

**UNIVERSITY OF ZIMBABWE**



**ASSESSMENT OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES  
EMPLOYED BY ZIMBABWE ELECTRICITY SUPPLY AUTHORITY HOLDINGS  
AND ITS SUBSIDIARY COMPANIES**

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degree of Master of Business Administration, Graduate School of  
Management, University of Zimbabwe.**

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## DECLARATION

I, Tsitsi Grace Mubaiwa, do hereby declare that this dissertation is a result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and by comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other University.

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## **ABSTRACT**

The broad objective of this research was to establish the level of appreciation of CSR by ZESA Holdings and its four subsidiary companies. A total of 110 employees stratified by company and job position were randomly selected for questionnaire based interview. In addition, key informant interviews were also carried out to confirm/support/refute findings from the questionnaire based study.

More than half (56%) of the respondents across all subsidiaries indicated that their organization did not have a CSR strategies whilst 26 % of them were not sure. Interestingly, all (100%) indicated ZESA Holdings did not have a CSR strategy. However, despite the absence of written CSR strategies, all the companies were actually implementing a number of CSR strategies including social/community activities (35%), sponsorship (25%), cooperation with other stakeholders (21%), and financial or in kind gifts (17%).

The companies engage and prioritize its stakeholders through dialogue, stakeholder awareness campaigns through public meetings, newspapers and electronic media, a monthly circulating internal magazine, the presence of human resources for employees and collaborations and consultations. Overall, 79% of the respondents have heard about CSR before this survey, and 65% of the respondents perceive CSR as an important initiative.

About 21% of them indicated that CSR practices result in the recruitment of new qualified staff, increased current employee loyalty through reduction of staff turnover/fluctuation and improved customer satisfaction (19%), and improved relations with business partners and investors (18%), improvement of employees' job satisfaction (15%), improvement in customer satisfaction (14%) and improvement of economic performance of the company through cost reduction and sales increase (12%). However, only 16% were respectively satisfied with the current contribution, the very low percentage of respondents satisfied with the current CSR is a possible indicator for a cause for concern.

Respondents felt that one way for companies to improve its image, would be to measure and evaluate their CSR activities, which necessitates having a definite written strategy. Overall, 51% reported that their companies did not measure and evaluate CSR related activities which is unfortunate. It was also revealed that the absence of a business code of conduct in which a comprehensive CSR charter is enshrined should be the starting point for ZESA.

Overall, these results shows that although ZESA does not have a comprehensive CRS charter, and implementation of CSR practices among subsidiaries depends on the nature of the subsidiary's operations. Benefits to do with the employee have the

highest proportion of responses, hence showing the importance of the employee to the company. It is possible that attitude towards customers shown by ZESA Holdings as the umbrella company is reflected in all its subsidiaries.

CSR is still in its infancy in Zimbabwe though it has matured faster in other countries. CSR study can be expanded to cover wider areas and other specific industries in Zimbabwe. An area for further research could be to examine the relationship between Corporate Governance and CSR in order to establish if there is a convergence between the two practices and to find out how corporate governance reporting can be embedded into the CSR arena.

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## LIST OF ABBREVIATIONS

CG	-	Corporate Governance
CRM	-	Cause Related Marketing
CSR	-	Corporate Social Responsibility
EEO	-	Equal Employment Opportunity
EIA	-	Environmental Impact Assessment
EU	-	European Union
FDI	-	Foreign Direct Investments
KII	-	Key Informant Interview
NGO	-	Non Governmental Organisation
OECD	-	Organisation for Economic Cooperation
POWERTEL	-	Power Telecommunications
PPP	-	People, Planet and Profit
SDP	-	Systems Development Plan
SPSS	-	Statistical Package for Social Sciences
STERP	-	Short Term Economic Recovery Program
ZENT	-	Zimbabwe Enterprises
ZESA	-	Zimbabwe Electricity Supply Authority
ZETDC	-	Zimbabwe Electricity Transmission and Distribution Company
ZPC	-	Zimbabwe Power Company

## **CHAPTER 1**

### **1.0 INTRODUCTION**

#### **1.1 INTRODUCTION TO THE STUDY**

This chapter gives the background to the research problem and defines the research objectives and the justification of the study. Initially, a definition of Corporate Social Responsibility (CSR), and highlights as to why it is necessary for companies to engage in CSR practices is discussed. In order to focus and contextualize the study, the various players and stakeholders in the CSR value chain for ZESA Holdings and its subsidiary companies are also identified.

#### **1.2 BACKGROUND TO THE STUDY**

ZESA Holdings (including its subsidiary companies) and NOCZIM are the major players in the energy sector in Zimbabwe. ZESA Holdings was created through Electricity Amendment Bill 2812 of 13 March 2003, which amended Section 68 and 69 of the Electricity Act (Chapter 13:19), and provided in order to provide for the setting up of a holding company that will hold shares on behalf of Government in state companies resulting from unbundling. Because of this bill, five successor companies which are; Zimbabwe Power Company (ZPC), Zimbabwe Electricity Transmission Company (ZETCO), Zimbabwe Electricity Distribution Company (ZEDC), ZESA Enterprises and Powertel Communications were formed, (<http://www.zesa.co.zw>, accessed 12 December 2012). All these subsidiaries report to ZESA Holdings (Private) Limited. Further restructuring in 2006 saw the merger of Zimbabwe Electricity Transmission Company (ZETCO) and Zimbabwe Electricity Distribution Company (ZEDC) into one entity, Zimbabwe Electricity Transmission and Distribution Company (ZETDC). Among the four companies created by the bill are two non-regulated businesses namely ZESA Enterprises (ZENT) (comprising of Transport, Projects, Technology Centre and Production and Services) and Power Telecommunications (Powertel). The CSR practices of subsidiary companies are largely influenced by the CSR policy and charter of the principal holdings company-

ZESA. However, not much is known about ZESA holdings CSR practices, and company policies. ZESA Holdings and its subsidiaries are important companies in Zimbabwe because availability of electricity is a prerequisite for the growth and output of industry and other productive sectors including mining, manufacturing and agriculture (STERP II, 2009).

Therefore it is a CSR obligation for ZESA to ensure adequate power availability to these and other key stakeholders. At a national level, foreign direct investment (FDI) can be attracted by regular and consistent power supplies that entice international companies to establish operations in Zimbabwe. Therefore, ZESA also has CSR mandate to the nation. Failure by ZESA Holdings to meet its CSR mandate is manifested in power shortages that have forced businesses and individuals to seek alternative power sources such as generators, solar energy, and Biogas. It is therefore critical to understand CRS practices, visions, and strategies already adopted by ZESA Holdings and its subsidiary companies so as to increase industrial growth and FDI.

Besides industry and company, residents in general are concerned with the level of power distribution. It is common knowledge that power shortage is a issue in Zimbabwe, resulting in frequent load shedding. It is the obligation of ZESA to communicate and explain to the public. However, rarely is load shedding communicated, and in those few instances where advance notice is given, there is no definite schedule of load shedding. Bills in most areas are based on estimates which results in huge bills and hence arrears by consumers as they fail to settle their bills. This consequently leads to residents being switched off for non-payment. Residents are exposed to serious threats of losing their lives when electric cables are left bare by ZESA employees. There is an increase in the number of deaths as a result of negligence by the power authority which is a major cause for concern and discontent. The public at large has castigated ZESA and called for the power utility to do its work properly and stop risking people's lives. The utility needs to monitor its employees. Failure to communicate and the inconsistency in load shedding reflects badly on

ZESA Holding's CSR image. The objective of this study is to also investigate possible causes for this poor CSR image.

CSR is a broad subject, encompassing a wider array of issues relating to company policies and context-specific issues that consider the triple bottom line i.e. Economic, social and environmental performance and expectations of stakeholders (Aguinis, Pierce, Bosco, Dalton, & Dalton, 2011). As a result, it is usually not easy to compare CSR policies of unrelated companies. Further, in the assessment of CSR practices, it is critical to assess the specific company policies and strategies as it is the basis upon which companies execute their CSR mandate. However, the existence of a policy statement and execution of the strategies are two different dimensions. For these and other reasons, this study will also investigate CSR practices that have been implemented to see whether they meet the respective companies strategies/policies as spelt out in their policy documents/charter.

According to Rupp, (2011), businesses are morally obliged to its employees and are also expected to play a broader role in society and should be seen to be good corporate citizens in the community in which they operate. It is known that failure by businesses to meet their social and moral obligation to look after the society in the area they operate from, jeopardizes the long term survival of the organisation (Rupp, Williams & Aguilera, 2010). It is generally accepted that businesses in Zimbabwe accept that they have a social accountability to the public in the areas in which they operate, but, however, there is very little understanding or acknowledgements of CSR by ZESA holdings and its Subsidiaries. Furthermore, Zimbabwe has gone through a period of economic meltdown between 2000 and 2010 during which most business including public and parastatals suffered extensively.

### **1.3 RESEARCH PROBLEM**

There is an increase in electricity related accidents, customer complaints and persistent power outages at ZESA Holdings, and the organisation has faced many litigations resulting in ZESA load shading millions of dollars compensating customers.

These reflects inadequacies/limitations or failure by ZESA to observe its CSR obligations. ZESA's mission is to provide safe electricity to all but only the employees of the power utility knows how many unprotected, live cables, remain uncovered around the communities which is a threat to human lives. The danger posed to property, though not as important as limb and life, is an issue that cannot be ignored and thus the issue of CSR becomes a major. CSR is of utmost importance for ZESA given the sector's potential to contribute to economic and social development. ZESA is a partner to society in many aspects with deep rooted relationships and mutual dependence with different stakeholders. In this regard therefore understanding and responding to society's expectation is crucial to ZESA. Businesses and households expect ZESA to help them make better use of their core product, electricity. Saving electricity also help people save money.

#### **1.4 RESEARCH AIMS AND OBJECTIVES**

The broad objective of this research is to establish the level of appreciation of CSR by ZESA Holdings and its subsidiary companies. The research also seeks to establish to what extent the practice has had an effect in the management of the institutions with emphasis on the dialogue among stakeholders to reduce the referred electricity accidents, change stakeholder perceptions and hence improve ZESA's corporate image. In this study the researcher wishes to investigate whether the increases in customer complaints and electricity related accidents are mainly due to poor corporate citizenship. The following are specific objectives for this research:

1. To explore ZESA's CSR practices.
2. To find out how ZESA engages and prioritizes stakeholders regarding CSR issues.
3. To establish employee perception on benefits that ZESA may obtain from engaging in CSR practices
4. To find out CSR practices that would enhance the internal and external image of ZESA.



## **1.5 RESEARCH QUESTIONS**

The study seeks to address the following questions in order to achieve the above objectives: -

1. What are ZESA's CSR practices?
2. How does ZESA engage and prioritize stakeholders regarding CSR issues?
3. Which benefits may ZESA obtain from engaging in CSR practices?
4. What CSR practices would enhance the internal and external image of ZESA?

## **1.6 STUDY HYPOTHESIS**

The above research objectives spurred the following proposition: ZESA's corporate image is fading and customers are not happy with ZESA's service delivery. The following hypothesis will therefore be tested:

1. ZESA or its subsidiary companies do not have commendable CSR practices in place;
2. Current practices and prioritization of stakeholders by ZESA or its subsidiary companies do not reflect the importance of CSR;
3. The employees of ZESA or its subsidiary companies do not have a good perception on benefits obtained through engaging in CSR practices;
4. Employees have a good perception on CSR practices that would enhance ZESA's image.

## **1.7 JUSTIFICATION/SIGNIFICANCE**

At the country level, Zimbabwe should have sufficient and reliable energy supplies at all times. According to the short term economic recovery program (STERP), of March 2009, raising the overall capacity utilization in our industries and mines as well as agriculture requires increased energy consumption (STERP, 2009). Measures that support maximization of energy supplies as well as strategies on new alternative sources need to be put in place. The adoption of proper, best practice CSR policies

and strategies streamline company performance. CSR practices are known to reduce risk, improve performance, enhance marketability of products & services and show a demonstration of accountability and transparency (Collier and Agyei-Ampomah, 2007). An improved CSR image for ZESA Holdings and its subsidiary companies is positive for industrial growth and attracting Foreign Direct Investment (FDI). The situation on the ground points to poor CSR image ZESA and subsidiary companies but no substantive documentation has been published. To the best of my knowledge no studies have established to CSR policies of ZESA or the magnitude and extent of awareness of her employees to CSR practices. CSR comes and is many different forms and packages, and it is critical to establish what CSR forms/packages ZESA Holdings and its subsidiary companies have implemented over the years. This study was inspired by need for companies to be seen to be supporting the society and the environment where they operate. As an employee of ZESA, I am committed to trying to improve the company's image, and sprucing up ZESA's CSR image is one way to improve the company's performance. The study will contribute to the body of knowledge that already exists at ZESA and recommendations made will assist management, board, staff, and Government to improve ZESA's corporate image. The research will assist the organisation and help it to be transparent and efficient.

To the academia, the research will produce information that will define the appropriate Corporate Social Responsibility practices crucial for the energy sector and state owned enterprises. The research will contribute to the existing body of knowledge to researchers and will propose a solution that will most probably help in addressing the deficiencies in CSR.

## **1.8 SCOPE OF RESEARCH**

The study will cover ZESA Holdings' and its four subsidiaries in Harare.

## **1.9 ETHICAL CONSIDERATIONS**

The research will be done in line with ethical guidelines in that participation will be voluntary and confidential. The employees will be free to participate. The responses

will be kept as confidential as possible and respondents will not be asked for their names.

### **1.10 LIMITATIONS**

The research will only be restricted to respondents at ZESA Holdings' subsidiary companies' Head Offices in Harare, Megawatt and Wynne Street due to limited time and resources. The other employees who are at different regions nationwide will not be included in the research.

### **1.11 DISSERTATION STRUCTURE**

This dissertation comprise of a Front cover, Declaration, Acknowledgements, Abstract, Table of contents, List of Figures, List of Tables, List of acronyms or abbreviations, Main body of Dissertation, References, and Appendices. Briefly the front cover shows the title of the thesis, degree level, and institution. The abstract gives a brief description of what was done, research problems, objectives, research procedure used, summary of key findings, conclusions, recommendations, and area of further study. The list of Figures and Tables is a chronological list of Figures and Tables cited in the thesis respectively. The main body of the dissertation is organized in chapters 1-5 as summarized in the following section.

### **1.12 CHAPTER SUMMARY**

Chapter one sets out the aims, objectives and scope of the study. Chapter two covers the literature review and discusses relevant theories on CSR including exploring some business cases and also discussing the outcome of other researches in the energy sector in general. Research methods and methodological issues including the formulation of an appropriate research design, the method of information gathering including the basis for sample selection and the rationale for adopting the research method will follow in chapter three.

The fourth chapter outlines the research results and relevant discussions. This is the chapter that describe in greater detail CSR initiatives introduced in chapter two so as to ascertain their origins, objectives and key issues. This chapter will also analyze information obtained from both questionnaires and key respondent interviews.

Chapter five outlines the conclusions and give probable solutions and recommendations for the organisation under study including recommendations for further study in this area. The following is a summary of the outline.

1. Chapter one focuses on the problem statement and background;
2. Chapter two gives a review the relevant literature surrounding the study;
3. Chapter three presents the study methodology;
4. Chapter four outlines the research results and relevant discussions;
5. Chapter five presents the conclusions of the study and the recommendations made by the researcher.

## CHAPTER TWO

### 2.0 LITERATURE REVIEW

#### 2.1 INTRODUCTION OF LITERATURE

A significant body of literature exists on CSR in private, public and civic organisations. The main concept of CSR asserts that businesses have a responsibility to society that extends beyond their obligations to stakeholders or investors of the firm (Visser, Matten, Pohl, & Tolhurst, 2010). This, according to Chanddler (2001), encompass the economic, legal and mandatory expectations from the society and includes the way the organisation conducts its business so that it becomes profitable, economic, law abiding, ethical and socially responsible.

CSR can be defined as the concept by which corporate entities integrate social and environmental concerns into their business operations and in their interaction with their stakeholders on a voluntary basis, (European Commission, 2006). Thus CSR can be regarded as a concept by which an organization's activities reflect social and environmental responsibilities and their relationships with the various corporate stakeholders (Frederick, 2006). The same concepts were adopted for this study.

A stakeholder is defined as a person or organisation that can affect or be affected by the firm's actions, objectives & policies and has a direct or indirect stake in the firm ([www.businessdictionary.com](http://www.businessdictionary.com), accessed 12 December, 2012). In any organisation, creditors, customers, directors, employees, government (and its agencies), owners, suppliers, unions and the community from which the business gets its resources are key stakeholders. Different stakeholders are entitled to different considerations (<http://www.businessdictionary.com/defin/stakeholder>, accessed 12 December, 2012). From these definitions, it can be seen that CSR has three players namely the corporate entity, the society and other stakeholders. It recognizes the interplay between the corporate entity, the society, and other stakeholders to cater for economic, social and environmental concerns with the legal umbrella covering everything.

