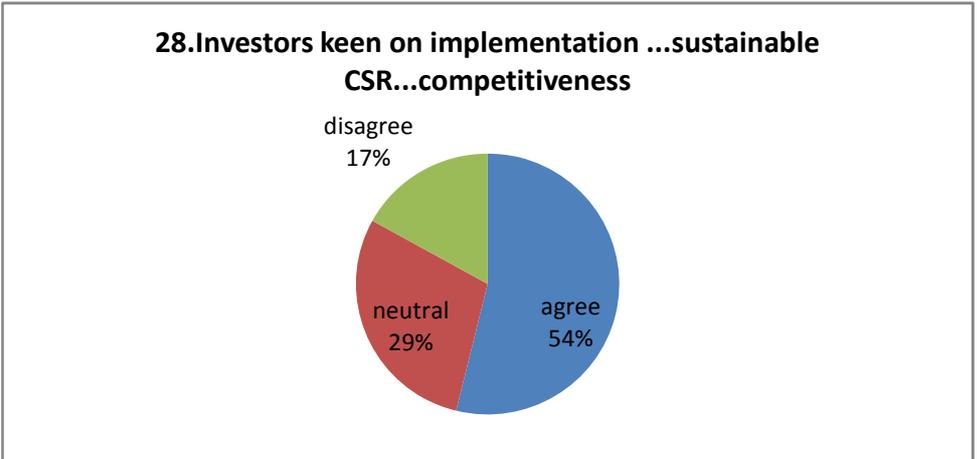


Figure 4.20 Investors' attitude towards CSR

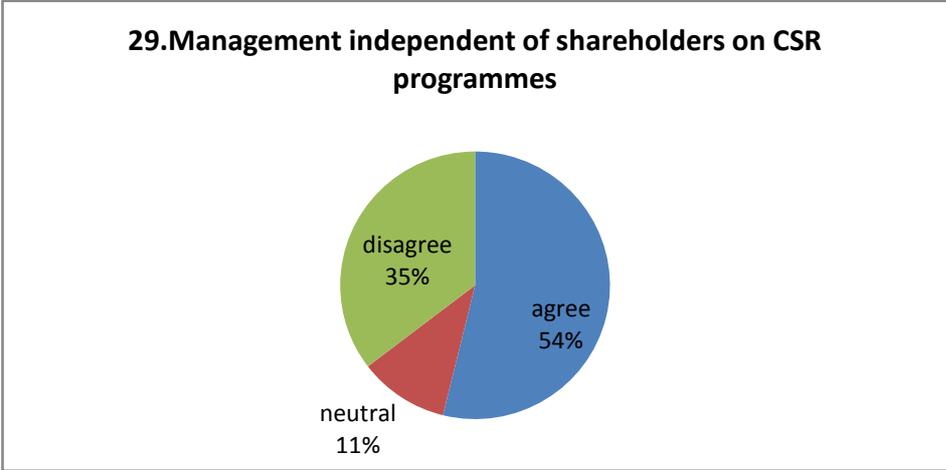


Figure 4.21 Management autonomy towards CSR

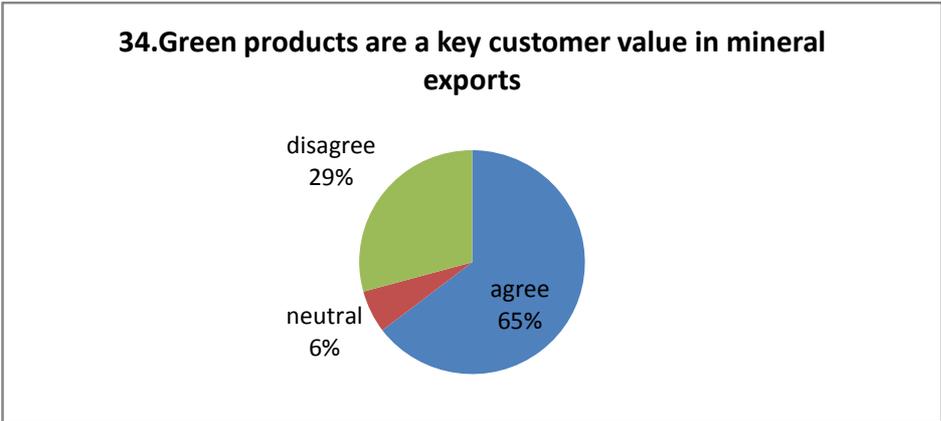


Figure 4.22 Green products and customer value in mineral exports

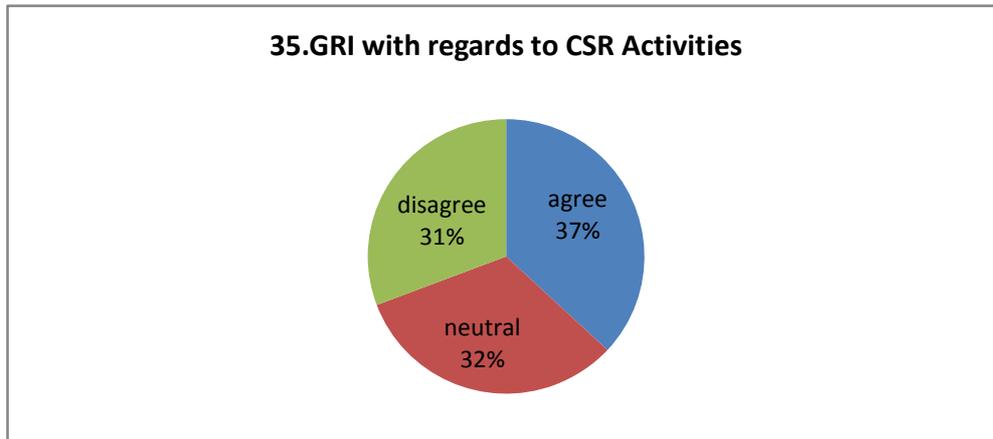


Figure 4.23 Global Reporting Initiative and CSR activities

With management largely having the discretion to decide and implement CSR programmes largely independent of shareholders (figure 4.21) the latter being the key stakeholders to be addressed by corporate activity (Friedman, 1970; Freeman, 1984) the inference to be drawn is that to a significant extent CSR and in particular strategic CSR is largely absent and therefore the implementation of the same is an opportunity but from indications in figures 4.20 to 4.23 in which there is general agreement with the issues raised, the challenge could be one of management skill in terms of capacity to craft strategic CSR. This could however be due to limitations by perceptions that CSR in general is not really key to CFP as indicated in figures 4.1, 4.3, 4.4, 4.5 and 4.6. Since management largely has the autonomy to implement CSI programmes and investors are keen on CSR possibly because of the need to manage risk and enhance financial performance, it is therefore key that such stakeholders interest should be met.

Again from the above figures it is patently clear that GRI (Global Reporting Initiative) (Guenther, Hoppe and Poser, 2007) which encompasses the key aspects of strategic CSR is not being employed (Figure 4.23). It is also interesting to note the significant level of investor enthusiasm towards strategic CSR and being the possible source of capital and a key stakeholder who possibly appreciates the impact of CSR, the interests of the latter should be considered through implementing a coherent and profitable CSR programme.

