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Survival strategies of small firms located in a Marshallian Industrial District: A case study of Zimbabwe's furniture manufacturing industry

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ABSTRACT

The growth and survival strategies of Zimbabwe's small firms located in geographical clusters have been largely shaped by historical developments in the 'informal sector'. In spite of the plethora of problems that they face, these firms make a significant contribution to employment creation and income generation. Four factors are responsible for the success of these firms: territorial specificity; competitive strategy; flexible specialization and co-operative competition. It is recommended that policy interventions be instituted to attract more capital into the clusters, eliminate "cluster isolation" (access to markets and new technology) and increase the technological capabilities of the firms in the clusters.

Key words: *Marshallian Industrial District; Sectoral specificity; territorial specificity; Flexible specialization; co-operative competition*

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1. EMERGENCE OF SMALL-FIRM CLUSTERS IN ZIMBABWE

In recent years, clusters of small businesses have emerged in various parts of Zimbabwe as a coping mechanism for various challenges emanating from a decade-long economic meltdown that lasted until the middle of 2008.

Various studies on small-firm clusters in other countries have shown that small-scale enterprises operating in isolation may face a disadvantage in the form of limitations in scope and scale (Uzor, 2004). However, firms operating as part of a group in geographical proximity may compensate for these disadvantages through their interaction with each other and with other agencies, such as traders, or other organizations (McCormick, 1997; Nadvi, 2001; Van Dijk and Rabellotti, 1997; Visser, 2004). It has been observed that a relatively high density of similar activities in a geographical area translates into a relatively large local demand for certain goods and services thereby increasing supply (Bhalla, 2005; Visser, 2004 p 64).

The business clusters in other countries have evolved from mere clusters into *Marshallian Industrial Districts* (Pedersern, Sverrisson and van Dijk, 1994). These are clusters that are characterised by the sectoral specificity and spatial concentration of small firms (Kelley, 2004; Nadvi, 2001). *Sectoral specificity* or sectoral specialisation refers to the existence of firms engaged in a distinct industrial activity. *Spatial concentration* refers to the location of firms in the same geographic area in close proximity to each other (McCormick , 1997; Oyelaran-Oyeyinka and McCormick , 2003; Schmitz , 2002). The firms within the locality will be competing with one another and against other large and medium-scale enterprises outside the district (Rabellotti, 1997, p8).

In Africa, empirical evidence on the phenomenon of small firms operating as business clusters has been gathered in Kenya by McCormick (1998), where they are referred to as *jua kali* sites, a Swahili term for small businesses operating in the "hot sun". Furuya, Futakuchi and Sakurayi (2006), in their study of rice miler clusters in Ghana, also make reference to the existence of such clusters in other parts of the world such as Brazil (Sinos Valley), India (Turuppur and Ludhiana), Kenya (Ziwani), Mexico (Guadalajara), Pakistan (Sialkot) and Italy (North-east and Central Italy). The small-firm clusters in Zimbabwe appear to have the same characteristics as those found in other countries.

In Zimbabwe, the growth and survival strategies of small firms located in geographical clusters have been largely shaped by the past developments in the 'informal sector' (Bell, 2002; Chirisa, 2009; Kapoor, 1997; Government of Zimbabwe, 2004; Pearson, and Hungwe, 1997). Though not much is known about the exact size of the 'informal sector' in Zimbabwe today, a study by the Confederation of Zimbabwe Industries (CZI) found that in November 2000, at least 1.7 million people were making their living from the 'informal sector'. Tibaijuka (2005) also reported that by 2004 the 'informal sector' was contributing 40% of total employment in Zimbabwe and by that year the 'informal economy' had effectively become the mainstay for the majority of Zimbabweans. The ILO also reported in June, 2005 that 3 to 4 million Zimbabweans earned their living through informal sector employment, supporting another 5 million people, while the formal sector employed about 1.3 million people.

Small firms in Zimbabwe have had to face a plethora of problems emanating from two challenges in the recent history of the country.

The first and foremost challenge is that the firms are operating in a sea of poverty and low-incomes (Mhone, 2002). This results in a low demand for products and intense competition for customers. The Confederation of Zimbabwe Industries (CZI) reported that from 2006 to 2009 more than thirteen thousand employees were formally retrenched in the manufacturing sector with the approval of the Ministry of Labour. The growth rate of unemployment during this three-year period alone was 130 per cent per year (Mpemba, 2010). In June 2007 (CZI) reported that 80 percent of the labour force in Zimbabwe was unemployed (CZI, 2007). CZI also reported that in 2008 the manufacturing sector was producing 30 per cent of what it used to produce in 2003 and more than 75 per cent of firms in the manufacturing sector were operating at less than 50 per cent capacity utilisation, with only 4 per cent operating above 75 per cent, indicating very high levels of unemployment for the whole economy (CZI, 2008).

The Labour Force Survey carried out by the Zimbabwe Central Statistical Office (CSO) in 2004 found that those between the age groups of 15 and 24 years were the most affected by unemployment, taking up to 57 per cent of the unemployed. It was also found that the largest single group of the 'economically inactive' population consisted of students (37 per cent) (Fashoyin, 2008:27).

The second challenge is that between 2006 and 2008 Zimbabwe experienced unprecedented inflation levels for a country not at war, as shown in the Table 1 below:

Table 1: Inflation rates in Zimbabwe (2006-2008)

Month / Year	Inflation Rate (%)
April, 2006	1,000
October, 2007	10,000
January, 2008	100,000
June, 2008	1,000,000

Source: Fashoyin (2008:19)

By June, 2008 the Reserve Bank of Zimbabwe (RBZ) had lost control of the growth rate of the broad money supply and therefore control over the inflation rate and reported in its monthly bulletin that the money supply growth was way out of its targeted level of 500 per cent per year set in December 2007 and was now at the rate of 64 118 per cent (Fashoyin, 2008:19). These high inflation rates eroded the buying power of consumers for small firms and had long-lasting negative impacts on the firms, the most critical of which was the inability to capitalise their businesses (Kanji, 2005).

2. PURPOSE OF THE STUDY

The purpose of this study was to assess the size and significance of small-firm industrial districts in Zimbabwe and to determine the success factors and survival strategies of the firms in these districts. It is has been suggested that small firms operating in spatial proximity to each other or in 'industrial districts' have unique characteristics that differentiate them from other small firms operating in isolation (Morris and Barnes, 2003; Oyelaran-Oyeyinka and McCormick, 2006). The significance of this study is that it will contribute to our understanding of the characteristics of small-firm industrial districts in the context of a developing country.

3. PROPOSITION

The proposition behind the study was that the secret behind the apparent dynamism in the industrial districts is the competitive strategies that they follow, given the nature of their markets.

4. RESEARCH QUESTIONS

The study answers the following questions.

1. What is the size of the industry and what markets are the firms serving?
2. What products are the firms producing and selling and how are they producing and selling their products?
3. What competitive strategies are the firms in the district using and are these strategies working?

5. METHODOLOGY

5.1 Population and delimitation

The study commenced with a general survey of the small-firm furniture manufacturing industry in Zimbabwe, with the purpose of ascertaining the size and location of the industrial districts in which the firms are located. The areas covered in the survey are the seven major cities of Zimbabwe: Harare, Chitungwiza, Bulawayo, Mutare, Masvingo, Marondera and Gweru. The study then used the Glenview Industrial District which is located in Harare, and is commonly known as *The Complex* as the main study area since it is by far the largest district, with a population of over 1 300 firms.

5.2 Sample

A stratified random sample of firms engaged in either wood furniture or steel furniture manufacturing was taken from the main study area of Glenview Industrial District. The sample size was determined using Yamane's (Yamane, 1967) formula which is the one that is recommended for stratified random samples (Israel, 2002; Ross, 2002):

$$n = \frac{N}{1 + N(e)^2}$$

Where: *e* is the sampling error, precision level, and *N* is the population size.

Using a 95 per cent confidence level and a precision level of ±5 per cent, the sample used in the study consisted of 306 firms, obtained as shown below:

$$n = \frac{1\ 300}{1 + 1\ 300(0.05)^2}$$

$$= 306 \text{ firms.}$$

The firms that are engaged in wood furniture manufacturing make up about 70 per cent of the total population and the other 30 per cent consists of those involved in steel furniture making. The sample was therefore proportionally divided into two strata consisting of 214 wood furniture making firms (70 per cent) and 92 steel furniture making firms (30 per cent). The firms from these strata were selected using a simple random sampling method. A register of firms kept by the Management Committee responsible for the general management of the Glenview Industrial District was used as the sampling frame.

5.3 Data collection methods and instruments

The primary data collection instrument for this study was a questionnaire that was administered to the 306 firms from both strata. This was complemented with data collected through in-depth interviews with forty owner-managers, ten input suppliers, five service providers and officials from the local authority and the Ministry of Small and Medium Scale Enterprises Development. Personal observations were also used as a data collection method. Further, the study also used data from secondary sources, such as official data from the Central Statistical Office, City of Harare and the Ministry of Small and Medium Enterprises Development. The purpose of this data was to establish the nature of the institutional environment in which the firms are operating.

6. FINDINGS AND DISCUSSION

6.1 Size and significance of the small-firm furniture manufacturing industry

It was established that there were more than 2,500 small firms located in the various industrial districts in Zimbabwe whose main activity was the manufacturing of household furniture. The largest number of such firms by far was found in Harare. Table 2 below shows the location of the districts in each of the large urban areas around the country.

Table 2: Furniture-making Industrial Districts in Zimbabwe

City	Location	Number of firms	Number of employees
Harare	Glenview (The Complex)	1,300	6,500
	Chitungwiza	220	1,100
Bulawayo	Mzilikazi	108	540
	Kelvin North	190	950
Mutare	Chikanga	240	1,200
	Sakubva	200	1,000
Masvingo	Mucheke	120	600
Marondera	Nyameni	90	450
Gweru	Mkoba	74	370
TOTAL		**2,542**	**12 700**

On average, each firm employs about 5 people and the total number of people who are directly employed in this industry is about 12,700. Each employee, on average, has about eight dependents including a wife and children as well as the extended family. This means that more than 100,000 low-income people in Zimbabwe are directly dependent on these small furniture manufacturing firms for their livelihood. The Glenview Industrial District in Harare is by far the largest with about more than 6 500 people being directly involved in the manufacture of wood and steel furniture. The majority of these people reside in the immediate vicinity of the district in the low-income suburb of Glenview and others come from the other surrounding low-income suburbs of Glen Norah, Highfield, Mufakose, Kambuzuma and Budiriro. Others come from various parts of the city of Harare and its hinterlands such as Norton, which is fifty kilometers away from Harare and Epworth, which is thirty kilometers away.

In addition to those who are directly involved in furniture making, there are also thousands of people who are dependent on the other downstream activities such as timber merchants, suppliers of inputs like wood glue, nails, vanish, door handles and keys. More than 500 such firms were identified at Glenview. Each of these firms employ at least two people, thus another 1,000 jobs have also been created. Numerous others supply food and beverages to both producers and customers. Others provide transportation services for customers.

The industry also makes a significant contribution to National Income. The average income per each employee, including owner-managers is about $350 per month. Thus, at least $4.4 million of income is being generated annually directly from the industry.

6.2 Success factors and survival strategies.

The success and survival of small firms operating within the industrial district can be attributed to the following four factors: competitive strategy, territorial specificity, flexible specialization and co-operative competition.

6.2.1 Competitive strategy.

The first key to the success of the firms located in the industrial district is that the firms within the district have successfully combined both low-cost and product differentiation strategies, unlike the conventional wisdom which suggests that this is not possible (Strickland, 2003; Porter, 2004).

The market for the firms' products is divided into two distinct segments: low-income consumers and middle-income consumers. Harare's residential areas have historically been categorized into three types. There is the spatially populated ('low-density') high-income areas, wherein reside the more affluent section of the population. There are the middle-income areas, wherein reside the not-so-affluent, but not necessarily poor residents. There are the densely populated ('high-density') low-income areas, in which the small-firm industrial districts are located. The 'high-density' suburbs are the townships that were originally built in the pre-independence period to house the black population but after independence, the better-off families moved to the 'low-density' suburbs, previously the exclusive preserve of the white population. However, in recent years, a sizeable number of the middle-income people have also found their way into the 'high-density', low-income areas. Thus, the industrial district, being located in or close to the 'high-density' suburbs, has access to both the middle-income market and the low-income market.

Because of its geographical location, the industrial district is highly visible and accessible to its markets. Its location provides convenience to both the customers and the employees, with little or no transportation costs. For example, the cost of transporting goods to any destination from the district ranges from $10,00 to $20,00 per trip. The market is however, not limited to the immediate locality of the district but also spreads to other low-income suburbs in the city, far from the district itself. The market share of the Glenview Industrial District is about 60 percent of the total furniture market in Harare.

Though the district is dedicated to the industry of household furniture, the product range is very wide and includes the following products:

- Wardrobes
- Sofa sets
- Room dividers
- Kitchen table and chairs
- Dining room table and chairs
- Coffee table sets
- Base bed and mattresses
- Chest of drawers

Within each product type there is also a wide range of sub-types that are distinguished either by the number of pieces or the 'district brand name'. In the case of sofa sets, for example, at least five brand names can be identified, as shown in Table 4 below.

Table 3: Cost and price range for sofa sets at Glenview Industrial District

Product Brand Name	Input Cost (USD)	Retail Price (USD)	Wholesale Price (USD)
Couch	420,00	550,00	500,00
Madeira	300,00	380,00	350,00
Hamilcourt	250,00	320,00	290,00
Bubble Bee	250,00	300,00	280,00
St. James	230,00	280,00	260,00

To cater for the low-income market segment, the firms have successfully followed a low-cost strategy. This is evidenced by the profit margins and mark-up on cost, which are low compared to other large retail outlets in the central business district (CBD) of Harare.

Table 4: Comparison of average mark-up and profit margins

	Glenview Industrial District	CBD Retail Outlets
Mark-up percentage	25 per cent	54 per cent
Gross profit margin	20 per cent	44 per cent

The low-cost strategy has been successfully combined with a product differentiation strategy which is aimed at the middle-income market segment. This strategy calls for the production of higher-quality products on which higher margins are realized.

At the top of the range is the couch, which is targeted at the high-income market. The materials used on this product are more expensive and of higher quality than on other products. For example, the frame is made of A-grade pine timber; the cushions and seats are all foam rubber, whereas other products would have a mixture of cotton and foam rubber. The fabric used is also of high quality, usually tapestry. The couch has also been further differentiated into two markets with the product for the lower end of the market selling at an average price of $550, and the higher-end product selling for up to $1,000. The higher-end product is also branded as the 'quantum couch', a label that is generally applied to high-end products (for example, in the case of room dividers, you also find the 'quantum room divider'). It is also covered in superior fabric referred to as 'new tapestry.' The couch is usually sold to walk-in customers who are quality-conscious and is rarely sold to the wholesale customer. The Madeira is also the other high-end product, being more labor-intensive than the other products.

The other products are low-end products and are produced at the lowest possible cost in pursuit of the low-cost strategy. The St. James is the most common product and also the most affordable in terms of input cost. This is followed by the Hamilcourt, which is more or less similar in shape and size to the St. James, though it has a higher back and wings that are slightly longer. Table 5 below is a comparison of the cost structures for both competitive strategies using the St. James sofa set as an example.

Table 5: The costs of producing a sofa-set for two different market segments.

	Low-cost		High-cost	
Item	Quantity	Cost	Quantity	Cost
Fabric	22m @$3.50	$77.00	27m @$3.50	$94.50
Framing Timber	42x2.7m 'Grade C' @$0.60 per length	$25.20	50x2.7m 'Grade A' @$0.80 per length	$40.00

Table 5 (cont)

Item	Low-cost Quantity	Cost	High-cost Quantity	Cost
Springs	$5.00 per set of 12	$60.00	$10.00 per set of 18	$180.00
Foam rubber – back rest	3x 1-inch @$6.00	$18.00	3 x 3-inch @17.00	$51.00
Foam rubber – arm rest and side wings	3 x 1-inch @$6.00	$18.00	3 x 2-inch @$12.00	$36.00
Foam rubber – platform	1 x 1-inch @ $6.00	$6.00	2 x 2-inch @$12.00	$24.00
Foam rubber – cushions	4-inch light density	$22.00	4-inch high density	$35.00
Face Panels	$15.00 per set of 16	$15.00	$30.00 per set of 16	$30.00
2-inch nails	3kg @$2.50 per kg	$7.50	3kg @$2.50 per kg	$7.50
1-inch nails	1.5kg@$3.50 per kg	$5.25	1.5kg@$3.50 per kg	$5.25
TOTAL COST	**$253.95**		**$508.50**	

The cost of producing a product such as the St. James set of sofas in pursuit of the low-cost strategy is about $250, whereas for the product differentiation strategy the cost is about $500, which is one-hundred percent higher. Some firms have managed to reduce the cost even further to about $230. Using sofa sets as an example, some of the measures that are used to drive the low-cost strategy include the following:

- Reducing the amount and quality of timber used in making the frame.
- Reducing the number and quality of springs by using locally made iron springs instead of steel springs.
- Reducing the amount of foam rubber and using light-density foam rubber mixed with cotton, instead of high-density form rubber.
- Using cotton husks instead of actual cotton as staffing for the seats, head rest and wings.
- Using pine timber on the side panels instead of hardwoods such as mukwa or teak.

6.2.2 Territorial specificity

The second key success factor is *territorial specificity,* which refers to the fact that all firms in the district are dedicated to the production and sale of a single product type household furniture.

This characteristic of the district is in contrast with other small-firm agglomerations that can be found elsewhere in which the firms are involved in a plethora of activities. *Territorial specificity* has enabled the emergence of a 'general-purpose technology' or tacit knowledge in furniture making, which is freely available 'in the air' to all firms located in the district. There is an elaborate system of apprenticeship training in which both start-up firms and newly-inducted artisans are taken through the process of completing all types of products, after which they branch off to start their own manufacturing entities. Learning-by-doing is easily supported by the tacit knowledge which is floating around in the environment of the district. For example, it takes only six months for a newly-inducted artisan to master the art of making a St. James sofa set.