Organizations embarking on CSR must accept responsibility for their processes and actions thereby encouraging a positive impact on the environment, and stakeholders (all members of the public sphere). To be effective, CSR must incorporate a balance of three main concerns, 1) the economic concerns, 2), social/societal concerns and 3), environmental concerns. This balance is affected by company performance, and the national economic performance. This study maintains the concept of fine balance between the three main concerns. However, there is no information on how ZESA Holding and its subsidiary companies have managed to maintain a balance between economic, social, and environmental concerns despite the poor performance of the Zimbabwean economy over the last decade?

CSR issues can be classified as internal or external. The internal social dimension refers to those practices that are internal to the organization and in most cases deal with employees. It includes human capital investments, health & safety and management of change. The way natural resources are managed and used in production in relation to environmentally responsible practices. The external dimension refers to those activities done outside the organization and into the local community. These external activities basically involve different stakeholders such as business partners, suppliers, customers, public authorities and NGOs. The concept of classifying CSR issues as internal or external is also adopted in this study. The broad objective of this study is to assess both the external and internal CSR practices adopted by ZESA Holdings and her subsidiary companies.

This chapter focuses on the literature searched under the following broad areas: CSR perspectives, CSR dimensions, CSR forms and CSR's relation to Corporate Governance.

## **2.2 GENERAL CSR PERSPECTIVES**

CSR is closely related to sustainable development and is often quoted as its final objective. Sustainable development is not a new principle. According to the Brundtland Commission, sustainable development refers to growth that meets the

current needs without compromising the needs of future generations (World Commission on Environment and Development, 2001). The CSR concept can be used by corporations in directing organisations to sustainable development.

The idea of sustainable growth emerged shortly after the idea of sustainable development became more entrenched in the business environment. In this day and age, the business world does not speak of quantitative or qualitative growth but rather sustainable growth. (Cassuto, 2008) believes CSR to be part of every business decision a corporate make. According to Cassuto, CSR has multi-faceted benefits to the organisation including saving money, engendering employee loyalty and attracting better employees. These benefits can be realized through engaging in a number of activities for example reducing carbon footprint by adjusting energy consumption levels and looking into employee welfare both at work and away. He tries to bring out the contribution of good corporate citizenry towards a sustainable business model that will not only be able to withstand but also to perform and grow in fast-changing and sometimes hostile environments.

### **2.2.1 The Corporate Social Responsibility Concept**

Rondinelli, (2006) brings out how in its early conceptualizations, CSR focused on the organisation, where individuals could be exonerated from organizational wrongdoing if the corporation was not found to have gone against the legal focus of a particular society. He further adds that those who fell outside the purview of a particular law or context were not included within the corporation's responsibilities. With the realization that principles of CSR and sustainable development are treated to work hand-in-glove, they are becoming globally recognized and it has become not only normal but rather mandatory for corporations to publicly discuss their CSR activities.

An thorough search in literature reveals that the current discourse by the private sector, civil society and governments dwells on just a few key issues while at the present time the scope of CSR conceptually embraces a lot of issues. This translates to a grey area where CSR is seen not to have a single universally accepted

definition. It can be seen to be classified according to components that include environmental protection, labor security, human rights, community involvement and the marketplace (Rupp, 2011). These components in turn have no commonly accepted classification.

The company's impact on the environment can be reduced through coming up with sustainable responses for natural resource use is central in environmental protection in tandem with government regulations and activities such as recycling or energy efficiency which reduce a company's carbon footprints (Headman, 2007). Environmental protection has transcended traditional boundaries to encompass a holistic and more comprehensive approach to operations, products. These approaches also minimize practices that compromise the planet's resources for future generations.

Labor security encompasses freedom of association, eradication of forced labor, the right to collective bargaining, abolition of child labor, and the eradication of employment or occupational discrimination whilst human rights recognize the rights and dignity of employees and communities. Under labor security and human rights CSR issues, there is recognition for the need to make workplaces areas that are free from unfairness, areas where decent codes of professional conduct are engendered through creativity and learning, and where work and other aspects of employee lives are properly balanced.

Under corporate community focus turns to those responsive actions undertaken by corporations in line with maximizing the impact of their funds, time, products, services, influence, management knowledge and other resources on their resident communities (Hill & Stephens, 2003). To move onto business standards (Hill *et al*, (2003) further concede that under this aspect a wide range of corporate activities including ethics, environmental protection, financial returns, labor standards and human rights are covered and these standards have to be recognized at corporate, business association, industry or country levels. Under marketplace, there is recognition that the market's relationship to CSR covers an array of activities that determine how well a company relates to its customers.



The researcher concurs with literature that CSR is an extensive conception, used in many different contexts to cover a wide range of subjects and issues. It will never have a single meaning, as different stakeholders have different primary interests when approaching the issue (Rondinelli, (2006); Chaudhri, (2007); Fiesler, Hoffman, & Meckel, (2008); Ihlen, 2008). However, (Ihlen, 2008) argues that most definitions incorporate the idea that CSR mainly involves reducing the negative and enhancing the positive effects of the activities of the organization as regards to people, society and the environment. (Thorne & Smith, 2008) defined CSR “as the adoption by a business of a strategic focus for fulfilling the economic, legal, ethical and philanthropic responsibilities expected by its stakeholders” which in a way turns to agree with a number of authorities in trying to bring to the forefront the economic, social and environmental interplay and the effect of an organization’s activities.

### **2.2.2 Global Trends in Corporate Social Responsibility**

Since the early twentieth century, countries around the globe and especially in Europe have used legislation, regulation and taxation as favourable tools to promote and protect social objectives at the workplace forming the fundamentals of CSR then (Chandler, 2001). During the 1970s and 1980s, globally, and especially in the developed economies, social movements, non-profit organizations’ activities and pressure groups lead to the mobilization of public attitude challenging from Organisations to express a socially responsible position. This emerging generation of CSR carried with it the acknowledgment that a global framework is important for all organisations both large and small.

Stohl and Stohl, (2006), expound on the all-embracing nature of CSR at the global level where it has the ability to cater for multiple cultures, value sets, and ways of communicating of diverse nations at the same time taking into account the fact that organizations now exist in a ‘global village’ unlike the traditional paradigm where national boundaries formed the basis of a company’s context. In a changing world, Stohl and Stohl (2006) point out that the pertinent features of globalised CSR are that

it embodies dynamic, intense, and extensive communicative, economic, cultural, and political exchanges and practices.

There is realization by most authorities that fundamental changes are rising within the new generation of CSR. Stohl and Stohl, et al (2006) assert that this revolution is coupled with dynamic processes of globalization including:

1. The increase in material, political, and cultural exchange and the realization that it has now become the norm;
2. The development of global consciousness through processes of reflexivity;
3. The recognition that organizations can learn from past experiences and adjust their institutions accordingly to come up with new forms of social interaction;
4. Compression of time and space; and
5. The fast flow ideas and knowledge due to use of information and communication technologies.

As already stated above, the growth of CSR also has an important global dimension frequently reflecting perceived governance shortcomings. The growth of private, market-based, non-state regulation that has emerged to govern a number of sectors, most notably forestry, energy, minerals and mining, and textiles, is that global CSR standards represent a response to the failures of national and international business regulation.

According to Moon and Vogel's analysis, economic globalization, as measured by the growth of international trade and the expansion of international investment, has created a governance vacuum due to structural imbalances because global firms can exert influence due to their financial muscle and magnitude such that some government may lack the aptitude and willingness to regulate them. Professor Lipschutz from the University of California argues that global CSR represents an effort to counter or challenge the increasing reluctance or unwillingness of national governments to impose regulations on global firms due to their fear that such

regulations will discourage domestic investment and make their economies less competitive (Weyzig, 2006, Lipschutz & Rowe, 2005).

### **2.2.3 CSR in the Developed World**

(Rondinelli, 2006) argues that today, Europe stands at the forefront of promoting and implementing CSR into everyday life of enterprises and the whole European society. It can be said that CSR is more rooted into the real life through help of various European institutions, reasonable legislation, the European Commission, national governments and non-profit organizations than in the USA and other non-European states. This fundamental difference emanates from the fact that in Europe, there is full recognition that a more encompassing institution, in this case the state and not the individual business person or a single company is essential when it comes to solving ethical issues. Rondinelli (2006) further argues that as CSR concept is also based on good and well-balanced relations among government, profit and non-profit organizations and public, thus it is not surprising a fast, intensive, and more-or-less smooth implementation of CSR in Europe is displayed.

### **2.2.4 CRS in the Developing World**

A comparison of CSR in the developing world reveals that it has distinctive characteristics that set it apart from the same concept when applied in the developed world according to Visser, Matten, Pohl & Tolhurst, (2010).

Visser *et al* (2010), asserts that CSR in the developing economies it is not fully integrated in company structures such as CSR codes, standards, management systems and reports that are commonly used in developed countries. As such it is only in the popular firms such as high profile national and multinational companies where it is mostly used. The main drive for such companies being the need to protect some recognized international brands or the aspiration towards global status. The other difference is that in the developing world formal CSR codes, standards and guidelines are always seen to follow specific issues such as fair trade, supply chain,

or HIV/AIDS. CSR protocols also appear to be sector-led, such as issues targeting the agricultural, textiles or mining sectors. This is in contrast to the situation in the developed countries where the concept blanket-covers all industries and aspects thereof. Further in support of other authors, Visser *et al* (2010) points out that in the developing world, CSR is often equated with philanthropic activities or charity, through a range of initiatives such as investment by corporations in sports development, education, health, the environment and other community services (Weber, 2008). This assertion forms the basis of the common but misplaced belief by most developing world communities that CSR is organizations 'donating or freely giving' to the community in which they operate. (Kotler & Lee, 2005) supports by adding another mislaid notion also common in developing countries that for a company to make a felt social impact it should make an economic contribution through job creation, technology transfer or investment.

To take the above point further, Rondinelli, (2006) argues that CSR should be seen as an extra opportunity for companies in competitive markets and on the other hand, companies should come in to assist and boost fiscal allocations towards social and environmental development because these matters concern all – citizens, governments, entrepreneurs, companies, and all kinds of organizations. (Griffiths & Perera, 2007) takes the argument further by pointing that such CSR themes targeted at social and environmental issues are not part of firms' core business operations and by rights should be intrinsic to the central governments' obligations. This is premised on the fact that firms only engage in CSR mainly to enhance their social well-being and it becomes a problem to rely on them to provide social welfare like governments do.

The most glaring difference between CSR in the developed and developing world is evident when looking at the issues under spotlight. In the developing countries CSR priority is on issues such as tackling providing essential services, poverty alleviation, HIV/AIDS, supply chain integrity and better working conditions, basic services provision, integrity of the supply chain and poverty alleviation whereas the developed countries are chiefly worried about the environment (Visser, *et al* 2010). The basic

needs such as those prioritized in developing countries are already catered for in most cases by the government. Scholars point this as the major weakness of CSR in developing countries. Visser, *et al* (2010) develop the argument further by adding that many of CSR issues in developing countries when tackled always appear to be a trade-offs, where development is accepted at the expense of the environment or many jobs are created but with very low labor standards or sometimes CSR initiatives become strategic philanthropy for purposes of political expediency. This is also supported by Idemudia, (2007) who argued that the mainstream CSR agenda in developing countries was tailor-made to address concerns and priorities of masters in the west and therefore falls short in addressing local priorities and sometimes unknowingly disturb possibilities for sustainable livelihood in developing countries. However, Visser, Matten, Pohl & Tolhurst (eds.) (2010) point out the most positive aspect of CSR, which is that its intricacies strongly chime in with traditional community values and religious concepts in developing economies, for example African humanism (ubuntu) in South Africa, coexistence (kyosei) in Japan and harmonious society (xiaokang) in China. Thus it only becomes an extension of what communities' already know and believe in.

### **2.2.5 CSR in the Energy Sector**

This sector is always changing and getting complex as companies pursue new smart grid technologies that optimize their energy mix in response to modern climate change & sustainability pressures. This sector's performance is driven by supply & demand and political events have historically driven changes in the price of oil.

Hilton Munendoro, in (STERP 2009) postulates that there are numerous investment opportunities in the energy sector in Zimbabwe in its sub-sectors, for example in power development, petroleum supply or renewable energies. Estimated quantities to the tune of twenty-six billion tons of coal reserves are available for power generation translating to 8 000 years of use at the current consumption of 3 million tons per annum ([www.energy.gov.zw](http://www.energy.gov.zw)). This means room for more power generation capacity is available but has to be augmented by foreign investment. The foreign investment

can come directly into the sector as Independent Power Producers (IPPs) or as joint ventures with the energy utility ZESA. The System Development Plan (SDP) revealed Zimbabwe's ability to develop and generate power for local and international markets in the region.

There are numerous challenges and constraints facing the energy sector, ZESA in particular. These include:

1. Billing and revenue collection – consumers default and this impact negatively on availability of funds for ZESA.
2. Obsolete equipment in use – ZESA's infrastructure is in a poor state and that deprives the sector of efficiency and effectiveness.
3. Undercapitalization – These are operational challenges that are compounded by ZESA's debt ridden financial position.
4. Specialized skills – ZESA has inadequate skills and tools for planning and forecasting energy needs.
5. Rural Electrification – High costs due to the grid extension and the scattered nature of settlements.
6. Infrastructure – There is an increase in theft and vandalism of infrastructure and it reduces output immensely and disrupt production.

According to the STERP 2009, some policies were put in place to facilitate investments in the energy sector and these will be reviewed regularly under the legal and regulatory framework governing the energy sector. Liberalization of the energy sector will pave a smooth entry by private investors.

## 2.3 THE ESSENTIAL ASPECTS OF CSR CONCEPTS

### 2.3.1 Levels of CSR

Studies reveal that CSR can be divided into three mutually interrelated levels which can be best described in the context of different stakeholders and the different issues they are worried about. These issues relate to the overlapping levels of social, environmental and economic impact. The composition of each of these levels is provided in Figure 2.1

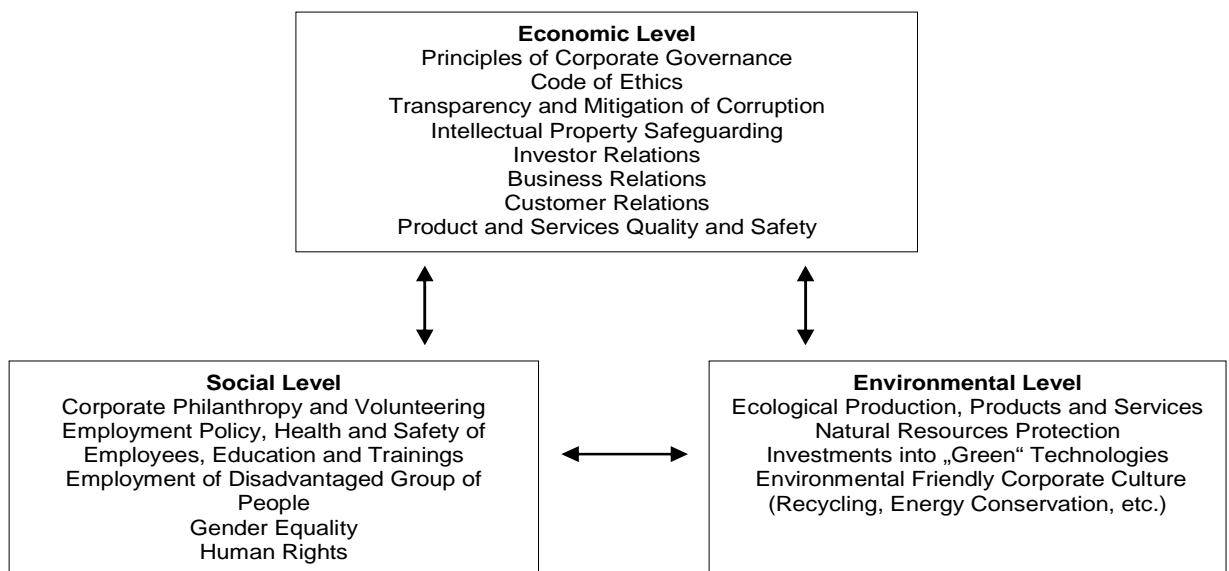


Figure 2.1 : Three Fundamental Levels of Corporate Social Responsibility

Sources: (Placet, Flower, & Kimberly (2005)

#### 2.3.1.1 *Economic Level*

Apart from the basics of financial returns, the economic level also focuses on those aspects that have a bearing on long-term financial performance, for example, reputation and the multiplier effect on the company of correlations amongst wages,

investment and sourcing. In this regard, the corporate economic responsibility is revealed by looking at the effect of the Organization's operations on local communities and stakeholders (Hopwood, Mellor, & O'Brien, 2005).

