

# Effectiveness of Corporate Social Responsibility in Enhancing Company Image

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## Abstract

In recent times there has been much debate about whether corporations should be socially responsible or not and to what extent they should be responsible. This paper investigates the effectiveness of Corporate Social Responsibility (CSR) in enhancing company's image, using Unki mine (UM) as a case study, with corporate philanthropy as center of focus. Research design was descriptive and exploratory. A sample size of 208 respondents was used. Stratified sampling technique was used and the population was divided into four strata which are as follows: um management, UM employees, the local community and lastly Tongogara rural council employees. The research findings show that Philanthropic activities do enhance company image as well as relations between an organization and the community surrounding it. This paper recommends that um could put more investment on the other dimensions of CSR such as ethical responsibility, legal responsibility and economic responsibility.

**Keywords:** Corporate Philanthropy, Societal Alignment, Company Image, Stakeholders, Social License

## 1. Introduction

Corporate Social Responsibility (CSR) has become an area of interest for many organizations. In recent times there has been much debate about whether corporations should be socially responsible or not and to what extent they should be responsible, (Visser, 2009). The phrase CSR is often hard to pin down because of the fact that there are several schools of thought concerning this notion. According to Robbins (2003) a business is a part of a large society and therefore it has a responsibility other than just maximizing profits. Organizations operate in a society therefore they have to be concerned about the society's well-being. Robbins (2003) further states that, the core objective of a business is to make a profit, however if a business is socially responsible it has to be concerned about the well-being of the society it operates in. However scholars who include Friedman (1970) questions if organizations are required to take responsibility of social issues, he stresses that the sole social responsibility of a business is to boost its profits through legal ways and that donating an organization's funds to the society is harmful to the organization's profits as this reduces the organization's profits. Porter and Kramer (2011) indicates that addressing social concerns could increase the levels of company productivity, with subsequent positive effects on profitability, share value and company image. Visser (2010) identified the five dimensions of CSR and these include; the Economic dimension, Legal dimension, Ethical dimension, Philanthropic and Environmental management.

## Global Perspective On CSR

Looking closely at international mining companies, it will be seen that almost all of them, consider CSR and its effects on their business operations particularly as it pertains to their corporate image and competitive advantage, (Mining Weekly June 2012). Davis (1973) in his work asserts that engaging in corporate social responsibility can improve a company's image and finances. According to The Post, (October, 2012) the Open Society Initiative for Southern Africa stated that developing countries with rich mineral resources deserve solid CSR strategies for the people to begin to see tangible benefits from the exploitation of their country's mineral wealth. It further stated that if the community cannot get adequate compensation for the exploitation of their mineral wealth by private mining companies, be it local or foreign, how will people be expected to move out of poverty. In Southern Africa, especially South African mining Corporations have come to realize that they cannot operate in isolation to the community that good governance and social involvement go beyond the work performed in the office. South African mining companies have stepped up their CSR activities with big corporates like, Optimum Coal, Great Basin Gold, Implants, Impala and Harmony Gold taking the lead, ([www.miningwatch.com](http://www.miningwatch.com)). However other mining companies are neglecting the community, and turning a blind eye to the plight of the community. These companies are falling short in terms of their commitments to the surrounding communities and their implementation of corporate social responsibility programs, (Mining Weekly June 2012). Neglecting the community has resulted in negative media reviews, which has led to strikes in the South African mining industry and also negative perceptions by stakeholders because of deteriorating social conditions related to a lack of service, crime, ill health and a deteriorating environment in the area which the mining companies operate, (Mining Weekly June 2012).

### **Zimbabwean Perspective On CSR**

The Zimbabwean economy mainly relies on agriculture and mining. There are many mining companies in Zimbabwe, some locally owned with some of them foreign owned. The major mining companies include Mbada diamonds, Todal Mine, Marange diamonds, Zimplants, Marowa, Mimosa and Zimasco. Even though most of these mining companies are involved in some certain CSR activities, stakeholders' opinions are that these organizations are not doing enough for their local communities, CSR is said to be mostly limited to their mining workers with the communities surrounding the mine being largely ignored, ([www.miningwatch.com](http://www.miningwatch.com)). The Zimbabwe Environment Law Association has challenged the government to come up with comprehensive law governing the mining industry which compels companies to plough back to the community they mine. ([www.miningwatch.com](http://www.miningwatch.com)).

### **Unki Mine's Perspective On CSR**

Unki Mine (UM) is a subsidiary of the Anglo American Platinum group with its head office in South Africa. The Anglo American Platinum group was the majority shareholder of Unki Mine until November 2012 when the group agreed to cede 51% of its stake to the locals in line with the indigenization act. The company is situated 60km from Gweru on Zimbabwe's great dyke. It began its development operations in 2005, with its mining operations commencing in 2008, with Unki Mine's concentrator commissioned in December 2010. Its main focus is on the mining of platinum. A twin decline shaft system provides access to the underground working for personnel and material. The life-of-mine of the current operations at Unki extends to 2041.

When it began its operations Unki was expecting to produce 120 000 tone per month with potential for expansion, ([www.angloplatinum.com](http://www.angloplatinum.com)) The end product is used as anti-pollutants in motor vehicles, jewelry, glass fuel cells and also as a refining catalyst in the petroleum industry, ([www.miningwatch.com](http://www.miningwatch.com)). In Zimbabwe there are several companies which are into mining of platinum these include among others Zimplants, Todal mine, and Mimosa Mine. Most foreign companies in the mining sector have experienced image problems, thus the community has a negative view towards these firms. The local community, the government and environmental groups are concerned about the exploitation of the country's mineral resources by the foreign companies. "We are sitting on the richest land but our minerals are not benefiting us, there is a lot of secrecy by these mining companies". (Zimbabwe Environment Law Society, Chairman Professor Tumai Murombo, May 2013). UM, through its Community Engagement and Development department, has been involved in numerous CSR activities since 2009. According to the Unki Mine newsletter (2013) the CSR activities include among the following;