6.2.3 Flexible specialization

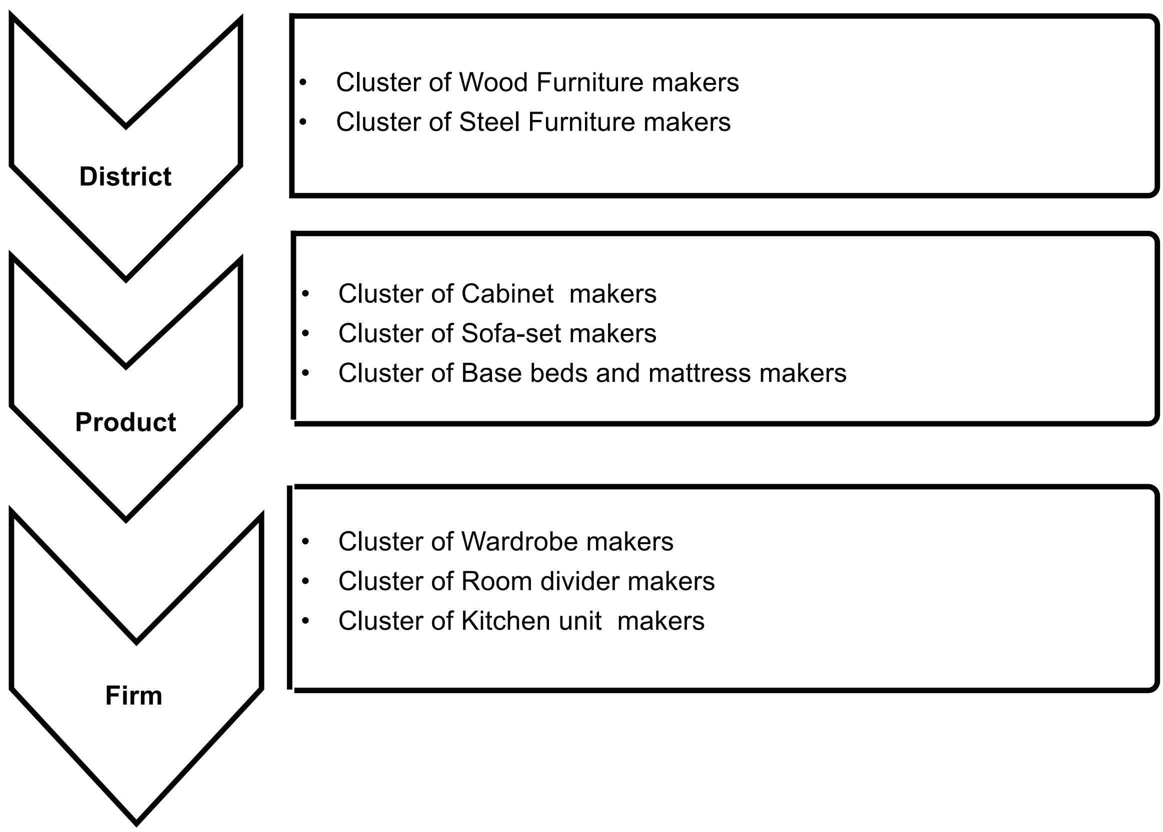
Flexible specialization is the third key success factor for firms located within the industrial district. It is a critical survival strategy in the face of competition from large-scale manufacturers, capital scarcities, fluctuation and unpredictable demand patterns, and other vagaries of the operating environment. It refers to a production technique in which a firm specialises in the production and sale of a particular type of product, but is also able to quickly switch its production routines, machinery and staff in order to produce other product types when the need arises. The concept also applies at the level of the artisan employed by the firm. The artisan is multi-skilled and is capable of operating all types of plant and machinery within the production unit and can make all types of products when required to do so. However, the artisan usually specializes in one product or product type or one piece of plant or machinery. The concept can even be taken further to the product level, whereby you find artisans within the production entity specialising in certain parts of the product conversion process.

The district itself specialises in one product: household furniture, but at this level, there are two distinct areas of specialisation or clusters of firms, with some firms dedicated to the production of wood furniture whilst others are dedicated to the production of steel furniture. At the product type level, there is also further specialisation, with firms forming clusters based on product types. For example, firms dedicated to wood furniture are grouped into the following clusters:

- Clusters of cabinet makers.
- Clusters of sofa-set makers
- Clusters of base beds and mattress makers.

At this level, even though most firms can make all types of wood furniture, that is cabinets, sofa sets and beds and mattresses, each firm specializes in only one product type, for example cabinets. At the firm level, there are further clusters or areas of specialization. Cabinet makers, for example, are grouped onto two further clusters; clusters of wardrobe makers, clusters of room divider makers and clusters of kitchen unit makers, even though each firm can make all types of cabinet furniture.

Figure 1: Cascading of flexible specialization in the district



The district is arranged into a *spiral of clusters* and flexible specialisation is found at every level of activity, cascading downwards as shown in Figure 1 above. Throughout the whole spiral, at each cluster level, there are two distinct competitive strategies: low-cost and product differentiation, with firms within each cluster concentrating on either the high-end market or the low-end market of the cluster. In the sofa sets cluster, for example, some firms specialise in the high-end market (couch and Madeira sets) whilst others specialise in the low-end market (St. James and Hamilcourt). Whilst the firm has the skills and competencies to make all types of cabinets or sofa sets, it dedicates itself to only one or two types, honing its skills in that particular product type. The firm only deviates from its 'normal' activity say from cabinet making to sofa making, or from wardrobes to room dividers, on the specific request of a customer. Thus, the firms are highly flexible in their technological capabilities with regards to all product types and categories.

Within each production unit there is further flexible specialisation or division of labour. Though the artisans possess the skills and knowledge to make the whole product, each artisan only makes one or two parts of the whole. In the transformation process for a sofa set, for example, some artisans are dedicated to making the frames, others specialise in cutting, designing the fabric and staffing the frame. This production arrangement is used only when a large order has been received and lead times for delivery are short. In slack periods such as when there is low demand for the product or a shortage of inputs, the artisans revert back to making the whole product, such as a set of St. James sofas, or a whole room divider, charging a commission of about ten percent to the firm.

The artisans in each production entity assume different roles and relationships with the entity, depending on the business environment at a particular that time. During times of slack demand or shortage of materials, they become independent commission workers. During these times they may even hire out their labour to other 'competing firms'. At other times, for example when the firm receives a large order with a short lead time, or when demand is generally high (for example during the tobacco selling season, when tobacco farmers bring their tobacco to the auction floors), they become full-time employees, receiving a wage. Some artisans within the district do not in fact have any permanent relationships with any particular production entity, but they roam within the district offering their services to all the entities. They are a distinct pool of skilled artisans, with technological capabilities for all product types and categories. This flexibility in the employment relationship results in a cross-pollination of innovation and technological capabilities as the artisans carry new product designs and ideas from one firm to another.

Specialisation can also be traced through the product transformation process. The district is a dense network of different types of firms based on vertical specialisation in which the transformation process is broken up into small activities and each firm participates in only one or two of them. For example, Table 6 below shows the transformation process for two different products.

Table 7: Transformation process for two products

Sofa Set	Set of Steel Chairs and Table
1. Framing	1. Bending
2. Cutting and designing of covers	2. Welding
3. Tailoring	3. Cutting and shaping boards
4. Cutting and shaping of wings and panels	4. Painting
5. Staffing and covering	5. Upholstering

The firms are not fully mechanised self-contained production units but use very simple production technologies that are based on simple hand tools. Any necessary mechanised work is contracted out to other firms. The artisans in a firm dedicated to sofa sets, for example, would be engaged only in certain stages of the transformation process, such as the design and construction of the wooden frame, cutting and designing of the fabric for the covers as well as staffing and covering the frame. The tailoring of the fabric is contracted out to other entities which are dedicated to this part of the process and have invested in industrial sewing machines. Within the Glenview Industrial District there are more than one-hundred tailoring firms. The cutting and shaping of wings and panels is also done by other entities that have invested in the required plant and machinery such as lathe machines, rip saws, compressors, surface planes and spindle molders. These entities make the various types of wings, panels and other parts for stock and sell them to the production units. Thus, there is no need for large capital investment within the production unit itself. The production unit invests only in light hand tools, such as hand saws, hummers and small planes.

In addition to the firms that are involved in the actual transformation process, there are hundreds of other entities providing supporting services such as the transportation of goods for customers and the provision of food and beverages to the inhabitants of the district. More than 500 hundred other entities supply the required inputs such as timber, cotton, wood glue, nails, vanish, paint, and foam rubber at low cost and in small quantities, which reduces the need for financing inventory on the part of the production units. These entities are also a source of information for the production entities as they bring feedback from customers and suppliers. Most of these suppliers, such as timber merchants and sellers of cotton, are former carpenters themselves, who have branched out to these other activities, thus have an intricate knowledge of the industry itself.

6.2.4 Co-operative competition

The fourth success factor is *co-operative competition*. Though there is intense competition among the firms, they also collaborate and support each other. Each firm has a display area and a sales team which is deployed to the sales area where they fiercely compete for customers. However, when you go to the production area, you find a different situation. Some customers may wander throughout the district and unintentionally find themselves within the production area. The firms therefore make strenuous efforts to attract these customers. However, each production area has a cluster of firms in that particular neigbourhood that also compete among themselves and each cluster is in competition with the other clusters. Once a customer walks up to a particular cluster or firm, there is an unwritten rule that says that the others should not try to lure this customer away from the chosen cluster or firm. They in fact try to support the chosen firm, for example, if that firm does not have all the products requested by the customer, only then do they come in to assist.

The artisans within each cluster or firm are free to hire out their labour to other firms within the cluster or even to an outside cluster for a fee, which is normally about 10 percent of the cost of the item produced. Thus if a firm receives a large order, other artisans from other firms hire out their labour to this firm to enable it to fulfill the order timeously. In this way, the artisans also exchange knowledge and skill through cross pollination of ideas. In certain cases, a wholesale customer may request a very large order which requires the combined efforts of all firms from different clusters in that neighborhood. In this instance all the firms work together in order to meet the customer's requirements.

The firm itself has very little investment in plant and machinery. All work that requires plant and machinery is contracted out to other firms that have invested in these capital items. The most critical capital items that are required in the industry are:

- Lathe machine
- Spindle molder
- Surface plane
- Thickness plane
- Rip saw
- Compressor
- Industrial sewing machine

Most of these items of plant and machinery are not imported or bought from established manufacturers, but are made by other artisans in and around the district, having been fabricated and fashioned from an combination of blades, pulleys, electric motors and work-benches.

The production unit itself does not have a very large capital base but invests in the very simple hand-held equipment that is required for finishing products, such as hand saw, hammer and small wood planes. In order to minimise costs and maximise production efficiencies, each of these firms specialises in the making, shaping, or molding of particular items, for example wings and armrests for sofa sets, or panels for wardrobe doors, or legs for base beds. A firm that specialises in the molding of panels or shaping of base bed legs would employ up to five artisans, who daily work on the several machines, such as spindle molders. In the case of panels, the artisans within the production unit design the required shapes and take them up to the specialist in that area for cutting and shaping. Once this is done, the firm's artisans put in the finishing touches of smoothening and vanishing. These items can be made on order or they are made for stock. Each firm would then buy the ready-made items as required. In times of slack business, however, an artisan can make some of the required shapes, such as frames using hand held tools instead of hiring out the work to the owner of a rip saw, or thickness plane.

The firms in the district form a dense network of interrelationships with horizontal co-operation between otherwise competing firms. This is further evidenced by the existence of joint sub-contracting, joint purchasing, or marketing of products. For example, there are more than two-hundred timber merchants and cotton merchants located at the district. These merchants are organised into 'syndicates' for the purpose of jointly buying cotton lint from ginneries and timber from the forestry plantations.

7. CONCLUSIONS

The study came to the following conclusions:

7.1 The contribution of small cluster-located firms to employment creation and income generation is very significant. Thus, the growth of such firms in Zimbabwe should be encouraged and nurtured.

7.2 Zimbabwe's small-firm clusters are unique in that they have successfully combined a low-cost competitive strategy with a product differentiation strategy by producing a wide range of products in convenient locations and at a reasonable price to consumers in different market segments. Three factors have been responsible for the success of the firms in the cluster: territorial specificity; flexible specialisation and co-operative competition.

Territorial specificity has enabled the cluster itself to hone its capabilities to the production of a single product type. Flexible specialisation at the cluster, product and firm level have enabled the artisans to generate and share tacit knowledge.

8. RECOMMENDATIONS

From the conclusions above, the following recommendations are made:

8.1 The firms are "isolated" technologically because all the knowledge that is being shared among them is knowledge that is being acquired within the confines of the cluster. Initiatives are therefore required to link the firms in the cluster with other firms and institutions outside so that the firms gain new knowledge from outside the cluster environment.

8.2 The spirit of co-operative competition among the firms implies that any initiatives that are meant to improve the competencies of the firms in the cluster should not be directed at individual firms but at groups of firms in the cluster. Funding initiatives should not be directed at particular firms but at distinct groups of firms such as the cluster of cabinet-makers or sofa-set-makers. Training initiatives should also be aimed at the epistemic community of "independent" artisans rather than at artisans belonging to a particular firm.

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Marketing managers' perceptions of the applicability of Ashridge mission model to organisations in Zimbabwe

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ABSTRACT

Mission statements are an important component of marketing audits and marketing plans. Campbell and Yeung's Ashridge mission model is one of the methodologies suggested in academic literature for use in the analysis and design of mission statements. This paper measures marketing managers' perceptions of the usefulness of the Ashridge mission model as a tool for assessing the quality of organisational mission statements in Zimbabwe. To fulfill this objective, the perceptions of a convenience sample of 25 marketing managers enrolled on a postgraduate marketing programme at a leading Zimbabwean university are gathered and content-analysed. The Ashridge mission model prescribes that an ideal mission statement should have four elements — i.e. purpose, strategy, behaviour standards and values. The study finds that nearly all the mission statements in the sample reflect the purpose and strategy elements. More than half of them are in conformity with the values component. Less than half are in compliance with the behaviour standards aspect. Although the study is exploratory in nature, considering the convenient nature of the sample, the practical implication of this paper is that marketing managers in Zimbabwe can draw on the Ashridge mission model to analyse existing mission statements and design new ones.

Key words: *Mission statement, marketing plan, Zimbabwe, values, behaviour standards, strategy*

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1. INTRODUCTION

There are many views concerning the suitable content of a business mission statement (Kemp and Dwyer, 2003). Campbell and Yeung's (1991) Ashridge mission model is one of the several models in existing academic literature. It suggests the ideal components of a corporate mission statement—that is purpose, strategy, behaviour standards and values. However, there is a paucity of literature on the practical relevance of the model especially to developing countries in Africa, Zimbabwe included.

Mission statements are highly value-laden and their constituent elements like 'strategy' are too illusive to be defined (de Wit and Meyer, 1998). Consequently, it would be reasonable if empirical studies on the relevance of mission analysis frameworks like the Ashridge mission model, using content analysis as a research strategy, are designed in such a manner that key informants and/or employees and managers of the organisation(s) concerned analyse the content of a mission statement(s). A major weakness of the study is that the researchers themselves, instead of the respondents, content analysed the 54 sample mission statements for compliance with the Ashridge mission model. Considering the subjective meanings of some of the model's constituent elements such as 'strategy', perhaps Muzondo *et al.*'s findings would have been different if they had asked key informants and staff of the organisation(s) concerned to content-analyse and interpret their mission statements using the model. There are radically different opinions on most of the key issues within the field [of strategic management and organisational mission] and the disagreements run so deep that even a common definition of the term 'strategy' is illusive (de Wit and Meyer, 1998).

The objective of this study is to measure the perceptions of marketing managers on the applicability of the Ashridge mission model as a management apparatus for assessing the quality of corporate mission statements in Zimbabwe. Marketing authorities such as Kotler *et al.* (2009), McDonald (2008), Gilligan and Wilson (2003), to name but a few, indicate that mission analysis is one of the critical components of marketing audits[1] and marketing plans[2]. Despite the critical role played by mission statements in corporate strategy, many textbooks on strategic management and marketing only dedicate about half a page to a few pages to mission statement analysis (Muzondo, 2012). Hence there is a paucity of published literature on the practical relevance of the Ashridge mission model to organisations in developing countries especially those in Africa (Muzondo *et al.*, 2013).

This paper contributes to the body of knowledge on mission statement analysis from an African strategic marketing standpoint. Diversity in management practices around the world has been recognised in management literature in the United States of America for more than 30 years but it has taken much longer for American academics to accept that not only practices but the validity of theories may stop at national borders (Hofstede, 1993). The usefulness of management frameworks developed in one country may not be applicable to other countries. The Ashridge mission model was developed in the United Kingdom and its usefulness in Zimbabwe cannot be assumed.

2. LITERATURE REVIEW

The Ashridge mission model suggests four elements of mission—purpose, strategy, behaviour standards and values. A strong mission exists when the four elements of mission link tightly, resonating and reinforcing each other (Campbell and Yeung, 1991).

A number of authors such as Wheelen and Hunger (2002) and Johnson and Scholes (2002) agree that purpose is one of the fundamental components of a good mission statement. Some strategic management gurus, in fact, admit that the definition of mission is hinged on the purpose element. For example, Johnson and Scholes (2002) state that a mission is a general expression of the overall purpose of the organisation, which ideally, is in line with the values and expectations of major stakeholders and is concerned with the scope and boundaries of the organisation. Purpose answers the critical question why the company exists (Campbell and Yeung, 1991; de Wit and Meyer, 1998). For instance, "[a]n organisation exists to accomplish something: to make cars, lend money, provide a night's lodgings, and so on" (Kotler *et al.*, 2009:42). To achieve purpose in competition with other organisations, there is need for strategy.

Strategy provides the commercial logic for the company (Campbell and Yeung, 1991). Strategy describes how an organisation sets out to achieve its purpose and/or goals in competition with other organisations. The strategy component of mission is also acknowledged in a number of other mission statement analysis frameworks (e.g. Piercy and Morgan, 1994; Sidhu, 2003; Abell, 1980; Wheelen and Hunger, 2002).

Nonetheless, purpose and strategy are only empty intellectual thoughts unless they can be converted into action, policy and *behaviour standards or guidelines* that help people to decide what to do on a day-to-day basis (Campbell and Yeung, 1991). Behaviour standards are the policies and behaviour patterns that underpin the distinctive competence and the value system (*ibid*). The importance of behaviour to organisations is also acknowledged in corporate identity and corporate image literature (Check-Teck and Lowe, 1999; Melewar and Karaosmanoglu, 2006; Stuart, 1999; Abratt, 1989). This brings us to the last element of the Ashridge mission model—values.

Values are beliefs and moral principles that lie behind the company's culture (Campbell and Yeung, 1991). Values give meaning to the norms and behaviour standards in the company that act as the 'right brain' of the organisation (*ibid*).

While all four components of mission prescribed by the Ashridge mission model are important, Muzondo (2012) believes that purpose and strategy are more important than values and behaviour standards. He

[1] A *marketing audit* is a comprehensive, systematic, independent, and periodic examination of a company's or business unit's marketing environment, objectives, strategies, and activities, with a view to determining problem areas and opportunities and recommending a plan of action to improve the company's marketing performance (Armstrong and Kotler, 2009).