### **2.3.1.2 Social Level**

The social level is concerned with improving the employees and society's quality of life and equity. To many organizations the social level is becoming more important as it helps when focusing on social concerns and the social effects of the company on people. In this case 'people' is unpacked to reveal all the company's stakeholders who include company employees, suppliers and business partners employees, local communities within which the company operates and the company customers. Management's processes of choosing and taking actions that have a bearing on the societal and Organizational welfare and interests are also another aspect of the social level. In short these are: Responsibility towards Customers, Responsibility towards Employees and Responsibility towards the Community.

### **2.3.1.3 Environmental Level**

The environmental level basically refers to protecting the environment which means shielding air, water, land, and ecosystems, as well as managing the earth's natural resources.

Environmental concern and sustainable development are key pillars of corporate social responsibility and issues under focus in this level have developed over changing business models and time. Corporate activities have different kinds of impacts on the environment depending on their operations. Normally, these include more than one of the following: mismanagement of non-renewable resources that occur naturally, pollution wastage, exhausting biodiversity, climate change, etc. Businesses now recognize that the incorporation of an environmental management system in the usual corporate management systems forms a strong foundation for



good environmental performance. Issues to do the health, quality and safety can also be incorporated into the same.

The three levels, i.e. Economical, environmental and social, are interconnected and complement one another in a thriving sustainability focused business strategy (Placet, Flower & Kimberley, 2005). It is not accidental that the three levels of CSR are in fact the same as elements of sustainable development and the “triple bottom line” (or "people, planet, profit") is normally referred as “PPP”. The triple “PPP” captures an extended spectrum of values (economic, environmental and social) and the criteria for measuring organizational and societal success is what is referred to as the triple bottom line (Brown, 2006).

### **2.3.2 Dimensions of Corporate Social Responsibility**

Dividing CSR framework into two dimensions, as proposed by the European Union in the document “Promoting a European framework for corporate social responsibility” in 2001, helps understand better the different elements of CSR. These two are often referred to as the internal and external dimensions of CSR.

#### **2.3.2.1 *Internal Dimension of CSR***

Under the internal dimension of CSR focus is on those socially responsible practices within the company, primarily concerning employees and especially to do with investments in human capital, safety & health and change administration (Cassuto, 2008). These practices help in maintaining a balance between social development and improved competitiveness as well as managing.

Human resources management is a fundamental in CSR and businesses face major challenges today due to lack and difficulties in the recruitment of competent and skilled employees, hiring and fostering of competent managers, recruitment, job-

switching of skilled employees, and lower working morale or esprit de corps of regular employees (Kubaikova, 2006). These challenges can be resolved by using measures such as learning, employee empowerment, improved communication throughout the company, equal pay and career prospects for men, employee share ownership schemes and job security.

In the context of adaptation to change, when faced with turbulent times, most companies have to structure through cutting back on operations and temporary layoffs. What remains questionable is how in such times a company is able to survive as cutting back on operations and laying off staff works against staff motivation, increased productivity, loyalty and creativity. However, restructuring and mergers can be done without breaking CSR rules.

It is imperative that restructuring, if at all necessary, be done in a social context. This entails taking into account the interests and concerns of affected communities. The restructuring should always seek to protect employees' rights and enable them to go through professional re-training where necessary and should also endeavor to establish procedures for information, dialogue, cooperation and partnership (European Commission's Directorate General for Employment, 2008).

Health and safety at work is yet another dimension of CSR. Then governments were instrumental by coming up with pieces of legislation and enforcement measures. However, with the change in the way some traditional aspects of business are now conducted, where outsourcing work to contractors and suppliers is the trend, it becomes difficult to follow up as corporations have to depend on the safety and health practices of their contractors (European Commission's Directorate General for Employment, 2008).

Another dimension of CSR is managing a company's environmental impacts and use of natural resources. Generally, management of natural resources use or reduction of pollution by emissions and waste lessens environmental impact. By following these environmental tenets, a company can gain an edge over competitors through lowering waste disposal bills and lowering input and de-pollution costs. There are indications

that firms are increasingly getting aware of the advantages emanating from improved environmental performance, and are making efforts to thoroughly take advantage of it.

### **2.3.2.2 External Dimension of CSR**

The external dimension of CSR refers to those aspects outside the doors of the Organisation into surrounding areas of the community. CSR must also extend beyond the national borders in a world of global investments and worldwide supply chains. Rapid globalization has increased discussions on the role and development of Global Governance, (Fabien, 2008).

So many external dimensions exist the first of which relates to communities as CSR is also about the integration of enterprises into their local environments. Businesses generally depend on the health, stability and the prosperity of the communities in which they operate (Sweeny, 2009). Enterprises contribute to the communities when they provide jobs, wages and other intangible benefits. The competitiveness of a company is influenced by the company's reputation and image as an employer & producer, and its actions on the local scene. It cannot be denied that a relationship exists between the local physical environment and a firm's ability to attract workers to the locality of the company's operations.

Business partners, suppliers, consumers and other external stakeholders matter in any business. If companies work closely with business partners they are able to reduce difficulties and costs and to enhance quality of their products or services. Suppliers include not only those identified through competitive bidding and but also alliances and joint venture partners and those with franchisees. It therefore becomes necessary for companies to build relationships that result in fair prices, terms and expectations along with reliable delivery (Green Paper COM/2001/0366 final).

Today, Organisations are increasingly expected to provide products and services, that are in line with customers needs and wants in an efficient, ethical manner in order to be considered as socially and environmentally responsible (Fabien, 2008). In the long run, companies that encourage lasting associations with customers by

aligning the whole Organization to understanding customers' needs and wants, and meeting their needs for better quality, safety and reliability are bound to be more profitable.

Human rights inseparably belong to under the CSR umbrella. International operations and global supply chains in particular are CSR's strong human rights dimensions. Human rights are complex in general and often present political, legal and moral dilemmas. Companies are always faced with a number of challenges including not knowing how to establish their areas of responsibility, ways of monitoring their business partners to see levels of compliance with their core values and how to enter countries where human rights violations are prevalent.

## **2.4 FORMS OF CORPORATE SOCIAL RESPONSIBILITY**

According to Kotler, (2005) there are six forms of CSR initiatives. These CSR initiatives, or tools, can be classified under different categories namely cause promotions, cause related marketing, corporate social marketing, corporate philanthropy, community volunteering, and socially responsible business practices, (Kotler & Lee, 2005). Though there are commonalities among these initiatives, each initiative has a characteristic that makes it distinct.

### **2.4.1 Corporate Philanthropy**

A straight contribution by a company to a charitable trust or to a cause is referred to as corporate philanthropy and is mostly in cash or in-kind services. It is perhaps the most conventional of all CSR initiatives and has historically been a major source of support for community health and humanitarian service organizations, education, and the arts, as well as organizations with missions to protect the environment. The corporate donations are often critical to an existence of non-profit organizations.

Corporate philanthropy has matured over the decades, primarily in response to internal and external pressures to balance concerns for shareholder wealth with

expectations to demonstrate responsibility also for other stakeholders contributing to the companies' livelihood. Recently the most consistent response has been to move to a more premeditated approach in selecting societal issues to support, with an increased inclination to choose an area of concentration and to attach philanthropic activities to the company's business objectives. Secondly, there appear to be more lasting relationships being developed with non-profit organizations, ones that look more like a partnership than a casual acquaintance. Thirdly, companies have long-drawn-out their options for giving beyond cash donations to include offerings of other less costly resources such as excess products, giving out distribution channels, and giving out technical expertise for free. Fourthly, there can be seen increased interest in involving employees in decision making processes regarding the prioritization and selection of recipients for humanitarian programs. Fifth, as with all other initiatives, companies have been increasingly focusing on determining ways to follow-up and appraise outcomes, even rates of return on contributions (Hill & Stephens, 2003). To support this, Bartsova (2006), gives the following range of options, displaying the break away from the traditional cash donation:

1. Providing donations in cash
2. Grants
3. Scholarships
4. Products donations
5. Offering services
6. Offering technical expertise
7. Giving out for use, facilities and distribution channels; and
8. Giving out for free equipment for use.

The major strengths for all the above CSR activities can include building corporate reputation & goodwill, attracting and retaining a motivated workforce and having an impact on societal issues especially in local communities where the company operates (Werder, 2008).

## **2.4.2 Cause Promotions**

Under cause promotion, funds or in-kind contributions, or other resources are provided by a company in order to increase awareness and concern about a social cause. The company can support fundraising activities, participation, or volunteer recruitment for a cause. Persuasive communications are the major focus for this initiative, with an attention to create awareness and concern relative to a selected social issue and/or to persuade potential donors and volunteers to contribute to the selected cause or participate in activities that support that cause. Successful campaigns utilize effective communication principles, developing motivating messages, creating persuasive execution elements, and selecting efficient and effective media channels. Campaign plans are based on clear definitions of target audiences, communication objectives and goals, support for promised benefits, opportune communication channels, and desired positioning (Jezek, 2008).

Corporate cause promotions most commonly focus on the following communication objectives:

1. Building awareness and concern about a cause by presenting motivating statistics and facts, such as publicizing the number of persons affected by lung cancer, by sharing real stories of people in need or who have been helped by the cause;
2. Persuading people to discover more about the cause by visiting a special web site or by requesting an informational brochure;
3. People should be persuaded to donate their time and/or money and or non-monetary resources to help those in need; and
4. People should participate in events, such as attending an art show, fundraising walk, or signing a petition to help the cause.

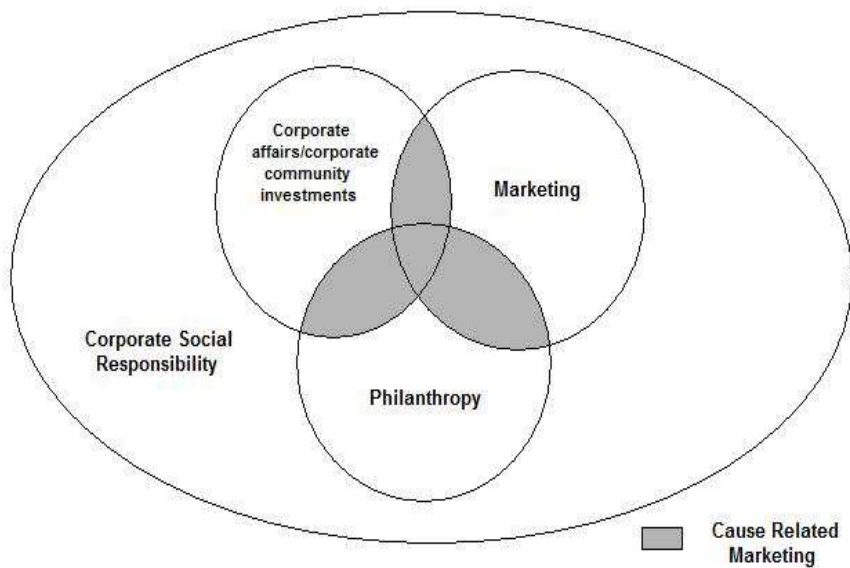
Several potential downsides for the company are inherent in these promotional campaigns, particularly visibility for the company can get lost; tracking investments and return on promotional investments is difficult because of its visibility; this initiative may generate too many additional requests for support from other organizations

connected to the cause; this approach requires more time and involvement than simple donation of money; and promotions can often be replicated, thus potentially removing any desired competitive advantages (Kotler & Lee, 2005).

### **2.4.3 Cause Related Marketing**

Another Form of CSR is Cause Related Marketing (CRM) and can be illustrated as in Figure 2.2. It is an integrated part of corporate affairs, community, and marketing and on the illustration forms a part where marketing, philanthropy, corporate affairs and corporate community intersect. The area falling under this point of intersection, maximum return on investment and opportunities realised by all parties and benefits to the community, company, and cause partners can be enhanced through effective communication, coordination and cooperation because the overall view of the company is taken (Adkins, 1999). The major challenge with CRM is that it straddles across organisational, functional and decision making boundaries, *ibid*.

Cone (1999), reveals that CRM always impacts on a company in the short run through increased sales and in the long run through increased customer loyalty, improved employee pride and an enhanced brand image, all of which in turn are advantageous to the organisation.



**Figure 2.2: Relations among cause related marketing, marketing, corporate community investment, philanthropy, and Corporate Social Responsibility.**

Source: Adkins, (1999).

The company's bottom line is affected by CRM programs in the short-term through increased sales, and in the future (long-term) through increased customer loyalty, improved employee satisfaction, and enhanced image. Rewards such as enhance brand equity and employee loyalty are highly associated with companies that thoroughly implement CRM (Cone, 1999).

#### **2.4.4 Corporate Social Marketing**

In this form of CSR a company supports the development and/or achievement of a change of behavior promotion anticipated to improve the health of the public, the safety of the public and the environment or community well-being. Behavior change is always the focal point of the anticipated outcome. Successful campaigns utilize a strategic marketing and planning approach for example; conducting a state of affairs analysis, choosing target audiences and setting behavior objectives which are then



used in developing a marketing mix strategy that helps overcome apparent barriers and maximize potential benefits. It relies on the same principles and techniques used in developing and implementing marketing strategies for company's goods and services (Valentino, 2007).

#### **2.4.5 Community Volunteering**

This refers to an idea whereby an enterprise supports and encourages business partners and employees, to donate voluntarily their time to support local community and beneficial causes. Voluntary efforts may include employees volunteering their expertise, talents, ideas, and/or physical labor. Company support may include giving employees some paid time off duty, matching services to help employees find opportunities of interest, recognition for service, and organizing teams to support specific causes the company has targeted (Kotler & Lee, 2005). However, there is a strategic approach that appears to encourage employees to volunteer for causes that are currently supported by other CSR initiatives, often connected to core business values and goals. Examples representing types of support include the following:

1. Promoting the ethic through corporate communications that encourage employees to volunteer in their community and that may provide information on resources to access in order to explore volunteer opportunities;
2. Suggesting specific causes and charities that the employee might want to consider and providing detailed information on how to get involved, often with causes and charities supported by other current CSR initiatives;
3. Organizing volunteer teams for a specific cause or event;
4. Giving employees paid time off duty for them to go and do voluntary work, with typical benefits ranging from offering two to five days of annual paid leave to do volunteer work on company time ;
5. Awarding cash grants to charities where employees spend time volunteering; and

6. Recognizing exemplary employee volunteers through gestures such as mentions in internal newsletters, etc (Cairns & Hutchison, 2006).

#### **2.4.6 Socially Responsible Business Practices**

Those social activities that business adopt and conduct, at their discretion, to improve the well-being of the community and protect the natural environment are said to be socially responsible business practices. The main distinctions from other CSR initiatives are that businesses do optionally focus on some activities that are simply expected and not those activities that are mandated by law or regulatory agencies. The community is interpreted largely to include employees, suppliers, distributors, non-profit and public sector partners, as well as members of the general public and wellbeing can refer to safety and health, as well as emotional needs (Kotler & Lee, 2005).

There is, evidently, a shift from adapting to more business practices as a result of regulatory pressures, complains from customers and pressures from special interest groups to positive research exploration of corporate solutions and encompassing of new business practices that are supported by these issues. Factors contributing to this shift include the fact that socially responsible practices, because it increases employee productivity and retention, can actually increase profits, visibility and coverage of CSR (Money, 2008).

Initiatives such as product offerings, facility design, manufacturing, assembly and employee support are related to socially responsible practices and also relate to altering internal procedures and policies. Cassuto (2008) and (Weber, 2008) highlighted the following common activities:

1. Design of facilities that exceed environmental and safety recommendations and guidelines;
2. Process improvement development that comprise of practices such as the elimination of the use of hazardous waste materials, reduction of chemicals used in crop growing etcetera;

3. Discontinuation of product offerings that are harmful but not illegal;
4. Selection of suppliers using their willingness to adopt or maintain sustainable social and environmental practices;
5. Choosing environmentally friendly industrialized and covering materials;
6. Providing full disclosure of product materials and their origins and potential hazards;
7. Developing programs that support the wellbeing of employee;
8. Measuring, tracking and reporting of accountable goals and actions;
9. Establishing guidelines for marketing to ensure responsible communications and appropriate distribution channels(particularly regarding children);
10. Providing increased access, for disabled people, to products and services;
11. Protecting privacy of consumer information; and
12. When making business decisions taking into consideration the economic impact of these decisions on local communities.

Resulting financial benefits of socially responsible business practices can be associated with decreased operating costs, monetary incentives from regulatory authorities, and increased worker productivity and retention. Marketing benefits can be numerous as well, with the potential for increasing community goodwill, creating brand preference, and building brand positioning, improving product quality, and increasing company respect. These activities also provide opportunities to build relationships with external stakeholders such as regulatory authorities, suppliers, non-profit organizations, and other external partners (Fabien, 2008).