- Philanthropic Projects – community water and sanitation, resettlement of the displaced, infrastructure development, donations and bursaries, community health and community education.
- Employing locals
- Investment incentives
- Environmental management – UM is ISO1400 certified
- Adherence to the legal systems of the country- indigenization act

According to their Newsletter, Unki CED Newsletter (2013) UM has invested US\$ 1 Million in community projects in 2013. In 2012 the researcher found out that UM made donations to the community of \$21 183.00

CSR is concerned with the relationship between a corporation, its stakeholders and the local society in which it operates. Since UM began its operations the Shurugwi community has experienced problems including displacement of families, thus people are being forced from their homes and families, assault to the environment, and also the social dynamics of the society has been changed, (Sunday News September 2012). Most importantly UM transports their concentrate, by road to their smelting plant in Polokwane, South Africa. This has resulted in an outcry from stakeholders claiming that foreign owned mining companies are exploiting Zimbabwean's natural resources for their own benefit leaving Zimbabweans with nothing, ([www.miningwatch.com](http://www.miningwatch.com)) All this has resulted in a bad company image for UM, as is the case with all foreign owned mining companies in Zimbabwe. UM is involved in numerous CSR activities to try to improve their image.

This study therefore seeks to determine the effectiveness of the current CSR projects by UM in enhancing their company image. The study will enable the researcher to investigate if the CSR activities being carried by UM are effective in enhancing their company image. CSR is an area of interest because of several reasons; firstly CSR has become a legal requirement, ([www.miningwatch.com](http://www.miningwatch.com)). In Zimbabwe the indigenization act in the mining sector, which leads to CSR in terms of the Community Share Ownership Trust, has become a legal regulation. Secondly CSR is an area of interest since most organizations are now practicing the societal marketing concept which gives emphasis to the fact that organizations must not only be concerned about themselves but also about the society's well-being and lastly organizations in the 21<sup>st</sup> century are becoming more involved in the social welfare of the community, this has motivated this research, as it will enable the researcher to gain more insight on this concept of CSR.

**Table 1: Unki Mine Donation Register, (2012).**

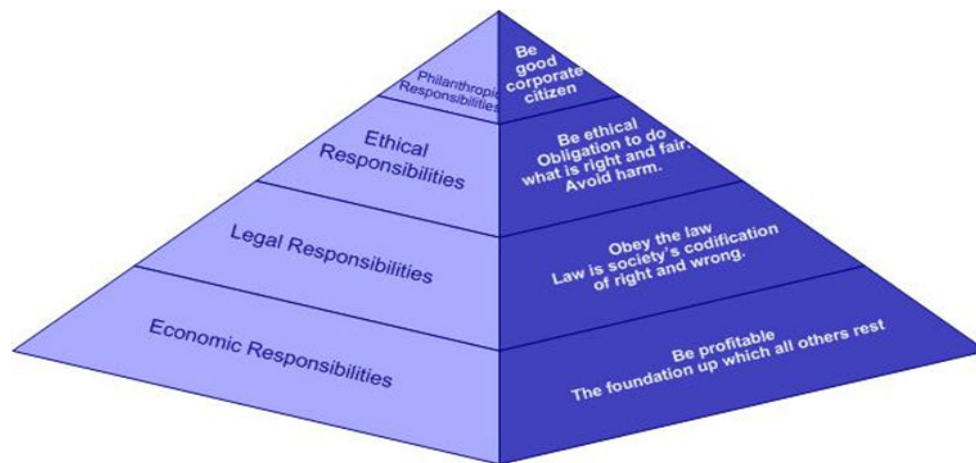
<b>UNKI MINES PRIVATE LIMITED</b>			
<b>CED - CSI DONATIONS REGISTER Ref 003/2012</b>			
			
<b>Donation Description</b>	<b>Beneficiary</b>	<b>Date Approved</b>	<b>Value of donation USD</b>
Donation towards Independence Day Celebration		04.04.12	800
Donation to Midlands Province			300
Donation to DA's Office			300
Donation towards installation of Headman Mhangami	TRDC	06.07.2012	250
DSTV Subscription for Thornhill Air Base		10.05.12	1033
Donation to Midlands Heroes Acre		07.06.12	1065
ZRP & ZNA Donation Cost	ZRP & ZNA Donation Cost		3792.82
Midlands Show Society	Midlands Show Society		1745
Midlands Show Society	Midlands SS		2160
Donation towards Heroes 2012	Donation 2012		400
Financial Assistance For MSU students	MSU	04.04.12	5538
2012 Heroes Commemorations Shurugwi	Shurugwi District	06.08.12	400
ZNA Donation	ZNA	22.05.12	1000
Donations towards Shurugwi Environments Fair		08.08.12	
5 Computers Bizzy Bee Nursery	BB Nursery		750
11 Computers	Selukwe school		1650
<b>TOTAL</b>			<b>21183.82</b>

Source: Unki Mine CED Newsletter (2012)

### Defining CSR

CSR has progressed from an irrelevant and often discriminated concept to one that is today well-known and established in businesses around the globe (Lee, 2008). CSR can be viewed as an umbrella phrase that considers the various means and ways that corporation embarks on in trying to act morally and ethically. CSR can also be referred to as Corporate Conscience, Corporate Citizen or Sustainable Responsible Business. Visser (2009) has rephrased the term corporate social responsibility to corporate sustainability and responsibility. In the last couple of decades, CSR has become widely known, (Campbell, 2007). Carroll, (1979) and Kantanen, (2005) posit that the first book on CSR was written in 1953 by Howard Bowen, under the title Responsibility of the Businessman. Defining CSR has proven to be a complex task since it has different meanings to different people. This is due to the fact that there is no agreed definition and as such organizations that are meticulous in their goals of incorporating CSR activities into their business are faced with compound problems. Since there is no agreed definition, organizations translate it to suit them depending on their state of affairs, (MacLagan 1999; Campbell 2007). Stakeholders make use of different definitions that are in line with their business operations, goals and aims.