[2] A *marketing plan* is a written document that summarises what the marketer has learned about the market place and indicates how the firm plans to reach its marketing objectives (Kotler *et al.*, 2009).

regards purpose and strategy as the *hardware elements* of mission and he gives them symbolically more weight in guiding mission analysis and design than values and behaviour standards, which he terms *software elements*. In his conceptual paper, Muzondo (2012) developed and suggested five propositions on the quality of mission statements which were informed by his hardware and software constructs of mission elements. The propositions were based on a five-point scale ranging from *Excellent* to *Very poor*. This means that a mission statement is: (1) *Excellent* if it complies with all four components of mission as propounded by the Ashridge mission model, (2) *Good* if it is consistent with all two hardware elements only or the hardware components plus any one software element, (3) *Average* if it is compliant with one hardware element only or a hardware component plus any one or all two software elements, (4) *Poor* if it conforms to all two software elements only, and (5) *Very poor* if it is compliant with none of the four components of the model.

In a follow up empirical paper, Muzondo *et al*. (2013) refined and tested the five propositions using content analysis data from a systematic random sample of 54 mission statements drawn from organisations that had provided one-year internships to business studies students in a leading Zimbabwean university. Their study found that only seven of the 54 corporate mission statements in the sample were *excellent*, 51 were *good*, 53 were *average* and none was *poor* or *very poor* because there was no mission statement which conformed to one or all two software elements only without being compliant to at least one hardware element. However, the weakness in Muzondo *et al*.'s paper is that it is the researchers themselves instead of respondents, who content analysed the sample mission statements. Given the qualitative and value laden nature of mission statements, perhaps the results may have varied if key informants and staff of the concerned organisations had instead content analysed the mission statements.

3. METHODOLOGY

3.1 Population and sample

The population for this study was marketing managers who are students in taught postgraduate marketing degree programmes offered in Zimbabwean universities. There are at least four universities in Zimbabwe offering postgraduate marketing programmes. Marketing managers review corporate mission statements when carrying out marketing audits and designing marketing plans. Primary data to fulfill the study's objective were gathered from a convenience sample of 25 marketing managers enrolled on a postgraduate marketing degree offered by one of the four universities. The unit of analysis was an assignment on the application of the Ashridge mission model to organisational mission statements in Zimbabwe. This assignment was given to students of a postgraduate programme in one of the stated universities as part of their continuous assessment on a core course called strategic marketing which was taught by one of the authors. In fact, there were 32 students enrolled on the programme at the time the assignment was given out but six of them dropped out before submitting the assignment. Of the remaining 26 managers (meaning there were 26 assignments in all) the researchers withdrew one assignment from the unit of analysis because of some technicalities. This left the study with a total 25 assignments that were based on 23 corporate mission statements because two organisations in the sample had two marketing managers who were enrolled on the programme.

3.2 Data gathering procedure and analysis

The data were gathered from a secondary source, that is, copies of a written assignment in response to a question given by one of the authors to his strategic marketing students to gauge their appreciation of Campbell and Yeung's (1991) Ashridge mission model and its practical relevance to their respective organisational mission statements. Before giving out the assignment, the first researcher or author delivered a lecture on marketing planning to the students. The lecture explored how marketing managers can apply the Ashridge mission model as a methodology for analysing an existing corporate mission statement and guiding the crafting of a new one. Mission statement analysis is a fundamental step in the marketing audit and the marketing planning processes. At the conclusion of the lecture, one of the authors referred the students to de Wit and Meyer's (1998) textbook – *Strategy: Process, Content, Context* – which has the full text of the original article on the Ashridge mission model, originally published in *Longrange Planning*.

The students were given a three-week deadline to write and submit the assignment. After marking and giving feedback on the assignment, one of the authors requested and was granted permission by the students to retain copies of their assignment so that together with his colleague researchers, they could draw on them to write this scientific article. The researchers content analysed the assignments to determine the extent to which the students agreed or disagreed that their corporate mission statements complied with the Ashridge mission model.

Content analysis is an attempt to quantify qualitative data by noting, for example, frequencies of events, words, and actions and others (Lancaster, 2005). It entails analysing the contents of documentary materials such as books, magazines, newspapers and of all other verbal materials which can be either spoken or printed (Kothari, 2004). The purpose of content analysis is to describe the content of your respondents' comments systematically and classifying the various meanings expressed in the material you have recorded (Adams *et al.*, 2007). However, it is not the only way in which you could analyse the data you have obtained. You may find yourself presenting information in the form of a connected narrative (in a study following the case study method, for example), or in a series of verbatim quotations taken from the interviews (*ibid*).

The researchers adopted the four elements of an ideal mission statement as prescribed in the Ashridge mission model – purpose, strategy, behaviour standards and values – as codes for analysing the data from the assignments and for presenting and discussing the study's findings. The students had also analysed their respective corporate mission statements using the same codes.

4. RESULTS

4.1 Distribution of marketing managers by sector

The respondents, whose assignments constituted the unit of analysis in this study, were distributed as shown in Table 1 below. The sector with the highest number of respondents in the sample (total 5) was education—two were employed in a university, two in a polytechnic college, and one in a pre-school. This was followed by the tourism, hospitality and fast food sector (employing four managers) and, telecommunications, financial services, and agriculture and mining; each of which had three respondents in the sample. Energy was the sector with the smallest representation on the sample with a single respondent. Immediately above energy, the sectors with the least number of respondents, two each, were defence and non-governmental organisations, health, and transport and auto spares. Overall, this means that 22 of the 25 student marketing managers in the sample were employed in the services sector. The distribution of respondents in Table 1 by sector is the de facto distribution of organisations in the sample, save for the two organisations with two managers each in the programme.

Table 1: Distribution of managers in the sample by sector (n=25)

Sector	Number of Organisations
Defence/Security & NGO	2
Financial services	3
Education	5
Tourism, hospitality & fast food	4
Telecommunications	3
Agriculture & mining	3
Energy	1
Health	2
Transport & auto spares	2

4.2 Ashridge mission model compliance level in Zimbabwean mission statements

The results of the content analysis of the 23 mission statements assessed in the 25 postgraduate marketing students' assignments are as shown in Table 2 below. The analysis includes 'indirect values' and 'indirect behaviour standards' because some students indicated that their organisations had independent values and behaviour standards statements listed immediately after their mission statements in relevant company documents.

4.3 Purpose

An overwhelming majority of managers in the sample, 23 out of 25, indicated in their assignments that the mission statements of their organisations were in compliance with the purpose element of the Ashridge mission model. Only two of the managers, whose organisations were in the transport and auto spares and hospitality and fast food sectors, stated that their corporate mission statements were not in compliance with the element.

Table 2 – Ashridge Mission Model Components (n=25)

	Component Total "Yes's" and/or "No's"	
Mission Statement Component	Yes	No
Purpose	23	2
Strategy	19	6
Values	10	6
Behaviour Standards	3	15
Indirect Values	7	
Indirect Behaviour Standards	6	

One of the 23 managers who indicated that their organisations' mission statements were in compliance with the purpose component said:

> This comes out very clear in the ... *[organisation name stated]* University mission statement. The university is there to enable people to realise their full potential.

A manager in the hospitality and fast food sector who indicated that his organisation's mission statement was not compliant with the purpose element said:

> The ... *[company name cited]* mission is not conclusive in terms of purpose. The question 'what business is the company in?' is not addressed in the mission statement. The mission statement lacks depth and direction in terms of revealing the three pillars of purpose as expounded by the Ashridge mission model. It is not clear from the mission statement for whose benefit the company is in existence.

4.4 Strategy

The majority of the respondents; 19, said their organisations' mission statements were consistent with the strategy component of the Ashridge mission model and only 6 indicated that they were not compliant. This suggests that most of the mission statements in the sample were designed from a context where it was recognised that strategy should be reflected.

One of the 19 respondents who agreed that their corporate mission statements were consistent with the strategy component said:

> The mission statement of my organisation is 'to be the leading supplier of world class medical, surgical, dental and laboratory products that meet our customers' needs at affordable prices. The inclusion of the phrase 'affordable prices' shows that strategy is reflected in the mission statement. My conclusion is that the organisation's mission statement is compliant with the strategy element of the model.

Among the six managers who acknowledged that their corporate mission statements were not consistent with the model's strategy element, one said:

> The mission statement of ... *[company name given]* fails glaringly to define the business domain in which the company is operating. Generally, the strategy of the company is not clearly expressed in the mission statement.

The manager, from the fast food chain also stated that the mission statement needed to have included at least a phrase that reflected the strategy. The phrases that he suggested are 'the market the company competes in', 'the position the company holds in industry', and 'distinctive competences or competitive advantages that the company has or plans to create'.

4.5 Values

Only 10 of the managers in the sample agreed that the mission statements of their organisations were directly compliant with the values aspect of the Ashridge mission model while six affirmatively stated that they were not compliant. However, a further seven respondents from the sample stated that their organisations were indirectly compliant with the values aspect. That is because they acknowledged that the corporate documents where mission statements of their respective organisations were captured also included a values statement which was stated immediately after the mission. Overall, 17 of the organisations in the sample can be said to be in compliance with the values aspect of the model.

Among the 10 managers who categorically admitted that the values element was directly reflected in their corporate mission statements, one of them stated:

> The mission statement of ... *[company name provided]* expresses specific values that the organisation believes in, though in the [corporate] mission statement these values are captured as principles.

The mission statement of the very organisation reads:

> At ... *[company name stated]* we believe that in order for us to be happy in this life, we need to base our lives on certain principles that, when developed in our character, will lead to happiness and success. The principles that we want to develop and stand for at ... *[company name stated]* are: integrity, respect and development of the individual, customer focus, quality, and responsible citizenship.

Apparently, the organisation with the mission statement above is the only one in the sample whose mission statement neither reflects the purpose nor strategy element, contrary to the prescription of Campbell and Yeung's (1991) Ashridge mission model. It is the mission statement of a leading Zimbabwean fast food chain.

Among the six respondents in the sample who indicated that their corporate mission statements did not reflect the values component is a manager who said:

> Our company's mission statement is completely silent on values and this is inconsistent with the Ashridge mission model which postulates that the [mission] statement should, indeed, identify the values that link with the organisation's purpose and act as beliefs that employees feel proud of...The silence on values is perhaps not surprising given the absence of clarity on strategy in the [organisation's] mission statement.

4.6 Behaviour standards

Fifteen out of 25 managers in the sample (a majority) affirmatively stated that the mission statements of their organisations were not in conformity with the behaviour standards element of the Ashridge mission model. At the same time, only three managers categorically agreed that the corporate mission statements were consistent with the framework's behaviour standards prescription. A further six managers suggested that their organisational mission statements were indirectly consistent with the behaviour standards component as their organisations had a behaviour standard statement coming after the mission statement. This means that nine respondents only agreed that their organisations' 'missioning' effort acknowledges the importance of behaviour standards while 15 seem to suggest that this element is not critical. Only one manager in the sample did not indicate whether his organisation's mission statement was consistent with the behaviour standards element. Overall, this means that the behaviour standards component was the least reflected component of the Ashridge mission model in mission statements of the organisations in the sample.

A manager among those who categorically stated that their mission statements were inconsistent with the behaviour standards element said:

> ...'s *[company name supplied]* mission statement lacks the component of behaviour standards. However, the company expects its employees to behave in a certain way but it has not captured that in its mission statement. For instance, the organisation always supplies genuine products and regards the safety of its clients as crucially important. It educates customers on safety issues regarding the use of its products. This could be viewed as part of behaviour standards. However, the company mission statement has no word or phrase that includes these things.

Another student in the cluster of respondents whose corporate mission statement did not include the behaviour standards component said:

> My company's mission statement does not describe the critical behavioural standards that serve as beacons of the strategy and the values—and this is not surprising given that the strategy and values are not given in the first place. Consequently, ...'s *[company name stated]* employees cannot judge whether they have behaved correctly or otherwise as there is no guidance on behaviour standards from the mission statement."

A respondent from a mining company among the students who agreed that their corporate mission statements were consistent with the behaviour standards component of the Ashridge mission model said:

> ...'s *[company name supplied]* mission statement describes important behavioural standards that serve as beacons of strategy and values. These include utilizing resources responsibly, conducting business in an environmentally responsible manner, safeguarding the health and safety of all stakeholders, continuously improving all systems and expression of commitment by staff.
>
> The behavioural standards are described in such a way that individual employees can judge if they have behaved correctly or not. These behavioural standards have also been translated into policies and behavioural guidelines. The company's Seven Cardinal Rules on Safety as well as consistent Safety, Health and Environment (SHE) inductions, for example, were derived from the need to safeguard stakeholders' safety and health as well as conducting business in an environmentally responsible manner."

5. DISCUSSION AND IMPLICATIONS

5.1 Discussion

This study assessed marketing managers' perceptions of the application of the Ashridge mission model as a managerial tool for analysing the quality of corporate mission statements in Zimbabwe. Data to fulfill the study's objective were gathered from a convenience sample of 25 postgraduate marketing students in a leading university in the country. The students are employed in marketing management jobs. Nearly all mission statements in the sample were in compliance with the purpose, strategy and values elements of the Ashridge mission model. But only fewer than half of the mission statements were in conformity with the model's behaviour standards component. This is a worrying revelation because Campbell and Yeung (1991) suggest that behaviour standards encompass the behaviour patterns that underpin the competence and value system of the organisation.

In addition, there were no excellent mission statements in the sample as none of them reflect all four essential elements of an ideal mission statement as prescribed in the Ashridge mission model. However, the majority of mission statements reflect either the two hardware components or one of them. These are; purpose and/or strategy, and at least one of the software components namely; values and behaviour standards. As such, the quality of mission statements in the sample ranges from 'good' to 'average'. Only one of the 23 mission statements, belonging to a leading fast food chain in the country, can be rated as poor because it is in compliance with the values aspect of the Ashridge mission model only and no other element. All mission statements in the sample also reflected at least one component of the model hence there was no 'very poor' mission statement. Overall, the content of the majority of mission statements in the sample reflect the prescription of Campbell and Yeung's (1991) Ashridge mission model. While the organisations' internal stakeholders may not have been aware of the model at the time the mission statements were crafted, the fact that they reflect the tool suggest that the model is useful for marketing planners as a starting point in mission analysis and designing.

5.2 Conclusion

Although based on perceptions of a small and convenience sample of postgraduate marketing students in one of the leading universities in Zimbabwe, the findings of this study, seem to prove that the Ashridge mission model is being applied to design corporate mission statements in the country because the majority of mission statements in the sample are consistent with the purpose, strategy and values components of the model. Consequently, marketing managers in the country can apply the model to analyse and design organisational mission statements. Nonetheless, given the convenience nature of the sample, it is fundamental that any future investigations on the relevance of the Ashridge mission model are based on large and probability samples of respondents if the results are to be generalised.

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Service-delivery of non-governmental organizations in Zimbabwe: Challenges and stategies

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ABSTRACT

Non-governmental organizations (NGO)s operating in Zimbabwe face a number of organizational and management challenges that impact negatively on the delivery of their services. Those NGOs that seem to be doing well have adequate human capital with the necessary skills and competencies to perform. They have a flat structure that encourages team work and minimises delays in decision making. Successful NGOs allow for creativity and innovation, especially when the projects are being implemented at grass roots level. They have effective boards that ensure good governance through the use of proper administrative and management policies and procedures that govern their work. They are financially well resourced. The challenges that face many NGOs in Zimbabwe are the lack of financial resources, inexperienced manpower, political interference and involvement, lack of planning and prioritisation of programmes and poor coordination of activities in the field. NGOs in Zimbabwe could improve delivery of their services by coordinating and networking with other NGOs in the same field.

Key words: *Non-governmental organisation, effective, management, challenges, service delivery*

1. INTRODUCTION

There are various definitions of what an NGO is. What appears common to the definitions is the fact that NGOs are non profit, voluntary, citizen based organisations that operate independently of government. Some NGOs are primarily concerned with developmental projects while others concern themselves with promoting a cause or advocacy (Chawarika, 2011; Turkish weekly, 2013). The functions of NGOs vary immensely, ranging from service delivery to human rights and relief groups. The umbrella body for NGOs operating in Zimbabwe is the National Association of Non-governmental Organisations (NANGO). There are more than 1 000 NGOs operating under NANGO (www.ngo.org/ngoinfo/define.html, 2013).

There are many organisational and management challenges that hinder effective delivery of service by NGOs. These NGOs also experience challenges that are external to them which also affect their service delivery.

1.1 Importance of the study

This study is important in that it sheds light on the areas of weaknesses for NGOs and how NGOs can improve their service delivery by addressing the internal organisational and management challenges identified in the study.

The study also benefits government and policy makers as it provides insights into how they can facilitate the effective service delivery of NGOs.

Funding partners will also benefit from the study because it highlights an area that needs to be addressed by them.

Beneficiaries of projects will benefit from the study when service delivery by NGOs is improved.

2. PROBLEM INVESTIGATED

Effective delivery of service by NGOs operating in Zimbabwe is influenced by a number of internal and external organisational and management factors. A research was carried out in April – May 2013 to investigate the challenges facing the management of NGOs in Zimbabwe and the strategies that could be used to mitigate those challenges.

3. PURPOSE /OBJECTIVES

The purpose of this article is to present the findings of the study carried out to identify the challenges of managing NGOs in Zimbabwe and the strategies that could be used to mitigate those challenges.

4. RESEARCH METHODOLOGY

The study to investigate and identify the challenges faced by NGOs in Zimbabwe and the strategies that could be used to meet those challenges was carried out using the following method:

A questionnaire was designed and sent to 15 NGOs operating in both rural and urban areas of Zimbabwe. The NGOs were randomly selected. This was not a representative sample of all the NGOs operating in Zimbabwe. It was an indicative sample that provided an insight into the challenges facing the management of NGOs and the strategies that could be used to improve their effectiveness. Seven (7) NGOs out of the 15 that were selected responded to the questionnaire.

The questionnaire was administered to directors, programme officers and field staff. The questionnaire solicited for qualitative responses to the following questions:

a. nature and core business of the NGO;
b. number of years that the NGO has been in operation;
c. the number of people employed;
d. what was going well with how the NGO was managed;
e. what was not going well with how the NGO was managed;
f. what hindered the effectiveness of the NGO in its service delivery;
g. what changes were needed to improve service delivery by NGO; and
h. recommendations to improve service delivery of NGOs in Zimbabwe in general.

Responses to the questions were analysed and grouped into the following categories;

- characteristics of NGO that responded to the questionnaire;
- factors promoting effective delivery of serve by NGOs;
- factors negatively impacting on service delivery by NGOs; and
- recommendations and strategies for improving service delivery by NGOs.

5. FINDINGS

The findings from the study are presented below. The findings were then analysed in the light of experiences of other NGOs in the region.