4.5 HYPOTHESIS TESTING

Ho Voluntary CSR has no impact on CFP

H1 Voluntary CSR has an impact on CFP

Since $p=0.001$ which is less than 0.05 we reject Ho and conclude that voluntary CSR has an effect on corporate financial performance (CFP).

Testing alternative hypothesis yielded the following

1. Ho: Voluntary CSR has negative impact on CFP

H1: Voluntary CSR has no negative impact on CFP

We reject Ho and conclude that CSR has no negative impact on corporate financial performance.

Positive impact

2. Ho; Voluntary CSR has a positive impact on CFP.

We fail to reject Ho and conclude that CSR has a positive impact on CFP.

4.6 FINDINGS

Whilst the hypothesis testing proved that voluntary CSR has a positive impact on CFP which could be a key indicator to it being strategic with regards to customer and shareholder values, it is then paradoxical that the survey also reported that there is a general disagreement that voluntary CSR is a profit enhancing activity which puts the

research in a quandary and points to the need to further investigate with additional supportive hypotheses employing criteria that could lead to more conclusive results.

The other reason for such conflicting results could be that mining sector executives and their managers are delusional about their CSR programmes hence all the responses that seem to support evidence of strategic CSR such as them being aligned to the vision and mission and yet there contradictory findings such as failure to enhance profits. In short the conclusion is that CSR in Zimbabwe's mining sector is non-strategic.