## **2.5 BENEFITS OF CORPORATE SOCIAL RESPONSIBILITY**

Benefits of CSR can be classified into four categories namely cost and risk reduction, competitive advantage, company reputation and legitimacy, and win-win outcome through a synergistic value creation.

CSR helps in diminishing inefficient expenditures and exposure to risks. Equal Employment Opportunity (EEO) policies and practices are examples of CSR activities

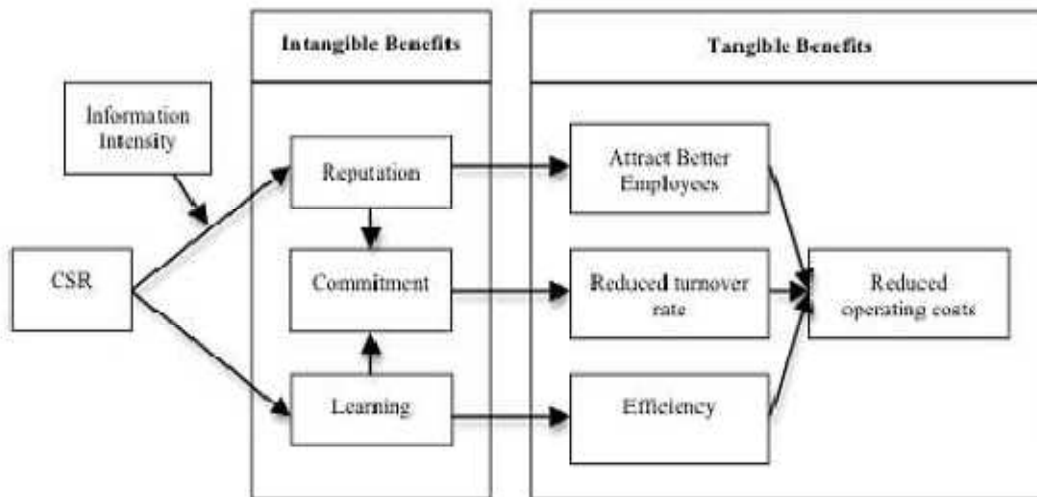
that enhance long term shareholder value by reducing costs and risks (Tonello, 2011). CSR also promote reduced costs and improve products for customers through pollution reduction, reduction in wastes, production and logistical costs (Idowu & Louche, 2011). Ruzevicius (2006) argues that CSR helps in improving the company's relations with non-governmental organizations, governments and society in general terms.

There is a rising argument that CSR is a source of competitive advantage. Since companies' profitability depends on customers' and investors acceptance and they are increasingly intolerant for companies that are indifferent to society's social and natural issues, thus socially responsible actions help companies influencing the decisions of the firms' stakeholders in its favor: investors – invest; talents – get hired; customers – buy. As more and more authors argue how CSR may be a tool in creating competitive advantage, many focuses on the fact that CSR may help differentiating a company. According to Danowitz, Hanappi-Egger, & Hofmann (2009) increased talent base, reduced labor turnover and absenteeism, enhanced creativity and productivity, improved understanding of customers, assisting in the development of new products, services, and marketing strategies, and enhanced companies' reputation are the main benefits of the diverse organization.

CSR may bring to the company enhanced ability to attract competent staff since skilled workers are increasingly relying on the companies, which fully takes care of its employees. CSR implementation may also influence employees' productivity and loyalty (Ruževičius & Serafinas, 2007). CSR incentives may help strengthening brand loyalty and consumer patronage. Perrini, Pogutz, & Tencati (2006) argues that firms ability to differentiate a product or service through CSR orientation should turn into an intention to re-purchase as well as the willingness to pay a premium price. The ability of a firm to be seen as legitimate in the eyes of stakeholders can be enhanced by CSR (Tonello, 2011) since more and more stakeholders demand for socially responsible behavior.

CSR may be used as a tool in order to satisfy stakeholders' demands and at the same time pursue with its operations. By satisfying the demands a company may find

new opportunities for enhancing its profitability. Many authors classify the benefits into tangible and intangible or internal and external. Much research has been done to find out the benefits of CSR and to understand how it affects the financial performance of the company. Since there is a very complex relationship between CSR and firm performance, (Nurn & Tan, 2010) proposed a conceptual framework in order to understand how CSR leads to tangible and intangible benefits for the company, figure 2.3, below.



**Figure 2.3: Tangible and intangible benefits of CSR**

Source: Adapted from Nurn & Tan, (2010)

Benefits of adopting CSR practices and activities are separated into internal and external parts (World Bank, 2005). Internal benefits from adopting CSR are: business sustainability, competitive advantage, cost reduction, compliance with regulations, employee loyalty, productivity, quality and sales, qualified human resources retention, financial solidity and financial capital. External benefits include reputation, environmental preservation, visibility, intangible benefits, client's loyalty, solidarity in community and political impact.

## **2.6 RELATING CORPORATE SOCIAL RESPONSIBILITY TO CORPORATE GOVERNANCE**

The researcher feels that neither CSR nor Corporate Governance (CG) have agreed definitions. However, from the reviewed literature and in general terms, CSR is frequently said to be an organization's reaction to environmental, ethical, social and economic issues. CSR is the way by which a company goes about doing its business processes i.e. its governance, making sure that it looks after its social, environmental and ethical impacts in a conscientious conduct. The World Council for Corporate Governance describes CSR as Governance in action. Key to all these areas is the responsibility and behavior of everyone, irrespective of level or position, from board members down to the office cleaner.

According to the observation of Australian Parliamentary Joint Committee on Corporations and Financial Services, both CSR and CG, by definition, feature an issue of company's management practices and therefore sometimes get confused with each other. It is already known that CSR is based on self-regulatory principles linked to internal and external management of the company. On the other hand the term "corporate governance", indicates an idea of company's governance and management issue, *ibid*.

On the countenance, CSR and corporate governance do not seem to be closely connected. Originally corporate governance concerned how companies are 'controlled and directed', (Cadbury report, 1992) whereas the concept of CSR is more difficult to pin down. Broadly, CSR concerns the integration of social and environmental concerns in companies' business operations and thus the integration in a company's business decisions of the interests of a wider group of stakeholders, such as employees, shareholders, business partners, suppliers, customers, public authorities and local communities (Commission of the European communities, 2001). At a glance these two concepts would give the impression that there are directed at different ends.

Corporate governance, at least originally, was directed very much at the internal workings of the company, the internal dynamics between shareholders, managers

and, at least in the broader understanding of corporate governance, employees. CSR, on the other hand, is more directed towards the external affairs of the company, how the company's operations affect the wider society. While corporate governance is perceived as an instrument to ensure shareholder value, the goals of CSR are more diverse and, in the opinion of some, not at all directed at ensuring profits.

However, on closer inspection it is clear that CSR and corporate governance have more in common than might initially be expected. It also becomes clear that in many ways these concepts are linked (Guler & Crowther, 2010). Firstly, both are essentially governance systems, laying down guidelines and regulations for how companies should be governed, (Crowther & Lancaster, 2008). Secondly, their goals and focuses prove to be similar, even overlapping in some respects.

In view of the above, it may be said that in respect of company's governance, control and management, the corporate governance issues are broad in nature whether mandatory and softer. CSR is one of the aspects of this governance framework which is voluntary and softer in nature. The mandatory governance issues are enforced by the litigation or compliance with the legal provisions. Softer social issues are enforced by stakeholders' pressure, boycotts, compliance with the self-regulatory codes of conduct.

### **2.6.1 Overview of the Corporate Governance Concept**

Two models of corporate governance exist, shareholders and stakeholders. In the shareholder model governance system, the responsibility for decision maker is the maximization of shareholders' wealth as this model introduces classical principal and agent theory where a manager is considered as an agent of the shareholder principal, (Ahmmed & Mohammad, 2005). According to stakeholder model, it has been viewed that the corporation in fact cannot be run without the contributions of different stakeholder groups like customers, employees, suppliers, the community of which it is a part and the environment and therefore at the event of decision-making ,

the corporate should take into account how their decisions impact these constituents, *ibid.*

CG involves the conduct of board of directors and the relationship between the board, management and shareholders, (OECD, 2004). Transparency in corporate decision making and accountability to shareholders are the core points of CG, (OECD, 2004). Grant (2003) believes CG to be a broad theory concerning the alignment of management and shareholder interests. (Ahmmed & Mohammad, 2005) explains that CG holds the balance between economic and social goals and between individual and communal goals.

Organisation for Economic Co-operation and Development (OECD), 2004, has provided a model framework for CG known as OECD Principles of Corporate Governance, (OECD, 2004). These principles have stated some fundamental aspects of companies' governance that are summarized as follows;

1. Distribution of duties and responsibilities among different supervisory, regulatory and enforcement authorities ;
2. Protection and facilitation of the exercise of shareholder rights;
3. Ensuring equitable treatment of all shareholders, including minority and foreign shareholders;
4. Recognition of the rights of stakeholders established by law or through mutual agreements;
5. Encouraging active co-operation between corporations and all stakeholders. Publication of regular and accurate disclosure concerning company's financial situation, performance, ownership and governance and providing strategic guidance, composition and functions of the board of directors and their accountability to the company and shareholders.

The corporate governance framework is the widest control mechanism, both internally and externally to stimulate the proper and efficient use of corporate resources and in the same way to require accountability for taking care of those resources, (Imam, Mahamad & Osman, 2006).



## **2.6.2 The Place of CSR in Corporate Governance**

CSR has also been mentioned as one of the four pillars on which the edifice of corporate governance is built, (Ammad and Mohammad, 2005). The four pillars are: compliance with all regulatory requirements; equitable treatment of all stakeholders such as suppliers, employees, consumers and so on; full and fair disclosure of all material information with specific stress or emphasis on accurate and objective presentation of financial information; and respects for norms of business and social responsibility.

Although the shareholder model has preference over the stakeholder model which is growing slowly as a part of governance framework, the exercise of both models suggest that there is no scope to look narrowly into the corporate governance aspects. Rather it is better to say, CSR is a model of extended corporate governance whereby corporate responsibilities range from its fiduciary duties towards the owners to the analogous fiduciary duties towards all the firm's stakeholders, (Sacconi, 2004). To support Sacconi's assertion, a commercial governance code, (King, 2009), include principles to be adhered to in terms of corporate social responsibility where it highlights the position of the board where it should make certain that the company's actions and performance is seen to be a responsible corporate citizen and that the board should cultivate and promote an ethical corporate culture, (King, 2009).

## **2.6.3 Corporate Social Responsibility Vis-À-Vis Organizational Performance**

Numerous scholars have tried to bring to the forefront the link between CSR and organizational performance in international accounting literature via the conception of sustainability (Heath & Norman, 2004), by integrating economic planning with social and environmental considerations and most of their studies have identified a positive relationship (although not always linear) between CSR activities and organizational performance as measured by indicators such as shareholder returns, profit, or marketing impact (Hopwood, Mellor, & O'Brien, 2009). In this regard, corporate social responsibility is seen as the foundation for gaining market advantage over competitors. Pettenella, (2010) highlighted four ways through which Corporate Social Responsibility can enhance organizational performance:

1. Corporate Social Responsibility can reduce direct costs (energy, materials, time loss, etc.);
2. CSR can improve productivity of workers as employees will be motivated hence there will be low absenteeism and reduced turnover. (Rondinelli, 2006) captures well how this can be achieved by quoting Anthony Corsano, holder of the Ernst & Young Metro New York Entrepreneur of the Year 2008 Award, who sees CSR in part of every business decision the company makes. Corsano said that behaving like a good corporate citizen by simply improving the communities in which employees work is critical to creating a sustainable business model. Regarding benefits (Rondinelli, 2006), he added that it saves money, it engenders employee loyalty, it attracts better employees and in every way it makes a better business.
3. CSR can reduce management risk (easier access to credit, increased value of the assets for investors, support by stakeholders, etc.) (Rondinelli, 2006);
4. Corporate Social Responsibility can besides improving the competitive image of the firm, goes beyond the basic legal obligations in the social arena and have a direct impact on productivity.

Modern day standards, often dictate the tendency to think that it's the norm to adopt the concept of CSR. (Rondinelli, 2006) argues that CSR is not a one-size-fits-all policy. Companies have to assess how vulnerable they are to customer criticism before deciding which CSR measures to adopt.

## **2.7 CHAPTER SUMMARY**

### **2.7.1 Gaps Identified By Literature Search**

The following gaps have been identified through literature review:

1. The CSR literature reveals that even though there is much publicity of what companies should do, an analysis of what companies are actually doing in practice is lacking in the energy sector in Zimbabwe;
2. According to (Clark, 2000) effective communication methods are paramount but mostly lacking from social responsibility literature. Information on stakeholder engagement in the energy sector is also not available;
3. The different priorities demanded of energy companies in the name of Corporate Social Responsibility by various stakeholders, and how decision-makers prioritize it, are not clear.

As a solution on ensuring that CSR programs do not remain concepts or proposals on paper only, this thesis suggest inclusion of the government to encourage implementation. Whilst literature points out that the CSR framework does not address those who breach principles and current legal systems do not give stakeholders the right to enforce CSR, studies elsewhere (Fox 2002, Bichta 2003), suggest that government might play a role to encourage and promote the social responsibility of business. In essence, because of the 'discretionary or voluntary' nature of CSR, governments can only create an enabling environment as a way of encouraging businesses to adopt CSR concepts instead of taking a back-seat. Research by World Bank (2005) identified four principal areas in which the government assists in relation to CSR. The government can play the mandating, facilitating, partnering and endorsing roles. Under the mandating role, Governments define standards for business performance embedded within the legal framework. It is again the Government that sets apparent overall policy frameworks and positions to guide business investments in CSR. On the partnering role the Government influences complimentary skills and resources to tackle issues within CSR by combining public

resources with those of business. By endorsing, the Government shows public political support for CSR practice in the marketplace or for individual companies through publicity and praising achievements of complying businesses (Fox, Ward and Howard, 2002).

### **2.7.2 Conclusion**

(Murray & Vogel, 1997) states that the way the firm is viewed and evaluated by stakeholders underlies all subsequent interactions. All the identified gaps above show that information is lacking on this topic for energy companies. One of the objectives of the research is to investigate Corporate Social Responsibility activities engaged by ZESA. This will help close the first gap identified in this literature review. The other gaps will also be resolved by answering research questions 2 and 3 which analyze stakeholder engagement and priority in Corporate Social Responsibility activities. Having done the literature review and identified gaps and potential weaknesses, the research will propose a model that might go some way to addressing the deficiencies identified.

## **CHAPTRE THREE**

### **3.0 RESEARCH METHODOLOGY**

This chapter starts with the discussion on research design followed by the research philosophy. The research strategy and the population or sampling techniques are described followed by data collection methods and in conclusion, the chapter discusses ethical issues including validity and reliability of data.

### **3.1 RESEARCH APPROACH**

In order to conduct the situational analysis with regards CSR appreciation by ZESA Holdings and subsidiary companies, a mixed-methods approach combining qualitative, quantitative (Saunders, Lewis, & Thornhill, 2007) formal and informal methods was used to collect the requisite data and information on CSR practices by ZESA Holdings and subsidiary Companies. Specifically, the researcher conducted desk studies-literatures search (internet, grey and published information, hard copies and information repositories of ZESA Holdings and subsidiary companies. The main data collection tool was a questionnaire designed to gather information on ZESA Holdings and subsidiary companies CSR practices, how the sampled companies engages and prioritizes stakeholders regarding CSR issues, employee perception on benefits that companies obtain from engaging in CSR practices, and employees perception on practices that would enhance the internal and external image of their companies. Further, confirm some of the issues identified during the questionnaire based survey, conversational/personal/individual in interviews were held with key representatives of ZESA and subsidiary companies including workers representatives, line managers, and Senior Managers.

### **3.2 RESEARCH DESIGN**

As outlined in section 3.1, the research design utilizes the survey approach to gather data, with a semi-structured questionnaire being the main data collection tool complemented by qualitative methods including conversational interviews and key informant interviews. The survey approach was regarded as the most appropriate to get an appraisal of the status quo by measuring what exists without questioning why it exists. The focus of this study is to establish the situation analysis (status quo) ZESA Holdings and subsidiary companies with regards CSR practices.

### **3.3 RESEARCH PHILOSOPHY**

Two schools of thought exist on research approaches namely deductive and inductive, (Easterby-Smith, Golden-Biddle, & Locke, 2008). This study combines a mixture of both approaches to improve on data quality and accuracy. By using both inductive and deductive approaches, it becomes easy to estimate a logical and correct result but it is essential for the research to combine accurate pieces of these approaches (Crowther & Lancaster, (2009); Saunders & Thornhill, (2007)). Deductive reasoning works from a broad spectrum to the more specific. This is informally called a "top-down" approach. When a researcher aims to reach at a specific situation he uses the deductive research approach and it is associated with the positivism paradigm whereas; inductive approach is linked to the interpretivism paradigm because it works over a specific idea to generalize the situation as per the research topic, (Trochim, 2011). The various steps involved in deductive approach are shown in Figure 3.1.