5.1 Characteristics of NGOs that responded to the questionnaire

Characteristics of NGOs that responded to the questionnaire are summarised in table 1.

The table summarises the core business of each NGO that responded to the questionnaire, the area of operation, the number of people employed by the NGO and the number of years that the NGO has been in operation. The actual names of the NGOs are not revealed for confidentiality purposes. They are represented by numbers 1–7.

Table 1: Characteristics of NGOs in the study

NGO	Core business	Area of operation	No. Of employees	No. Of years in operation
1	Mitigating the impact of HIV/AIDS on children through education, psychosocial support, nutrition	Urban and Rural	33	11
2	Capacity building of rural communities, especially women through life skills programmes that allow for economic independence and poverty alleviation	Rural	14	11
3	Youth capacity building for sustainable community development.	Rural	7	5
4	Mitigating the impact of HIV and AIDS, through a holistic approach and providing early warning to other emerging epidemics that exacerbate the effects of HIV.	Urban and rural	15	
5	Popularizing and contextualizing Social Teachings through enculturation, documentation and influencing public policy	Urban	2	10
6	Capacity Building for OVCs	Urban and rural	14	11
7	Conflict management and transformation	Urban and rural	21	10

5.1.1 Core business areas

The 7 NGOs which responded to the questionnaire operate in the following core business areas:

1. Mitigating the impact of HIV/AIDS on children through education, psychosocial support and nutrition.
2. Mitigating the impact of HIV and AIDS through a holistic approach and providing early warning to other emerging epidemics that exacerbate the effects of HIV.
3. Capacity building of rural communities, especially women, through life skills programmes that allow for economic independence and poverty alleviation;
4. Youth capacity building for sustainable community development;
5. Capacity Building for orphaned and vulnerable children (OVCs);
6. Popularising and contextualising the Social Teachings of the Church through enculturation, documentation and influencing public policy;
7. Peace building, conflict Management and transformation.

The table shows that two of the NGOs operate in the field of HIV/AIDS. They both have been operating for the last eleven years in urban and rural areas. Four of the NGOs had operations in both rural and urban areas. Two of them had operations in rural areas only and only one had operations in urban areas. All NGOs that responded to the study, except one, have been established and have been operating for the last 10 years. Only one had been in existence for 5 years.

5.2. Factors promoting effective service- delivery

Factors promoting effective service – delivery by NGOs were deduced from responses to the question on what respondents liked most about how their NGO was managed. The respondents stated that they liked NGOs which had the following characteristics:

1. were efficiently run;
2. had experienced and skilled manpower;
3. had a unity of purpose and worked as a team;
4. employees were appreciated;

5. management encouraged creativity and innovation at all levels;
6. the organization was a learning one, and practised participatory methodologies in programming and management;
7. the NGO had a management structure and a board responsible for policy, board members with experienced individuals who had knowledge of community mobilization and use of participatory methodologies in programming;
8. there was wide consultation before a decision was made and everyone was involved;
9. board members rotated as directors on a 4 - year term and this allowed for injection of fresh ideas and new energies into the organization;
10. the organization had both financial and programmatic management systems and policies in place;
11. management had an open door policy and everyone was free to approach management on any issue;
12. the NGO had a flat structure that was not bureaucratic and had quick decision - making;

5.3 Factors negatively impacting on service delivery of NGOs

Responses to the question about what respondents liked least about how their NGO was managed provided insight into what factors hindered their service delivery. The findings revealed that the NGOs:

1. gave priority to bigger funded projects than to smaller ones which engaged in core business;
2. lacked effective planning at lower levels;
3. lacked consistency in the application of policies;
4. had limited resources to support full implementation of projects as per demand;
5. lacked documentation of experiences and lessons learnt;
6. lacked enough resources for training of staff; and
7. experienced interference from founding members.

6 DISCUSSION ON FINDINGS

6.1 Challenges

The above reasons which respondents regarded as contributing to ineffective delivery of service by their specific NGOs can be said to contribute to the ineffective delivery of service by NGOs in general. In analysing the responses to why some NGOs were not meeting their objectives, the study identified the following challenges:

6.1.1 Lack of sufficient time to plan and to fundraise

The NGOs did not leave enough time to do operational planning as it is key to implementing programmes on the ground. NGOs have programmes which are funded by different donors and each donor requests a report on the progress being made on the projects that they fund. Funding agencies insist on reports being submitted before any funding is provided for future projects. This means that all projects must be implemented and funds utilized before deadlines for implementation expire. NGOs fall into the trap of being pre- occupied with report writing and implementation of projects at the expense of planning and fundraising.

6.1.2 Late disbursement of funds

Implementation of projects depends on the availability of funds. NGOs experience delays in the disbursement of funds to start implementing the projects on the ground. Project implementation in rural areas is also seasonal. During the rainy season, people in the farming communities do not avail themselves to projects until much later, when they wait for harvesting time. This means that the projects are hurriedly implemented in order to meet the deadlines.

6.1.3 Funding constraints

Effective service delivery is hampered by financial constrains. Late disbursement of funds to implement projects as noted above often results in projects being implemented hurriedly. Prescriptive donor funding is another major challenge. Funding partners usually provide support towards projects without financial support for administrative and personnel requirements that are needed for effective project implementation.

Funding partners sometimes have generic and predetermined policy guidelines which may not match the priorities of recipient organisations and their beneficiaries. This means that those projects which may not be regarded as priority by funding partners may not receive funding even if they are beneficiary to the community.

6.1.4 Political instability and interference

The operating environment, especially in some of the rural areas, in the last few years after 2008, does not allow for smooth implementation of activities because of political instability. Those organisations that teach communities to ask real questions are viewed as bad and having an agenda for regime change. Staff personal security is of concern because of political instability. Politicians also interfere with the work of NGOs and have an influence on which NGOs can operate in their area and on what kind of projects. Permission for an NGO to operate in an area has to be sought from both the government, traditional and local leadership of an area.

6.1.5 Bureaucracy within government departments

Implementation of projects often requires approval of government. Delays are often experienced when an NGO needs certain approvals, for example, in obtaining work permits for technical experts or in getting Memorandum of Understanding (MoUs) signed.

6.1.6 Lack of skilled personnel

NGOs experience difficulties in attracting and retaining well qualified and experienced staff. Staff is usually employed on contracts which are tied to a project. At the end of the project a contract might or might not be renewed. A lot depends on the availability of continued funding for a particular project. NGOs are also constrained in financial resources for the capacity building of staff. Funding partners tend to support project implementation more than staff training. Most NGOs therefore tend to be thin on the ground. The limited staff is therefore over-stretched as they have to cover large areas and spending long working hours in the field. This often results in staff burn out and poor service delivery by the NGOs.

6.2 Strategies

Factors that promote effective management of NGOs in their efforts to meet their objectives can be deduced from responses provided by the participants in the study to the question on what they liked most about how their NGO was managed. The factors can be grouped into several categories, namely human capital, teamwork, board and governance, and organizational structure. The following are the strategies that were identified:

6.2.1 Human capital

An effective NGO has adequate, experienced and skilled manpower. There are enough personnel to do the work for which the NGO was created. The staff has skills to fundraise and to implement the projects. They develop strategic plans which are guided by the organisation's vision and mission.

6.2.2 Team work
Team work is one of the factors that contribute to the effective management of NGOs. There is a unity of purpose among staff and the programmes are well integrated and coordinated. Everybody understands the purpose and objectives of the NGO. Roles are clearly defined and understood by all. Management is accessible to all through the practice of open door policy.

6.2.3 Creativity and innovation
An effective NGO allows creativity and innovation at all levels. Creativity is called for at all levels especially when funds are limited and when donors place limitations and prescriptions on how the funds should be utilised. The situation calls for creativity and doing things differently while at the same time, meeting donor and beneficiaries' expectations.

6.2.4 Organisational structure and governance
Effective NGOs have a management structure that is flat. A flat structure is less bureaucratic and allows for quick decision – making. The board of directors is responsible and makes policies that promote good governance. Board members are experienced and they freely share their expertise with the organisation. Appointment of new members to the board periodically, allows for fresh ideas and new energies being injected into the organisation. Management systems and policies are in place to guide the operations of the NGO. Good governance ensures relevance of programmes and this promotes integrity and confidence in the eyes of both the donors and beneficiaries. There is consistency in application and implementation of policies. Corporate governance is a matter of concern for NGOs (Moore sand Stewart, 1998).

6.2.5 Resources and sustainability
An effective NGO is well resourced and financially sound. This requires the existence of competencies in writing bankable project proposals that can attract funding. Resources also include the availability of vehicles and equipment such as computers.

7. CHALLENGES IN RELATION TO REGIONAL EXPERIENCES
This section analyses the findings of the research on challenges facing the management of NGOs in light of the experiences of other countries in the region.

This study categorises the issues that hinder effective management of NGOs and their service delivery, as experienced by the 7 NGOs that participated in the research into 4 areas namely:

- capacity issues;
- resources issues;
- management issues;
- external issues and
- governance issues

7.1 Capacity issues
Attracting and retaining good quality staff is a challenge for most NGOs. NGO funding is usually tied to projects. Personnel are employed to implement projects which have a life span. This means that personnel are employed on short - term contracts with no guarantee for continued employment. Funding partners usually do not support administrative and personnel costs. This is why most NGOs have a small staff establishment. The staff become overstretched by working long hours to complete their tasks and to meet deadlines.

Capacity is also to do with skills and competencies required to implement projects. Most staff appear to have basic computer skills. They lack skills for information management and documentation. NGOs do not seem to have enough finances to train staff. Limited resources are allocated to staff training.

Lack of capacity to fundraise for projects is another major issue that affects effective delivery of service by NGOs. There is also a tendency to focus exclusively on implementing existing projects to the detriment of raising funds for new projects. This is coupled with the issue that project proposal writing is in itself a skill that is acquired and one needs to develop those skills.

7.2 Resources Issues

Research has shown that NGOs in general, and in Zimbabwe in particular, depend on some source of foreign funding (Chawarika, 2011). However, funding partners usually provide support for projects without support for administrative and personnel requirements. This means that funding is not usually flexible. As a result, some areas and projects which may be in demand but are not supported by donors, may suffer from lack of funding. Donors have their own priority areas that they support. There is also a challenge in terms of sustainability if and when the funding ceases.

There are situations where donor funding is available for certain objectives which may not be the same for which the NGO was created. At times NGOs end up implementing those projects which receive funding even at the expense of their mission objectives. Funding partners usually provide support towards the projects without support for administrative and personnel requirements. Such concerns as staff salaries and staff training usually suffer from lack of funding.

Late disbursement of funds is a major concern for NGOs that participated in the study. It takes time for funds to be released by funding agencies and this affects projects' start up, making it necessary that projects be quickly implemented before the expiry of the project life-time. As a result, activities are hurriedly done in order to meet the project dead - lines.

7.3 External issues

One of the major external issues affecting the management and effectiveness of NGO s is political interference and involvement. Zimbabwean laws that have impacted negatively on NGOs include the Public Order and Security Act (POSA) and Access to Information and Protection of Privacy Act (AIPPA) among others. They place limitations on freedom of association, assembly and information (Raftopolous, 2000). These limitations have resulted in the curtailment of NGO activities in Zimbabwe.

Political polarisation and instability in Zimbabwe make the operations and management of projects difficult. Organisations that operate at the grassroots level, especially in the area of human rights are sometimes viewed as supporting the opposition and are therefore not tolerated by the government. NGOs' staff personal security is sometimes at risk. Political interference and instability render the management and implementation of NGO projects difficult, especially for those NGOs in the area of human rights which are viewed with distrust and seen as advancing the interests of foreign governments. They are viewed by the Zimbabwe Government as unsympathetic to Zimbabwe. It has been noted that some NGOs in Zimbabwe deliberately do not involve themselves in lobbying and advocacy activities for fear of being misunderstood as drivers of anti-government agendas (Chawarika, 2011).

Some NGOs appear to have strong political ties to the point of seeming to be extensions of political parties, especially when staff members subsequently run for councillorship or party positions in the areas where they have been operating. This situation compromises the perceived objectivity of such NGOs in implementing development projects or in carrying out relief programmes such as food aid.

7.4 Government bureaucracy

Government bureaucracy often results in delayed implementation of projects. This happens when decisions by government departments or local authorities take too long or when approval to operate in a certain area takes long to be granted. The implementation period may be shortened and quality of implementation is compromised as a result of such delays.

7.5 Internal management issues

Management of some NGOs seem to put a lot of emphasis on implementation of projects and writing of donor reports, such that little time is left for strategic and operational planning. This often results in priorities not being clear and donor agencies taking advantage of that situation with the result that funds get redirected to other priorities which suit the donors.

The lack of intensive documentation of experiences and lessons learnt often leads to valuable experiences not being documented and lost.

Failure by NGO staff to observe protocol at the grassroots community level often leads to none acceptance of some projects at implementation stage even if they are funded.

Governance is another issue affecting effective management of NGOs. NGOs are often started by an individual or group of individuals or a family and operate as trusts. When the NGO has grown and is supposed to be run by a board, experience has shown that the founding members often have problems in letting go and there is mixed accountability. As a result, separation of family funds and project funds becomes unclear.

Poor networking with other NGOs operating in the same field or in the same areas of operation often results in duplication of efforts and double dipping by the recipients. Double dipping occurs when beneficiaries receive aid such as food or money from different NGOs for the same cause. This emanates from a situation where there is poor coordination of the work of NGOs and the need to compare registers of beneficiaries. The same people end up receiving aid while others do not. It becomes difficult to measure the impact and effectiveness of the services offered by NGOs working in the same geographical area and in the same core business and working with the same beneficiaries.

These findings reflect some of the findings that have also been identified in other studies in the region (www.turkishweekly.net/article/159/organizational-problems-of-non-governmental-organisations.2013). Some of the findings from a regional workshop held in Kenya on challenges and opportunities for regional NGOs revealed the challenges summarized below:

1. There is a high dependency on donor funding and most NGOs suffer from a lack of sufficient funds to run projects.
2. Good governance was compromised by founders of NGOs who often regarded the NGO as their "baby" and had problems in letting go.
3. Lack of strategic planning and establishment of priorities often left NGOs at the mercy of donors who dictated how funds should be utilized.
4. There was a duplication of efforts and "double dipping" at the community level because of poor networking and coordination of activities among NGOs.
5. Lack of capacity to fundraise for projects.
6. Some NGOs experienced inadequate capacity in technical areas and leadership and management of organisations.
7. Interference from local politicians and civic leaders often makes the operations of NGOs at the local level difficult.

8. RECOMMENDATIONS FROM THE STUDY

Respondents from the seven NGOs in the study made a number of suggestions to improve the effective management of their NGOs in particular and other NGOs in general. The following is a summary of recommendations that were commonly identified:

8.1 Collaboration and networking with other NGOS

In order to avoid duplication of efforts and "double dipping" by beneficiaries, it is important that NGOs working in the same field and operating in the same geographic areas collaborate and integrate their activities. Collaboration implies sharing of information and maintaining a coordinated register of beneficiaries especially when it comes to food aid distribution and other social services offered by NGOs.

Networking would be made much easier in situations where NGOs create platforms for sharing information.

8.2 Sustainability

The question of sustainability is of paramount importance especially to donors. The more sustainable projects are, the less dependent they will be on donor funding. By their very nature, it is difficult for NGOs to be self sufficient. Since donors are not keen on spending money on administrative support but on actual programmes that benefit the identified beneficiaries, it is recommended that NGOs be able to generate income that could be used to finance administrative support. This means that NGOs should engage in income generating activities for that purpose.

8.3 Maintaining strategic focus

There is a tendency by some NGOs to bend backwards and implement projects which are funded even though they may not be of priority to the NGO's mission. This has tarnished the image of NGOs with the NGO work being regarded as "commercialising" their services. The NGO work is seen by some as more of a money spinning venture than providing much needed social services. This situation is created when an NGO lacks adequate financial resources to run programmes that are guided by their mission. This negative image can easily be removed by planning and prioritising programmes and embarking on fundraising in good time.

8.4 Resource mobilization

Related to maintaining a strategic focus is the need to mobilise resources. Resource mobilisation needs to be done in good time and not left until the situation is dire. Resource mobilisation requires good proposal writing skills, networking and the ability to maintain good relations with donor agencies. Board members can also help with resource mobilisation since it should be within their interest that the organisation is well resourced.

8.5 Documentation

A piece of evidence that shows the impact and effectiveness of an NGO's services is the documentation of its experiences and programmes. This requires good documentation and writing skills. Documentation can be in the form of reports, books, documentary films etc. The documentaries can be used in the field during sensitisation exercises, training, lobbying and other campaigns.

8.6 Capacity building for staff

Capacity building of staff and management in NGOs is necessary for the effective delivery of project activities and services. Management skills such as teamwork, strategic planning, report and proposal writing and training in how to fund raise are important. Project planning, implementation, monitoring and evaluation are important especially for field staff. Constant on - the - job training for staff and management to enable them to respond to the ever changing environment is necessary.

8.7 Good governance

Good governance is key to the effective management of NGOs. Good governance implies the existence of policies and procedures which must be adhered to and implemented. The implementation of policies and procedures encourages proper management of resources and programmes. Policies such as Human resources policy and administration procedures, supply and purchasing policy, transport policy, etc. encourage transparency and professionalism. However there should be consistency in the application of those policies and procedures. It is the responsibility of the Board to ensure that key policies and procedures are established and implemented by Management.

9. CONCLUSION

NGOs operating in Zimbabwe face a number of internal and external challenges that hinder their management. Effective management and delivery of project activities and service by NGOs in Zimbabwe require a stable political environment for them to flourish and realise their objectives. Collaboration and networking with other NGOs in the field operating in the same area is necessary. It is important for NGOs not to compromise their objectives by engaging in good strategic planning and prioritisation of programmes. Resource mobilisation should be an on-going activity to ensure that NGOs are well resourced and not compromised. Although it may be difficult for an NGO to be self-sufficient, sustainability of programmes could be ensured if NGOs also embark on income generating activities to meet administrative costs of implementing programmes. Documentation of experiences is an important way to show the effectiveness and impact of an NGO's programmes.

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Deposit-attracting strategies in the financial sector in a multi-currency setting: The case of commercial banks in Zimbabwe

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ABSTRACT

Banks in Zimbabwe are facing challenges in attracting deposits from customers due to several reasons. The banking sector has implemented a wide range of strategies in a bid to attract deposits. These strategies can be broadly classified as promotional, distribution and customer relationship management. The study used the whole population of banks in Zimbabwe. The study reveals that only a few of the strategies implemented seem to work while the rest are ineffective. The study concludes that banks are not exhaustively using distribution strategies and CRM strategies. The study recommends that banks should get into strategic alliances with local or international partners and introduce information technology frameworks and processes in order to secure customer information and funds.

