THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY AMONG SMES IN ZIMBABWE

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Abstract: The paper explores Corporate Social Responsibility (CSR) practices by small to medium enterprises (SMEs) in the Chinhoyi District of Zimbabwe. Given the fact that SMEs play a significant role in the Zimbabwean economy, this research wishes to provide an insight into SME CSR practices. Within this scope, the objective is to identify CSR practices at the social economic and environmental levels, the motivations and the existing internal and external barriers which place restrictions on SME adoption of CSR practices and the nature of CSR practices in SMEs. A questionnaire survey was utilised to collect data from a sample of 400 SMEs randomly selected from manufacturing, commerce and service sectors of the economy. Of the 400 questionnaires distributed to various respondents, only 120 were completed and returned. The results of the research showed that the majority of the respondents were familiar with the concept of CSR and that SMEs practiced CSR in their own way. The majority of SMEs cited a number of reasons for doing CSR. The notable reason was that they wanted to promote good relations with customers. Both external and internal barriers to the adoption of CSR by SMEs existed. This research provides a better understanding of CSR practices by SMEs in Zimbabwe.

Key phrases: Corporate Social Responsibility, CSR Practices, external and internal barriers, stakeholders.

Introduction
Small to medium enterprises have become a powerful force in the provision of new products and services and in creating the needed employment in both the developed and the developing countries (Jenkins, 2004). Even countries like America, Japan, Australia and Britain acknowledge that SMEs have contributed greatly to economic development (Collins, Lawrence Pavlovich and Ryan, 2007). The rapid development of Asian countries, such as Malaysia, Hong-Kong, Thailand, Taiwan, China and Indonesia can be explained in respect of the growth of the SMEs sector (Sharma, 2008). The African continent has a poorly developed SME sector (Fassin, 2008). Carroll (1991) argues that financial viability is the basic fundamental responsibility of a small business. SMEs are economically more vulnerable compared to large companies. Therefore economic performance is a high priority for SMEs (Fassin, 2008). Brown and King (1982:15) carried out a study on small firms. The private sector and the development of the SMEs sector could play a crucial role in eliminating poverty and in stimulating economic growth (Beyenel, 2002:1). SMEs have become increasingly important to Zimbabwe’s economic growth. This has been necessitated by the decline in employment levels in the formal sector since the year 2000 due to company closures and retrenchments attributed to low capacity utilisation. Thus the SMEs sector in Zimbabwe has assumed greater prominence in providing a source of livelihood to many families in both the rural and urban areas.

In Africa and Asia most of the jobs, especially those outside urban areas are provided by SMEs and in most cases they account for the vast majority of industrial units operating in respective continents (Beyenel, 2002). In India, SMEs play a pivotal role in the growth of the economy, accounting for a 40% share in industrial output and producing over 8 000 different types of value added products. In addition, SMEs contribute nearly 35% in direct export and 45% of the overall exports from the country. The small business sector in India, also constitute more than 80% of total number of industrial enterprises and form the backbone of industrial development. The sector is the second largest employer of labour, after agriculture, providing employment to 28 million people.

SMEs are a major force in the Malaysian economy. The sector accounts for 80% of all the goods sold within the economy. In 1996, the government of Malaysia set up the SMEs Industries Development Corporation (SMIDEC) to address the needs of SMEs. SMEs account for about 46% of Brazil’s investment in data transmission infrastructure. This has forced companies within the telecommunication sector to develop cost efficient products for SMEs in order to guarantee future growth. During the period 1985-2000, a large proportion of Japan’s Foreign Direct investment (FDI) was made up of SMEs. For instance in 1985 about 35% of all overseas investments were made by SMEs and by 2000, this had risen to 55%, due to the active steps taken by the Asian countries since 1980 to liberalise trade and investment within the region.
In this study, the majority of small firms agreed with the statement that “the primary responsibility of business is to make a profit.” This motive of profit may not give small firms enough time to engage in CSR practices (Jenkins, 2004). The time factor and financial resources are the most important barriers to CSR practices by SMEs (Lepoutre and Heene, 2006). CSR is considered a luxury by some SMEs and therefore an unnecessary cost (Spence et al, 2003). Preston and O’Bramon (1997) contend that CSR is dependent on financial performance; CSR is a long term investment. SMEs focus on Short-term investment (Schiebel and Pochtrager, 2003). Larger firms have a human resources department that deals with CSR issues in a formal manner (Buehler and Shetty, 1976). On the contrary, small firms do not have an organised way of dealing with CSR issues and it is the owner or the manager who bears the responsibility of planning and doing CSR duties (Knowles and Hill, 2001). SMEs have to fight for their survival (Enderlie, 2004). At least in the short term, the small firm must survive, SMEs may not have relevant information and guidance to practice CSR (Roberts et al, 2006). Most small firms are threatened by the fear of doing things the wrong way, that could expose them to more problems (Roberts et al, 2006).