Bowen (1953) defines CSR as the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society. Aguilera et al (2007) emphasizes that corporations should not border their CSR activities on stipulated legislation regarding such issues but should also make provision for activities not stipulated in any legislation they adhere to. Aguilera et al (2007) also asserts that CSR is a company's consideration of and response to issues beyond the narrow economic, technical and legal requirements of the company to accomplish social and environmental benefits along with traditional economic gains. Carroll (1991) went further and identified aspects of CSR, he states that CSR consists of four aspects; legal, economic, ethical and philanthropic responsibility, Carroll (1991) further states that corporations striving to be seen as good within the society should fulfill these four aspects. The four aspects of CSR as postulated by Carroll (1991); (see figure 1).



Carroll's CSR Pyramid

Figure 1: CSR Pyramid

Source: Carroll(1991)

Carroll (1991) cites renowned economist Friedman's assertion in trying to explain the relationship of the four aspects. Carroll (1991) states that on the part of Friedman(1970), he was only interested in the three parts of CSR stating that corporations exist to make as much money as possible while conforming to the basic rules of the society, both those embodied in the law and those embodied in ethical custom. In saying this, Friedman (1970) meant that the usual economic standpoint only acknowledges legal, ethical and economic responsibility as a crucial principle while taking part in altruistic activities do not yield incentives for corporations, (Carroll 1991). Crowther and Aras (2008) defines CSR in two different ways, they state that the broadest definition of CSR is concerned with what is or should be the relationship between global corporations, governments of countries and individual citizens. Crowther and Aras (2008) further state that more locally the definition is concerned with the relationship between a corporation and the local society in which it resides or operates. These two definitions by Crowther and Aras (2008) are pertinent and each represents a dimension of the issue of CSR.

From the above definitions it is clear that, the exact nature of CSR is understood in various ways, with differences evident in the comprehending or presentation of the concept. Corporate social responsibility means something, but not always the same thing to everybody, (Vataw and Seth, 2003). Different scholars view CSR differently but one thing is clear, they all agree that companies must be concerned about the wellbeing of the society. Although governments, because of their nature, earn more than businesses, if a company becomes socially responsible it will increase competitiveness and enhance its image

This paper however deems the definition by Watts (2004) to be applicable in the study. Watts (2004) states that CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the society at large. Businesses must not only be in business for the business but must also be in business for the community in which it operates, which means it must be concerned about the welfare and wellbeing of the society.

### Perspectives On CSR

According to Clarke (1998) and Lantos (2001) the role of a business in a society can be viewed in two perspectives which are; the "classical view", shareholders and the "stakeholder view", which is created on stakeholder theory, which says that companies have a social responsibility that requires them to consider the interests of all parties affected by their actions, (Rodrigues and Branco 2007).

#### *The Classical View*

Lantos (2001) identified two perspectives in the classical view: the "pure profit-making view"; and the "constrained profit-making view". The "pure profit-making view" is based on the perception that some degree of dishonesty is acceptable because business people have a lower set of moral standards than those in the rest of society. The major proponent of the "constrained profit-making view" is Friedman (1970), who states that the purpose of the company is to make profits for shareholders, he further states that the only responsibility of business is to use its resources to engage in activities designed to increase its profits so long as it stays within the rules of the game be companies should behave honestly: that is, they do not engage in deception and fraud, (Friedman 1970 in Rodrigues and Branco 2007).

Friedman (1970) further urges that because managers are agents of the shareholders they have a responsibility to conduct business in accordance with their interest. With authors like Barry, (2002); Coelho et al., (2003); Henderson, (2005) Jensen, (2001); supporting this notion. Barry (2002) argues that companies can only engage in social responsibility activities the less competitive the markets in which they operate are, and that such engagement is a form of rent-seeking by managers. Therefore, Barry's (2002) assessment of the stakeholder perspective is that it tries to make the business system operate like the political system. Other contemporary authors defend shareholder value maximization as the one objective function to all companies but are not necessarily against the social responsibility actions by companies (Jensen, 2001); Coelho et al., (2003).

#### *Stakeholder View*

The stakeholder view is based on the stakeholder theory. The stakeholder theory is based on the notion that beyond shareholders there are several agents with an interest in the actions and decisions of companies, (Branco and Rodrigues, 2007). Freeman (2004) explains that not only the owners of a corporation have genuine concern about it but also groups of persons that might be affected or can possibly be affected by the corporate's doing. Stakeholders are groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by, corporate actions, (Freeman 2006). In addition to shareholders, stakeholders include creditors, employees, customers, suppliers, and the communities at large, the government, financial analyst, employee unions and investors, competitors (Freeman 2004, Baker 2004, Khoury et al 1999, and Hopkins 1998). Baker (2001) states that stakeholder groups have a right not to be treated as a means to some end, and therefore must participate in determining the future direction of the firm in which they have a stake. Lantos (2001) identified two perspectives in the stakeholder view. The "socially aware view" which postulates that businesses should be sensitive to potential harm of its actions on various stakeholder group and the "social activism" which postulates that business must use its vast resources for social good and therefore must be concerned about the well-being of the society, (Rodrigues and Branco 2007).

Supporting this notion is Werhane (2007) who states that the goal of any company is or should be the flourishing of the company and its principal stakeholders. De Wit and Meyer (2002) state that the main features of the perspective are emphasis on responsibility over profitability, organizations are seen as joint-ventures, organizational purpose is to serve all parties involved, the measure of success is the satisfaction among stakeholders." However the socially aware view has been criticized by Capron (2003) who stated that the problem with theory is that it does not take into consideration "mute" stakeholders (the natural environment) and "absent" stakeholders (the future generation).

The classical view and the stakeholder view are in clear contradiction of each other. However it has been noted that the stakeholder view and particularly the social activism view, takes into consideration the fact that businesses must wary about the well-being of the society. Which implies that a business must not only be in business for its self but it must also be in business for the community or society in which it operates, which means it must be concerned about the welfare of the society. The socio activism view is in support of the concept of CSR.