Key Words: *Deposits, Distribution Strategies, Promotional Strategies, Customer* Relationship Management Strategies.

1. INTRODUCTION

Modern economic systems depend on reliable flow of financing through the financial intermediaries (Collins, 2008). The financial system is like the pump of the economy (Collins, 2008). A breakdown in the system affects all other economic units. During the global financial crisis between 2007 and 2009, this essential and complex system of finance experienced a sequence of critical failures (Hawkins, 2011).

Following the global financial crisis, most commercial banks in developing countries were affected negatively by the crisis. In Zimbabwe, due to the contagion effect, most commercial banks were affected due to international linkage. The global financial crisis coincided with the hyperinflation and the introduction of the multi-currency era in Zimbabwe. Hyperinflation wiped out depositors' funds as well as the capital of the commercial banks. This compelled banks to go back to the drawing board to design strategies they could use in such an environment. For Zimbabwe, the problem was compounded by the introduction of the multi-currency system in February 2009. This ushered in a radically new environment, which created both opportunities and challenges for the banking sector. The introduction of the multi-currency meant that banks had to devise strategies to attract depositors since their deposits had been buried after the death of the Zimbabwean dollar. The management problem for most of the commercial banks was therefore to devise effective strategies to attract depositors.

1.1 Backgound of the Banking Sector in Zimbabwe

Zimbabwe had a sophisticated banking and financial market with commercial banks that were mostly foreign owned by 1980 (Makoni, 2010). The country had a Central Bank inherited from the Central Bank of Rhodesia and Nyasaland at the winding up of the Federation. The government of Zimbabwe did not interfere with the banking industry. There was neither nationalisation of foreign owned banks nor restrictive legislative interference, despite the socialistic national ideology (Makoni, 2010).

After 1987 the government, at the behest of multilateral lenders, embarked on an Economic and Structural Adjustment Programme (ESAP). As part of this programme, the Reserve Bank of Zimbabwe (RBZ) started advocating financial reforms through liberalisation and deregulation (Makoni, 2010). It contended that the oligopoly in banking and lack of competition deprived the sector of choice and quality in service, innovation and efficiency. Consequently, as early as 1994, the Reserve Bank of Zimbabwe (RBZ) Annual Report indicates the desire for greater competition and efficiency in the banking sector, leading to banking reforms and new legislation.

Subsequently, the Registrar of Banks in the Ministry of Finance, in liaison with the RBZ, started issuing licenses to new players as the financial sector opened up. From the mid 1990s up to December 2003, there was a flurry of entrepreneurial activity in the financial sector as indigenous owned banks were set up. This saw the birth of many indigenous commercial banks (Makoni, 2010).

Zimbabwe's financial sector is relatively sophisticated, consisting of the Reserve Bank, discount houses, commercial banks, merchant banks, finance houses, building societies, the Post Office Savings Bank, numerous insurance companies and a stock exchange. The Reserve Bank of Zimbabwe (RBZ) is at the apex of the banking sector. Due to the liberalization of the financial sector in 1991, the number of indigenous has grown considerably.

1.1.1 Bank Deposits

The table below shows the individual bank deposits market share as at 31 December 2011.

Table 1: Individual Bank Deposit Market Share as at 31 December 2011

Bank	Deposits (US$)	Market Share
CBZ	762,241,255	23.10%
ABC	319,005,000	9.67%
Stanbic	312,790,000	9.48%
Stan chart	253,931,836	7.69%
CABS	233,470,047	7.07%
Barclays	213,714,389	6.48%
ZB	157,257,458	4.77%
FBC	150,689,337	4.57%
MBCA	149,878,108	4.54%
NMBZ	102,720,193	3.11%
Kingdom	92,039,998	2.79%
TN	89,220,437	2.70%
Metropolitan	78,542,565	2.38%
POSB	51,993,063	1.58%
Ecobank	45,640,000	1.38%
Trust	23,697,552	0.72%
ZB BS	15,111,946	0.46%
FBC BS	11,308,991	0.34%
Others	236,747,825	7.17%
Total	**3,300,000,000**	**100%**

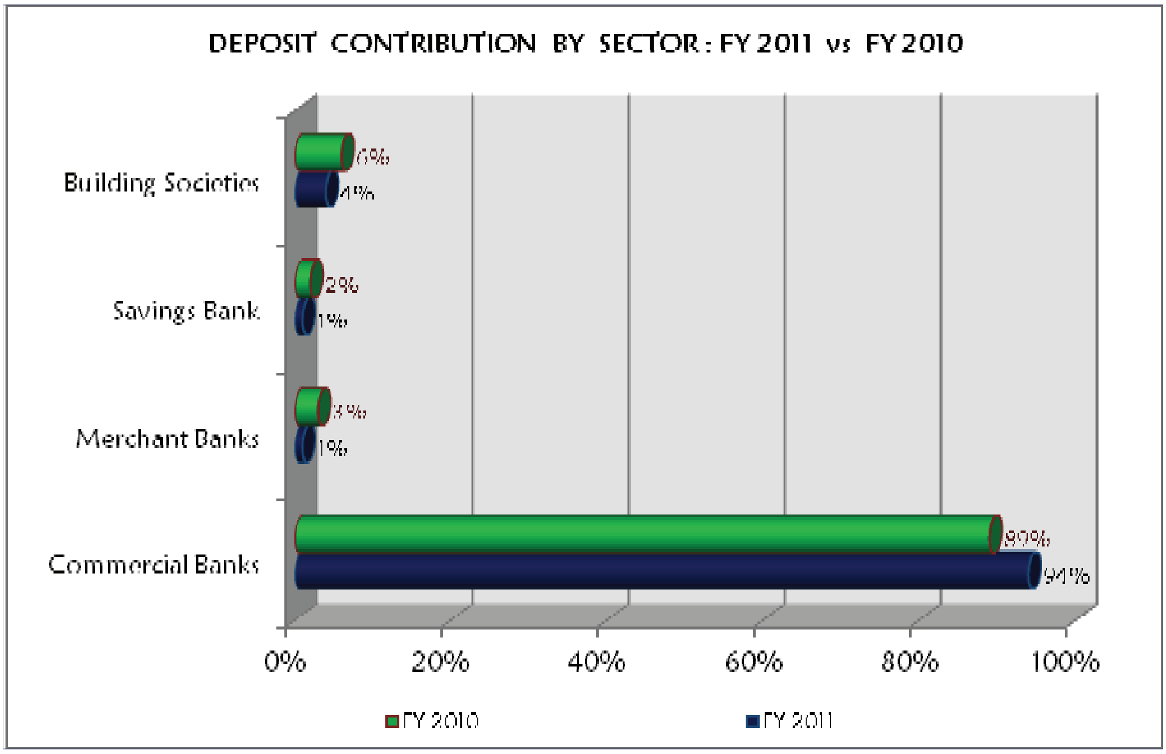
Source: Reporting Banks' FY 2011 Financials

According to the RBZ Monetary Policy Statement (January 2012), the total deposits for the banking sector were $3.3 billion as at 31 December 2011, thus representing a 27% growth from $2.6 billion as at 31 December 2010. From the table 1, it is evident that 57% of the total bank deposits were concentrated in the top five banks. CBZ bank had the largest deposit market share of 23% as at 31 December 2011, maintaining the same levels of market share that it had as of December 2010. Commercial banks, merchant banks and building societies deposit market share were 94%, 1% and 4% respectively with the remainder 1% being held by POSB.

1.1.2 Deposits by Banking Sector

As shown in Figure 1, commercial banks continue to dominate the banking deposit market with 94% market share (89% in 2010) whilst merchant banks with a 1% market share (3% in 2010) have been eclipsed by building societies whose market share have grown to 4% (6% in 2010). This is shown diagrammatically below:

Figure 1: 2011 Deposits by Banking Sector



Source: Reporting Banks' FY 2010 and 2011 Financials

1.2 Problem Statement

Following the introduction of the multi-currency era, the management problem for most banks was to devise effective strategies in order to attract deposits. However, most commercial banks had lower deposits being registered. It is against this background that this study sought to evaluate the effectiveness of strategies being used by commercial banks to attract deposits.

1.3 Research Objectives

The main objective of this study is to determine strategies being implemented by commercial banks to attract deposits.

1.4 Research Proposition

The study makes the proposition that the strategies that are being used by commercial banks to attract depositors are ineffective.

2. LITERATURE REVIEW

2.1 Definition of Deposits

Deposits are money placed into a banking institution for safekeeping. Bank deposits are made to deposit accounts at a banking institution, such as savings accounts, checking accounts and money market accounts (Greenlaw et al., 2009). The account holder has the right to withdraw any deposited funds, as set forth in the terms and conditions of the account. The "deposit" itself is a liability owed by the bank to the depositor (the person or entity that made the deposit), and refers to this liability rather than to the actual funds that are deposited. Daly and Moloney (2004) highlight that when someone opens a bank account and makes a deposit of cash, the account holder surrenders legal title to the cash. This cash becomes an asset of the bank; the account becomes a liability.

2.2 Type of Deposits

There are basically three types of deposits in Zimbabwe commercial banks, which are:

- **Call deposits** - The depositor has the right to use the money at any time, sometimes short notice periods are agreed. As the depositor can show up any time to request the deposit back, it is also called sight deposit (Sironi, 2003).
- **Fixed deposits** - They bear a fixed time and fixed interest rate, and are therefore also called term or time deposits (Kane, 2000).
- **Overnight lending** - It occurs usually from noon to noon, using a special rate (www.investpedia.com accessed on 23/06/12).

2.3 Strategies for Attracting Deposits

Financial institutions must adopt new ways to grow their core deposit base (Baker, 2007). According to Boland (2009), to successfully compete in today's challenging business climate, every financial institution should have a comprehensive deposit growth strategic plan in place, and senior management must ensure the strategy is focused and measurable. Stein (2002) states that financial institutions need to work smarter to attract new customers through proactive deposit growth strategies.

Although financial institutions often talk about the importance of core deposit growth, they generally do not take the steps necessary to address deposit gathering in a strategic and consistent fashion (Berger, 2010). Experience shows that many institutions still employ a relatively outdated approach for managing their deposit growth efforts (Berger, 2009). According to Boland (2009), a strong deposit philosophy will help financial institutions to generate core deposits more efficiently while improving profitability. De Young, Hunter and Udell (2004) came up with the evidence that banking companies without discernible competitive strategies tend to perform poorly, as do banks that employ outdated banking strategies without embracing efficient new production methods.

2.3.1 Client Relationship Management strategies by Commercial Banks

Customer Relationship Management (CRM) is defined by Couldwell (1998) as a combination of business process and technology that seeks to understand a company's customers from the perspective of who they are, what they do, and what they are like. Technological definition of CRM was given as the market place of the future undergoing a technology-driven metamorphosis (Peppers and Rogers, 1995).

Beckett-Camarata *et al.* (1998) have noted that managing relationships with their customers (especially with employees, channel partners and strategic alliance partners) was critical to the firm's long-term success. Yuan and Chang (2001) have presented a mixed-initiative synthesised learning approach for better understanding of customers and the provision of clues for improving customer relationships based on different sources of web customer data. Hunger *et al*. (2004) state that they have also hierarchically segmented data sources into clusters, automatically labeled the features of the clusters, discovered the characteristics of normal, defected and possibly defected clusters of customers, and provided clues for gaining customer retention.

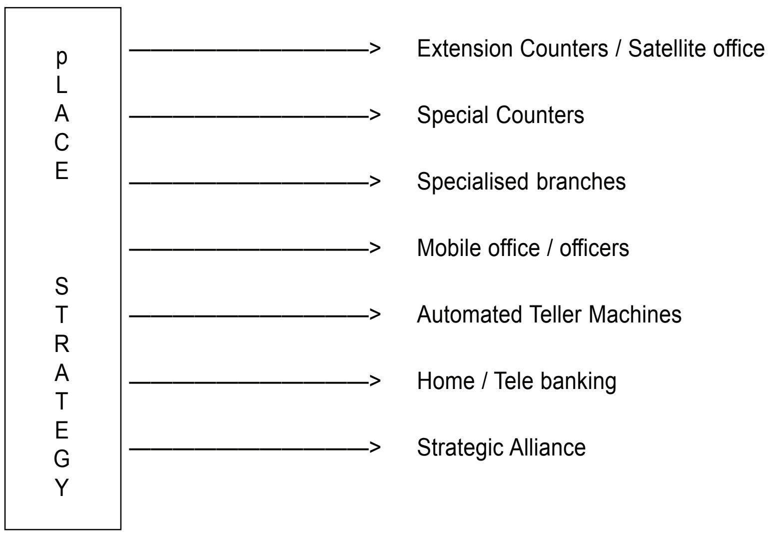
Peppard (2000) has also presented a framework, which is based on incorporating e-business activities, channel management, relationship management and back-office/front-office integration within a customer centric strategy. He has developed four concepts, namely Enterprise, Channel management, Relationships and Management of the total enterprise, in the context of a CRM initiative. Ryals and Knox (2001) have identified the three main issues that can enable the development of Customer Relationship Management in the service sector; the organisational issues of culture and communication, management metrics and cross-functional integration especially between marketing and information technology.

2.3.2 Distribution Strategy

The most important element in distribution strategy relate to the issue of location of the banks to render their service. Distribution means delivery of the products or service at the right time and at the right place (Boland, 2009). The place where the banking products or service are delivered is an important element in bank marketing. Hanssens and Lewis (2005) note that successful banks have been experimenting with a few strategies relating to their distribution network, that is, extending their reach through means other than branch expansion as well and this has ensured a steady growth of amount of deposits to them.

Hanssens and Lewis (2005) state that the first such strategy is the concept of extension centre, satellite office. Secondly, the concept of special counters for certain customer segments for example; for pensioners, tourists, premium clients, "bulk buyers". Thirdly, mobile office is also a part of current banking practice. Through this, the banker came to the doorstep of the customers. Fourthly, technology has also been deployed by banks for implementing their place strategy for example; internet banking, SMS banking and ATMs. Fifthly, a recent innovation is that of strategic alliances between banks and other financial institutions. The distribution strategies are illustrated in Figure 2 given below.

Figure 2: Innovation in place strategy by Shin (2009)



2.3.3 Promotion Strategy

The purpose of promotion is to inform and remind individuals and persuade them to accept, recommend or use a product, service or ideas (Rajeev, 1997). Promotion is a demand stimulating aid through communication. Any marketing promotion campaign has two objectives, which are: to inform the prospective customer and to persuade him or her. Due to the inherent intangible nature of services, the customer of banking service relies more on subjective impressions rather than concrete evidence (Greenlaw et al., 2008). When a bank comes out with a new product, it makes its target customer segment aware of it only through marketing promotion. It may be done in various forms like press advertisements, sales campaigns, word of mouth, personal interaction and direct mailing. Turning one into a customer may be enough if the product is unique or in great demand, but this may not always be the case. According to Raveendran (1998) the second fundamental objective of a promotion campaign is to persuade the customer to buy the product in preference to other similar products available in the market and this can only be accomplished effectively by the use of a variety of strategies rather than sticking to using only one or two.

Brunner et al (2004) state that the promotional effort for banking services consists of both personal and impersonal devices. Personal device is purely subjective in nature and it differs from person to person. Impersonal promotion can be through advertising, publicity and sales promotion. Personal selling is the responsibility of the bank staff. Impersonal selling should be done by the respective banks and their association (Kuruppuswami, 1986). The bank must try to understand the real needs and aspirations of the society and provide such product or services which will satisfy their assets. According to Haldane (2009) the marketing strategy should be designed to suit not only the present market but also the potential future market.

3. RESEARCH METHODOLOGY

The research adopted phenomenological philosophy. This was the basic plan which guided the data collection and analysis phases of the research project. The population comprised of the commercial banks' management, general staff and their clients. The population size is about 13 commercial banks and over a million customers spread countrywide. The commercial banks are Kingdom bank, TN, Commercial Bank of Zimbabwe, Z.B., First Banking Corporation, National Merchant Bank of Zimbabwe, MBCA., BANC ABC, Barclays, Stanbic, Standard Chartered, Metropolitan and Ecobank.

The study used the Krajcie and Morgan (1970) statistical proven model to determine the research sample size from the total population outlined in the target population. A total of 100 questionnaires were sent to the bank employees, management and customers. There are thirteen commercial banks in Zimbabwe and hence each of the banking institutions received the questionnaires. Within management and staff strata, questionnaires were randomly distributed to them as they reported for work at the reception. Customers were randomly selected in the banking halls whilst much significance was given to corporate clients as they had a closer relationship with banks as compared to walk-in customers.

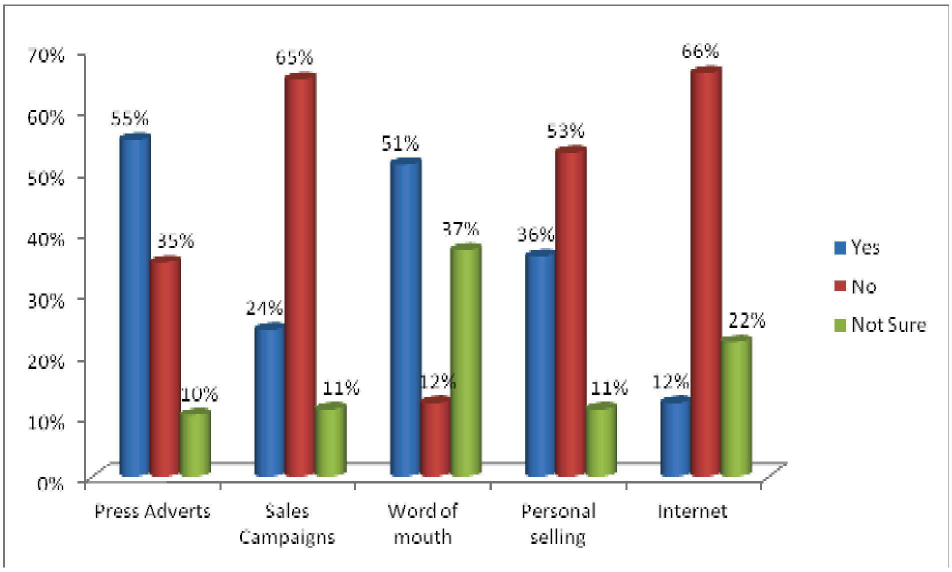
4. RESEARCH FINDINGS

4.1 Promotional Strategies

Figure 3 shows how respondents rate the promotional strategies used by commercial banks to attract deposits.

According to the results from the study, the majority of respondents believed that the most popular promotional strategies used by commercial banks were press adverts, with 55% respondents, and word of mouth with 51% of the respondents. These are the most traditional forms of promotional strategies. On the other hand, 66% of the respondents had the view that internet was not being effectively used by banks as a strategy to attract deposit and 65% of the respondents believed that banks were not conducting enough sales campaigns to attract deposits. These results from the study show that the promotional strategies employed by banks are not effective enough to attract more deposits as they are leaving out some other potential customers from their catchment area and this shows that there are some lost depositors.