**Literature Review**

Corporate Social Responsibility has become a domestic issue in the business arena and has also become prominent with researchers (Du et al, 2010; Smith and Lessen, 2009). The increased interest in CSR is evidenced by the increasing number of journals where CSR research is being published, the conferences being hoisted on CSR and the number of educational institutions teaching CSR (Crane, et al, 2008) However the problem with CSR concept is that it can be designed in many ways (Kuznetsov, 2008, Sethi, 1975; Votaw, 1973). CSR deals with societal obligations of corporations. The problem comes when the term “obligation” is explained by different organisations. There is no one meaning of the term “obligation” and this makes the meaning of the concept CSR very elusive (Smith, 2003). Perhaps, the term CSR is better understood by examining a list of CSR practices and activities (Smith, 2008). The list of CSR practices and activities is a lengthy one and includes actions in support of education, employment and training, health and safety in the workplace, civil rights and equal opportunity, urban renewal and development, philanthropy, pollution and abatement, quality of products/services, concentration and recreation of natural resources, culture and the arts, medical care and equitable distribution of resources (Frederick, 2006). CSR definitions can be grouped into practical and managerial statements. Table 1 gives a number of CSR definitions from academic researchers over the past 50 years.

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bowen (1953)</td>
<td>CSR refers to the obligation of businessmen to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the culture and value of our society.</td>
</tr>
<tr>
<td>Frederick (1960)</td>
<td>Social Responsibility in the final analysis implies a public posture towards society’s economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms. There is one Social Responsibility of business, to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to pay, engages in open and free competition without deception or fraud.</td>
</tr>
<tr>
<td>Friedmen (1962)</td>
<td>Social Responsibility therefore refers to a person's obligation to consider the effects of his decisions and actions on the whole social system.</td>
</tr>
<tr>
<td>Davis and Blomstrom 1966</td>
<td>Social Responsibility implies bringing corporate behaviour up to a level where it is congruent with the prevailing social norms, values, and expectations of performance. The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organisations at a given point in time.</td>
</tr>
<tr>
<td>Sethi (1975)</td>
<td>Corporate social responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract.</td>
</tr>
</tbody>
</table>
The basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities.

CSR is about how companies manage the business processes to produce an overall positive impact on society.

Source: Adopted from Kakabadze et al (2005)

**CSR and Stakeholder Literature**

The stakeholders approach is a critical element in the Literature of CSR. CSR Literature derives its content from the stakeholder approach while CSR provides building blocks for the stakeholders approach. Thus CSR and the stockholder approach have a symbiotic relationship which can only be described by the analogy of the egg and the hen. Carroll (1991:43) expresses this relationship as follows:

“There is a natural fit between the idea of corporate social responsibility and an organisation’s stakeholders. .......... The concept of stakeholders personalises social or societal responsibilities by delineating the specific groups or persons business should consider in its CSR orientation.”

The stakeholder approach spells out what business should specifically do and clearly defines the responsibilities of CSR stakeholders to whom business is accountable (Jones et al, 2002). A stakeholder is defined as an individual or groups which can affect or can be affected by the achievement of a firm’s goals and objectives (Freeman, 2004). Stakeholders include customers, employees, local communities, suppliers, shareholders, government, managers and clients (Fontaine, Haarman and Schmid, 2006; Maak and Pless, 2006). These individuals and groups contribute greatly to the success and survival of the firm (Freeman, 2004). Stakeholders have the power to change the fortunes of the firm either negatively or positively, therefore firms are urged to include stakeholders in the decision making process.

**The Three Domains Model of CSR**

The three domain Model of CSR was championed by Carroll (1979) in order to add weight to the meaning and value of CSR. The model looks at CSR at four levels namely, economic, legal, ethical and philanthropic (Carroll, 1979:503). Economic responsibilities focus on the goods and services that should be produced by a firm to satisfy the needs of a given society. This means that a firm can only be profitable by producing goods and services demanded by society. Legal responsibilities mean that a firm should make profits within the confines of the law. Ethical responsibilities mean that firms have the obligation to treat employees fairly and to avoid doing harm to the environment and society. Philanthropic duties mean doing voluntary social activities.