4.7 CHAPTER SUMMARY

This chapter presented the findings of the research as well as an analysis of the findings and their extent of agreement or disagreement with various authorities on the subject. This was after subjectively classifying items on the questionnaire into four groups namely strategic, financial risk management and corporate governance and these was the bases upon which sections for the analysis were drawn.

The findings exposed that though there is a belief among managers that they are pursuing CSR as part of their strategy this is it is not strategic CSR as it is not planned for as a profit enhancing tool. However in hypotheses testing it was concluded that voluntary CSR has a positive impact on CFP. In Chapter Five conclusions and recommendations to the foregoing issues will be presented and discussed.

CHAPTER 5

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter will provide the conclusions to the analyses carried out in chapter four and will provide recommendations. By the end it is expected that the objectives would have been addressed and research questions answered.

5.2 CONCLUSIONS

Voluntary CSR in Zimbabwe's mining sector is implemented for other reasons such as addressing stakeholder expectations and not as a profit or other financial performance enhancer. It (voluntary CSR) is largely perceived to impact negatively on financial performance so it is possible that it is implemented to pacify stakeholders such as communities and employees and therefore it could be an exercise to risk management through reputation enhancement.

Hypotheses tests prove that voluntary CSR has a positive impact on CFP in the mining sector. This is possibly attained through enhanced reputation in stakeholder management, issues identification coupled with the programmes benefiting employees as well as communities thereby reducing risks and not through a deliberate strategic CSR programme designed to increase indicators such as balance sheet growth in themselves and not merely supporting other strategies.

5.2.1 Testing Hypotheses

The null hypothesis is rejected i.e. corporate social responsibility has no impact on corporate financial performance (CFP). The alternative hypothesis that CSR has a negative impact on CFP is also rejected and the positive impact of CSR on CFP is accepted.

5.3 RECOMMENDATIONS

5.3.1 Stakeholder Engagement

The fact that the mining sector is a major revenue earner and the perceived huge profits coupled with the fact it produces a non-renewable resources which leaves physical and humanitarian scars once the resource is depleted demands that it engages in sustainable activities that leave behind a legacy of continuity. This can only be possible through strategic CSR in which the company develops and delivers products and /or services in which it earns revenue and at the same time addresses issues in the stakeholder environment. To this end mining companies need to develop models that have been identified in this research for the crafting of strategic CSR into their strategies; in other words they have to ensure that their CSR strategies are intertwined with their core business by being profit generators and not merely as reputation enhancers. The model by Bhattacharryya (2010) could be employed.

5.3.2 Sponsoring Research in market and non-market Sectors

As pointed out earlier that the industry is largely commoditised with most of the output being exported raw the recommended approach can only be in the non-market sectors. The energy minerals could start scholarship programmes to sponsor research on fuels and energy engineering on the improvement of efficiency of photovoltaic cells (solar panels) with a vision to eventually reach a stage where such gadgets can power industrial machines and substitute coal. This has the benefit of addressing concerns about the ozone layer, pre-empting future competitors and if the project eventually succeeds, enables the coal mining company to enter, diversify and/or leap-frog into a cheaper to operate and more profitable industry. The cement industry could also sponsor research on alternative building materials and technologies with less harm on the environment. These few suggestions are based on the need for corporate externality recognition as well as focusing on the non-market sectors (Hermann, 2008).

Mining companies could also employ the model by Bhattacharyya (2010) in figure 2.5 especially with regards to the four screens that are needed for strategic CSR development in order to come up with sustainable strategic CSR business models.

5.4 AREAS OF FURTHER STUDY

Strategic CSR is a relatively new approach towards integrating various stakeholders into the mining entities' business at a profit and there is thus a need to research on how issues such as beneficiation of minerals can provide an opportunity for strategic CSR for the various stakeholders in Zimbabwe and also to study the different stakeholder expectations.

The other areas that need further study could be to model the various hypotheses that need to be linked to strategic CSR in addition to the impact on CFP which is in our view too general. This could be broken down into the impact of voluntary CSR as a profit generator, as a demand generator in terms of enhancing market competitiveness of minerals and also its impact on generation of new business opportunities.

5.5 CHAPTER SUMMARY

This chapter provided the conclusion and recommendations to the research and also suggested areas where opportunities to look for strategic CSR initiatives. Areas of further study were also recommended.