In inductive processes there is no requirement of a pre-determined theory to collect data and information and therefore it is flexible. Inductive reasoning works the opposite of deductive in that it moves from specific observations to broader generalizations and theories. Informally, researchers refer to this as a "bottom up" approach.



Figure 3.1: Deductive Approach

Source: Deductive Approach (Trochim, 2011)

The inductive process is coupled with the interpretivism philosophy. The researcher is allowed to provide subjective way of thinking with the help of various real life examples, (Aguinis, Pierce, Bosco, & Muslin, 2009). Deductive approach is associated with the positivism philosophy, which include hypothesis to prove assumptions. In figure 3.2, various steps of using inductive approach are; Observation, pattern, tentative hypothesis and development of theory.

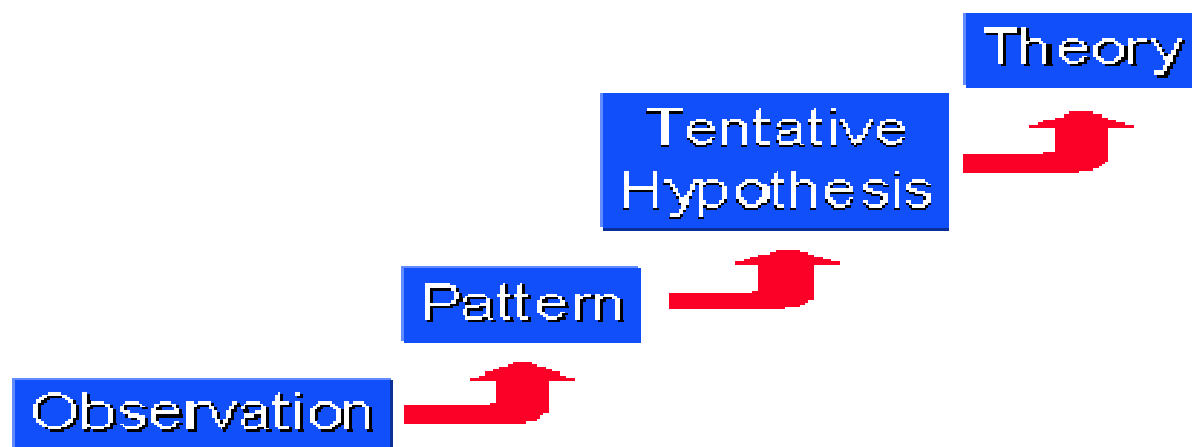


Figure 3.2: Inductive Approach

Source: Inductive Approach (Trochim, 2011)

Many times a particular study may look like its solely deductive but most social researches involve both inductive and deductive reasoning processes at a number of times in the project. In fact, it doesn't take a rocket scientist to see that the two graphs above can be combined into a single circular one that repetitively cycles from theories down to observations and back up again to theories, see fig 3.3, below.

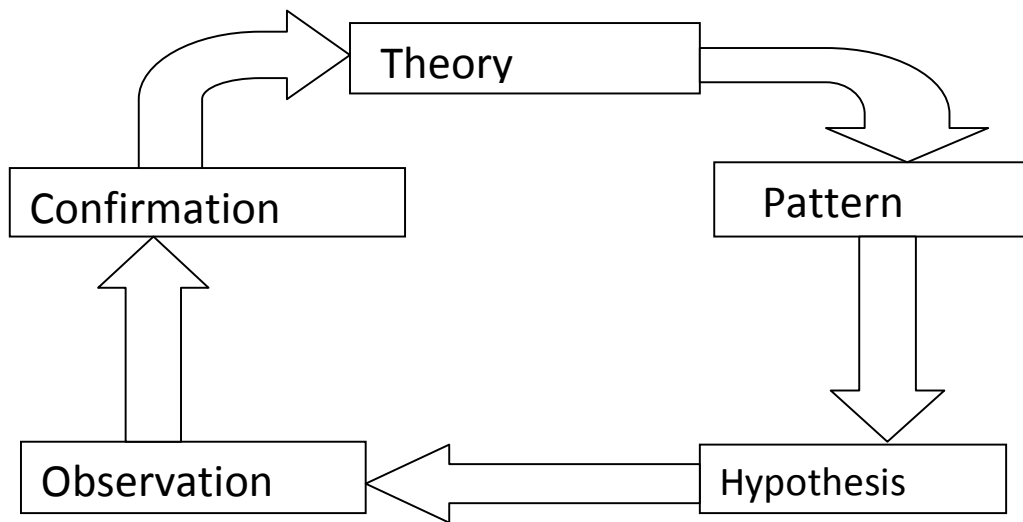


Figure 3.3: A combination of inductive and deductive approaches

Source: A combination of inductive and deductive approaches

### 3.4 RESEARCH STRATEGY

According to (Leedy & Jeane, 2010) there are five major research strategies to choose from, namely experiments, surveys, archival analysis, histories and case studies. This study is based on a survey strategy. A survey on the other hand is an extensive, complete and instant picture of a subject. There are three main conditions requiring attention when deciding which strategy to use. The nature of questions posed determine which strategy to use, the degree of control the researcher has, actual behavioral events and the extent of focus on existing as opposed to past events (Leedy & Jeane, 2010).

Survey research is the process of data collection by asking questions and recording responses. The questions are based primarily on an interview as well as written sources. According to (Whitely, 2002), surveys can be done for two main reasons,



mainly to estimate the characteristics of a population and for hypothesis testing. In this study, the survey was employed to estimate the prevalence of CSR practices as indicative of level of awareness, as well as to test the hypotheses surrounding each of the stated objectives.

Using the survey approach enabled the researcher to find data about CSR practices, situations or employee views at one point in time through the use of both interviews and questionnaires. Quantitative analytical techniques were then used to draw inferences from the data regarding relationships.

### **3.5 POPULATION AND SAMPLING TECHNIQUES**

When a researcher selects a portion of participants for a study from a target population it is referred to as sampling, (Leary, Virginia, Warner, & Daniel, 2006). A multi-stage sampling technique was used. In this study, the population frame was defined as ZESA Holdings and all its four subsidiary Companies in Harare. Proportionate sampling was used to randomly select 15% interviewees from each of the five participating companies. Table 3.1 shows the staff establishment and number sampled at each company. The employees were stratified according to management level as Middle management, senior management, and customer services clerks.

### **3.6 DATA COLLECTION METHODS**

The main data collection methods used were, a questionnaire based survey, key informant interviews, and desk studies. These methods were used together to benefit from multiple triangulations. Use of multiple methods is supported by Denscombe, (2000). Triangulation is the application and combination of more than one research perspective in the study of the same phenomenon.

Triangulation provides additional sources of valuable insight and minimizes the inadequacies of single-source research. Triangulation also reduces the impact of bias

and provides richer and more comprehensive information because humans share more unequivocally with an independent third party than they do with someone they know or think they know.

### **3.7 RESEARCH PROCEDURE**

The two main data collection instruments were used in this study, questionnaires and the interviews.

#### **3.7.1 Questionnaire Design**

The use of well-designed questionnaires in surveys is recommended as it enables respondents to express their opinions better, choose their own responses and feel more comfortable when providing their responses. A semi-structured questionnaire consisting of both open-ended and closed questions was designed to gather information of on the demographic characteristics of the respondents, CSR practices employed by the company and their priorities, and the employee's perception of benefits from participating in CSR practices. During data capture, all the open ended questions were coded to facilitate analysis in a Statistical Package for Social Sciences (SPSS).

#### **3.7.2 Questionnaire Pre-Test (Pilot Study)**

A pretest trial run was conducted with a sample of 8 respondents (at least 2 participants) randomly selected from each company. A pre-test is a critical validation process that enables the researcher to identify and rectify problems with questionnaire design before rolling out final tools (Zigmund, 2003). In this study, pre-testing resulted in the reduction of questionnaire from 11 to 8 pages, and wording on questions regarding employee perceptions were modified by inserting 'in your own view' in the question.

### **3.7.3 Drop and Pick Method**

The respondents for the questionnaire based survey were notified over the phone to seek their willingness to participate in the survey. For those willing to participate, a questionnaire was left at respondents' office/desk. Each respondent was given two days to complete the questionnaire, which was collected on the third day. The drawbacks expected are, low response rate and lack of control on who will respond. These shortcomings were complimented by the interviews.

### **3.7.4 Key Informant Interviews**

A key informant interview guide (Appendix B) was designed to act as a checklist. At least 6 key informants (KII) were interviewed. In this study, a key informant was regarded as a senior sales manager- the highest authority in ZESA or each of its subsidiary companies. Using the key informant interview techniques has an advantage that the researcher can expand on areas of interest and that respondents can use non-verbal cues such as facial expressions to emphasis their responses (Crowther & Lancaster, 2008).

## **3.8 DESK STUDIES**

The researcher also carried out desk studies- internet searches information repositories, soft and hard copies, magazines and annual reports, to gather information relating to the research problem. The desk studies were particularly useful in gathering data relating to company policies regarding CSR issues.

## **3.9 DATA ANALYSIS**

Data analysis started with data processing. Data processing began with data editing and coding according to methods suggested by Zigmund, (2003). Each questionnaire was number coded before distribution, and each responded was also number coded. Data collected was analyzed using SPSS version 17.5. The package enabled calculations of descriptive statistics, prevalence's and comparisons of means. The

company was taken as independent variable against which all other dependent variables such as CSR practices used, employee level, years of working experience etc we compared. To corroborate information gathered through questionnaires. Secondary data were also reviewed to corroborate information and to bring to the forefront trends in CSR practices in the energy sector. To an extent, personal views observations was also used as the researcher has been a ZETDC employee for four years and has witnessed or participated in some of the issues under investigation.

### **3.10 RESEARCH CONSIDERATIONS AND LIMITATIONS**

The researcher used questionnaires as the main data collection instrument because of its applicability to survey research design. Using this instrument, questionnaires, potential information can be obtained from a large number of people at the same time, (Mitchell & Jolly, 2012). Since the researcher wanted to collect information from different subsidiaries, this instrument was very ideal. The questionnaire method does have its own disadvantages, the most of which is the low response rate and that the researcher will not be available to clarify any issues. However, these disadvantages were countered by the use of structured interviews.

#### **3.10.1 Validity and Reliability**

(Chandler, 2001) states that reliability refers to the fact that measurements are conducted correctly. The idea of reliability is based on neutrality of research instruments which should give the same result irrespective of the specific case. Validity can be explained as the extent to which the data collection method or research method describes what it is supposed to measure (Chandler, 2001).

Like any other instrument, a questionnaire has its own flaws that may reduce the accuracy of the research but in this case the researcher will use key respondents interviews to address the limitations on questionnaires to enable higher validity of data.

### **3.10.2 Ethical Considerations**

Practically, anonymity and confidentiality of the research participants need to be protected. This section explores the necessity to guarantee this level protection together with the importance of providing pragmatic guarantees. In this research anonymity and privacy was respected meaning that care was taken in deciding whether or not sensitive information should be recorded. Identities and research records were kept confidential whether or not an explicit pledge has been given. The researcher had the responsibility to ensure appropriate safety measures were in place to protect the confidentiality of participants' data. Pragmatically speaking, participants are less willing to discuss sensitive issues if they think that identifiable information might be spread beyond the primary researcher. The researcher guaranteed that permission was sought in case of any confidential information to be disclosed.

### **3.10.3 Informed Consent**

Participants understood that they were taking part in research and what the research required of them. Another component of informed consent is the notion that participants were volunteers and participated without being coerced or deceived. The research was done in line with ethical guidelines in that participation was voluntary and confidential. The employees were free to participate. The responses are kept as confidential as possible and respondents were not asked for their names unless where they were interested in getting the results of the study.

### **3.10.4 Delimitations**

The research was restricted to respondents at ZESA Holdings' subsidiary companies' offices in Harare, Megawatt and Wynne Street due to limited time and resources.

### **3.11 CHAPTER SUMMARY**

This chapter covered the methods of the study and dealt with data collection and their derivation from primary and secondary sources. The chapter also details the approach used and conditions under which the various stages of investigations were carried out from the development of initial contacts, the choice of the cases, preliminary questionnaire, pilot survey, and design and administration of the research instrument (questionnaire). It further indicated how issues of validity and reliability were addressed through the use of several data gathering methods. The following chapter looks at data analysis and presentation.

## CHAPTER FOUR

### 4.0 RESULTS AND DISCUSSION

#### 4.1 INTRODUCTION

This chapter presents data to test the objectives and hypotheses. Descriptive statistics in the form of frequencies and cross-tabulation of variables as well as qualitative data from interviews was used to test it. Tables, graphs and pie charts are used to present results.

#### 4.2 QUESTIONNAIRE RESPONSE RATE

The questionnaire response rate for the sample whole was 70%. This falls above the acceptable 65%, (Punch, 2003) and therefore is adequate to make inferences regarding the whole population. Table 4.1 below presents the questionnaire response rate by company:

**Table 4.1: Questionnaire response rate by company**

	ZETDC	ZENT	ZPC	POWERTEL	HOLDINGS
<b>Target population</b>	230	180	120	50	80
<b>Sample</b>	35	25	25	10	15
<b>No of responses</b>	25	19	15	6	12
<b>Response Rate</b>	71%	76%	60%	60%	80%

### 4.3 RESULTS AND DISCUSSION

The following section addresses the first specific objective which seeks to establish CSR practices that are currently in use at ZESA. The hypothesis that ZESA Holdings has commendable CSR practices was tested.

#### 4.3.1 CSR Practices Currently in Use at ZESA

ZESA Holdings, being the parent company, is where a CSR strategy should originate from for it to trickle down through its subsidiaries. ZESA Holdings should be the originator as well as the overall custodian of the organization's strategy from which each of the companies adopt and adapt their own strategies in line with the nature of their operations. Whilst this is the ideal, results from this study show that the situation obtaining on the ground is quite different. Table 4.2, below presents the results obtained when respondents were asked about the presence of a CSR strategy within their organization.

**Table 4.2: Existence of a strategy for CSR activities in the organization**

	ZESA HOLDINGS	ZETDC	ZENT	POWERTEL	ZPC	TOTAL
<b>Yes</b>	0	13	21	17	40	18
<b>No</b>	67	58	63	67	27	56
<b>Not sure</b>	33	29	16	17	33	26
<b>Total</b>	100	100	100	100	100	100

Overall, the results show that most of the companies investigated did not have strategies for CSR activities. More than half (56%) of the respondents across all subsidiaries indicated that their organization did not have a CSR strategy whilst 26 % of them were not sure (Table 4.2). Only 18% indicated that their companies had a strategy for CSR. An interesting observation was that all the ZESA Holdings

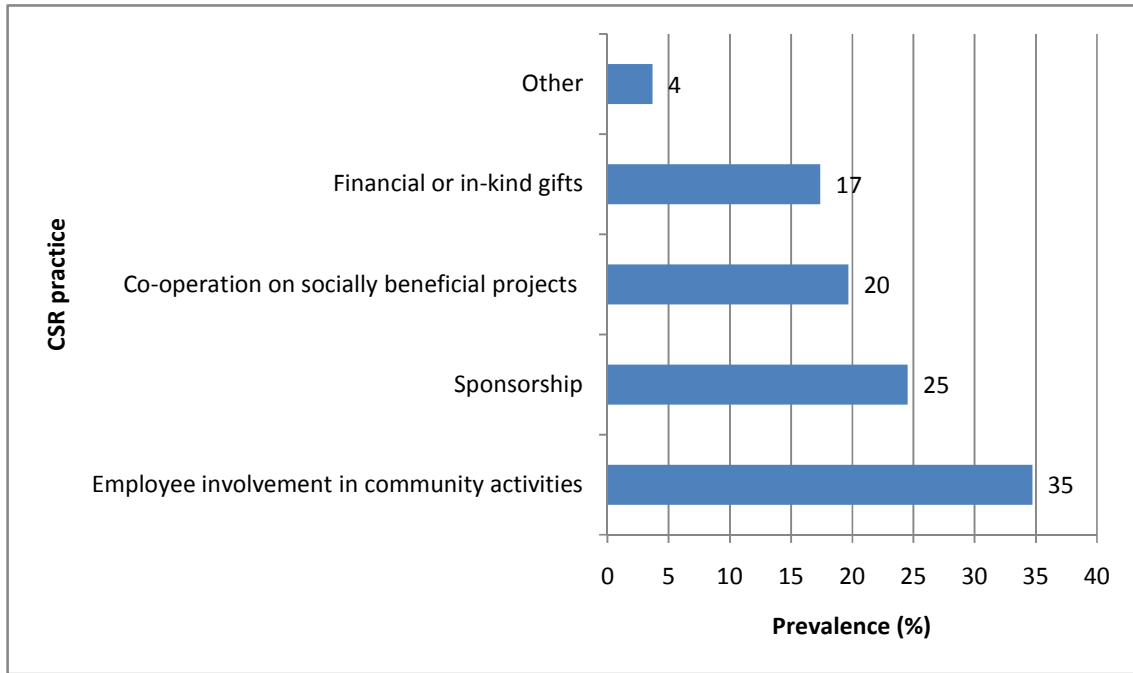


employees indicated that a CSR strategy did not exist. On the other hand, except for ZPC where the majority (40%) indicated that a CSR strategy exists, the majority of respondents from the rest of the companies reported that a CSR strategy did not exist (Table 4.2). Overall, a significant proportion (26%) were not sure whether a CSR strategy exist or not, which for the purpose of this study, was classified as a bad situation because one can't implement what one does not know. Results from individual interviews corroborated the questionnaire findings, with the majority of them confirming that ZPC is the only subsidiary company with a comprehensive and well-executed CSR strategy, due to the nature of their operations hence the reflection of such in their responses and the high proportion of respondents in the affirmative.