#### **Company Image**

The success of an organization is depended on the image of the organization. A good company is desired by all organizations. Roger (2005) states that company image can also be referred to as corporate image. There are several definitions of company image, it can be thought of as a mental picture that springs up at the mention of a firm's name (Stewart 2004). Whereas Belieu (2001) defines company image as the perception people have of a business when they hear a company name. The image is composed of an infinite variety of facts, events, personal histories, advertising and goals that work together to make an impression on the public. Hatch and Schultz (2003) give a more comprehensive definition of corporate image; they defined it as the views of the organization developed by its stakeholders; the outside world's overall impression of the company, including views of the customer, shareholders, the media and the general public. Belieu (2001), states that a good corporate image backs up the corporate culture that has been established inside and outside firm. The importance of a good company image cannot be overlooked. Belieu (2001) went on to identify five benefits of good company image as follows;

- A good image is an efficient marketing and promotional tool
- Credibility and integrity comes with a good name
- A good company image establishes trust, confidence, loyalty and superb client relationship.
- Company image is instrumental in increasing business opportunities.
- A good image can stand the test of time.

Barret (2005) supports the importance of good image and stressed that a good image does not just grow, active efforts must be employed in order to achieve this. Endorsing this notion is Hayward (2007) who asserts that organisations may actively attempt to shape the image by communications, brand selection and promotion, use of symbols, and by publicizing its actions. A corporate image is as stated by LaReau (2005) the sum total of impressions left on the company's many publics. Hayward (2007) however goes further, and states that the overall image is a composite of many thousands of impressions and facts.

Hayward (2007) further identified six major elements of company image which are; the core business and financial performance of the company; the reputation and performance of its brands ("brand equity"); its reputation for innovation or technological powers, usually based on concrete events ; its policies toward its salaried employees and workers; its external relations with customers, stockholders, and the community, and the perceived trends in the markets in which it operates as seen by the public. The theory of the corporate image holds that, all things equal, a well-informed public will help a company achieve higher sales and profits, whereas a forgetful or poorly informed public may come to hold negative impressions about the company and may ultimately shift more of its patronage toward competitors, (Hudson 2004).

The significance of a good company image cannot be disregarded this is because a positive image increases profitability in the long run. A good image establishes confidence, loyalty, trust, and stronger relations with stakeholders.

### **Enhancing Company Image Through CSR**

Fritz (2009) argues that organizations today are getting involved in CSR to enhance their company image. It is often argued that the reason why corporations engage in CSR is a certain level of self-interest, not considering if the act is strategically motivated by commercial reasons alone or whether it is also motivated by what might seem as an altruistic interest, (Moon 2001). Veradajan and Menon (2002) states that there are several objectives of CSR for corporate giving beyond altruism. Companies seek to enhance their image in order to create a positive reputation that may also relate to higher long-run organizational performance. Some of the marketing objectives of CSR are increasing visibility, enhancing corporate image and thawing negatives publicity. In support of this assertion is Bennet et al., (2006) who explains that the main advantage of CSR are improvement of company image, attracting media attention, altering attitudes and helping the company's relationship with the government and impressing key decision makers.

More CSR practices leads to an improved (or at least maintained) reputation, which causes the firm to continue to be a target of activism, the consequence of which is more commitment to CSR. From the point of view of the company, however, having a good reputation can be a "double edged sword" or at least a potential liability when facing activists who seek the public limelight, (Rhee and Haunschild 2006). Corporate social responsibility (CSR) has become an important focus of attention among companies. A McKinsey global survey shows that 76% of executives believe that corporate social responsibility contributes positively to long-term shareholder value, and 55% of executives agree that sustainability helps their companies build a strong reputation, (McKinsey 2010).

The theory of firm claims that an organization's interest is to maximize its shareholders value. Observing CSR from this point, it can be said that it is an answer to the ever increasing competition in the environment coupled with excessive demands on executives from different stakeholder group, (McWilliams and Siegel, 2006: Menon and Menon, 2007). Gray et al (2005) asserts that including stakeholders in the business of a corporation and embarking on sustainability reporting can be seen as mechanisms by which the organizations satisfy and manipulate stakeholders. In other words, CSR reporting can be seen in the light of corporate image management, marketing and a public relations tool which corporations use in order to show that they perform some sort of CSR activity. These tools are used adequately in order to foster a healthy competitive status by passing on information created to preserve an excellent image (Adkins, 2004; Darby, 2009). As such, many organizations pay particular attention to the image the public sees of them because it helps them do business effectively, anything that affects their image can possibly hinder their sales and even affect their licenses or funding, (Reich, 2008)

Khanifar (2012) states the one of the benefits CSR is reputable for is its ability to enhance, if not build a business's image and reputation. Concurring with this notion is Barney (2010) who states that, firms seek to enhance their public image to gain more customers, better employees, access to money markets, and other benefit. Porter and Kremer (2006) also supports the assertion by stating that reputation is used by many companies to justify CSR initiatives on the grounds that they will improve a company's image, strengthen its brand, enliven morale, and even raise the value of its stock. Since the public considers social goals to be important, business can create a favorable public image by pursuing social goals, a poor social responsibility

image can lead to sell outs of company shares by large investment funds, which can in turn negatively impact financial performance, (Chatterji, 2006; Levine, and Toffel 2009).

Katsoulacos and Katsoulacos (2007) upholds that in recent times, organizations have been taking steps to ensure that they are not only tops at what they do but are projected in a positive light, by striving to be socially responsible either by making sure they are ethical in their dealings or transparent in their accounts to their stakeholders. Embedding Corporate Social Responsibility activities into organizations, otherwise known as mainstreaming, is a step that a growing number of organizations are beginning to take in making sure that every area of their business operations is linked with CSR, (Portney, 2008).

From the assessment by different scholars above, it is clear that they all acknowledge the fact that corporate social responsibility activities can indeed enhance the company's image. They also concur on the fact that CSR can go beyond enhancing company image, and also bring other benefits to the organisation which will; all if summed up will; improve the overall performance of the organisation and also improve the bottom line of the organisation in all its areas of focus. Although Bhardwag (2001) and Black (2007) state that CSR on its own is not enough to create and maintain a positive image; it is however clear that these authors do not dispute the fact that CSR enhances company image.