Figure 3: Whether promotional strategies are being used effectively to attract deposits.



4.1.1 Factor Analysis for Promotional Strategies for attracting Deposits by Banks

Considering that the highest score on our Likert scale was Strongly Agree (5) and lowest score, Strongly Disagree (1), a strategy mean score below, 2.5 suggests that the variable concerned was insignificant and above significant. The results of the strategies are shown in Table 2.

Table 2: Mean Scores of Promotional Strategies of Attracting Deposits

Promotional Strategy Employed	Mean Score	Standard Deviation
Press Adverts	4.2	1.32
Word of Mouth	3.7	1.22
Personal/Direct Selling	3.1	1.34
Sales Campaign	2.53	1.35
Internet	2.2	1.50

As evident in Table 2, four out of five promotional strategies scored above the 2.5 cut-off point. Therefore they were significant in attracting deposits by financial institutions. The highest is Press adverts with mean score of 4.2 and the lowest is internet with a mean score of 2.2.

Factor analysis for these strategies was also done using exploratory factor analysis to investigate the underlying structure of association between the five strategies. The correlation matrix of the strategies is shown in Table 3.

Table 3: Correlation Matrix showing Correlations Among Promotional Strategies

	PA	SC	WM	PS	I
PA	1				
SC	0.82	1			
WM	0.76	0.63	1		
PS	0.23	0.52	0.43	1	
I	0.14	0.19	0.21	0.12	1

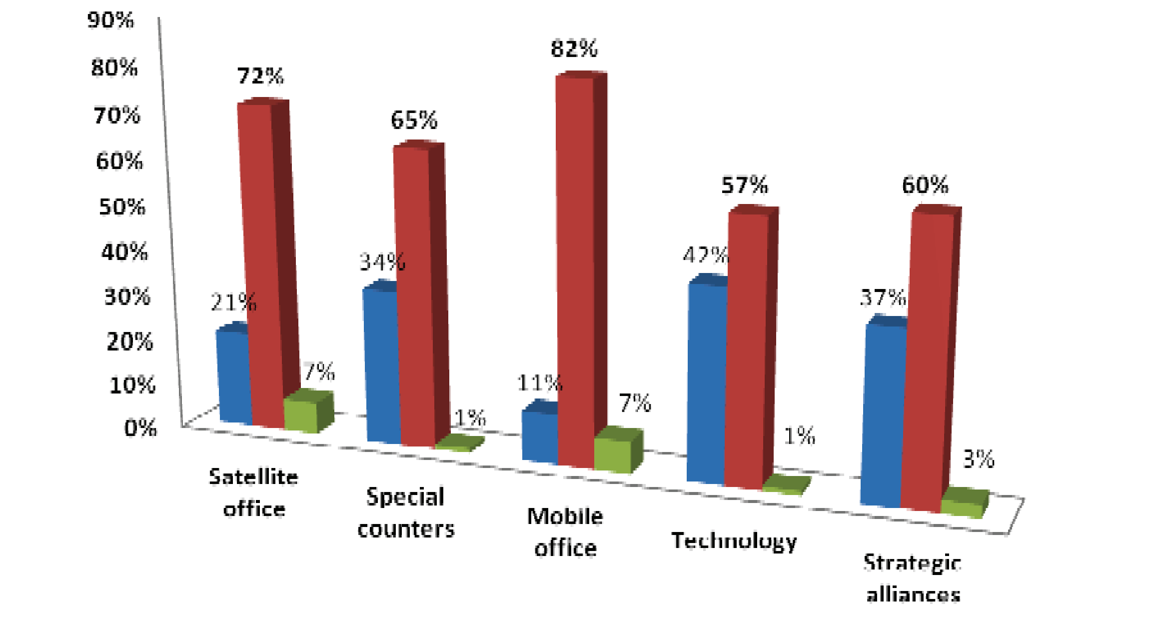
PA- Press Adverts, SC- Sales Campaign, WM- Word of Mouth, PS- Personal Selling and I- Internet.

From the table, the researchers were faced with the choice to accept the majority of strategies as they have higher correlation coefficients. The correlation coefficients in the matrix of the five strategies have a range from 0.82 ("SC" and "PA") to 0.12 ("I" and "PS"). This implies that the majority of these strategies were being used by financial institutions in attracting deposits.

4.2 Distribution Strategies

Figures 4 below shows how respondents rate the effective use of distribution strategies by commercial banks to attract deposits.

Figure 4: Whether distribution strategies are being used effectively to attract deposits.



	Satellite office	Special counters	Mobile office	Technology	Strategic alliances
Yes	21%	34%	11%	42%	37%
No	72%	65%	82%	57%	60%
Not Sure	7%	1%	7%	1%	3%

The majority of the respondents concurred that commercial banks were not using the various distribution strategies exhaustively to attract deposits as highlighted by the results from the study highlighted above. A massive 82% of the respondents stated that commercial banks were not using mobile offices as an option to attract deposits, making their banks' presence felt in remote areas, informal sector and also availing themselves at their customers door steps. Another 72% of respondents also highlighted that satellite offices were not visible and underutilised, whilst 65% stressed the need for commercial banks to establish special counters at their different branches for bulk depositors and corporate clients.The results also pointed out that 57% of the respondents believed that all commercial banks should embrace technology as a tool to use in attracting deposits for example in the form of internet banking, SMS banking and wider coverage of ATMs in all locations.

4.2.1 Factor Analysis for Distribution Strategies for attracting Deposits by Banks

Table 4: Mean Scores of Distribution Strategies of Attracting Deposits

Distribution Strategy Employed	Mean Score	Standard Deviation
Technology (Mobile & Internet Banking)	3.89	0.82
Strategic Alliances	3.22	1.42
Special Counters	2.78	1.64
Satellite Offices	2.21	1.50
Mobile Offices	1.84	1.65

Table 4 shows that, three out of five distribution strategies scored above the 2.5 cut-off point. Therefore they were significant in attracting deposits for financial institutions. The highest is Technology (mobile banking and Internet banking) with mean score of 3.89 and the lowest is mobile offices with a mean score of 1.84.

The correlation matrix of the distribution strategies is shown in Table 5.

Table 5: Correlation Matrix showing Correlations Among Distribution Strategies

	T	SA	SCo	SO	MO
T	1				
SA	0.80	1			
SCo	0.67	0.72	1		
SO	0.32	0.63	0.64	1	
MO	0.18	0.22	0.39	0.33	1

T- Technology, SA- Strategic Alliance, SCo- Special Counters, SO- Satellite Offices, MO- Mobile Offices.

From the table, the researchers were faced with the choice to accept the majority of distribution strategies as they have higher correlation coefficients. The correlation coefficients in the matrix of the five distribution strategies have a range from 0.80 ("SA" and "T") to 0.18 ("MO" and "T"). This implies that the majority of these distribution strategies were being used by financial institutions in attracting deposits.

4.3 Customer Relationship Management Strategies

Table 6 below shows how respondents rate the effective use of customer relationship management strategies by commercial banks to attract deposits.

Table 6: Use of customer relationship management strategies by banks to attract deposits.

	Websites	Call centers	Brick & Mortar stores	Toll free numbers	Mobile sales force staff	Advertising
No	67%	89%	14%	70%	77%	35%
Yes	30%	8%	80%	28%	21%	55%
Not Sure	3%	3%	6%	2%	2%	10%

Results from the study show that the customer relationship management strategy mainly employed by banks was the brick and mortar stores which are the physical bank buildings or branch complex as 80% of the respondents had that view. A distant second place customer relationship management strategy used by banks was advertising with 55% of the respondents believing so. However, the majority of respondents believe that there has been insufficient use of customer relationship management strategies by most, if not all, commercial banks to attract deposits. The findings show that 89% of the respondents believe that commercial banks are not using call centers as a strategy to attract deposits, whilst 70% had the view that toll free numbers were being underutilised by banks as a tool to attract deposits as they build a relationship with clients in the form of connectivity and communication link that could easily turn into business transactions and deposits.

A further 77% of respondents concurred that the employment of mobile sales force staff would be beneficial to commercial banks' fortunes in attracting deposits. This could have immensely contributed to the depleting of the amount of deposits received by commercial banks.

4.3.1 Factor Analysis for CRM Strategies for attracting Deposits by Banks

Table 7: Mean Scores of CRM Strategies of Attracting Deposits

CRM Strategy Employed	Mean Score	Standard Deviation
Brick and Mortar Stores	3.9	1.12
Advertising	2.7	1.43
Use of Websites	2.2	1.67
Toll free Numbers	2.1	1.55
Mobile Sales Force Staff	1.8	1.30
Call Centers	1.4	1.86

As evident in Table 7, two out of six CRM strategies scored above the 2.5 cut-off point, so these two were only significant in attracting deposits by banks. The highest is Brick and Mortar Stores with mean score of 3.9 and the lowest is Call Centers with a mean score of 1.4.

Factor analysis for these strategies was also done using exploratory factor analysis to investigate the underlying structure of association between the five strategies. The correlation matrix of the strategies is shown in Table 8.

Table 8: Correlation Matrix showing Correlations Among CRM Strategies

	BMS	AD	WEB	TFN	MSFS	CC
BMS	1					
AD	0.67	1				
WEB	0.28	0.36	1			
TFN	0.32	0.25	0.34	1		
MSFS	0.41	0.21	0.12	0.23	1	
CC	0.08	0.05	0.17	0.06	0.09	1

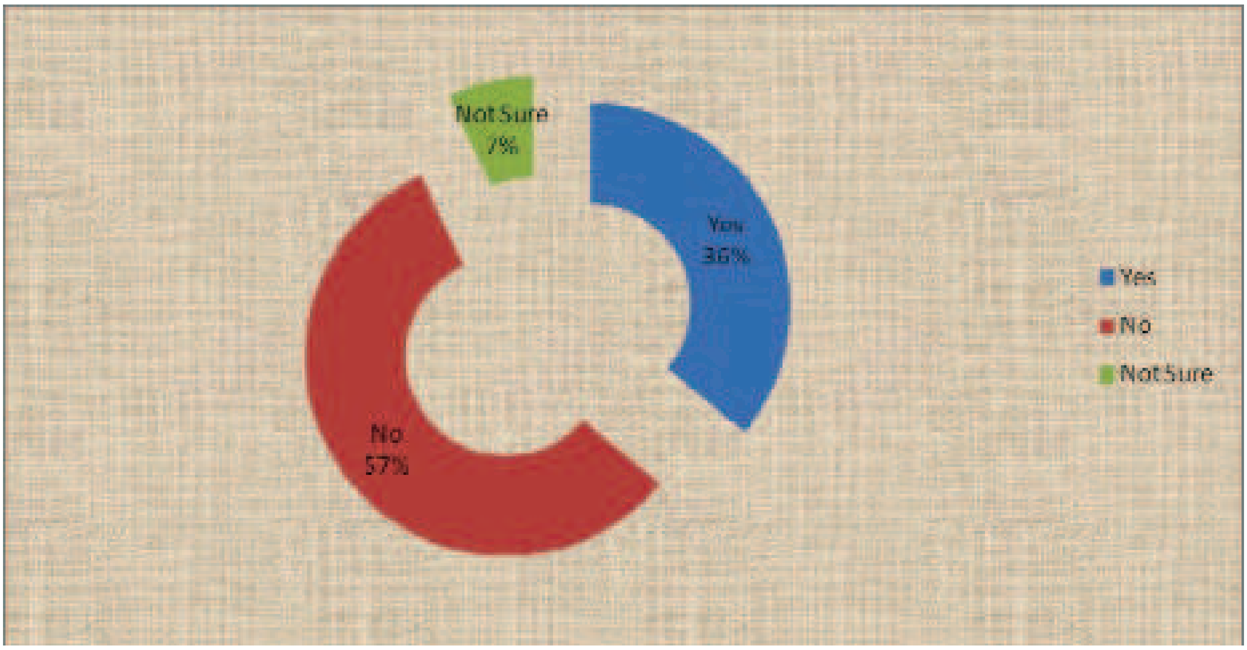
BMS- Brick and Mortar Stores, AD- Advertising, WEB- Website, TFN- Toll Free Numbers, MSFS- Mobile Sales Force Staff and CC- Call Centres.

From the table, the researchers were faced with the choice to reject the majority of strategies as they have lower correlation coefficients. The correlation coefficients in the matrix of the six strategies have a range from 0.67 ("AD" and "BMS") to 0.05 ("CC" and "AD"). This implies that the majority of these strategies were ineffective in attracting deposits by banks.

4.4 Whether Strategies Employed by Banks are Effective in Attracting Deposits

Figure 5 shows whether the strategies employed by commercial banks in Zimbabwe have been effective in attracting deposits.

Figure 5: Whether strategies employed by commercial banks are effective in attracting deposits?.



The study findings show that 57% of the respondents believed that commercial banks' strategies were not effective in attracting deposits, 36% of the respondents believed that the strategies were effective in attracting deposits whilst only 7% of the respondents were not sure if the strategies employed by commercial banks were effective in attracting deposits. Therefore, the results show that the majority of respondents did not believe that the strategies employed by commercial banks are effective in attracting deposits for various reasons.

5. CONCLUSION AND DISCUSSION

The results show that the most popular promotional strategies used by banks to attract deposits are press adverts and word of mouth. They are the most traditional promotional strategies. On the other hand, the findings show that personal selling, sales campaign and the internet were the least popular promotional strategies, respectively. These results show that the promotional strategies employed by banks are not effective enough to attract more deposits because they are leaving out some other potential customers from their catchment area which leads to lost depositors.

From the findings, it can be concluded that the commercial banks in Zimbabwe were not exhaustively using the various distribution strategies at their disposal to attract deposits. The distribution options of mobile offices and satellite offices were the least used distribution strategies meaning that commercial banks' presence could not be felt in remote areas, in the informal sector and were not availing themselves at their customers' door steps. Commercial banks were also not seen to be embracing technology fully as a link to tap deposits, for example through cell phone banking, internet banking and wider coverage of ATMs in all locations.

The customer relationship management strategy mainly employed by banks was the brick and mortar stores which are the physical bank buildings or branch complex and a distant second place customer relationship management strategy used by banks was advertising. However, most of the customer relationship strategies were not being effeciently utilised as seen from the study findings as some of the banks do not use them at all. The strategies being underutilised are; call centres, toll free numbers, mobile sales force staff and websites which would have built a stronger customer relationship bases for the banks with the clients through connectivity and communication link that could easily turn into business transactions and deposits.

6. RECOMMENDATIONS

Commercial banks should enter into strategic alliances with either international players or strategic partners locally to gain a competitive advantage and enhance economies of scale. Some banks have entered into partnerships with other companies like network providers with some establishing departments targeting new markets like insurance. As a result the term bancasurance is still fairly new in Zimbabwe. Unfortunately, the majority of the banks in the industry have not yet utilised these opportunities.

In the financial sector, it should be compulsory to have established CRM programmes and strategies. According to Mihelis et al. (2001) this would help the banks provide better customer service, make call centers more efficient, cross sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase deposits. It does not happen by simply buying software and installing it.

Information technology and process frameworks should be developed to secure customer information, funds and also to maximise fully and exhaustively all financial technological opportunities like internet banking and cell phone banking. Banks should make sure that their information technology should be up to date with international standards in the financial sector through continuous training of staff and system upgrades.

Commercial banks should improve product targeting to the right segments so as to establish greater flexibility and responsiveness to market changes through opening mobile branches, special counters for bulk depositors and corporate clients, setting up more satellite offices in peripheral areas like resettlement areas, rural areas and border posts where a few banks are found and most of them are not being commercial banks.

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Environmental reporting: An evaluation of the Zimbabwe Stock Exchange-listed companies annual reports — 2008

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ABSTRACT

Environmental Reporting continues to receive attention in emerging economies and financial markets, including Africa. This paper presents results of a research on the Zimbabwe Stock Exchange (ZSE) listed companies' annual reports for 2008 in an attempt to establish the level of disclosure and perceptions on environmental reporting in Zimbabwe. The research applies content analysis and survey strategies. The results provide empirical evidence for potential policy influence on corporate reporting culture within the Zimbabwe Stock Exchange listed companies. The findings of this research provide a basis for future studies addressing legitimacy of environmental reporting in Zimbabwe.

Key words: *Environmental Reporting, Sustainability Reporting, Corporate Disclosure, Zimbabwe Stock Exchange*

1. INTRODUCTION

Environmental Reporting has developed in recent years to the extent of being part of corporate disclosure in annual reports. Though perceived as less prominent among environmental stakeholders, the accounting profession has taken keen interest in this kind of reporting (Gray and Bebbington, 2001). However, most of the developments in the field of environmental reporting have been led by developed nations like Denmark, Sweden, Norway, United Kingdom, Germany, Canada and Australia. African countries have lagged behind despite suffering from environmental disasters (UN-Economic Commission for Africa, 2002). In Southern Africa, Environmental Reporting is an emerging subject which has received limited attention except in South Africa (De Villiers and Barnard, 2000; De Villiers and Antonites, 2003).

This paper presents results of a research aimed at establishing the level of environmental reporting at the Zimbabwe Stock Exchange. It will also attempt to establish whether the level of disclosure could be associated with any perceptions and other factors. The research employed a questionnaire on perceptions of auditing firms and economic sector bodies while content analysis strategy was applied to annual reports — 2008 review. Annual reports remain a vehicle for environmental performance disclosures (Brown and Deegan, 1998). This research provides a basis for policy influence on environmental reporting in Zimbabwe.

The significance of this research is to draw attention to environmental reporting consideration in stock exchange listing rules, particularly on mining companies. Economies in Southern Africa are mainly supported by mining activities which have some environmental impact. However, some of the impact has been associated with multinational corporations which take advantage of poor environmental management and regulatory policies in the region. This observation is also noted by Hawkins (2006) on a growing trend of business ventures being moved to less regulated regions such as Asia, Africa and Latin America.

Environmental reporting is not mandatory in many financial markets in Southern Africa with the exception of South Africa which has a more developed financial market. In South Africa, environmental reporting is covered under King III Code of Corporate Governance which promotes sustainability reporting (economic, social, environmental and governance) (Institute of Directors Southern Africa, 2009). As for the Zimbabwe Stock Exchange (ZSE), environmental reporting is not mandatory. The ZSE is among the oldest stock exchanges in Southern Africa established in 1896 but has received limited research attention. As such, this research dedicates its evaluation on the full listing while limiting the subject to environmental reporting.