REFERENCES

Agle, B.R, Mitchell, R.K, Sonnenfeld, J.A (1999), "What matters to CEOs? An investigation of stakeholder attributes and salience, corporate performance, and CEO values", *Academy of Management Journal*, Vol. 42 pp.507-25.

Barney, J.B. (1991), "Firm resources and sustained competitive advantage", *Journal of Management*, Vol. 17 No.1, pp.99-120.

Bhattacharyya, S.S. (2008), "Development of a strategic corporate social responsibility framework", *Management Development Institute, Gurgaon, unpublished Fellow Program in Management Thesis Work*,

Bhattacharyya, S.S., Sahay, A., Arora, A.P., Chaturvedi, A. (2007), "Development of a CSR-strategy-framework", *University of Leeds, Leeds, paper presented at The Corporate Responsibility Research Conference (CRRC)*,

Bhattacharyya, S.S., Sahay, A., Arora, A.P., Chaturvedi, A. (2008), "A toolkit for designing firm level strategic corporate social responsibility (CSR) initiatives", *Social Responsibility Journal*, Vol. 4 No.3, pp.265-82.

Boesso, G., Kumar, K., & Michelon, G. (2013)"Descriptive, instrumental and strategic approaches to corporate social responsibility. Do drive financial performance of companies differently?"*Accounting, Auditing and Accountability Volume 26 No.3* Boon, E.K and Ababio, F 'Corporate Social Responsibility in the Mining Sector-Lessons from Ghana www.iaia.org

Brugmann, J., Prahalad, C.K. (2007), "Co-creating business's new social compact", *Harvard Business Review*, Vol. 85 No.2, pp.80-90.

Chamber of Mines Annual Report (2009)

Chen, H and Wang (2011)"Corporate Social Responsibility and Corporate Financial Performance in China: an Empirical Research from Chinese Firms,*Corporate Governance* ,Volume 11 Number 4.

Clarkson, M.B.E. (1995), "A stakeholder framework for analyzing and evaluating corporate social performance", *Academy of Management Review*, Vol. 20 No.1, pp.92-117.

Collins, R. (2003), "Behind the brand is business social responsibility", *Consumer Policy Review*, Vol. 13 No.5, pp.159-65.

Crouch, C (2006), "Peripheral Vision: Modelling a Firm in its Market and Organisational Environment: Methodologies for Studying Corporate Social Responsibility", *Organisation Studies*, Vol.27 No.10.

Crawford, D., Scaletta, T. (2005), "The balanced scorecard and corporate social aligning scorecard and corporate social aligning values", *CMA Management*, Vol. 79 No.6, pp.20-7.

Davis, K. (1960), "Can business afford to ignore social responsibilities?" *California Management Review*, Vol. 2 No.3, pp.70-6.

Day, G.S., Wensley, R. (1988), "Assessing advantage: a framework for diagnosing competitive superiority", *Journal of Marketing*, Vol. 52 No.2, pp.1-20.

Debroy, B., Khan, A.U. (2005), *Integrating the Rural Poor into Markets*, Academic Foundation, New Delhi,

Donaldson, T., Preston, L. (1995), "The stakeholder theory of the corporation: concepts, evidence, and implications", *Academy of Management Review*, Vol. 20 No.1, pp.65-91.

Du, S., Bhattacharya, C.B., Sen., S. (2007), "Reaping relational rewards from corporate social responsibility: the role of competitive positioning", *International Journal of Research in Marketing*, Vol. 24 No.3, pp.224-41.

Bummer, J.J (1991), *Corporate Responsibility and Legitimacy – An Interdisciplinary Analysis*, Greenwood Press, Westport, CT, (2000), "Winning with integrity: a guide to social responsibility", *Business Impact*, .

Burrell, G., and Morgan, G. (1979), "Sociological Paradigms and Organisational Analysis. London, England: Heinemann.

Carroll, A.B (1979), "A three-dimensional conceptual model of corporate performance", Academy of Management Review, Vol. 4 pp.497-506.

, Vol.34 No.4: Sage Publications.

Carroll, A.B. (1991), "The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders", Business Horizons, Vol. 4 pp.39-48.

Chaharbhaghi, K. And Lynch, R. (1999), "Sustainable Competitive Advantage: Towards a Dynamic Resource Based Strategy, Management Decision, and Management Decision Vol.37 No.1: MCB UP.