**Motives for engaging in CSR**

Muller and Kolk (2010) argue that firms engage in CSR activities due to external and internal pressures. Firms engage in CSR practices as a result of external pressure such as shareholders’ demands, regulation or peer pressure and adoption of CSR practices. Social and environmental activities undertaken by firms receive a lot of media attention continuing media reports, particularly negative media courage forces firms to engage in CSR activities (Deegan et al, 2002). On the other hand, employees, consumers, shareholders, government, and investors force firms to engage in CSR, in the name of organisational justice, corporate governance, scientific socialism and capitalism (Aguilera, 2007). The government, being the main actor in CSR, has the capacity to force or motivate firms, to be socially responsible by endorsements, guidance, and partnering (Aguilera, et al, 2007; moon and Vogel, 2008). Some schools of thought argue that firms engage in CSR through intrinsic motivation. Companies voluntarily engage in CSR to project a good business image rather than to foster responsible behaviour (Lenox, 2006). Firms may also do CSR to show that they have registered superior performance and that they have become better competitors (Lenox, 2006). Hunter (2003) posits that firms engage in CSR to secure legitimacy and competitive leadership.

**Benefits of CSR by SMEs**
Several studies have documented a number of benefits that SMEs derive from CSR practices.

Table 2: Benefits of CSR practices by SMEs

<table>
<thead>
<tr>
<th>Literature/Research works</th>
<th>Findings/Benefits by SMEs</th>
</tr>
</thead>
</table>
| Andreasen, 1966; Sagewa, 2001; Wymer and Samu, 2003 | - Increased sales  
- Brand differentiation  
- Enhanced brand image  
- Improved employee recruitment  
- Morale and retention  
- Enhanced government relations  
- Ability to reach new customer segments |
| Risks, 2005 | - Increased visibility  
- Enhanced corporate image  
- Thwarting negative publicity |
| Maden, Scaife, and Crissman, 2006 | - Increased sales  
- Building staff morale  
- Building and maintaining client relations  
- Show concern for staff and their interest |
| Vyakarman, Bailey, Myers and Burnet, 1997 | - Enhanced reputation  
- Enhanced professional image  
- Increased confidence and loyalty |
| Jenkins, 2006 | - Improved image and reputation  
- Improved trust and understanding  
- Larger more prominent profile  
- Better market position  
- More business  
- Increased employer motivation  
- Increased attractiveness to potential recruits  
- Cost savings and increased efficiency  
- Risk management  
- Benefits company culture |
| Dzansi, 2011 | - Community improvement  
- Customer satisfaction  
- Happy workers  
- Employability  
- Sales growth,  
- Profit growth  
- Community goodwill  
- Employee loyalty  
- Motivated workforce |
| Santos, 2011 | - Better reputation  
- Higher employee motivation  
- Raising quality  
- Better productivity |

Source: Inyang (2013)

The literature or research works in Table 2 seem to focus more on the benefits accruing to the firm as a result of engaging in CSR. The literature is silent on the benefits accruing to the stakeholder. However, Dzansi (2011) makes an effort to articulate the benefits accruing to both the stakeholder and the firm. Thus, only Dzansi (2011) mentions community improvement and community goodwill as some of the CSR benefits accruing to the stakeholders.

**Methodology**

This research investigated CSR practices by SMEs in the District of Chinhoyi-Zimbabwe. The purpose of this study is to develop an understanding of CSR practices by SMEs in the context of Zimbabwe. Most research on CSR has examined larger corporations and SMEs particularly in Zimbabwe have received very little attention (Grayson, 2004; Spencer and Rutherford, 2003). Therefore the goal for this study is to:

1. To establish how the concept of CSR is understood by SMEs in Zimbabwe,
2. To examine the factors that influence CSR practices by SMEs in Zimbabwe,
3. To investigate the type of CSR activities undertaken by SMEs in Zimbabwe.

**Research Approach**

There is lack of empirical research in the area of CSR and SMEs in Zimbabwe. Therefore an exploratory investigation was considered ideal. This research focuses on CSR and SMEs in Chinhoyi District. In this research it is considered that SMEs are enterprises with 10-250 employees.