Notwithstanding the observation that the majority of respondents indicated absence of written CSR strategies, it was observed that all the companies under study are actually implementing a number of CSR strategies (Figure 4.1). Ad hoc implementation of activities without a definite plan/strategy is counterproductive as the company is not able to monitor and evaluate progress. It's more like these CSR activities are implemented as by-products, or side activities without any direct conscious planning for those activities.

The majority of the respondents (35%) indicated that the organisation sends out its employees to get involved in social/community activities on behalf of the company. Examples given under this practice were the numerous occasions when ZESA employees on behalf of their organisation participated in the cleaning of the streets of Harare on the World Environment Day. This was followed by sponsorship of social activities outside the company given by 25% of the respondents. Twenty percent of the respondents showed that ZESA co-operates with other parties such as the non-profit sector, public sector and other private companies on socially beneficial projects. An example given was the participation of ZESA employees together with other organizations in planting trees on the annual National Tree Planting Day. Financial or in kind gifts on an ad-hoc basis or once only was also given by 17% of the

respondents as another CSR practice. The building of schools by ZPC in some of the areas it operates was given as an example.



**Figure 4.1: External Social Activities supported by ZESA**

The observed CSR practices fall into two categories: those targeting other parties or stakeholders outside the organisation such as customers, immediate communities and sometimes the society at large and those that directly target ZESA employees and sometimes trickling down to their immediate and extended families. Practices targeting stakeholders outside the organisation were further divided into two: practices where the organisation gives out its other resources, not necessarily financial but also including financial resources in support of social activities as shown in Figure 4.1 The study went further to reveal each of the subsidiary company's involvement in these outside social activities. Table 4.3, below shows the responses from the different companies for each of the out of the organisation CSR activities.

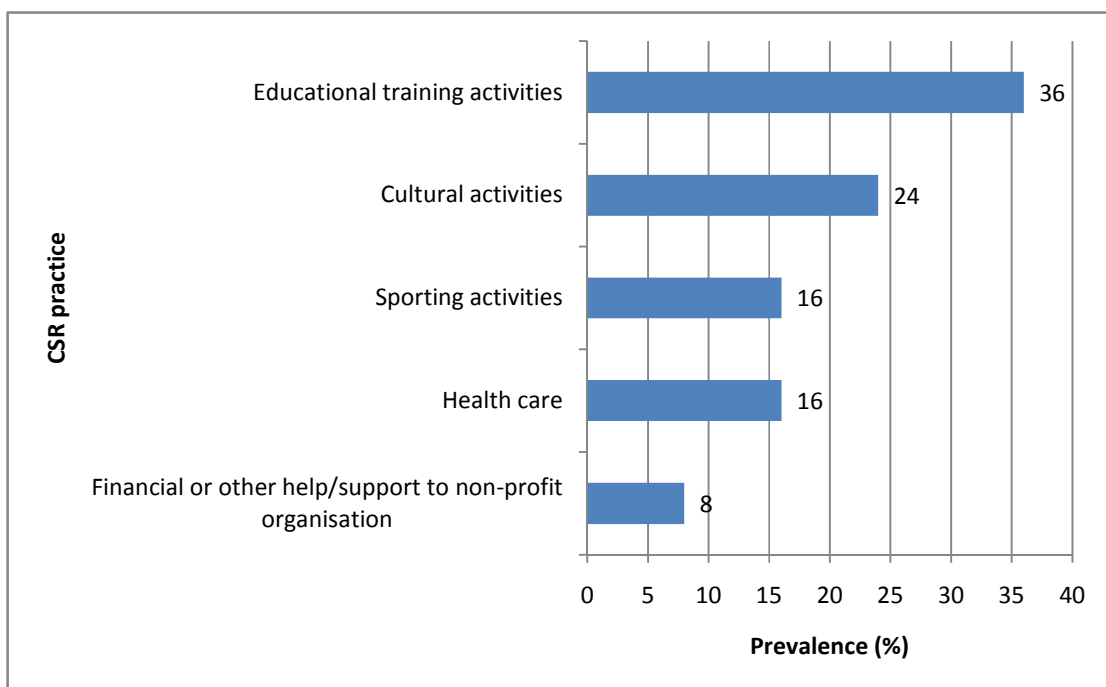
**Table 4.3: External social activities supported by ZESA**

	ZESA HOLDINGS	ZETDC	ZENT	POWERTEL	ZPC
Community activities	36	38	28	43	29
Sponsorship	14	25	31	29	24
Co-operation on socially beneficial projects	14	25	19	29	12
Financial or in-kind gifts	36	-	22	-	29
Other	-	13	-	-	6
Total	100	100	100	100	100

Resonating with results for the whole ZESA sample, employee involvement in social/community activities on behalf of the organisation came out as was one of the most given response at 4 of the 5 subsidiary companies with the following respondents percentages within each company; ZESA Holdings (36%), ZETDC (38%), Powertel (43%) and ZPC (29%). It had the same respondent percentage (36%) with financial or in-kind gifts at ZESA Holdings, the same applied to ZPC with 29%. It was only at ZENT where at 29% it preceded sponsorship at 31%. ZESA Holdings had the highest respondent response (36%) giving financial or in-kind gifts on an ad-hoc or once only basis. This may be understandable given that this is the umbrella body under which the 4 subsidiaries fall and is responsible for all strategy for same, including CSR strategy . It is possible that ZESA Holdings is trying to fulfill its CSR mandate according to the European Commission (2006), where CSR is seen as going outside the company into the local community and involving stakeholders such as business partners, suppliers, customers, public authorities and NGOs that representing local communities as well as the environment.

The other category of outside activities involved the company giving out solely financial resources towards an activity that benefit other parties and stakeholders and

not employees. CSR practices shown in Figure 4.2 below shows some of these activities. The majority of respondents (36%) indicated that educational and training of individuals who are not ZESA employees is one CSR practice. This was followed by financial resources channeled towards cultural activities (24%), sporting activities (16%) tied with health care and the least at 8% was financial or other help/support to non-profit organisations.



**Figure 4.2: Outside activities supported by ZESA**

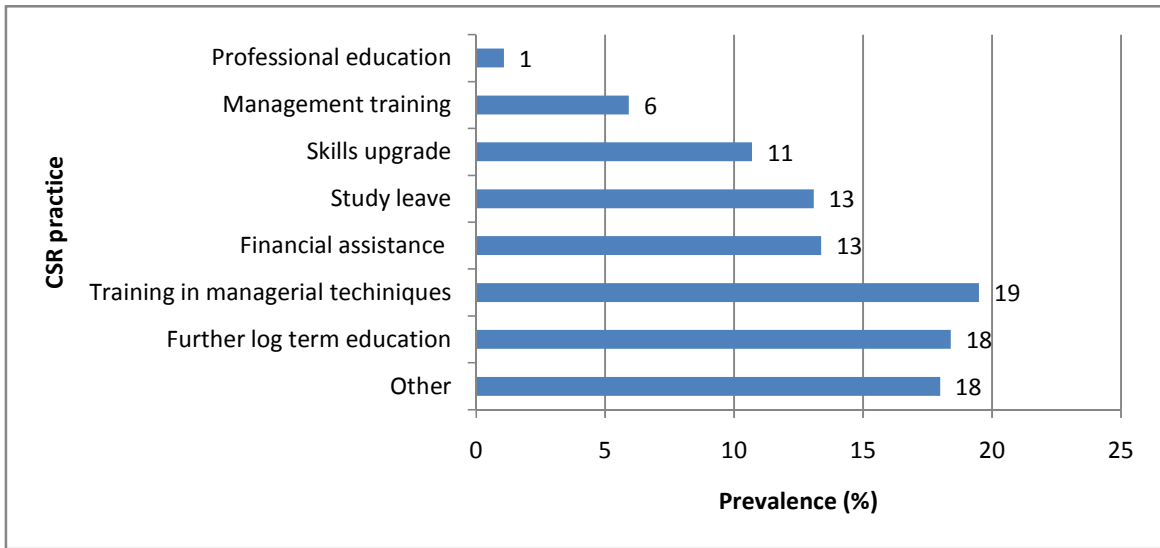
The same practices were also further unpacked to show the involvement of each of the ZESA subsidiaries as shown in Table 4.4 below.

**Table 4.4: External activities supported by ZESA**

	ZESA HOLDINGS	ZETDC	ZENT	POWERTEL	ZPC
Health care	0	11	20	0	20
Financial or other help/support to non-profit organisation	0	0	0	0	40
Cultural activities	0	33	20	0	20
Educational training activities	100	44	30	0	20
Sporting activities	0	11	30	0	0
Total	100	100	100	0	100

All the respondents sampled at ZESA Holdings gave educational and training activities as the only CSR practice they are aware of. The same CSR practice was given by the majority of respondents at ZETDC (44%) and at ZENT (30%) where it was tied with sporting activities. Respondents from Powertel indicated that none of these activities are undertaken by their subsidiary, whilst financial or other help or/support to non-profit organisation was in the highest majority of responses at 40% for ZPC. This highest percentage was explained during interviews when it was revealed that ZPC by virtue of the negative impact of their activities in environments they work in, is involved in a number of activities with other organisations to rehabilitate the areas they would have worked in. They also have a mandate to carry out an Environmental Impact Assessment before the implementation of projects.

For practices targeted at ZESA employees or inside organisation practices, most had to do with further education of the employee as shown in Figure 4.3, below:



**Figure 4.3: Forms of employee further education supported by ZESA**

The most common response at 19% was training in managerial techniques. Further long term education where an employee was supported to ensure they go through secondary/high school, university, and post-graduate education tied with other closely came second at 18%. Study leave and financial assistance were tied at 13%, followed by skills upgrade at 11% and professional education at 1%. The researcher was a beneficiary of these practices during the course of this research study. She was offered study leave to ensure the smooth completion of her studies.

Table 4.5, below shows the relationship between employee position and forms of further education provided by ZESA as part of their CSR initiatives. Within employee positions, 21% of those in senior management indicated that employees benefit through financial assistance and in furthering long term education. Apparently for both practices responses are in the majority when compared to the same in the lower employee positions except where further long term education ties under senior employee. Most respondents in the junior employee category at 18% for each practice showed employees benefit through financial assistance and further long term and these responses are higher than those given under middle management at 15% and 21% respectively.

**Table 4.5: Forms of employee further education versus employee position**

	<b>Senior management</b>	<b>Middle management</b>	<b>Senior employee</b>	<b>Junior employee</b>
<b>Financial assistance</b>	21	15	15	18
<b>Further long term education</b>	21	17	21	18
<b>Management training</b>	18	20	22	16
<b>Professional education</b>	21	17	9	10
<b>Skills upgrade</b>	4	13	12	13
<b>Study leave</b>	11	12	13	16
<b>Training in managerial techniques</b>	4	7	7	10
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The highest number of responses (22%) came from the senior employee category who indicated that employees benefit through management training whilst the lowest response at 4% each came from the senior management category for skills upgrade and training in managerial techniques practices. A possible explanation could be that those in senior management are recruited based on their experience, skills and qualifications and cannot go through the same again on the job. This statement corroborates when responses are compared with same given under junior employee category where practices were given by 13% and 10% respectively. This category comprises of the least educated employees within the organisation who have to go through a number of further forms of education for them to rise.

Further investigation was also done to bring out the involvement of each subsidiary's involvement in these activities. The following Table 6 shows the results of the investigation within the company.

**Table 4.6: Forms of employee further education supported by ZESA**

	<b>ZESA HOLDINGS</b>	<b>ZETDC</b>	<b>ZENT</b>	<b>POWERTEL</b>	<b>ZPC</b>
<b>Professional education</b>	15	11	24	19	22
<b>Management training</b>	15	21	15	25	16
<b>Skills upgrade</b>	21	21	13	19	24
<b>Study leave</b>	18	12	17	6	14
<b>Financial assistance</b>	9	11	13	25	8
<b>Training in managerial techniques</b>	15	18	11	0	10
<b>Further long term education</b>	9	6	2	6	6
<b>Other</b>	0	1	4	0	0
<b>Total</b>	100	100	100	100	100

Skills upgrade was the most given response at ZESA Holdings and ZETDC at 21% where it was tied with management training. Twenty-four percent of the respondent at ZENT, which was the majority, indicated professional education. Respondents at ZPC gave skills upgrade as the most common response at 24% whilst at 22% management training came highest at POWERTEL where it was tied with financial assistance. A respondent from ZENT who indicated other went on to explain that whilst all these practices are supposed to be equally available to all ZESA employees regardless of subsidiary, the mine at Hwange which falls under ZPC has precluded employees from other subsidiaries from benefiting. This may be best understood in the context that mining involves engaging in high-risk activities below and above ground hence the need to have personnel well-equipped with required skills and training.

Findings from individual interviews also showed that CSR practices targeted at employees are not geared towards further education only. It was revealed that ZESA



sponsors sporting competitions for employees. This is an annual event for recreational purposes and is open to all employees where they mingle and compete in various disciplines of sport regardless of employee position. The organisation also avails company chalets in Nyanga and Victoria Falls for retreat by employees and their families. ZESA also provides healthcare by contributing a given percentage towards employee medical aid schemes. The same applies to funeral policy covering the immediate family and sometimes the extended family. In partnership with a local bank, the organisation has a revolving fund. Employees can dip into this fund at any time to take care of personal financial commitments. In addition to that the organisation has a loan facility for employees interested in buying real estates.

Data presented and discussed clearly brings out that although ZESA as an organisation does not have a comprehensive CRS charter, across all subsidiaries there is a proportion of employees, regardless of size, who are aware of some forms of CSR initiatives within their organisation. It also came out that implementation of CSR practices among subsidiaries depends on the nature of the subsidiary's operations. Data also brought out the forms of CSR activities currently ongoing in ZESA. These were divided to show two categories: those directly targeting the employees and those meant for other stakeholders outside the organisation.

The following section explores the second specific objective seeking to establish the engagement and prioritization of stakeholders regarding CSR issues by ZESA. The hypothesis that current practices and prioritization of stakeholders by ZESA, does not reflect the importance of CSR is explored. Most of the results presented in this section were gleaned largely from secondary data, individual interviews of key informants and to an extent, personal observation by the researcher.

#### **4.3.2 Engagement and Prioritisation of Stakeholders**

In this instance, engagement refers to the different platforms that ZESA uses to communicate with its various stakeholders within and outside the organisation. The

researcher supposes that the manner in which each of these groups are engaged was used to give an idea of how the company prioritizes its stakeholders.

ZESA is a public company, thus, has a mandate to inform its shareholders of any activities, future or ongoing. This is done at board meetings and annual general meetings or any other meetings that may call for such. Dialogue in this instance is always used. Newspapers and electronic media may also be used to inform shareholders of impending activities. As earlier mentioned, ZESA is a strategic company within the country. The government has a stake in the organisation and in some instances actually directs activities and ways in which operations are to be undertaken. This lack of corporate governance as well as ZESA's continued monopoly has a large influence on not only the running of the organisation but also the proper engagement and prioritization of stakeholders. This as well as ZESA's continued monopoly in the energy sector results in a situation where prioritization of stakeholders is improperly done. In meetings with government as well as with suppliers and business partners dialogue is also used.

Within the organisation and amongst its subsidiaries, periodic meetings between management as well as management and lower employees are held. The Human Resources Department is also responsible for articulating CSR issues to employees through periodic meetings. Again dialogue is always used in such meetings. The organisation also has a circulating monthly magazine called the Megawatt. It informs all employees of impending activities and operations, recreational activities, awards, organizational accomplishments etc. The organisation also has a Public Relations office responsible for maintaining a good image of the company by handling complaints as well as articulating CSR issues to the general public. It is the same office responsible for raising awareness of ZESA's activities through public meetings and electronic media to the customers. Recently, the organisation held awareness campaigns on the use of pre-paid meters and energy saver bulbs to groups of domestic customers around Harare and actually gave out some bulbs for free. However, these are only done when the need arises, thus are far in-between.