Chapple, W., and Moon. (2005), 'Corporate Social Responsibility (CSR) in Asia: A Seven Country Study of CSR web-site reporting", Business and Society Vol.44 No.4: Sage Publications.

Clarke, J (1998), "Corporate social reporting: an ethical practice?", in Gowthorpe, C, Blake, J (Eds), Ethical Issues in Accounting, Routledge, London, pp.184-99.

Clarkson, M.B.E (1995), "A stakeholder framework for analyzing and evaluating corporate social performance", Academy of Management Review, Vol. 20 pp.92-117.

Crawford, D., and Scalleta, T., "The Balanced Scorecard and Corporate Social Responsibility: Aligning Values for Profit", CMA Management Vol.79 No.6: Sage Publications.

Cyert, R.M, March, J.G (1963), Behavioural Theory of the Firm, Prentice-Hall, Englewood Cliffs, NJ.,

Davis, K. (1973), "The case for and against business assumption of social responsibilities", Academy of Management Journal, Vol. 16

Denzin and Lincoln (1994), University of Wollongong

Donaldson, T (1999), "Making stakeholder theory whole", *Academy of Management Review*, Vol. 24

Françoise Quairel-Lanoizelée (2011) "Are Competition and Corporate Social Responsibility Compatible? The Myth of Sustainable Competitive Advantage", *Society and Business Review*, Volume 6 No.1

Feurer, R., Chaharbaghi, K., (1994),"Defining Competitiveness: a Holistic Approach", *Management Decision*", Vol.32 No.2, MCB UP.

Frederick, W.C (1986), "Toward CSR3; why ethical analysis is indispensable and unavoidable in corporate affairs", *California Management Review*, Vol. XXVIII

Frederick, W.C (1994), "From CSR1 to CSR2", *Business and Society*, Vol. 33

Frederick, W.C, Post, J.E, Davis, K (1992), *Business and Society: Corporate Strategy, Public Policy, Ethics*, 7th Ed, McGraw Hill, Maidenhead,

Freeman, R.E (1999), "Divergent stakeholder theory", *Academy of Management Review*, Vol. 24 pp.233-6.

Freeman, R.E., (1984),"Strategic Management: A Stakeholder Approach", Marshfield, M.A.: Pitman

Freidman, M. (1970) "The Social Responsibility of Business is to Increase Profits" *New York Times Magazine*. *European Business Review*

Galbreath J. (2009)"Building corporate social responsibility into strategy" *European Business Review*, Volume 21 No.2

Giacomo, B ,Kamlesh, K and Giocama, M,(2013)"Descriptive ,Instrumental and Strategic Approaches to Corporate Social Responsibility :Do they Drive the Financial Performance of Companies Differently ,Accounting ,Auditing and Accountability Journal, Volume 26 Number 3

Gladwin, N.T., Kennelly, J.J., Krause, T.S., (1995) "Shifting Paradigms for Unsustainable Development: Implications for Management Theory and Research", Academy of Management Review Volume 20: Sage Publications.

Guenther, E., Hoppe, G & Posser, C. (2007) "Environmental and Corporate Social Responsibility of Firms in the Mining and Gas Industries; Current Status Quo of Reporting Following GRI Guidelines, Greenleaf Publishing <http://www.greenleaf-publishing.com>

Hamil, S (1999), "Corporate community involvement: a case for regulatory reform", Business Ethics: A European Review, Vol. 8 No.1

The Herald ,November 3 ,2012.

Hermann, A.M. (2008), "Contrasting the Resource-Based View and Competitiveness Theories: How Pharmaceutical Firms Choose to Compete in Germany, Italy and the UK". Strategic Organisation Vol.6 No.4; Sage Publications.

Husted, B.W., Salazar, J.D.J., (2006), "Taking Friedman Seriously: Maximising Profits and Social Performance", Journal of Management Studies, Volume 43 No.1: Sage Publications

Jenkins, H and Obara, L (2008) "Corporate Social Responsibility (CSR) in the mining industry-the risk of community dependency", CRRRC ,Queen's University Belfast.

Kim W.C and Mauborgne (2005) "Blue Ocean Strategy: From Theory to Practice", California Management Review Volume 47 No.3

Kotler, P and Lee, N (2005), Corporate Social Responsibility: Doing the most Good for Your Company and your Cause, Wiley Hoboken, NJ.