**Survey Instrument**

The questionnaire was the main instrument of this exploratory study and was designed after going through a few similar research studies on CSR and SMEs in developing countries. The questions on the questionnaire were structured using the 5-point Likert scale format (with 5=strongly Agree and 1= strongly disagree) both open and closed questions were included to allow respondents to express important issues. Questions on the questionnaire covered the following issues:

1. Explaining the concept of CSR,
2. Motives for doing CSR,
3. Nature of CSR activities,
4. External and internal barriers to CSR.

The survey targeted SMEs owners/managers in Chinhoyi District. The sampling frame was provided by the Ministry of SMEs and Cooperative Development in Chinhoyi and the participants came from commerce, manufacturing and the service sector of the economy. The respondents were selected using a random systematic sampling technique. Questionnaires were distributed using a combination of postal, e-mail and telephone surveys. Out of the 400 questionnaires sent to respondents, only 120 questionnaires were completed and returned. This constituted a 30% response rate. This sample size is relatively adequate for the analysis and is acceptable to response rates in IS literature.

**Results and analysis**

![Demographic profile of respondents](image)

**Figure 1: Demographic profile of respondents**

Figure 1 shows the demographic profile of the 120 respondents. The majority of the respondents (35%) came from Trade and Commerce, 21% were from engineering and metallurgy sector, 18% were from the construction industry, 10% were from agriculture and fisheries, 10% were from transport and postal service sector, 8% were from food and chemical processing sector, 8% came from educational institutions, 6% came from tourism and hospitality, while 4% came from the financial services sector.
Table 1: Concept of CSR by SMEs

<table>
<thead>
<tr>
<th>Definition</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Donation sand sponsorship</td>
<td>10</td>
</tr>
<tr>
<td>• Helping needy people</td>
<td>6</td>
</tr>
<tr>
<td>• Support to employees</td>
<td>6</td>
</tr>
<tr>
<td>• Meeting the needs of stakeholders in society</td>
<td>23</td>
</tr>
<tr>
<td>• Ethical business practices beyond profit</td>
<td>7</td>
</tr>
<tr>
<td>• Support to social welfare programmes</td>
<td>40</td>
</tr>
<tr>
<td>• Avoiding destruction of the environment</td>
<td>8</td>
</tr>
</tbody>
</table>

Table 1 shows that all the respondents were familiar with the concept of corporate social responsibility. The majority of the respondents (40%) defined CSR as “support to social welfare programmes”, 23% defined CSR as “meeting the needs of stakeholders in society”, 10% defined CSR as “donations or sponsorship”, 7% defined CSR as “Ethical business practices beyond profit”, 8% defined CSR as “avoiding destruction of the environment”, while 6% defined CSR as “helping people or support to employees”.

Table 2: Drivers of CSR

<table>
<thead>
<tr>
<th>Reasons</th>
<th>SA</th>
<th>A</th>
<th>NS</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Pressure from community</td>
<td>36</td>
<td>36</td>
<td>7</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>- To project a good corporate image</td>
<td>35</td>
<td>37</td>
<td>7</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>- A marketing strategy</td>
<td>9</td>
<td>22</td>
<td>44</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>- Others are doing it</td>
<td>28</td>
<td>48</td>
<td>21</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>- To show good corporate citizenship</td>
<td>16</td>
<td>40</td>
<td>10</td>
<td>30</td>
<td>4</td>
</tr>
<tr>
<td>- To make employers happy and satisfied</td>
<td>23</td>
<td>24</td>
<td>10</td>
<td>40</td>
<td>3</td>
</tr>
<tr>
<td>- To show solidarity with government</td>
<td>16</td>
<td>23</td>
<td>1</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>- CSR is what society deserves</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>40</td>
<td>30</td>
</tr>
<tr>
<td>- To show appropriate leadership qualities</td>
<td>12</td>
<td>30</td>
<td>16</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>- To address environmental and societal concerns</td>
<td>40</td>
<td>42</td>
<td>10</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>- A way of managing consumers relations</td>
<td>50</td>
<td>26</td>
<td>10</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

Table 2, shows the motives of SMEs for engaging in CSR. The most outstanding motives are as follows:
- CSR is a way of managing consumer relations (50%-strongly agree, 26%-agree).
- CSR addresses environmental and societal concerns (40%-strongly agree, 42%-agree).
- CSR is as a result of pressure from community (36%-strongly agree, 36%-agree)
- CSR is a way of projecting a good corporate image (35%-strongly agree, 37%-agree)
- Others are doing it (28%-strongly agree, 48%-agree)
- CSR is a tool for making employees happy and satisfied (23%-strongly agree, 24%-agree)
- CSR is a method of showing solidarity with government (16%-strongly agree, 23%-agree)