It can be noted that CSR improves company image. CSR actually portrays the image of the firm itself. It shows what the company has done to fulfill its corporate duty to ensure the firm is not only good in providing the service but also plays its, roles by contributing something to the community. The issue of an increase in costs from the researcher's point of view may only be experienced in the short run however in the long run CSR activities are beneficial to the organization. Organizations are concerned with survival in the long run.

### **Defining Corporate Philanthropy**

Corporate philanthropy is a phenomenon which associates the business sector with the social sector. Philanthropy provides an opportunity for corporations to establish an ethical and moral mantra within the organization, (Gan, 2006; Madrigal and Boush, 2008). An organization is comprised of people who assume the responsibility of cultivating and maintaining a culture supportive of philanthropy and its range of objectives. Successful philanthropy – achieving the goal is as vital to an organization as the “core business” (Bruch and Walter, 2005). Philanthropic initiatives are complex and thus need to be developed, communicated, implemented, monitored, and lastly sustained, in order to guarantee its viability as a strategic tool, (Mullen 2000).

According to Carroll (1979) corporate philanthropy is a subset of corporate social responsibility. Lee (2007) also gave evidence about the relationship between CSR and corporate philanthropy, Lee (2007) articulates that, corporate philanthropy is one component of corporate social responsibility, albeit an important, highly visible component.

Dayton (2004) declares that as with ‘Corporate Social Responsibility, ‘corporate philanthropy’ is an umbrella term which encompasses a number of different values, interests, mind-sets and alternative approaches. These, in turn, are based on a variety of perceptions shaped by cultural, contextual and professional factors, (Carroll 2009). Carroll (2009) further articulates that corporate philanthropy is more discretionary or voluntary on the part of businesses even though there is always the societal expectation that businesses provide it. Schwartz (2003) pronounces that although the primary purpose of corporate philanthropy is altruistic, it can also generate positive ‘moral capital’ among communities and stakeholders beyond the company's direct business relationships. It can also strengthen the motivation of employees by making them proud of their company, although there are several dimension of CSR; Carroll (1991) placed philanthropy at the top of the pyramid of CSR, as the most common and most practiced dimension of CSR. Corporate Philanthropy is said to be the first step in building a robust CSR program, (Porter in Visser 2010).

Carroll (1991) defines philanthropy as encompassing those corporate actions that are in response to society's expectations that businesses be good corporate citizens. Carroll (2000) further states that this includes actively engaging in acts or programs to promote human welfare or goodwill. Communities desire firms to contribute their money, facilities, and employee time to humanitarian programs or purposes, but they do not regard the firms as unethical if they do not provide the desired level. Whereas Visser (2010) concurred with Carroll by defining Philanthropy as intervening in the lives of others for their benefit not merely for own. This dimension involves active involvement in activities that promote human welfare and goodwill in other words; it refers to business contribution to society by making the local community a better place to live and addressing sound concerns and problems, organized around a central theme driven by a collectivist culture of economic, legal, and social purpose, (Lee 2007). Authors, (Dayton 2004, Gan 2006 and Halme & Laurila, 2009) also share the same view by defining philanthropy as a means by which public organizations externally exhibit corporate social responsibility – widely. Moreover, the term as simply put by Drucker in Visser (2010) who states that,

philanthropic, is the love of his fellow men. Alternatively, Luo and Bhattacharya (2009) suggest, a “Friedmanesque view” of CSR as an acknowledgment of a more traditional economic or capitalistic perspective. To stay in business we have to make profit, to succeed in business, we have to share some of that profit for the public good. (Garvin, in Mescon and Tilson, 1987).

Trots (2006) define corporate philanthropy as an active effort to promote human welfare in form of cash or non-cash related corporate donation. In support of this assertion is Schultz (2005) who postulates that although firms donate money and aids to charities, schools and individuals, it may be for philanthropic purposes or to portray a good image to consumers. According to WBCSD (2000), corporations engage in philanthropic activities because it is easy and very public relations friendly, corporate giving is more easily dismissed as a public relations exercise than other forms of CSR. In an effort to respond to this criticism companies are shifting to making larger donations to a smaller number of charity 'partners' and combining giving with other activities. Lerner and Frywell (2005) also gave their own definition of corporate philanthropy, they define it as an activity above and beyond what is required of an organization and which can have a significant impact on the communities in which the company operates. It is important to assist voluntarily those projects that enhance a community's quality of life.

CSR is sustainable in that CSR actions become part and parcel of the way in which a company carries out its business, whereas philanthropy is whimsical, it simply depends on the whims of the company directors at a particular time (Hopkins 2004). Johnson (2008) supports Hopkins (2004) in his view by saying that, companies should abandon all philanthropy which is outside of a CSR framework, thus companies should work hand-in-hand with governments to promote economic and social development. Johnson (2008) further states that government should help those people who cannot be helped to help themselves through a subsidy. Government should look after vulnerable groups and not just await the whim of corporate philanthropy: if a charity fails because a company fails then this is a disaster for all the vulnerable groups and people concerned, (Johnson 2008).

This therefore means that, a company that is philanthropically generous but is not aware of, or engaged in, its broader CSR role will not be in business for very long. Porter (2007) fully supports this assertion by stating that if companies are just being good and donating a lot of money to social initiatives then they will be wasting shareholders' money. That is not sustainable in the long-run, and shareholders will quickly lose interest.

Scholars (Sharfman 2008, Bremner 2007, Gladden 2005, Sternberg 1979) are against the concept of corporate philanthropy. The question of whether companies should engage at all in charitable giving has long been the subject of heated debate, (Sharfman 2008). Sternberg (1979) urges that business are owned by shareholders, any money spend on so called social responsibility is effectively theft from those shareholders who can after all, decide for themselves if they want to give to charity, she further states that it deprives shareholders of their property rights. In support of this view is Friedman (1970) who postulates that the sole responsibility of a business is to make profits for its shareholders. Debates, about the legitimacy of corporate philanthropy, have led to the rejection of the notion of corporate donations as being tainted or defiled (Bremner 2007, Gladden 2005). Sharfman (2004) claims that “it was immoral for companies to give away stockholders' money; increasing scrutiny of corporate activities by journalists as well as the federal government; and a proliferation of charitable organizations, which made it increasingly difficult for companies to ascertain criteria for donations or to choose between solicitors”.