The rest of this paper is organised as follows: In section 2, a perspective of environmental reporting in relation to accounting and context of Zimbabwe is discussed. Section 3 outlines the methodology and data collection strategy. Section 4 provides descriptive statistics while section 5 presents results and analysis. Section 6 concludes this paper.

2. PERSPECTIVE OF ENVIRONMENTAL REPORTING

Environmental reporting has developed with recognition among accounting institutions and bodies (Gray and Bebbington, 2001) with implications for accounting to accommodate environmental issues. Within the accounting profession there has been a discourse on whether existing international accounting standards are adequate to fully account for environmental impacts (Gray and Bebbington, 2001). While accounting bodies believe that existing accounting standards, together with current exposure drafts, are generally adequate to account for the environment (Gray and Bebbington, 2001; Adams et al, 2002), United Nations Conference on Trade and Development (UNCTAD) — ISAR illustrated how *IAS 37 Provisions, Contingent liabilities and assets* could be used to financially account for the environment (Adams et al, 2002).

Developments in environmental reporting have shown an emerging classification of environmental data. A review of literature by Moneva and Llen (2000) classified environmental data into quantitative and qualitative while noting a gradual shift from qualitative reporting by Spanish companies. However, qualitative environmental reporting may be difficult to compare over periods (Nyquist, 2000). A development in non financial information reporting has lead to a homogeneous reporting which entrenches environmental reporting within sustainability reporting. Annual reports now carry an integration of qualitative and quantitative information on environmental impacts.

2.1 Perspective of Financial Accounting on Environmental reporting

Financial accounting consideration of environmental issues has developed over time with Gray and Bebbington (2001) illustrating how a change in legislation to accommodate environmentally friendly assets can include the changing life expectancy of an asset, hence impacting depreciation charges. This illustration displays the significance of financial accounting in environmental reporting. Gray and Bebbington (2001) went on to recognise environmental reporting in financial accounting by identifying five (5) areas for displaying environmental data in an annual report (Figure 1). These areas were considered as compulsory reporting disclosures by Moneva and Llen (2000).

Figure 1: Environmental Reporting Sections in an Annual Report

1	Contingent liabilities;
2	Provisions;
3	Extraordinary or exceptional charges against profit;
4	Operating and Financial review comments;
5	Profit and capital expend**iture forecasts for shareholders' circular.**

Source: Gray and Bebbington (2001), p199.

In addition, the International Accounting Standards Board (IASB) provides International Accounting Standards (IAS) useful for environmental reporting. For illustration, *IAS 36 Impairment of Assets* deals with changes or factors that affect the value of an asset as a result of technological changes influenced by environmental concerns (IASB, 2008). *IAS 16 Property, Plant and Equipment* require costs of an item of property, plant and equipment to be included in the initial estimate of costs of dismantling and removal of an asset and restoring the environment on which it is located (IASB 2008), which therefore mean capitalisation of environmental costs.

IASB (2008) also provides other accounting provisions such as *IFRIC 1 Changes in existing Decommissioning, Restoration and Similar Liabilities* and *IFRIC 5 Rights to interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds. IFRIC 6 Liabilities arising from Participating in Specific Market — Waste electrical and electronic equipment* provides guidance on costs arising from disposal of electrical gadgets (IASB 2008) that can be harmful to the environment. These provisions illustrate the extent to which environmental aspects are covered in financial accounting supported by international accounting standards.

Lastly, *IAS 1 Presentation in Financial Statements*, *IAS 8 Accounting policies, Changes in Accounting Estimates and Errors* and *IAS 23 Borrowing costs (IASB, 2008)* provides provisions regarding the presentation, measurement and capitalisation in financial statements. These provisions incorporate elements of compulsory reporting in annual reports (Gray and Bebbington, 2001; Moneva and Llen, 2000; Medley, 1997).

2.2 Narrative Reporting Perspective on Environmental Reporting

Environmental data can be presented in various forms in an annual report. Environmental data can either be qualitative (narrative) or quantitative (numeric). Moneva and Llena (2000) divide narrative information into generic and qualitative information. Generic information includes general data on the inter-relationship between the company's activities and the natural environment (Moneva and Llen, 2000). This information tends to cover aspects such as environmental policies, practices and commitments. Moneva and Llen (2000) describe qualitative information as including details about environmental policies and activities which are either planned or already undertaken. Qualitative information tends to reflect action or performance.

Narrative information in environmental reporting tends to include management reports. Moneva and Llena (2000) categorised narrative information as voluntary reporting which cover general company information, chairman's report and a separate environmental report. Over the past years, there has been a general shift in narrative reporting of environmental impacts. The establishment of Global Reporting Initiatives (GRI) and its sustainability reporting frameworks had significant impacts to narrative reporting. Companies now present both qualitative and quantitative information in similar sections when reporting on performance (GRI, 2012).

2.3 Context of Environmental Reporting in Zimbabwe

In Southern Africa, trends show that only Botswana, Namibia and South Africa have environmental accounting policies unlike Zimbabwe which currently does not have a standing policy for environmental reporting (Lange, 2003). In South Africa, environmental reporting is mainly driven by mining companies who are also the main drivers of the economy (De Villiers and Antonites, 2003; De Villiers & Barnard, 2000). The trend in South Africa can be associated with the nature of the economy, regulations and competitive forces (De Villiers and Antonites, 2003), unlike in Zimbabwe where it is voluntary.

As for Zimbabwe, environmental reporting lacks drivers. Firstly, the Environmental Management Act [Chapter 20:27] (EMA, 2008) does not make mandatory disclosure requirements for listed companies. Secondly, the country does not have a code of corporate governance which can compel companies to disclose environmental impacts. The perception in South Africa is that environmental issues are an important business issue (De Villiers, 1995). Such a perception has potential impact to influence the level of environmental reporting, which may need to be seen in the case of Zimbabwe.

The Government of Zimbabwe launched a National Environmental Policy and Strategy document (Govt of Zimbabwe, 2009) but the document did not cover environmental reporting. The document overlooked other existing drivers such the Standards Association of Zimbabwe (SAZ)'s ISO 14001 certification on Environmental Management System. ISO14001requires companies to meet certain environmental standards in their business operations. Costs associated with compliance qualify for environmental reporting from a financial accounting perspective while the process could be disclosed through narrative reporting.

Economically, Zimbabwe went through a decade of economic paralysis that ended early 2009 with an adoption of a multi-currency economic system. As such, annual reports for 2008 were the last to be prepared under the Zimbabwean Dollars as a currency unit, with the guidance of *IAS29 — Accounting in hyperinflationary economies*. Inflation rate for Zimbabwe had reached 231,150,888.87 % (Year on year) in July 2008 while the July 2008 inflation rate had reached 35,500,566,912,457.9% (Reserve Bank of Zimbabwe, 2009). After this period, no inflation statistics could be recorded. Financial statements after this period are currently being reported in United States Dollars. As such, this makes this research interesting as a basis for future research that could establish whether the level of disclosure can be related to the state of the economy.

3. METHODOLOGY AND DATA COLLECTION

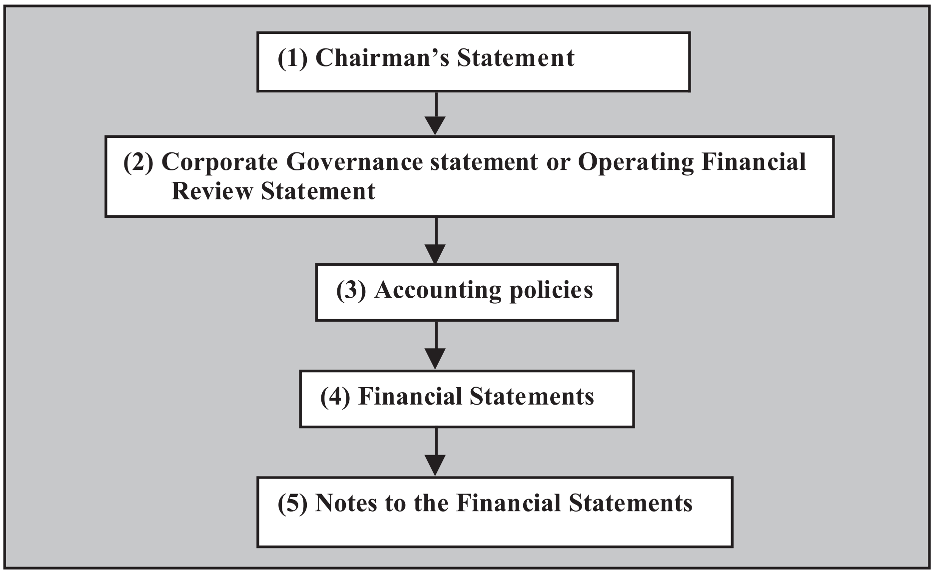
3.1 Research Design

Content analysis was employed to consider environmental elements in both compulsory and voluntary reporting (Moneva and Llen, 2000) to establish a quantitative measure of the level of disclosure in annual reports. A similar approach was employed in a study of environmental reporting in Finland (Niskala and Pretes, 1995). Content analysis provides an unobtrusive method for generating data systemically in identified variables (Bryman and Bell, 2003). Since the research was meant to trace a single variable, content analysis was considered appropriate to enable establishing the level of disclosure.

The review focused on five (5) key sections (Figure 2) split between generic and compulsory (Moneva and Llena, 2000) starting with information contained in the chairman's report **(Section. 1)** which is expected to highlight any certification or compliance with applicable environmental regulations and requirements. Secondly, the corporate governance or the Operating financial Review statement section **(Sections. 2)** which is expected to state the company's attitude towards environment. The Accounting policy section **(Section. 3)** is expected to state policies on how environmental transactions should be recognised in financial statements. De Villiers and Barnard (2000) consider accounting policy section as a minimum requirement in an annual report. Section 1, 2 and 3 provides information of a qualitative nature.

In **Section.4**, the financial statements are expected to reflect the quantitative or economic values of environmental impacts while Notes to the financial statements **(Section 5)** are expected to disclose any other financial values or figures and information not qualifying for recognition in financial statements, for example contingent liabilities and assets relating to the environment (De Villiers and Barnard, 2000; Gray and Bebbington, 2001).

Figure 2: Content Analysis Approach



Other than establishing a quantitative measure of the level of environmental disclosure, the research attempts to collect perceptions on the subject in the context of prevailing economic conditions. These perceptions were collected from economic sector bodies and auditing firms through a questionnaire survey. Auditing firms were surveyed because of their role in the quality of environmental information disclosed in annual reports.

3.2 Data Collection

Data was gathered using the 5 Sections above as a checklist for identifying environmental disclosures. The data collected was quantified to allow establishing a quantitative measure of the level of disclosure in all the five sections. Access to data sources was granted by Zimbabwe Stock Exchange only to the extent of publicly available information. Perceptions were collected through a questionnaire survey of economic sector bodies and auditing firms. Descriptive statistics of data collected is presented next.

4. DESCRIPTIVE STATISTICS

Table 1 describes the data set and various aspects of the sample. **Analysis data set** shows that 76 company reports representing 100% of the actively trading companies at ZSE were used in the analysis while 3 were included as non-disclosures due to stock exchange suspension status. 71 annual reports from 2008 were used together with 5 annual reports from 2007. The 2007 reports used were for companies that had failed to produce annual reports for 2008 due to economic reasons. **Survey A** shows all 10 questionnaires circulated were received. **Survey B** shows all questionnaires circulated to economic sector bodies with membership from listed companies were all received. Table 2 outlines a trend of ISO14001 certification in Zimbabwe to the 31 companies by 2008.

Table 1: Sample Data

Analysis Data set	
No of 2008 annual reports reviewed	71
No of 2007 annual reports reviewed	5
No of listed Companies	79
No of actively trading companies	76
No of reviewed annual report	76
% of actively trading companies audited by the Big 4 audit firms	94%
Survey A: Audit firms	
No of audit firm questionnaires	10
No of respondents	10
Big Four Firms respondents	4
Survey B: Economic Sector Bodies	
No of questionnaires	3
No of respondents	3

Table 2: Statistics of ISO14001 Certification in Zimbabwe

Year	2001	2002	2003	2004	2005	2006	2007	2008
New Certifications	1	1	8	2	7	7	2	3
Certification Suspended	—	—	—	—	—	—	1	-
Voluntary suspension	—	—	—	—	—	1	—	-
Cumulative Certifications	1	2	10	12	19	27	28	31

Source: Standards Association of Zimbabwe (2009)

5. RESULTS AND ANALYSIS

Results of this research are presented, starting with content analysis of 79 annual reports meant to establish the level of environmental reporting at Zimbabwe Stock Exchange. These results are followed by survey results of auditing firms and some bodies in the economic sector. The survey was meant to assess whether the level of disclosure could be associated with any perceptions in the corporate life of the Zimbabwe Stock Exchange listed companies.

5.1 Annual reports

The results presented in Table 3 show that 60% (48 companies) of listed companies made no disclosure of environmental issues in their annual reports. Another larger margin of 28% (22 companies) made only 1 disclosure, while 6% (5 companies) made only 2 disclosures in their annual report. However, 3% (2 companies) of the 79 companies made 4 disclosures on environmental aspects. The full 5 Section disclosures were made by 2 companies representing 3% of listed companies. This level of disclosure could question the legitimacy of corporate reporting at Zimbabwe Stock Exchange.

Table 3: Scores Statistic

	0-Score	1-Score	2-Scores	3-Scores	4-Scores	5-Scores	Totals
Companies	48	22	5	0	2	2	79
Percentage	60%	28%	6%	0%	3%	3%	**100%**

The results presented in Table 4 below show the number of companies that made disclosure in their annual reports on the environmental issue in any of the 5 Score aspects. The results show that a bigger proportion of the ZSE listed companies could not make environmental disclosures in the compulsory reporting (Moneva and Llen, 2000) section of their annual reports. On average, 12% of the 79 companies of the ZSE made disclosures.

Table 4: Statistics of Disclosures

Section	No of ZSE Listed Companies	No of Company Disclosures	% of Company Disclosures of Total ZSE listing
1. Chairperson's Statement	79	11	14%
2. Corporate Governance Statement	79	24	30%
3. Accounting Policy	79	7	9%
4. Financial Statement	79	4	5%
5. Notes to the Financial Statement	79	4	5%

5.1.1 Chairperson's Statement Disclosure

Results from Section 1 above show that only 11 chairpersons of the 79 of listed companies expressed their awareness of environmental issues by disclosing them in the annual reports. The total disclosure of chairmen represents only 14% of the 79 listed companies.

5.1.2 Corporate Governance statement or Operating Finance Review disclosure

Disclosures in the statement of corporate governance statement or operating financial review section fall in the jurisdiction of Chief Executive Officers (CEOs) or Managing Directors (MDs) who are responsible for day to day operation of the company. The results above show that only 24 CEOs and Directors made disclosure of environmental issues in their annual reports. The CEOs and Managing Directors represented only 30% of the total listing and 32% of actively trading companies.

5.1.3 Accounting Policies Statement Disclosure

Accounting policy aspects tend to fall under responsibility of Finance Directors or Senior Finance personnel. However, the results above shows only 7 Financial Directors representing 9% of total listed companies made disclosure in company accounting policy on environment.

5.1.4 Financial Statements Disclosure

Finance statement falls in the jurisdiction of reporting accountants. Results of the analysis show that only 4 company reporting accountants representing only 5% of the total of listed companies made a disclosure on how much their companies had spent or set aside as provision for environmental restoration.

5.1.5 Notes to the Financial Statements Disclosure

In the same way, notes to the financial statement are supporting information for reporting accountants. In this section, the same companies that made a disclosure in the finance statement were the same who made disclosures in the notes to the financial statement. There were only 4 companies.

5.1.6 Disclosure by Major Sectors

Results in Table 5 below show that companies in the mining had the highest disclosure of 15 followed by manufacturing (13), Agro-processing (10), Retail & Textile Industry (5), Construction, logistic & engineering (4), Finance services (2) and finally Tourism (1) in making environmental disclosures. The results share the same findings by De Villiers and Barnard (2000) that notes the mining sector in South Africa making more disclosures than other sectors.

Table 5: Disclosure by Major Sectors

Major Sectors	Chairman Statement	Corporate Governance	Accounting Policy	Financial Statement	Notes	TOTAL
Manufacturing	3	8	2	—	—	13
Retail &Textile	2	3	—	—	—	5
Mining	3	3	3	3	3	15
Construction,& Engineering	—	1	1	1	1	4
Finance Services	—	2	—	—	—	2
Agro-Processing	3	7	—	—	—	10
Tourism	—	—	1	—	—	1
Total	**11**	**24**	**7**	**4**	**4**	**50**

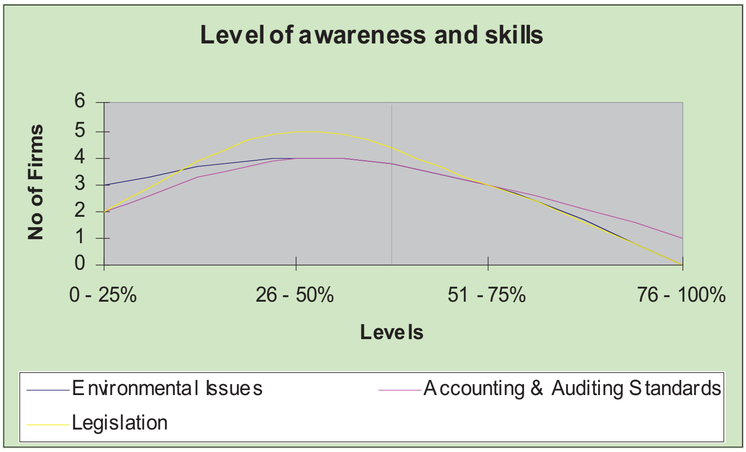
5.2 Audit firms survey

The overall objective of this survey was to establish perceptions of audit firms and factors that could influence the level of environmental reporting by listed companies. The survey posed 5 questions, looking into the level of awareness of auditing staff on environmental issues; knowledge and skills of accounting and auditing standards relating to environmental issues, and awareness of existing environmental regulatory framework.

Finally, the research assesses perceptions of auditors' views on their clients' attitude or expertise on environmental reporting.

The results (Figure 2) show that the level of awareness on environmental issues and existing legislative frameworks by auditing staff was less than average (50%). Consistently, auditing firms expressed that the level of knowledge and skills of their staff on environmental matters is far below 50%. An assessment of three (3) variables show the level of awareness skewed to below 50%. The results also show that 9 out of the 10 big audit firms considered environmental matters to be important for disclosure in annual reports. Finally, 8 out of 10 big audit firms indicated that they were aware that the majority of their clients did not possess adequate knowledge and skills necessary for environmental reporting.