Kothari, P., (1990) "Research Methodology" New Age Publications, New Delhi

Matten D., Moon J., Seigel D., "The Oxford Handbook of Corporate Social Responsibility". Oxford, UK, Oxford University Press

McWilliams, A., Seigel, D.S., (2002)"Additional Reflections on the Strategic Implications of Corporate Social Responsibility", *Academy of Management Review*, Volume 27 No.1: Sage Publications.

Moir,L (2001) "What do we mean by corporate social responsibility?", *Corporate Governance*, Vol. 1 Iss: 2

Munilla, L.S., and Miles M.P. (2005)"The Corporate Social Responsibility Continuum as a Component of Stakeholder Theory".*Business and Society Review* Vol. 110 No.4

Olitzky, M., Seigel, D.S., Waldman, D.A. (2011)"Strategic Corporate Social Responsibility and Environmental Sustainability", *Business and Society*, Vol.50 No.6: Sage Publications

Patrizia (n.d) *Social Performance Enhances Financial Performance. Benefits from CSR.*Insubria University of Varese-Italy, Faculty of Economics.

Pearce, J.A. II, David, F. (1987), "Corporate mission statements: the bottom line", *The Academy of Management Executive*, Vol. 1 No.2, pp.109-16.

Peteraf, M. A. (1993) 'The Cornerstones of Competitive Advantage: A Resource-Based View', *Strategic Management Journal* 14: 179–91.

Porter ,M (1985),"Competitive Strategy, New York Free Press.

Ricart, J.E., Rodriguez and P. Sanchez (2005)"Sustainability in the Boardroom". *Corporate Governance* Vol.5 No.3: Sage Publications.

Ruff, B.M., Muralidhar, K., Brown, R.M., Janney, J.J., Paul, K. (2001), "An empirical investigation of the relationship between change in corporate social performance and financial performance: a stakeholder theory perspective", *Journal of Business Ethics*, Vol. 32

Ruggie, J.G (2004b)"Reconstituting the Global Public Domain: Issues, Actors, and Practices ".*European Journal of International Relations* Vol.10 No.4: Sage Publications.

Scholten, B. (2008), "A note on the interaction between corporate social responsibility and financial performance", *Ecological Economics*, Volume 1.

Sirsly, C-A, T and Lamertz, K, "When Does a Corporate Social Responsibility Initiative Provide a First Mover Advantage", *Business Society* Volume 47 Number 343.

Smith, A.D., "Making the case for competitive advantage of corporate social responsibility", *Business and Strategy Series*, Volume 8 No.3

Suni (2012) "Further evidence on the association between corporate social responsibility and financial performance", *International Journal of Law and Management*, Volume 54 No.6

Unerman J (2008) *Strategic Reputation Management and Corporate Social Responsibility Reporting* Accounting, Auditing and Accountability Journal Volume 21 No.3

Van der Laan, G., Van Ees, H., Van Witteloostuijn, A. (2008), "Corporate social and financial performance: an extended stakeholder theory and empirical test with accounting measures", *Journal of Business Ethics*, Vol. 79 pp.299-310.

Van Oosterhout, J., "Corporate Citizenship: An Idea Who's Time Has Not Yet Come". *Academy of Management Review* Vol.30 No. 4: Sage Publications

Vance, S. (1975), "Are social responsible corporations good investment risks?" *Management Review*, Vol. 64 pp.18-24.

Verschoor, C.C, (2005b) "Is There Financial Value in Corporate Values?" *Strategic Finance* Vol.87 No.1: Sage Publications

Waddock, S.A., Graves, S.B. (1997), "The corporate social performance-financial performance link", *Strategic Management Journal*, Vol. 4

Wartick, S., Cochran, P. (1985), "The evolution of the corporate social performance model", *Academy of Management*, Vol. 10

Wernerfelt, B. (1984) 'A Resource-Based View of the Firm', *Strategic Management Journal* 5:171–80.

APPENDICES

Appendix i : Cover Letter

House No. 23
Lauchlan Avenue
Mabelreign
Harare Tel 332956/82 Cell 0772155562, 0774730222

Date: 27 June 2013

Dear Sir/Madam

Re: MBA Research Dissertation-University of Zimbabwe

Good day to you .My name is Lambert Muirimi and I am pursuing a Master of Business Administration(MBA) degree at the Graduate School of Management ,University of Zimbabwe and I am in Part 3 of the programmed which is the final part of the programme.