Social issues are the responsibility of the politicians to deal with it all; it's not the role of corporates, (Sternberg 1979). Barnett and Salomon (2006) questioned the role of corporate philanthropy and they stated that corporate philanthropy does not improve company performance but rather reduces it by increasing costs. CSR efforts such as corporate philanthropy are merely tools for public relations or legitimization, (Chen et al 2008). One of the most powerful arguments against corporate philanthropy is based on claims about the rights of property owners. It is argued that, as owners of the corporation, shareholders are entitled to the full value of their investment. Donations by public companies amount to a kind of 'expropriation' of shareholders' property and are therefore morally objectionable, (Wren 2003). The discussion on corporate philanthropy is embedded in a broader phenomenon of Corporate Social Responsibility (CSR), which in itself is a hotly debated issue. Here some argue that corporations should steer clear of social issues altogether (Friedman 1970); others criticize CSR efforts such as corporate philanthropy as being merely tools for public relations or legitimization (Chen et al 2008). Friedman in Friedman (2008) completes the argument by stating that, when management spend money on matters which does not maximize profit, Friedman contended, they should rightly return the money to investors. From the arguments above it is clear that they are different views on corporate philanthropy. Those who support the notion (Dayton 2004, Gan 2006, Halme & Laurila, 2009, Visser 2010, Carroll 1991, Lee 2007, Trots 2006, Lerner and Frywell 2005 and Johnson 2008) summarily concur that organization must assist the society and



assist in improving their well fare; this can be done through donations, in cash or kind, offering bursaries and infrastructure development. Some authors (Sharfman 2008, Bremner 2007, Gladden 2005, Sternberg 1979, Friedman 1970, Wren 2003 and Chen et al 2008) are clear in their assertion that corporates must not be involved in these issues as they are not their responsibility and also that corporate philanthropy might be detrimental to the organisation's performance. They further argue that corporate philanthropy was essentially an "agency cost," which may bring benefits to individual executives and managers by improving their personal reputations or opportunities for advancement, (Galaskiewicz 2007), but this ultimately comes at the cost of shareholder wealth (Brown 2005; Helland and Smith 2006). Arguments cited in the literature are on the issue that corporate philanthropy is not the responsibility of corporates but that of the government and also that it increases costs for the organization

It has been noted that the concept of corporate philanthropy cannot be overlooked. This is because getting involved in corporate philanthropy can improve the organisation's chances of not only attracting but also retaining employees, customers, partners and investors, while also making a difference in the community an organisation operates in. Corporate philanthropy also enhances the social wellbeing of the community, Corporations want to operate in well-developed communities in order for them to be able to function properly and to achieve the corporation's objectives.

#### *Types Of Corporate Philanthropy*

Social responsibility is the newest of the three dimensions of corporate social responsibility and it is getting more attention than it has previously had, (Lee 2007). Many organizations are becoming increasingly active in addressing social concerns social responsibility means being accountable for the social effects the company has on people even indirectly, (Visser 2010). They are different types of corporate philanthropy activities which organisations might get involved in. Corporates giving range from employee engagement programs, financial support for local causes and capital campaign donations by businesses to the society, (Manson 2002). Visser (2009) also identified several activities which include community grants, employee matching gifts, corporate sponsorship and non-cash contributions. According to Garriga and Melé (2004) Corporate philanthropy, includes direct cash giving, foundation grants, stock donations, employee time, product donations, and other gifts in kind.

Hussein and Hussein (2005) also state the variety of corporate philanthropy an organisation an organisation can undertake they state that any companies become involved in community causes, for example by providing additional vocational training places, recruiting socially excluded people, sponsoring local sports and cultural events, and through partnerships with communities or donations to charitable activities. Brush and Walter (2005) took a different approach in explaining the elements of corporate philanthropy, they state that there are four fundamental elements that build and enhance a company's image and role as a good corporate citizen. They term them the four business philanthropy elements; these are: engage, educate, empower and enrich.

There are several activities which a company may carry out in line with corporate philanthropy and Carroll (1991) presents a more detailed outline of philanthropic activities. Philanthropic components or responsibilities as postulated by Carroll (1991) are as follows;

- It is important to perform in a manner consistent with the philanthropic and charitable expectations of the society.
- It is important to assist the fine and performing arts.
- It is important that employees and management participate in voluntary and charitable activities with their local community.
- It is important to provide assistance to private and public educational institutions
- It is important to assist voluntarily those projects that enhance a community's quality of life.

It is therefore clear that corporate philanthropy is one of the most diverse dimensions of CSR. These different types of corporate philanthropy give corporates a choice to choose that elements which is most effective not only for their organization but also for the stakeholders.

#### *Fostering Relations With The Community Through Corporate Philanthropy*

Philanthropy, in a business perspective, is through the lens of the social sector (Collins, 2009). Alternatively, according to Gan (2006) "Philanthropy, by its definition and in its early forms, assumes a certain degree of altruism and magnanimity". This often is referred to as "generosity of spirit" which creates a dichotomy for corporations today. Harley (2001) suggests that corporate philanthropy by its very definition creates the sense of social responsibility with no strings attached. Firms utilizing philanthropic initiatives as part of an overall market development strategy must not look for an absolute monetary return, but to a certain extent a balance of returns comprised of social, ethical, and financial measures (Davis, 2003; Lockett, Moon, & Visser, 2006). Berger, Cunningham, and Drumwright (2007) furthered this notion and professed, that corporate philanthropy does

appear to make business sense for some, but not all companies, notwithstanding, firms can use philanthropy as a means to an end through an ethical, enterprise-wide, and cogent focus. Hopkins (2008) articulates that corporations seemingly have a duty to align themselves with philanthropic causes in a strategic investing behavior – with an eye on charitable good and the hope (or intent) of some business return.