Figure 2: Level of Awareness and Skills

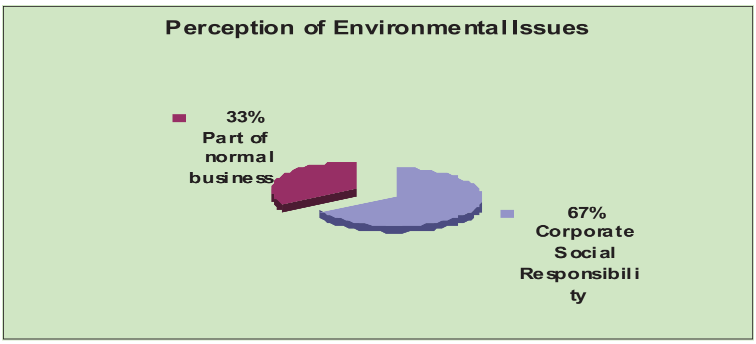


5.3 Economic sector bodies survey

The overall objective of the survey was to collect perceptions that could provide a link on whether the level of disclosure is influenced by prevailing economic conditions and perceptions. The survey posed 5 questions looking into whether companies would consider environmental issues part of corporate social responsibility (philanthropy) or part of normal business (Management approach); whether companies considered environmental issues important around 2007 -2008 and whether the state of the economy had any influence, if any. Finally, the survey sought to find out whether environmental accountability had any influence on company performance and whether it was important for companies to be ISO14000 certified.

The results (Figure 3) showed that 67% of economic sector representative bodies perceived environmental issues as part of corporate social responsibility. These results correlated with low level of corporate disclosure. The remaining 33% that considered environmental issues as part of normal business were from the mining sector. Such could be influenced by Global Mining Initiatives and legislations.

Figure 3: Economic Sector Bodies Perceptions



About two thirds (67%) of the economic sector bodies considered environmental issues to be important around 2007-2008. However, all bodies indicated that the state of the economy between 2005 and 2008 had an impact in their responses to environmental issues. The economic meltdown during that period required companies to focus on survival rather than social issues. However, all bodies believed that environmental disclosure had an effect on market performance of their stocks. Therefore, they would encourage their members to be ISO14000 certified.

6. CONCLUSIONS

The outcomes of this research provide useful information necessary in future development of the corporate disclosure culture at the Zimbabwe Stock Exchange in relation to non financial information that includes environmental reporting. A 3% disclosure level indicates that there has been very little development since Maphosa's (1997) findings on corporate social responsibility reporting in mission statements. While Maphosa (1997) focused on generic information, the results of this research provide a holistic picture covering both voluntary and compulsory reporting (Moneva and Llen, 2000). Results of perceptions survey show that environmental reporting still occupies the periphery of Zimbabwe Stock Exchange corporate reporting culture.

A key finding from this research shows that environmental information is more concentrated in voluntary reporting sections of the annual report as compared to the compulsory section. As such, this can be a cause for questioning the legitimacy of environmental disclosure at the Zimbabwe Stock Exchange. Narrative information disclosed on environmental aspects could not be easily translated or related to the financial information. Moneva and Llen (2000) indicated that disclosure of qualitative information should transcend to quantitative measures of performance. While a number of limitations were observed from the survey, prevailing state of the economy and perceptions could have contributed to the established level of disclosure.

On the basis of the findings of this research, it can be recommended that future researches collect data over a number of years to enable testing theories that could help provide an empirical understanding of the relationships between the state of the economy and level of environmental disclosure. While the Zimbabwe Stock Exchange is perceived to receive limited research attention, increased research on the exchange could contribute significantly to the corporate culture and life of the companies listed on the Zimbabwe Stock Exchange.

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Organisations' social responsibility

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ABSTRACT

For a long time organisations have acknowledged their responsibility towards the community and the environment in which they operate. Responsibility does not end with the production of goods or the rendering of service of a high quality as required by the community, but extend into the social field. In the Middle Ages, Popes gave generously of their personal fortunes. Social responsibility is a social norm. This norm holds that any social institution, including the smallest family unit and the largest corporation responsible for the behaviour of its members, may be held accountable for their misdeeds. It is implicitly stated that an organisation's responsibility extends far beyond the internal maintenance of its human resources to the external work environment as well. An organization fulfills its social responsibility when it meets economic and legal obligations. A socially responsive organisation acts the way it does because of its desire to satisfy some expressed social need. Social responsiveness is guided by social norms.

Key Words: social norm, labour accountability, fringe benefits, incentives, retention of labour.

1. INTRODUCTION

The social responsibility of an organisation is becoming even more important today. It would also appear that organisations are expected to be involved in real social problems of the community to show that they do not only want to use the community for personal gain, but that they want to give something back to the community to ensure a better dispensation for both parties (Pincus, 1992). Today, however, organisations pursue multiple goals with emphasis on social awareness, social care and social commitment. Social responsibility is at present so important that the sources of an organisation may depend, to a large extent, on the social commitment.

According to Thompson, Strickland and Gamble (2010), the notion that corporate executives should balance the interest of all stakeholders (shareholders, suppliers, communities in which they operate and society at large) is very important for the survival of every organisation. Social responsibility is at present so important that the resources of an organisation may depend to a large extent, on the social commitment.

2. STATEMENT OF THE PROBLEM

Balancing the shareholder's expectations of maximum returns against other priorities is one of the fundamental problems confronting corporate management. The shareholder must receive a good return but the legitimate concerns of other constituencies (customers, employees, communities, suppliers and society at large) also must have the appropriate attention. Managers believe that by giving enlightened consideration to balancing the legitimate claims of all its constituents, a corporation best serves the interest of its shareholders.

3. RESEARCH OBJECTIVES

Why does an organisation become involved in social responsibility programmes? The organisation's objectives in applying social responsibility are:

- to create a good public image;
- to maintain a sound relationship with employees;
- to maintain a good relationship with the community; and
- to create a friendly relationship with commerce and shareholders.

4. RESEARCH QUESTIONS

- If public image is created, how is it maintained by organisations in the long term?
- Who in commerce would spread the spirit of social responsibility to corporate shareholders?

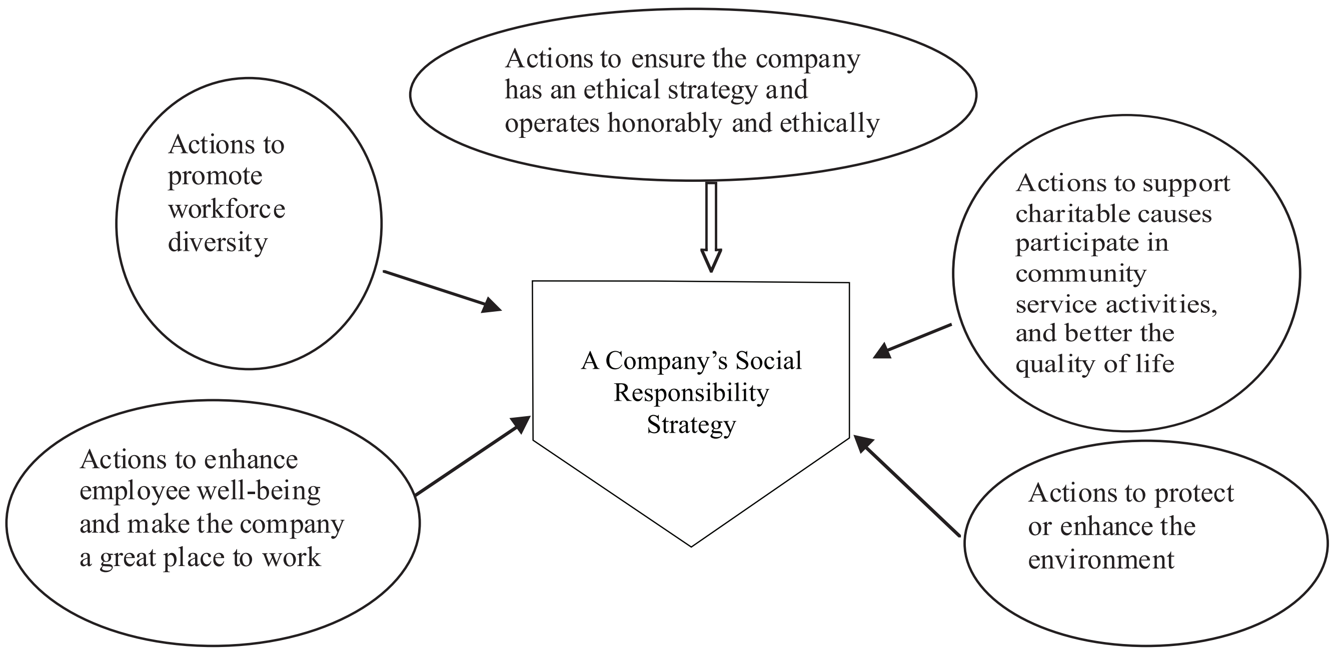
5. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

5.1 What Social Responsibility and Corporate citizenship Mean

The essence of socially responsible business behaviour is that a company should balance strategic actions to benefit shareholders against the duty to be a good corporate citizen. Managers of companies display a social conscience in operating the business and take into account how management decisions and company actions affect the well-being of employees, local communities, environment and society at large. Acting in a socially responsible manner thus encompasses more than just complying with the laws and regulations of the country in which it operates, participating in community service projects and donating money to charities and other worthy social causes (Robbins and Coulter, 1999). Demonstrating social responsibility also entails undertaking actions that earn trust and respect from all stakeholders. As depicted in Figure 1 below, the menu for demonstrating a social conscience and choosing specific ways to exercise social responsibility include:

Efforts to employ an ethical strategy and observe ethical principles in operating the business — a sincere commitment to observe ethical principles is necessary simply because unethical strategies and conduct are incompatible with the concept of good corporate citizenship and socially responsible business behaviour.

Figure 1: Demonstrating a Social Conscience: The Five Components of Socially Responsible Business Behaviour



Source: Adapted from material in Ronald Paul Hill, Business and Society Review 108 No.3 Sept. 2003, p.348

- Making charitable contributions, donating money and the company time and personnel to community service endeavours and reaching out to make a difference in the lives of the disadvantaged – Some companies fulfill their corporate citizenship and community outreach obligations by spreading their efforts over a multitude of charitable and community activities. Companies frequently reinforce their philanthropic efforts by encouraging employees to support charitable causes and participate in community affairs.
- Actions to protect the environment and to minimise any adverse impact on the environment stemming from the company's own business activities – Social responsibility applies full environmental protection. Companies have an obligation to be stewards of the environment. This means using the best available science and technology to achieve higher than required environmental standards.
- Actions to create a work environment that enhances the quality of life for employees and makes the company a great place to work – Numerous companies go beyond providing the ordinary kinds of compensation and exert extra efforts to enhance the quality of life for their employees, both at work and at home. This can include varied and engaging job assignments, career development programmes and mentoring rapid career advancement, decision-making authority etc.
- Actions to build a workforce that is diverse with respect to gender, race and other aspects that different people bring to the work-place. Most large companies in the United States have established workforce diversity programmes and some go the extra mile to ensure that their workplaces are attractive to ethnic minorities and inclusive of all groups and perspectives. Reputation for workforce diversity makes recruitment of employees easier.

5.2 The Involvement of Organisations in Social Responsibility: Arguments for and against Social Responsibility

Why does an organisation become involved in social responsibility programmes? Roy Pascoe (1998) says that social responsibility is just as important to an organisation as the achievement of good profitability. In addition to this, he says that there are several reasons why an organisation should show its social responsibility namely:

5.2.1 Relationship with employees

A good relationship, with employees is established if an organisation supports the education, culture and welfare organisation serving these employees. By supporting the organisation that serves its employees, an organisation may ensure improved employee morale because their living standards are raised and this may result in increased productivity. The promotion of these relationships is inherent in human resources management process, such as equal employment opportunity programmes, health and safety programmes and the provision of incentives and fringe benefits.

5.2.2 Relationship with the community

Skinner and Von Essen (1995 p.2258) state that an organisation cannot build a relationship with the community on the basis of promises and propaganda. A good relationship with the community is the product of responsibility, policy and conduct on the part of an organisation. Raymond Ackerman (1997) quotes, "Chairman" Pick n' Pay who says that if we help the community, it will respond by helping us".

5.2.3 Relationship with consumers, commerce and shareholders

By making contributions to social causes, an organisation fosters good relationships with consumers, commerce and shareholders. Pincus (1192 p 31), reports as follows, " Pick n' Pay" which won the Food

Marketing Institute International Hall of Fame Award for Social Responsibility in 1984, was founded on consumerism with a strong base of social responsibility". He says that, after all, consumers, commerce and shareholders are the groups who provide the financial resources that enable organisations to become involved in social responsibility programmes.

5.2.4 Public Image
Companies seem to enhance their public image to get increased sales, better employees, access to financing and other benefits. Because, the public considers social goals important, business can create a favourable public image by pursuing social goals.

5.2.5 Better Environment
Environment can help solve difficult social problems, helping create a better quality of life and a more desirable community in which to attract and keep skilled employees (Mabey, Salaman and Story, 1998).

5.2.6 Possession of Resources
Sutcliffe and Callins (1994) state that business firms have the financial resources, technical expertise and managerial talent to support public and charitable projects that need assistance.

5.2.7 Superiority of Prevention over Cures
Social problems must be addressed one at a time. Business should act before these problems become serious and costly to correct, taking managers' energies away from accomplishing their goals of producing goods and services (Newton, Leckie and Pettman, 1979).

5.2.8 Dilution of purpose
The pursuit of social goals dilutes business's primary purpose i.e. economic productivity. Society may suffer if both economic and social goals are poorly accomplished.

5.2.9 Costs
Many socially responsible actions do not cover their costs. Someone has to pay those costs. Business must absorb the costs or pass them on to the consumers through higher prices.

5.2.10 Too Much power
Business is already one of the most powerful sectors of our society. If it pursues social goals, it will have even more power. Society has given business enough power.

5.2.11 Lack of Accountability
Political representatives pursue social goals and are held accountable for their actions. Such is not the case with business leaders. There are no direct lines of social accountability from the business sector to the public.

6. RESEARCH METHODOLOGY
Methodology is defined in two major ways. In one form, the methodology is identical to a research model employed by a researcher in a particular project including basic knowledge related to the subject and research

methods and the framework employed in a particular context (Lathor, 1992). In this sense, every investigation has a distinct approach and every researcher employs his/her approach which might vary from study to study. Another definition relates to the nature of approach to a theoretical and more abstract context and perceives it in conjunction with distinctive one-dimensional and mutually exclusive theoretical principles (Westhuizen and Ahrahams, 2002).

Here, an approach offers the research principles which are related closely to a distinct paradigm translated clearly and accurately down to guidelines on acceptable research practices. The approach is determined not by research model but rather by principles of research entailed in a paradigm. The approaches that result from this definition are the qualitative and the quantitative approaches. As this study applies qualitative approach, it is discussed below:

7. QUALITATIVE APPROACH

The study which is under review is a qualitative or case study one. Denzin and Lincoln (1994) define qualitative research as a multi-method in focus, involving an interpretive and naturalistic approach to its subject matter. Creswell (1994) defines qualitative research as an inquiry process of understanding, based on distinct methodological traditions of inquiry that explore a social or human problem. Qualitative research is invariably conducted in the field. For this reason, it is sometimes referred to as field research (Dooley, 1992). Guba and Lincold (1992) say that qualitative research is sometimes referred to as case study research.

This means that the qualitative researchers study things in their natural settings attempting to make sense of or interpret phenomena in terms of the meanings people bring them. Qualitative research involves the use and collection of a variety of empirical materials – case study, personal experience, introspective, life story, interview, observational, historical, interactional and usual texts that describe routine and problematic moments and meaning in individuals' lives.

8. SOURCES OF DATA AND SAMPLING METHOD

The study employed two sources of data collection and these are primary and secondary sources. Secondary sources included relevant academic journals, text books and publications by employment agencies. The primary sources involved the use of well-structured questionnaires administered on 240 randomly selected respondents from civil service, manufacturing companies and Harare City Council. By the nature of their working conditions, application of social responsibility for the good of the workforce in the sectors referred above is a necessity. The data collected were analysed with the aid of qualitative methods which include the use of tables and frequency distribution. The respondents expressed need for assistance in the form of fees for children, adequate retirement packages and accommodation.

9. DISCUSSION

Social responsibility of an organisation is becoming even more important today. It would also appear that organisations are expected to become involved in real social problems of the community within which they function. Therefore, organisations are becoming increasingly involved in the community to show that they do not only want to use the community for personal gain, but that they want to give something back to the community to ensure dispensation for both parties.

Today however, organisations pursue multiple goals with emphasis on social awareness, social care and social commitment. Social responsibility is at present so important that the success of an organisation may depend to a large extent on its social commitment.

9.1 Importance of Social Responsibility

Cronje et al. (1990 p 389) maintain that the social responsibility of business is increasingly coming to the fore. Nowadays, the public expects an organisation to become closely involved in the real social problems of the community within which it operates. One of the tasks of management is to initiate programmes to bring the corporate sense of social responsibility to the attention of the external public. Management should also keep a watchful eye on any activities that might be construed by external groups as irresponsible because these may give rise to resentment.

Robbins and Coulter (1999 p 146) state that it is a business firm's obligation (beyond that required by law and economics) to pursue long-term goals that are good for the society. A business fulfills social obligation when it meets economic and legal responsibilities. Following an approach of social obligation, a firm pursues social goals only to the extent that the community contributes to its economic goals. Social responsibility adds an ethical imperativeness to do those things that make society better and not to do those that could make it worse. A socially responsible organisation goes beyond what it must do by law or chooses to do any thing because it makes economic sense to doing what it can to help improve society because that is the right or ethical thing to do. Social responsibility requires business to determine what is right or wrong and to make ethical decisions and engage ethical business activities. A socially responsible organisation does what is right because it has an obligation to act that way. A company that meets pollution control standards established by the government or does not discriminate against employees over the age of forty in promotion decisions, is meeting its social obligation. When it provides on site child-care facilities for employees, it is being socially responsible (Robbins & Coulter, 1999).

9.2 Conclusion

The conclusion to be drawn from all that is that long-term profitability cannot be attained if an organisation does not act in a socially responsible way. Social responsibility adds on ethical imperatives to those things that make society better and not to do those things that could make it worse. A socially responsible organization acts the way it does because of its desire to satisfy some expressed social need in the form of decent accommodation and welfare assistance, especially during the retirement period. Social responsibility is not confined solely to matters affecting the external environment. The internal environment and the well-being of workers and their working conditions are no less important. Cronje et al (1999) are of the opinion that the support of such services by an organisation fosters good moral and allows for higher standard of living for its staff which can also lead to higher productivity. When it becomes known that an organisation has the welfare of its employees at heart, this creates a spirit of good will and commitment and the organisation then, does not need to scrape the labour market barrel to get and keep good workers.

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