In order to fulfill the requirements for me to earn this degree I have to successfully complete a credible dissertation through a research project in any chosen area that is relevant to the MBA programmed. My chosen area of study pertains to the relationship between corporate social investment/responsibility (CSR/CSI) and corporate financial performance and other competitive issues in the mining sector in the period 2000 to 2012.

I am therefore requesting through your offices, the assistance towards this endeavor the completion of the attached questionnaire at your earliest convenience and by the 28th of May 2013. On completion you can alert me on the above numbers so that I can make arrangements to collect the questionnaire in person.

You are assured that the information so obtained will be held in the strictest confidence and will be used for academic purposes only and you will notice that the questionnaire is anonymous with regards to the organization, mineral category and identity of respondents.

I thank in advance as I anticipate your impartial support.

Regards

Lambert Muirimi

MBA Part 3 Student

Reg No. R088248C

Appendix ii : List of Mining Houses from which sample was drawn

1. Rio Zim- Renco, Eiffel Flats ,Empress Nickel Refinery, Venice Mine
2. Mimosa Mine
3. Mwana Africa-Bindura Nickel Corporation, Freda Rebecca
4. New Dawn- Dalny Mine Chakari
5. Caledonia-Blanket Mine
6. Zimplats
7. Metallon Gold-Mazoe Mine, Arcturus Mine
8. Unki
9. G&W Industrial Minerals
10. Zimglass
11. Mbada Diamond
12. Marange Resources
13. ZMDC
14. Lafarge Cement
15. Zimphos-Dorowa Minerals
16. Sino Zim Cement
17. Portland Cement
18. Hwange Colliery
20. Zimbabwe Alloys
21. Zimasco-Kwekwe,Chrome Shurugwi

21. Anjin

22. Murowa Diamond

23. Chamber of Mines

24. United Portland cement

SECTION C: CORPORATE SOCIAL RESPONSIBILITY/INVESTMENT (CSR) ANALYSIS

No.	Indicate the influence of voluntary CSR/CSI or your opinion on any of the issues relating to the items below. 1=strongly agree, 7=strongly disagree. Example Voluntary CSR /CSI is simply giving back to the community RATE	RATE																				
		1	2	3	4	5	6	7														
	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>x</td> <td></td> <td></td> </tr> </table>	1	2	3	4	5	6	7					x									
1	2	3	4	5	6	7																
				x																		
		1	2	3	4	5	6	7														
11	Voluntary CSR is a philanthropic exercise to the communities in which we operate.																					
12	Voluntary CSR is engaged in when the financial position is stable.																					
13	Voluntary CSR has no effect on corporate financial performance e.g. profitability																					
14	Voluntary CSR has a negative impact on long term corporate financial performance.																					
15	Voluntary CSR has a positive impact on long term financial performance																					
16	Stakeholder engagement is key in order to properly address stakeholder expectations.																					
17	Company believes that stakeholder expectations that are not aligned to the company's vision should not be addressed as they have no impact																					
18	Engaging in voluntary CSR initiatives is an exercise in public relations which enhances corporate reputation.																					
19	Our CSR activities are aligned to our vision and mission.																					
20	Our CSR activities are part of our organisation's strategy.																					
21	The key customer value is competitive price and it is necessary to manage costs.																					
22	CSR enables us to manage risks																					
23	Our CSR enable us to manage risks																					
24	Our CSR involves and benefits employees and is key to retaining them.																					
25	CSR/CSI initiatives that are central to the organisation's mission and vision and are specific to the organisation's mandate as well as being highly visible significantly account for our competitiveness.																					
26	The organization believes environmental scanning issues identification is key to gaining competitiveness in its voluntary CSR programmes.																					

27	Stakeholder engagement and management among other things is key to obtaining a competitive advantage in the business environment.								
28	Our investors are keen on seeing the implementation of convincing and sustainable CSR programme as key to the company's competitiveness.								
29	Management is independent of shareholders in deciding to implement and to choose which voluntary CSR programmes to implement.								
30	We believe it is possible to implement voluntary CSR programmes in non-market sectors and still enhance long term competitiveness.								
31	The organization engages in voluntary CSR on the basis of profits attained.								
32	The company incorporates CSR as a profit enhancing activity.								
33	The company believes its financial contribution through various channels such as royalty, VAT, corporate tax, AIDS levy, NSSA etc is enough CSR.								
34	Green products i.e. products produced under proper environmental sustainability standard are a key customer value in mineral exports								
35	The company pursues the Global Reporting Initiative (GRI) guidelines with regards to its CSR activities.								