Table 3: Internal Barriers

<table>
<thead>
<tr>
<th>Reason</th>
<th>Mean</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of time</td>
<td>3.19</td>
<td>19</td>
<td>51.4</td>
</tr>
<tr>
<td>CSR considered a luxury</td>
<td>3.2</td>
<td>19</td>
<td>54</td>
</tr>
<tr>
<td>Focus on short term investment</td>
<td>3.2</td>
<td>20</td>
<td>54</td>
</tr>
<tr>
<td>Lack of strategic plans</td>
<td>3.1</td>
<td>18</td>
<td>51</td>
</tr>
</tbody>
</table>
Lack of guiding policy 3.2 20 53
Lack of growth 3.4 21 60
Poor management 3.3 23 62
Lack of corporate governance 3.1 15 44
The smallness of business 3.6 27 75
Employees lack required skills 3.5 21 63
N = number of organisations

Table 3 shows internal barriers to CSR practices of 10 SMEs. The respondents were asked to show their agreement by ticking the box in the Lickert scale (1= strongly disagree to 5= strongly agree). The results show a mean higher than 3. The top 5 internal barriers include:

- The smallness of business (75%)
- The employees lack of required skills (63%)
- Poor management (62%)
- Lack of growth (60%)
- CSR considered a luxury (54%)
- Focus on short term investment (54%)
- Lack of guiding policy

Table 4: External barriers

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unstable economic environment</td>
<td>3.9</td>
<td>34</td>
<td>97</td>
</tr>
<tr>
<td>Negative government regulations/policies</td>
<td>3.9</td>
<td>34</td>
<td>94</td>
</tr>
<tr>
<td>Lack of information</td>
<td>3.9</td>
<td>34</td>
<td>94</td>
</tr>
<tr>
<td>Lack of legal support</td>
<td>3.8</td>
<td>31</td>
<td>91</td>
</tr>
<tr>
<td>Poor collaboration among SMEs</td>
<td>3.8</td>
<td>38</td>
<td>82</td>
</tr>
<tr>
<td>Lack of financial assistance</td>
<td>3.7</td>
<td>29</td>
<td>82</td>
</tr>
<tr>
<td>Lack of media support</td>
<td>3.7</td>
<td>29</td>
<td>82</td>
</tr>
<tr>
<td>Poor customer management relations</td>
<td>3.5</td>
<td>24</td>
<td>68</td>
</tr>
<tr>
<td>Lack of CSR culture in the SMEs</td>
<td>3.5</td>
<td>25</td>
<td>67</td>
</tr>
</tbody>
</table>

N= number of organisations

Table 4 shows the external SMEs barriers to CSR practices of nine SMEs. The external barriers were divided into cultural, infrastructural, political, social and legal and regulation barriers. Respondents answered questions on a Likert scale with 1= strongly disagree to 5= strongly agree. The majority of the respondents agreed that economic, political and cultural factors are important barriers to the adoption of CSR practices by SMEs.

**Discussion**

One observation made by the research during the process of data collection was that the majority of SMEs are involved in CSR practices. The majority of SMEs were able to explain the concept of CSR. The motives for engaging in CSR were well elaborated by the SMEs. The majority of the SMEs agreed that CSR was way of managing consumer relations. This was the most outstanding motive. SMEs agreed that they are faced with a plethora of barriers to the adoption of CSR. The SMEs seem to agree that both external and internal barriers exist. External barriers included, cultural, economic, political and legal and therefore the most important issue at the moment is to determine the support needed to overcome both the external and the internal barriers. Thus the development of a framework to encourage CSR practices by SMEs and to determine the support needed to overcome these barriers is crucial.

**Conclusion**

The purpose of the study is to develop an understanding of CSR practises by SMEs in Zimbabwe. Thus the study looked at both the external and the internal barriers to adoption of CSR practises by SMEs. Currently the existing literature seems to focus more attention on CSR practices by large companies. However, there is lack of research on CSR practises by SMEs in developing countries, particularly in Zimbabwe. Therefore this study provides new insights into CSR practises by SMEs in the context of Zimbabwe.
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References