Burch and Walter (2005) reported two distinct categories of corporate philanthropy. “Marketing orientation” represents the external strategies and tactics employed and readily focuses on the customer and other stakeholders who place demands and expectations on the firm. Alternatively, “competence orientation” suggests the need for internal strategies and assessments to ensure “alignment of corporate philanthropic initiatives with their companies’ abilities and core competencies”, (Burch and Walter 2005). Barrel (2006) asserts that corporate philanthropy can provide competitive advantage when they are well designed. Mirvis (2008) further supports this perception by stating that, charitable contributions can increase name recognition, support by consumers and also the creation of a reputation and an improved image which will all result in the success of the organisation in the long run. Brammer and Millington (2005) states that corporate support of local causes improves the quality of life in communities where the company operates and that contribution help managers to build relationships with the community leaders and also the government and this can reduce regulatory and special group obstacles.

Barker (2011) states that businesses engaging in community relations or community involvement typically conduct outreach to the community aiming to prevent or solve problems, foster social partnerships, and generally contribute to the community quality of life. They also participate in community relations to help improve their business by getting valuable community and other stakeholder input, (Baker 2011). Levy (1978) also supports Barker (2011), he declares that businesses have relationships in their local communities, sharing common interests, as such; it is valuable to spend some time considering how to leverage relationships on mutually beneficial initiatives. It is possible to enhance business performance, profitability and your reputation through your corporate philanthropy effort. Godfrey (2005) suggested that corporate philanthropy creates moral capital and act as insurance for the firm by building a strong relationship with stakeholder groups.

#### *Matching Corporate Philanthropy Activities With Expectations Of Stakeholders*

A key priority for a socially responsible business is to develop and maintain strong and mutually beneficial relationships with stakeholders. According to Wilkerson (2001) consulting and engaging key stakeholders is key to success. Whereas Donaldson and Preston (2005) state that when corporations manage their stakeholders accordingly their performance will improve tremendously in relation to their stability, growth, image and profitability. According to Bhattacharya (2011), if companies are to benefit from corporate philanthropy activities, it must understand how stakeholders think and feel about the programs. Bhattacharya (2011), further states that, if companies are to benefit from this initiative they must actively involve their stakeholders in decision making. According to Noir (2009), corporate philanthropy provides an opportunity to strengthen relationships between a company and its key stakeholders; he further urges that for corporate philanthropy activities to generate value for a company it must not only reinforce the company’s core values, but also fulfill some of the most basic needs of its stakeholders. Visser (2010) provided a linkage to stakeholder theory by noting the “natural fit between the idea of CSR and an organization’s stakeholders.” Furthermore, the concept of stakeholder personalizes social responsibilities by specifying groups or persons to whom companies are responsible and should be responsive. Clarkson (1995) holds that a stakeholder management framework is more useful to the analysis and evaluation of corporate social performance than models and methodologies based on concepts of social responsibilities and responsiveness. Clarkson (1995) further states that it is necessary to distinguish “between stakeholder issues and social issues because corporations and their managers manage relationships with their stakeholders and not with society.

However, it is vital to understand that being responsive to stakeholders’ expectations implies the need to consider prevailing social norms and dominant views of corporate responsibilities. Stakeholders’ expectations of companies are intertwined inextricably with society’s views or expectations of business performance which evolve over time, (Hillman and Keim, 2009). Stakeholders are also part of the society; therefore what they expect is usually what the society expects. The basic framework is that the contribution of corporate philanthropy initiatives to stakeholder-company relationships hinges on the benefits they provide to the stakeholder. Bhattacharya et al, (2009) argue that for corporate philanthropy activities to provide returns the company initiative must provide a return to individual stakeholders.

Bhattacharya et al, (2009) further states that research indicates that corporate philanthropy initiatives are successful in generating returns to the company to the extent that they foster strong and enduring relations with stakeholders.

The key element of corporate social responsibility initiatives is societal alignment; Morris (1999) defines societal alignment as strategies and programs that meet society’s expectations. According to Kennedy (2009)

over time, society's expectations of businesses as responsible expectations of business responsibilities broaden as a society passes through the phases of economic development and its population increasingly seeks to meet not only physical but also social and personal-growth needs. Although expectations for corporate philanthropy differ from society to society it is important for organizations to make sure that their activities meet the expectations of the society and other stakeholders. According to Morris (2009) failure by an organization to carry out activities that meet expectations of the stakeholders will result in the activities to be disregarded. Morris (1999) further states that corporate philanthropy activities must also be channeled to the right beneficiaries otherwise the organization might suffer from image problems.

A study by Porter and Kramer (2002) pointed out the importance of strategic assessment of philanthropic actions into the firm's core capabilities in which philanthropy is an instrument to achieve the ultimate goal of profit maximization by improving the Competitive context of the firm, fostering collaboration and influencing local market features, their premise emphasizes competitive advantage through the alignment of philanthropic and business activities and stakeholder expectations. Morris (1999), one of the proponents of the societal alignment strategies states that, expectations of the society can be realized through public researches which will enable a company to know what the stakeholders expects from their corporate philanthropy activities. In support of the assertion of societal alignment are Willard (2006) states that aligning corporate philanthropy activities with the expectations of the stakeholders creates and improves relations between a company and its community. Lee (2006) affirms that all the four dimensions of CSR should meet the expectations of the society.

### Research Methodology

Two research designs were used such that the weaknesses of one might be overcome by the other. The research designs used are Descriptive and Exploratory. Qualitative research was used to allow free response and quantitative research was used to avoid too much variation in responses.

#### *Exploratory Research*

This research design gave a clear understanding of the subject and the researchers were able to clearly understand the problem. Through the use of exploratory research the researcher was able to gain more knowledge of the problem especially through the use of questionnaires and interviews. Personal interviews were the most effective in gaining an insight into the problem at hand, as it enabled UM management to give a more detailed explanation on the problems they have been facing as far as their image especially to the local community is concerned. Both personal and focus group interviews made it possible for the researcher to get the full cooperation of the respondents, as it enabled a high degree of response. Exploratory research was also seen as the most suitable method since the researchers made use of secondary, secondary data involved analyzing internal reports, newspapers and also the internet.