Appendix iii: Hypothesis Testing H₀

H₀ Voluntary CSI has no impact on corporate financial performance (CFP)

Chi-Square Test

	Observed N	Expected N	Residual N
1	2	9.1	-7.1
2	9	9.1	-0.1
3	19	9.1	9.9
4	10	9.1	0.1
5	7	9.1	-2.1
6	14	9.1	4.9
7	4	9.1	-5.1
Total	65		

Test Statistics

	No effect
Chi-Square	22.406 ^a
df	6
Sump. Sig.	0.001

A.0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 9.1.

Appendix IV: Hypothesis Testing H₁

Negative Impact

H₀ Voluntary CSI has negative impact on CFP

H₁ Voluntary CSI has no negative impact on CSI

	Observed N	Expected N	Residual
1	3	9.3	-6.3
2	1	9.3	-8.3
3	14	9.3	4.7
4	17	9.3	7.7
5	7	9.3	
6	15	9.3	-2.3
7	8	9.3	
Total	65		5.7 -1.3

4.4.3 Test Statistics

	Non-negative
Chi-Square	24.708^a
Do	6
Asym.Sig.	.000
Monte Carlo Sig.Sig.	.000 <input type="checkbox"/>
99% confidence interval Lower Bound	.000
Upper Bound	0.001

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 9.3

Appendix v : Hypothesis Testing H2

Positive impact

H₀: Voluntary CSI has positive impact on CFP

	Observed N	Expected N	Residual
1	32	13.0	19
2	8	13.0	-5.0
3	19	13.0	6.0
4	5	13.0	-8.0
5	1	13.0	-12.0
6			
Total	65		

4.4.4. Test Statistic

	Positive impact
Chi-Square	48.462 ^a
Df	4
Asymp.Sig.	100

0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 13.0

Appendix vii: Classification Criteria for Questionnaire Items

ITEM	DESCRIPTION/DETAIL
	Risk Management
Item 11	Voluntary CSR is a philanthropic exercise
Item 22/23*	Our CSR enables us to manage risks
Item 12	Voluntary CSR is engaged in when the financial position is stable
Item 18	Engaging in voluntary CSR is an exercise in public relations which enhances corporate reputation.
Item 16	The organization engages on voluntary CSR on the basis of profits attained
	Financial
Item13	Voluntary CSR has no effect on CFP(corporate financial performance)
Item14/15**	Voluntary CSR has a negative impact on long term financial performance
Item 32	The company incorporates CSR as a profit enhancing activity.
Item 33	Financial contribution through NSSA,VAT etc is adequate CSR
Item 21	The key customer value is competitive price and it is necessary to manage costs
Item 28	Investors are keen on implementation of a convincing and sustainable CSR programmes and see it as a key to competitiveness.
	Strategic
Item 16	Stakeholder engagement is key to addressing stakeholder expectations
Item 17	Stakeholder expectations not aligned to company's vision should not be addressed
Item 19	Our CSR activities are aligned to the organization's strategy.
Item 20	Our CSR activities are part of our organisation's strategy.
	Strategic
Item 24	Our CSR activities benefits employees and are key to retaining them.
Item 25	CSR initiatives that central to organizational mission ,specific to the organisation's mandate and highly visible account for our competitiveness
Item 26	The organisation believes environmental scanning is key to obtaining competitiveness
Item 30	We believe it possible to implement voluntary CSR in non-market sectors and still enhance long-term competitiveness.
	Corporate Governance
ITEM 29	Management is independent of shareholders on voluntary CSR programmes in terms of decisions and implementation.
ITEM 34	Green products are a key customer value in mineral exports
ITEM 35	Company pursues Global Reporting Initiatives (GRI) guidelines with regards to its CSR activities.

*Item 14/15 is redundant on the original questionnaire so only item 14 was considered

**Items 22 and 23 are a repetition and so item 22 was subjectively selected and in fact all respondents identified the anomaly as they gave identical responses