In areas where operations are to be undertaken, especially for projects under ZPC, the organization's marketing department together with relevant stakeholders carries out local community consultations, where inhabitants and local leadership make an input towards processes during the Environmental Impact Assessment (EIA) stage. Relevant authorities are engaged so that they make their inputs too. The organisation has Environmental Management Agency officers seconded to their activities and thus are available whenever needed. Again in these instances, consultations, dialogue and collaborations are used to engage stakeholders. However, projects requiring EIA are normally large-scale and again infrequent.

In summary data brought out the various ways in which ZESA engages and prioritizes its stakeholders. These range from dialogue, the frequent they highly prioritized the stakeholder, awareness campaigns through public meetings, newspapers and electronic media, a monthly circulating internal magazine, the presence of human resources for employees and collaborations and consultations with external stakeholders.

The following section looks at the third specific objective that seeks to establish employee perception on benefits that ZESA may obtain from engaging in CSR practices.

### **4.3.3 Employee Perception of Benefits to ZESA**

To infer and understand perception of benefits to be derived through engaging in CSR practices, an employee has to have some background knowledge, scant or in-depth, on what CSR entails. Table 4.7 below shows the responses given on enquiring if employees had some knowledge about CSR prior to being introduced to this research study.

**Table 4.7: Awareness of CSR issues before introduction to this study**

	<b>ZESA HOLDINGS</b>	<b>ZETDC</b>	<b>ZENT</b>	<b>POWERTEL</b>	<b>ZPC</b>	<b>Total</b>
<b>Yes</b>	83	68	79	86	81	79
<b>No</b>	17	32	21	14	19	21
<b>Total</b>	100	100	100	100	100	100

For the overall sample across covering all ZESA subsidiaries, 79% of the employees had heard about CSR before reading this questionnaire. Within companies, Powertel had the highest number of respondents in the affirmative, followed by ZESA Holdings at 83%, ZPC at 81%, ZENT with 79% and ZETDC with the least at 68%. It is understandable that ZESA Holdings as the umbrella company where CSR strategies are originated should have a high percentage of employees who are aware of CSR. The same applies to ZPC where it was earlier alluded to in one interview that of all ZESA subsidiary companies it has the strongest CSR component due to the nature of its operations.

Further, an employee should have an appreciation of the importance of CSR for them to realize the benefits that accrue to their organisation as a result of engaging in CSR initiatives. To that end, respondents were asked to show the level of importance for ZESA to be socially responsible and behave ethically towards the environment and its community of which Table 4.8 below presents responses given.

**Table 4.8: Importance of ZESA’s CSR practices**

	<b>ZESA HOLDINGS</b>	<b>ZETDC</b>	<b>ZENT</b>	<b>POWERTEL</b>	<b>ZPC</b>	<b>TOTAL</b>
<b>Very important</b>	18	48	23	33	53	35
<b>Important</b>	36	30	23	33	20	29
<b>Not sure</b>	9	9	14	17	13	12
<b>Less important</b>	36	9	18	17	13	19
<b>Not at all important</b>	0	4	23	0	0	5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Across all ZESA subsidiaries, the majority of respondents at 35% indicated that it is very important for ZESA and its subsidiaries to be socially responsible and behave ethically towards the environment and its community. Following is 29% of respondents who believe that it is important for ZESA to engage in CSR initiatives. This means that 65% of the respondents to a varying scale realize the importance of engaging in CSR initiatives. Twelve percent of respondents were not sure whilst 19% felt that it was less important and 5% indicated that it was not at all important. Within subsidiary companies, ZPC, mostly for earlier alluded reasons leads with the highest majority of respondents who believe that it is very important at 53%; this is followed by ZETDC with 48% who feel the same, then Powertel with 33%, ZENT at 23% and lastly ZESA Holdings at 18%. It is interesting to note that of this smallest percentage of respondents who felt that it is very important for ZESA to engage in CSR initiatives, ZESA Holdings has the highest proportion of respondents who felt that it is just ‘important’ at 36%. As the umbrella company responsible for originating the organization’s CSR strategies this may be an indication of the degree to which the organisation regards CSR initiatives. This is followed by Powertel at 33%, ZETDC

with 30% and ZENT at 23%. Only ZETDC at 4% and ZENT were the two subsidiaries whose employees indicated that it was not important at all for ZESA to engage in CSR practices. Of the two ZENT had the highest number of respondents at 23% giving that response. Just as under ZPC, this may also be understood when looking at ZENT's operations. It is almost one of the subsidiaries whose activities are not regulated by the government and mostly offers services with to a higher extent some production component.

The study went on to enquire from respondents the perceived direct major benefits that may accrue to ZESA regarding socially responsible behavior towards its employees. Responses to this enquiry are presented in Figure 4.4 below. The majority of respondents (21%) from the overall sample representing all ZESA subsidiaries indicated socially responsible behavior result in the recruitment of new qualified staff. This was closely followed by increased current employee loyalty through reduction of staff turnover/fluctuation and improved customer satisfaction and improved relations with business partners and investors with 19% and 18% respectively. Coming after that was improvement of employees' job satisfaction with 15%, improvement in customer satisfaction with 14% and improvement of economic performance of the company through cost reduction and sales increase etc with 12%.

The fact that ZESA holds a monopoly in production of electricity in Zimbabwe may help explain respondents' belief that customer satisfaction is not important to the organisation hence the lowly 14% proportion of respondents giving it as a benefit. Customers, satisfied or not will continue buying electricity from ZESA, After all they have comparable and affordable alternatives. The belief and evidence in literature (Thorne *et al*, 2003), that suggests that customer satisfaction is one key component to an organization's economic performance is thus defeated. Improvement of economic performance of the organisation received the lowest proportion of respondents' maybe due to the fact that ZESA as an organisation is strategic and therefore government regulated. That fact to an extent takes away the need to adhere to economic performance targets.

**Figure 4.4: Perceived major benefits to ZESA through engaging in CSR**



Responses from key respondents interviewed within ZESA Holdings and its subsidiary companies are presented in Table 4.9 below:

At ZESA Holdings, increase in employee loyalty got the majority responses at 33%, followed by increase in employee job satisfaction with 25% and recruitment of qualified staff with 17%. Improvement in relations with business partners and investors, improvement in customer satisfaction and improvement in company economic performance each were given as a benefit by 8% of the respondents.

**Table 4.9: Perceived major benefits to ZESA**

	ZESA HOLDINGS	ZETDC	ZENT	POWERTEL	ZPC
<b>Recruitment of qualified staff</b>	17	18	26	31	15
<b>Increase in employee loyalty</b>	33	18	22	8	15
<b>Increase in employee job satisfaction</b>	25	18	15	0	19
<b>Improvement in relations with business partners and investors</b>	8	12	15	23	33
<b>Improvement in customer satisfaction</b>	8	18	19	15	11
<b>Improvement in company economic performance</b>	8	18	4	23	7
<b>Total</b>	100	100	100	100	100

A closer look at all these given responses from sampled employees at ZESA Holdings displays a pattern showing the level of importance of the company's customers, the company's performance, its business partners and investors and the employee to the respondents. Benefits to do with the employee have the highest proportion of responses, hence showing the importance of the employee to the company. However the treatment of customers as the same with results from the whole organisation. It is possible that attitude towards customers shown ZESA's Holdings as the umbrella is reflected in all its subsidiaries.

A different situation is shown at ZETDC where all the benefits, except one, were each given by 18% of the respondents. Improvement of economic performance of the company got the lowest proportion with 12%. The majority of respondents (31%) at Powertel indicated recruitment of new qualified staff. This can be explained in the context of their operations. Powertel is into electronics and communication; hence



require the recruitment of highly qualified staff to carry out their mandate. Other major benefits given are improvement in relations with business partners and investors and improvement of economic performance of the company tied at 23% and improvement in customer satisfaction at 15%. Increase in current employee loyalty was given by 8% whilst no one at Powertel believed that employee job satisfaction was a benefit to be derived through engaging in CSR initiatives.

Sampled employees at ZPC placed their importance at improvement in relations with business partners and investors hence that benefit getting the majority responses at 33%. Of all ZESA subsidiaries, this is the company tasked with production aspect of electricity from coal and water. Their operations are heavily dependent on business partners and investors, hence their realization of this and its reflection in their responses. Improvement of employees' job satisfaction (19%), recruitment of new qualified staff (15%) and increase in employee loyalty (15%), improvement in customer satisfaction (11%) followed with improvement of economic performance of the company having the least proportion of respondents at 7%.

A pattern also emerges from these results, where respondents from the company placed the most importance on benefits that have a direct impact on their operations which are highly dependent on investors and business partners. This is followed by benefits to do with the employee, whilst benefits to do with the customer and company get the least importance in that order.

Respondents from ZENT placed the most importance on recruitment of new qualified staff (26%). The explanation given for the same pattern at Powertel applies to this company as well. Among other functions, the company is in charge of projects and some aspects of production and requires the recruitment of highly qualified staff in order to efficiently carry out their operations. Increase in current employee loyalty (22%), improvement of employees' job satisfaction and improvement in relations with business partners and investors each with 15%, improvement in customer satisfaction (19%) followed with improvement of economic performance of the company had the least proportion of responses at 4%.

A look at the relationship between employee level within the organisation and ability to point out a perceived benefit, regardless of subsidiary company, revealed the findings presented in Table 4.10 below:

**Table 4.10: Perceived major benefits to ZESA through engaging in CSR versus employee level**

	<b>Senior management</b>	<b>Middle management</b>	<b>Senior employee</b>	<b>Junior employee</b>
<b>Recruitment of qualified staff</b>	17	17	27	13
<b>Increased employee loyalty</b>	17	22	24	13
<b>Increased employee job satisfaction</b>	11	13	8	33
<b>Improved relations with business partners and investors</b>	17	22	16	25
<b>Improved customer satisfaction</b>	28	13	19	4
<b>Improved company economic performance</b>	11	13	5	13
<b>Total</b>	100	100	100	100

The majority (28%) of senior managers indicated that engaging in CSR practices results in improved customer satisfaction. For middle management the majority (22%) believed that engaging in CSR increased employee loyalty and improved relations with business partners and investors whilst the majority of senior employees (27%) believed the major benefit is recruitment of new qualified staff. Junior employees with the highest majority (33%) felt that engaging in CSR results in increased employee job satisfaction. The benefits with the least proportion of

responses are increased customer satisfaction given by junior employees and improved company economic performance given by senior employees at 4% and 5% respectively. These results show that the ability to pin-point the most important perceived benefit by an employee depends on the position held within the organisation.

A comparison of perceived major benefits compared to length of employment revealed the information presented in Table 4.11 below.

**Table 4.11: Perceived major benefits to ZESA compared to length of service**

	<b>&gt; 1 year</b>	<b>1-3 years</b>	<b>4-6 years</b>	<b>7-9 years</b>	<b>&lt; 10 years</b>
<b>Recruitment of qualified staff</b>	14	22	25	17	19
<b>Increased employee loyalty</b>	43	22	13	21	16
<b>Increased employee job satisfaction</b>	29	9	25	13	16
<b>Improved relations with business partners and investors</b>	0	17	31	25	16
<b>Improved customer satisfaction</b>	14	17	0	17	22
<b>Improved company economic performance</b>	0	13	6	8	13
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

For employees who have been with the organisation for 10 or more years, importance of benefits was almost evenly spread out through all benefits, with proportion of responses ranging between 16-22% with 13% given to improved company economic performance being the only outlier. This is in contrast to employees who have been with the organisation for less than a year. For this category, almost half of them, the majority of responses at 43% indicated that

engaging in CSR results in increased employee loyalty through reduction of staff turnover/fluctuation. It is probable that their response was guided by the very short period they had been with the organisation when they would like to be with the organisation for a long time. No one in the same category of employees believed that engaging in CSR initiatives could translate to improved relations with business partners and investors and company economic performance. These results again show that the ability to point out an important benefit is dependent on the tenure of the employee.

In summary the discussion above was able to point out some of the benefits perceived by employees that are brought about through engaging in CSR practices. Data collected also showed that although employees could come up with perceived benefits, the nature of benefits highlighted were dependent on factors such as tenure and position.

This last section of the chapter addresses the last specific objective which seeks to establish employee perception on Corporate Social Responsibility practices that would enhance ZESA's image. The hypothesis that employees have a good perception of CSR practices that would enhance ZESA's image was tested.

#### **4.3.4 Employee Perception of CSR Practices that would enhance ZESA's Image**

This research puts forward that for an employee to come up with possible CSR practices that would enhance his organization's image, he should be in a position to identify amongst the organization's stakeholders within and outside the way in which each of these groups of people are affected or influenced by the organization's CSR initiatives. This is premised on the fact that it is mostly those who are negatively affected by the organization's CSR initiatives who taint its image whilst on the other hand efforts should continue to ensure that groups positively affected maintain the status quo. Table 4.12 below presents the groups of people and the way they are affected or influenced by ZESA's CSR.

**Table 4.12: Effects of ZESA's CSR practices to various groups**

	<b>Positive</b>	<b>Negative</b>
<b>Employees</b>	21	4
<b>Competitors</b>	5	4
<b>Customers/Buyers</b>	7	12
<b>Public administration</b>	0	8
<b>Suppliers</b>	7	8
<b>Shareholders</b>	5	3
<b>Community of the company</b>	6	8
<b>Total (%)</b>	<b>52</b>	<b>48</b>

The majority (21%) of the sampled respondents across all subsidiaries indicated that ZESA employees are positively affected or influenced. Whilst this may be the majority of all responses, the researcher still believes that this gives a bad image of ZESA's CSR as the remaining percentage (78%), slightly above three-quarters of the sample, believe that employees are affected or influenced in a negative way. This supposition is premised on the belief by some respondents interviewed that a company's image reflects its employee's attitudes towards work and their way of doing business. Both responses for the rest of the groups comprising of customers, public administration, suppliers, shareholders and the community of the company have proportions ranging between 0 to 9% except for customers with 12% respondents who believed that they are negatively affected. All groups of in the table in one way or another contribute to the overall image of ZESA and the fact that they are positively affected in a very small way means that ZESA has to do a lot of work in sprucing up its image.

In line with the allusion to the contribution of an employee to the overall organizational image, it follows that it should be the employee first to be satisfied with his organization's CSR initiatives for him to project a favourable image to the outside

world. Responses from sampled ZESA employees on their level of satisfaction with current contribution of CSR are shown in Table 4.13 below.

**Table 4.13: Employee satisfaction with current contributions of CSR**

	ZESA HOLDINGS	ZETDC	ZENT	POWERTEL	ZPC	TOTAL
<b>Very satisfied</b>	0	4	0	0	0	<b>1</b>
<b>Satisfied</b>	8	9	16	40	7	<b>16</b>
<b>Not sure</b>	33	22	37	40	33	<b>33</b>
<b>Not satisfied</b>	42	52	47	20	33	<b>39</b>
<b>Not at all satisfied</b>	17	13	0	0	27	<b>11</b>
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Only 16% and 1% of the respondents were respectively satisfied or very satisfied with the current contribution of CSR, meaning that the remaining 83% had some issues. Of these 33% were not sure, 39% not satisfied and 11% not at all satisfied? Within subsidiary companies, at ZESA Holdings, only 8% were satisfied whilst 33% were not sure, 42% not satisfied and 17% not at all satisfied. The situation was slightly different at ZETDC where 52% of the respondents were not satisfied whilst 22% were not sure, 13% were not at all satisfied and a further 13% were both satisfied and very satisfied. At ZENT, Powertel and ZPC no one (0%) was satisfied, whilst 16%, 40% and 7% were respectively satisfied at the same companies. Whilst 27% were not satisfied at all, no one (0%) gave that response at ZENT and Powertel. The very low proportion of respondents showing that they are either satisfied or very satisfied with the current contribution of CSR is a possible indicator to the need for ZESA to start redressing organizational image from within or its own employees.

Respondents also felt that one way for ZESA to improve its image is through working with local communities. Table 4.14 below shows the areas in which ZESA can contribute effectively to improve local community issues.

**Table 4.14: Areas where ZESA can contribute to improve local community issues**

<b>CSR initiative</b>	<b>%</b>
Health	22
Education	21
Safety	25
Environment	19
Poverty reduction	11
Culture	2
<b>Total (%)</b>	<b>100</b>

As a way of improving organizational image, the majority of respondents (25%) believe that ZESA should look into the safety of local communities. This is understandable given that electrocution due to employee negligence has caused a number of deaths recently mostly in urban areas. Twenty-five percent of the respondents felt that ZESA should contribute towards health in the local community. Education is also another area which 21% of the respondents felt ZESA should contribute towards in the local community as a way of improving its image. Closely following is the environment with 19%, poverty reduction with 11% and culture with the least proportion of respondents at 2%. It is quite apparent that apart from safety and the environment, health, education, culture and poverty reduction apparent should be funded from the fiscus. Therefore the responses display a real need by communities which ZESA can meet and redress their image in the process.