#### *Descriptive Research*

Descriptive research because it was seen suitable because of the use of questionnaires and interviews as data collection tools. Questionnaires made it easy for respondents to disclose information they deemed sensitive and where not able to express if interviews were to be used. Descriptive research also enabled the researchers to achieve the research objectives because it gave data on attitudes, opinions and perceptions. Attitudes opinions and perceptions of respondents were part of the objectives, respondents include UM employees and management were able to express their opinions and perceptions on the CSR and corporate philanthropy activities they are carrying out for the community and also if they perceive these activities to be beneficial both the UM and the community. Through descriptive research the community and Tongogara rural council were able to express how they perceive UM, their opinions and attitudes towards UM was also expressed.

#### *Population and Sampling*

The target population breakdown was as 7842, the breakdown of the population is depicted in table 2 below:

**Table 2: Target Population For The Study**

<b>Participants</b>	<b>Target population</b>
Unki Mine management	31
Unki Mine employees	920
The community, (Chironde 3485 and Tongogara 3384)	6869
Tongogara rural council	21
<b>Total</b>	<b>7842</b>

A total of respondents 208 were used as the sample. Stratified sampling was used and it involved the division of the total population into different groups or segments or strata. The four strata in which the population was classified are; UM management, UM employees, the local community and lastly Tongogara rural council employees were used. Systematic sampling was also applied in the strata whereby every 5<sup>th</sup> element was selected

as part of the sample.

The research also made use of convenience sampling. Convenience sampling was directed to the UM employees and management and Tongogara rural council employees. Here respondents were selected because of their convenient accessibility and proximity to the researchers. Convenience sampling is a useful tool in the exploratory phase of a research project, a phase in which ideas and insights are more important than scientific objectivity. The sample frame was made up of UM employees and management, local Chironde community and Tongogara rural council, in Shurugwi.

## **Research Instruments**

### *Interviews*

These are face to face meetings and are most versatile and flexible of all the available communication methods. Interviews were used because they are a fast way of getting information and also the researcher was able to collect confidential and honest information from the respondents. A combination of personal and focus group interviews were used. Personal interviews were conducted on 9 UM managers. Focus group interviews were used on the Chironde community. Focus group interviews made the respondents feel comfortable because they were able to express their views freely since they were in groups. From the 100 community respondents; 10 focus groups were created with each focus group being made up of 10 individuals.

### *Questionnaires*

The researchers found this research instrument appropriate since questionnaires are used when factual information is required or when opinion rather than facts are desired. Open and closed ended questions were asked. Closed ended questions were used when responses were known, the study made use of; dichotomous questions, multiple choice questions, rankings and likert scales as types of closed ended questions. Open ended questions allowed the respondents to give their views and opinions pertaining to the topic under study. Questionnaire were used on UM employees and Tongogara rural council employees.

## **Findings And Conclusions**

The research findings revealed that CSR activities enhance company image, as evidenced by 85.5% of the respondents who supported this notion. The study also revealed that corporate philanthropy activities enhance relations between a company and the community. The findings attributed good relations between a company and the community to corporate philanthropy. The study also showed that relations with the community results in a social license to operate as was reflected by 83% of the respondents who agreed with this view. Importance of matching corporate philanthropy activities with expectations of stakeholders was found to be important as it enables the organization to achieve its objectives.

### *CSR and Company Image*

After analyzing the responses it can be concluded that CSR activities have a positive impact on a company's image. A positive image creates good relations with stakeholders, attracts investors, and the company will enjoy positive media reviews. The researchers can thereby conclude that CSR activities by UM have played a significant role on the positive company image they are currently enjoying. This was clearly supported by 85.5% of the respondents agreed that CSR activities enhance company image.

### *Role of Corporate Philanthropy in Fostering Relations*

Corporate philanthropy activities play a crucial role in fostering relations between a company and the community around its operations. 83% of the respondents agreed that corporate philanthropy activities have fostered relations between UM and the community of Chironde and Tongogara. From these research findings it can be concluded that corporate philanthropy activities go a long way in fostering relations between a company and the community. It is therefore concluded that businesses that take an active interest in the community's wellbeing can generate support, loyalty and goodwill from the community.

### *Matching Corporate Philanthropy Activities Stakeholder Expectations*

From the research findings, It can be concluded that corporate philanthropy activities by UM match the expectations of the stakeholders. This was evident as a total of 89% of the respondents were of the view that the corporate philanthropy activities meet their expectations. UM engages their stakeholders through the community engagement development department through quarterly stakeholder engagement forum meetings. This means that the community and the Tongogara rural council as stakeholders have an input on the type of corporate philanthropy activity to pursue. It can then be concluded that for the corporate philanthropy activities to be effective they must be designed with the input of stakeholders.

## Recommendations

The researchers recommend the following to UM in order for the company to maintain a positive image and to remain competitive in the market:

UM could publicize their CSR activities more, so that they become known more to their stakeholders and also throughout the country. Through publicizing their activities throughout the country UM may be able to achieve a good company image from the general public. They can do this by introducing an external house journal whereby they update the public on their activities, facility visits and a company website which has an up to date coverage of their CSR activities

It is recommended that UM management involve employees in choosing the type of corporate philanthropy activity to implement. Employees are also stakeholders and some of them are part of the community, therefore their contributions are important. Involving employees in decision making will result in them taking ownership of not only the corporate philanthropy activities of the company but the company as a whole.

UM could also put more investment on the other dimension of CSR as they are doing with corporate philanthropy. The other dimensions of CSR are just as important as corporate philanthropy. Coordinating all the four dimensions of CSR will indeed benefit the company.

UM is also recommended to complete their projects within a reasonable period of time, as taking too long to finish the projects might end up tarnishing the image of the organization.

The last recommendation to UM is that they can take their philanthropic activities beyond their community, thus they must also consider the wellbeing of other communities.

## Further Study

The research was limited to one dimension of CSR, corporate philanthropy. Further study can be carried out on the other dimensions of CSR and their role in enhancing company image.

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