Respondents also felt that another way for ZESA to improve its image, would be to measure and evaluate their social and environmental activities and communicate these to their stakeholders within and outside the organisation. This can be supported by earlier sections alluding to a situation where at ZPC some employees are well-appraised of the company's CSR strategy and initiatives but some employees within the same company are not, still not aware of such. It certainly would improve ZESA's image if all CSR initiatives are measured, evaluated and communicated to necessary parties. Table 4.15 shows the responses given on investigating if company CRS related activities are measured and evaluated.

**Table 4.15: Measurement and evaluation of CSR activities**

	<b>ZESA HOLDINGS</b>	<b>ZETDC</b>	<b>ZENT</b>	<b>POWERTEL</b>	<b>ZPC</b>	<b>TOTAL</b>
<b>Yes</b>	27	36	17	0	27	21
<b>No</b>	47	52	44	67	47	51
<b>Not sure</b>	27	12	39	33	27	28
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Across all ZESA subsidiary companies, more than half of the respondents (51%) said that their organisation did not measure and evaluate CSR related activities, to add to that is the 28% who were not sure if this happened in their organisation. Only 21% said that their organisation measured and evaluated CSR related activities. This is unfortunate as it is reflected within the companies like ZPC, which despite having the strongest CSR initiatives amongst all subsidiaries, almost half respondents (47%) indicated that their company did not measure or evaluate such. In essence, this points to a situation where ZPC as well as the whole ZESA entity is losing out through bad image when they have some commendable ongoing activities that would enhance their image if properly measured, evaluated and communicated to all. At



Powertel, no one (0%) indicated that their company measured and evaluated CSR related activities, at ZESA Holding almost half of the respondents (47%) said that their company did not whilst at ZENT almost the same proportion (44%) gave the same response. These results show that although some of ZESA subsidiaries have some ongoing CSR related activities; these are not measured or evaluated at all.

Findings from interviews revealed that the absence of a business code of conduct in which a comprehensive CSR charter is enshrined should be the starting point for ZESA. At the moment, the organisation has no such charter and where there is little that is being done, CSR related initiatives are scattered over some subsidiaries whilst others are not bothered at all. Worse still, respondents pointed out, ZESA Holdings the umbrella company, instead takes a back seat when it should be at the forefront in a supervisory role to ensure that proper application and implementation of the code of conduct happens throughout all its subsidiaries. This results in a situation where application where it is done, is inconsistent and on an ad hoc basis and no measurement or evaluation of activities is done or documented for future reference as well as to inform stakeholders.

#### **4.4 CHAPTER SUMMARY**

To summarize the section above, although data were able to bring out some of the perceived practices that would enhance ZESA's image, it also came out that the effort to improve and enhance its image should start from within the organisation starting with a CSR strategy, followed by monitoring its application and implementation by all subsidiaries, measuring and evaluating results of implemented activities, ending with documentation and effective communication of the results to all concerned stakeholders.

## **CHAPTER 5**

### **5.0 CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

The previous chapter presented data and tested objectives and corresponding hypotheses. In this chapter, key findings of the study were reviewed and conclusions derived from the results of the study discussed. The chapter also makes policy recommendations on some important and pertinent issues regarding the CSR issues at ZESA.

#### **5.2 KEY FINDINGS, INSIGHTS AND CONCLUSIONS FROM DATA ANALYSIS**

Although ZESA as an organisation does not have a comprehensive CRS charter, across all subsidiaries there is a proportion of employees, regardless of size, who are aware of some forms of CSR initiatives within their organisation. The forms of CSR practices currently in use at ZESA were divided into two categories.

The first category comprised of internal activities i.e. those practices targeted at the employee, which included incentives or some forms of support to ensure employees further their education such as professional education, management training, skills upgrade, study leave, financial assistance for fees, training in managerial techniques and further long-term education. The organisation also makes financial contributions towards medical aid schemes and funeral policies for employees and their families. Subsidized loans are also made available to employees to acquire properties and the organisation facilitated the setting up of a revolving fund facility for employee personal financial commitments. ZESA supports recreation in that employees have annual sports competitions and access to organisation facilities in resort areas for retreat with their families. However, there was also an indication that some subsidiary companies by virtue of the nature of their activities preclude others from benefiting from some of the CSR initiatives.

The second category targets external stakeholders, the organisation supports sporting, cultural and education and training activities, healthcare and offers financial or other support to non-profit organizations. Sometimes in co-operation with other parties or alone, the organisation sends out its employees to participate in social/community beneficial projects such as planting trees on the National Tree Planting Day and sweeping the streets of Harare on the World Environment Day. A particular subsidiary ZPC by virtue of its impact of the environment carries out EIA before starting projects and EMA officers are seconded to their activities.

The above data seems to cumulatively support the first hypothesis that ZESA has commendable CSR practices. However, it is the way practices are being implemented that is a problem. Data revealed that ZESA as an organisation does not have a comprehensive CRS charter but across all subsidiaries is a proportion of employees, regardless of size, who are aware of some forms of CSR initiatives within their organisation. It also came out that implementation of CSR practices among subsidiaries depends on the nature of operations. These two issues result in the organisation and stakeholders, employees included; failing to fully enjoy the full advantages of their CSR efforts.

Results seem to partially support the second hypothesis that engagement and prioritization of stakeholders by ZESA does not reflect the importance of CSR. Methods of engagement range from dialogue, awareness campaigns through public meetings, newspapers and electronic media such as websites, e-mail and television, a monthly circulating internal magazine, the presence of human resources for employees and collaborations and consultations with external stakeholders. Given that the frequency and method of engagement was used as a proxy to prioritization where the more frequent using dialogue in the interaction between ZESA and a stakeholder the higher that stakeholder is ranked. Whilst employees, shareholders, business partners and investors among others may be enjoying being properly engaged and ranked, this may not be so with customers and local communities within

which ZESA operates. Engagement is infrequent and only happens when ZESA feels the need yet these are the very groups of people who have to fund ZESA's activities through payment of electricity tariffs. ZESA's monopoly and strong central government influence partly contribute to this situation.

Findings relating to the third hypothesis that employees have a good perception of benefits that may accrue to ZESA through engaging in CSR practices seem to support it. Empirical data from the study shows that all sampled employees were able to point out at least one perceived benefit. Perceived benefits given included ability to recruit new qualified staff, increase in current employee loyalty, improvement of employees' job satisfaction, improvement in relations with business partners and investors, improvement in customer satisfaction and improvement of economic performance of the company. However, the nature of perceived benefits and its importance as given by the proportion of respondents is dependent on factors such as tenure, position within the organisation as well as the nature of operations of the subsidiary company to which a respondent belonged.

Results relating to the fourth hypothesis that employees have a good perception on CSR practices that would enhance ZESA's image seem to support it. Findings from the study show that employees were well-aware on practices that would result in the improvement of ZESA's image. Employees strongly felt that ZESA would enhance its image by intervening in the organization's local community through complementing the government in providing basic services. Data also show that any efforts to improve and enhance ZESA's image should start from within the organisation starting with a comprehensive and holistic CSR strategy, followed by monitoring its application and implementation by all subsidiaries, measuring and evaluating results of implemented activities, ending with documentation and effective communication of the results to all concerned stakeholders.

### **5.3 RECOMMENDATIONS**

Generally for CSR to work, an organisation should be operating in a free economic environment without external interference. In the case of ZESA, the government's influence and interference as well as its monopoly results in biased prioritization of stakeholders. This in turn biases the way in which CSR issues are prioritized resulting in the organisation as well as stakeholders failing to realize the full advantages of their CSR efforts. It would help if government's intervention in ZESA's operations were left to a minimal level, as a regulatory body only.

Employees couldn't have put it better when they pointed out that any efforts to improve and enhance ZESA's image should start from within the organisation starting with a comprehensive and holistic CSR strategy, followed by monitoring its application and implementation by all subsidiaries, measuring and evaluating results of implemented activities, ending with documentation and effective communication of the results to all concerned stakeholders.

Internally, data showed that implementation of CSR efforts is subsidiary specific. This should also be taken into account when crafting a strategy for the whole organisation as mentioned above.

### **5.4 AREAS OF FURTHER STUDY**

This research has only scratched the surface of CSR research in the energy sector in Zimbabwe. CSR is globally in its infant though it has matured faster in other countries especially in the developed world than in Africa. CSR Study can be expanded to cover wider areas and other specific industries in a developing economy like Zimbabwe. An area for future research could be to examine the relationship between corporate governance and CSR to establish if there is a convergence between the two practices and to find out how corporate governance reporting can be embedded into the CSR arena.

## **5.5 CHAPTER SUMMARY**

This chapter gives the conclusions of the research and highlights areas of further study. CSR is not fully implemented in the energy sector and at ZESA in particular. The relationship between Corporate Governance and CSR is an area that requires further research.

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## **APPENDIX**

### **A. The Questionnaire**

**UNIVERSITY OF ZIMBABWE**  
**GRADUATE SCHOOL OF MANAGEMENT**  
**QUESTIONNAIRE**

**RESEARCH TOPIC: ASSESSMENT OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES  
EMPLOYED BY ZIMBABWE ELECTRICITY SUPPLY AUTHORITY HOLDINGS AND ITS  
SUBSIDIARY COMPANIES**

My name is Tsitsi G Mubaiwa, an MBA final year student in the Graduate School of Management at the University of Zimbabwe. I am currently carrying out a research on Corporate Social Responsibility practices in the energy sector: A case of the Zimbabwe Electricity Supply Authority (ZESA) Holdings.

In partial fulfillment of the requirement for the Master in Business Administration Degree, a research has to be submitted to the Graduate School of Management of the University of Zimbabwe. The study will contribute to the body of knowledge that already exists at ZESA and recommendations made will assist management, staff, and Government to improve ZESA's corporate image. Hopefully, the research will also assist the organisation to be transparent and efficient.

I would be very grateful if you would spare some time to answer this questionnaire so that I get your views on corporate social responsibility.

In case of any question, please, do not hesitate to contact me.

I thank you in advance for your cooperation and your valuable time.

Contact information (addresses where you can send completed questionnaires):

Tsitsi Grace Mubaiwa

E-mail: tgmubaiwa@gmail.co.zw or tmubaiwa@zedc.co.zw

Mobile phone: +263 773 592 895

Corporate Social Responsibility refers to context-specific organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance, (Aguinis, Pierce, Bosco, Dalton & Dalton, 2011). Nowadays Corporate Social Responsibility (hereinafter also CSR) is constantly growing in its importance, particularly due to the fact that it represents a factor of further growth and sustainable development of enterprises.

### **SECTION A: General Questions**

Please tick [√] or fill in the appropriate answer

1. Please indicate the company you work for.

ZESA HOLDINGS	<input type="checkbox"/>	POWERTEL	<input type="checkbox"/>
ZETDC	<input type="checkbox"/>	ZPC	<input type="checkbox"/>
ZESA ENTERPRISES	<input type="checkbox"/>		

2. Please state your position in ZESA Holdings or its subsidiary companies.

Senior Manager	<input type="checkbox"/>	Middle Manager	<input type="checkbox"/>
Senior Employee	<input type="checkbox"/>	Junior Employee	<input type="checkbox"/>

3. For how long have you been employed by ZESA.

Less than one year	<input type="checkbox"/>	1 to 3 years	<input type="checkbox"/>
4 to 6 years	<input type="checkbox"/>	7 to 9 years	<input type="checkbox"/>
At least 10 years	<input type="checkbox"/>		

4. Have you ever heard about corporate social responsibility before getting this questionnaire?

Yes	No

**Section B : Corporate Social Responsibility engagements and priorities**

5. How important is it for ZESA Holdings and its subsidiary companies to be socially responsible and behave ethically towards the environment and its community?

Very Important	<input type="checkbox"/>
Important	<input type="checkbox"/>
Not Sure	<input type="checkbox"/>
Less Important	<input type="checkbox"/>
Not at all Important	<input type="checkbox"/>

6. Has your company prepared a strategy for socially and environmentally responsible activities

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>
Not Sure	<input type="checkbox"/>

7. Indicate in which way your company has supported social activities (do not include activities for or support to your own employees) (More answers allowed).

Sponsorship	
Financial or in kind gifts (ad-hoc or once only)	
Employee involvement in social/community activities (on behalf of the company)	
Cause related marketing	
Co-operation with other parties on socially beneficial projects (i.e non-profit sector, public sector, other private companies)	
The company does not support social activity	
Other	

If Other specify

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8. Indicate which have been the major drivers/motivators for your company for support of social activities and/or environmental activities if any (More answers allowed).

	Social	Environmental
Ethical reasons		
Tradition		
Improvement of relations with public administration (public/state authorities)		
Improvement of customer loyalty		
Improvement of relations with business partners		



and investors		
Improvement of employees' job satisfaction		
Improvement of positive image of the company		
Improvement of economic performance of the company (costs reduction, sales increase)		
Establishment and/or retention of competitive advantage		
Application/Implementation of business code of conduct		
Pressure from third Parties (i.e clients, competitors, government)		
Use of existing public incentives (tax incentives, subsidies, others)		
Marketing and Public Relations		
None		

**SECTION C: Corporate Social Responsibility Practices and aspects.**

9. I believe that businesses must be committed to well defined ethical principles

Strongly Disagree	
Disagree	
Neutral	
Agree	
Strongly Agree	

10. How satisfied are you with the current contribution of corporate social responsibility?

Very Satisfied	<input type="checkbox"/>
Satisfied	<input type="checkbox"/>
Not Sure	<input type="checkbox"/>
Not Satisfied	<input type="checkbox"/>
Not at all satisfied	<input type="checkbox"/>

11. In your view, which forms of further education of employees has your company been supporting (More answers allowed)

Professional Education	<input type="checkbox"/>
Management Training	<input type="checkbox"/>
Skills upgrade	<input type="checkbox"/>
Study Leave	<input type="checkbox"/>
Financial Assistance eg payment of school fees	<input type="checkbox"/>
Training in managerial techniques	<input type="checkbox"/>
Further long-term education (secondary/high school, university, post-graduate education)	<input type="checkbox"/>
Other	<input type="checkbox"/>

If Other specify

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12. Has your company been supporting any of the following activities (not its own employees and/or its family members) (More answers allowed)

Sporting activities (not own employees)	
Cultural activities (not own employees)	
Health care (not own employees)	
Education and training activities (not own employees)	
Financial or other help/support to non-profit organisation	
None	

**SECTION D: Corporate Social Responsibility benefits.**

13. Does your company measure and evaluate corporate social responsibility's related activities (i.e. social and environmental activities)

Yes	No

14. In which of these areas can ZESA contribute effectively to improve local community issues (more answers allowed)

Health	
Education	
Safety	
Environment	

Poverty Reduction	
Culture	

15. Indicate which, in practice have been the major benefit(s) for your company regarding socially responsible behavior towards its employees

Recruitment of new qualified staff	
Increase in current employee loyalty (reduction of staff turnover/fluctuation)	
Improvement of employees job satisfaction	
Improvement in relations with business partners and investors	
Improvement in customer satisfaction	
Improvement of economic performance of the company (cost reduction, sales increase)	
None	

16. In your opinion, which of the following groups have been positively (+ve) or negatively (-ve) influenced/affected by your company's corporate social responsibility most.

	+ve	-ve
Employees		
Competitors		
Customers/Buyers		

Public Administration		
Suppliers		
Shareholders		
Community of the Company		
Other		

If Other specify

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17. How is ZESA perceived by the public at large.

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In case of having an interest in the results of this survey, please, fill in the following information.

Name: \_\_\_\_\_

E-mail: \_\_\_\_\_

**Thank you very much for your time and the attention you paid to this questionnaire.**

## **B Interview Checklist**

### **INTERVIEW CHECKLIST**

1. What is your understanding of corporate social responsibility (CSR)?
2. What does CSR mean to you?
3. What does CSR mean to your company?
4. Is CSR a separate division in your company? Why?
5. Is your ZESA practicing CSR? If yes, in what ways?
6. How is CSR being communicated?
7. Do you have any specific manuals and codes for your employees and suppliers to follow as regards CSR?
8. How is CSR monitored?
9. How do you make sure that principles and rules are followed?
10. Do you have any specific monitoring systems?
11. What are ZESA stakeholders?
12. Of these which ones are the most important and why do you rank them that way?
13. Does CSR have anything to do with this ranking, if yes how?
14. What in your opinion should ZESA do or add on to what they are doing to enhance their image?